



Welcome

3rd Annual Municipal Customer Meeting

CGT Field Operations Center
Cayce, SC

April 30, 2009



Agenda



- Welcome & Introductions
- CGT Update
- Guest Speaker – Dr. Stephen Hefner
SC Educational Reputation and Impacts on Economic Development
- Lunch
- Wrap-up & Door Prizes
- Transmission Operations Center Tour
(optional)



Delivering Value



Topics of Discussion



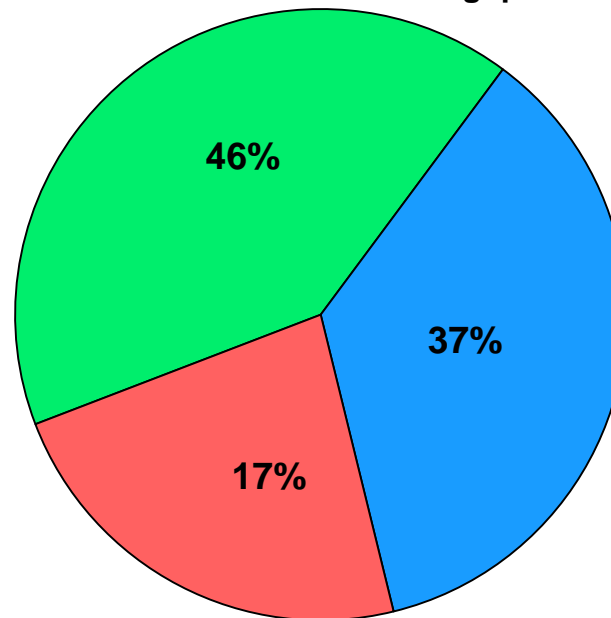
- Review Past Performance
- Customer Satisfaction Survey Results
- Planned Enhancements
- Contract Renewal Results
- Capacity Update
- Key Strengths of CGT
- Industry Issues
- Round Table Discussion

2008 Performance

- Transported ~ 108 BCF on behalf of our customers
- Peak Day throughput (1/2/08): 651,350 Dt
- 2 OFO's – flat versus 2007



2008 Supply Mix
Based on actual throughput



- SNG
- Elba Island
- Transco



CGT Performance to Date

Since November 2006



- Transported over 250 BCF
 - Commodity value (approximate)
 - \$1,000 million 2007
 - \$ 900 million 2008
 - \$ 400 million ??? 2009

Management of price volatility in customer hands

- Approaching 150,000 nominations processed
- OFO Frequency and Imbalances

Winter Season	OFO Frequency	Net Imbalance
06 – 07	4	98,083 Dt (long)
07 – 08	2	16,950 Dt (long)
08 – 09	2	382,295 Dt (long)

Lower OFO frequency reflects good communication and cooperation between CGT and its customers



2008 Performance

EBB Enhancements



- Continued efforts to enhance EBB performance and functionality
- Implemented 11 revisions to EBB software in 2008 - many initiated by customer requests
- Notable enhancements improved responsiveness and upgraded nominations screens to be more user friendly
- Held 2nd Annual EBB User's Forum to ensure we maintain focus on customer needs as we enhance the system

2008 Performance

Safety



0

Zero incidents, injuries, or accidents in 2008



2008 Performance

Customer Satisfaction Results – Mastio Survey



- Overall results favorable
- CGT making progress in key areas
- Survey highlighted areas in which we are taking action
- Continual Improvement mindset

Thank you for your participation!



Customer Satisfaction Results

Sampling of areas in which CGT did well



- Representatives understand client needs & challenges
- Representatives who listen well
- Prompt, accurate responses to questions & requests
- Flexibility of physical gas flow delivery
- Management of pipeline initiated restrictions
- Representatives are accessible when needed
- Accurate operational information readily available
- Communicates in honest and forthright manner
- Flexible transport options
- Solution creativity and innovation
- Firm transportation is highly reliable

Based on relative rankings



Customer Satisfaction Results



Lowest rated areas

- Ample access to diverse supply
- Access to available storage
- Financial stability
- Effectiveness of capacity release system & procedures
- Scheduled gas volumes are accurate
- Flexibility of gas pooling and aggregation services
- Accuracy of gas metering systems

Based on relative rankings

Your input is critical to our continued improvement!



Service Enhancement Plans



- Capacity Release System Upgrades
 - Will be rolled out later this summer/fall
 - Should significantly streamline process and provide for easier viewing/assessment
- Gas Measurement
 - Improving analytical tools
 - Automating exception notices
 - Minimizing PPAs
- Accuracy of Scheduled Volumes
 - Will be hosting focus group to seek feedback
 - Want to ensure we are meeting or exceeding customer expectations

Capacity Release Enhancements

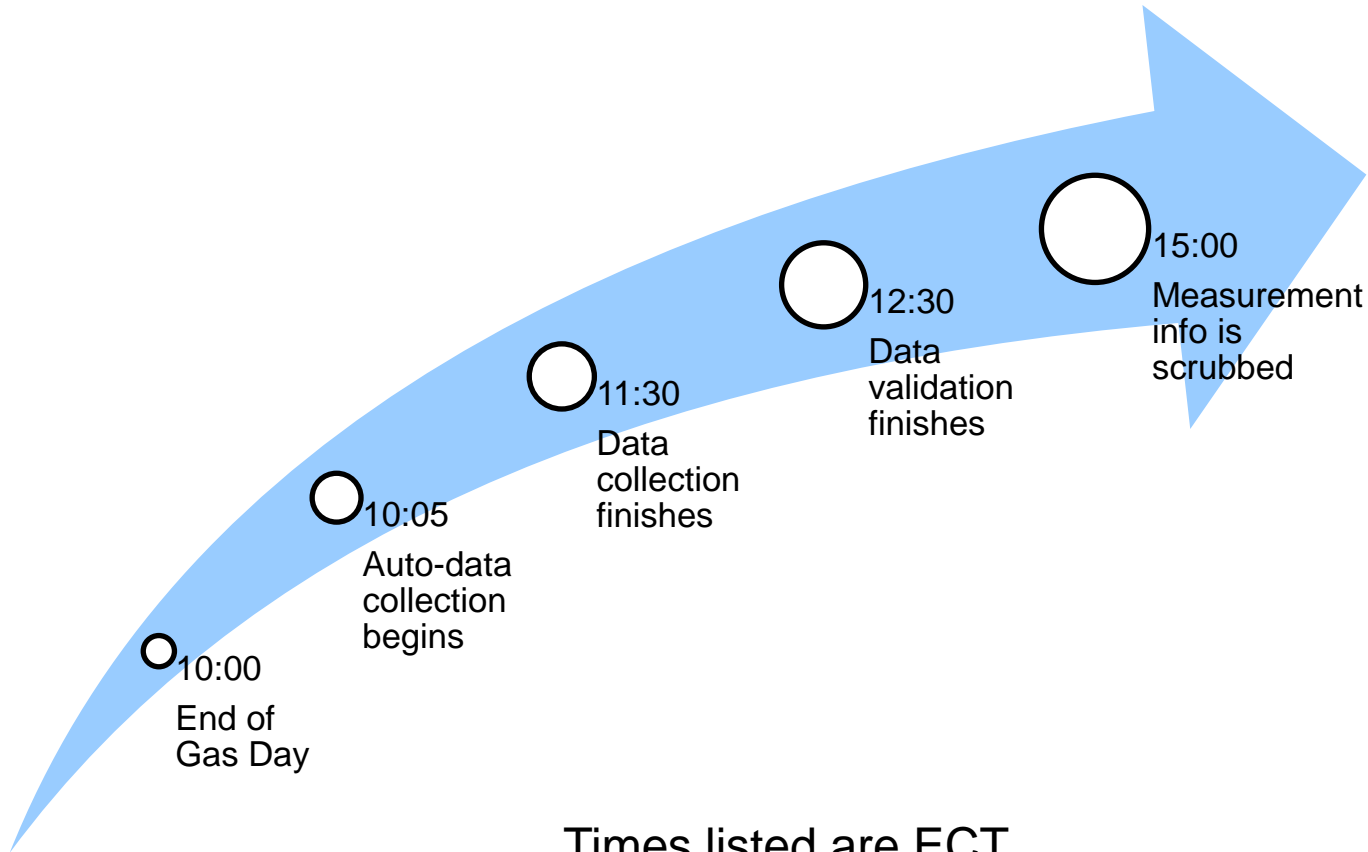


- Complete redesign of user interface
 - Goal is to make the process more intuitive
- Ability to copy past capacity release offers
 - Similar to the copy function on Nomination screen
- Capacity release “Marketplace”
 - Screen showing all active offers which are available for bidding and 5 most recently awarded
- Better organization of fields on each screen
- Improved reporting functionality
- Notification of replacement shipper upon award
 - This has been implemented

Accuracy of Measurement



MEASUREMENT TIMELINE



Accuracy of Measurement



Things which cause measurement changes:

- Meter Tests occurring at end of month
- Receipt of late charts (for chart meters)
- If month ends on a weekend/holiday and some meters data was not collected (due to loss of communications, etc.)

Planned Enhancements

Accuracy of Measurement



- Modified meter test process to ensure measurement is updated (if required) within the month in which the meter was tested
 - Should eliminate all prior period adjustments resulting from meter tests
- Measurement department now analyzing measurements on weekends/holidays if month end coincides with weekend or holiday
- Planning to upgrade Gas Measurement System for more automated analysis
 - Should flag meter anomalies much earlier and mitigate errors/issues

Please complete optional survey form on measurement



Measurement Considerations



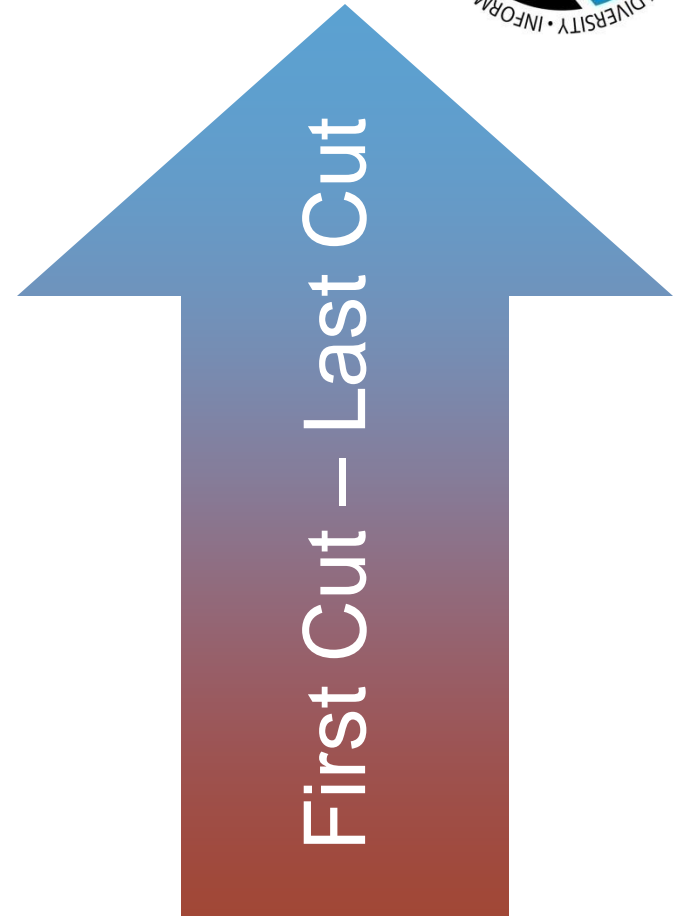
- Let CGT know when you are planning for growth behind your delivery meter
- CGT will check meter design capacity to ensure existing facilities will handle proposed flow rates
- Scheduling personnel may not necessarily catch new nominations in excess of meter design capacity
- Working together we can avoid any unintended consequences associated with exceeding physical flow capacity of meter

Accuracy of Scheduled Volumes



SCHEDULING PRIORITIES

- Primary Firm Volumes
 - Cuts made on a Pro-Rata basis
- Secondary Firm Volumes
 - Cuts made on a Pro-Rata basis
- Interruptible Volumes
 - Cuts made on a Pro-Rata basis
- Discounted Interruptible Volumes
 - Cuts made based on rate



Planned Enhancements

Accuracy of Scheduled Volumes



- CGT is currently evaluating the accuracy of scheduled volumes
 - Internal review
 - Customer focus group
- If you have suggestions on ways to improve, please let us know
- CGT is committed to providing timely and accurate scheduled volumes

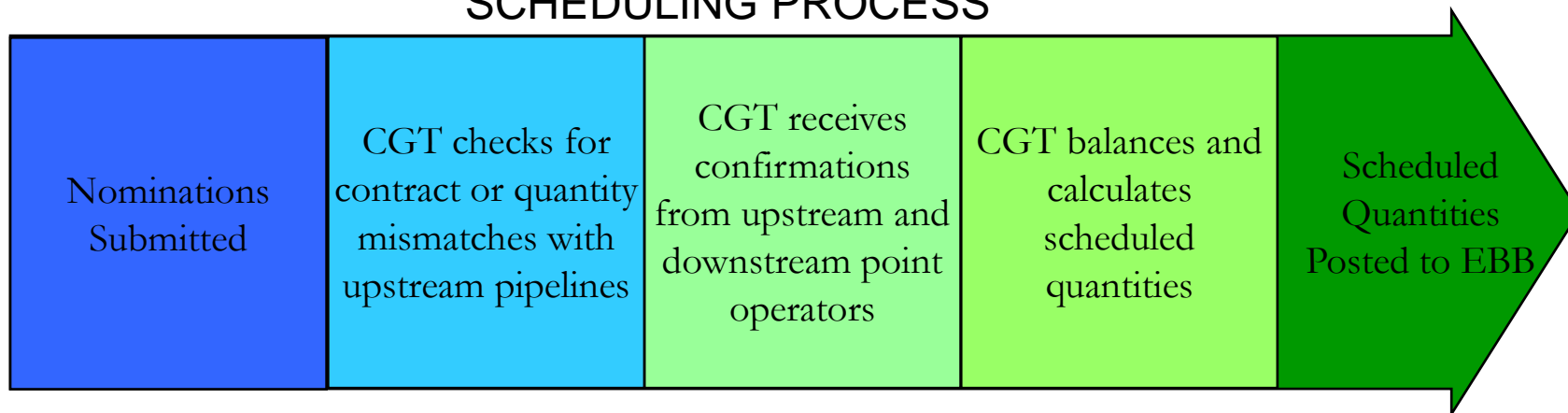


Planned Enhancements

Accuracy of Scheduled Volumes



SCHEDULING PROCESS



- Process occurs for each scheduling cycle (4 times per gas day)
- Confirmations on upstream pipes due 1 hour before CGT confirmations are due
 - Confirmation cuts by delivery point operators during this time may not be updated on the upstream pipeline's scheduled quantities
 - *This may cause scheduled quantities to appear out of balance*

Scheduling Focus Group will be held to seek to understand issues



Contract Renewal Results



- Starting billing determinants of 615,461 Dt
 - 32 FT customers
 - ***Approximately 60% of FT had 10/31/09 expiration date***
- Current billing determinants of 650,461 Dt
 - Still 32 FT customers until November 1, 2009
 - Capacity increases associated with Transco Grover work
- November 1, 2009 billing determinants of 633,861 Dt
 - 28 FT Customers

95 % of capacity has expiration date of 2012 or later

Terminating: Wellman, Renfro, Union, BP Energy

Reducing: Eastman, Holcim, Domtar, Owens Corning, Graham Packaging



Contract Renewal Results



- 16,450 Dt were not renewed
 - This capacity will become available 11/1/09
 - Capacity may be subscribed on a first-come, first-served basis
- Expiration of Union Capacity creates one-time opportunity for existing mitigation customers
- Posting made on April 8
 - Copy of posting in your handouts



Contract Renewal Results

Mitigation Opportunity



- Expiration of Union Capacity creates one-time opportunity for existing mitigation customers
 - 500 Dt of the terminated capacity has a summer mitigation reduction of 175 Dt
 - Only municipal customers with existing summer mitigation are eligible to subscribe for this capacity
 - Shippers may request an MDQ greater than 500 Dt, but the summer mitigation reduction is limited to 175 Dt
 - If interested, please respond by May 15th
 - If no one request this mitigated capacity, CGT will proceed with Tariff filing to remove this 175 Dt of mitigation as listed in section 24 of CGT Tariff effective November 1, 2009

Capacity Update

Receipt Capacity



- Transco Grover
 - CGT recently received approval to increase the receipt capacity of Transco Grover
 - Firm Receipt Capacity increased 22,616 Dt to 155,697 Dt
 - Transco Moore may be available depending on delivery
 - SNG Aiken
 - Elba Island/Port Wentworth
-
- Transco and Elba remain essentially fully subscribed
 - There have been periods in past year when all receipt points were fully subscribed
 - EBB contains date sensitive info on Unsubscribed Capacity Report
 - CGT can increase receipt capacity with modifications or new facilities

Capacity Considerations (fyi...)



- CGT system is designed and operated to ensure ability to meet firm obligations
- CGT posts unsubscribed capacity on its Electronic Bulletin Board (internet website)
- Capacity availability is a snapshot in time – requests are filled on a first come, first served basis
- Depending on quantity and location, requests for new capacity may not be immediately available
- CGT can expand its system to meet the needs of future customers
- Construction &/or modification to existing facilities can take from 6 months to 3 years depending on scope

Capacity Update

If you may need service...



- Contact CGT to discuss potential service needs
- Location, volume, pressure and timing are all key data points
- In many cases, CGT can construct facilities with no upfront capital costs if supported by firm service agreement
- ***Key Point: Commitment to firm pipeline capacity does not obligate customer to firm gas purchases***
- CGT capacity ensures capacity is available to deliver gas when operational or economic conditions warrant



Overview of CGT

Key Strengths



- **Safe and Reliable Operations**
 - Zero incidents, injuries, or accidents in 2008
 - Reliability
 - Operate pipeline to ensure ability to meet firm capacity obligations
 - Multiple supply sources enhance service reliability
 - Proactive communications with customers on pipeline integrity and maintenance programs to minimize customer impact and assure reliability
- **Customer Service**
 - CGT seeks to understand the needs and expectations of customers
 - Strive to deliver value at each interaction with customers
- **Hub-like nature benefits customers**
 - Connections with SNG, Elba Island, and Transco
 - Enhances supply options and reliability



Key Strengths of CGT

Understanding Customer Needs

- Customer Visits
 - FT customers
 - Point operators
 - Marketers & Agents
- Customer Meetings
 - Municipal Customers
 - Industrial Customers
 - Power generators
 - Annual Shipper Meeting
- Customer Surveys
 - Measure performance through eyes of the customer
 - Use results to improve service
 - Use focus groups when needed
- Strive to be open and accessible
 - Continual improvement mindset



Industry Issues

Natural Gas is Green



- Natural Gas is the cleanest fossil fuel
- 40-45% less emissions than coal
- 30% less emissions than oil
- Good way to reduce emissions is to convert other fossil fuels to natural gas



Industry Issues

Anticipated Growth Drivers



- Power Generation
 - Long term growth in power demand
 - New Nuclear still out in the future
 - Coal increasingly less desirable due to environmental issues
 - 87 plants cancelled since beginning of 2007*
 - EPA Versus Congress
 - New administration expected to be quite active
 - CGT working with prospective customers to be prepared when “window of opportunity” arises
- Industrial Growth
 - Expansion of existing plants & conversions to natural gas
 - New plants
- Residential Growth in Upstate and Coastal areas



Industry Issues

New Supply Update



- Shale gas has been a good thing
 - Barnett Shale (TX)
 - Currently 3.7 BCF/d, projected to be over 6.5 BCF/d
 - Haynesville Shale (NE LA)
 - Estimated reserves up to 168 TCF
 - Marcellus Shale (Appalachian)
 - Estimated recoverable reserves over 50 TCF
 - Helped offset LNG diversions
- Offshore drilling becoming more of a back-burner issue
 - Atlantic coast projected to have 37 TCF
 - Could supply existing CGT throughput for 370 years
- Southeast Supply Header (now in service)
- Rockies Express (fully complete in Fall 2009)
- Alaskan North Slope pipeline plans progressing
 - Expect Open Season in 2010 with 2017 in service



Industry Issues

Supply Pricing Picture



- Prices sub \$4 through October
- LNG Imports up over 200% from last year
- Lower prices affecting production
 - Some producers shutting in wells, more expected
- Storage fill rate ahead of curve
 - Storage fields could be full by late summer
- Winter pricing \$5 to \$6 range
- Futures prices below \$8 through 2016
 - Typically in \$6 to \$7 range
 - This price range should support shale production

Supply: CGT Provides Options



- Things that are unknown
 - How future supply picture will look
 - 5 years ago, LNG was to be plentiful and shale gas didn't exist
- Things we know
 - CGT hub-like nature positions customers for whatever options develop on supply front
 - Multiple interconnects create opportunities for savings on both commodity and upstream capacity
 - If offshore exploration occurs, CGT infrastructure could provide customers even further benefits

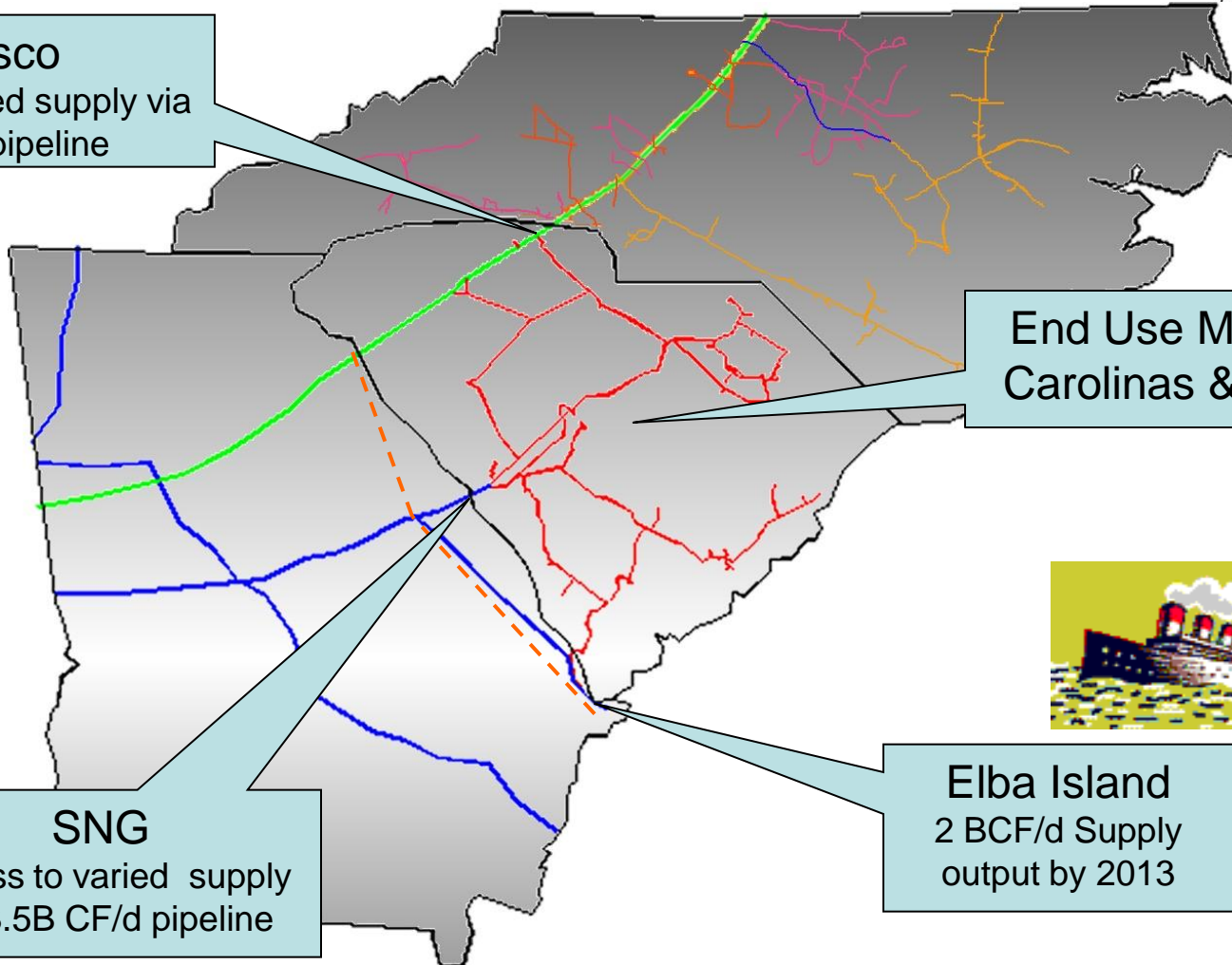


CGT Hub-like Nature Benefits Customers

Enhances supply options and reliability



Transco
Access to varied supply via
6 BCF/d pipeline



**End Use Markets in
Carolinas & Georgia**



SNG
Access to varied supply
via 3.5B CF/d pipeline

Elba Island
2 BCF/d Supply
output by 2013



CGT Capacity Empowers Customers



CGT FT (per Dt)



- At 100% load factor, firm transportation cost less than 25 cents per Dt
 - **(11 cents in Zone 2)**
- FT ensures pipeline capacity is available to transport gas safely and reliably when needed
- Provides customers access to a global source of wholesale natural gas supply through CGT's pipeline interconnects

Commodity



- Commodity is where volatility resides
- Gas prices varied between \$4 and \$13 per Dt over last 15 months
- CGT customers can manage their gas purchases to meet their individual needs and risk profile
- Gas futures range from \$3 to \$7 through 2016

Benefits of Natural Gas



- Environmentally friendly – cleanest fossil fuel
- Direct use of natural gas is one of the most effective ways to reduce greenhouse gases
 - Compliments DSM programs of electric utilities
- Very efficient transportation/distribution system
- Highly reliable
- Natural gas is desirable for cooking and heating

Key Challenge

- Every house/business must have electricity
- Natural Gas is a choice fuel
- Need to help customers have the right to choose!



Customer Service Philosophy



- Continued focus on customer service
- Proactive communications with customers
- Understand customer needs
- Help our customers be as successful as possible
- CGT will grow as our customers grow

Deliver value





Round Table Discussion

What services/support can CGT provide to help you be more successful?



Break

10 minute break as Dr. Hefner gets set up





“SC Educational Reputation and Impacts on Economic Development”

Dr. Stephen Hefner

Superintendent – Richland 2 School District





Lunch is served!

Drawing during lunch for two \$50 gift cards

Must turn in feedback form to qualify

