

2008-2009 Winter Update to RCA

Presentation by:

ENSTAR Natural Gas Company

Colleen Starring
President

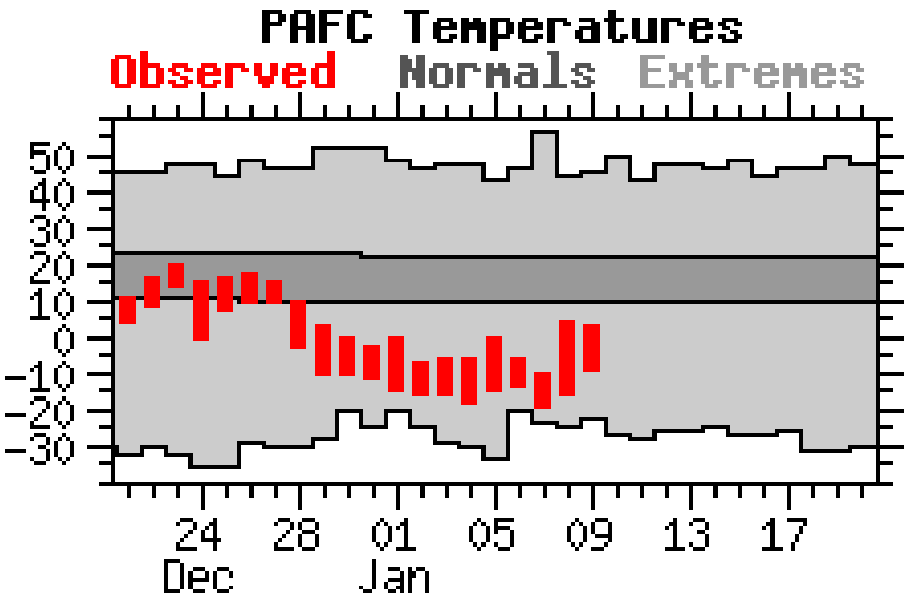
Dan Dieckgraeff
Mgr. Rates & Regulatory Affairs

Mark Slaughter
Mgr. Gas Supply

January 10, 2009



12/21/08 – 1/?/09 Cold Snap



National Weather Service <http://pafc.arh.noaa.gov>

Anchorage Recording Station (Anchorage International Airport)

12/21/08 – 1/?/09 Cold Snap

- 12 Consecutive Days of Average Temp. Below 0° F
(12/29/08 - 1/9/09)
- 17 Consecutive Days of Average Temp. Below 30
Year Normals (12/24/08 - 1/9/09)
- 6 Consecutive Days of Sub-0° Temp. (12/30/08 - 1/4/09) –
Tied for the 5th Longest Period on Record
- 11 Days of ENSTAR Throughput in Excess of 272
MMcf
- 12 Days of ENSTAR Gas Purchases in Excess of
187 MMcf

12/21/08 – 1/?/09 Cold Snap

- No Major Extended System Failures
- Daily Operational Issues, e.g.
 - Compressor Malfunctions
 - Well Freeze-ups
 - Other Issues
 - BRU Compressor Trip
- ENSTAR Suppliers at or near Maximum Capability
- LNG Diversions Approaching Maximum Capability

System Record Set Jan. 3, 2009

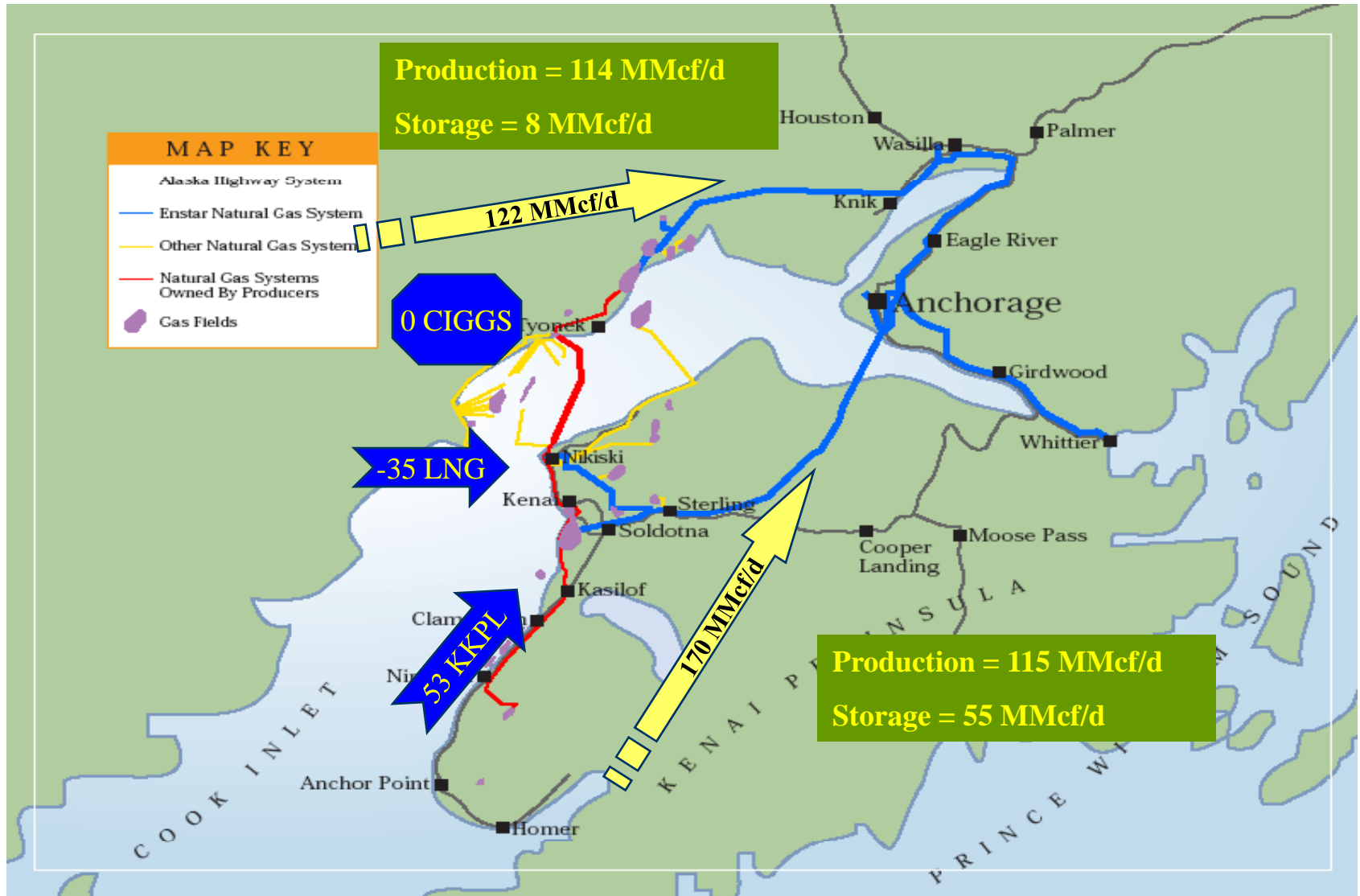
- ENSTAR Throughput (Record): **314.5 MMcf/d**
- ENSTAR Gas Purchases (Record): **234.6 MMcf/d**
 - Residential & Commercial Customers
- Commercial Transport: **21Mmcf/d**
- Power Transport: **55.9MMcf/d**
- Industrial Transport: **4 MMcf/d**
- Average Temp. for Day: **-11° F**
- New Record Minimum High for the Day: **-6° F**

Note: Volume Information is Preliminary Based upon ENSTAR SCADA

February 3, 1999 272 MMcf/d (-19° F)

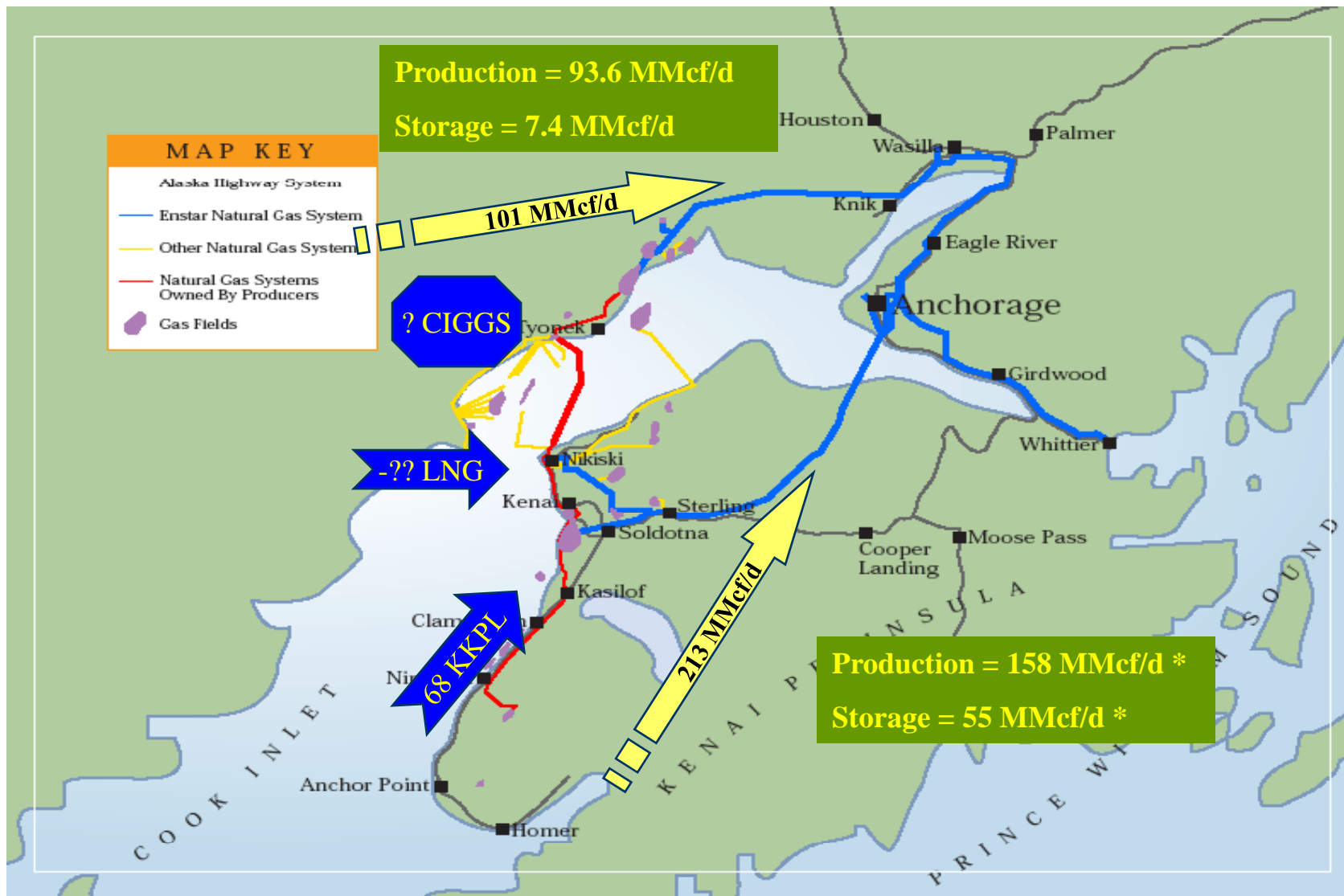


January 9, 2007 292 MMcf/d (-10° F)



January 3, 2009

314 MMcf/d (-11° F)



ENSTAR System Peak Day Comparison

	2/3/99	1/9/07	1/3/09
Average Temp	-19° F	-10° F	-11° F
ENSTAR Throughput	272	292	314
ENSTAR Gas Sales	187	227	235
Commercial Transport	29	16	21
Power Transport	56	44	56
Industrial Transport	0	5	4

Volumes in MMcf

Cook Inlet Peak Day Comparison

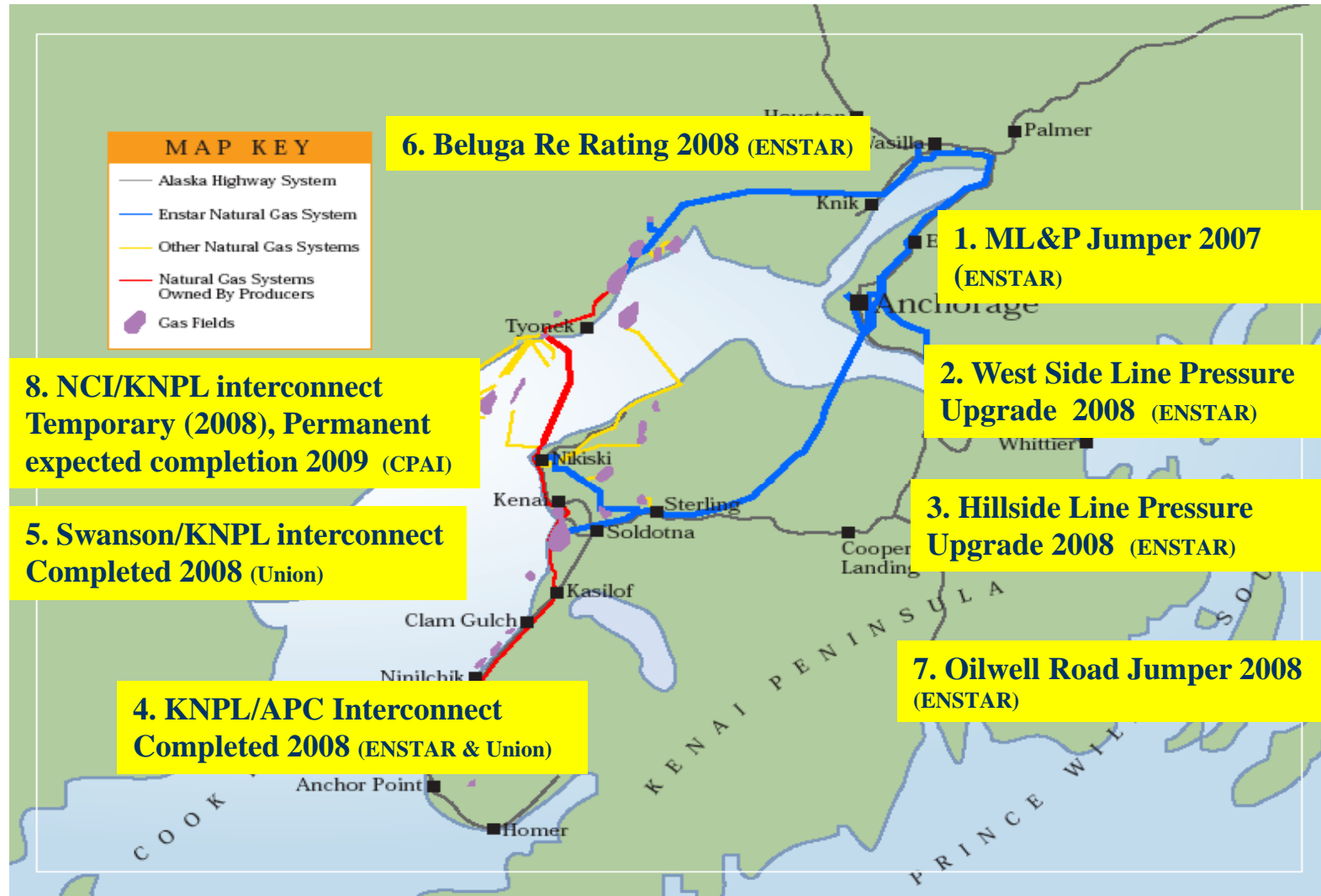
	2/3/99	1/9/07	1/3/09
Average Temp	-19° F	-10° F	-11° F
On ENSTAR System	272	292	314*
Off ENSTAR System:			
CEA Beluga	83	83	60*
CEA/HEA Nikiski	14	12	12
Nikiski LNG	224	150	40
Fertilizer Plant	157	0	0
Other Industrials	<u>13</u>	<u>6</u>	<u>14</u>
Total Cook Inlet Deliverability Est.	763	543	440

Volumes in MMcf

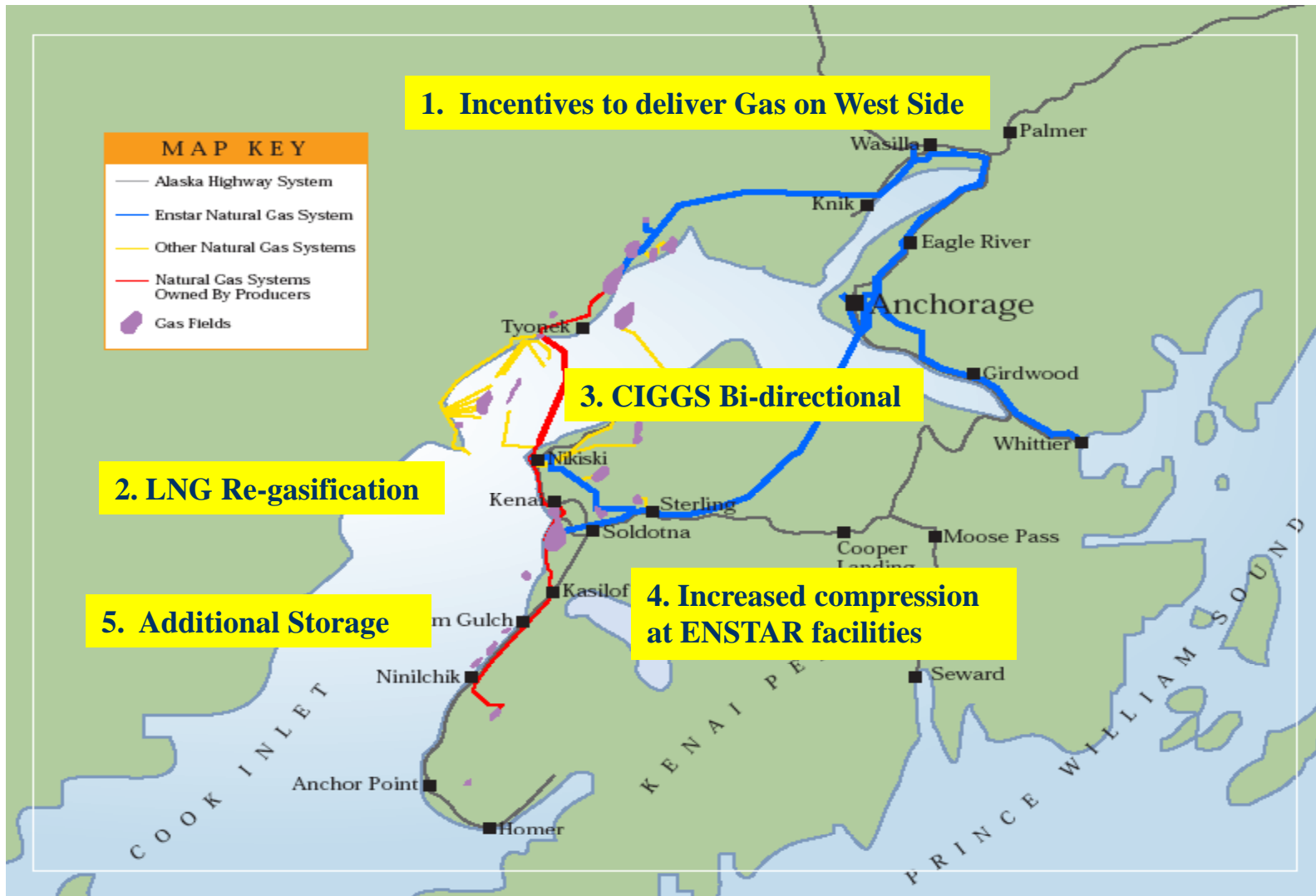
*CEA Beluga Received 20 MMcf from ENSTAR System

2007 - 2009

Infrastructure Changes



Future Pipeline Infrastructure Needs



A Look At ENSTAR's SCADA

This is What ENSTAR's Gas Controllers See...

(An On-Line Demonstration)

Winter 2008-2009 Planning

- Annual Winter Utility, Producer and Shipper Meeting Held October 30 at ENSTAR
 - Attended by ML&P, CPAI, Union/Chevron, CEA, MOC, Aurora Gas/Power, Marathon Pipe Lines
- System Update Conference Call Held December 31 Hosted by ENSTAR
 - 1/1/09 GSA Volume Changes, Cold Weather Forecast
 - Participants: ML&P, CPAI, Union/Chevron, MOC, Aurora Gas/Power, Marathon Pipe Lines, FNG
- System Notifications As Needed By Email
 - (5 Since 12/25)
- Cook Inlet/Utility Contingency Planning Meeting Scheduled for 1/15/09

ENSTAR Protocol – Producer Experiencing Problems Immediate Response and Very Short Term Disruptions

- Discuss Issue with Affected Producer
 - Ascertain Time Estimate of Disruption
 - Ascertain Flow Rate Impact
 - Evaluate Impact on System Pressures
 - Request Delivery of Gas from Producer’s Alternative Sources, if Appropriate and Possible
- Advise Affected Shippers and Affected Power Plants
 - Request Delivery of Gas from Shipper’s Alternative Sources, if Appropriate and Possible
 - Request Reduction in Non-Firm Load, if Appropriate
- Advise Remaining Producers, if Appropriate
 - Consider Requesting Back-up Volumes for ENSTAR System Gas Shorted

ENSTAR Protocol – Producer Experiencing Problems Extended Disruption – Major Impact

- Affected Producer
 - Delivery from Alternative Sources and Backup Arrangements
- ENSTAR Discontinues Interruptible Transportation, If Any
- Remaining Producers
 - Request Back-up Volumes for ENSTAR System Gas Shorted
- Shippers and Power Plants
 - Discontinue Non-Firm Sales
 - Activate Backup Arrangements, if Any or Available
 - Power Plants Reduce Gas Demand by Re-dispatch Generation (Including Maximizing Hydro) and/or Purchase Power If Possible
 - Request Shippers to Over-deliver into System if Available
 - Request ENSTAR to Purchase Additional Gas if Available
 - Use All Possible Means to Reduce Gas Demand to Match Available Gas

ENSTAR Protocol – Producer Experiencing Problems Extended Disruption – Major Impact: **Other Options**

- Request Additional Gas Be Diverted From Nikiski LNG Plant
 - If Capable
- Shift Power Plants to Alternative Fuels
 - Only ML&P has Fuel Oil Backup. Limited Amount and there may be Operational Issues with Burning Oil in Some of its Gas Turbines
- Import Power From Fairbanks
- Request Gas Be Diverted From Other Nikiski Industrial Plants
 - Some may already be Diverted Under Existing Agreements
 - Plants Need a Level of Supply to Prevent Damage to Facilities
- Request Public Reduction in Consumption

What Needs To Be Done To Provide For Emergencies

- Shippers and Power Plants Need to Provide for Their Own Emergencies
 - That Includes Back-up Gas Supplies as well as Alternative Fuels and Other Back-up Facilities
- Developing Additional Reserves and Deliverability Must Occur
- Additional Storage Needs to be Supported and Added
- Additional Supply Sources Need to be Identified and Developed

In Conclusion...

- Cook Inlet Deliverability continues to drop significantly.
- Additional work will need to be done to stem deliverability decline.
- Infrastructure investments are needed to transport natural gas to residential, commercial & industrial customers.
- Electric Utilities need non-gas fired backup.
- Producers & Utilities & 3rd party shippers must work together to ensure safety of community for heat and power.

Thank You!

Please visit us online for more information.

www.enstarnaturalgas.com