



Celebrating Investments in Arkansas

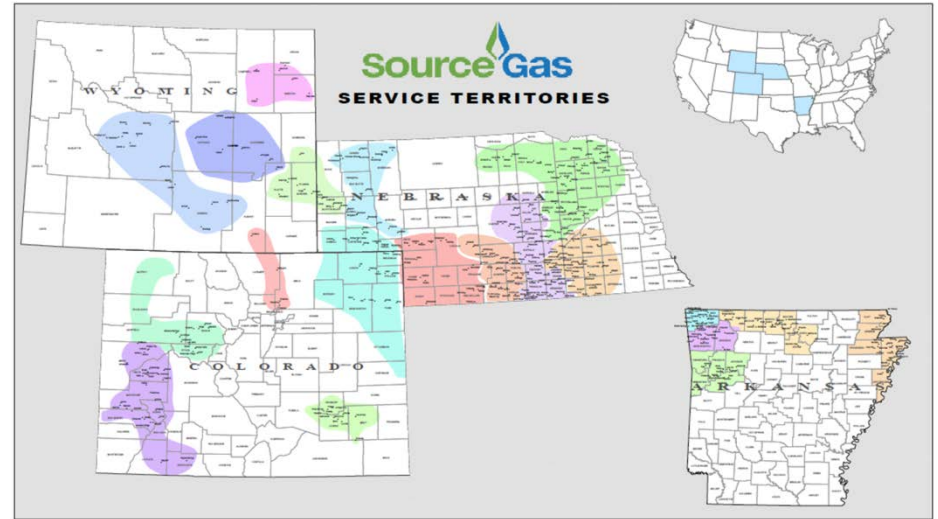
Safe. Reliable. Local.

Joint Energy Committee Meeting
September 10-11, 2015
Siloam Springs, AR



About SourceGas

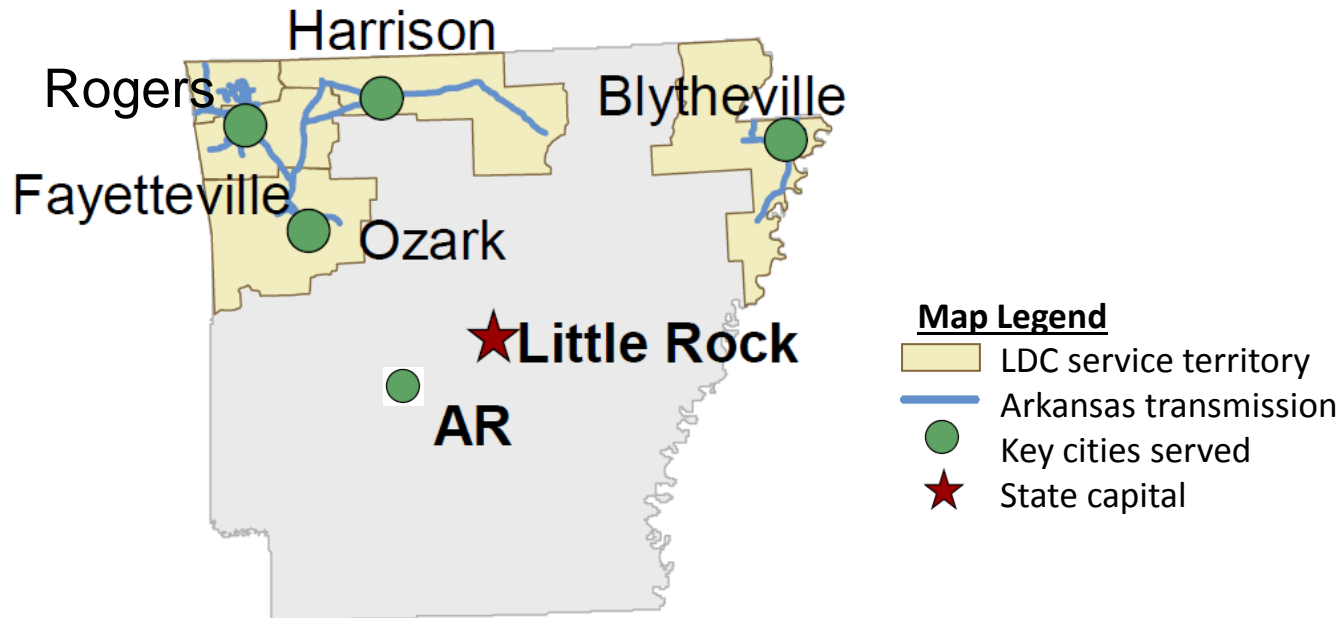
SourceGas is a natural gas local distribution utility headquartered in Golden, Colorado. The company and its affiliates serve **425,000** customers and operate **19,000** miles of distribution, gathering and transmission pipeline, as well as storage facilities, in **Arkansas, Colorado, Nebraska and Wyoming**. The company and its affiliates also provide gas transportation, in-home HVAC and appliance service and sales, as well as gas commodity sales services to its natural gas customers.



The Importance of Arkansas to SourceGas

- ❖ Arkansas accounts for 38% of all SourceGas customers.
- ❖ Washington, Benton and Madison Counties contain over 113,000 customers, and those counties have exceptional growth.
- ❖ The Fayetteville Office also includes our Customer Care Center that serves all four states and sets industry standards for responsiveness and customer satisfaction.

SourceGas Arkansas at a Glance



Arkansas Operational highlights

- ◆ Serves over 160,000 customers
- ◆ Robust customer growth with plans to add 3,100 new meters in 2015
- ◆ Operates 5,700 miles of transmission and distribution pipeline
- ◆ 400 employees
- ◆ Serves over 100 communities
- ◆ Arkansas is home to system-wide call center and gas control (also serving Colorado, Nebraska, and Wyoming)
- ◆ Operates the ONLY Liquefied Natural Gas (LNG) Plant in Arkansas

Modern Utility with an 84-Year Legacy



1943: SUG divests AWG, making AWG a standalone company.

1978: Southwestern Energy Holdings ("SWEN") purchases AWG.

2008: SourceGas acquires Arkansas Western Gas Co. ("AWG"), later renamed to SourceGas Arkansas ("SGA"), increasing the size of the Company by nearly 60%

1930

1940

1950

1960

1970

1980

1990

2000

2010

1929: Southern Union Gas ("SUG") starts Arkansas Western Gas ("AWG") in northwest Arkansas



1988: AWG purchases Associated Natural Gas ("ANG"), serving northeast Arkansas (current Blytheville Division).

2015: SourceGas files most recent rate case for current SourceGas Arkansas system.



SourceGas Arkansas Capital Investments

Historical and Planned Capital Expenditures in Arkansas (\$000s)

	2013	2014	2015 (Projected)	2016 (Projected)
Growth	\$8,143	\$12,898	\$50,368 *	\$18,159
Sustaining	\$19,760	\$13,872	\$25,955	\$5,790
Platform	\$2,752	\$3,771	\$5,391	\$4,308
Integrity Management	\$11,704	\$20,367	\$40,282	\$28,036
Grand Total	\$42,359	\$50,908	\$121,996	\$56,293

* Includes approximately \$38 million for two major Arkansas projects.

Investing in Pipeline Safety



Arkansas Public Service Commission
Colette Honorable, Chairman



Pipeline & Hazardous Materials Safety Administration (PHMSA)
Timothy Butters, Deputy Administrator

- Recognized on May 24, 2012 (pictures above) by Arkansas Public Service Commission and Pipeline & Hazardous Materials Safety Administration (PHMSA) for best-in-class investments in safety for accelerated pipeline replacement plan.



Job Growth in Arkansas

- Customer Care Center opened in Fayetteville in 2009 with 24/7 coverage
- Meter Shop opened in Fayetteville in 2010
- Gas Control opened in Fayetteville in 2011
- All serve AR, CO, NE, WY

**120 jobs created
since 2008!**



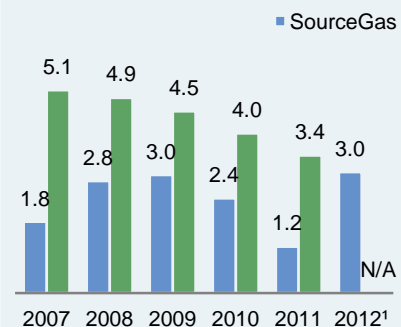
“By opening our Customer Care Center in Fayetteville, we have been able to increase the hours of service available to our customers, the options our customers have for getting service, and the quality and consistency of service we provide.”

-Steve Bandy, Senior Director of Customer Care

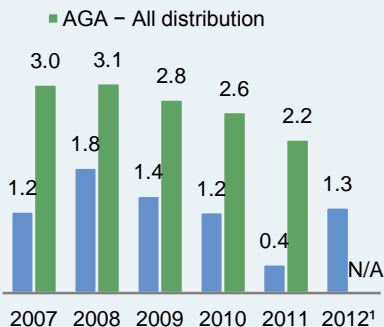
Our Safety-Centered Culture

OSHA injury rates for SourceGas

OSHA recordable incident rate



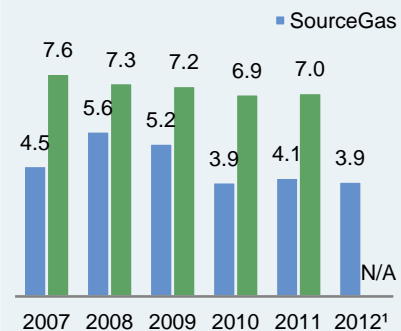
DART recordable incident rate



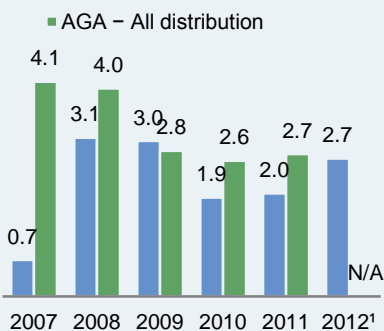
¹ 2012 safety metrics have not yet been released by AGA

Vehicle accident rates for SourceGas

Reportable MVA rate



Preventable MVA Rate



¹ 2012 safety metrics have not yet been released by AGA

Five-year integrity-related investments by SourceGas

Project	Est. cost (2015–2019)
Pipeline integrity replacements/corrosion protection	\$200 million
Top of ground pipeline replacements	\$46 million
In-line integrity inspections	\$9 million
Valve programs	\$7 million
Third-party damage programs	\$11 million

SourceGas: Recognized Industry Leader in Safety



Safety Achievement Award

2009, 2010, 2011



Accident Prevention Certificate

2007, 2008, 2009, 2010, 2011






Accident Prevention Award



2011

Challenges and Opportunities

Opportunities

-  The instability of the price per barrel of crude oil also creates instability of propane prices.
-  This instability has created growth opportunities in the poultry industry in all the divisions that serves Arkansas.
-  Irrigation, the low cost of natural gas has prompted growers in NE Arkansas to convert irrigation pivots to either pure natural gas or a combined fuel of natural gas and diesel.

Challenges

-  Constantly changing policies and rules at the Federal that dictates the upgrading and replacement of unprotected bare steel lines with the burden of the cost being placed on the customers.
-  Antiquated laws that limits our ability to expand our system into unserved and underserved areas of the state.

Questions?

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Our Mission is to be the Premier energy provider in the communities we serve!



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