

Equitable Gas Company, LLC
2013 Winter Reliability Overview
November 4, 2013

Equitable Gas Company ("Equitable") is prepared for the 2013/2014 winter heating season.

1. Winter Readiness

Safety and reliability of its system are of paramount concern to Equitable. Equitable's existing CWS program is considered to be a best practice for distribution companies. The Program is based on extensive experience, backed by industry practice and supported by science that accounts for potential frost penetration impact on pipe with certain metallurgical characteristics within its system. This program was appropriately modified and implemented before the 2010-2011 winter season, with guidance from the Commission's Gas Safety Division. Equitable's current Cold Weather Survey Program is summarized below.

Equitable's CWS Program appropriately focuses on its cast iron pipe, due to cast iron's unique metallurgical characteristics that make it more susceptible to freeze/thaw cycles and associated ground movement. The scope and duration of surveys are determined by actual weather data (tracking frost degree days), as supplemented by field data. In 2010, Equitable modified its CWS Program, incorporating this frost degree day count to determine when the survey begins and ends. Beginning in November, the average daily temperature is tracked and the difference of each degree below 27° F is added to the cumulative degree tracker. For instance, a date that has an average temperature of 23° adds a negative four degree days. Once the running total degrees reach -150 (typically in January), the survey of the Company's cast iron system begins. Equitable then surveys its entire cast iron inventory in a week and continues these weekly surveys of its entire cast iron system until it is no longer required to do so under its CWS Program. The frost degree days are tracked throughout the winter, with degrees above 27° adding to the total. The surveys end when the total degrees reach +200.

2. Employee Safety/Readiness.

Equitable Gas plans and schedules customer service work and pipeline maintenance work out of a centralized Operations Center in its Pittsburgh headquarters. The Operations Center forecasts work volumes and plans staffing to meet customer demands and pipeline compliance and maintenance schedules. During periods of extreme cold weather, Equitable Gas ensures that employees are continuously available [on-site at key regulator stations](#) to monitor system availability.

Equitable Gas continuously trains employees in responding to natural gas leak and odor calls. Equitable Gas' Training Department also refreshes employee training on winter driving and working outside in cold temperatures.

3. Communications Outreach

Equitable administers "Prepare Now" campaign and outreach efforts to educate customers on the availability of programs to assist them in heating their homes safely, reducing their energy usage, and paying their energy bills.

Equitable also remains committed to encouraging customers to apply for the Low Income Home Energy Assistance Program (LIHEAP), Crisis and Dollar Energy Fund grants. A LIHEAP television advertising campaign takes place each heating season to encourage customers to apply for the LIHEAP program while funds are available.

Also, in September of this year, Equitable continued its "Prepare Now For Winter" safety messaging on Pittsburgh area radio. The radio spots urged customers to schedule a furnace inspection, purchase carbon monoxide detectors, and take simple home weatherization steps to reduce their winter energy bills.

Equitable has also attended and hosted numerous community meetings with seniors, area social service agencies and state legislators and their staff promoting all assistance programs including budget billing and third-party notification and how to apply for them.

Equitable continues to support the Dollar Energy Fund through corporate contributions in addition to promoting customer donations to the Fund through bill payments. In addition, Equitable will continue to sponsor the Dollar Energy Fund/KDKA News Radio Warmathon. The next Warmathon will take place in February 2014 and we will provide volunteers to assist in this major fundraising event.

The safety of our customers remains a priority for Equitable. We refer customers to the Crisis program for repairs and participated in a free furnace check program with a local trade association for HVAC professionals this fall. We also continue to operate a hardship repair fund to assist eligible customers with needed heating equipment or gas line repairs.

4. Gas Supply and Planning

Equitable has the necessary upstream transportation and storage capacity to meet the demand of its customers during a design day. A design day is the maximum projected load required on the system during one day over the course of one year. The design day will occur on the coldest day when lowest temperatures augmented with wind speed generate the greatest heating demand. Planning for the design day involves identifying the design day criteria and the demand an NGDC's customers are likely to place upon it during extreme weather conditions and analyzing the NGDC's ability to meet that demand. Equitable's design day criteria consist of the following factors: (1) a mean temperature of -10 degrees Fahrenheit, which represents 75 heating degree days ("HDD"); (2) an average wind speed of 15.8 mph; and (3) a winter weekday during January. Equitable's design day capacity study was submitted and approved in Equitable's 2011 1307(f) Proceeding. An updated study was also reviewed in Equitable's 2012 and 2013 1307(f) Proceedings.

As of April 2012, Equitable uses locally produced Appalachian gas, including Marcellus Shale Gas, exclusively, to serve its customers. Historically, Equitable purchased and held interstate capacity to transport the majority of its supply from the Gulf of Mexico ("Gulf") and Mid-Continent regions of the U.S. to meet the demand requirements of its customers. Equitable is no longer under contract with any interstate pipeline to deliver gas from the Gulf or Mid-Continent Regions. The elimination of interstate capacity contracts to bring gas from these Regions has produced significant cost savings for Equitable customers. Given the abundant availability of Marcellus

Shale and other Appalachian production, the elimination of this capacity will have no impact on reliability.

5. Natural Gas Demand from Electric Generators

Equitable has one Electric Generator on its system. For two reasons, this does not impact Equitable's winter fuel availability. First, the electric generator is primarily a summer peaker and uses little, if any, gas over the winter months. Second, as a daily balance transportation customer, the customer (or their agent) is responsible to secure natural gas for its use on a daily basis.