

PAPCO, Inc.

2013 Winter Reliability Data Request

October 2014

PAPCO, Inc. (PAPCO) prepares for each winter to ensure that there is adequate gas supply coming into its system to meet the needs of all customers, that our system will perform under peak conditions, and that we are prepared to respond and restore service as quickly as possible. Safety and reliability are core values at PAPCO and our system is designed to meet customer's peak winter needs.

I. WINTER READINESS

PAPCO's continuing pipeline surveillance programs are designed to insure safety during winter conditions through increased leak inspections during frost conditions and increased patrolling during severe weather events. PAPCO performs system leak surveys and frost patrols. Frost patrols begin in November and end in April. Leak surveys are done every 4 months, but increased during frost conditions and severe weather events. Employees check the 10 day forecast several times a day. When snow is anticipated to accumulate several inches, specific protocols are to be followed, including chains on vehicles and equipment.

2. EMPLOYEE SAFETY/READINESS

PAPCO employees are trained throughout the year on public safety policies and procedures, the appropriate federal and state regulations, along with their ability to respond to and perform safely in winter conditions. In addition to training and having the necessary equipment available to address customers' needs during the winter months, PAPCO employees participate in regular safety meetings to prepare for winter weather conditions. PAPCO has an answering service available 24 hours a day, 7 days a week that allows dispatch in an event of an emergency. Employees are ready to respond in all weather conditions.

3. COMMUNICATIONS OUTREACH

Our goal is to provide safe, reliable gas service to our customers and ensure the safety of people living and/or working near our gas pipelines. Public awareness is a critical component of our overall safety program. Every employee of PAPCO must be committed to fulfilling our public awareness responsibilities as described in the 'Public Awareness Program'. PAPCO has an 'Emergency Response Plan and Procedures Manual' that is used for employee training and reviewed/updated annually. PAPCO has procedures in place to notify customers, emergency officials, and community officials in the event of an outage or other emergency. Notification methods include news releases, media advisories, and/or telephone calls as warranted.

4. GAS SUPPLY AND PLANNING

PAPCO owns and operates a natural gas processing plant which receives its supply from purchases made from multiple Oil and Gas Producers in the area along with over 700 wells of their own

that contribute to the gathering system. Not all wells are pressured up at the same time and are kept in rotation so that reserves are available in case of an emergency or high demand. This has proven to be a reliable supply of gas. During peak hours (7:00 am to 9:00 am), PAPCO has the ability to open some wells, as needed, in order to satisfy customer demand. After peak hours, wells are returned to their original pressure settings.

5. CUSTOMERS

PAPCO has 2 customers, National Fuel and a Cooperative. The Cooperative serves 20 members.

6. POLAR VORTEX ANALYSIS

PAPCO did not have any outages during the time period of January 1st through January 31st, 2014 as a result of the extreme cold. They did, however, have a pressure issue with one of the members of the Cooperative.

PAPCO received a phone call on 01/22/14 from the Humane Society stating that they did not have any heat and believed there wasn't any gas to the heaters. A PAPCO employee responded and found that the low pressure cut off valve had been tripped on the regulator. He reset the valve and the heater started working. PAPCO then received a call 15 minutes after the employee left stating the same issue. He then returned, reset the valve, and increased the pressure from 20 to 25 psi. The employee stayed on sight for 30 minutes and all systems were working.

PAPCO then received another phone call on 01/30/14 from the same member stating that the problem had reoccurred. A PAPCO employee responded, reset the valve, and stayed on site for 20 minutes, all systems were working. We received a phone call 30 minutes later stating the same problem. He then returned, reset the valve, and increased the pressure from 25 to 30 psi. The employee stayed on sight for 30 minutes and all systems were working.

Both times the Cooperative member had an issue the ambient temperature was below -15°. We have had low temperatures since then and continued to monitor the situation/regulator. No further problems occurred and all systems were working. It would appear that the member's internal piping is not sized properly and is too small for their equipment when ambient temperatures are severe. This demand would increase the pressure drop and cause the low pressure cut-off valve to trip. PAPCO recommends increasing the diameter of the member's internal piping to avoid future problems during severe weather conditions.