EPA GasSTAR Annual Meeting

November 2, 2010

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Summary of CGT IFF Proposal

- The proposed IFF mechanism is an innovative approach to managing and reducing fuel on the Columbia Gulf system.
  - Immediately reduces customer costs and provides rate certainty.
  - Provides incentive to invest in fuel saving equipment and measurement technology improvements, resulting in reduced emissions.
  - Meets the objectives of the Commission's Alternative Rate Design Policy and answers the Commission's concerns in the Texas Gas Transmission, LLC ("Texas Gas") and El Paso Natural Gas Company ("El Paso") orders.

Fuel Policy and Savings

- Previous Federal Energy Regulatory Commission requirement was that the reductions in LAUF and Fuel be quantified in relation to the investments in metering and compression is unachievable.
  - This requirement led El Paso to withdraw their filing and Texas Gas to not pursue an incentive mechanism
- Under Columbia Gulf's proposal, this requirement is unnecessary.
  - Customers get clear, quantified benefits in lower rates regardless of the amount of LAUF/Fuel reductions resulting from the investment
  - Columbia Gulf will take losses if investments are not made
  - Should Columbia Gulf exceed the annual threshold, customers will obtain additional benefits from reductions in LAUF/Fuel stemming from the investments as well as the multitude of variables that impact both

IFF Provides Environmental Benefits

- More efficient compressor units with lower heat rates will produce significantly lower emissions.
- Targeted replacement turbines approximately 40% more efficient.
- Estimated annual emission reductions associated with IFF:
  - Tons of nitrogen oxides: 492.4 to 615.5
  - Tons of carbon monoxide: 444.3 to 555.4
  - Tons of particulate matter: 4.5 to 5.6
- Emission reductions equivalent to removing 128,000 vehicles from the road.
- Preserves limited resources for alternative uses.

Expected Reduction to Emissions

Emission Reductions			
Pollutant	Estimated Hourly Emmision Reductions (lb/hr)	Estimated Annual Reductions @60% Utilization (Tons)	Estimated Annual Reductions @75% Utilization (Tons)
Nitrogen Oxides	187.37	492.41	615.51
Carbon Monoxide	169.07	444.32	555.39
Particulate Matter	1.71	4.49	5.62
VOC	0.37	0.97	1.22
Sulfur dioxide	0.18	0.47	0.59
Total	358.70	942.66	1,178.33

- Emissions reductions associated with these proposed turbine replacements are equivalent to approximately 85,000 – 128,000 vehicles being removed from service
- Replacement with more efficient turbines can help avoid future costs associated with the installation of emission control retrofits on existing equipment