Our Diverse Portfolio of Assets

- **2011 Pipeline Throughput**: 4.2 Tcf
- **Transmission Pipe**: 19,300 mi
- **Storage Capacity**: 300+ Bcf
- **Gathering Pipe**: 64,800 mi
- **SE Gas Processing Capacity**: 3.3 Bcf/d
- **DCP 2Q12 Throughput**: 7.0 TBtu/d
- **DCP 2Q12 NGLs produced**: 392 MBbl/d
- **Distribution Pipe**: 39,000 mi
- **Retail Customers**: 1.4 million
The Reliable Choice

- Power generation demand is growing nationwide – expected to double in the Northeast by 2025
- Natural gas is the fuel of choice – the reliable, responsible, affordable choice
- Infrastructure is needed, supported by sound choices and customer commitment

Source: TVA
Pipeline Services

• No-notice Firm Transportation
• Firm Transportation
• Secondary Firm Transportation
• Capacity Release
• Interruptible Transportation
• Park & Loan
Pipeline Service Flexibility: Electric Load vs. LDC Load
New England Pipelines are Running Full on a West to East Basis

Days with Zero West to East Interruptible Capacity on Algonquin

- August 2009 - July 2010: 19 days
- August 2010 - July 2011: 89 days
- August 2011- July 2012: 292 days
Market-Based Mechanisms to Allocate Scarce Resources

- Rate design – fixed variable
- Incremental rates for new expansions
- Negotiated rate flexibility
- Capacity release market de-regulated for short-term releases
- Pipeline IT rates remain regulated
Gas-Fired Power Generation Dynamics

Algonquin Gas Transmission

**Power Market Demand Growth (MMcf/d)**
- Average Daily Flows: Nov - March
- Generators’ Firm Capacity

**Peak Potential vs. Firm Contracted Capacity (MMcf/d)**
- Summer Peak: 800
- Winter Peak: 620
- Contracted: 123

19.8% Generators’ Firm Capacity vs Winter 2011/12 Peak Day
Algonquin System
Expansion Needed to Support Power Market

Reduction in Canadian Supply
~700 MDth/d

Increase in Marcellus Supply
~700 MDth/d
~500 MDth/d
~900 MDth/d
~300 MDth/d

New infrastructure is needed to move new supplies to market
The Economic Imperative of Infrastructure

Cost Savings

- Additional pipeline capacity could lower natural gas costs in New England
- Concentric Energy Advisors estimates $600 MM+ in savings for New England
  - ~$300 MM direct benefit from additional pipeline infrastructure

<table>
<thead>
<tr>
<th>($MM)</th>
<th>Direct Benefit of new infrastructure</th>
<th>Total Benefit  New infrastructure + increased NE shale production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower power prices in New England</td>
<td>$122 – 162</td>
<td>$122 – 162</td>
</tr>
<tr>
<td>Lower power prices in Mid-Atlantic</td>
<td>94 – 112</td>
<td>256 – 305</td>
</tr>
<tr>
<td>Displacement of oil-fired generation</td>
<td>6 – 19</td>
<td>6 – 28</td>
</tr>
<tr>
<td>Total Electricity Savings</td>
<td>$223 – 293</td>
<td>$384 – 495</td>
</tr>
<tr>
<td>LDC Savings</td>
<td>$21</td>
<td>$38 – 138</td>
</tr>
<tr>
<td><strong>Total Cost Savings</strong></td>
<td><strong>$243 – 313</strong></td>
<td><strong>$422 – 633</strong></td>
</tr>
</tbody>
</table>

Assuming $150 MM cost of service, $1 investment yields $2 savings
Making Reliable Choices

Infrastructure investment is needed now to address power generation growth in Northeast and other regions of U.S.

As natural gas demand grows, interruptible service will be harder to come by.

To ensure reliability, generators need to contract for firm transportation service.

Wholesale power market rules need to encourage, not disincentivize, firm contracts.

Reliable, secure energy tomorrow rests with the choices we make today. *We must choose well.*