

Building the Bridge: Pipeline and Storage Infrastructure

Sixth Annual Northwest Energy Conference
June 4, 2009



Northwest Pipeline

Allison Bridges

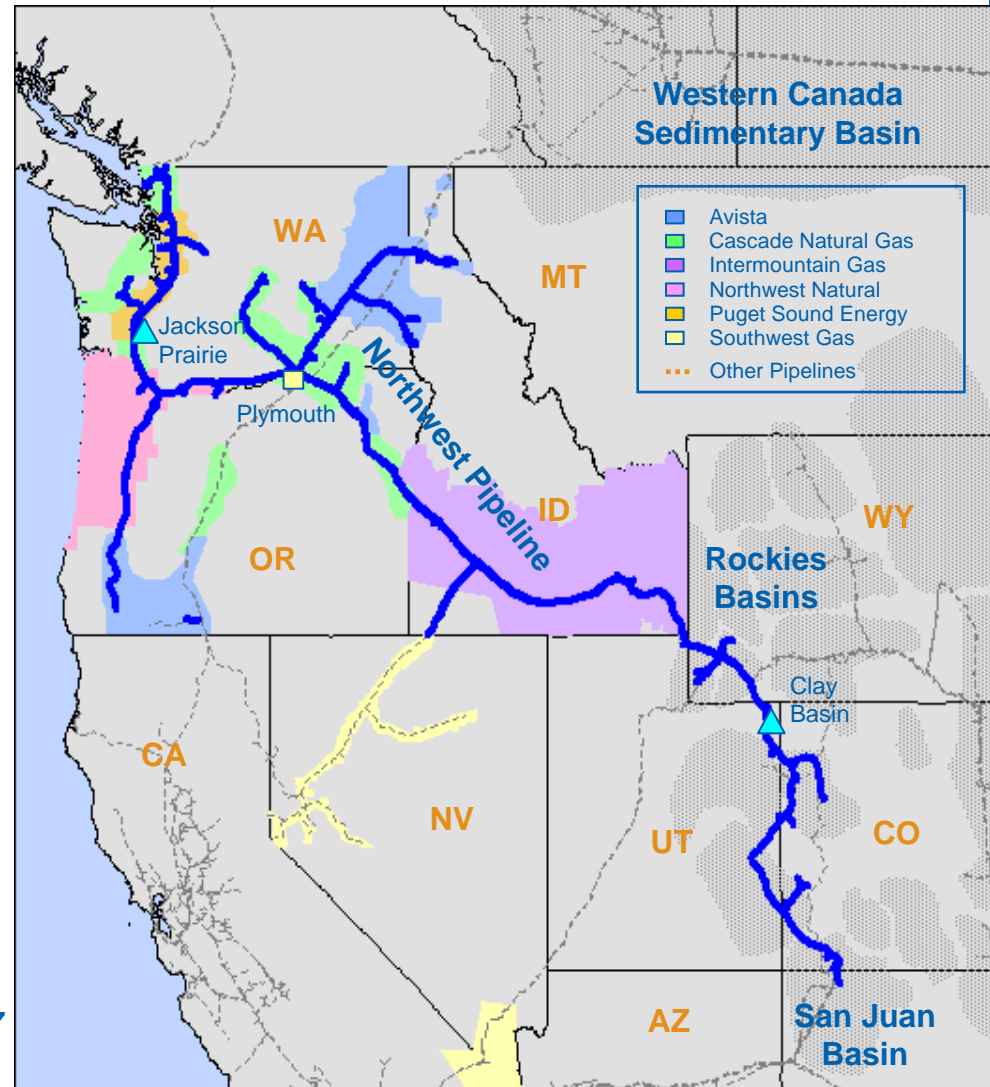
Vice President – Commercial Operations

Northwest Pipeline - Backbone of the Northwest



Ingenuity takes energy.™

- 53 years of continuous, reliable service
 - 3,903-mile system
 - 3.5 Bcf/d peak design capacity
 - 12.8 Bcf storage capacity
 - 709 MMcf/d storage deliverability
- History of expanding the system to meet customer growth needs
 - Completed 4 major expansions since 2003
 - Added more than 600 MDth/d of capacity
 - Constructed 199 miles and 127,264 HP, investing approx \$0.7 billion



Our Strategic Focus

- Safety, Reliability and Efficiency are the Foundations of our Business
- Remaining the Low Cost Service Provider to our Markets
- Keeping Capacity Fully Contracted Mitigates Turn-back Risk
 - Over the last several years we have successfully
 - Extended contract terms with shippers
 - Rationalized excess capacity
 - Added interconnects to enhance supply optionality
 - Steeply discounted short-term firm capacity leveraged to create cost effective new service
- Expanding the System to Meet Customers Demand Growth

Developing Expansions that Meet our Project Fundamentals



Ingenuity takes energy.™

- Growing franchise in moderate, logical steps
- Serving our existing market areas first
- Timing projects to meet market growth
- Enhancing our supply portfolio
- Ensuring capacity supported by:
 - Long-term contracts
 - Creditworthy customers
 - Effective risk management – existing corridors, conservative project design and disciplined cost management
- Seeking acceptable risk/reward profile

Future Expansions – Challenges & Opportunities

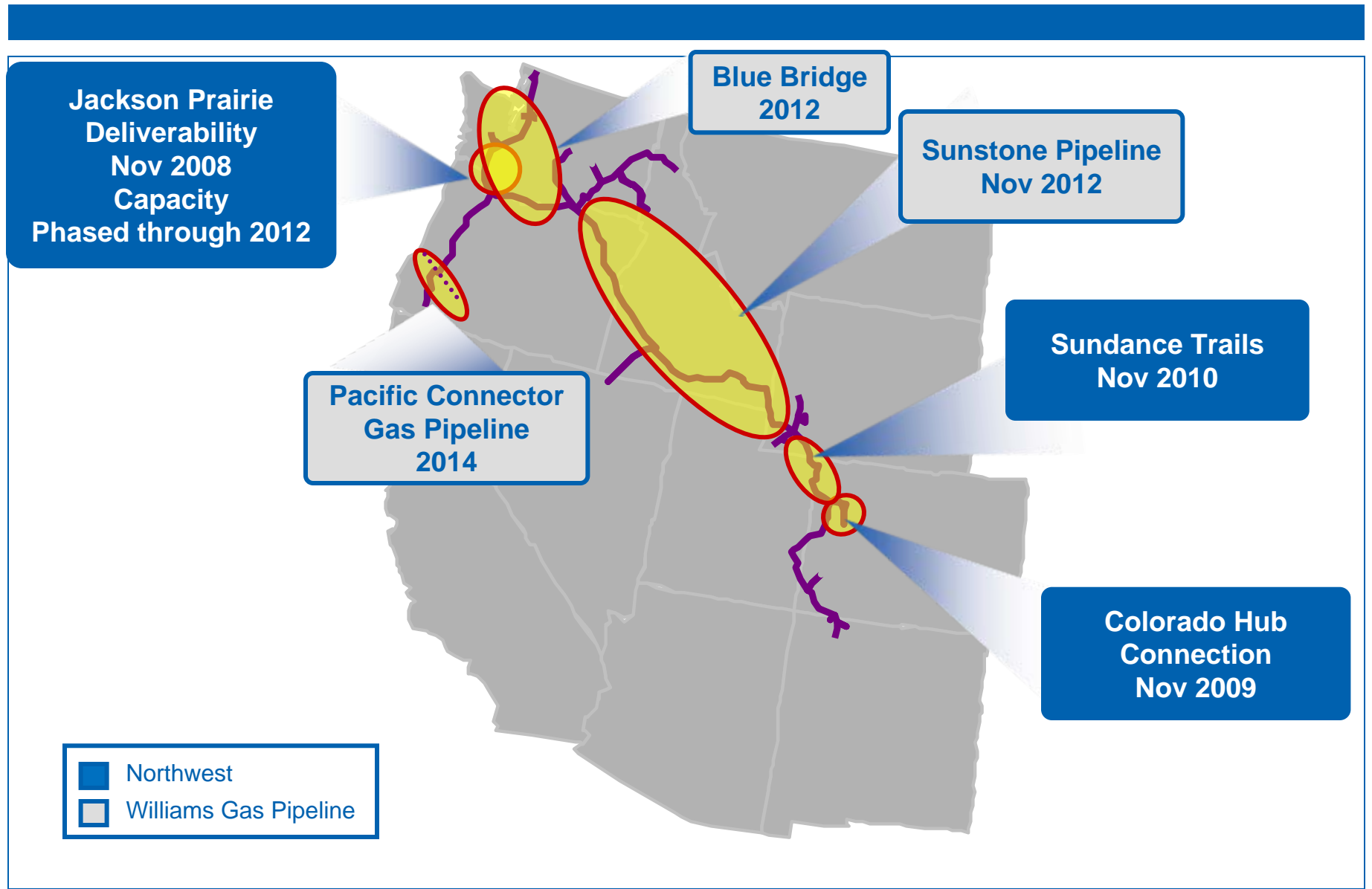
■ Challenges We Face

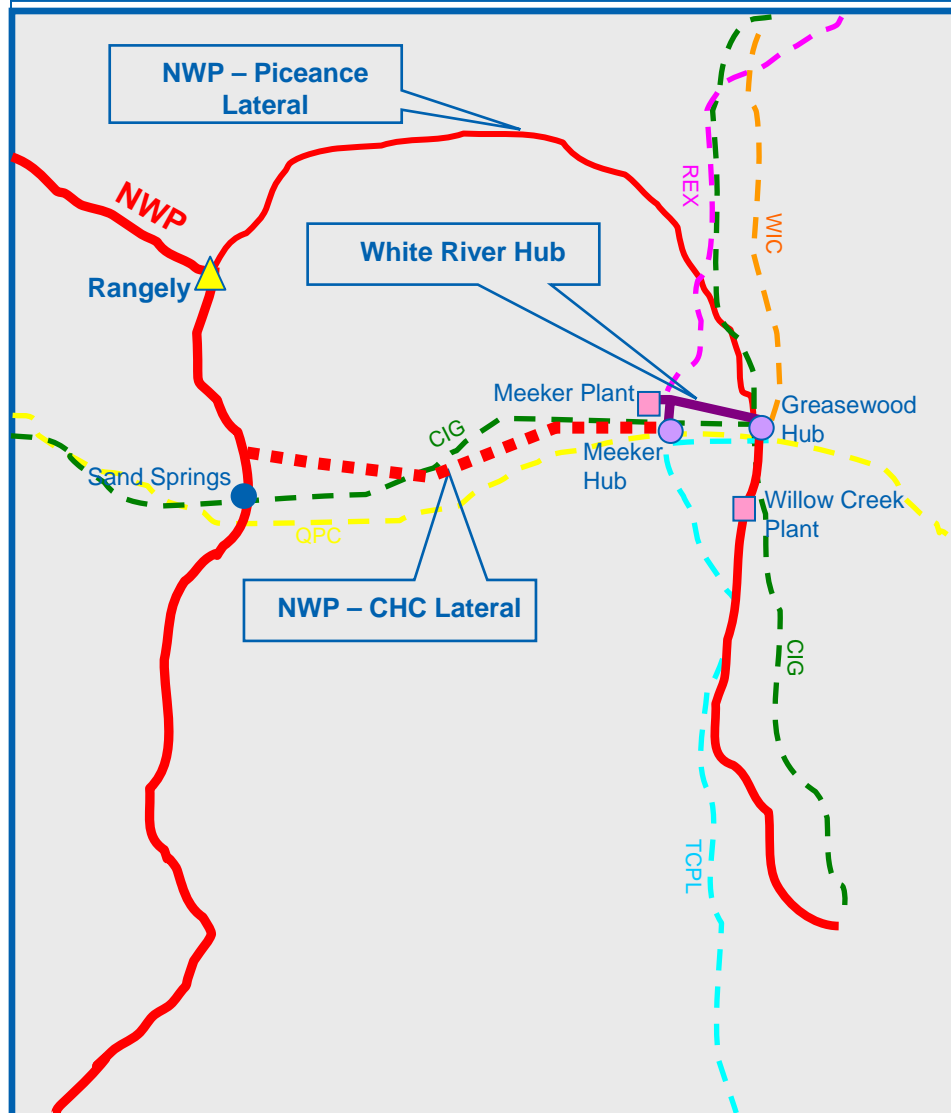
- Expansions are costly...particularly from the Rockies
 - Require economies of scale
- Environmental review requires long lead-times
 - Significant development dollars at risk

■ Opportunities We Are Pursuing

- Expanding existing infrastructure enables growth without costly replication of delivery infrastructure
- Developing expansions that benefit expansion shippers and our entire customer base
- Enhancing our supply diversity from existing and potential new sources
- Exploring creative ways to provide seamless service, minimize rates and offer investment opportunities to 3rd parties

Expansion Projects





Colorado Hub Connection

- 582 MDth/d from Meeker/White River Hub
- 363 MDth/d of existing southbound capacity subscribed for avg term of 12.8 yrs at max rates
- FERC Certificate April 2, 2009
- Nov 2009 in-service date

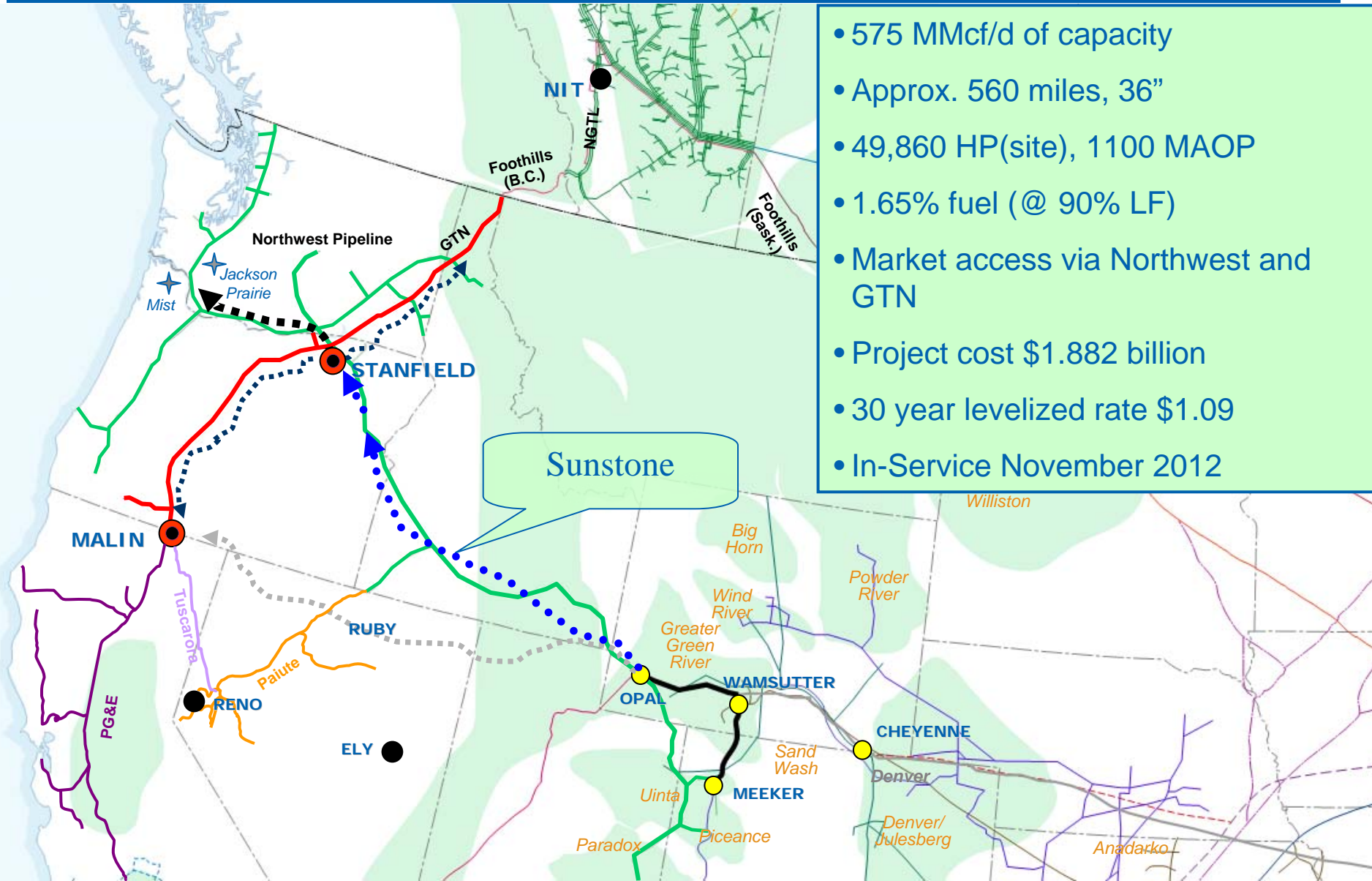
Sundance Trail Expansion

- 150 MDth/d from Greasewood and Meeker/White River Hubs north to Opal Hub
- Subscribed for 12 yrs at max rates
- Filed FERC Application May 2009
- Nov 2010 in-service date

Sunstone Pipeline



Ingenuity takes energy.™



- 575 MMcf/d of capacity
- Approx. 560 miles, 36"
- 49,860 HP(site), 1100 MAOP
- 1.65% fuel (@ 90% LF)
- Market access via Northwest and GTN
- Project cost \$1.882 billion
- 30 year levelized rate \$1.09
- In-Service November 2012

Sunstone Advantages

- Clear preference of PNW markets
 - Scope and timing designed to match PNW growth needs
 - Provides market optionality and access to downstream capacity
 - Long term contracts limit future exposure
- Northwest Pipeline is fully subscribed
 - Expansion in existing corridor benefits all customers
 - Economies of scale provide the best opportunity to reduce displacement
- Route
 - Lower miles
 - Lower risk than greenfield construction
 - Existing corridor, existing infrastructure and existing operators
- Project sponsors
 - Strength of sponsors and quality shipper contracts enhance project financing

Illustrative Rates – Attractive Expansions

	575 MDth/d 36"	650 MDth/d 36"	850 MDth 36"	1050 MDth/d 36"
Capital Costs	\$1.88 billion	\$2.0 billion	\$2.1 billion	\$2.3 billion
Fuel @ 90% LF	1.66%	.81%	1.26%	2.34%
30-year levelized rate	\$1.09	\$1.03	\$.82	\$.70
10-year levelized rate	\$1.27	\$1.20	\$.95	\$.82

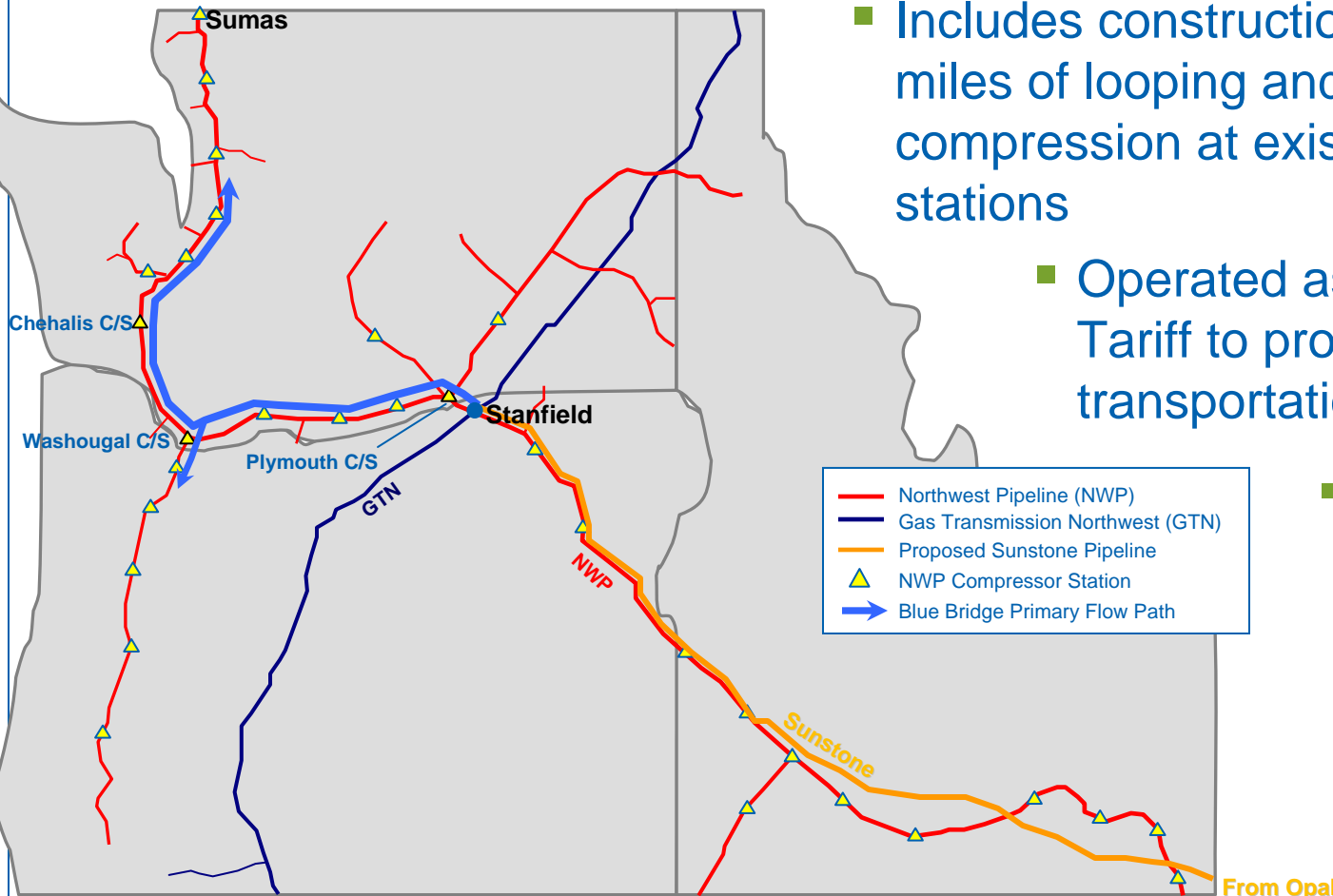
Sunstone does not hinge on whether competing projects are built, but Sunstone can expand to serve that load

Blue Bridge Pipeline Project



Ingenuity takes energy.™

- Incremental expansion for up to 310 MDth/d from Stanfield to serve growth markets in the Pacific Northwest along the I-5 corridor



- Includes construction of up to 131 miles of looping and additional compression at existing compressor stations
- Operated as part of NWP's Tariff to provide seamless transportation services

- Enhances bi-directional operating flexibility and reliability benefiting entire system

Blue Bridge Route Advantages

- Project anchored by power generation growth in Washington and Oregon
- Approximately 92% of route is along existing utility corridors
 - Including 84% along existing Northwest ROW
- Existing pipeline allows scalability to market need
- Minimal impact to National Forests (less than 8 miles)
- Existing roads allow access to 100% of the route
- No Wild and Scenic river crossing as proposed
- Only 10.5 miles of the route in the Gorge Scenic Area, with the majority on existing utility ROW
 - Gorge Scenic Area Management Plan allows pipelines

Pacific Connector Gas Pipeline

- Joint project with Williams, Fort Chicago and PG&E
- 234-mile pipeline from Jordan Cove LNG terminal to NWP, PG&E, GTN and Tuscarora
- Initial 1 Bcf/d capacity
- Additional liquefaction trains targeted for service in 2014 time frame
- FEIS issued May 1, 2009
- FERC Certificate anticipated in near future



Questions and Contacts

- Please feel free to contact any of the following people if you have any questions.

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