

Chester County
natural gas authority
The "Natural" Solution

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Chester County natural gas authority

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✓ Special Purpose District

✓ The Chester County Natural Gas Authority was created on April 23, 1954 under Act 806 of the Acts and Joint Resolution of the State of South Carolina of 1954 and commenced the distribution of natural gas in 1957.

✓ 3,247,760 Dts Gas Sales 12-months ending December 2010.

✓ 627,444 Dts Rate Schedule Sales (19.38%)

✓ 2,618,316 Dts Industrial Sales (80.62%)

✓ Chester County Natural Gas Authority Statistics

✓ 6,699 Residential Customers

✓ 849 Commercial Customers

✓ 20 Industrial Customers

✓ 573 Miles of Main

✓ 70.20 % of Supply is under long-term supply arrangements

✓ Capacity on Transco

✓ Capacity on Carolina Gas Transmission

✓ Storage on Transco

✓ Peaking Services on Transco

✓ 23 Employees

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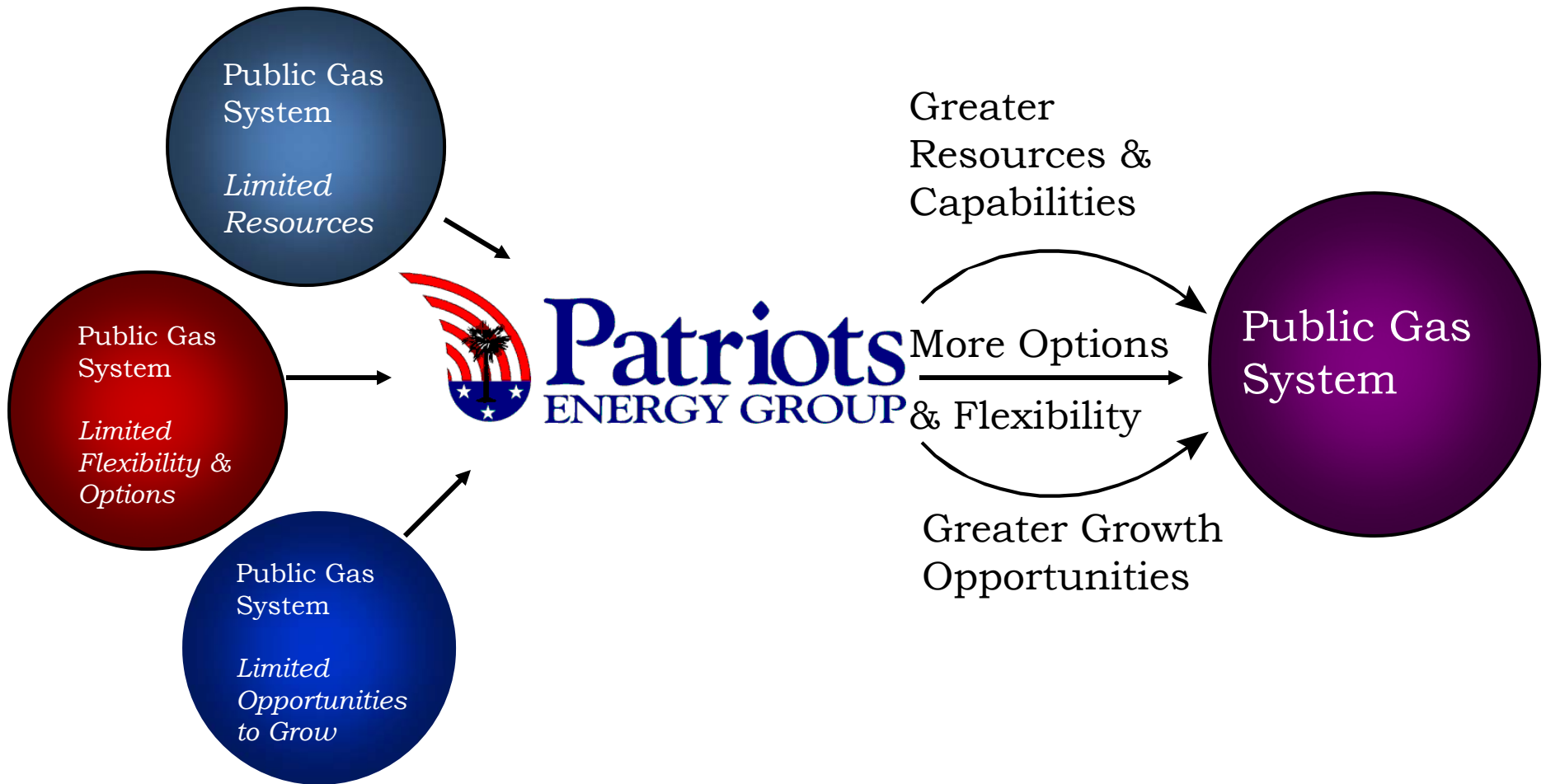


- ✓ Chester County Natural Gas Authority, is supplied by Patriots Energy Group (“PEG”) a public body, corporate and politic, formed by three natural gas authorities located in the north central region of South Carolina: Chester County Natural Gas Authority (“CCNGA”), Lancaster County Natural Gas Authority (“LCNGA”), and York County Natural Gas Authority (“YCNGA”) (the “Members”) pursuant to the Joint Agency Act (the “Act”) of the South Carolina legislature.
- ✓ The Members’ purpose in forming PEG is to achieve lower costs of operation than in the monopoly sales environment. Prior to April 1, 2003, the Members, as resale distributors of natural gas, satisfied all of their needs through the purchase of natural gas on a bundled basis from an intrastate pipeline subject to the jurisdiction of the Public Service Commission of the State of South Carolina (“PSC”). YCNGA, LCNGA, and CCNGA operate autonomously within their respective service territories
- ✓ PEG acquires natural gas supplies for the full requirements of the Members and manages their transportation and storage capacity on three interstate pipelines, which include Southern Natural Gas Pipeline, Transcontinental Gas Pipeline, and Carolina Gas Transmission.
- ✓ 12,520,360 Dts Gas Sales 12-Months ending December 2010.
 - ✓ 5,844,211 Dts Rate Schedule Sales
 - ✓ 6,676,149 Dts Industrial Sales
 - ✓ 3rd Largest Customer on CGT’s Gas System and the largest Non-Affiliated CGT customer



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Public Gas Systems Growing & Thriving Through Joint-Action





✓ Past

✓ Present

✓ Future

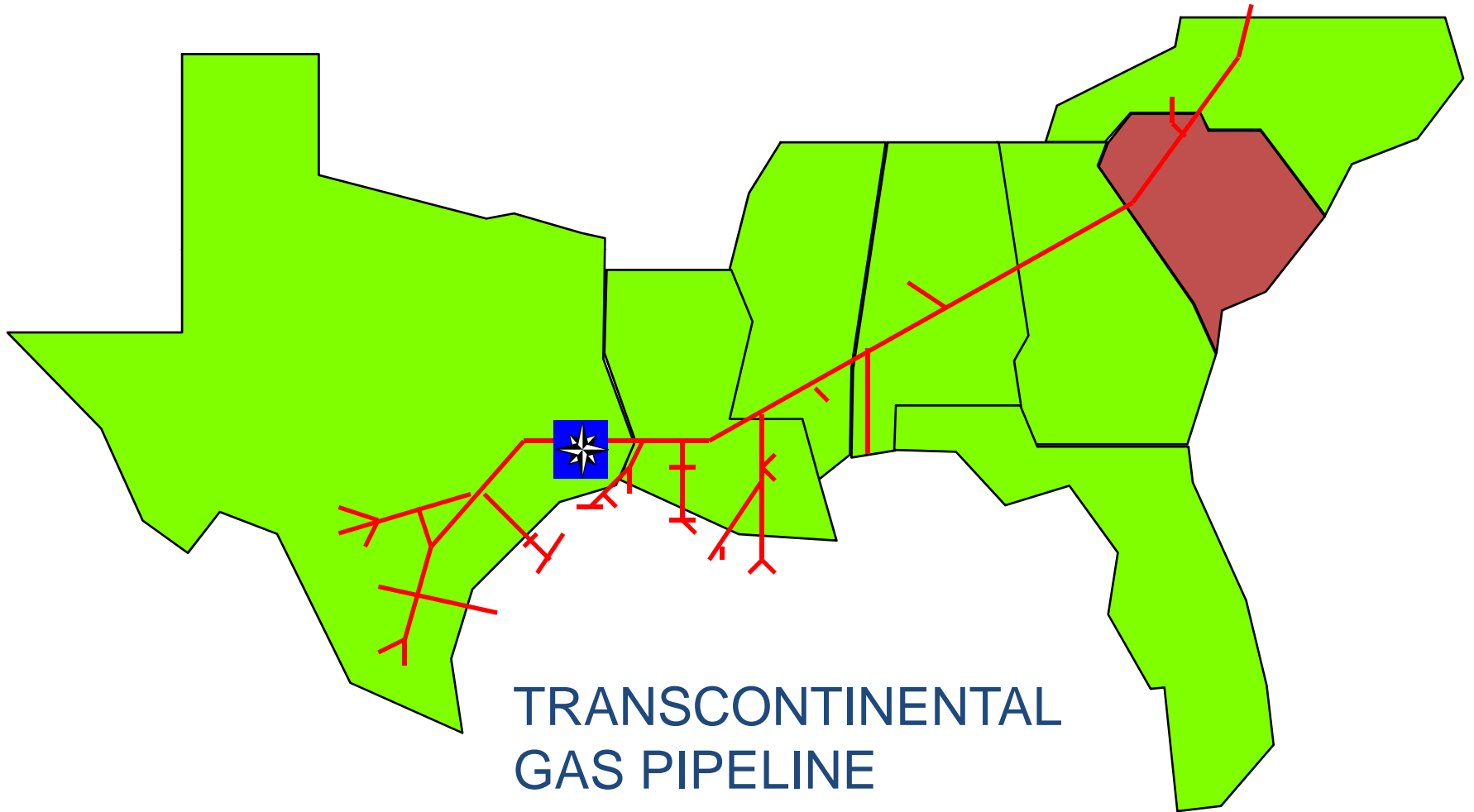


✓ Past



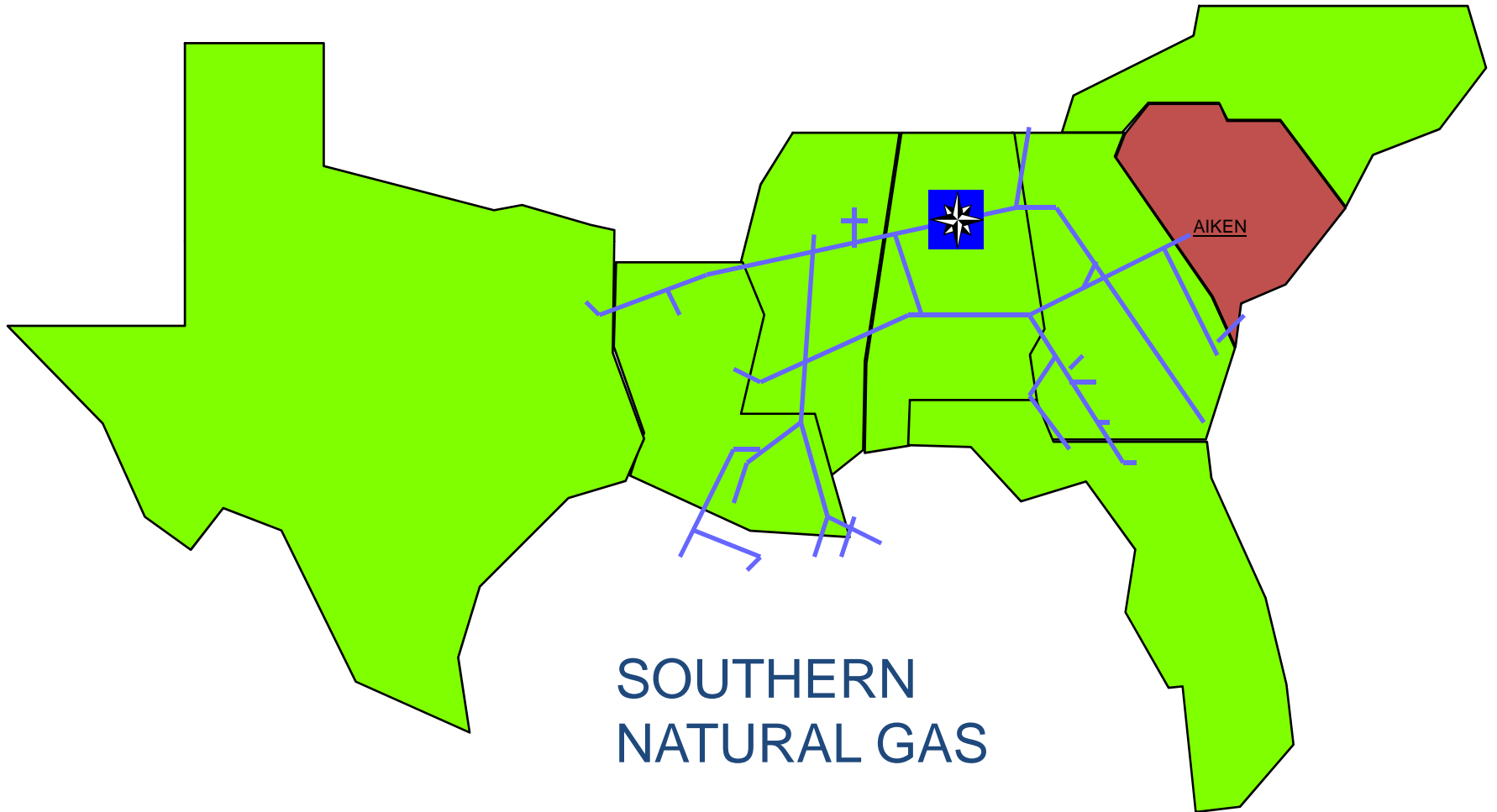
The State of South Carolina has been served by two interstate pipelines since 1950's:

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**TRANSCONTINENTAL
GAS PIPELINE**

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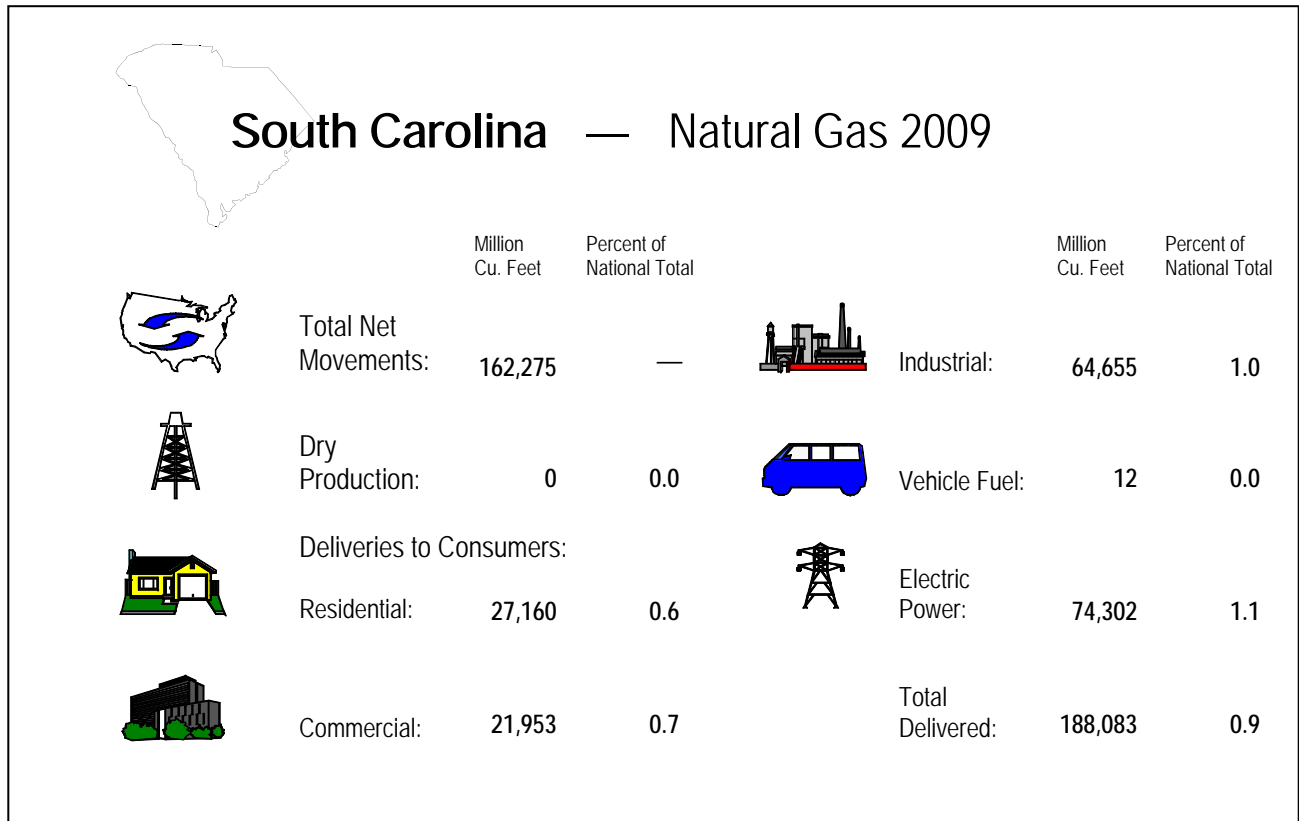


Table 67. Summary Statistics for Natural Gas – South Carolina, 2005-2009

	2005	2006	2007	2008	2009
Number of Producing Gas Wells					
at End of Year	0	0	0	0	0
Production (million cubic feet)					
Gross Withdrawals					
From Gas Wells.....	0	0	0	0	0
From Oil Wells.....	0	0	0	0	0
From Coalbed Wells.....	0	0	0	0	0
From Shale Gas Wells.....	0	0	0	0	0
Total.....	0	0	0	0	0
Repressuring.....	0	0	0	0	0
Vented and Flared.....	0	0	0	0	0
Nonhydrocarbon Gases Removed	0	0	0	0	0
Marketed Production	0	0	0	0	0
Extraction Loss.....	0	0	0	0	0
Total Dry Production	0	0	0	0	0
Supply (million cubic feet)					
Dry Production.....	0	0	0	0	0
Receipts at U.S. Borders					
Imports	0	0	0	0	0
Intransit Receipts.....	0	0	0	0	0
Interstate Receipts	979,459	1,006,904	1,021,515	1,065,801	1,098,365
Withdrawals from Storage					
Underground Storage.....	0	0	0	0	0
LNG Storage	757	892	987	1,847	1,268
Supplemental Gas Supplies	86	75	*	*	0
Balancing Item.....	10,665	13,735	24,170	^R 21,366	28,282
Total Supply.....	990,967	1,021,607	1,046,672	^R1,089,014	1,127,915

See footnotes at end of table.

Table 67. Summary Statistics for Natural Gas – South Carolina, 2005-2009 — Continued

	2005	2006	2007	2008	2009
Disposition (million cubic feet)					
Consumption	172,032	174,806	175,701	^R 170,077	190,542
Deliveries at U.S. Borders					
Exports	0	0	0	0	0
Intransit Deliveries	0	0	0	0	0
Interstate Deliveries	818,159	846,017	869,883	917,065	936,090
Additions to Storage					
Underground Storage	0	0	0	0	0
LNG Storage	776	784	1,089	1,872	1,283
Total Disposition	990,967	1,021,607	1,046,672	^R1,089,014	1,127,915
Consumption (million cubic feet)					
Lease Fuel	0	0	0	0	0
Pipeline and Distribution Use	2,427	2,292	2,609	^R 2,604	2,459
Plant Fuel	0	0	0	0	0
Delivered to Consumers					
Residential	28,537	24,928	25,158	27,100	27,160
Commercial	22,048	20,691	20,927	^R 22,283	21,953
Industrial	74,002	77,171	76,286	71,924	64,655
Vehicle Fuel	6	8	10	11	12
Electric Power	45,011	49,716	50,710	46,154	74,302
Total Delivered to Consumers	169,605	172,514	173,092	^R167,473	188,083
Total Consumption	172,032	174,806	175,701	^R170,077	190,542
Delivered for the Account of Others (million cubic feet)					
Residential	0	0	0	0	0
Commercial	843	1,027	1,067	1,137	1,429
Industrial	16,752	22,107	40,184	37,898	33,892
Number of Consumers					
Residential	541,523	554,953	570,213	561,196	565,774
Commercial	56,974	57,452	57,544	56,317	55,850
Industrial	1,535	1,528	1,472	1,426	1,358
Average Annual Consumption per Consumer (thousand cubic feet)					
Commercial	387	360	364	396	393
Industrial	48,210	50,504	51,825	50,438	47,610
Average Price for Natural Gas (dollars per thousand cubic feet)					
Wellhead (Marketed Production)	--	--	--	--	--
Imports	--	--	--	--	--
Exports	--	--	--	--	--
Citygate	10.00	9.51	9.10	10.27	6.70
Delivered to Consumers					
Residential	14.84	17.36	17.15	16.84	14.91
Commercial	13.74	14.09	13.54	14.26	11.16
Industrial	10.02	9.21	8.84	11.03	6.06
Vehicle Fuel	9.94	15.17	10.84	^R 13.30	12.50
Electric Power	W	8.13	8.16	10.48	W

^R Revised data.

^W Withheld.

-- Not applicable.

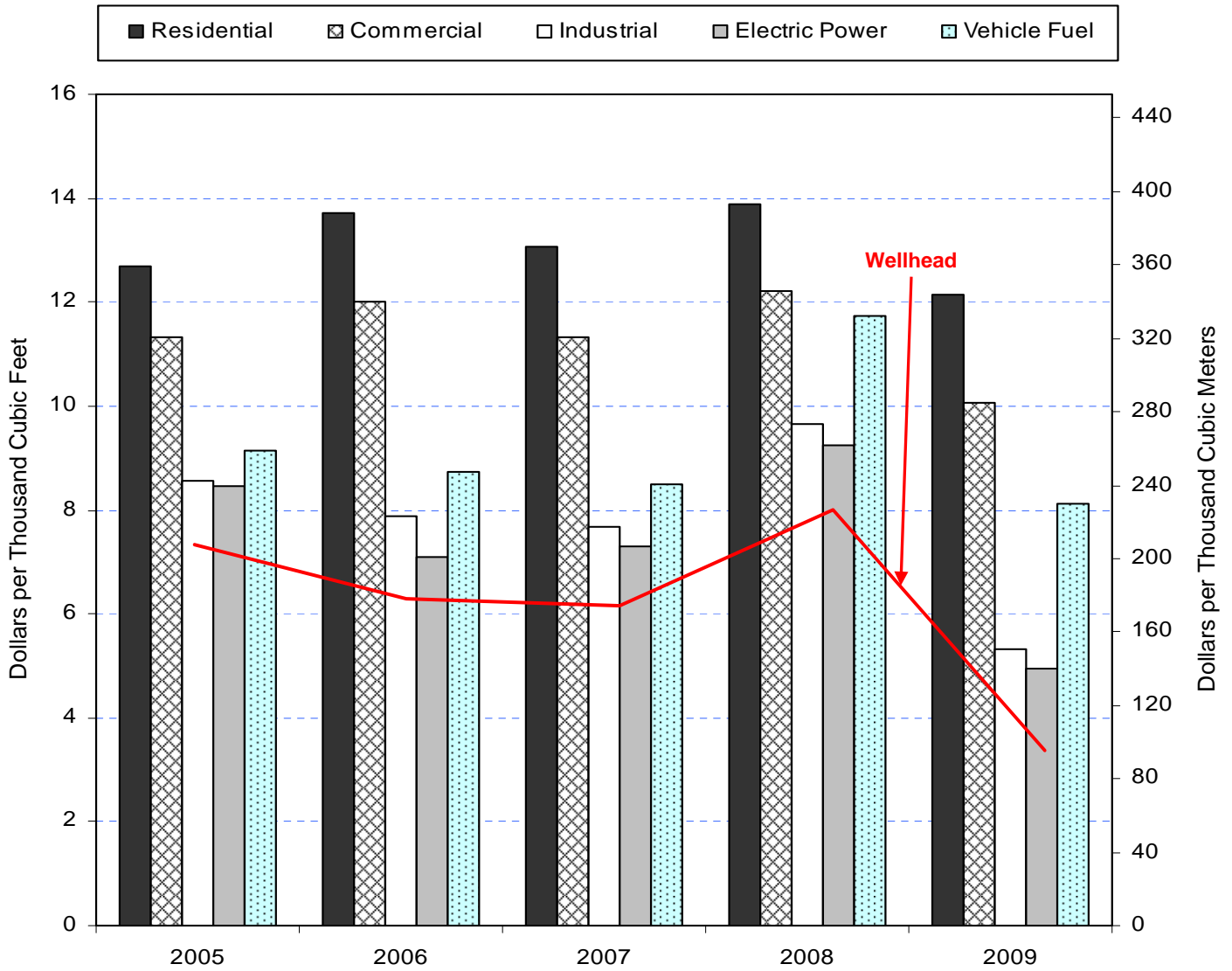
* Volume is less than 500,000 cubic feet.

Notes: Totals may not add due to independent rounding. Prices are in nominal dollars.

Sources: Energy Information Administration (EIA), Form EIA-176, "Annual Report of Natural and Supplemental Gas Supply and Disposition"; Form EIA-895, "Annual Quantity and Value of Natural Gas Production Report"; Form EIA-857, "Monthly Report of Natural Gas Purchases and Deliveries to Consumers"; Form EIA-816, "Monthly Natural Gas Liquids Report"; Form EIA-64A, "Annual Report of the Origin

of Natural Gas Liquids Production"; FERC Form 423, "Monthly Report of Cost and Quality of Fuels for Electric Plants"; Form EIA-423, "Monthly Cost and Quality of Fuels for Electric Plants Report"; Form EIA-191M, "Monthly Underground Gas Storage Report"; Office of Fossil Energy, U.S. Department of Energy, *Natural Gas Imports and Exports*; the Bureau of Ocean Energy Management, Regulation and Enforcement, and predecessor agencies; Form EIA-906, "Power Plant Report"; Form EIA-920, "Combined Heat and Power Plant Report"; Form EIA-923, "Power Plant Operations Report"; Form EIA-886, "Annual Survey of Alternative Fueled Vehicles"; State agencies; Form EIA-23, "Annual Survey of Domestic Oil and Gas Reserves"; HPDI; and EIA estimates based on historical data.

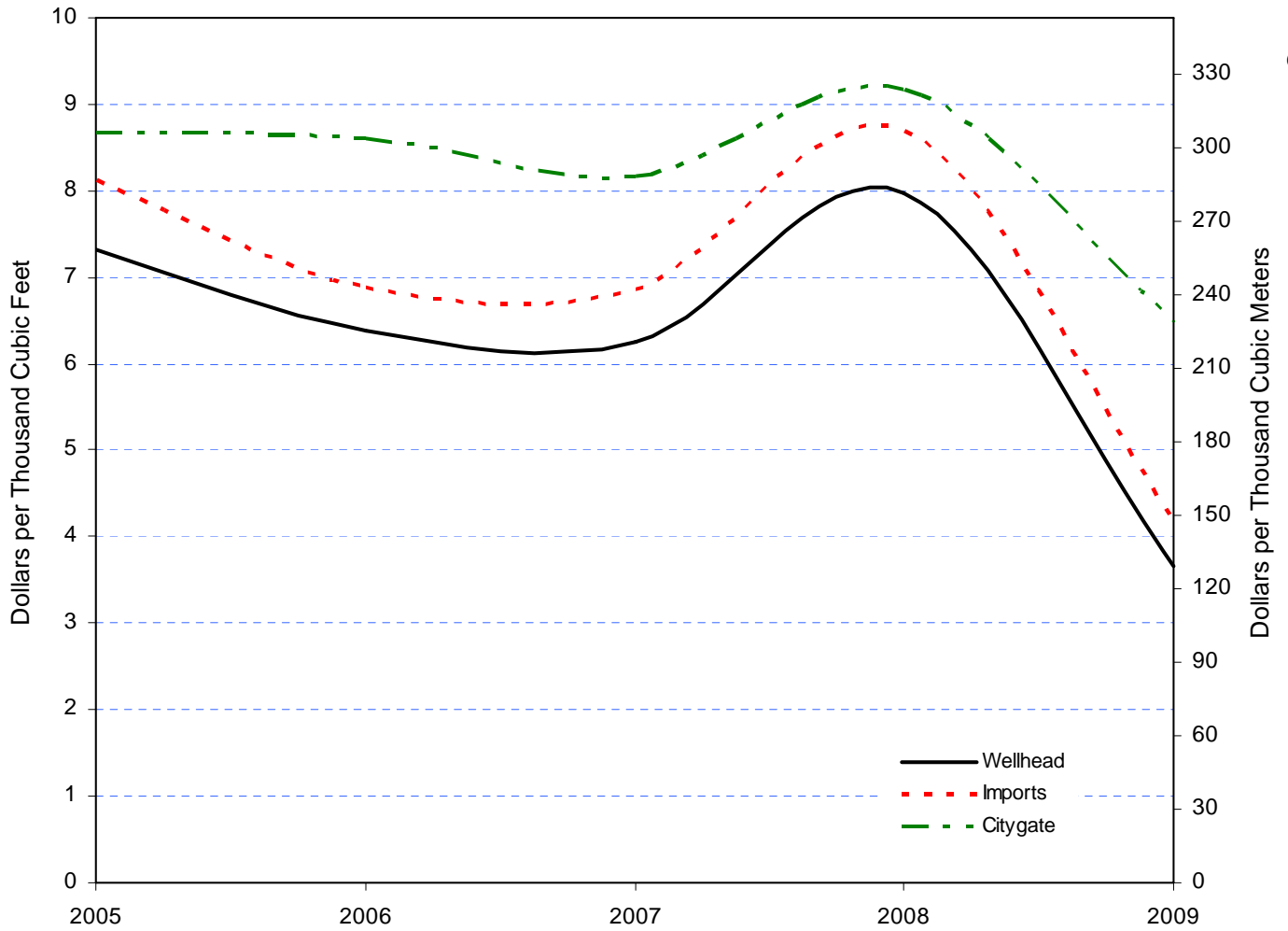
Figure 18. Average Price of Natural Gas Delivered to Consumers in the United States, 2005-2009



Notes: Coverage for prices varies by consumer sector. Prices are in nominal dollars. See Appendix A for further discussion on consumer prices.

Sources: Energy Information Administration (EIA), Form EIA-176, "Annual Report of Natural and Supplemental Gas Supply and Disposition"; Form EIA-857, "Monthly Report of Natural Gas Purchases and Deliveries to Consumers"; Federal Energy Regulatory Commission (FERC) Form 423, "Monthly Report of Cost and Quality of Fuels for Electric Plants"; Form EIA-423, "Monthly Cost and Quality of Fuels for Electric Plants Report"; Form EIA-923, "Power Plant Operations Report"; and Form EIA-910, "Monthly Natural Gas Marketer Survey."

Figure 1. Selected Average Prices of Natural Gas in the United States, 2005-2009



Note: Prices are in nominal dollars.

Sources: Energy Information Administration (EIA), Form EIA-895, "Annual Quantity and Value of Natural Gas Report"; Form EIA-914, "Monthly Natural Gas Production Report"; Office of Fossil Energy, U.S. Department of Energy, *Natural Gas Imports and Exports*; Form EIA-857, "Monthly Report of Natural Gas Purchases and Deliveries to Consumers"; and State agencies.

Figure 20. Average Citygate Price of Natural Gas in the United States, 2009
(Dollars per Thousand Cubic Feet)

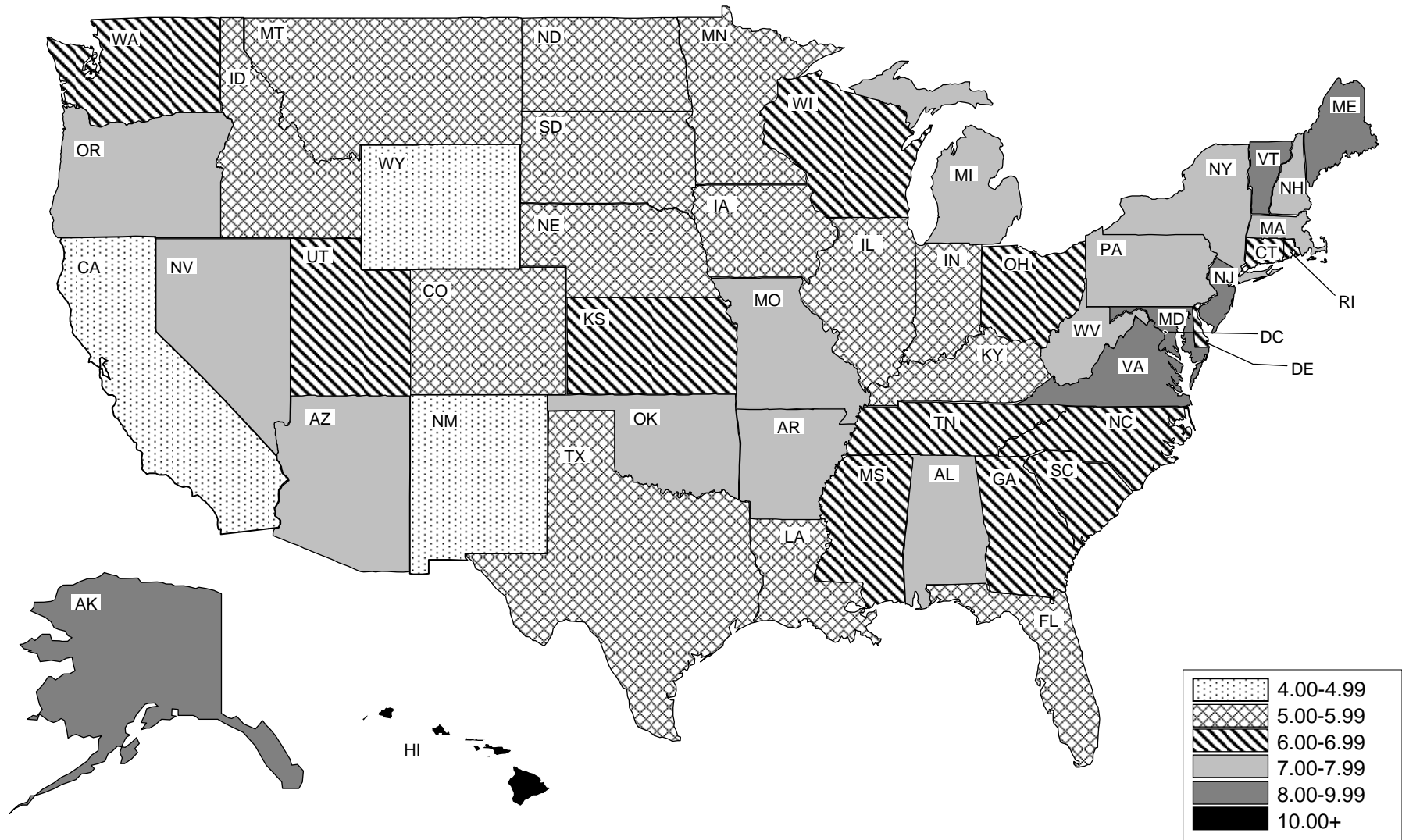
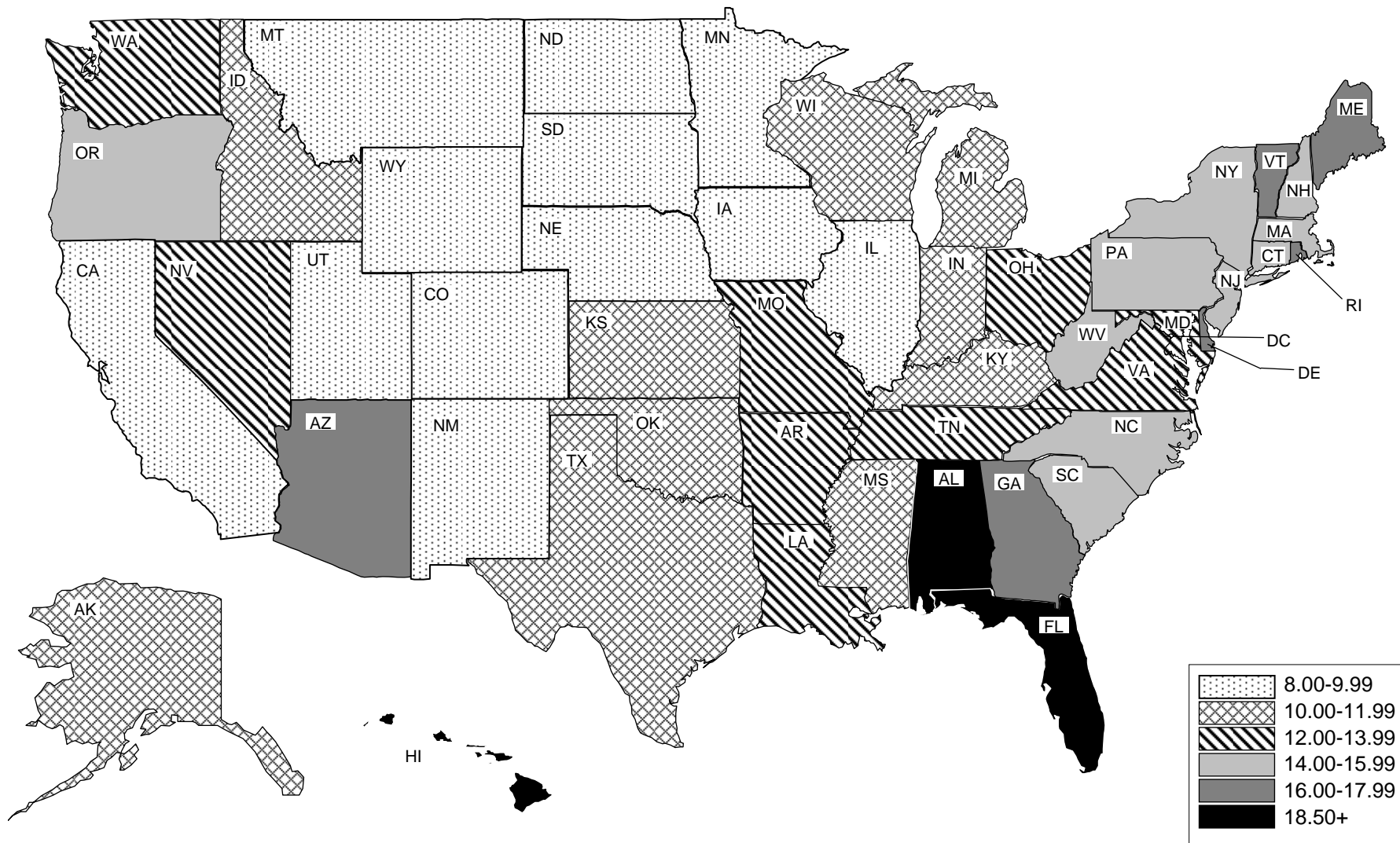


Figure 21. Average Price of Natural Gas Delivered to U.S. Residential Consumers, 2009
 (Dollars per Thousand Cubic Feet)



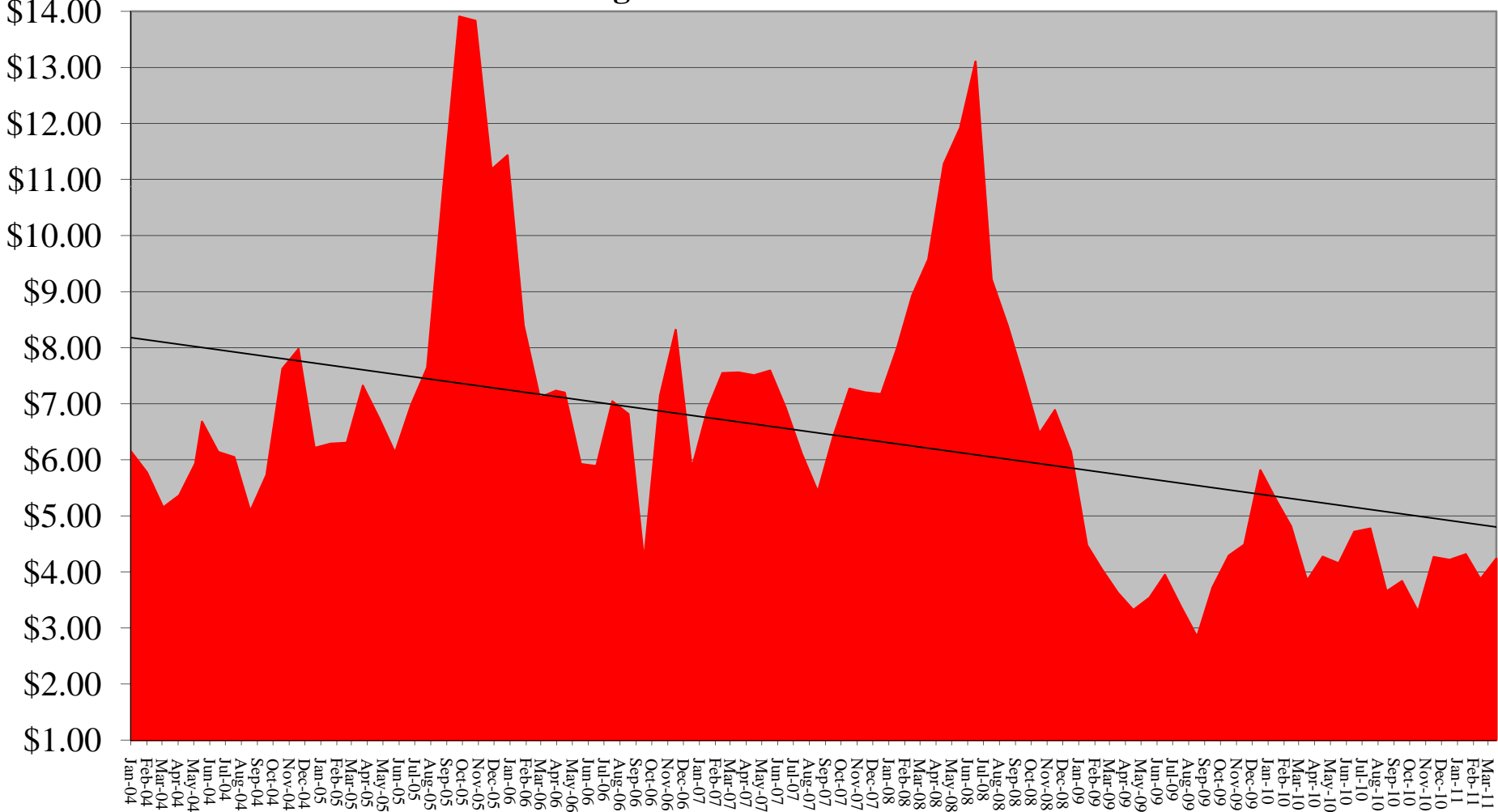
Note: Prices are in nominal dollars.

Source: Energy Information Administration (EIA), Form EIA-176, "Annual Report of Natural and Supplemental Gas Supply and Disposition," and Form EIA-910, "Monthly Natural Gas Marketer Survey."

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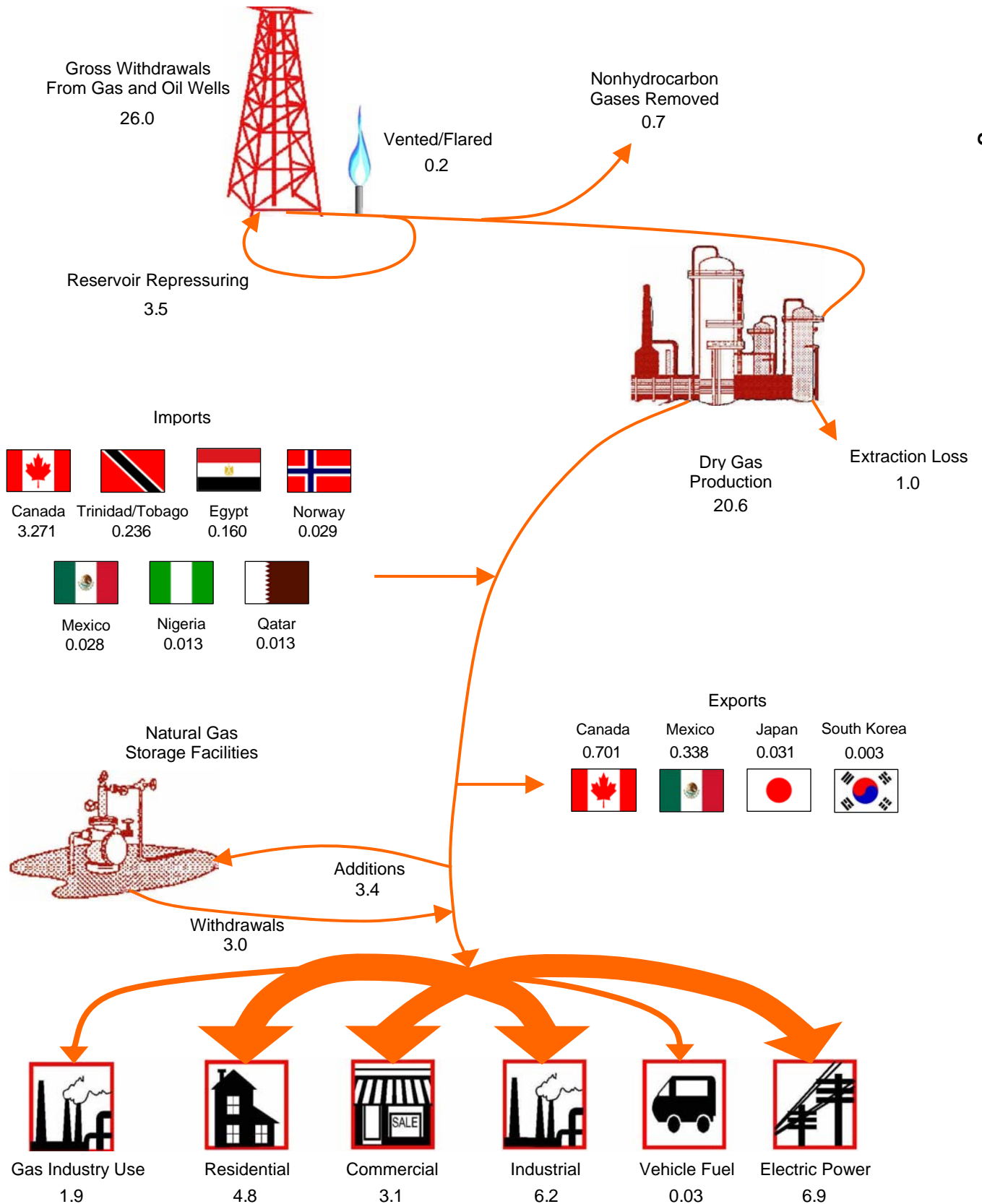
Closing Futures Price of Natural Gas





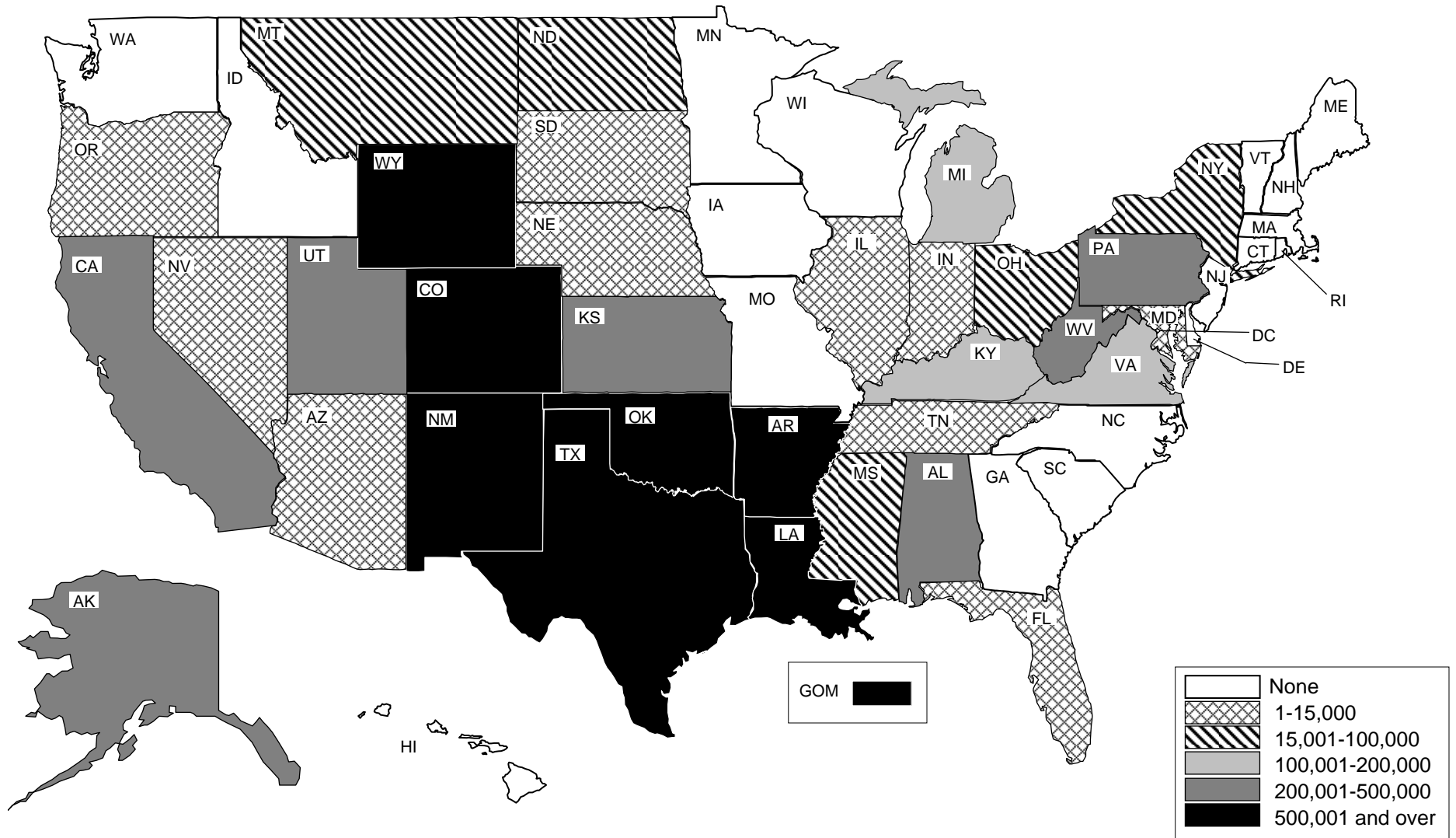
✓ Present Issues

Figure 2. Natural Gas Supply and Disposition in the United States, 2009
(Trillion Cubic Feet)



Sources: Energy Information Administration (EIA), Form EIA-176, "Annual Report of Natural and Supplemental Gas Supply and Disposition"; Form EIA-895, "Annual Quantity and Value of Natural Gas Production Report"; Form EIA-914, "Monthly Natural Gas Production Report"; Form EIA-857, "Monthly Report of Natural Gas Purchases and Deliveries to Consumers"; Form EIA-816, "Monthly Natural Gas Liquids Report"; Form EIA-64A, "Annual Report of the Origin of Natural Gas Liquids Production"; Form EIA-191M, "Monthly Underground Gas Storage Report"; Office of Fossil Energy, U.S. Department of Energy, *Natural Gas Imports and Exports*; the Bureau of Ocean Energy Management, Regulation and Enforcement and predecessor agencies; Form EIA-923, "Power Plant Operations Report"; Form EIA-886, "Annual Survey of Alternative Fueled Vehicles"; State agencies; Form EIA-23, "Annual Survey of Domestic Oil and Gas Reserves"; HPDI; and EIA estimates based on historical data.

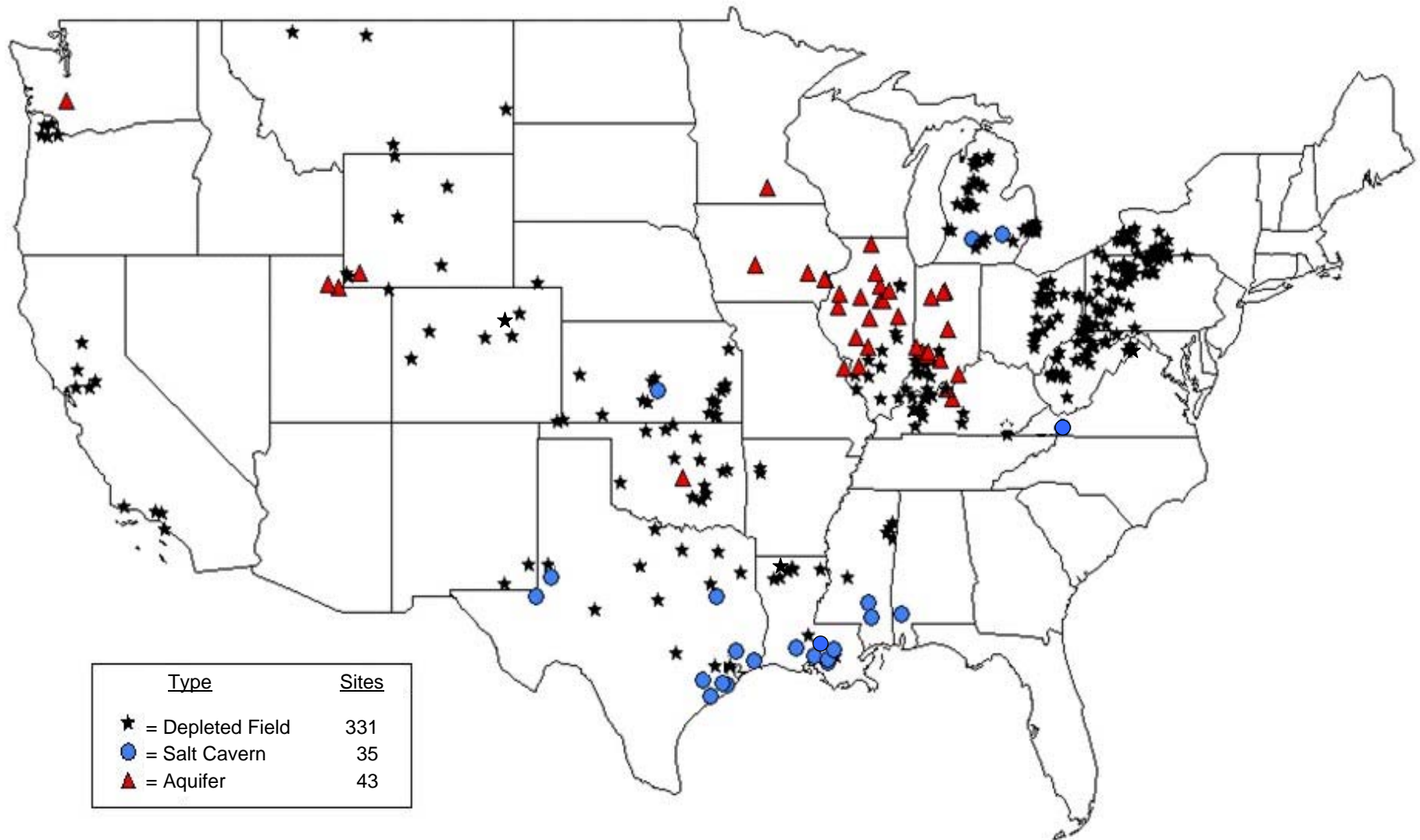
Figure 3. Marketed Production of Natural Gas in the United States and the Gulf of Mexico, 2009
(Million Cubic Feet)



GOM = Gulf of Mexico

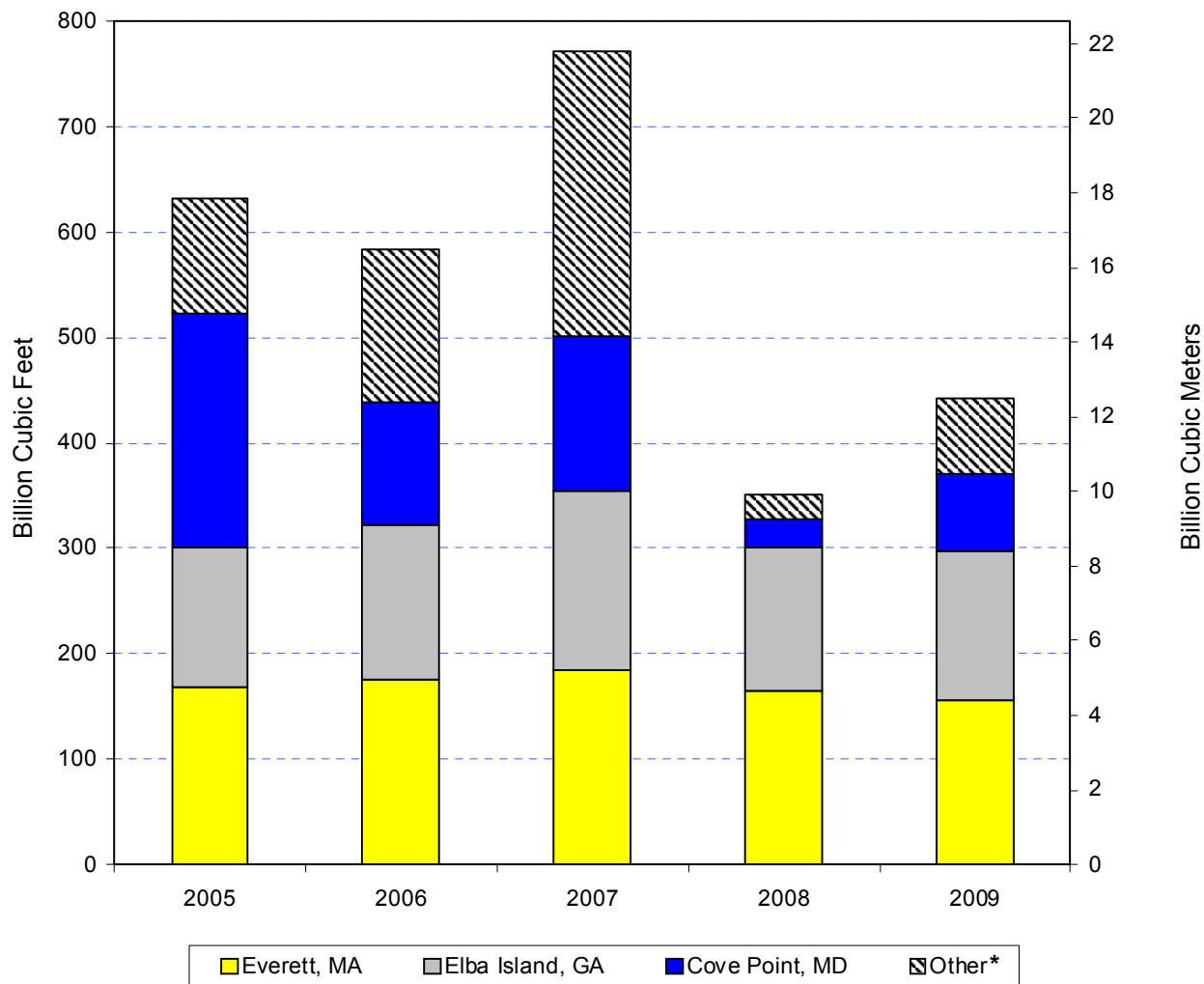
Sources: Energy Information Administration (EIA), Form EIA-895, "Annual Quantity and Value of Natural Gas Report"; Form EIA-914, "Monthly Natural Gas Production Report"; State agencies; Form EIA-23, "Annual Survey of Domestic Oil and Gas Reserves"; HPDI; and the Bureau of Ocean Energy Management, Regulation and Enforcement, and predecessor agencies

Figure 14. Locations of Existing Natural Gas Underground Storage Fields in the United States, 2009



Source: Energy Information Administration (EIA), Form EIA-191A, "Annual Underground Gas Storage Report."

Figure 11. U.S. Natural Gas LNG Imports by Point of Entry, 2005-2009



* "Other" includes the following points of entry: Lake Charles, LA; Gulf Gateway, LA (2005-2007 only); and, for 2008-2009 only, Freeport, TX; Sabine Pass, LA; and Northeast Gateway.

Source: Energy Information Administration, based on data from the Office of Fossil Energy, U.S. Department of Energy, *Natural Gas Imports and Exports*.



April 29, 2011

VIA ELECTRONIC FILING

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Carolina Gas Transmission Corporation, Docket No. RP11-____- 000
Petition for Approval of Stipulation and Agreement

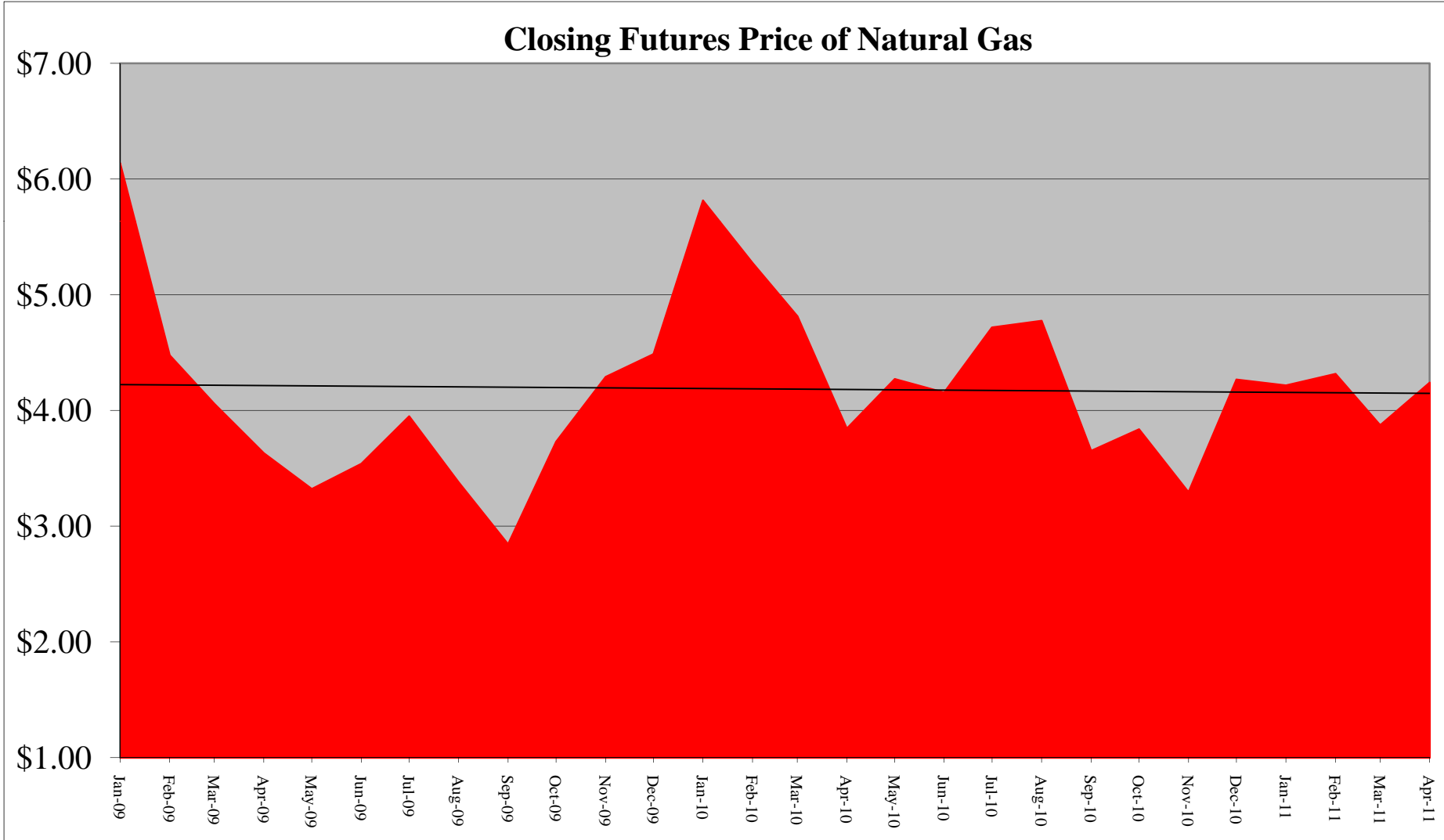
Dear Ms. Bose:

Pursuant to Rule 207(a)(5) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. § 385.207(a)(5) (2010), Carolina Gas Transmission Corporation ("Carolina Gas") hereby submits for filing:

- A Petition for Approval of Stipulation and Agreement ("Petition") requesting Commission approval of a Stipulation and Agreement ("Settlement Agreement") reached between Carolina Gas, its customers and other interested parties regarding changes to Carolina Gas's transportation rates and certain tariff changes;
- The Settlement Agreement, which is appended to the Petition and which includes as attachments, among other things, the *pro forma* tariff sheets that implement the settlement rates and other terms of the Settlement Agreement;
- A draft notice of the Petition ("Notice of Petition") setting May 6, 2011 as the deadline for interventions and comments; and
- Certification that Carolina Gas has served the Settlement Agreement upon all affected customers and interested state commissions in accordance with section 154.7 of the Commission's regulations, 18 C.F.R. § 154.7.

The Settlement Agreement submitted herewith is being filed in lieu of a general rate case pursuant to section 4 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717c. (2006). Carolina Gas, its customers and other interested parties have invested substantial time and effort in reaching resolution on the terms contained in the Settlement Agreement. Carolina Gas believes that its customers either support or do not oppose the Settlement Agreement. Carolina Gas does not expect that any protests will be filed.

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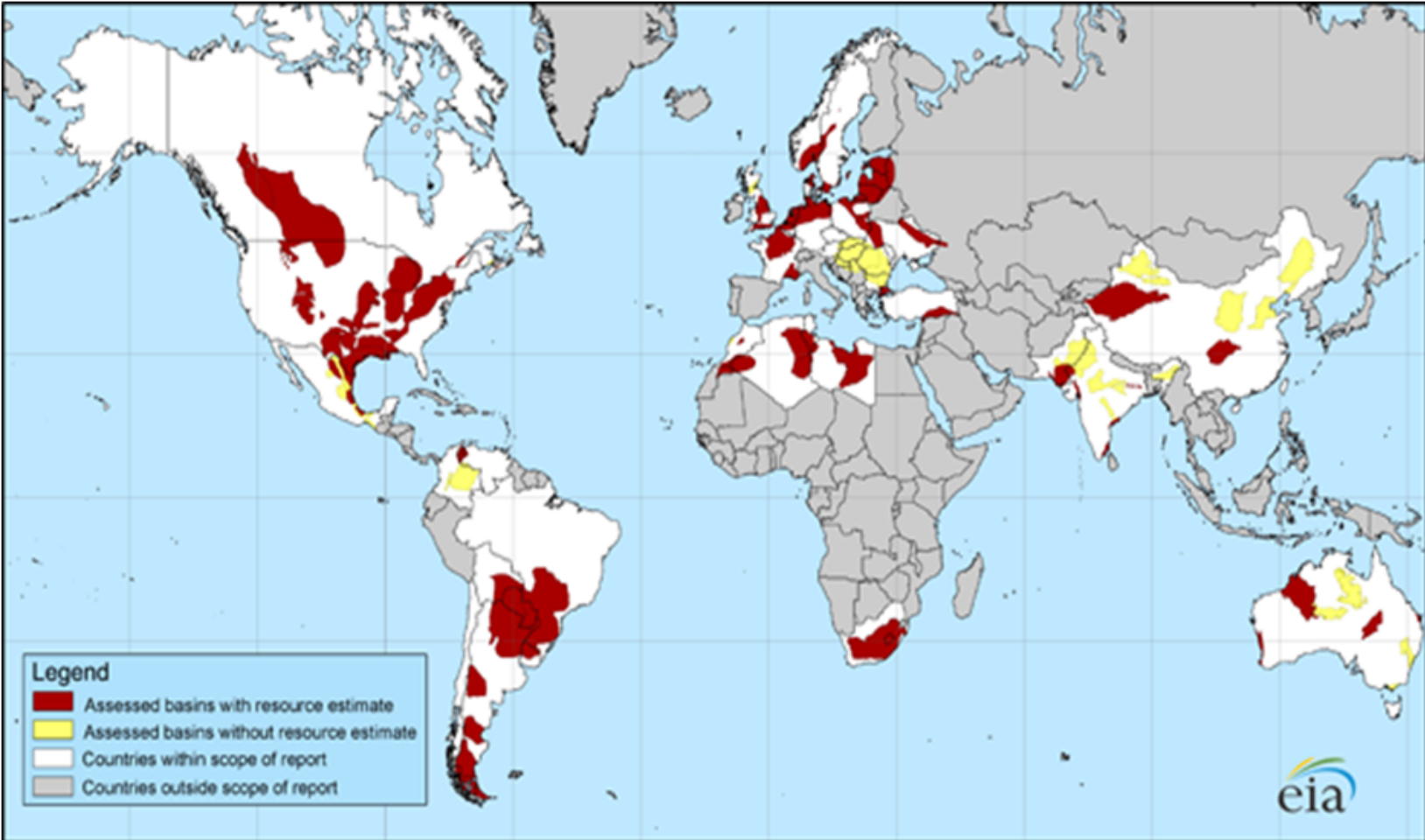


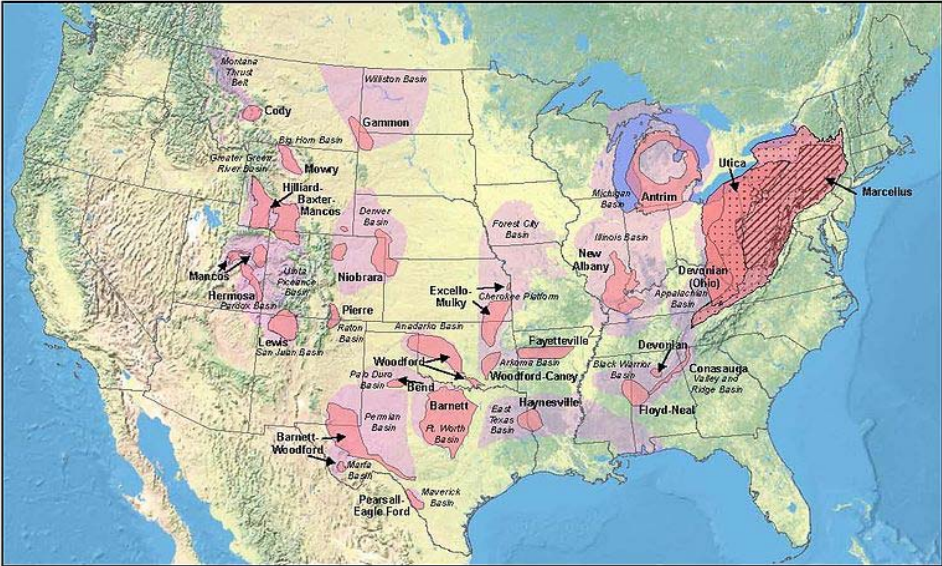


✓ Future





✓ Shale





United States Shale Gas Plays

 Shale Gas Plays
 Basins

Stacked Appalachian Plays

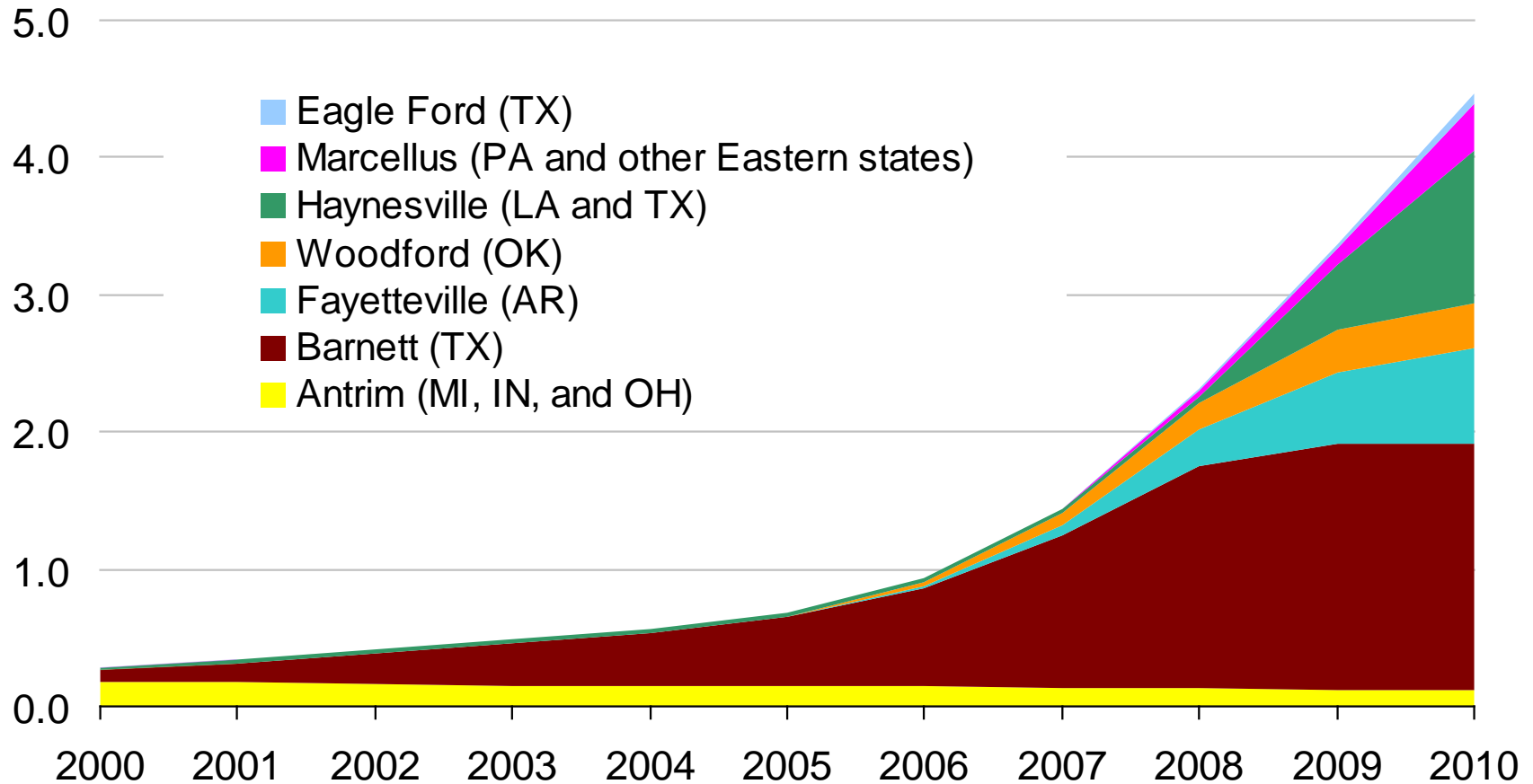
 Marcellus
 Utica
 Devonian (OH shale)

November 2008



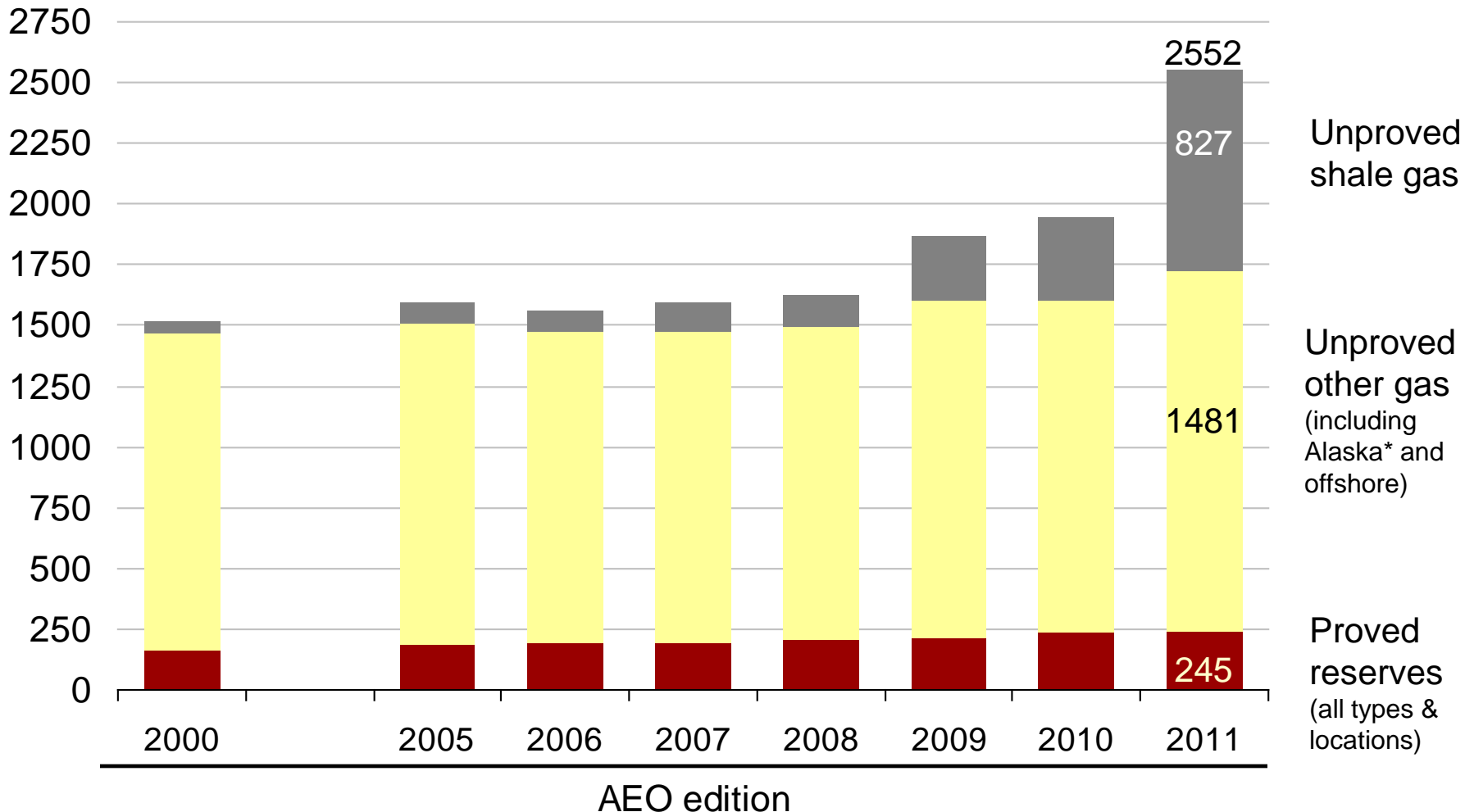
U.S. shale gas production increased 14-fold over the last decade; reserves tripled over the last few years

annual shale gas production
trillion cubic feet per year



Shale gas has been the primary source of recent growth in U.S. technically recoverable natural gas resources

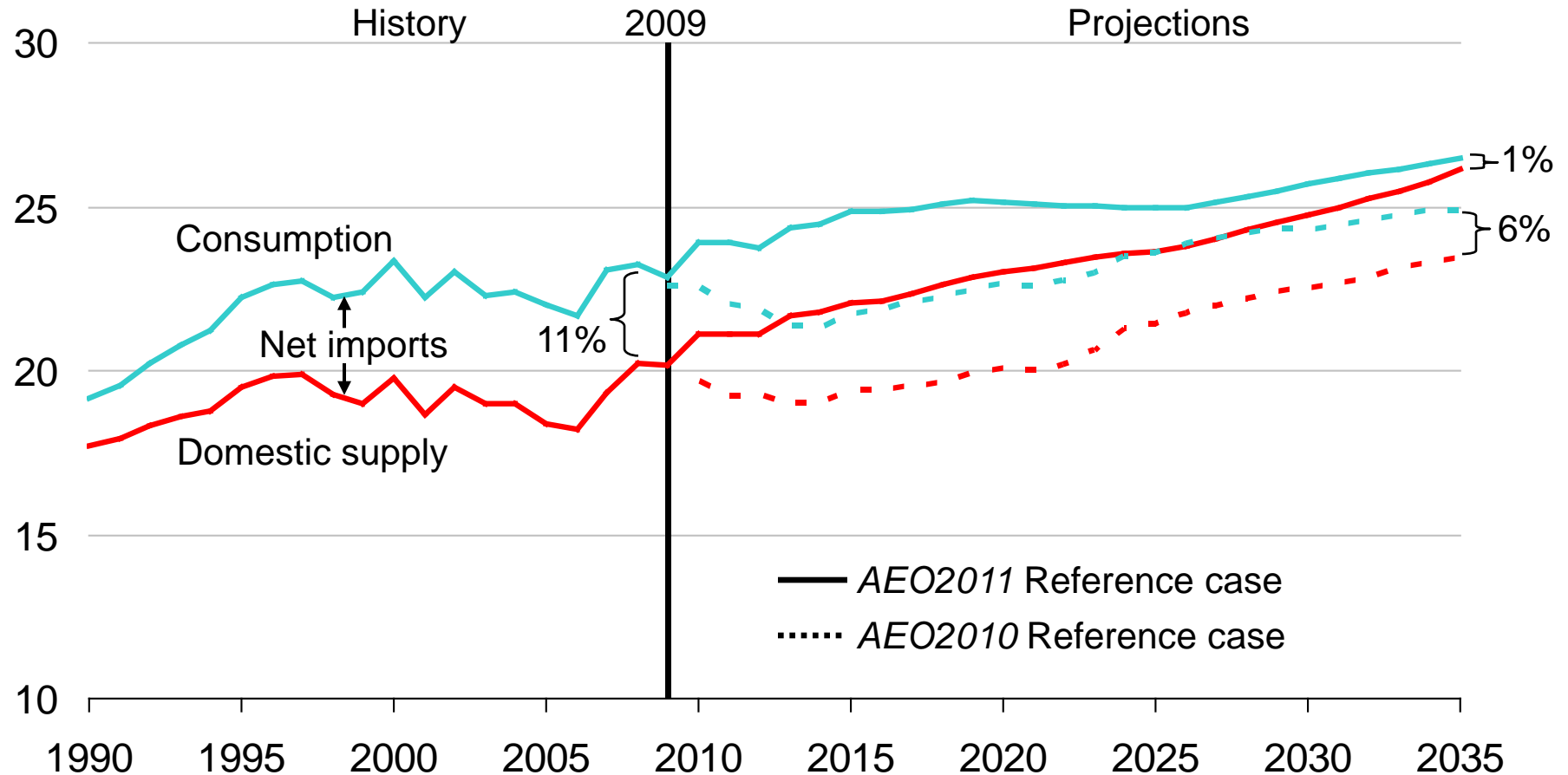
U.S. dry gas resources
trillion cubic feet



* Alaska resource estimates prior to AEO2009 reflect resources from the North Slope that were not included in previously published documentation.

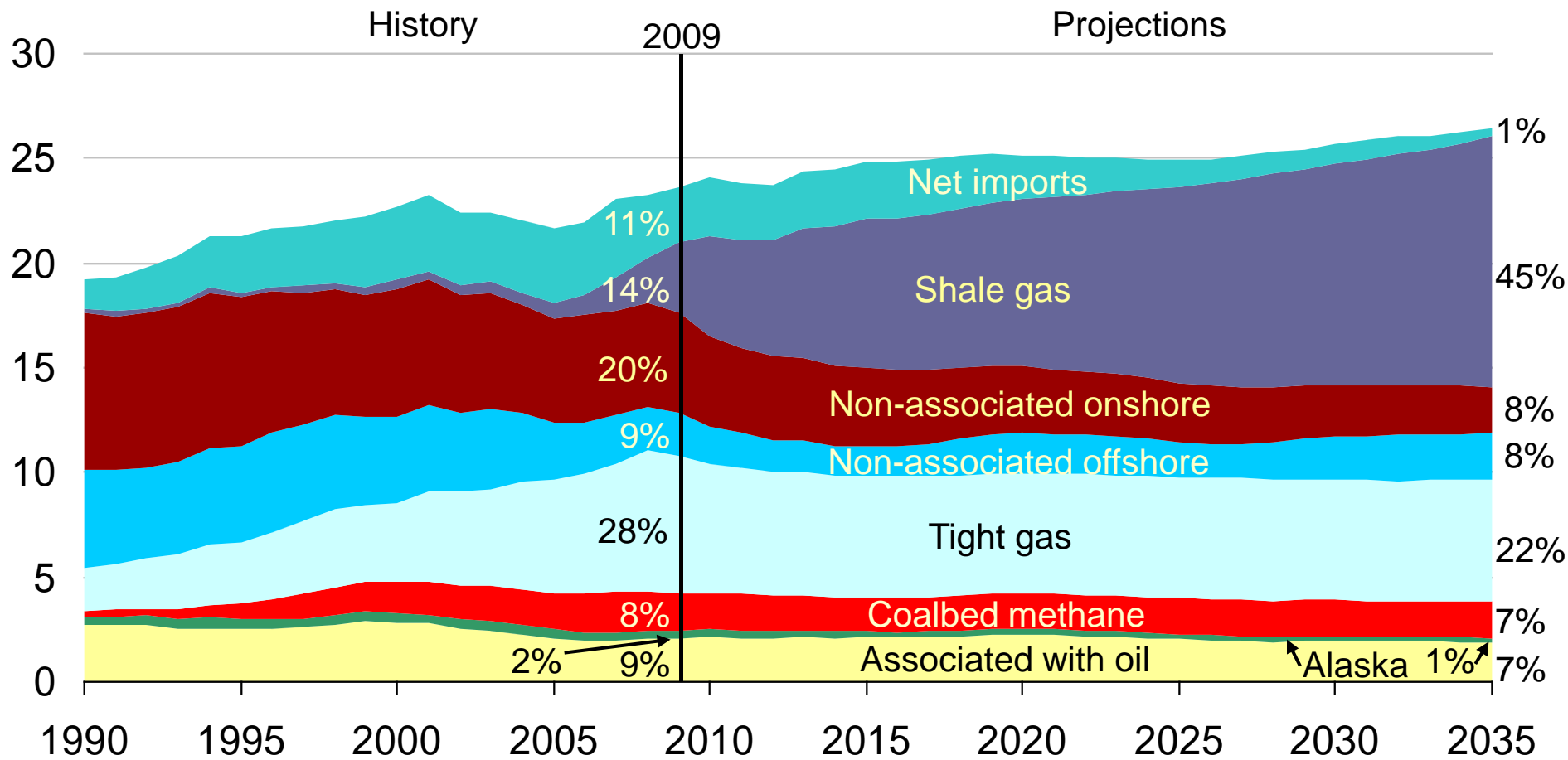
30% domestic gas production growth outpaces 16% consumption growth, leading to declining imports

U.S. dry gas
trillion cubic feet per year



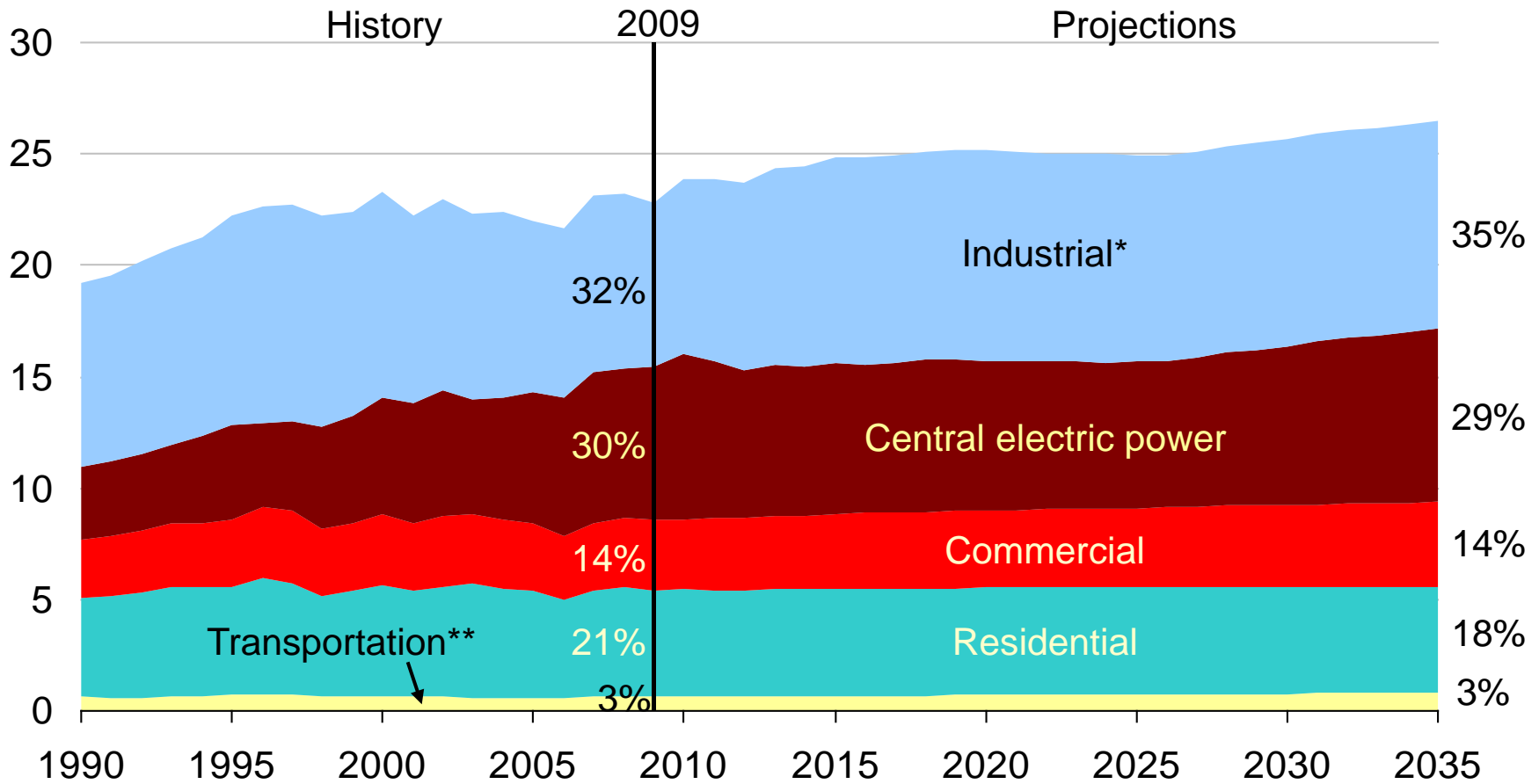
Shale gas offsets declines in other U.S. supply to meet consumption growth and lower import needs

U.S. dry gas
trillion cubic feet per year



Natural gas consumption is quite dispersed; industrial and electric power use drives future demand growth

U.S. dry gas consumption
trillion cubic feet per year



* Includes combined heat-and-power and lease and plant fuel. ** Includes pipeline fuel.



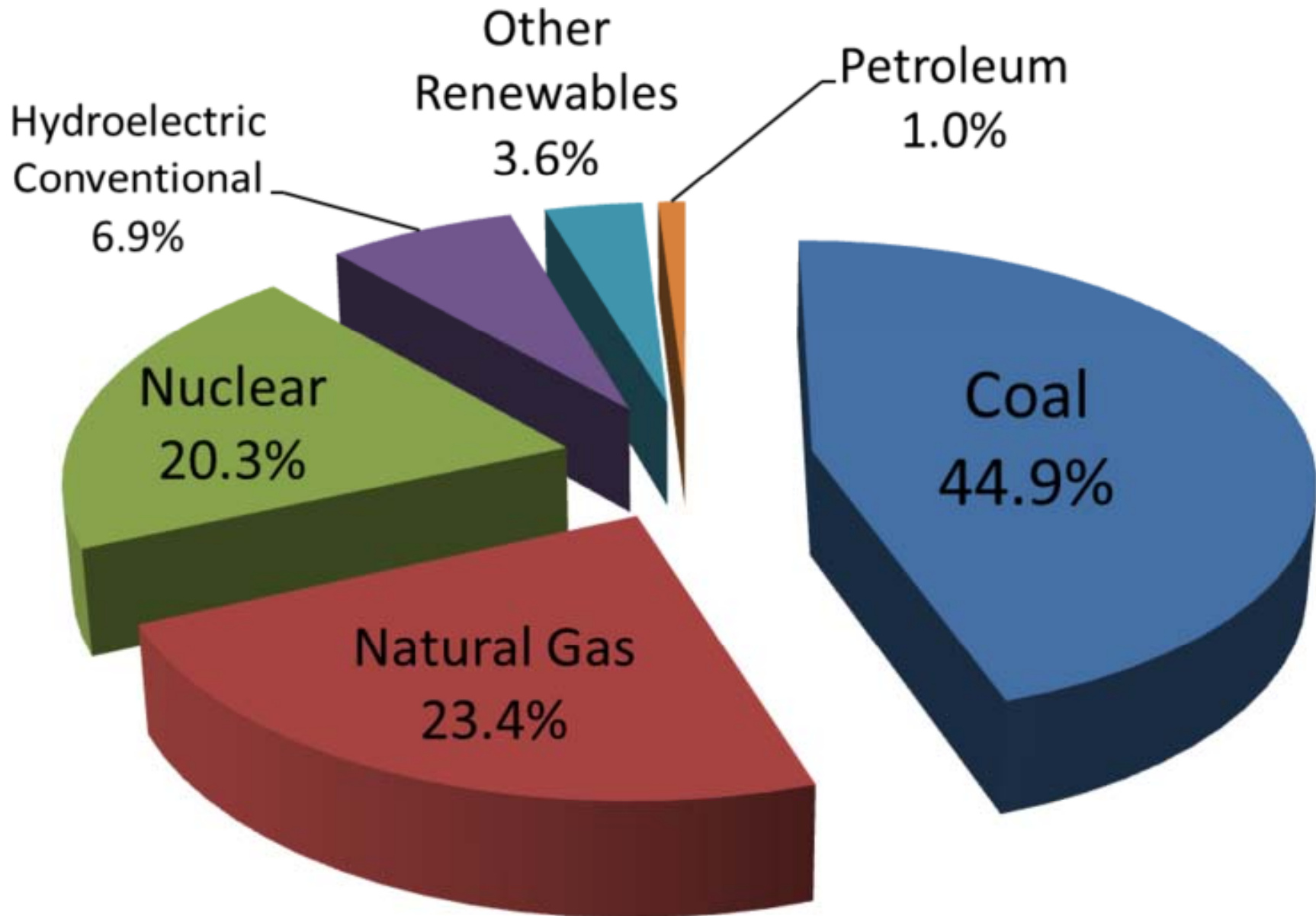
A number of key economic and market drivers underpin natural gas consumption growth

Sector	TCF gas consumption		Growth (2009-2035)	Key drivers
	2009	2035		
Industrial, including combined heat- and-power	7.3	9.3	26%	+187% combined heat-and-power generation; +30% output of gas-intensive industry; lower natural gas prices
Central electric power	6.9	7.8	13%	+30% electricity consumption; lower natural gas prices; offset by +72% renewable generation and +24% coal generation
Commercial	3.1	3.8	22%	+37% commercial floorspace; -3% energy intensity
Residential	4.7	4.8	<1%	+30% number of households; +19% total square footage; -16% energy intensity



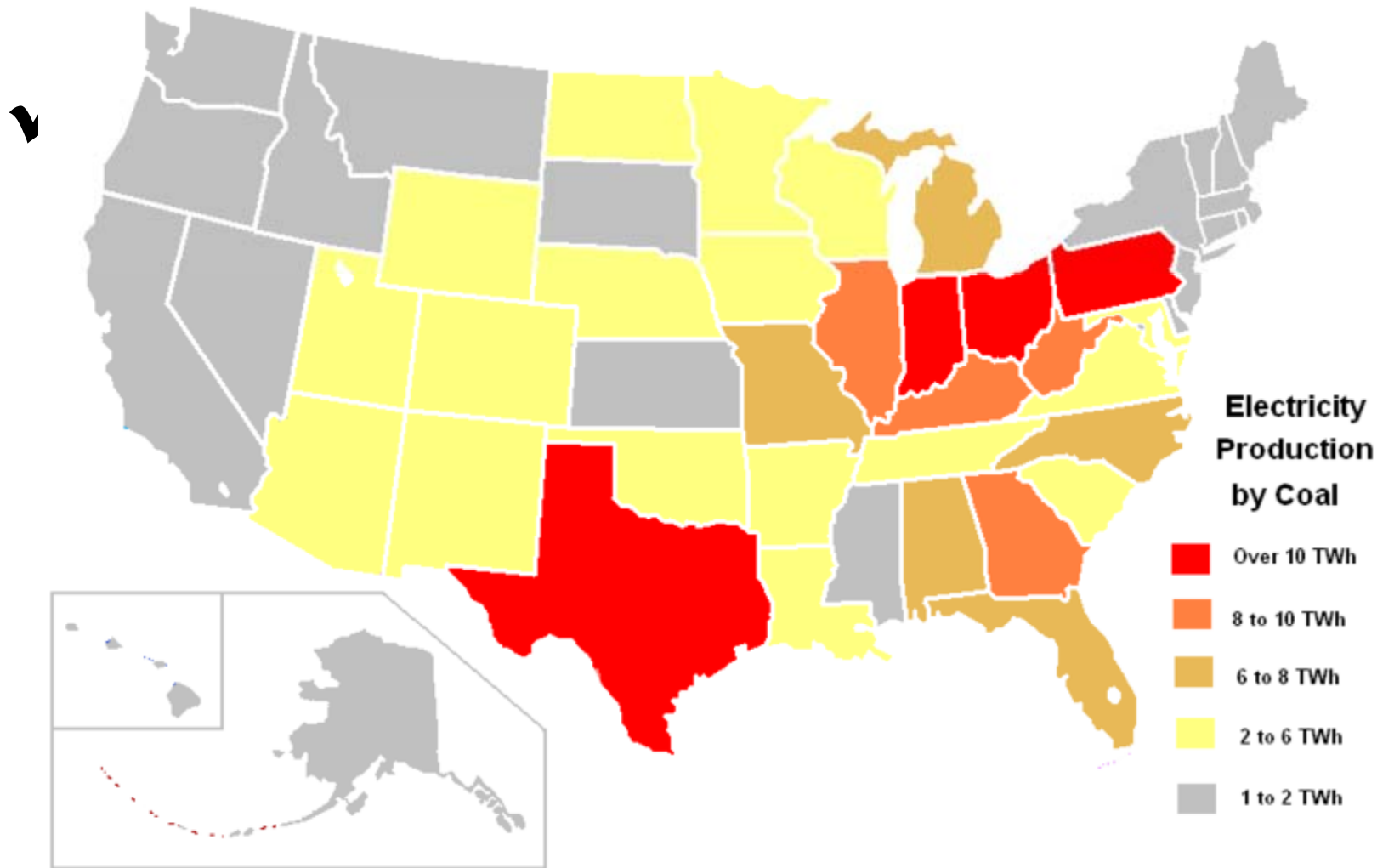
✓ Outlook

2009 U.S. Electricity Generation by Source



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- ✓ Future Issues (Negative)
 - ✓ Geopolitical Unrest
 - ✓ Nuclear Safety Questions
 - ✓ Legislative Changes
 - ✓ Regulatory Changes
 - ✓ Economy
 - ✓ Exporting of LNG

- ✓ Future Issues (Positive)
 - ✓ Shale Development
 - ✓ LNG Import Terminals in Place
 - ✓ Legislative Changes
 - ✓ Regulatory Changes
 - ✓ Economy (Steady Growth)



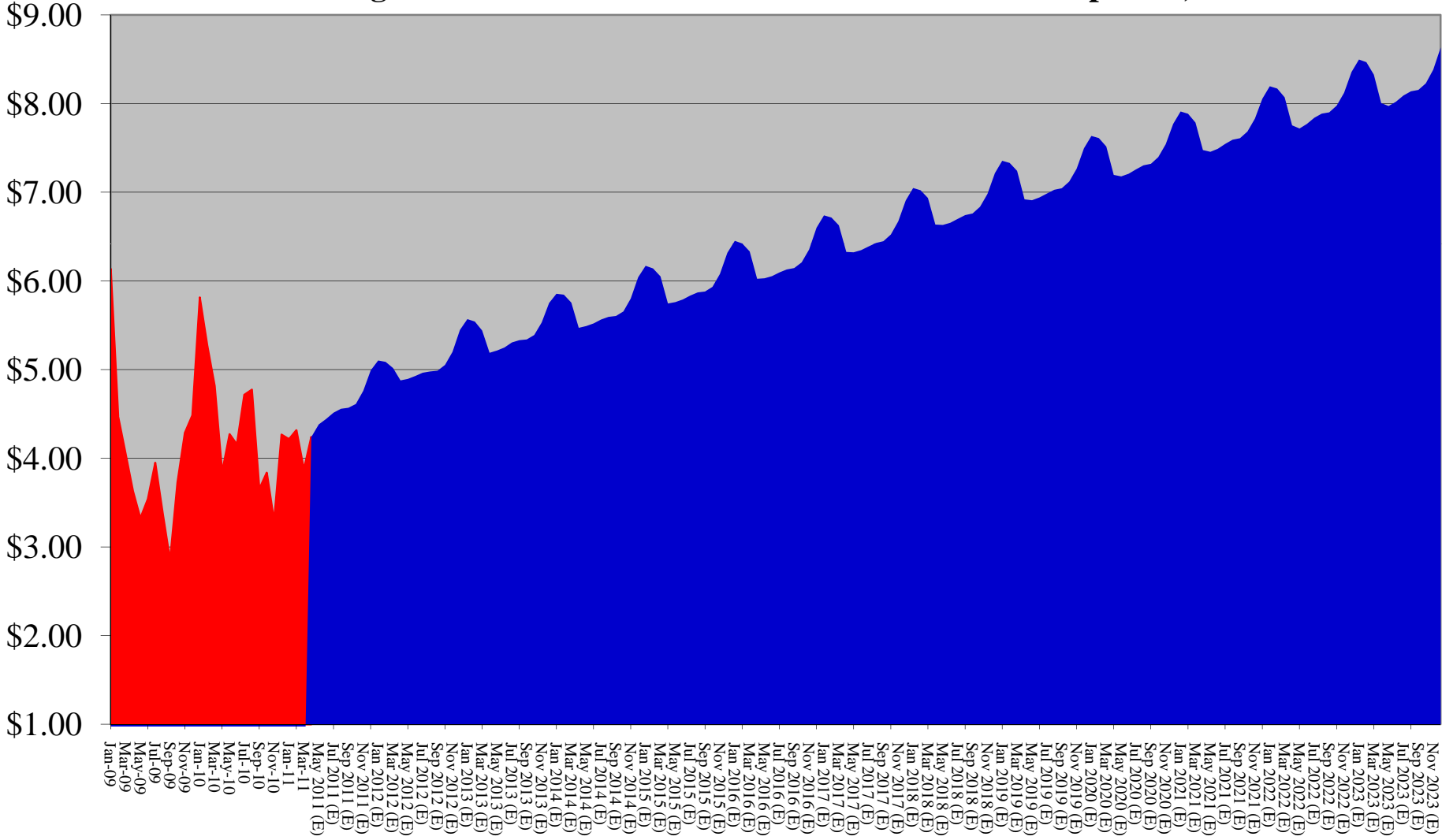
✓ Price



- Two Commodities
 - Physical Natural Gas (Cost of Gas)
 - Pipeline Capacity (Cost to Transport)
 - Which Includes Margin.

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Closing Futures Price of Natural Gas 2011-2023 - as of April 25, 2011



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✓ Prices

✓ 2011 - Q1 = \$4.20

✓ 2011 - Q2 = \$4.25

✓ 2011 - Q3 = \$4.00

✓ 2011 - Q4 = \$4.75 2011 = \$4.30

✓ 2012 - Q1 = \$5.25

✓ 2012 - Q2 = \$5.00

✓ 2012 - Q3 = \$5.25

✓ 2012 - Q4 = \$5.50 2012 = \$5.25

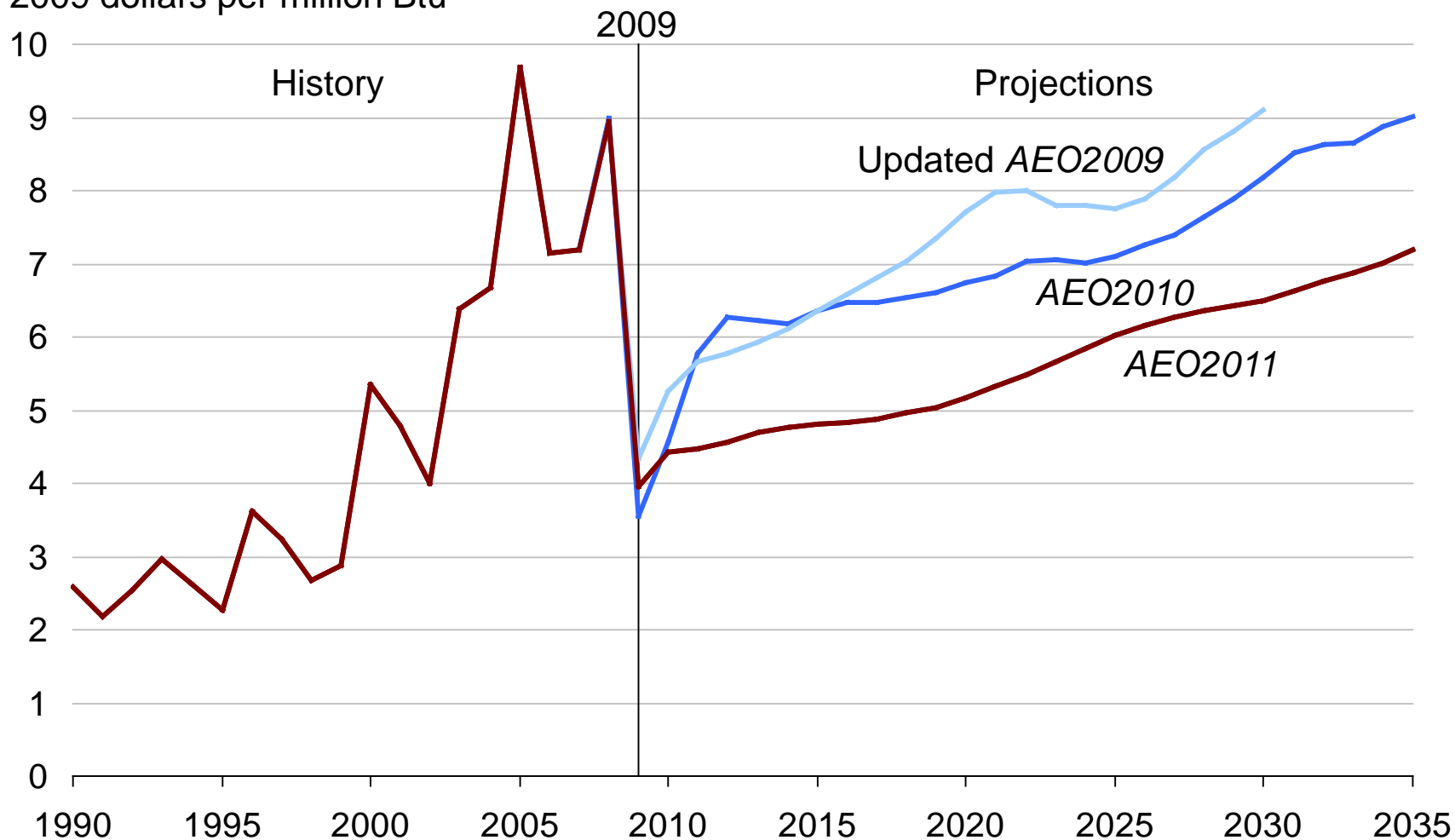
2013 = \$5.50

2014 = \$5.75

2015 = \$6.00

Natural gas price projections are significantly lower than past years due to an expanded shale gas resource base

natural gas spot price (Henry Hub)
2009 dollars per million Btu





Thank you

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