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GAS/ELECTRIC PARTNERSHIP

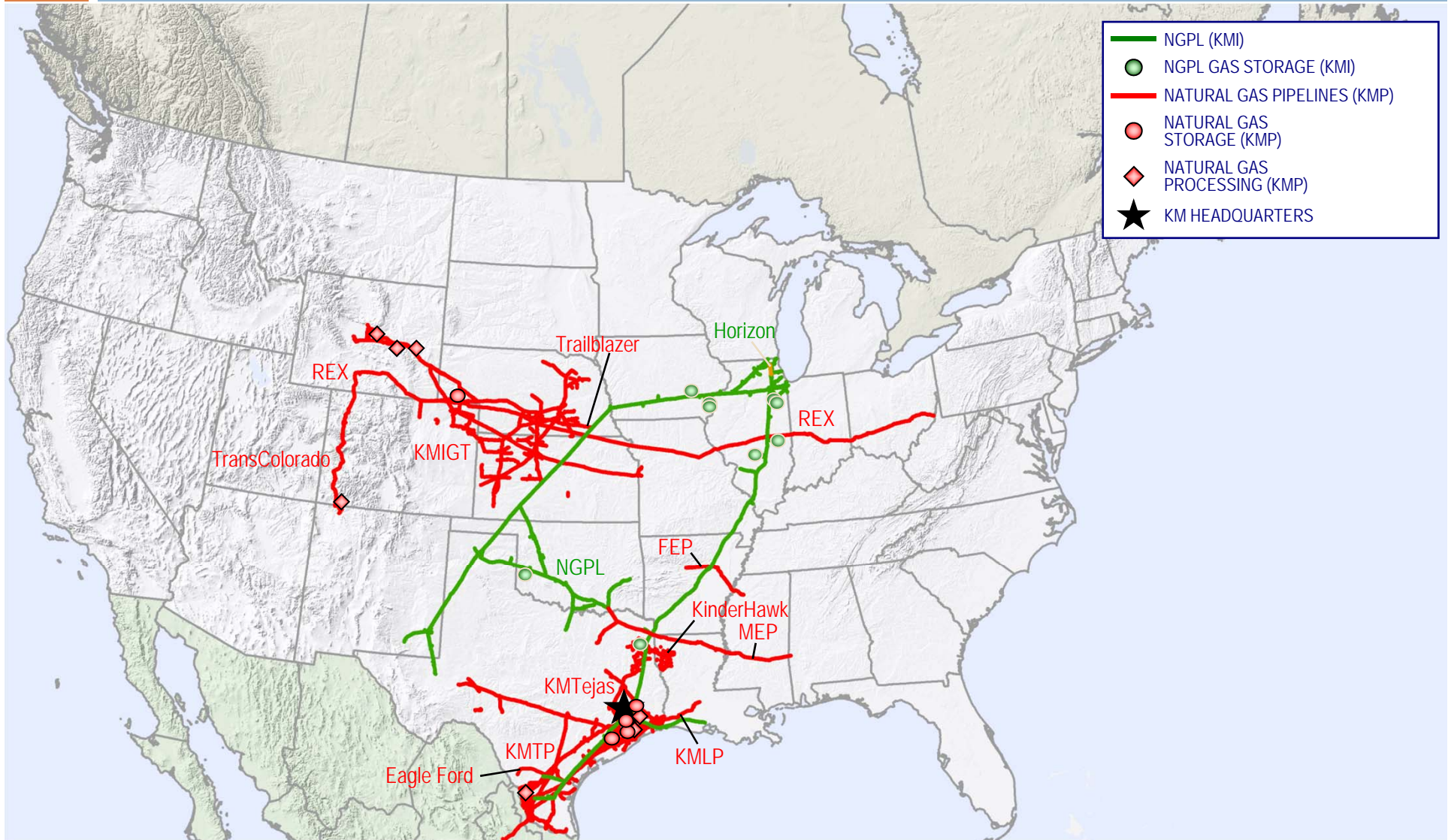
Ronald Brown

Kinder Morgan

February 9th and 10th

KMP/KMI

Natural Gas Pipelines and Facilities



Factors to Consider When Selecting HP

3

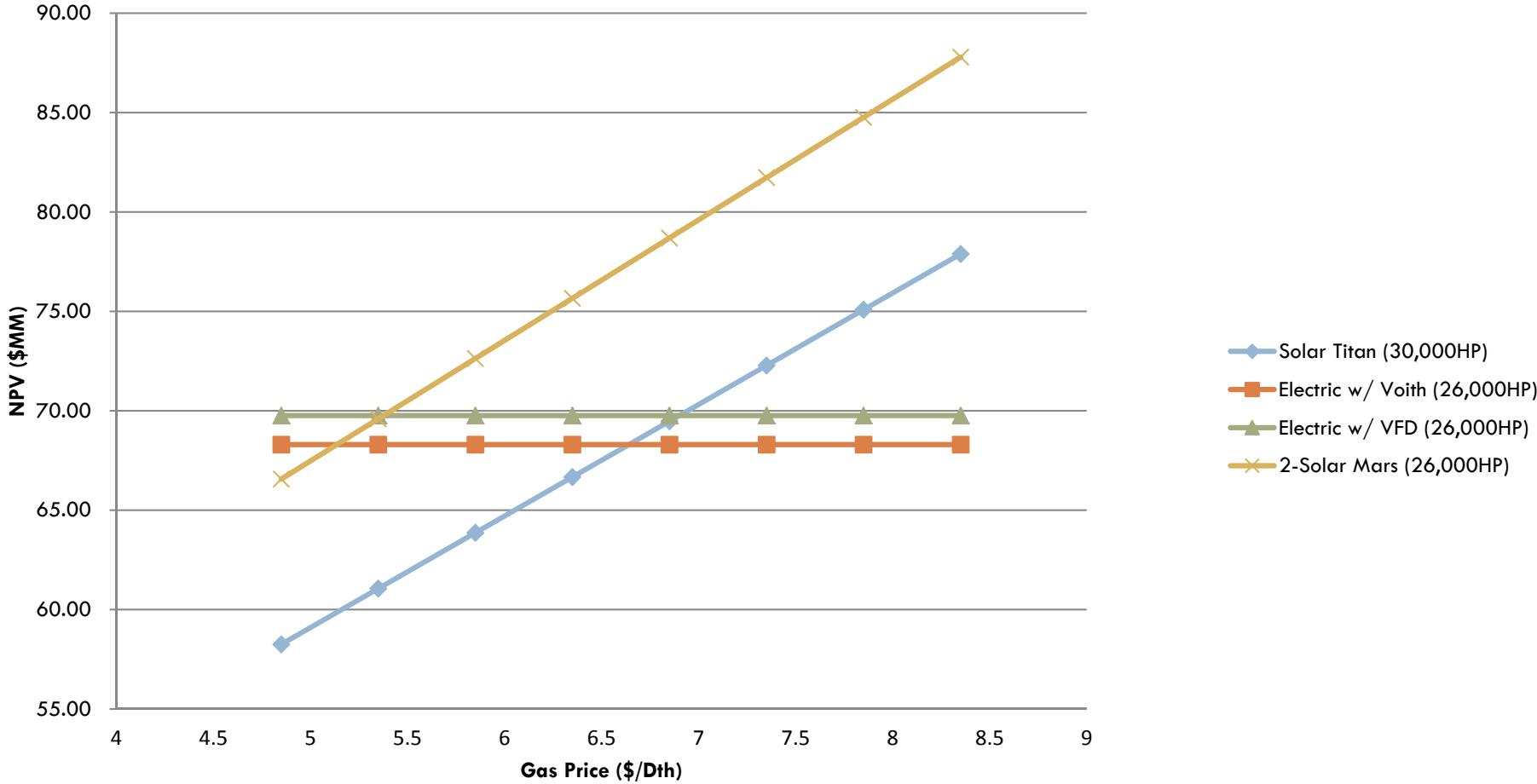
- Location
 - In a Non-Attainment Area?
 - Near to a Power Line?
 - Proximity to Noise Receptors?
- Design Parameters
 - Can you increase the Pipe Diameter?
 - Base Load?
 - Load Chasing?

Factors to Consider When Selecting HP

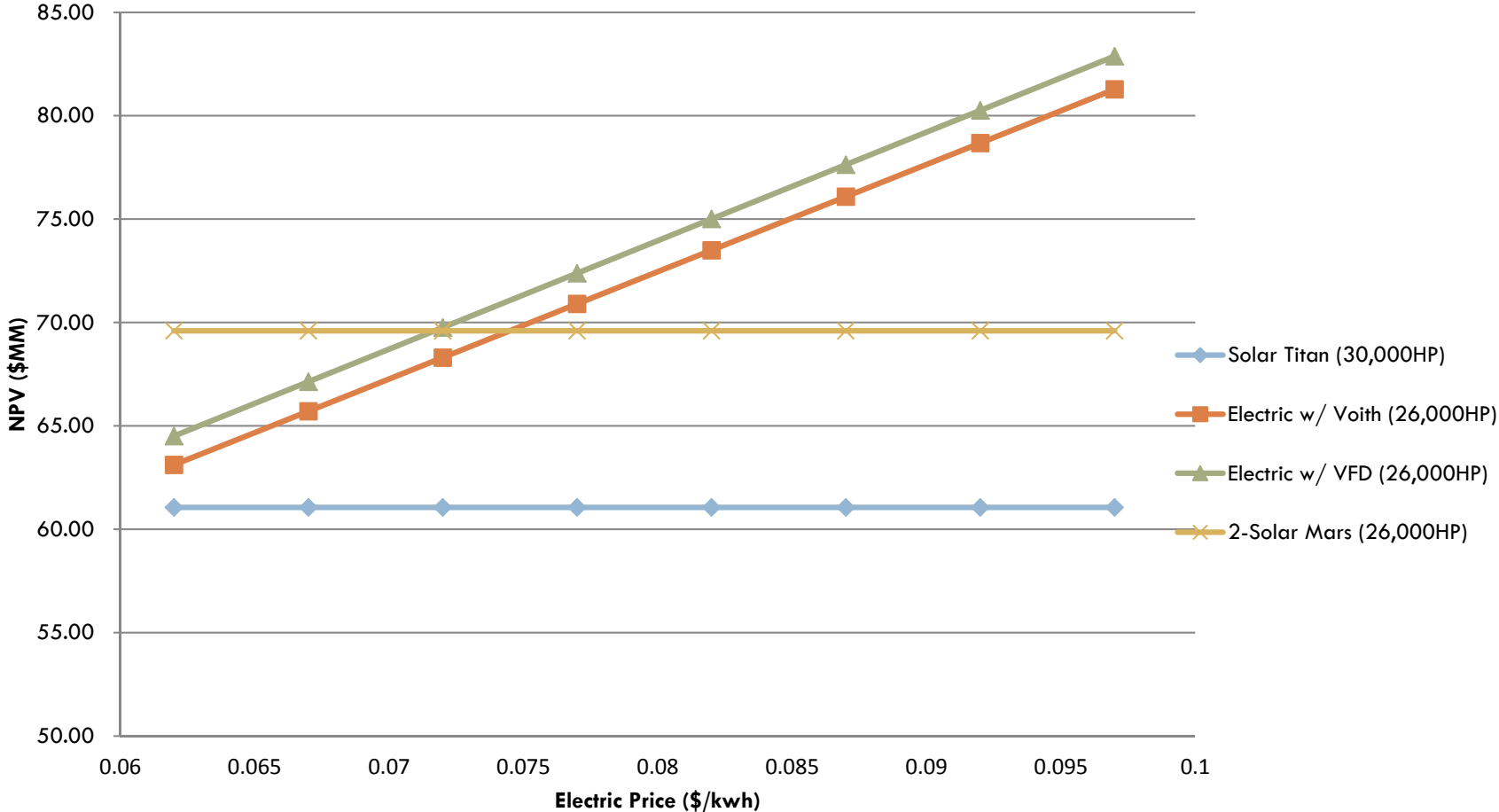
4

- Size of Available Site
- Installation Cost
 - ▣ Proximity to Electric Grid
- Fuel Cost
 - ▣ Gas Price Forecast
 - ▣ Local Electric Prices
 - ▣ Fuel Cap
 - ▣ Fuel Collection/Gas vs Electric

NPV Sensitivity Constant Electric Price (\$0.72/kwh) v. Changing Gas Price



NPV Sensitivity Constant Gas Price (\$5.35/Dth) v. Changing Electric Price



Factors to Consider When Selecting HP

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□ Reliability

□ Run Time Between Maintenance

- 15,000 hrs for a Top End & 90,000 hrs for a Major Overhaul on Cat 16CM34 Reciprocating Engines
- 30,000 hrs for Zero Hour Overhauls on Turbines
- 87,600 hrs for Motor overhauls

□ Down Time for Maintenance

□ Reliability of Electric Grid

- Back-up Generator for Parasitic Load

No Brainer, Right?

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There is No One Answer!