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Subject Additional questions for Weds meeting

One additional, simple question. Does gas that can go to a market before reaching the Appalachian aggregation points, e.g. gas going into TCO at JFK. gas going into Equitrans at Copley, maybe other spots in the future, have to consider obtaining FT on DTI? no

The bigger question that I should have raised last week can also be asked in a simple way, although I don't think the answer will be simple.

"What happens to the gas that is nominated on firm expansion capacity? Since DTI stated that the expansion capacity delivery points would be Oakford or DTI south point or any citygate in the southern part of DTI's system, but not any delivery point north of Valley Gate, why buy firm to get to a dead end? Valley Gate is full during much of the winter and Oakford is fully subscribed in the winter, so where exactly will the incremental production that the expansion capacity makes possible go? Presumably the LDC's in the DTI southern system (Hope, PNG, East Ohio) have long held enough firm capacity to get whatever supplies they need to their citygates on a peak day. So those LDC's won't need a shipper to use the new expansion capacity to get supplies to their gates. Even if those LDC's don't use their own capacity, that capacity exists and is being or could be released to non-LDC shippers that would mean no buyer needs us to use our incremental firm to get supplies to the citygate. Moreover, unless the consumption in the southern part of the DTI system were to grow dramatically, any incremental supplies that come to, say, DTI south point would still be competing with existing supplies that today fully meet existing needs. So is the net effect of building more capacity for WV gas to get to Oakford or DTI south point merely to create a free for all among too many suppliers trying to snag too few buyers? Without increasing the access to other parts of the DTI system, how much value will the Appalachian expansion capacity have? "

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Appalachian Gateway Project Presentation 4/1/08
Questions & Answers

(Q) Will the existing Firm Transportation (FT) rate be used for any new projects related to the Appalachian Gateway projects or will there be a new negotiated FT rate?
(A) Our plan is to offer an incremental FT rate, not a negotiated rate. This rate will be developed using standard FERC methodology based on the overall cost of the project. However, we may choose to look at a negotiated rate after the final design of the project.

(Q) Will the rates for this project recover the investment over the term of the contract, resulting in a higher rate for 15 years followed by a big drop?
(A) No. The rates for this project will be designed using our standard depreciation rate, typically 40 years for transmission facilities.

(Q) Is this a non-binding open season?
(A) Yes. However, once the non-binding open season is complete and we have the facilities designed and the service offering finalized, we will send out binding precedent agreements for execution.

(Q) If we already have FT, will that suffice for the required FT for this project?
(A) No. Incremental facilities are needed to make these Appalachian volumes firm.

(Q) What will be the primary point of delivery for this project?
(A) The primary point of delivery will be DTI's interconnection with Texas Eastern at Oakford. By holding firm service rights, producers or their marketers will be able to sell their gas at either Southpoint or Oakford on a primary basis and at all other points on DTI on a secondary basis.

(Q) Does having FT service make the gathering service firm?
(A) No.

(Q) If a producer sells its production to a LDC with existing FT, will this Project affect that transaction?
(A) No. Your current contractual arrangements with the LDC should be unaffected. This project is a new FT incremental service.

(Q) Why would we need to use a Station as a FT point, wouldn't it be better to just use an existing aggregation point?
(A) DTI is seeking feedback as to whether producers and pool operators prefer the receipt point for FT service to be the aggregation point or at the station level. There are different benefits for each.

(Q) In the south there is a stacking of rates with gas having to move through Equitable's gathering system, DTI's gathering system, and now DTI's FT rate. Is there a way to avoid that?
(A) The only way to avoid so-called "stacking" of charges is to avoid a service, for example, by bringing your gas directly to DTI.

(Q) You said there would be a couple of months to negotiate a precedent agreement. What is going to be negotiated?
(A) We hope to complete negotiations in a shorter timeframe but it may take longer due to the potential large number of customers. Items that are typically subject to negotiation include the conditions precedent such as board approvals, credit requirements, and regulatory authorizations.

(Q) What happens when FT ends for this project?
(A) Those with FT would have a right of first refusal on their firm capacity.

(Q) Will receipt points be easy to shift from point to point?
(A) It depends. DTI's tariff currently allows receipt points to be moved from one location

to another as long as adequate facilities are in place to move the gas and the change does not affect DTI's ability to meet other firm obligations. Currently, the firm capacity out of WV is fully subscribed, so requests for new receipt point in WV generally is not available, which is why this project was developed. Once the project is complete, DTI also expects that the facilities would not be in place to easily accommodate changes in receipt point requests because the project will be designed only to handle the requested levels.

(Q) What are Dominion's credit standards?
(A) Dominion's credit standards were set by FERC regulation and are included in DTI's Tariff. Those companies that do not meet the guidelines may want to see if they can work with their pool operator to meet credit requirements.

(Q) Will there be a two-tier rate structure?
(A) Yes, there is a demand rate reflected as a monthly reservation charge. In addition to the fixed reservation charge, there is a usage charge and fuel retention on all volumes transported. The usage-based charges do not apply if the gas is transported to SouthPoint. They do apply if the gas is delivered to a physical interconnect.

(Q) Can capacity be segmented?
(A) Yes, this firm transportation offering will be subject to the market segmentation rules of DTI's tariff. Market segmentation will provide primary rights to Dominion SouthPoint. This firm capacity can be segmented into two pieces: from the primary receipt point to SouthPoint and from SouthPoint to the primary delivery point (market).

(Q) DTI owns the gathering and transmission lines. If producers sign up for FT service, can they expect to flow firm?
(A) Whenever DTI is unable to accept interruptible volumes, we will only accept volumes that have FT service; interruptible volumes will be required to shut in. Individual wells that have capacity with firm takeaway rights will still have to compete against other flowing production at prevailing line pressures for access to the gathering system.

(Q) Will the system be manipulated so that DTI will get an advantage?
(A) No.

(Q) What happens if Hastings is full and I want to change my FT back to the gathering station?
(A) As indicated earlier, DTI is seeking feedback on whether the receipt point for this project should be at a station (that discharges into DTI's transmission system) or at an Aggregation Point. Conceptually, DTI will design the facilities for this project to meet the firm needs at both the stations and the Aggregation Points. The firm rights will be based on the contracted quantities and not whether the receipt point is at a station or an Aggregation Point.

(Q) If a station goes down completely there is obviously no flow, but if not all of the engines are down, will the FT be allowed to flow?
(A) Yes. In cases where an interruption is in place, FT service will be given a priority and interruptible volumes will be required to shut in. If adequate capacity is not available for firm volumes to flow, then all interruptible volumes will be shut in and FT service will be curtailed in accordance with DTI's tariff (pro rata).

(Q) You've done a lot of modeling of the system capacities. Is there a time frame on when interruptions will begin?
(A) Interruptions could occur at anytime because firm capacity out of WV is already fully subscribed. It is only because those holding firm rights have not exercised their full contractual entitlement that interruptions have not occurred more frequently on DTI's system. The increase in supplies options to the DTI system increases the likelihood for growing interruptions for those without firm service.

(Q) Will it ever get to a point when small producers will have to get FT to produce? Will it be a requirement?
(A) The decision to purchase FT is one that the producer needs to make based on a number of factors, including its tolerance for interruptions. As indicated above, interruptions may

occur currently because the system is fully subscribed. DTI projects that the potential for interruptions will likely increase in the future where those without FT service will not be able to flow at all times.

(Q) Is SouthPoint a firm point for a shipper under the Appalchian Gateway Project?
(A) It is a firm point.

(Q) How much production is currently flowing out of West Virginia?
(A) Today there is about 300,000 dekatherms per day. Preliminary projections suggest that within three years that amount will be nearly 475,000 dt per day.

(Q) In PA producers are currently able to get the old FT rates, why not here?
(A) Where existing facilities are adequate and there is unsubscribed capacity, producers may be able to contract for firm service at existing rates.

(Q) Wouldn't it be better for DTI to take FT back to the wellhead?
(A) What we have tried to do is design facilities so that FT gas can feed from the station level. The facilities required to provide firm service to the wellhead would be cost prohibitive.

(Q) What level of firm service does DTI expect to be nominated?
(A) The level of service requested is voluntary. DTI modeled the service based on 475,000 dt per day because that is the level of current and planned future production that needs firm service to avoid the risk of interruption from competing supplies. DTI expects vigorous competition for the service and will build based on the level sought. Those without firm service are expected to have a growing risk of curtailment and/or shut-in of their production.

(Q) Can a producer wait until wet system curtailments begin before deciding to move gas off to Copley?
(A) Moving gas off to Copley is a voluntary decision. If someone waits until DTI can no longer handle any additional wet gas, they will lose the ability to produce additional volumes until arrangements can be made to move gas to Copley. DTI cannot predict exactly when this will occur, but based on the best information available, DTI believes that it could occur at any time if volumes are not moved off to Copley.

(Q) If someone opted to go to Copley tomorrow, would they have priority over those that want to come on later?
(A) No. This service is interruptible.