



Wichita Economic Outlook Conference

October 6, 2016



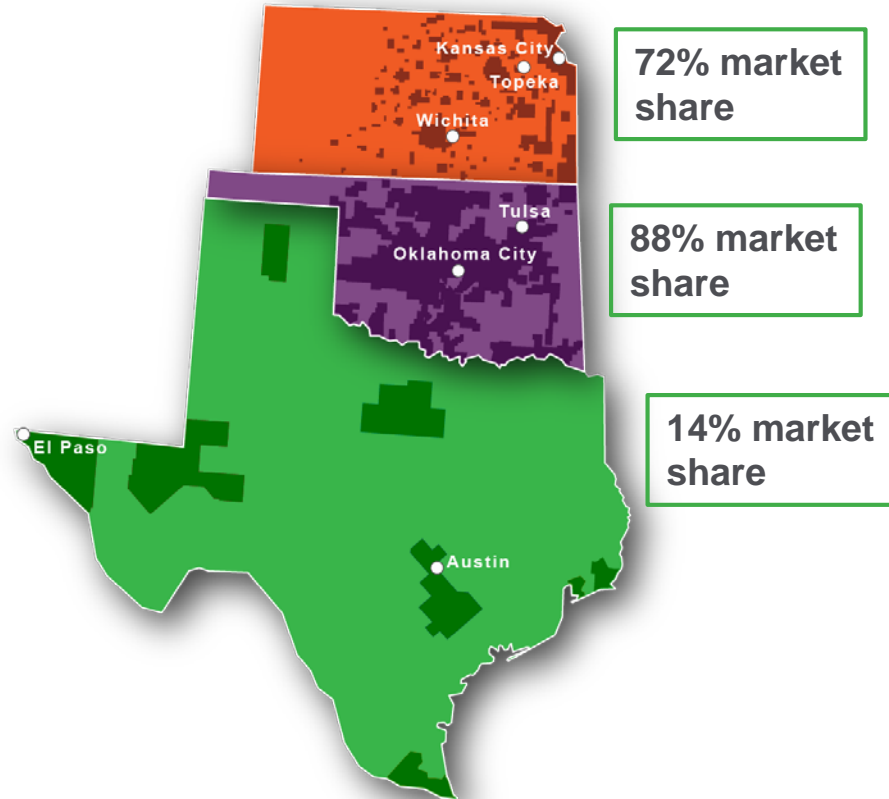
Caron Lawhorn

Senior Vice President – Commercial



Key Statistics

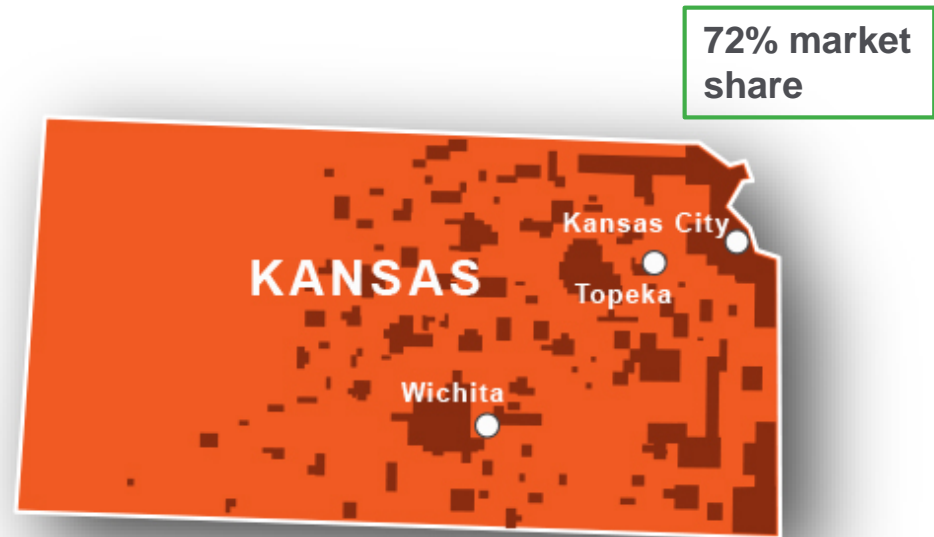
- **One of the largest publicly traded natural gas distribution companies**
 - 2.1 million customers
- **43,400 miles of distribution and transmission pipeline**
- **Estimated 2016 average rate base: \$3.0 billion***
 - 43% in Oklahoma
 - 31% in Kansas
 - 26% in Texas
- **~3,400 employees**



** Calculation consistent with utility ratemaking in each jurisdiction*

Key Statistics

- **Largest natural gas distribution company in the state**
 - 634,000 customers
 - Serve two-thirds of the entire state
- **Nearly 1,000 employees**
- **19,073 miles of distribution and transmission pipeline**
- **Kansas Corporation Commission**
 - Jay Scott Emler, Chair
 - Pat Apple
 - Shari Feist Albrecht



Then and Now



On Energy Change

April 18, 1977

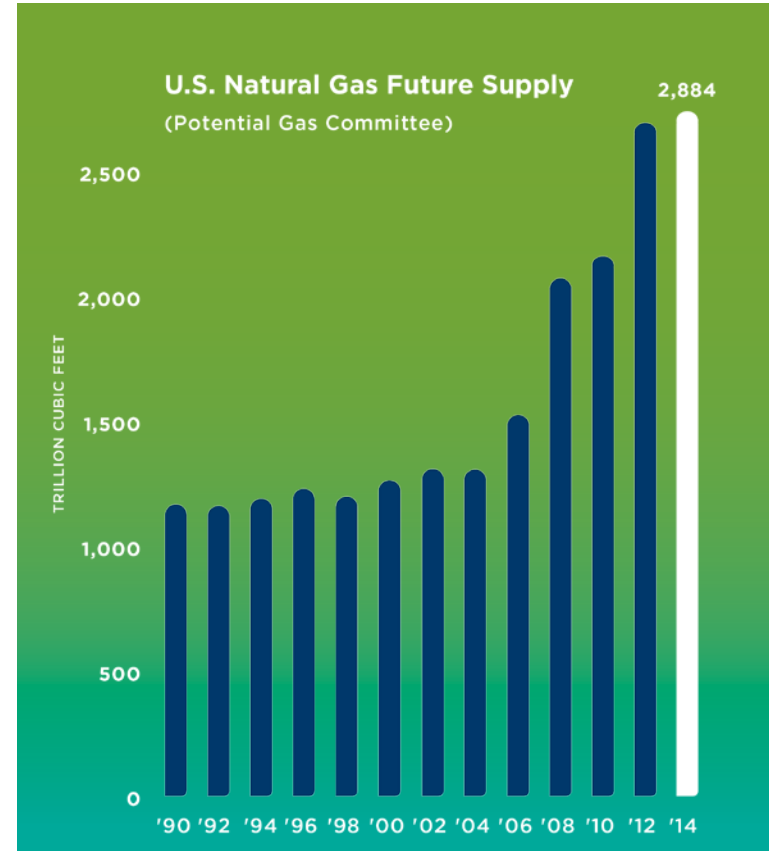


January 24, 2012



Stable and Affordable Prices Well Into the Future

Technological advances, an accessible and abundant domestic resource, and the world's most extensive and reliable delivery infrastructure have created a fundamental shift in the natural gas marketplace.



There was an Abundance

The U.S. estimated future supply of natural gas (reserves plus resources) stood at 2,884 Tcf at year end 2014 – enough natural gas to meet America’s diverse energy needs for more than 100 years.

Production

Volume of gas produced from proved reserves

27.3 Tcf

• Additional 2.7 Tcf
LNG and pipeline gas from Canada

Consumption

Volume consumed by all users

26.7 Tcf



369 Tcf

Reserves

Known quantities of gas associated with wells drilled, completed and producing

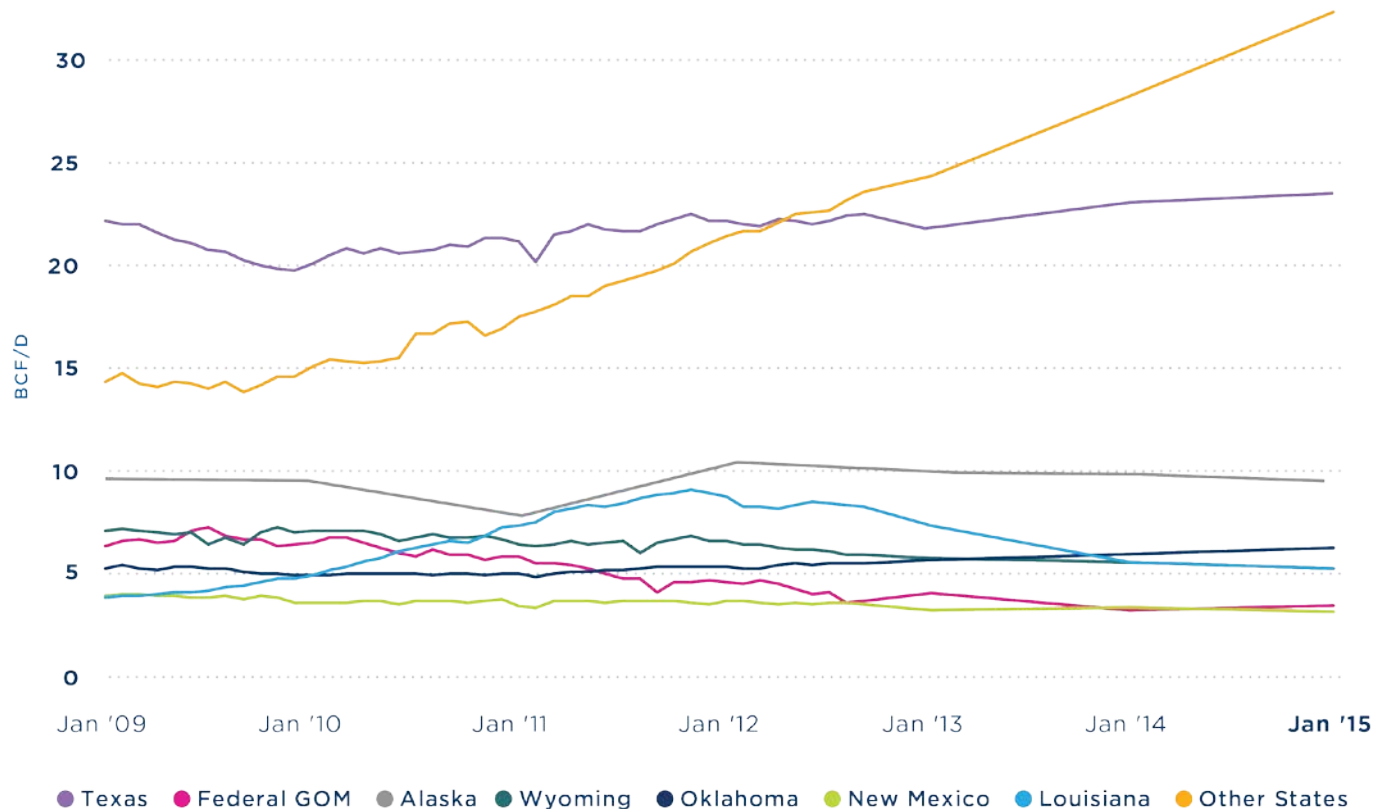
Potential Resources

Technically recoverable sources of gas not yet discovered

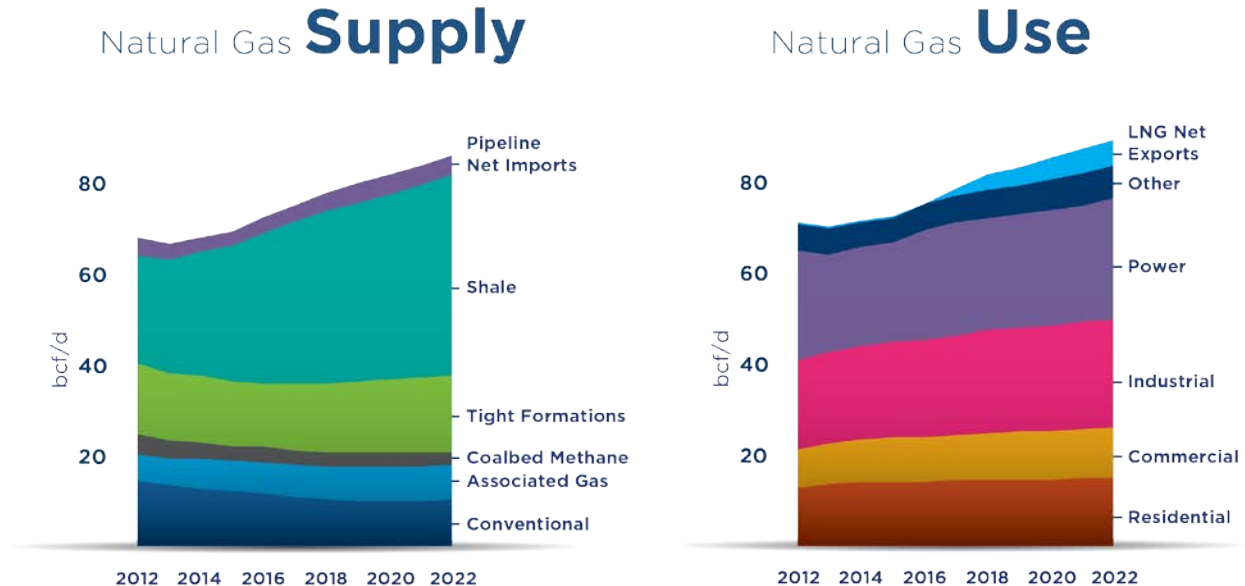
2,515 Tcf
(Trillion Cubic Feet)

Now Making the Biggest Impact

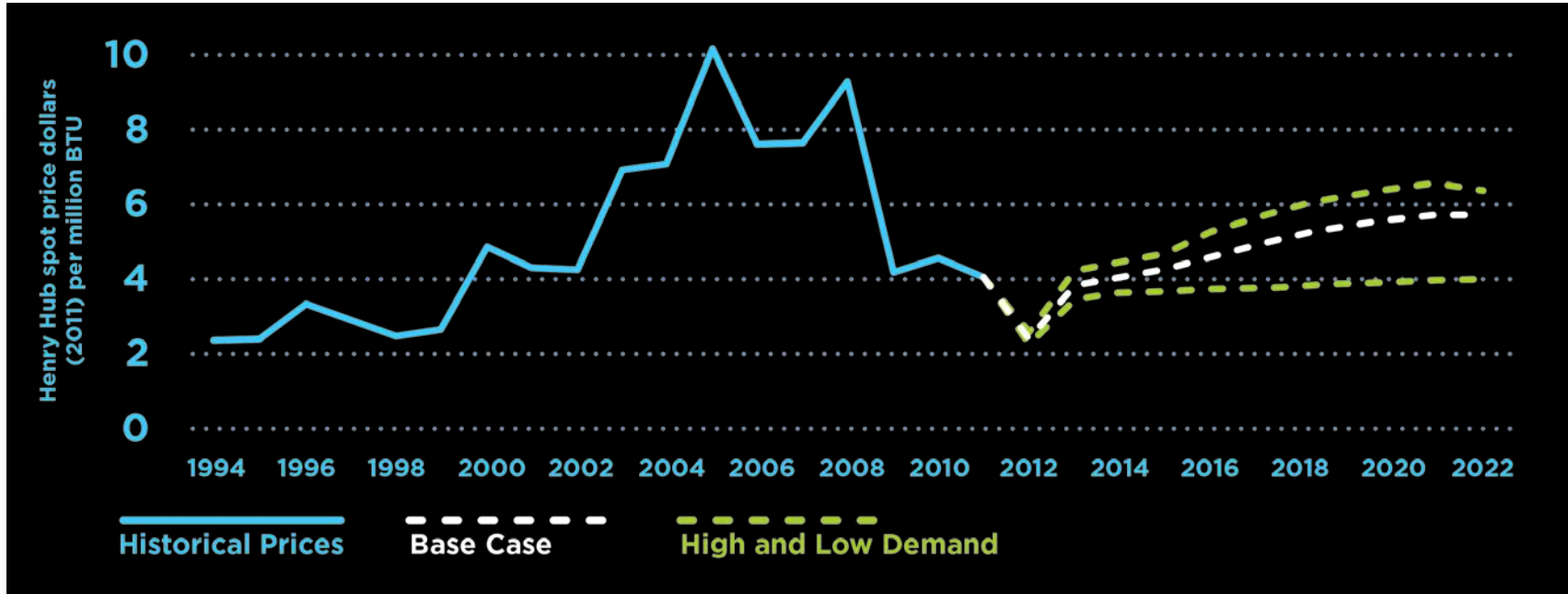
State Natural Gas Gross Withdrawals



For the next decade and beyond, domestic natural gas supplies are expected to be sufficiently robust to meet growth in demand across all sectors

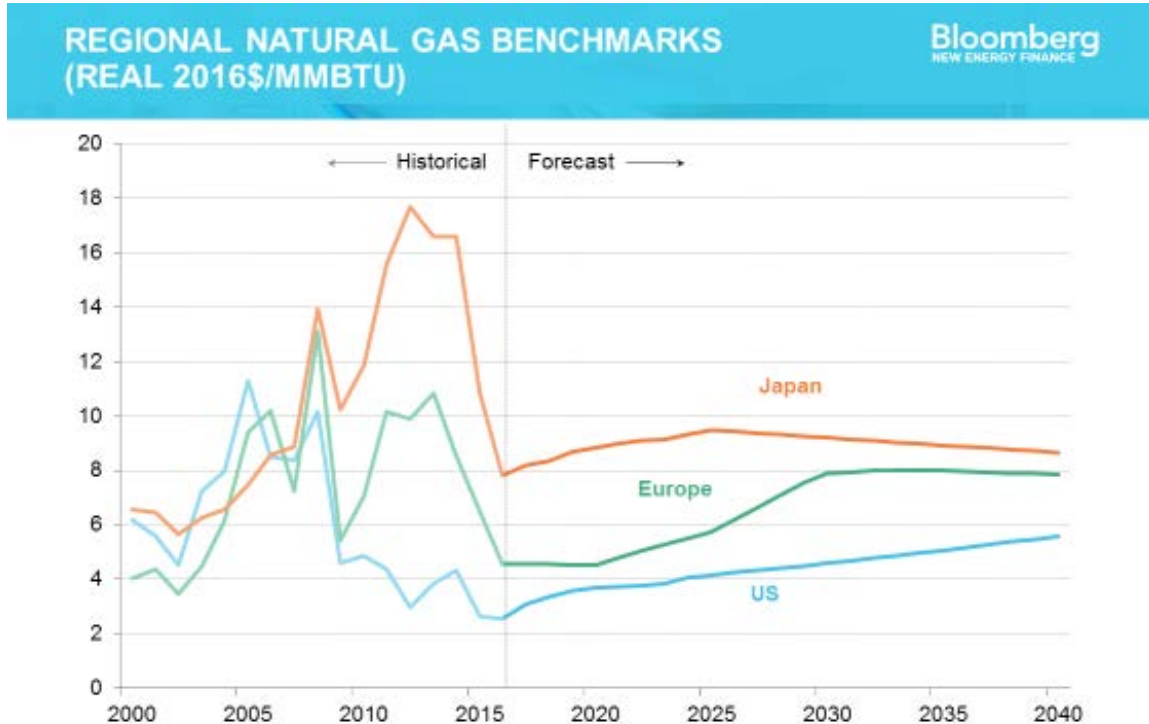


Estimated Price Band of \$4.00 - \$6.50 per MMBtu



Source: *Rethinking Natural Gas, A Future for Natural Gas in the U.S. Economy*, p.6, American Gas Association, ©2012, Citing **Source:** Wood MacKenzie Spring 2012. See paper for outlook limitations.

Below \$6/MMBtu through 2040

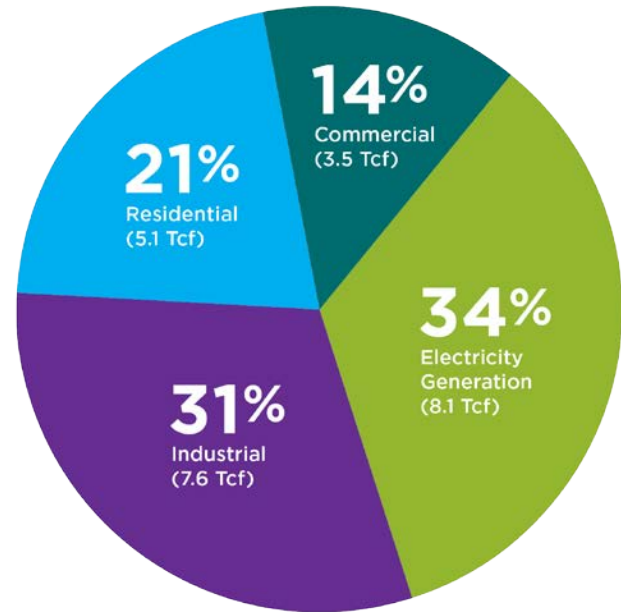


Source: Bloomberg New Energy Finance

Touching Every Segment of American Life

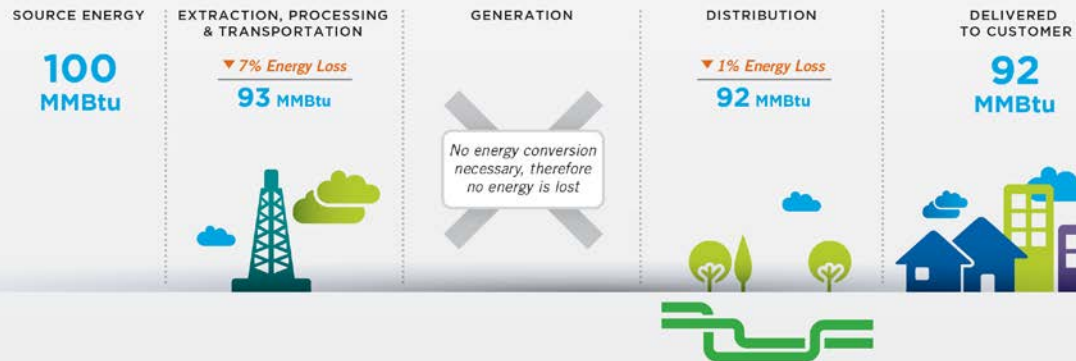
Natural gas is the dominant source of energy for heat, hot water and cooking in homes and businesses in the U.S.

2014 NATURAL GAS
U.S. Consumer Consumption
by Sector = 24.3 Tcf

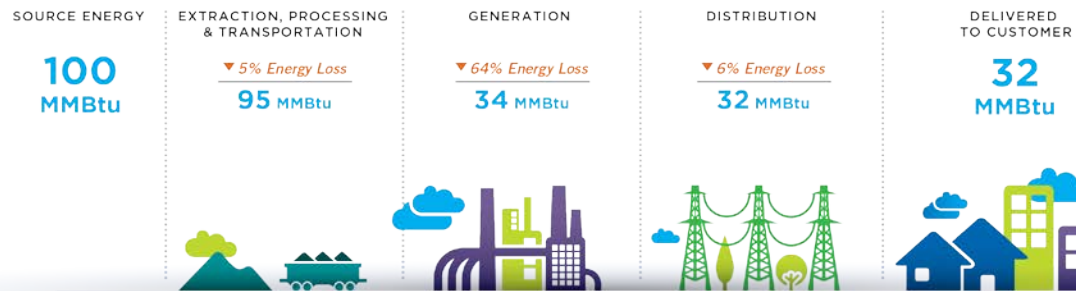


Direct Use of Natural Gas vs. Converting to Electricity

Natural Gas

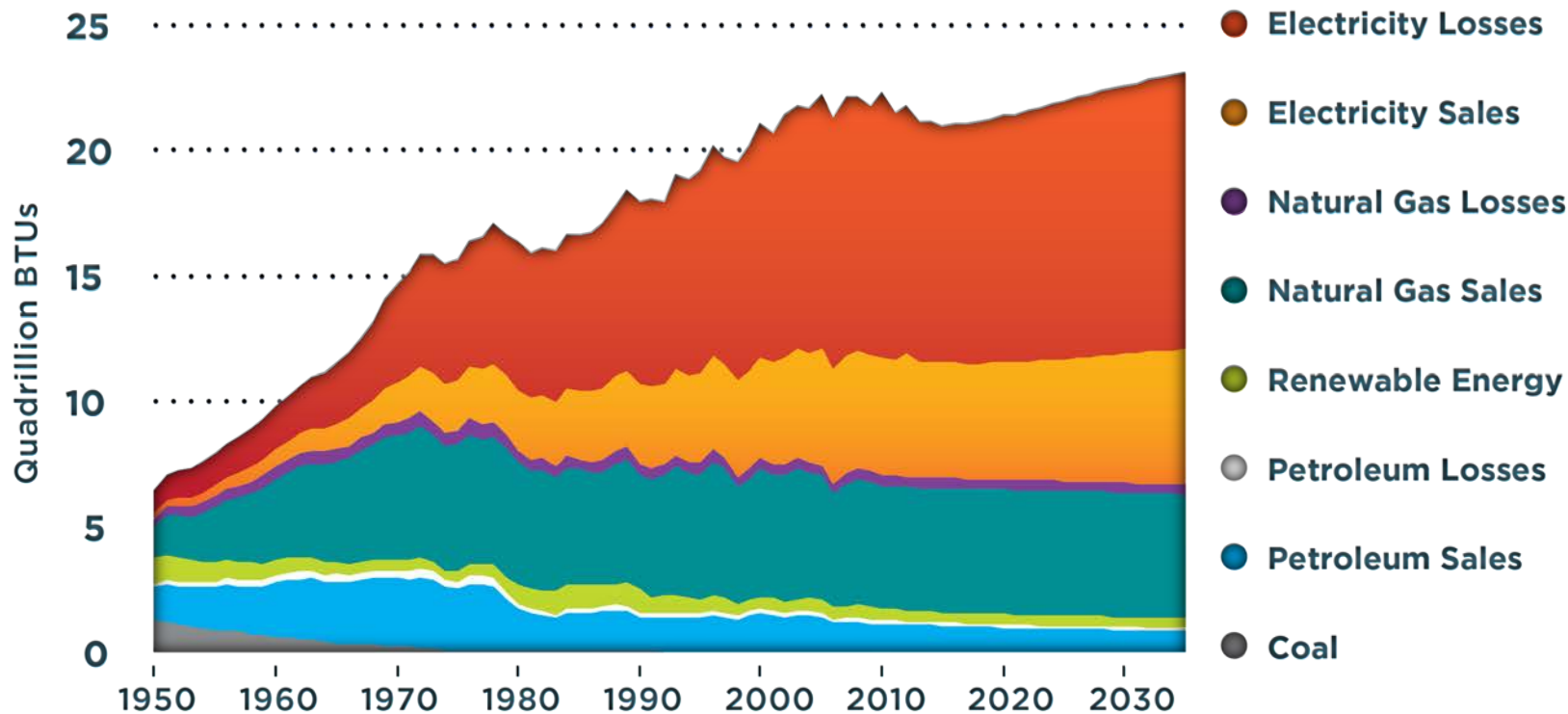


Electricity



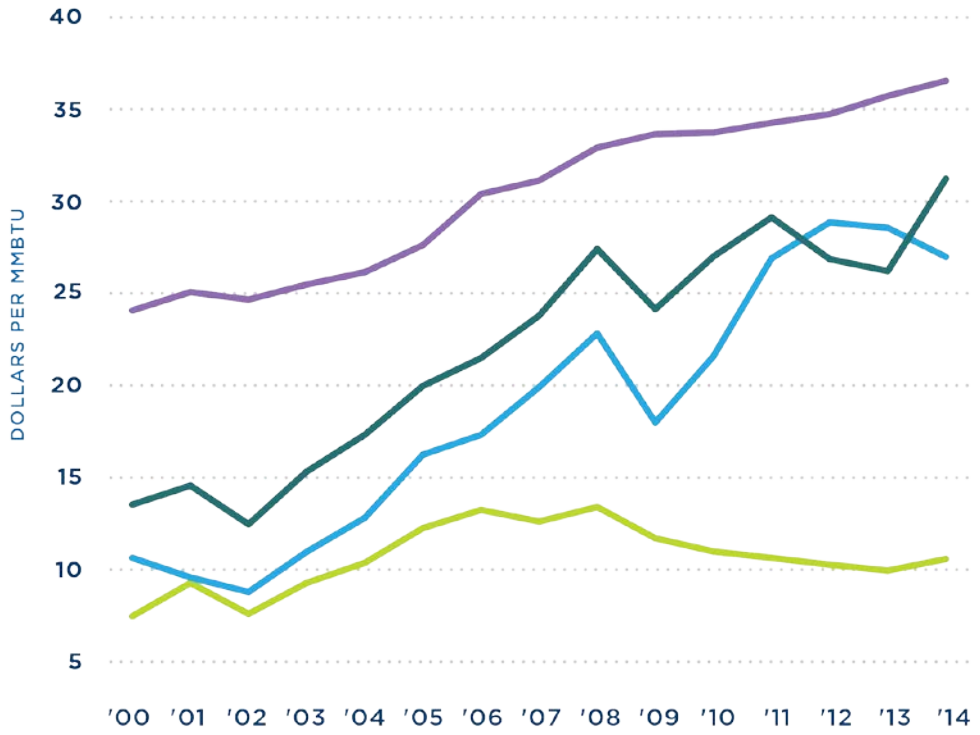
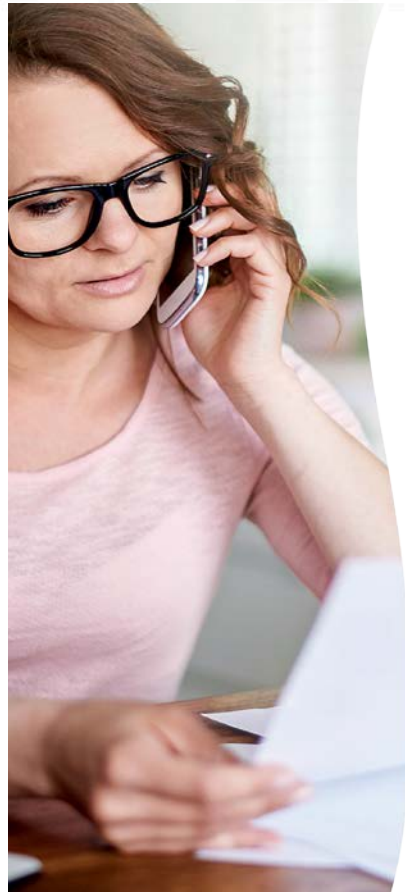
** Based on 2009 actual generation mix of all energy sources*

Direct Use of Natural Gas Can Prevent Energy Losses



Source: U.S. Department of Energy, Energy Information Administration

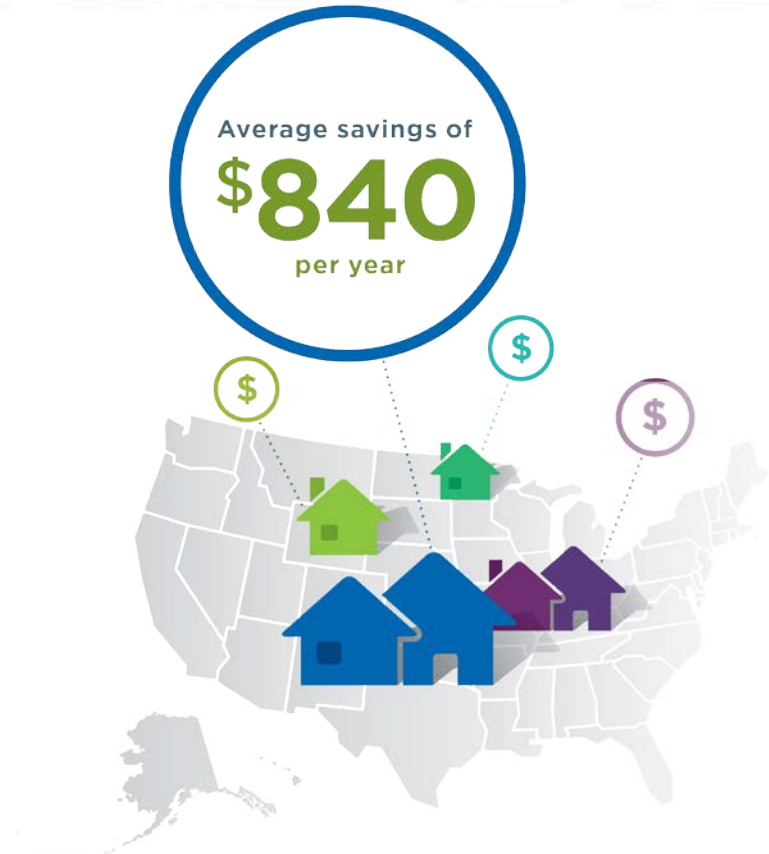
Residential Consumers



● Electricity ● Propane ● Fuel Oil ● Natural Gas

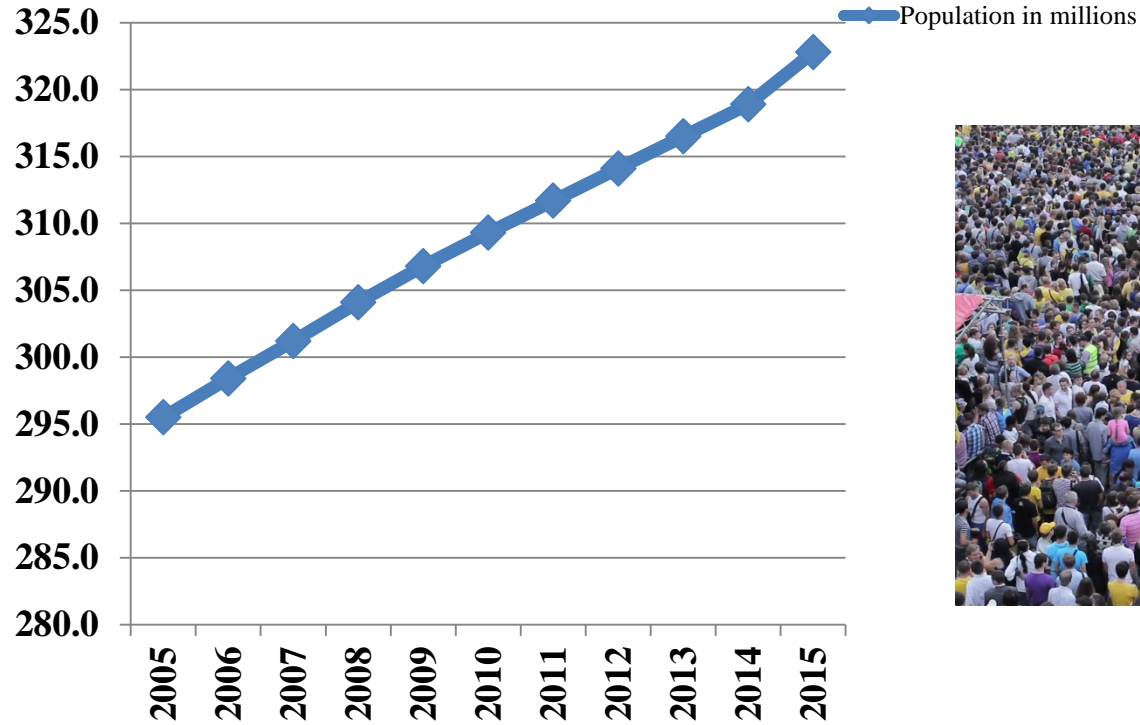
Savings for Customers

Households that use natural gas for heating, cooking and clothes drying spend an average of \$840 less per year than homes using electricity for those applications.



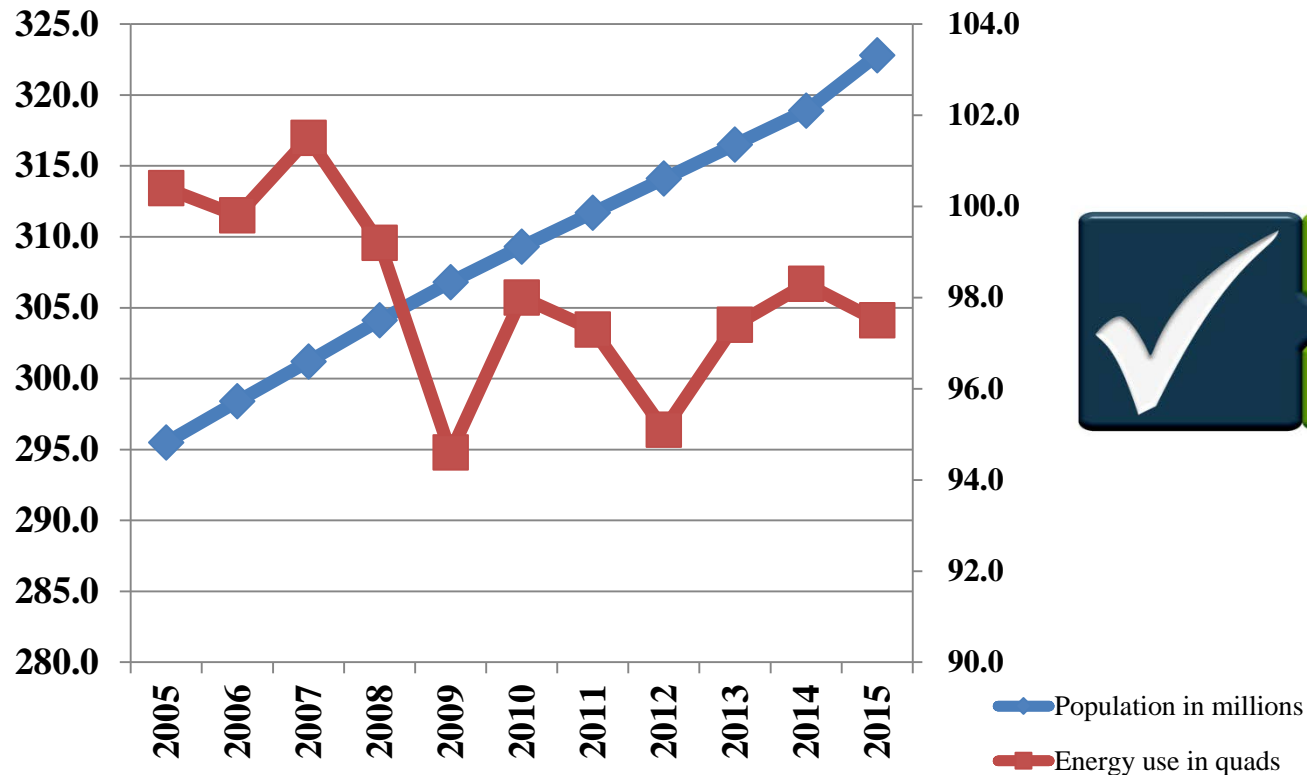
U.S. Population

2005 - 2015



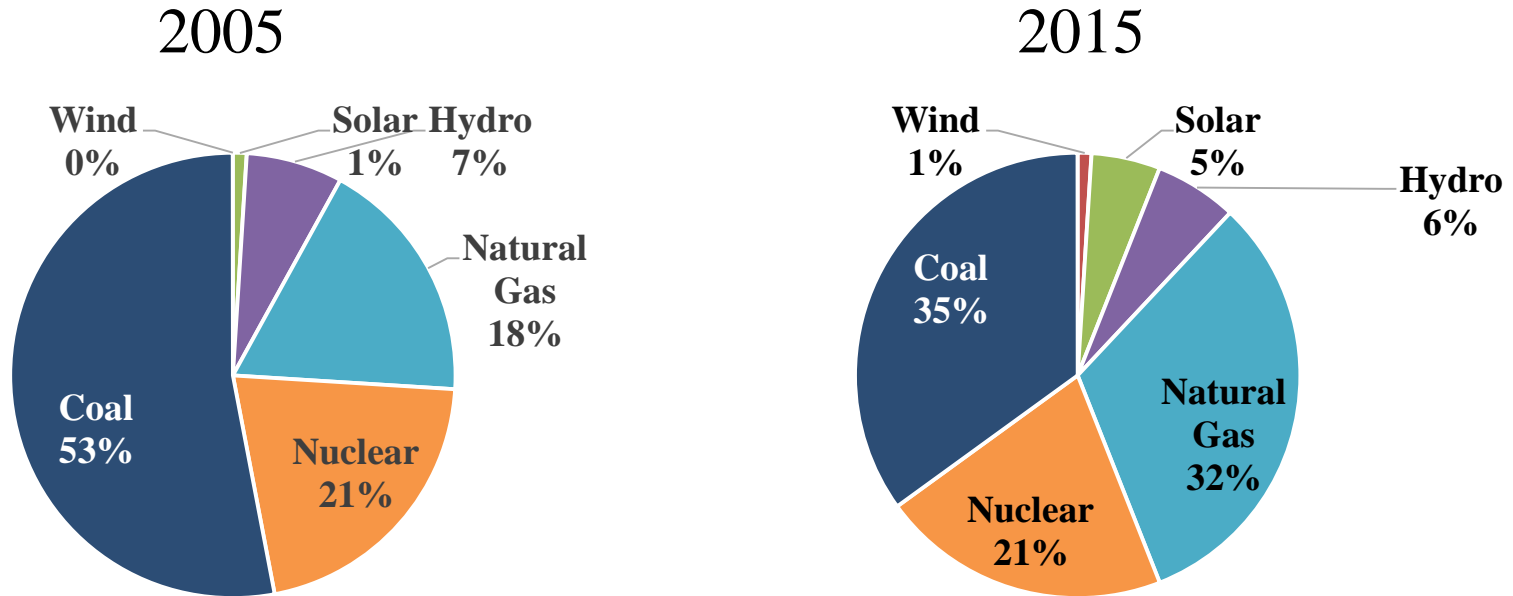
U.S. Population and Energy Use

2005 - 2015



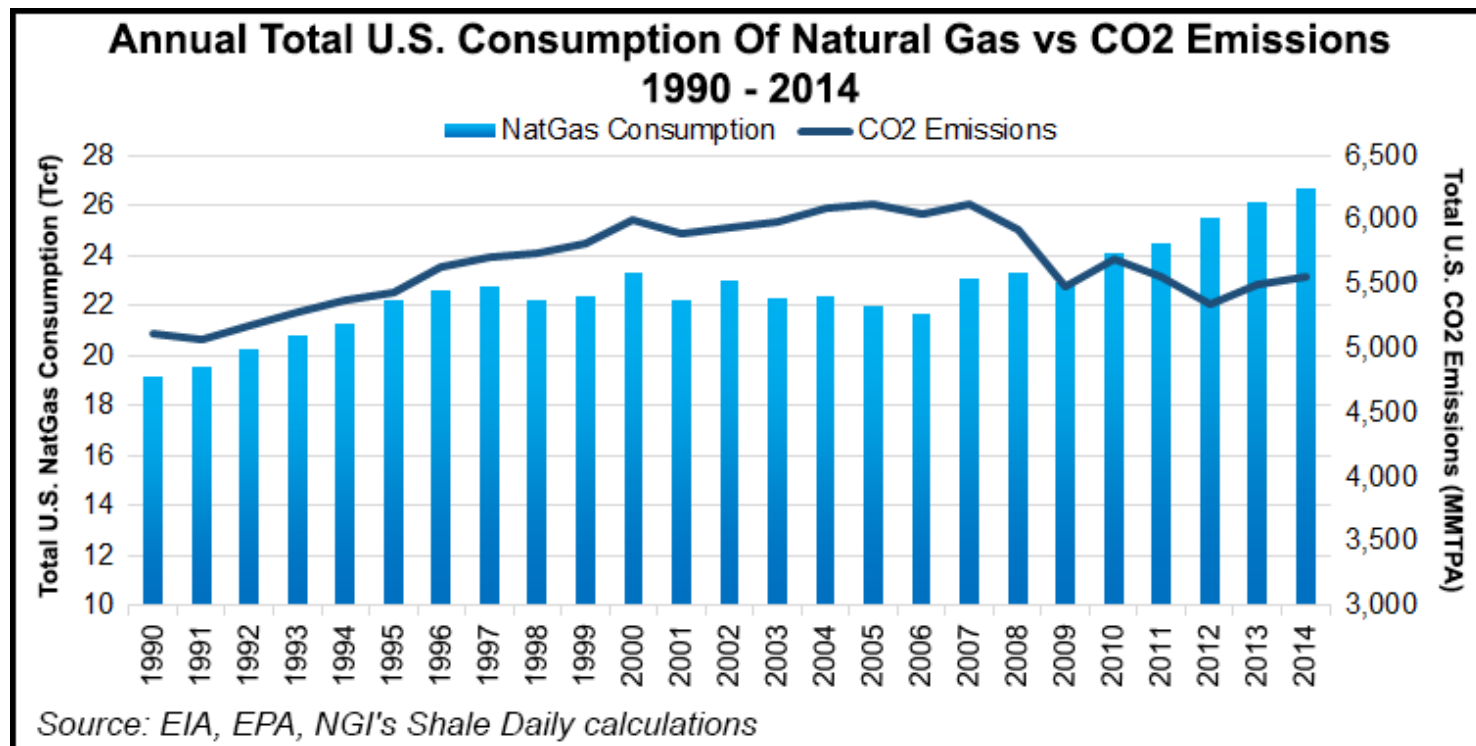
U.S. Energy Consumption by Fuel Source

2005 and 2015



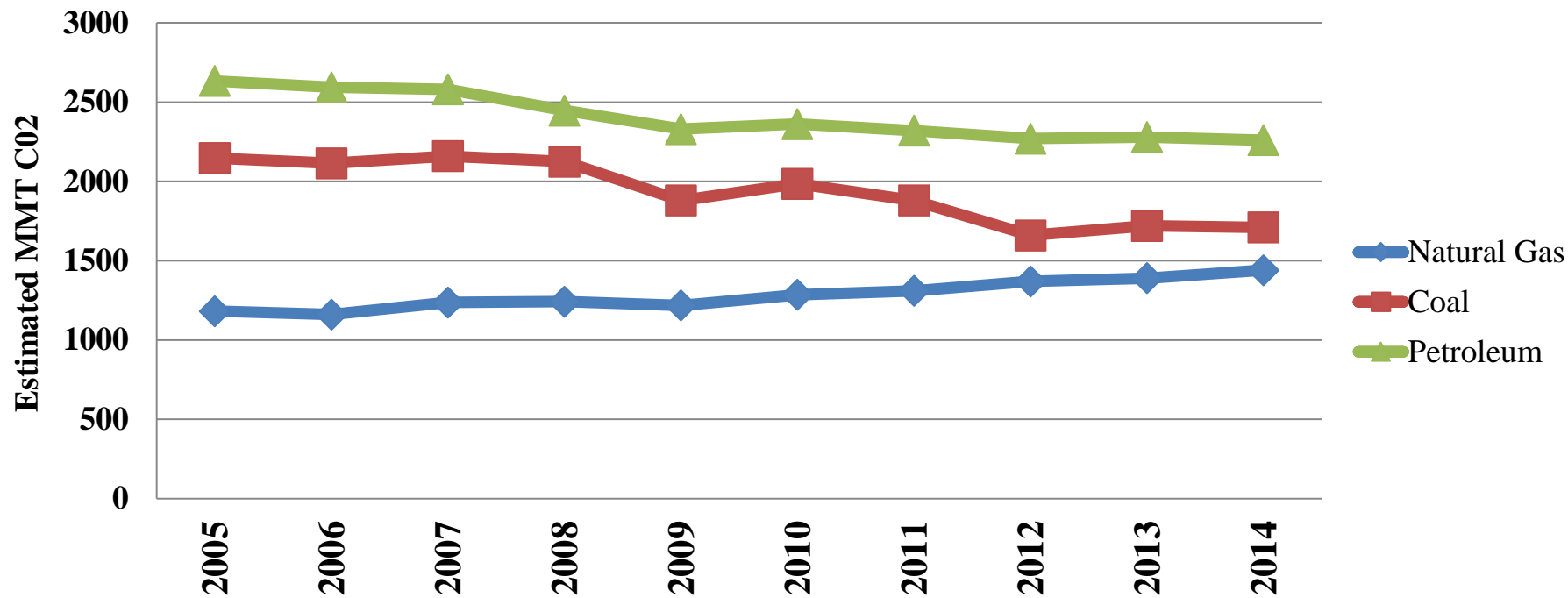
18% decrease in coal, 14% increase in natural gas

1990 - 2014



2005 - 2014

Estimated Emissions



21st Conference of the Parties



- **Paris Climate Agreement negotiated by 196 countries**
 - World's first comprehensive climate agreement
 - Requires developed and developing countries to limit emissions
- **Includes provision to hold the increase in the global average temperature to well below 2 degrees Celsius (3.6 degrees Fahrenheit) above pre-industrial levels**
 - Effective when 55 countries that produce at least 55% of the world's greenhouse gas emissions sign and ratify the agreement

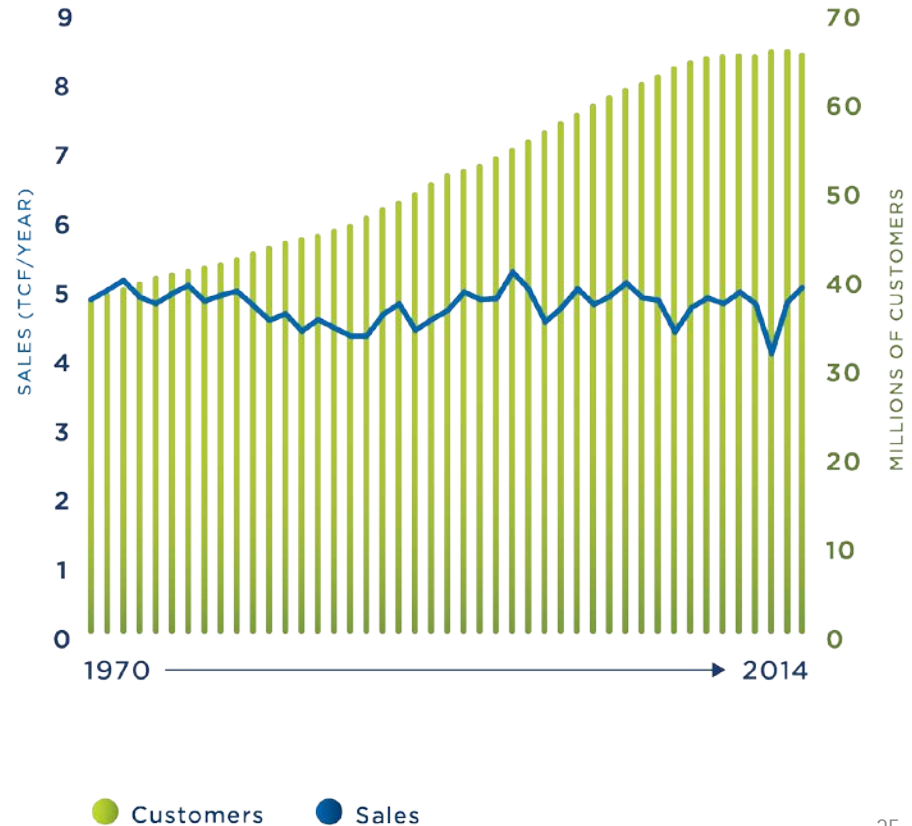
Voluntary Program to Reduce Methane Emissions

- **Launched on March 30, 2016**
- **Challenges companies to showcase efforts to reduce methane emissions**
- **ONE Gas**
 - **One of 41 Founding Partners**
 - **Made commitment to annually reduce vintage pipe inventory by 2 percent**



An Efficiency Success Story

Natural gas usage per household has decreased even as overall demand for energy has risen. This trend is due in part to installation of tighter-fitting windows and doors, better insulation, utility-sponsored energy efficiency programs, and the development of increasingly more efficient natural gas appliances.



In Closing ...

