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National Fuel Gas Distribution

Presentation Outline

- ✓ Overview of National Fuel Gas Company
- ✓ The Conservation Incentive Program (CIP)
 - Residential rebates
 - Non-Residential rebates
- ✓ Economic Development Programs
- ✓ Natural Gas Vehicles
- ✓ How can the Energy Services Department help you
- ✓ Questions

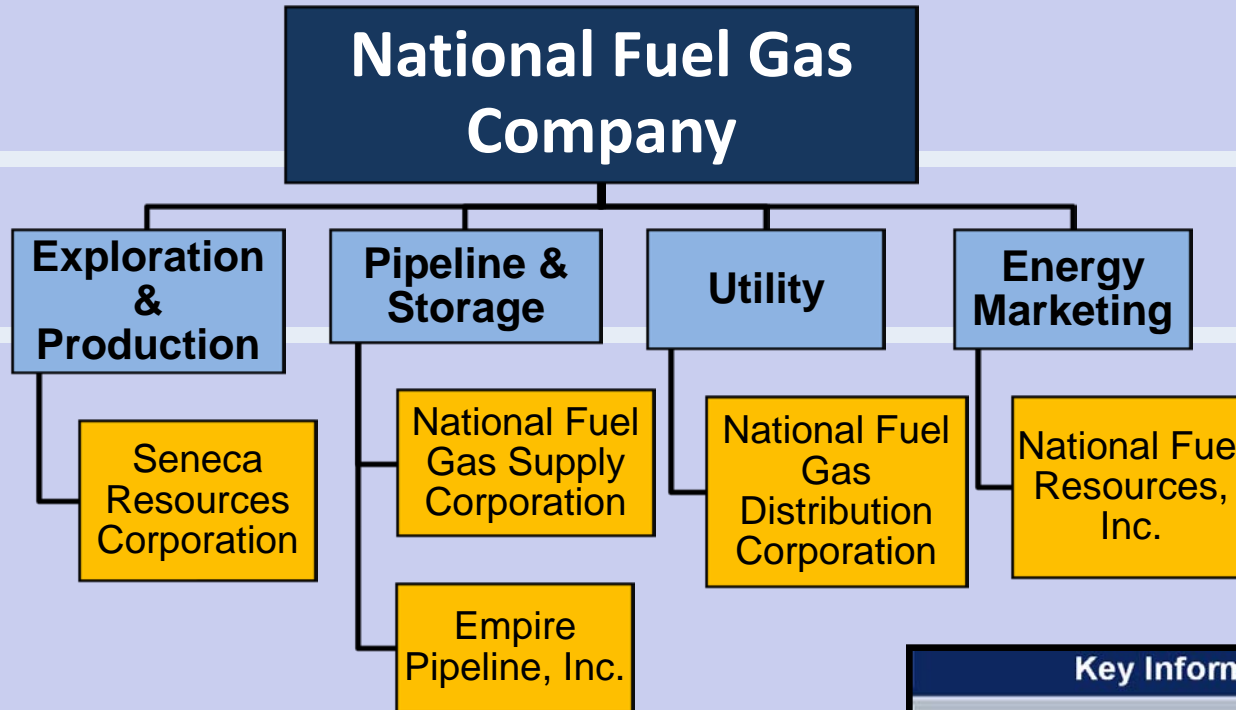


National Fuel Gas Company

*Publicly Traded Holding
Company
NYSE symbol - NFG*

*Reporting
Segments*

*Corporate
Subsidiaries*



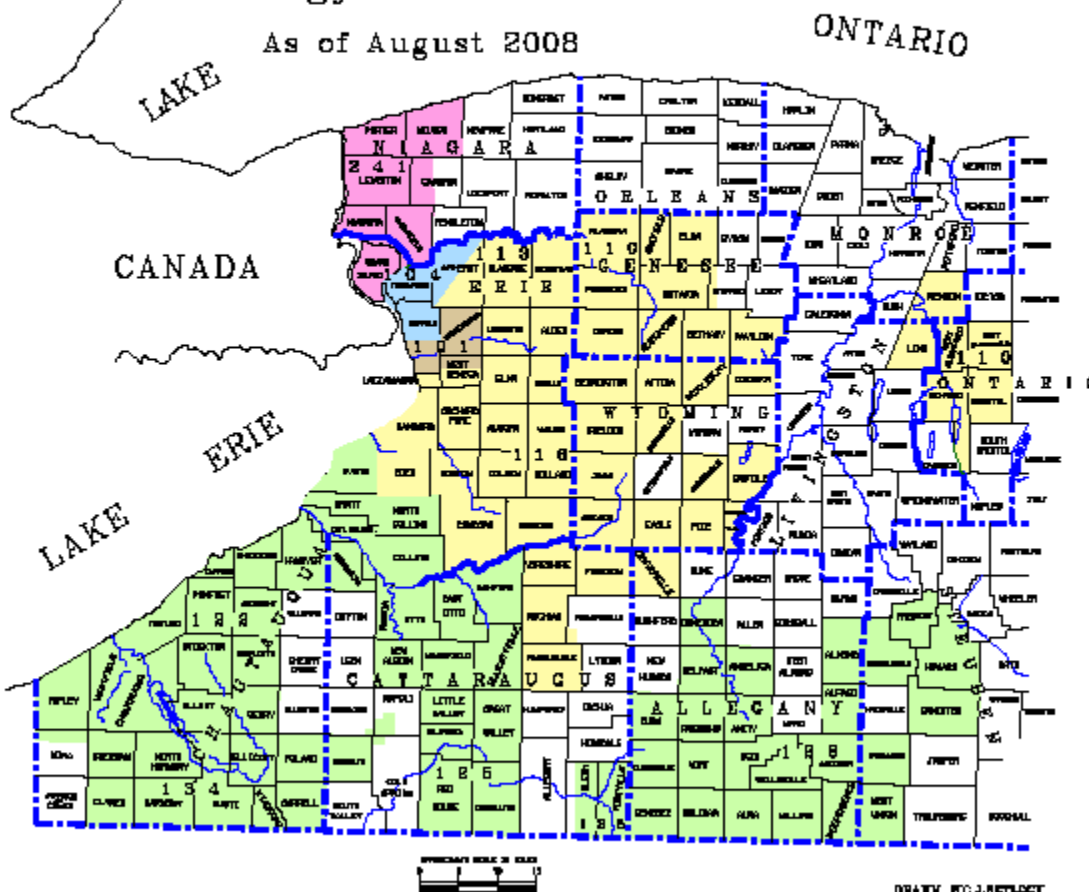
Key Information & Statistics	
New York Stock Exchange	NFG
Fiscal Year End	September
Shares Outstanding (Approx.) <i>(As of 4/30/10)</i>	81.9 Million
Average Daily Trading Volume <i>(12 Months Ended 4/30/10)</i>	393,220
Annual Dividend Rate <i>(Effective 06/30/09)</i>	\$1.34

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

NEW YORK DIVISION

Energy Consultants

As of August 2008



Legend

- Cliff Mosch (716) 457-7025
- Howard Patton (716) 857-7701
- Erik Salomon (716) 857-7003
- Andy Szajta (716) 857-7040
- Ken Laxton James. (716) 661-1961

Service Centers

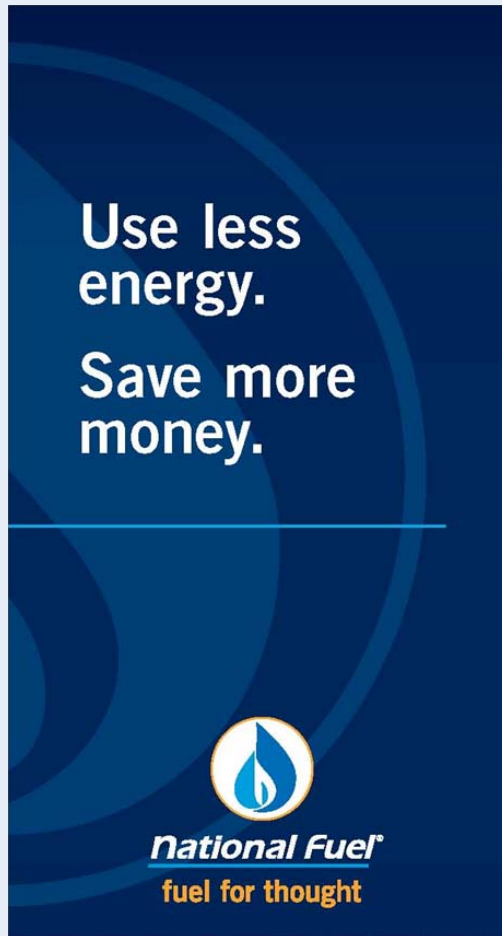
- 101 — Mineral Springs SC
- 104 — Tonawanda SC
- 110 — Batavia SC
- 113 — Clarence SC
- 116 — Orchard Park SC
- 122 — Dunkirk SC
- 125 — Salamanca SC
- 128 — Wellsville SC
- 134 — Jamestown SC
- 241 — Niagara Falls SC

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REVISED: 6/22/08

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National Fuel Gas Distribution Company

The Conservation Incentive Program



- ✓ Approved in September 2007 as part of rate case that was filed in January 2007
- ✓ Currently in fifth year of program, which ends December 31, 2012
- ✓ Program is approved through December 31, 2015, but rebates may be adjusted beginning in January 2013
- ✓ First program of its kind in New York State; rebates available to National Fuel's customers in our Western New York service territory
- ✓ Program includes free weatherization for low-income customers and rebates for residential and non-residential customers

The Conservation Incentive Program

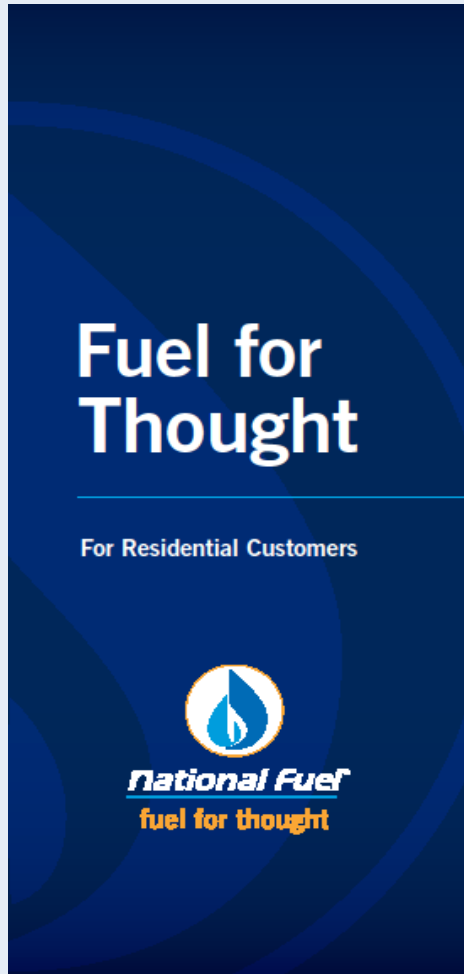
Program Guidelines and Procedures

- ✓ Residential, Small Non-Residential and Large Non-Residential rebates are available to customers when replacing specified appliances with qualifying new, energy efficient models
- ✓ New builds are excluded
- ✓ Installation must be done by a licensed plumbing or heating contractor by December 31, 2012
- ✓ Application process takes about 4 weeks; random inspections are done
 - Energy Federation, Inc. (EFI) processes residential rebates
 - New York State Energy Research and Development Authority (NYSERDA) process non-residential rebates

For an application, visit NationalFuelForThought.com

The Conservation Incentive Program

Types of *Residential Rebates*



- ✓ Rebates are available for residential customers for upgrading to more energy-efficient equipment.
 1. **Fixed Rebate** – Based on pre-qualified equipment. It's fast and easy.

The Conservation Incentive Program

Rebate Design for *Residential* Program

Fixed Rebates

CIP Year 5 Available through December 31, 2012

<i>End Use</i>	<i>Minimum Required Efficiency</i>	<i>Rebate Amount</i>
<i>Space Heating</i>		
- Hot Air Furnace	90% AFUE*	\$250
- Hot Air Furnace with ECM**	90% AFUE	\$350
- Hot Water Boiler	85% AFUE	\$350
- Steam Boiler	81% AFUE	\$200
- Programmable Thermostat	Energy Star®-rated	\$25
<i>Water Heating</i>		
- Indirect Water Heater	N/A	\$250

**AFUE – Annual Fuel Utilization Efficiency / **ECM – Electronically Commutated Motor*

The Conservation Incentive Program

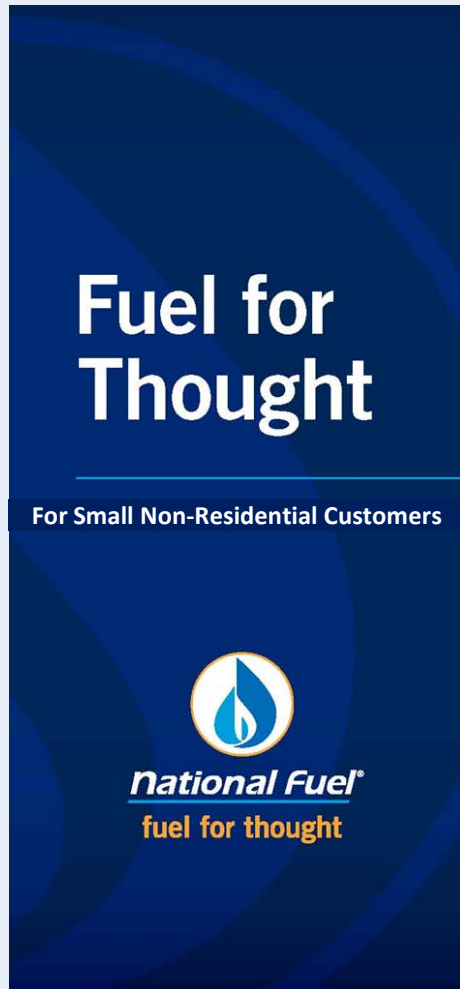
Rebate Program Results for Residential Program

<i>Through 9/30/2012</i>	<i># of Rebates</i>	<i>Rebate \$</i>
Space Heating	37,642	\$11,907,300
Water Heating	5,421	\$1,210,950
Thermostat	<u>31,941</u>	<u>\$797,955</u>
Total Rebate	75,004	\$13,916,205

Number of Residential Customers: 482,366

The Conservation Incentive Program

Types of *Small Non-Residential Rebates*



- ✓ Rebates are available for small, non-residential customers whose facilities use **less than** 12,000 Mcf* of natural gas per year for upgrading to more energy-efficient equipment.
 1. **Fixed Rebate** – Based on pre-qualified equipment. It's fast and easy.
 2. **Customized Rebate** - Determined on a case-by-case basis, based on the results of an energy-use analysis.

* *Thousand cubic feet*

The Conservation Incentive Program

Rebate Design for **Small Non-Residential** Program

Fixed Rebates CIP Year 5 Available through December 31, 2012

Equipment	Minimum Required Efficiency	Rebate Amount
Space Heating		
- Hot Air Furnace	90% AFUE*	\$500
- Hot Water Boiler	85-90% AFUE	\$600-\$3,500
- Steam Boiler	81% AFUE	\$600-\$2,000
- Unit Heater	90% AFUE	\$1,000
- Low Intensity Infrared Heater	N/A	\$500
- Programmable Thermostat	Energy Star®-rated	\$25
Water Heating		
- Storage Tank Water Heater	0.61 EF**	\$150
- Tankless Water Heater	0.78 EF	\$350

*AFUE—Annual Fuel Utilization Efficiency / **EF—Energy Factor

The Conservation Incentive Program

Rebate Design for *Small Non-Residential Program*

(Cont'd)

Fixed Rebates CIP Year 5 Available through December 31, 2012

<i>Equipment</i>	<i>Minimum Required Efficiency</i>	<i>Rebate Amount</i>
Cooking		
- Fryer	Energy Star®-rated	\$750
- Broiler	30% AFUE	\$500
- Convection Oven	40% AFUE	\$500
- Combination Oven	40% AFUE	\$750
- Steamer	Energy Star®-rated	\$750
- Griddle	45% AFUE	\$500

The Conservation Incentive Program

*Customized Rebates for **Small Non-Residential** Program Process*

- ✓ Customized rebates can be as much as \$15/Mcf multiplied by the gas savings, up to \$25,000.
- ✓ Process
 1. Determine total costs of project to install high efficient equipment and standard efficient equipment from a contractor.
 2. Complete an energy-use analysis to determine energy savings and potential rebate.
 3. Submit completed application, along with project costs and energy-use analysis, to NYSERDA **BEFORE** any work begins.
Applications can be downloaded at NationalFuelForThought.com or contact NYSERDA at 1-866-697-3732 or NYSERDA.org.

The Conservation Incentive Program

Rebate Program Results for **Small Non-Residential** Program Fixed and Customized Rebates

<i>Through 9/30/2012</i>	<i># Rebates</i>	<i>Rebate \$</i>
Space Heating	739	\$1,203,225
Water Heating	75	\$36,688
Cooking/Process Heating	18	\$41,250
Thermostat	458	\$27,185
Total Rebate	1,290	\$1,308,348

Number of Non-Residential Customers: 33,581

Economic Development Incentives

Area Development Program



- Grants for specific projects that stimulate economic activity and redevelopment in National Fuel's service area.
 - ❖ Natural gas infrastructure
 - ❖ Marketing
 - ❖ Workforce Training

- Program results-to-date
 - ❖ 112 projects
 - ❖ \$4.2 million approved



Economic Development Incentives

Business Development Rate



APPLICATION FOR BUSINESS DEVELOPMENT RATE

National Fuel must receive this application at least thirty (30) days prior to the start-up date of the new or expanded facility. As part of the application, the applicant may nominate the effective date when the Business Development Rate (BDR) will apply, provided such date is at least thirty (30) days after the application date. Submission of a completed application does not constitute qualification. Upon receipt of the application, National Fuel will endeavor to verify the information provided by the applicant as it relates to qualifying facilities, qualifying incremental gas consumption, and qualifying usage of the subject facilities. On the basis of the accuracy of this information, National Fuel will either approve or reject the application within a thirty (30) day period.

Company Name: _____ Phone #: _____

Company Address: _____

Site Address (if different): _____ (BDR Service Address)

Expected start-up date: _____

Requested start-up date for BDR: _____

SIC Code: _____ Describe primary product/service _____

Customer Type: New _____ Existing _____

NFG Account # _____ How long at this address? _____

Facility Type

- | | |
|---|--|
| <input type="checkbox"/> Occupying a newly constructed facility | <input type="checkbox"/> Expansion of an existing facility |
| <input type="checkbox"/> Occupying an existing facility | <input type="checkbox"/> Moving/expanding to an existing facility that has been vacant for at least 6 months |
| <input type="checkbox"/> Moving/expanding to a newly constructed facility | |

Description of Project _____

Is business moving from within New York State? _____

If yes, provide address: _____

If Applicant is unable to satisfy the qualifications for eligibility of this rate, the account will be removed from the BDR program for future incentives unless additional expansion occurs. Applicant hereby declares that the information given above is true to the best of his/her knowledge. **An officer of the company must sign this form.** Please return completed application to: **National Fuel, Energy Services Department, 6363 Main Street, Williamsville, NY 14221.**

Print Company Officer Name: _____ Date: _____

Print Company Officer Title: _____

Company Officer Signature: _____

Instructions / Checklist for Business Development Rate Application Process

When applying for Business Development Rate Discount, please include the following:

- This completed application
- Start-up Date
- BDR Effective Date

Other requirements for eligibility are:

- You must have an active gas account with National Fuel
- The name and address must be the same on your gas account and this application.

- **Transportation rate discounts** for businesses that qualify and meet certain consumption requirements.
- Standard Industrial Classification's eligible (Major groups)
 - 0-14, 20-39, 50, 51, 60, 61, 62, 63, 64, 67, 73, 65 (with additional requirements)
- * **Excelsior Jobs Program Rate Discount**

Natural Gas Vehicles

Why Natural Gas?

10 Commercial Trucks
25,000 miles per year @ 10 MPG

Annual Fuel Cost @ \$4.25 / diesel = \$106,250

Annual CNG Cost (**\$1.25**) = \$ 31,250

Annual Savings = \$ 75,000

Vehicle Incremental Cost (\$12K) = \$ 120,000

Simple Payback: 1.6 Years



NATURAL GAS VEHICLE (NGV) PILOT PROGRAM

- Permits NFG to advance funds to help customer buydown cost of installing NGV Refueling Stations and/or purchasing new vehicles.
- Proposed typical buydowns per customer expected to be in range of \$10,000-\$200,000.
- Pilot program has initial term of three years with annual cap of \$1 million per year, for a total of \$3 million.
- Customer must sign a performance contract with term of up to six years, and may be required to provide security.

National Fuel Gas Distribution Corporation

Energy Services Department

Save Green with Natural Gas



"Natural gas is the smart choice no matter what you're looking for— lower cost, efficiency, comfort, value or reliability. You'll save money and the environment."

Advantages of Natural Gas:

- **Lower costs**—Natural gas is the most economical option for homeowners.
- **Increased comfort**—Natural gas provides warmer air and heats your home faster than electricity.
- **Better for the environment**—Natural gas is the cleanest-burning fossil fuel.
- **Domestic supply**—Over 97 percent of natural gas supplies come from North America.
- **Reliable**—With natural gas, you will never run out of fuel or have to schedule a delivery.
- **Uninterrupted service**—Unlike propane and heating oil, there is no pre-payment for fuel stored in a tank. You pay after you use it.
- **Security**—Many natural gas appliances will operate during a power outage.

Natural Gas Appliance Checklist: What's in Your Home?

Indoor Gas Appliances:

Home Heating
Water Heating
Cooking Ranges
Clothes Dryers
Fireplaces
Garage Heaters

Outdoor Gas Appliances:

Grills
Patio Heaters
Fire pits/Fireplaces
Gaslights/Torches
Pool/Spa Heaters
Generators
Convenience Outlets



For more information, contact:
Energy Services Department
NY: 716-857-7776 (Ext. 7776)
PA: 814-871-8271 (Ext. 4271)

- ✓ *Sales*
- ✓ *Customer Service*
- ✓ *Residential Marketing*
- ✓ *Conservation/Energy Efficiency*
- ✓ *Economic Development*
- ✓ *Research, Development and Demonstration (Technology Funding Programs)*

For more information:



Contact information:

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