



National Fuel

Reports
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March 30, 2007

Hon. Jaclyn Brilling
Secretary
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: **National Fuel Gas Distribution Corp.
Reporting Requirements Relating to
Area Development Program, Case 04-G-1047**

Dear Secretary Brilling:

As a condition of its approval of an Area Development Program, the PSC directed National Fuel Gas Distribution Corporation ("NFGDC or the Company") to report to the PSC certain information outlined in Appendix B of the Order. See, Case 04-G-1047 Order Approving Area Development Program (issued June 2, 2006) ("Order"). The Order directed NFGDC to file its report "...on an annual basis to the Commission." This report is for calendar year 2006.

I have attached copies of NFGDC's report to the PSC in compliance with this Order.

Respectfully yours,

Jonathan R. Gruchala
General Manager
Energy Services Department

cc: W. Fuhrman, Department of Public Service
J. Lee, Department of Public Service
S. Ruelet, Department of Public Service
S. Sloane, Department of Public Service
E. Meinel
M. Reville
R. Truitt



NATIONAL FUEL GAS DISTRIBUTION CORPORATION

AREA DEVELOPMENT PROGRAM

REPORT TO THE NEW YORK STATE
PUBLIC SERVICE COMMISSION

Report date: March 31, 2007

REPORTING PERIOD: January 1, 2006 – December 31, 2006

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I. Background

On October 20, 2005, National Fuel Gas Distribution Corporation (NFGD or the Company) filed a request for approval to establish a five-year Area Development Program (ADP or the Program) in compliance with its approved rate plan. The Rate Plan Order[†] required that an ADP be developed to provide development grants to community based organizations or local development authorities for specific economic development projects in order to expand economic development opportunities in NFGD's service territory. The Rate Plan Order adopted a Joint Proposal requiring the Company to collaborate with interested parties to finalize the Program details and file the completed Program for Department of Public Service Staff (Staff) approval. In accordance with the Rate Plan Order, the collaborative process took place on August 29, 2005 to finalize and discuss the implementation of the Program. The Company met with Staff, Public Utility Law Project (PULP), the New York State Consumer Protection Board (CPB), and other interested parties.

On October 20, 2005, the Company filed its final ADP proposal in compliance with the Rate Plan Order. The proposed ADP would provide development grants to community based organizations or local development authorities for specific economic development projects in order to expand the economic development opportunities in the Company's service territory. The program received official Staff approval on June 2, 2006. The ADP will be a five-year program with grants funded up to \$750,000 annually, for a total obligation of \$3.75 million from August 2005 through July 2010.

II. Program Overview

A Program Design

The Rate Plan Order established a five-year ADP to provide grants for specific projects in order to stimulate economic activity and redevelopment in the Company's New York service territory. The ADP is designed to help address the generally poor economic condition of NFGD's New York service area by helping to bolster the economy with targeted financial assistance. The proposed ADP provides the Company a much-needed tool to assist NFGD's efforts in making its service territory a more attractive place for business, thereby protecting and expanding employment opportunities and new local investment. As noted in the initial filing, there remain pockets of economic dislocation in NFGD's service territory that are stubbornly resistant to redevelopment, even though viable infrastructure is in place and ready to deliver service. Among the objectives of the ADP is to restore or increase business to those areas and increase the use of that existing infrastructure. Finally, the program provides the flexibility necessary to stimulate economic activity in areas that are presently undeveloped. That

[†] Case 04-G-1047, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corporation for Gas Service, Order Establishing Rates and Terms of Two-Year Rate Plan (issued July 22, 2005) (Rate Plan Order).

flexibility allows for grant money to be directed towards new natural gas infrastructure and gas technology that will promote business expansion, job growth and increased natural gas throughput.

B Program Objectives and Benefits

The Area Development Program was developed to provide development grants to community based organizations or local development authorities, or directly to project applicants, for specific economic development projects in order to expand economic opportunities in NFGD's service territory. Such projects will have either a natural gas application or will provide increased use of the natural gas infrastructure. Qualified projects shall receive grants from the company under the Area Development Program based upon written applications which demonstrate the proposed projects capacity to:

- 1 Stimulate investment in infrastructure for the development or redevelopment of underutilized industrial or commercial property, including but not limited to, brownfield sites or brownfield opportunity areas receiving state assistance pursuant to Section 970-r of the General Municipal Law
- 2 Create new employment opportunities or higher value employment opportunities
- 3 Provide workforce training or retraining to assure that higher value skills are available in the workforce when needed, and
- 4 Stimulate the expenditure of private investment in direct capital expenditures needed to expand employment opportunities in the Company's service territory.

This is a five-year program. Grants will be funded up to \$750,000 annually, and unspent funds will carry over and may be spent in the following year.

C Program Regulatory Requirements

The Company must submit an annual report by March 31 of each year, for the previous calendar year activities related to the Area Development Program. At a minimum, the annual report must include for each grant awarded:

- 1 A description of the facility and operation (including SIC code and property address), including rationale for awarding a grant to this recipient.
- 2 The specific amount of the grant, and date that the grant was awarded.
- 3 The specific amount of money invested in NFGD's infrastructure for the development or redevelopment of underutilized industrial or commercial property as a result of the grant (investment itemized by year, if investment costs to be incurred over more than one year), and

- a. the specific location and description of the property
 - b. notation whether industrial or commercial site
 - c. notation whether brownfield site or brownfield opportunity area.
- 4 A description of other known economic development activity provided for this project and/or applicant.
 - 5 The number of new jobs created or the number of higher value employment opportunities created.
 - 6 The amount of retained or incremental natural gas throughput generated by this project.
 - 7 A description of workforce training or retraining that was provided, and an explanation of the higher value skills achieved/available in the workforce as a result of this training/retraining.
 - 8 The specific amount of money spent by private investment in direct capital expenditures needed to expand the employment opportunities in NFGD's NYS service territory.
 - 9 Prior year's consumption and bill payment information.
 - 10 Description of other economic benefits and achievements provided by the project.
 - 11 An analysis of whether eligibility criteria were satisfied by the project.
 - 12 Description of promotion efforts.

III. Program Results

A. Program Promotion and Outreach

The ADP was promoted using three separate types of outreach methods. First, the Company issued a press release on June 7, 2006 detailing the program and its objectives. This was followed up with a web page explaining the program on the company web site under its "Services for Business" section. Finally, the program was promoted by the Energy Services Account Managers by a series of small scale presentations to customers and speaking engagements to various economic development agencies. At the end of 2006, the company developed a centralized spokesperson focus within the Energy Services Department and the ADP program is being more aggressively promoted with the economic development agencies. Once ADP applicants are identified, the respective Energy Services account manager will guide the customer through the grant process. Future plans also involve using some paid advertising as well as the Energy Services Questline E-Newsletter. The Company will gain feedback on these efforts by recording

and tabulating how each applicant learned of the program. Appendix A includes examples of the press release, the web page link and the Power Point speaking notes from public speaking engagements.

B. Customer Participation

In 2006, 21 applications were received and nine ADP grants were awarded totaling \$395,361.20. The grant awards ranged from \$5,830.55 to \$108,151.00. Five of the projects were located in Erie County, two were in Niagara County and two were in Chautauqua County. Based on information supplied by the applicants, the following program benefits are expected:

- New Jobs: 4,420
- Retained Jobs: 165
- Incremental Gas Load: 163,324 MCFY (1000 cubic feet per year)
- Anticipated Private Investment: \$175,135,000

Some of the figures are based on the applicants' best efforts projections at the time of fund request and will take some time before they can be verified. The Company will make every effort to monitor these estimates made by the applicants to provide proper feedback for continued ADP development. Section C of this report includes a project-by-project description for each of the nine grants awarded during 2006. A summary list showing each applicant's award information is compiled in Appendix B of this report.

C. Project Summaries

Project Name: Colvin Woods Medical Office Park

SIC: 8011

Location: 6924-6947 Elaine Drive, Wheatfield, NY

County: Niagara

Grant Amount: \$22,753

Date Awarded: 12/01/06

Project Description: This request was for funding to offset the pipeline installation costs for a new medical park consisting of 10 medical offices and an ambulatory surgical center. The funding amount was for installation of 1,229 lineal feet of 4" medium pressure plastic pipe necessary to close a system piping gap and to bring gas to the entrance to the proposed medical park. This project had the added system benefit of improving the gas delivery to the LaSalle neighborhood just north of this facility. The funding was a joint request of Barone Builders (the park developer) and Niagara Falls Memorial Medical Center (the future park tenant). This project will bring medical jobs and associated training, construction jobs and improved medical delivery in Wheatfield. By facilitating gas line installation, the developer will be able to attract tenants sooner thereby shortening the park build-out time. Furthermore, It is anticipated that vacant land on the west side of Colvin Boulevard will now be more attractive for development now that gas lines are installed. This is commercial project and is not located on a brownfield.

Employment Projections: 60 new jobs in the medical industry.

Gas Throughput Projections: 2,038 MCFY (incremental)

Other Economic Benefits: In addition to those described above, incremental employment attracts or retains residential/commercial usage and associated utilization of existing infrastructure.

Project Name: Erie Canal Harbor Project
SIC: Various
Location: Buffalo Inner Harbor, Main & Scott Street Area
County: Erie
Grant Amount: \$19,230
Date Awarded: 10/18/06

Project Description: This money was awarded to the Empire State Development Corporation (ESDC), the agency charged with advancing development at this site. \$8,730 of the funds will pay for 230 lineal feet of 2" medium pressure mainline, one service line and meter set. The remaining \$10,500 will be used to bring gas main into Phase II of the site. The Erie Canal Harbor represents \$49 million public investment in an underutilized site along the Buffalo Inner Harbor. Located in the southern boundary of the Central Business District and the western boundary of the Cobblestone District, this project site is one of the most visible and under-utilized areas of the burgeoning Erie Canal Harbor District. Economic Research Associates conducted a study that concluded that availability of 225,000 sq. ft. of commercial development space will create 316 net new jobs on the site. Furthermore, multiplier effects should create 142 additional jobs and a two-year period of 296 construction jobs. ESDC solicited ADP grant money to help spur further private investment in this site and the neighboring Inner Harbor District. This is a commercial project and some parts of it are located on brownfields.

Employment Projections: 316 new jobs.

Other Economic Benefits: In addition to those described above, incremental employment attracts or retains residential/commercial usage and associated utilization of existing infrastructure.

Project Name: Hydro Air Components – New Headquarters

SIC: 3433

Location: 100 Abbey Street, Buffalo, NY

County: Erie

Grant Amount: \$19,159

Date Awarded: 10/18/06

Project Description: These ADP funds were used for installing 1,150 lineal feet of 3" medium pressure gas main north from Tiff Street and 250 feet of service lateral to serve the corporate headquarters of Hydro-Air, a global manufacturer of HVAC components. The applicant purchased 31 acres of the former Republic Steel remediated brownfield from the Steelfields Group. This parcel is included in the Brownfield Opportunity Area granted to the City of Buffalo in 2005. This location culminated a world-wide search for Hydro-Air in citing their new headquarters. This is an industrial project.

Employment Projections: 135 new and 165 retained.

Gas Throughput Projections: 7,000 MCFY

Private Investment Projections: \$10,000,000

Other Economic Benefits: In addition to those described above, incremental employment attracts or retains residential/commercial usage and associated utilization of existing infrastructure. Restores use to existing infrastructure in previous heavy industrial part of territory.

Project Name: Nestle Purina Petcare Co. Expansion

SIC: 2047

Location: 3800 Middle Road, Dunkirk, NY

County: Chautauqua

Grant Amount: \$50,000

Date Awarded: 11/09/06

Project Description: This ADP request is for \$27,850 to relocate/expand the gas meter set and an additional \$22,150 to offset employee training costs. The meter set will need to be re-located to allow for building expansion. The training costs will be to train workers for a change in their pet food product line and new equipment. The ADP fund will assist this customer with the undertaking of a major plant equipment change-over necessary to stay competitive within their industry. This plant is located in a county that has suffered a large number of plant closings and down-sizings. This is an industrial project and is not located on a brownfield.

Employment Projections: 99 new

2005 Gas Usage: 135,474 MCF

Gas Throughput Projections: 3,556 MCFY

Private Investment Projections: \$28,000,000

Other Economic Benefits: In addition to those described above, incremental employment attracts or retains residential/commercial usage and associated utilization of existing infrastructure.

Project Name: **Our Lady of Victory Renaissance**

SIC: 8093/8051

Location: 55 Melroy Avenue, Lackawanna, NY

County: Erie

Grant Amount: \$28,000

Date Awarded: 10/09/06

Project Description: The ADP request is to fund \$17,000 in gas mainline costs and \$11,000 in meter set installation. This project involves converting a closed hospital that has been dormant since 2000. This project has three enterprises: Specialty Outpatient Facility, 74-unit Skilled Nursing Facility and 74-unit Apartment housing. This project will involve re-training of displaced hospital workers. This is a commercial project and is not located on a brownfield.

Employment Projections: 281 new jobs in the healthcare industry.

Other Economic Benefits: In addition to those described above, incremental employment attracts or retains residential/commercial usage and associated utilization of existing infrastructure.

Project Name: Pellicano Specialty Foods, Inc.

SIC: 2032

Location: 195 Reading Street, Buffalo, NY

County: Erie

Grant Amount: \$5,830.55

Date Awarded: 12/19/06

Project Description: ADP funding request was for house-line gas piping costs associated with installation of a new boiler. This boiler was necessary to facilitate a plant expansion to triple the output of a local specialty foods manufacturer to meet the demands of a growing customer base. The project is on a commercial property in an Empire Zone and is not located on a brownfield.

Employment Projections: 10

2005 Gas Usage: 362 MCF

Gas Throughput Projections: 350 MCFY

Private Investment Projections: \$35,000

Other Economic Benefits: In addition to those described above, incremental employment attracts or retains residential/commercial usage and associated utilization of existing infrastructure.

Project Name: Riverview Commerce Park
SIC: Various
Location: 5201 River Road, Tonawanda , NY
County: Erie
Grant Amount: \$79,579.18
Date Awarded: 10/18/06

Project Description: ADP funding request was for installation of 907 lineal feet of gas main on River Road and for 4,415 lineal feet of gas main along the newly installed roads of the Riverview Commerce Park. This is 106 acres of previously vacant land that will have an ultimate build-out of 250,000,000 sq. ft. of office space and 700,000 sq. ft. of light manufacturing or distribution space. It will have the potential to employ 1,900 office workers and 450 distribution workers. The location of the property is being marketed as an attraction for Canadian companies. This property is commercial/light industrial and is located in an Empire Zone. This project has been also been recognized by the Build Now Fund IV and has been awarded "Shovel Ready" status by New York State. This is not located in a brownfield.

Employment Projections: 2,350.

Gas Throughput Projections: 7,500 MCFY

Private Investment Projections: \$5,100,000

Other Economic Benefits: Significant potential multiplier. Project job potential creates opportunity for increased usage of existing infrastructure in mature section of territory.

Project Name: Special Metals Corporation

SIC: 3462

Location: 100 Willowbrook Avenue, Dunkirk, NY

County: Chautauqua

Grant Amount: \$108,151

Date Awarded: 11/20/06

Project Description: ADP funding request for \$108,151 was for \$31,625 in downstream gas service piping and \$153,052 in houseline gas piping costs. This work was part of a \$32,000,000 plant expansion, which will add 7 new furnaces to one of National Fuel's largest customers. This plant investment will also add 8,500 sq. ft. of plant space, double the production output and improve total quality control. This will position them to be more competitive in the global aerospace and metals market.

Employment Projections: 45

2005 Gas Usage: 387,430 MCF

Gas Throughput Projections: 125,000 MCFY

Private Investment Projections: \$32,000,000

Other Economic Benefits: Helps to establish significant presence and maintained use of infrastructure in mature area otherwise experiencing disinvestment.

Project Name: **Woodlands Corporate Center**

SIC: Various

Location: Forest Parkway, Wheatfield, NY

County: Niagara

Grant Amount: \$62,662

Date Awarded: 12/01/06

Project Description: ADP funding request was for \$62,662.47 to install 3,927 lineal feet of 4" gas main. A unique aspect of this project was the system improvement need for this gas pipe to close a gap in the middle of the business park between Townline and Shawnee Roads. Closing the gap allowed for the gas system supply to be adequate for the applicant to continue to build-out the park. This allowed for the park to be shovel-ready and to have adequate gas delivery to attract and construct new buildings. This is the second phase of a park where this developer has proven his previous employment and economic impact projections. The developer projects a payroll of \$28,000,000 in new jobs once the park is at build-out. The location of this park will also allow for marketing to Canadian firms. This is both commercial and industrial property and is not located on a brownfield.

Employment Projections: 1,500.

Gas Throughput Projections: 19,919 MCFY

Private Investment Projections: \$100,000,000

Other Economic Benefits: In addition to those described above, incremental employment attracts or retains residential/commercial usage and associated utilization of existing infrastructure.

IV. Conclusion

This is the Company's first annual report on the ADP and it reflects a lower volume of activity because the program was not officially approved until June 2, 2006. In its six-month existence, the program has been very well received by the applicants, our customer base and the economic development community. Upon approval of the ADP, we have begun the process of rolling the program out to the economic development community. They have praised the program as an important added tool for both business attraction and retention. Furthermore, we have received favorable support for the application and quick turn-around of the review process. Our method of having the Energy Services account managers work directly with the applicants has fostered a very efficient and user-friendly process. We are encouraged by the initial reception in the six-month existence of the program. Furthermore, we believe that our heightened promotion plans for 2007 will greatly increase the effectiveness of this program moving forward.

V. Appendices

Appendix A

Program Outreach Publications



New National Fuel Program to Support Economic Growth and Redevelopment in western New York

(June 7, 2006) Williamsville, New York: National Fuel Gas Distribution Corporation announced that the New York State Public Service Commission has approved its Area Development Program. The program, designed to support economic activity and redevelopment initiatives in the Utility's western New York service area, is now accepting applications.

The Area Development Program will make available up to \$750,000 a year, for five years, with individual grant amounts being determined on a case-by-case basis. To be approved for funding, projects must be natural gas-related and meet at least one of the following criteria:

- Stimulate investment in infrastructure for the development of under-utilized industrial or commercial property, including, but not limited to, brownfield sites or brownfield opportunity areas.
- Create new or higher-value employment opportunities.
- Provide workforce training (or retraining) to assure that higher-value skills are available to the workforce when needed.
- Stimulate the expenditure of private investment in direct capital expenditures needed to expand employment opportunities.

"We are pleased to offer this program as a complement to the other economic development incentives available to those looking to make western New York home to a new project and we look forward to the additional growth that these projects may prompt," said Ronald J. Tanski, President, National Fuel Gas Distribution Corporation.

For more information on the Area Development Program, or to request an application for a grant, call the Energy Services department at (716) 857-7776 or visit www.nationalfuelgas.com and look for 'Economic Development Programs' under the 'For Business' section.

National Fuel Gas Distribution Corporation, the Utility segment of National Fuel Gas Company, provides natural gas service to more than 500,000 customers in western New York and more than 200,000 customers in northwestern Pennsylvania. Additional information about the Utility and its customer services is available at www.nationalfuelgas.com or by calling 1 (800) 365-3234.

Media Contact: Julie Coppola Cox (716) 857-7079



Building on 100 Years...Serving Customers

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Economic Development Programs

For Commercial and Industrial Accounts

National Fuel offers three economic development programs for businesses in western New York.

For Business

AREA DEVELOPMENT PROGRAM

GENERAL CUSTOMER SERVICE INFO:
(716) 686-6123 (NY)
(814) 871-8200 (PA)
 outside these calling areas:
1-800-365-3234

The program provides grants for specific projects in order to stimulate economic activity and redevelopment in National Fuel's service area. To be approved for funding by National Fuel, projects must be natural gas-related and meet at least one of the following criteria:

GAS EMERGENCIES:
1-800-444-3130
 24 hrs./day, 7 days/week

- Stimulate investment in infrastructure for the development or redevelopment of underutilized industrial or commercial property, including but not limited to brownfield sites or brownfield opportunity areas.
- Create new employment opportunities or higher value employment opportunities.
- Provide workforce training or retraining to assure that higher value skills are available in the workforce, when needed.
- Stimulate the expenditure of private investment in direct capital expenditures needed to expand employment.

UNRESOLVED COMPLAINTS/CONCERNS:
NY:
(716) 857-7921
1-800-453-3513

PA:
(814) 871-8501
1-800-352-1900

This program was developed in conjunction with the New York State Public Service Commission. For a copy of the order approving this program, [click here](#).

For information on this program, contact Dave Burke at 716-857-7355 or Cliff Mason at 716-857-7025.

BUSINESS DEVELOPMENT RATES

A transportation rate discount is available for businesses, not in an Empire Zone, that qualify and meet at least one of the following requirements:

- New facility (minimal annual usage of 24,000 Ccf)
- Existing facility purchased/leased and **vacant 6 months or more** (minimal annual usage of 24,000 Ccf)
- Expansion of existing facility (minimal annual incremental usage of 12,000 Ccf)

EMPIRE ZONE RATES

A transportation rate discount is available for businesses within an Empire Zone that have been awarded a New York State Empire Zone Certificate and meet at least one of the following requirements:

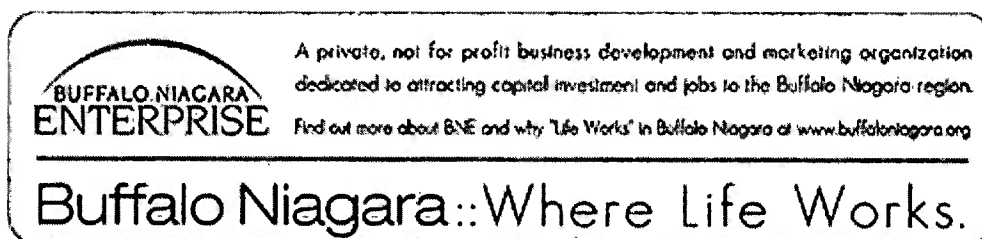
- New facility (minimal annual usage of 12,000 Ccf)
- Existing facility purchased/leased and **vacant 6 months or more**

(minimal annual usage of 12,000 Ccf)

- Expansion of existing facility (minimal annual incremental usage of 6,000 Ccf)

OTHER RESOURCES

Offering information on other Economic Development Programs in western New York is the Buffalo Niagara Enterprise. Visit www.buffaloniagara.org to find out more about BNE and why "Life Works" in Buffalo Niagara.



For additional resources to augment National Fuel's Area Development Program, please consider the following:

- For low cost/no cost business assistance in counseling/mentoring, federal government contracting and financing, contact the U.S. Small Business Administration (SBA)

or SBA's partners in entrepreneurship:

- SCORE Counselors to America's Small Business
- Small Business Development Centers (SBDC's)
- Womens Business Center

For more information, please call the Buffalo District Office of the U.S. Small Business Administration at (716) 551-4301.

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National Fuel's
Economic
Development
Programs

Dave Burke
 General Energy Consultant
 (716) 857-7355



NFG in WNY:





Programs

- Empire Zone Rates
- Businesses Development Rates
- Area Development Program



Empire Zone Rates



NFG serves 11 zones:





Eligible Customers

- Large commercial & industrial.
- New or expanding – add load to NFG system.
- In an Empire Zone.





Qualifications

- EZ certificate.
- NFG account.
- Meet consumption requirements.
- Apply 30 days ahead.
- ⇒ Can apply while waiting for EZ certificate.



General

- Discount on transportation rate.
- Available for 10 years.
- Amount:** 7.4 ¢/Ccf - 0.3 ¢/Ccf
- Savings:** 46% - 9% (Off transportation rate)



New Business Requirements

- New to NFG service area.
- ⇒ If moving from within NFG area, considered an expansion customer.
- Min. usage: 12,000 Ccf over 12-months.
- All usage is eligible.



Estimating Annual Usage

Rule of Thumb

- 2,000 ft² house uses 1,200 Ccf/yr.
- ∴ 10 houses (20,000 ft²) ≈ 12,000 Ccf/yr



Expanding Businesses:

Applying the Discount



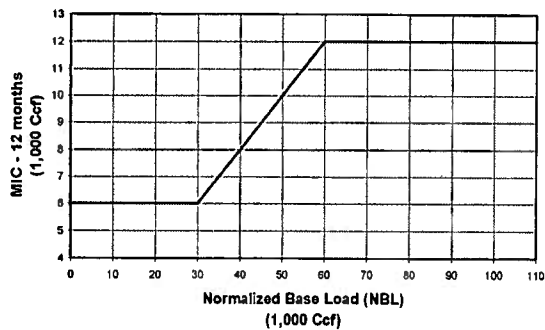
Step 1: calculate Normalized Base Load.

Step 2: determine Minimum Incremental Consumption (MIC).

⇒ MIC varies with consumption (chart).



Empire Zone Rate - Expanding Customer Minimum Incremental Consumption (MIC)





Expanding Businesses:

Applying the Discount

(continued)



Step 3:

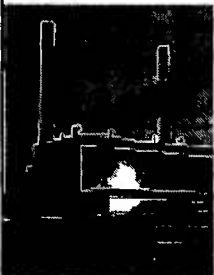
- Monitor.
 - When NBL is reached, apply discount.
- ⇒ Only MIC & above qualifies for discount.



Business Development Rates



Eligible Customers



- Large commercial or industrial.
- New or expanding – adding load to NFG system.



Qualifications

- NFG account.
 - Meet consumption requirements.
- ⇒ Apply 30 days ahead.



General

- Discount on transportation rate.
- Available for 5 years.
- Amount:** 5.9 ¢/Ccf - 0.1 ¢/Ccf
- Savings:** 36% - 3%



New Business Requirements



- New to NFG service area.
- ⇒ If moving within NFG area, considered expansion customer.
- Min. usage: 24,000 Ccf over 12-months.
- All usage is eligible.




Estimating Annual Usage




Rule of Thumb

- One 2,000 ft² house uses 1,200 Ccf/yr.
- ∴ 20 houses (40,000 ft²) ≈ 24,000 Ccf/yr



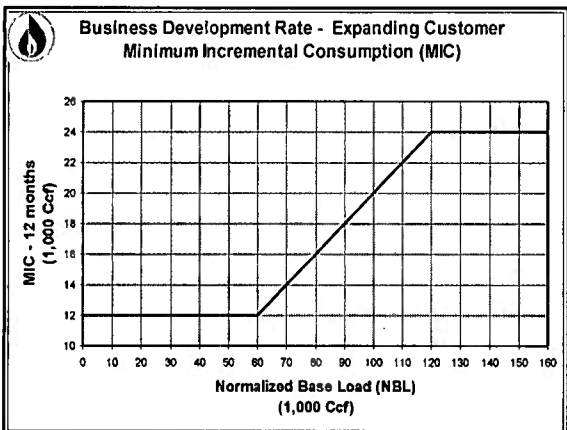
Expanding Businesses: Applying the Discount





Step 1: calculate Normalized Base Load.

Step 2: determine Minimum Incremental Consumption (MIC).

⇒ MIC varies with consumption (chart).





 **Expanding Businesses:**
Applying the Discount
(continued) 

Step 3:


- Monitor.
- When NBL is reached, apply discount.

⇒ Only MIC & above qualifies for discount.

 **Area**
Development
Program

 **Grant Money**

- Commercial & industrial projects.
- Promote economic activity and redevelopment.
- Must have link to natural gas.





Project Criteria



Meet 1 or more of these:

- Stimulate development of underutilized property.
- Develop a brownfield site.
- Create new or higher value employment opportunities.



Project Criteria

(continued)

- Provide workforce training or retraining.
- Stimulate expenditure of private investment to expand employment.





Other

- Competitive process.
- Applications required.
- Apply 90 days prior to needing grant.





Types of Projects

Funded to Date...

Provide gas piping to area medical park	\$ 22,753
Provide gas piping to Erie Canal Harbor Project	8,730
Extend gas mainline to serve new area employer	19,159
Gas meter relocation cost for plant expansion	50,000
Increase gas main sizing for healthcare provider	28,000
Expansion to boiler house for local food processor	13,018
Provide gas service to local business park	80,000
Assist with houseline installation at metals manufacturer	108,151
Assist area developer with industrial park gas lines	62,662
TOTAL:	\$392,473



Funding Timing...

August 2005 – July 2006	\$ 750,000
August 2006 – July 2007	750,000
August 2007 – July 2008	750,000
August 2008 – July 2009	750,000
August 2009 – July 2010	750,000
TOTAL:	\$3,750,000



Summary



- More tools to assist commercial & industrial customers.

website:

nationalfuelgas.com/forbusiness/EconomicDevelopment.htm

Appendix B

Area Development Grant Award Tabulation

NFGDC 2006 Area Development Award Summary										
Facility Name Address	SIC	Zoning	Brownfield Y/N	Grant Amount Date	Jobs New Retained	Gas Load (MCFY) Retained Incremental	2005 MCF Gas Usage	Private Investment \$\$	Other Economic Benefits	
Colvin Woods Medical Office Park Niagara Falls Memorial Medical Center 6924-6947 Elaine Drive Wheatfield, NY	8011	Commercial	N	\$22,753.00 12/01/06	60		2038	0		Construction Jobs
Erie Canal Harbor Project Empire State Development Corp Main Street Buffalo, NY	Various	Commercial	Y	\$19,230.00 10/18/06	316		TBD	0		Waterfront Development
Hydro-Air Components - New Headquarters Hydro-Air Components 100 Abbey Street Buffalo, NY	3433/33414	Industrial	Y	\$19,159.00 10/18/06	135	165	7000	0	\$ 10,000,000	Global HQ location
Nestle Purina Petcare Co. Expansion Nestle Purina Petcare Company 3800 Middle Road Dunkirk, NY 14048	2047	Industrial	N	\$50,000.00 11/09/06	99		3,556	135,474	\$ 28,000,000	refurbish 100000 sqft
Our Lady of Victory Renaissance Continuing Care Foundation 291 North Street Buffalo, NY	8093/8051	Commercial	N	\$28,000.00 10/09/06	281		TBD	0		Revitalize closed hospital
Pellicano Specialty Foods Gas Line & Boiler Update Pellicano Speciality Foods, Inc. 195 Reading Street Buffalo, NY	2032	Commercial	N	\$5,830.55 12/19/06	10		350	362	\$ 35,000	Empire Zone Tenant
Riverview Commerce Park Broad Elm Management, Inc. 5201 River Road Tonawanda, NY	Various	Commercial	N	\$79,575.18 10/18/06	2,350		7,500	0	\$ 5,100,000	Empire Zone
Special Metals Corp. Special Metals Corp. 100 Willowbrook Avenue Dunkirk, NY 14048	3462	Industrial	N	\$108,151.00 11/20/06	45		125,000	387,430	\$ 32,000,000	Increase plant output
Woodlands Corporate Center LI2 Holding LLC 3790 Commerce Ct., Suite 800 Wheatfield, NY	Various	Mix Use	N	\$62,662.47 12/20/06	1,500		19,918	0	\$ 100,000,000	Attract Canadian Tenants
				\$395,361.20	4,420	165	163,324		175,135,000	