



National Fuel[®]

Northern Access Project Update

January 2017

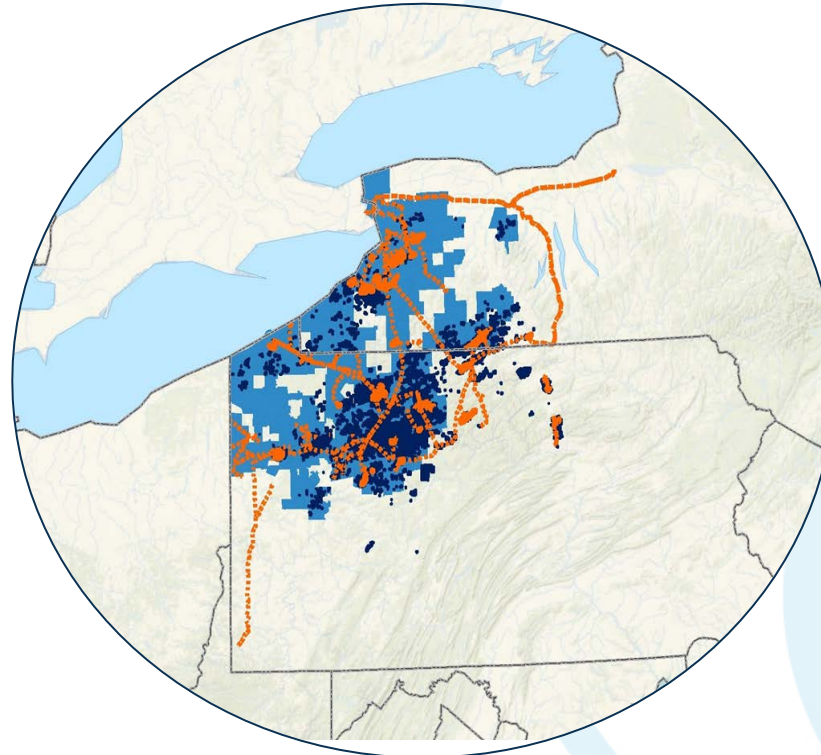
The Home Team

NFG is the only large, diversified public energy company headquartered in Western New York!

2,094
Full-Time
Employees Across
All Divisions

1,017
Union
Employees

2,274
Retirees



\$5 Billion
Investments in NY &
PA since 2010

740,000
Utility accounts served
1.2 million people NY
.5 million people PA

Our employees and retirees work, live and raise families in our operational footprint.

Buffalo-Based Company Growing New York's Economy

Investing in New York Since 1902:

- \$1.9 billion in assets across New York corporate footprint
- Operating more than 10,000 miles of pipeline in New York
- Invested \$892 million in Utility and Midstream infrastructure since 2008

Substantial Economic Impact in New York:

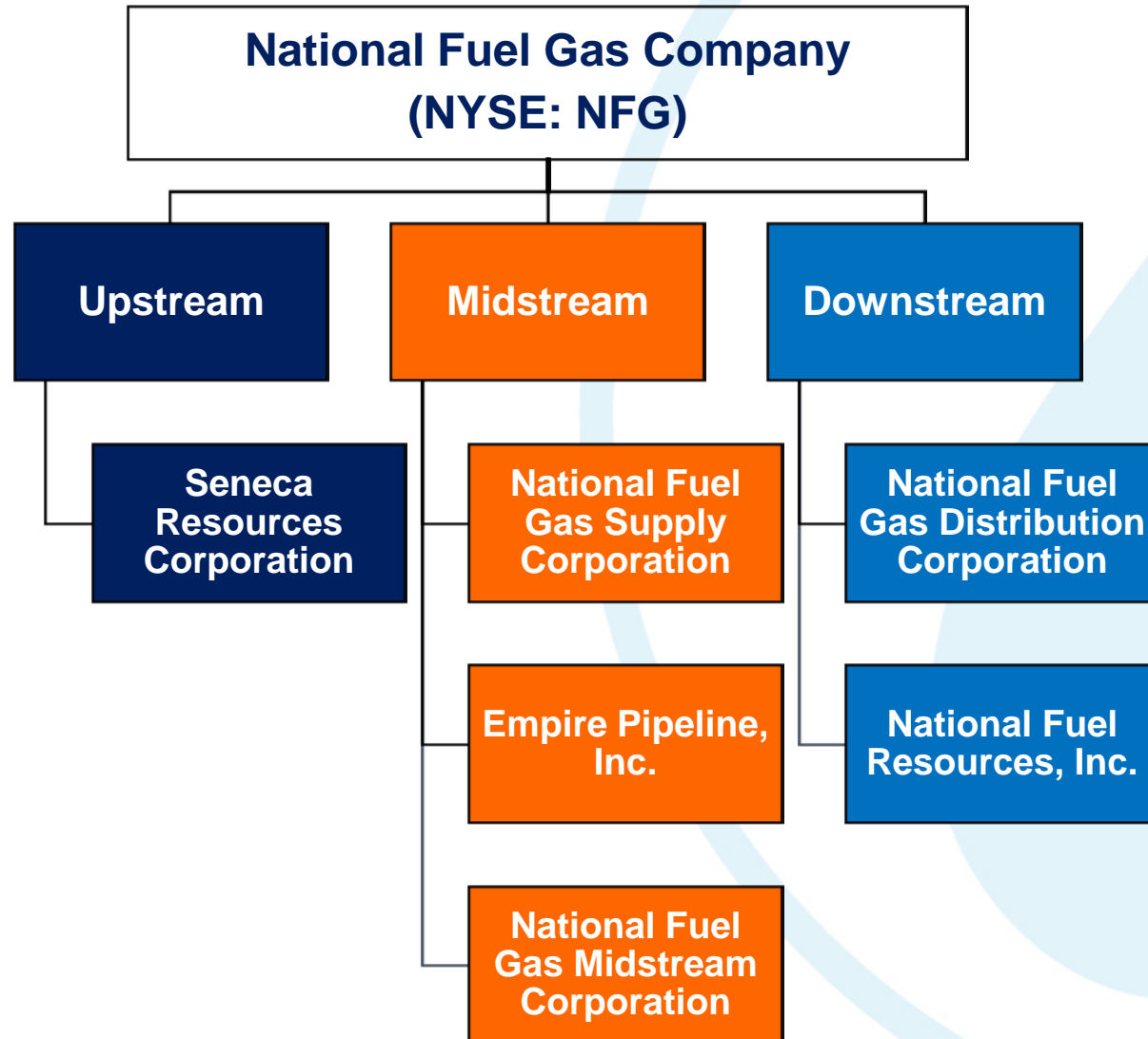
- Employs 1,243 employees (730 union)
- Supports 1,574 retirees

Over the Last Five Years in New York:

- 456 new employees hired
- \$568 million in payroll impact
- \$186 million in pensions paid
- \$440 million spent with more than 600 vendors
- \$369 million in taxes paid in New York state
- \$ 14 million in employee, Foundation and Company donations

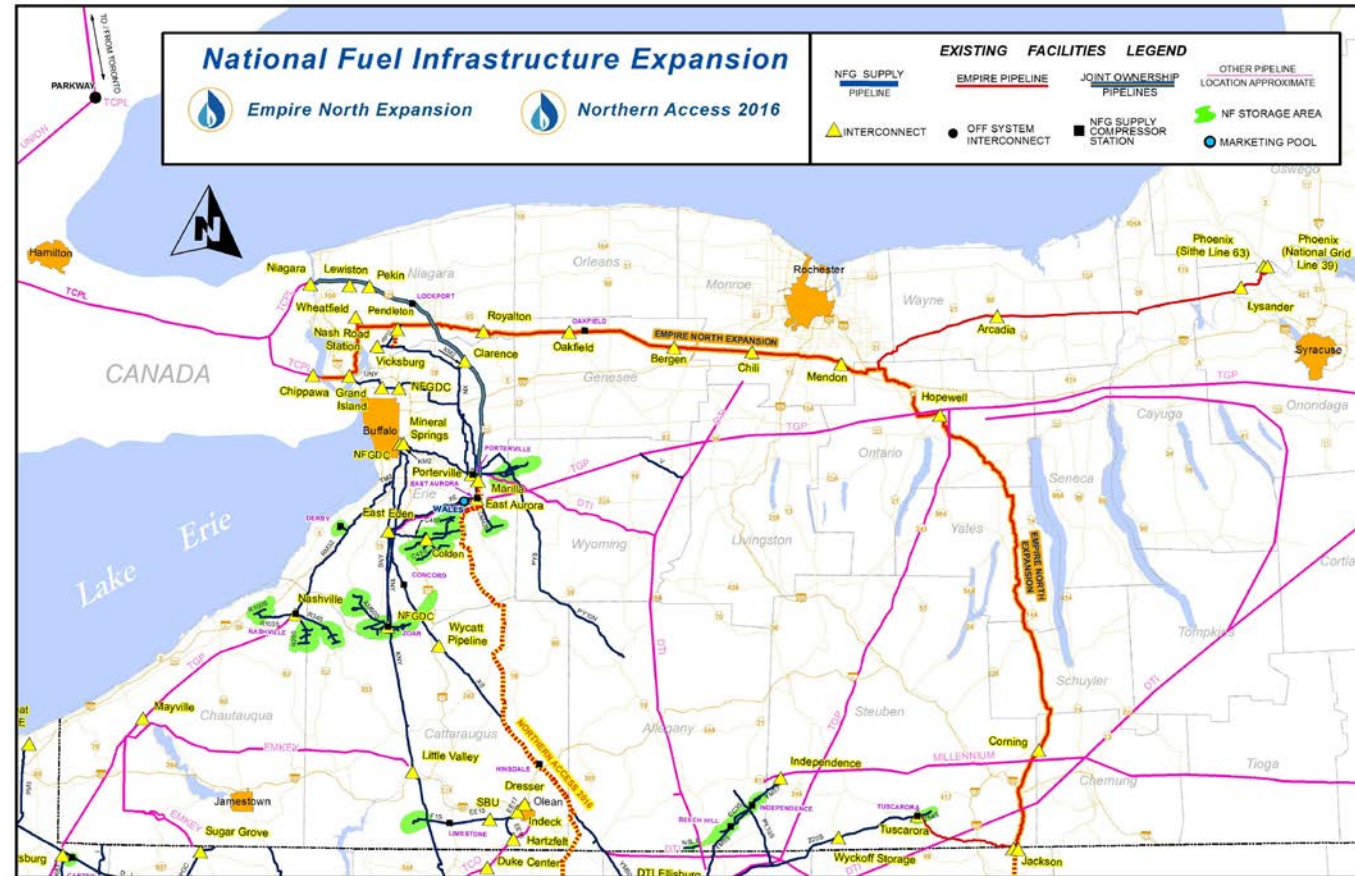


Integrated Business Model: Key to Long-term Success



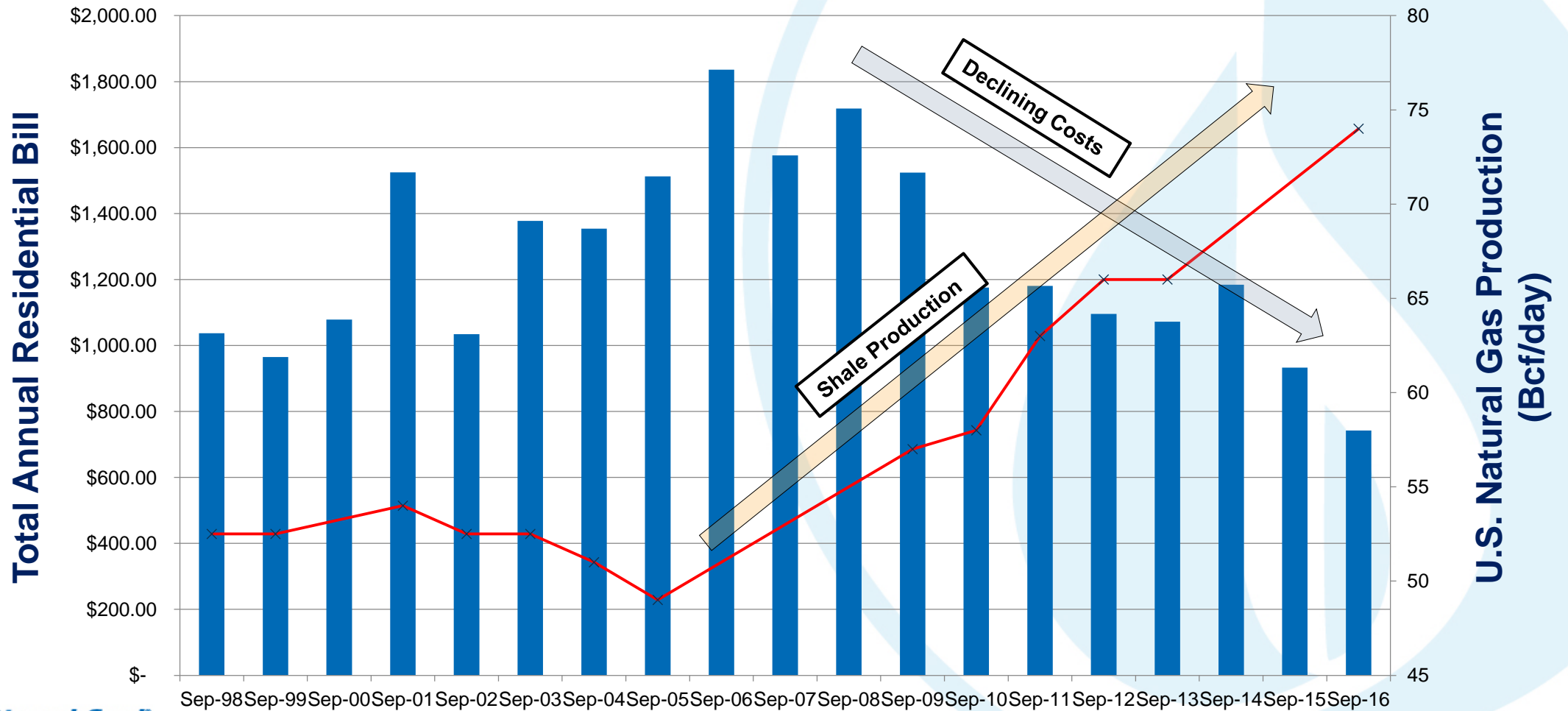
Track Record of Infrastructure Expansion in New York

- Invested \$578 million in new Western New York Midstream energy infrastructure since 2008



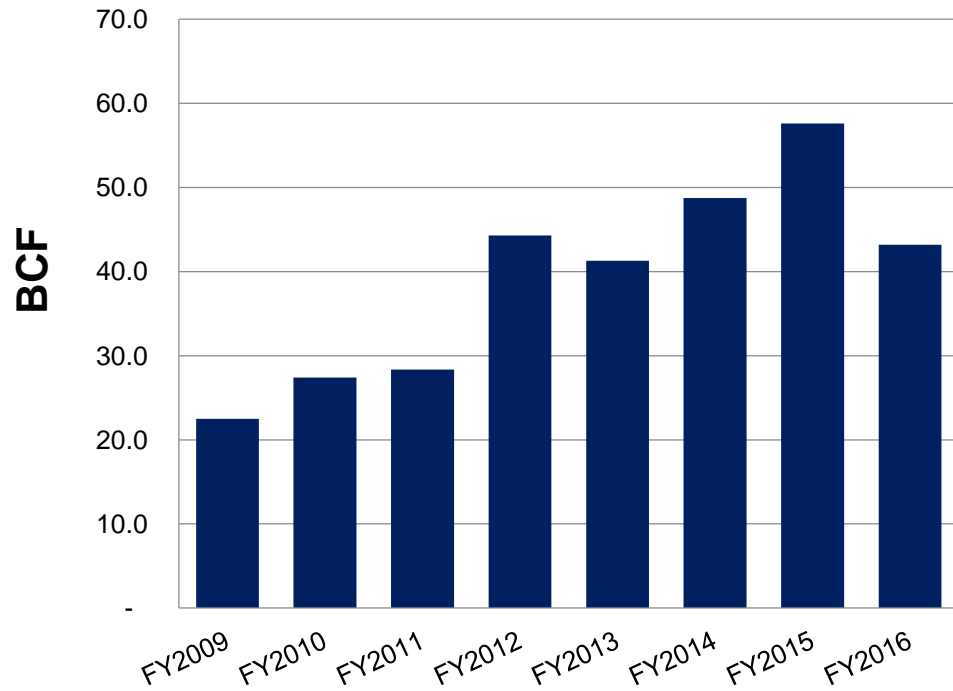
Northeast Shale Supplies Benefitting Western New York

Average Annual Customer Bill (Weather Adjusted) vs Total Natural Gas Production

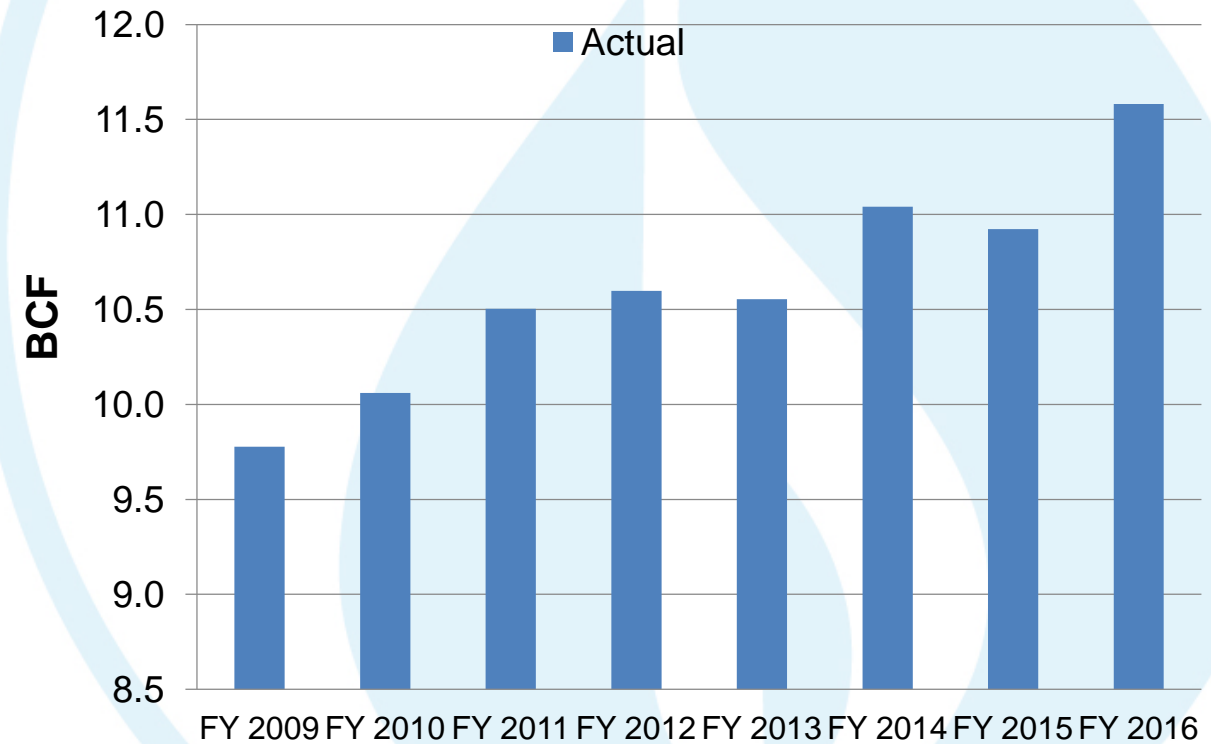


Northeast Shale Supplies Benefitting Western New York

National Fuel System Power Generation Consumption

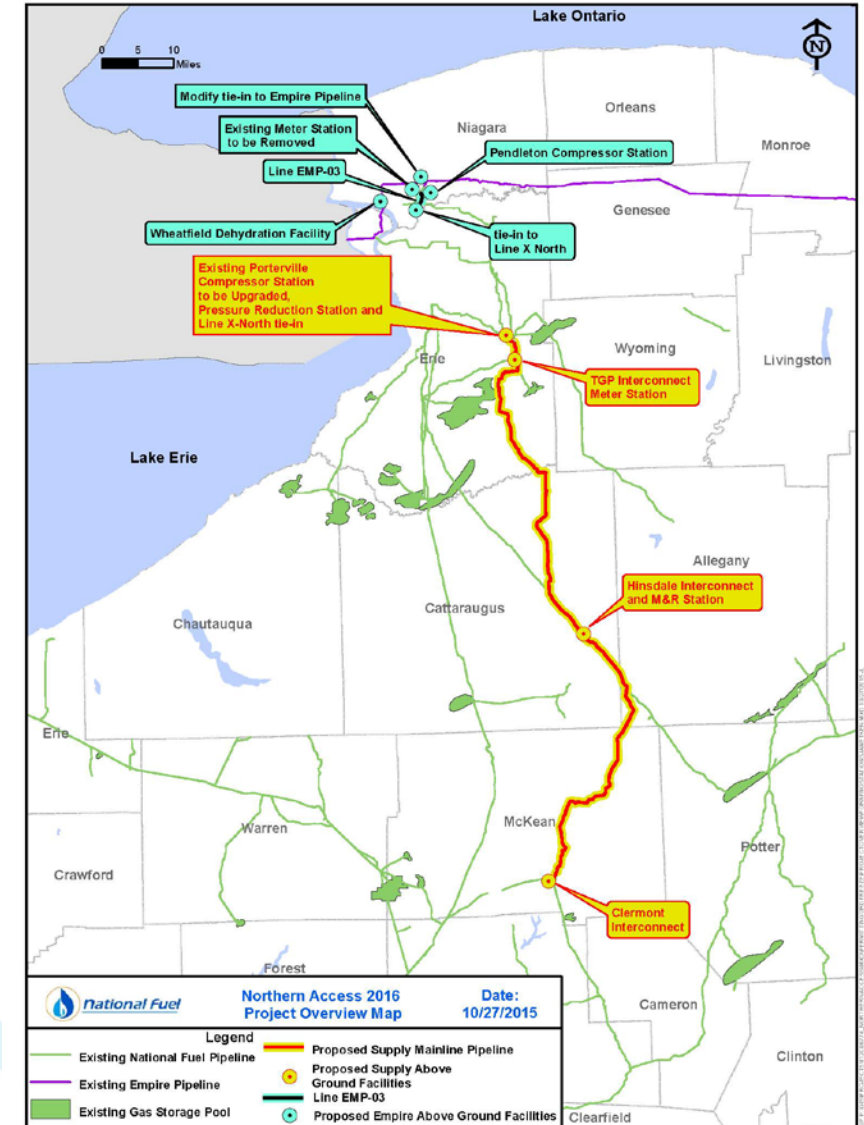


NY Large Volume Industrial excluding Power Generation



Northern Access Project

- Jointly developed by Supply Corporation and Empire
- Provide much needed transportation capacity to access new abundant and growing natural gas supply.
- Provide reliable and economic supplies of energy to the North American pipeline grid, serving New York state, Northeast U.S., and Canada
- Provide in total 490,000 Dth/d of new firm natural gas transport capacity from McKean County, Pa.
- 140,000 Dth/d to Tennessee Gas Pipeline serving New York state and New England markets
- 350,000 Dth/d on Empire serving New York state, Canadian and Midwest U.S. markets
- NFGSC – 96.9 miles (69.14 miles in New York state) of 24-inch pipeline (McKean County, Pa., and Allegany, Cattaraugus, and Erie Counties, N.Y.) and 5,350 horsepower compression in Erie County, N.Y.
- Empire – 2.1 miles of 16- and 24-inch pipeline and 22,214 horsepower compression in Niagara County, N.Y.

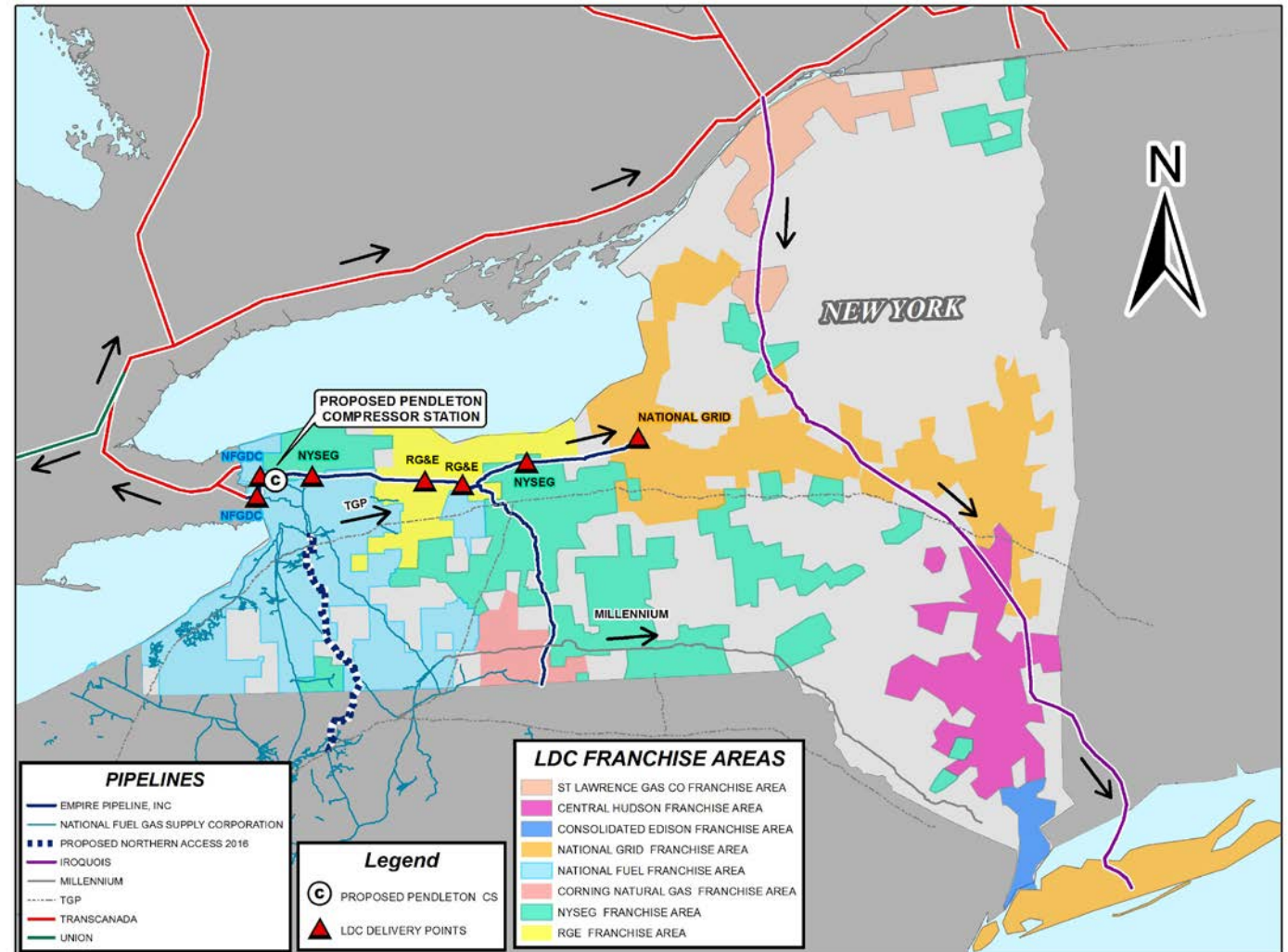


National Fuel

Serving New York State Markets

Midstream Customers Include:

- National Fuel Gas Distribution Corporation
- National Grid
- Rochester Gas and Electric
- Consolidated Edison
- New York State Electric and Gas
- Central Hudson
- Chautauqua Utilities
- Marketers serving those utilities



Substantial New York State Investment

Northern Access Project Investment

- \$455 million overall expected cost
- \$359 million in New York state
 - Four counties annual estimated total property tax: \$11.8 million
 - Cattaraugus \$4.8 million
 - Niagara \$2.8 million
 - Erie \$2.7 million
 - Allegany \$1.5 million
 - **School Districts to Benefit:**
 - Springville-Griffith Institute
 - Pioneer Central Schools
 - East Aurora Schools
 - Iroquois Schools
 - Starpoint Schools
 - Niagara Wheatfield Schools
 - Bolivar-Richburg Schools
 - Portville Schools
 - Hinsdale Schools
 - Franklinville Schools
 - West Valley Schools
 - Yorkshire-Pioneer Schools



Substantial New York State Investment

Northern Access Project Economic Impact

- \$931 million direct and indirect impact
 - \$735 million in New York state
 - Multiplier effect adds \$476 million with ripple effect related to increased economic activity during construction phase
- Jobs
 - Peak construction workforce estimated at 1,680 jobs throughout the entire project
 - Much of the work performed by New York state firms
 - 75% of these jobs are in New York state
 - Supports new and growing employment at National Fuel (union and professional, including engineers, accountants, attorneys and operations positions)
- Primarily union workforce construction jobs
 - Buffalo, Niagara County and Southwestern Trades to build the New York portion of the project



NYISO Issues Power Trends 2016

NEWS RELEASE



For Immediate Release:
July 5, 2016

NYISO Issues *Power Trends 2016* *Report Surveys the Changing Energy Landscape*

- Power plants fueled by natural gas (both gas-only & dual-fuel) provide 57 percent of New York's total generating capacity.
- Natural gas and dual-fuel projects account for more than 70 percent of proposed generating capacity.
- Low natural gas prices drove record low wholesale electric energy costs in 2015 (lowest in 15-year NYISO history).
- The emissions-free attributes of nuclear generation and the fast-starting ability of gas-fired turbines to balance variable resources such as wind and solar mean that both types of generation provide essential support for the successful integration of cleaner, greener power resources.

NYISO Issues Power Trends 2016

NEWS RELEASE



For Immediate Release:
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"The growing demand for natural gas by power generators, coupled with the uncertainty over the likelihood of future natural gas infrastructure expansions, raises strategic concerns over the gas system's ability to keep pace with the needs of gas utilities serving residential, commercial and industrial customers, while meeting the expanding needs of gas-fired power plants, especially during peak demand conditions in winter and summer."

NY PSC Emphasizes Importance of Infrastructure

Order Approving Electric and Gas Rate Plans in Accord With Joint Proposal (NYSEG/RG&E Case / June 15, 2016)

- “Where customers are seeking to move away from propane and oil as a heating source, utilities have an obligation to serve those customers by providing access to natural gas...”
- “As customers are given the opportunity to convert, it will significantly reduce carbon emissions consistent with the state’s ambitious emissions reduction goals.”
- “In addition to the environmental benefits, the expansion of natural gas service will bring more affordable heat to New York homes and businesses...Low-cost gas can help residential customers struggling to pay bills.”
- “Importantly, [availability of low-cost gas supplies] can also act as a catalyst for economic growth by attracting businesses to New York..If infrastructure is not available, those businesses, and the jobs associated with them, may not choose New York.”

2.5 Years of Extensive Project Outreach

- 7 pre-filing public meetings (May-November 2014)
- 3 FERC scoping sessions (November 2014 & May 2015)
- 5 public information forums (Niagara County)
- 1 meeting with Niagara County first responders
- 7 facility tours for residents and elected officials
- 2 meetings with Kara Allen, Assistant Secretary for Energy
- Dedicated and frequently updated project website
- Monthly responses to FERC scoping comments
- Regular attendance at town board planning meetings

INFORM. INVOLVE. EDUCATE.

National Fuel invites you to attend **PUBLIC INFORMATION FORUMS** on the proposed Pendleton Compressor Station on either Oct. 7th or Nov. 7th.

You will have the opportunity to have one-on-one conversations with National Fuel representatives responsible for compressor station design, safety, and operations and view architectural renderings of the proposed station. Third party experts will also be on hand for questions.

THE FORUMS WILL INCLUDE: 16 potential hours of discussion and interaction with National Fuel representatives and environmental consultants; 6 presentations on the design and operation of the proposed station; enough space for 750 people in total to attend a presentation; architectural renderings of the proposed station on hand.

The Wendelville Volunteer Fire Company's fee-based rental of space for this event, should not be interpreted as a project endorsement.



Pipeline Routing

Pipeline Routed to Follow NYSEG/National Grid Overhead Power and NFGSC Pipeline Corridors to the Extent Practicable:

- 78% of 69.14 miles in New York state is co-located
- 100% of route field surveyed
- 80% of rights-of-way secured through negotiations with landowners

Reroutes to Minimize Impacts to:

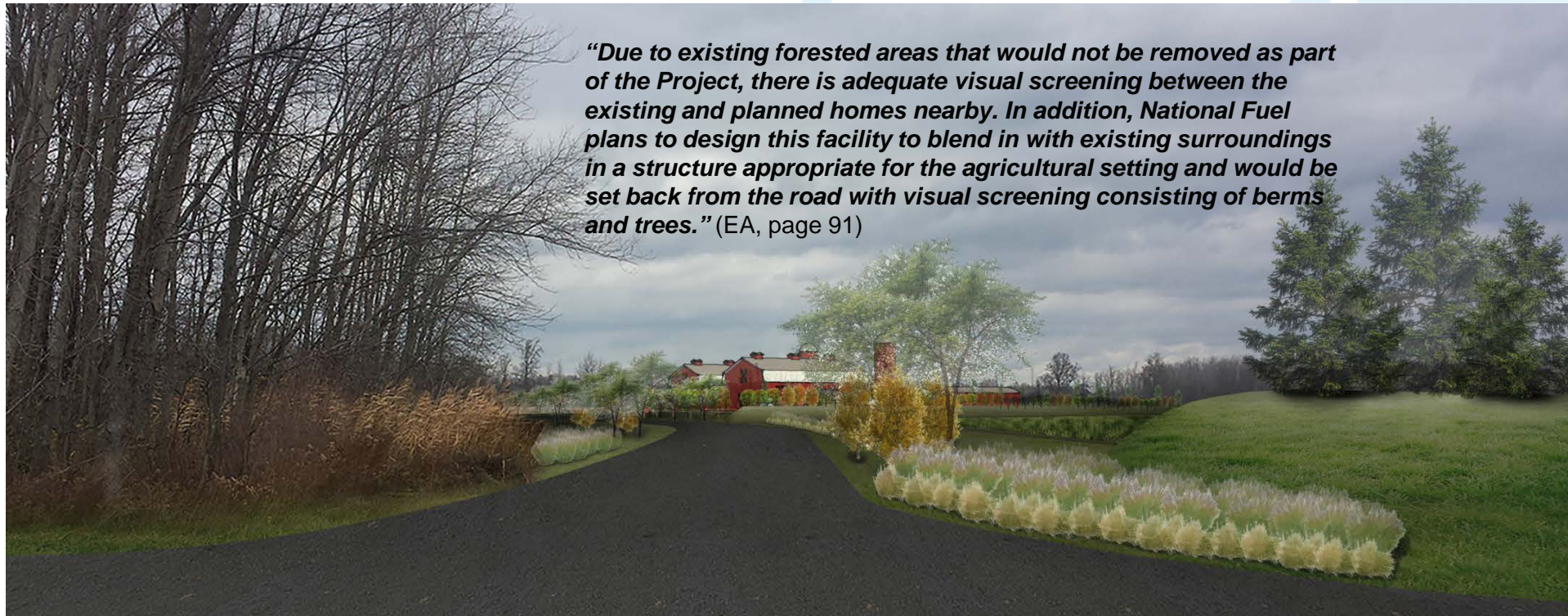
- Springs and wells used for homes, livestock and municipal supply
- Cultural resources
- Protect tree screening for visual impacts
- Avoid or minimize impacts to threatened, endangered and special concern habitat
- Avoid or minimize impacts to wetlands or streams
- Land development
- Constructability issues



A restored right-of-way along a recently completed pipeline project in Washington County, Pa.

Compressor Station Design Enhancements

- **Commitment to low emissions:** SoLoNox equipped turbines, oxidizing catalyst, vent gas recycle
- **Commitment to low noise:** Minimal to no increase over ambient noise levels at closest residences
- **Extensive aesthetic treatments and minimized lighting**



Environmental Assessment Overview

"The FERC staff concludes that approval of the proposed project, with appropriate mitigating measures, would not constitute a major federal action significantly affecting the quality of the human environment."
(Cover Letter)

- Issued July 27, 2016 after two years of environmental review
- Nearly 60,000 pages of environmental analysis provided
- Included rigorous and detailed studies relative to aquatic resources, vegetation and wildlife, cultural resources, geology, soils, land use, air quality, noise, project alternatives and cumulative impacts
- No areas of significant unaddressed concern identified by staff
- Thorough acknowledgement and response to comments filed by community stakeholders
- Adoption of Environmental Assessment compels National Fuel to implement FERC's twenty six listed "mitigation measures" **IN ADDITION TO** National Fuel's commitments.
- Conditions relate to construction practices, cultural resources, road crossings, forest protections, fish and wildlife mitigation, wetlands, water crossings, post-operational filings and testing and more.
(Pages 177-184 of E.A.)

Pendleton Compressor Station FERC Findings

- Hydraulically, the Pendleton Compressor Station is necessary (Page 166)
- “This site is zoned Light Industrial and permits essential services, such as the proposed natural gas infrastructure.” (Pg 167)
- “This site avoids construction/pipeline replacement along the Frontier Chemical hazardous waste site, addressing a concern expressed by numerous commenters.” (Page 167)
- “...National Fuel has proposed mitigation to minimize visual impacts, maintain compliance with air quality standards, and reduce facility noise below our noise limit standards. The proposed site would be the most efficient from an engineering standpoint...Based on the environmental, engineering, and acquisition potential of this site, we determined that the alternatives considered do not offer a significant environmental advantage over the proposed site and are not preferable to the proposed action.” (Page 174)

Regulatory Status – Selected Project Filings

Federal Energy Regulatory Commission (FERC) – Section 7 Application

July 2014	Initiated FERC NEPA pre-filing process; multiple meetings with FERC Staff
March 2015	Submitted FERC Section 7 Application
November 2015	Amended FERC Section 7 Application
February 2016	Notified FERC of updated target in-service date
July 2016	Environmental Assessment published.
January 2017	Anticipated FERC 7C Certificate

New York State Department of Environmental Conservation (NYSDEC)

Ongoing	Consultation relating to threatened/endangered species
February 2016	Joint Application for Section 401 water quality certification (NYSDEC)/Section 404 wetland/waterbody crossing permits (U.S. Army Corps of Engineers) Application for NYS Articles 24 and 15 freshwater wetlands and protection of waters/streams permits
February/April 2016	Application for air registration statement
TBD	Notice of complete application
TBD	NYDEC public meetings
Early March 2017	Anticipated water quality certification and air registration statement