National Fuel®

What's Driving Your Natural Gas Bill

If your energy bill feels higher than expected lately, you're not alone. A colder winter resulted in higher consumption for home heating last season. And the price of supplies has risen as energy demand has increased across the economy.

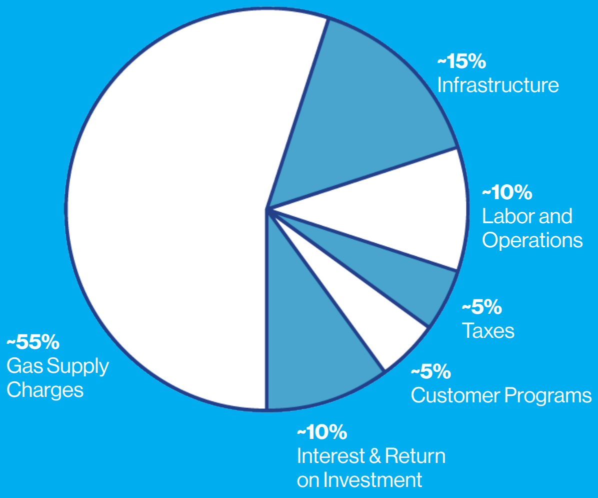
Nevertheless, natural gas remains an affordable source of energy compared to other alternatives, including electricity. Utilities also don't markup gas supply costs. They pass these costs along to the customer dollar for dollar, earning no profit from the physical quantity of the gas consumed.

Taking a closer look at how the different pieces of a utility bill fit together can help you understand what's really driving energy costs in Pennsylvania.

Utilities are responsible for delivering energy safely and reliably to customers. National Fuel invests more than $70 million each year to maintain and modernize a pipeline system that spans 5,000 miles and serves 230,000 customers. From time to time, National Fuel adjusts its delivery rates to recover the rising cost of necessary investments and its operations. National Fuel has proposed delivery rate increases only 2 times in last 20 years.

The Pennsylvania Public Utility Commission reviews and approves utility rates and regulates how much profit utilities are allowed to earn. For National Fuel, that amounts to approximately 8 cents for every dollar billed. The PUC's role is to ensure rates remain just and reasonable while allowing utilities to recover the cost necessary to provide reliable service.

Supply (=55%) **Distribution (=45%)**



The Cost of Natural Gas

What to Know:

- **~55% of your bill is the cost of natural gas itself.**
- This cost fluctuates based on market supply and demand.
- Reflects the market price of natural gas
- **Utilities don't profit from this cost—it's passed directly to customers.**

The Cost to Deliver Energy

What to Know:

- **15% Infrastructure**
  Using and maintaining a 5,000-mile natural gas distribution system
- **10% Labor and Operations**
  Employing skilled local workers who operate and maintain the system
- **5% Taxes**
  Includes state and local sales taxes
- **5% Customer Programs**
  Funding for low-income customer assistance programs
- **10% Interest & Return on Investment**
  Financing costs related to the $570 million system investment