

RELEASE DATE: Oct. 6, 2014

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NATIONAL FUEL FORECASTS THAT UTILITY CUSTOMERS WILL LIKELY SEE A 20 PERCENT REDUCTION IN HEATING SEASON BILLS THIS WINTER

(Oct. 6, 2014) WILLIAMSVILLE, N.Y. -- While the calendar just flipped to autumn, officials at National Fuel Gas Distribution Corporation (“National Fuel” or the “Utility”) have been thinking about, and preparing for, the upcoming winter for months. On the heels of the coldest Western New York winter in more than 70 years, and increased consumption which translated to higher winter heating season bills for customers for the first time in recent years, National Fuel has good news for its customers. Based on the current forecast, customer bills are likely to decrease this winter by approximately 20 percent from last winter’s heating season, provided we have a more normal “Buffalo” winter.

A home heating bill is determined by two main factors: the price of each unit of natural gas and the amount of gas used. The price of each unit of gas used includes Gas Supply Charges and Delivery Service Charges. Delivery Service Charges reflect the Utility’s cost of delivering safe, reliable natural gas and represent the costs of providing service. The price the Utility pays for gas supply is determined by market forces (commodity pricing) and is passed on to customers through Gas Supply Charges without mark-up as National Fuel cannot, by law, make a profit on gas purchased and then sold to its customers.

During the winter heating season of November through March, the average home in western New York uses 736 ccf of natural gas, though certainly this can vary depending on the size, age and condition of the home. This year’s average winter heating season bill, for the months of November through March, is predicted to be \$648. Last winter’s average customer bill totaled \$808 in a winter that featured a polar vortex with extreme and prolonged cold temperatures which were 13.3 percent colder than normal temperatures. Translated in dollars and cents, customer could expect that this winter, their heating bill could very well be \$160 lower than last year.

“Weather plays a major role in energy consumption,” said Karen L. Merkel, spokesperson for National Fuel. “Every change in the winter weather will affect a home heating system’s usage, not just the temperature but wind, sun, clouds, snow cover, and many other variables from day-to-day and month-to-month. Heating fluctuates from conditions inside the home such as temperature settings, door traffic, use of curtains, and even additional natural gas appliance usage when individuals are inside for longer periods in the winter.”

As a reminder, last winter was definitely one for the record books for the extreme temperatures as well as gas usage. According to National Fuel’s records, Jan. 28th was the “peak day of natural gas consumption,” which was the highest single day of usage since the winter of 2003-2004. The high temperature of 7 degrees and the low of 0 degrees was the coldest day in a frigid month, and gas usage was nearly 70 percent higher than an average January day.

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National Fuel customers can credit the forecasted favorable savings in their winter heating bills to a “perfect storm” consisting of a great location within close proximity to the Pennsylvania shale play, National Fuel’s efficient and cost-conscious gas procurement processes, abundant pipeline infrastructure with capacity to deliver gas reliably and consistently in frigid weather and the growing importance of gas storage within the New York service territory. Ready access to natural gas benefits customers too as it remains the lowest-cost home heating fuel compared to commonly-used alternatives like propane or oil.

Nearly half of the natural gas that customers will use this winter was purchased in the summer months when the prices on the New York Mercantile Exchange ranged from \$4.58 to \$3.81 with Pennsylvania shale production generally selling at a discount of greater than a \$1.00 below those prices. Decades or more of investments by National Fuel in storage capacity expansions and improvements help ensure availability and deliverability of stored gas, purchased at affordable prices, on the coldest winter days. The Utility has a variety of natural gas supply sources and uses a combination of proven methods that allow tremendous flexibility to adjust purchases -- including forward pricing, monthly pricing and daily pricing all combined with both supplier and basin diversity. Local demand for natural gas is currently being met by hydraulically fractured natural gas produced in the Northeast, despite the fact that no shale production is taking place in New York State.

“National Fuel’s gas supply management team builds and manages a portfolio of supply sources, storage and transportation services which include a diverse set of contractual and pricing arrangements that translate to real savings for our customers as we purchase natural gas at the best possible cost,” Merkel said. “Our customers were insulated from last winter’s spot market gas cost increases experienced by many cities across the Northeast because of the Utility’s ability to purchase and store lower-cost gas. As well, our geographic proximity to pipeline capacity and natural gas production was a real advantage.”

Adding to cost stability, because of Utility efficiency efforts gas Delivery Service Charges paid by National Fuel customers haven’t changed in more than 7 years as initially approved in 2007, and re-approved in 2014, by the New York State Public Service Commission. The only increase in customer bills, on the delivery side, has been a result of additional state-mandated taxes.

“While heating costs are certainly the major customer concern, it is worth noting that record consumption last winter presented our delivery system with a historic stress test and our system delivered as required,” Merkel explained. “It was indeed an exceptional winter for natural gas deliveries.”

For customers who want to have level, predictable month gas payments this winter, National Fuel suggests budget plan billing as a way to stabilize monthly heating bills. Numerous programs are available to help individuals who struggle to make their payments and the Utility encourages its customers to contact a customer assistance representative to discuss their personal situation. Information is available on the Utility’s website at www.nationalfuelgas.com.

The Home Energy Assistance Program (HEAP) opens on Monday, Nov. 17, 2014, contingent on available federal monies. This program accepts applications based on income guidelines and funds are distributed on a first-come, first-served basis. For additional information, visit www.HEAPhelps.com or contact 1-877-443-2743. Due in part to a collaborative partnership with Erie County and New York state, nearly 90,000 National Fuel customers received HEAP financial relief last winter in helping to pay their home heating bill, with an average grant in excess of \$420.

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A quick call to customer service can provide information on the following programs: Neighbor For Neighbor Heat Fund is open year round and helps qualified customers, aged 55 years or older, or have a certified medical condition, or are disabled, or are currently receiving unemployment benefits to prevent an energy emergency; Low-Income Customer Affordability Assistance Program offers stable bills, reduced rates and debt forgiveness; a Deferred Payment Agreement allows the potential to negotiate a repayment plan in the event of a problem or special circumstance; Special Protections is applicable for households where all residents are aged 62 years or older, 18 years or younger, blind or disabled. As well, National Fuel's Conservation Incentive Program offers rebates for high efficiency natural gas equipment and free weatherization services for income-eligible customers, both producing substantial savings in heating bills over the long-term.

National Fuel offers additional energy savings tips at its Conservation Incentive Program website at www.nationalfuelforthought.com to help customers manage their energy usage and bills during the cold winter weather.

National Fuel Gas Distribution Corporation is the Utility segment of National Fuel Gas Company, a diversified energy company that is engaged in a number of natural gas-related activities. The Utility provides natural gas service to approximately 730,000 customers in Western New York and northwestern Pennsylvania. To learn more about natural gas safety, visit www.NationalFuelGas.com.

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