

Leatherstocking GAS Company LLC



Town of Sidney Public Meeting

July 14, 2011



Who is LGC LLC?

- LGC LLC was formed as a Joint Venture between Corning Natural Gas Corporation and Mirabito Holdings Inc.
- Combined these companies have proudly served the energy needs of this region for over 190 years!
- LGC believes it can provide low cost, clean burning, locally produced natural gas to industry and residents of the region.

“LOCAL GAS FOR LOCAL PEOPLE”

Corning Natural Gas Corporation (CNGC) Statistics

Number of Customers	14,737
Number of Intermediate & Large Volume Transporters	41
Number of Utilities Served	2
Number of Interstate Pipelines Connected	2
Number of Marcellus Shale Wells Connected	12
Number of Trenton Black River Wells Connected	3
Annual Throughput in Bcf	9
Miles of High Pressure Distribution Lines	106
Miles of Distribution Lines	310
Normal Operating Pressure Psig.	0.25 to 1,000
Franchise Area in Square Miles	700
Municipalities Served	22
Total Assets	\$42,537,787.79
Total Operating Revenue	\$21,999,370.54



CNGC Distribution System Overview

Franchise area is 700 Square Miles in 3 Counties Steuben, Chemung, and Cortland. 15 Towns, 6 Villages, 1 City

STEUBEN COUNTY

City of Corning

Town of Addison

Town of Bath

Town of Cameron

Town of Campbell

Town of Caton

Town of Corning

Town of Erwin

Town of Hornby

Town of Hemby
Town of Bathbone

Town of Thurston

Town of Marston Town of Tuscarora

Town of Tuscarora

Town of Utica

TOWN OF WOODHULL VILLAGE OF ADDISON

Village of Addison

Village of Hammon

Village of Painted H

Village of Riverside

Village of Savona

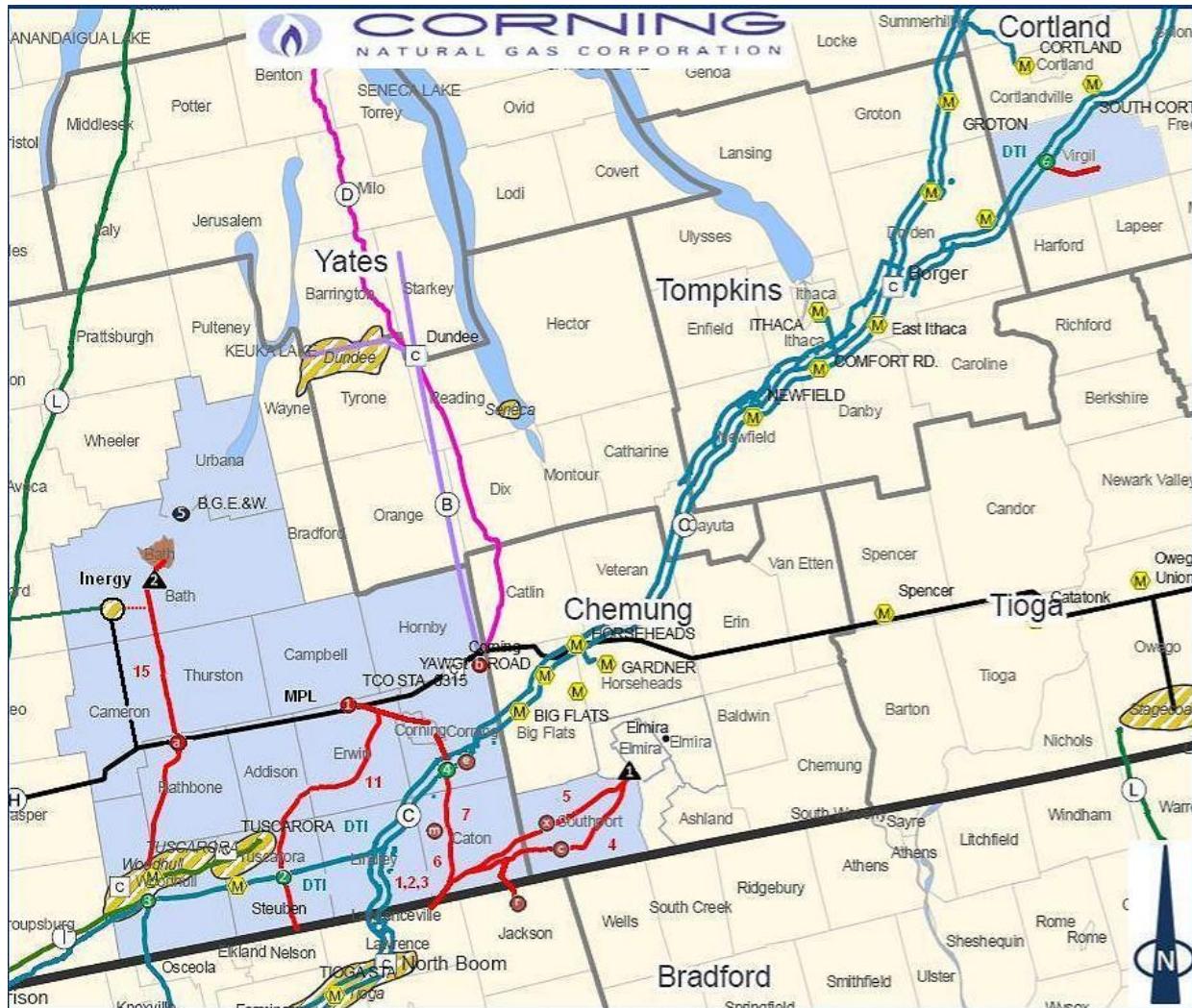
Village of South Co

CHEMUNG COUNT

Town of Southport

CORTLAND COUNT

Town of Virgil



Hammondsport

BEGWS

TGP

Inergy Stg.

CNGC prop.
201221002
Herrington

4,563

New York

Pennsylvania

CNGC System Schematic with Flow

Upstream Pipeline	Station Name	Station No.	CNGC Usage in Mcf	NYSEG Usage in Mcf	Total Through CNGC in Mcf
DTI	Addison	21002	15,887	0	15,887
DTI	Herrington	21003	4,563	0	4,563
TCO/MPL	Sta. 32	15060	1,390	0	1,390
DTI	Whiskey	21004	4,308	3,616	7,924
DTI	Virgil	21050	219	0	219
TEUSA	Eolin	80003	243	0	243
TEUSA	Stateline	80005	7,356	16,293	23,649

Savona

STA.32
Coopers Plains
1,390

Corning

21004
Whiskey

7,924

(8)

Compressor

(6)

(7)

(1)

(13)

(4)

(5)

(12)

(11)

(10)

(9)

(8)

(7)

(6)

(5)

(4)

(3)

(2)

(1)

EC

MPL

80003
Eolin

243

TBR Gas

80002
Curren

0

NYSEG
Bradley Farm

-19,909

Marcellus Gas

23,649

Virgil System 65 miles
northeast of Corning

21050

Virgil

219

DTI



What is LGC LLC?

- Local Gas Distribution Company (LDC)
- Utilizing lower pressure, state of the art plastic pipe
- No compression
- Serving local customers and communities
- Regulated by the NYS Public Service Commission (PSC)
 - Rates, Accounting, Finance, Construction, Operations, Supply, Safety, etc.

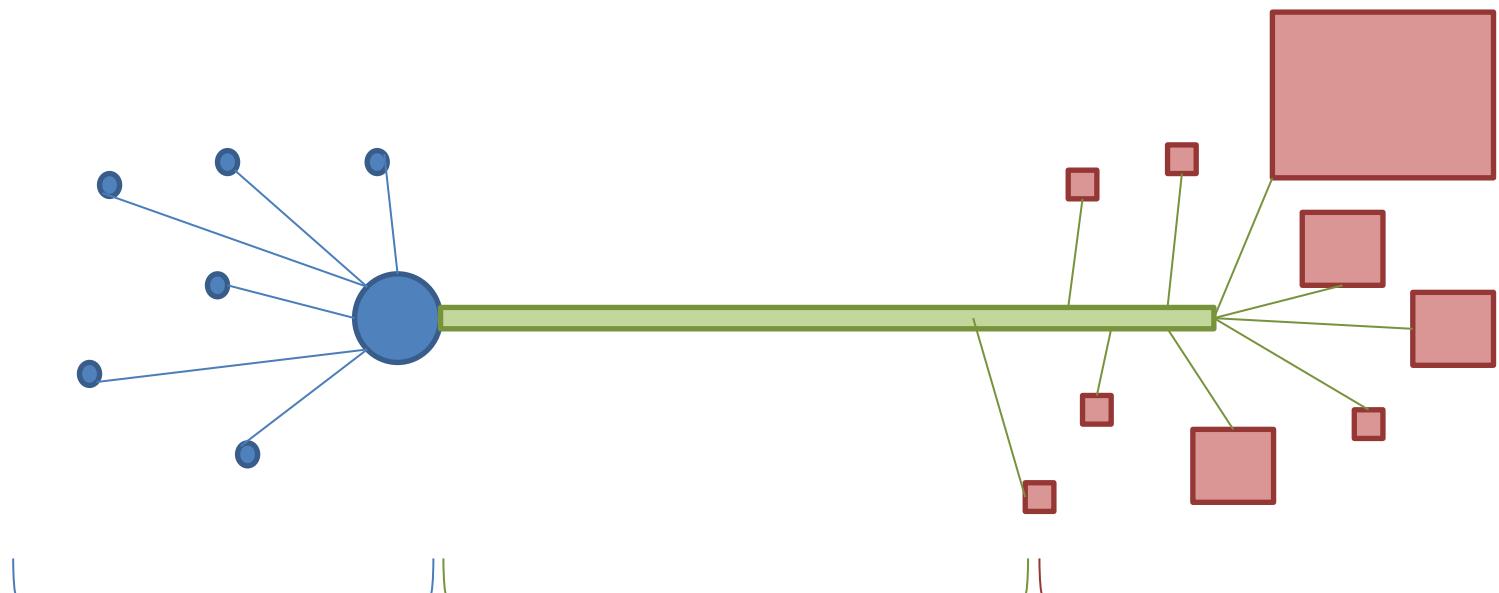


What *isn't* LGC LLC?

- **Not** a producer/driller
- **Not** a gathering company
- **Not** an interstate pipeline
- **Not** a gas storage company
- **Not** a processing company



Vision/Business Model



Wells and
Gathering System

**LGC LLC – Local
Distribution
Company**

End Users / LOCAL
Customers



Why Leatherstocking, Why Now?

- Competitive energy needed in Tri-Town area
 - Low cost
 - Abundant
 - Domestic
 - Clean
- Rapidly changing energy markets



Natural Gas Basics

- Natural gas is comprised primarily of methane (CH_4)
- Natural gas is commonly used for cooking, heating, and industrial processes
- Widely considered the cleanest burning fossil fuel
- Largest produced and consumed fuel in stationary applications in U.S.A.
- Increasing in popularity due to efficiency, cleanliness, reliability, and price



Natural Gas Basics cont.

- Miles of distribution gas main in the United States 1.2 Million
- Miles of distribution & transmission gas main in New York State 47,848
- Plastic pipeline accounts for 51% of all natural gas pipeline in the USA
- 2009 annual energy consumption in the United States
 - Natural Gas 25%
 - Petroleum Products 37%
 - Coal 21%
 - Hydro Electric 3%
 - Nuclear 9%
 - Other 5% *

Note: * other includes solar, wind, geothermal, and biomass

Source: U.S. Department of Energy, Energy Information Administration



Safety of Natural Gas

The safety record of natural gas utilities is outstanding – and it keeps getting better.

Between 1986 and 2004, the amount of natural gas traveling through distribution pipelines increased by one-third, and more than 650,000 miles of pipeline were added to the system. Yet the number of reportable incidents on distribution pipelines decreased by 28 percent. Natural gas utilities safely and reliably deliver natural gas to 69 million customers per year. Natural gas pipelines have an outstanding safety record, especially when compared to other modes of transportation:

According to the National Transportation Safety Board, in 2002, more than 42,000 transportation fatalities occurred on the highways, while aviation, boating and railroads accounted for another 2,000 fatalities. In contrast, there were only 12 fatalities associated with natural gas pipelines.

Safety of Natural Gas cont.

The U.S. natural gas industry spends more than \$4 billion per year on safety-related programs and is proud of its outstanding safety records. LDCs help consumers to use natural gas safely and efficiently through public education programs that include bill stuffers, press releases and other media outreach and materials for school children.

The best safety record for transporting energy in the United States has been achieved by natural gas and petroleum liquids pipelines, according to the U.S. Department of Transportation



Why Request a Franchise?

- Rights to use municipal/public right of ways
- Ability to serve local customers
- Franchise is a contract between the Town and the LDC
 - Bonding
 - Liability
 - Restoration
 - Need franchise to serve retail customers



What are the *Benefits*?

- Locally produced energy resource
- Local economic development
 - Property taxes
 - Operation/Construction
 - HVAC
- Help local residents reduce the cost to heat their homes
- Help local businesses stay competitive with lower energy costs



What are the *Benefits*?

Energy Prices to the Consumer

Per 1,000,000 BTU

Fuel	Residential Cost	Power Plant Cost
Natural Gas	\$9.63	\$5.24
Residual Oil	n/a	\$15.18
Fuel Oil	\$24.10	\$20.08
Propane	\$32.75	n/a



Misinformation and the Issues

1. ***Alleged:*** CNGC upgraded line to 4,000 psi without PSC permission
Fact: CNGC upgraded line to 400 psi with PSC approval & oversight
2. ***Alleged:*** LGC plans pipeline to Binghamton, Greene & Cooperstown
Fact: LGC is only planning to serve Coventry, Bainbridge & Sidney
3. ***Alleged:*** Franchises allow LGC to take land/homes by eminent domain
Fact: Franchises do not grant eminent domain & LGC does not have the authority to exercise eminent domain

Misinformation and the Issues? Line Pressure

"I have recently seen a document that attributes me as citing an example of Corning increasing a pipe line's pressure from 124 to 4,000 psig. I am not aware of any such situation, as I know of no gas pipelines in service or proposed in New York State operating anywhere near 4,000 psig. Given that, I find it highly unlikely that I ever made such a statement and I do not recall ever doing so. If I did make such a statement, it was either taken out of context or I just unintentionally misspoke. My understanding of the case involving the line in Caton is that the pressure was increased to 400 psig, and that it was increased with the oversight of DPS staff and pursuant to the appropriate requirements and regulation, as well as with the approval of the Public Service Commission.

I hope that this helps clear up this matter."

-Jim Austin, NYSPSC



Misinformation and the Issues, continued

4. Alleged: Natural gas prices will rise as demand increases

Fact: NYSPSC regulates all utility pricing

5. Alleged: Oversight of pipeline will be left to the towns

Fact: The NYSPSC will have oversight of all aspects of utility construction and operation

6. Alleged: LGC wants to build a compressor station

Fact: LGC does not want or need to build a compressor station

7. Alleged: LGC construction will destroy local trees and property

Fact: PSC orders granting franchises typically protect trees, shrubs and landscape

Misinformation and the Issues? Regulation

"I was unable to reach you via telephone to discuss the concerns you raised with Mike Scott about the article that appeared in the Daily Star. Please be aware that the comments that I provided to the reporter were specifically in response to questions about rules pertaining to Article VII gas pipeline projects, not new franchises. As you know, franchises undergo an environmental review process prior to PSC approval.

I would be happy to contact the reporter and say that the article gave the mistaken impression that I was talking specifically about Corning's franchise proposal, which to my knowledge has not yet been filed with the PSC."

-James Denn, NYSPSC

Misinformation and the Issues? Property Damage

“The Company intends to include in contracts with the contractors requirements for any tree of four (4) inches in diameter where the pipeline will be installed within the tree dripline that the pipe will be installed by methods other than open trenching (including horizontal directional drilling, Mole, Bore, etc.) All overhanging tree limbs that can interfere with construction shall be tied back or trimmed to provide clearance. The use of excavators will be monitored to ensure the booms do not come in contact with the tree trunk. We will direct the Company to identify the trees on the construction plans and profile for which these requirements are to be implemented and provide a copy of the drawings to staff at least ten days in advance of construction commencement.”

**Case 09-G-0252, Order Granting A Certificate of Public Convenience and Necessity,
Issued June 19, 2009 NYSPSC Town of Virgil Franchise**



Construction

- Installation
 - All gas systems at all pressures installed per NYS Code Rules
 - Medium or high density polyethylene pipe
 - Pipe is typically 30" below surface
 - Pipe installed with locating wire and warning ribbon
 - Meter & Regulator installed on outside of dwelling
 - Surface restoration completed by the Gas Company



Construction

- Operations & Maintenance
 - CNGC's O&M/Construction Standards will be adopted by LGC
 - CNGC/LGC subscribes to Dig Safely New York
 - CNGC/LGC trains municipalities, fire depts., excavators, etc., for safety while working around natural gas distribution systems
 - Line markers installed above ground
 - LGC will performs walking/driving leakage survey
 - LGC will provide 24 hr emergency response
 - LGC will respond to gas leak and odor calls in 1 hr or less



Construction



4" dia. medium density gas line installation

Typical residential service line installation

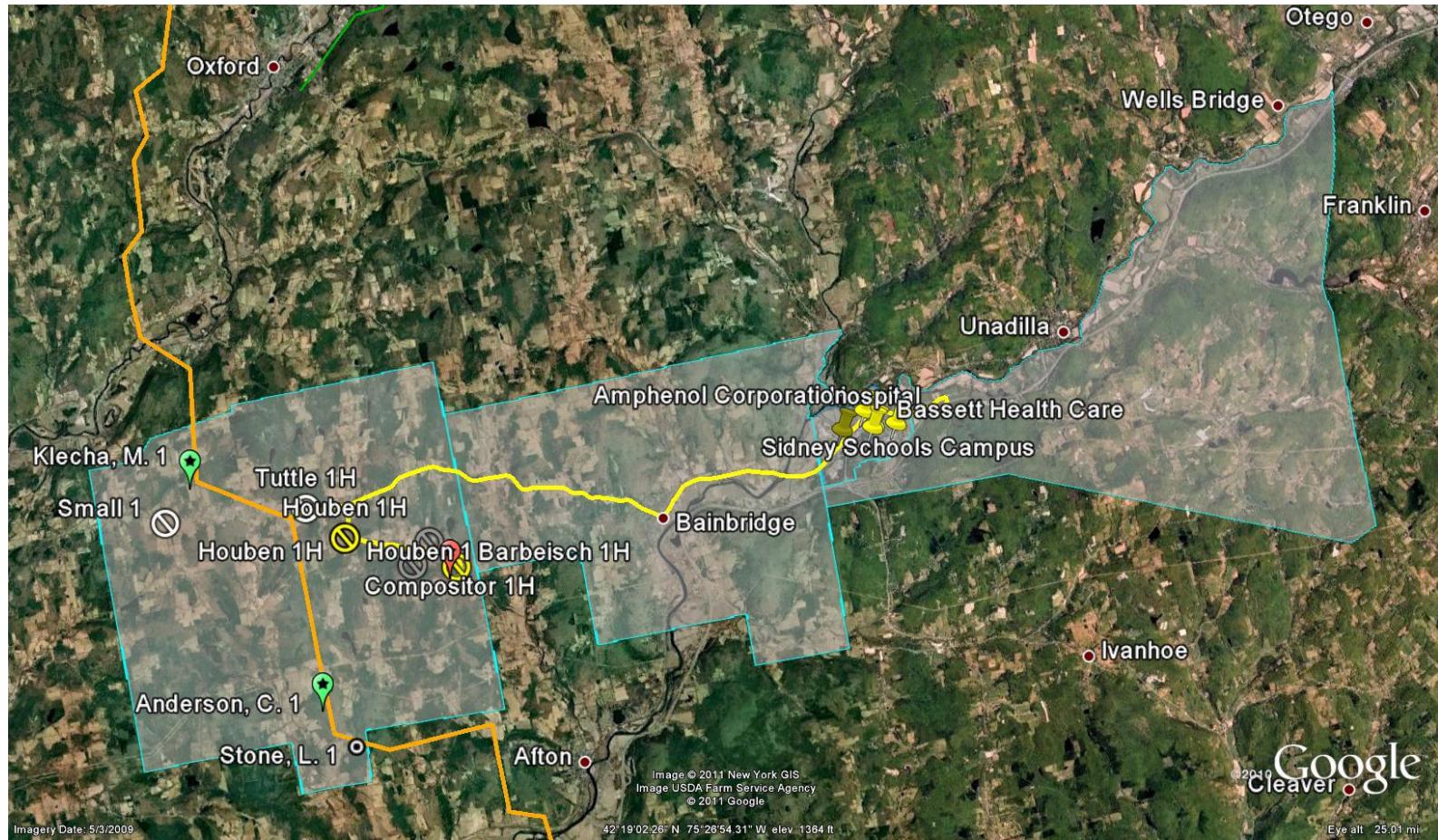




Conclusion

- LGC LLC aims to provide lower cost, locally produced gas to Coventry, Bainbridge and Sidney “Local Gas for Local People”
- Local gas will save consumers money, help preserve local jobs, and promote economic development
- LGC LLC will be extensively regulated by the NYSPSC
- All construction, environmental, and other issues will be addressed in the franchise process
- LGC LLC does **NOT** have the authority to exercise eminent domain

Potential Project within 4 Municipalities



Potential Project Overview Town of Sidney



Leatherstocking Gas Company LLC proposed pipeline

Leatherstocking GAS Company LLC



THANK YOU!

Questions? Please contact Russ Miller at 607.377.2629 or rmiller@leatherstockinggas.com