CONSERVATION INCENTIVE PROGRAM
Quarterly Program Status Report
And Annual Report of
Program Results through December 31, 2009
Case 07-G-0141
Submitted to the New York State Department of Public Service
February 24, 2010

National Fuel Gas Distribution Corporation
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National Fuel Gas Distribution Corporation
New York Division
Case 07-G-0141

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I. Introduction

A. Case History

On September 20, 2007 the Commission issued its Order Adopting Conservation Incentive Program ("CIP Order")[1] for National Fuel Gas Distribution Corporation ("Distribution" or "Company"). The CIP Order required, among other things, that the Company submit its timetable for the implementation of the 2007-08 Conservation Incentive Program ("CIP") by October 1, 2007, (CIP Order, Page 13, Ordering paragraph 2). Distribution submitted a timetable on October 1, 2007. Included in the timetable was an entry for the submission of an initial report to the New York State Department of Public Service including a program description and measurement and verification ("M&V") plan by November 30, 2007, ("initial report"), as well as quarterly status reports beginning May 30, 2008. This report is submitted consistent with the October 1, 2007, timeline.

On October 19, 2009 the Commission issued its Order Approving The Continuation of National Fuel Gas Distribution Corporation's Conservation Incentive Program With Modifications ("2009 CIP Order")[2]. The 2009 CIP Order, among other things, modified certain aspects of the Company's CIP. The Company filed a reporting timeline in its CIP Evaluation plan submitted to the Commission on December 15, 2009. This report is the Program Annual Report for program results through December 31, 2009 identified in the CIP Evaluation plan timeline.

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[1] Case 07-G-0141 - Proceeding on the Motion of the Commission as to the Rates, Rules, and Regulations of National Fuel Gas Distribution Corporation for Gas Service, Order Adopting Conservation Incentive Program, issued and effective September 20, 2007.

[2] Case 07-G-0141 - Proceeding on the Motion of the Commission as to the Rates, Rules, and Regulations of National Fuel Gas Distribution Corporation for Gas Service, Order Approving The Continuation of National Fuel Gas Distribution Corporation's Conservation Incentive Program With Modifications, issued and effective October 19, 2009.

B. Report Overview

This report summarizes the status of the Company's CIP as of December 31, 2009. Included in this report is an update of the status of the M & V plan. As explained in the initial report and this February 2010 quarterly report, the Company anticipates that the M & V plan will be modified to incorporate suggestions from Staff and other parties. Also, it is anticipated that additional modifications will be made to incorporate insights being developed in the currently ongoing Commission investigation into development of a statewide energy efficiency initiative.[3]

A number of the Company's CIP initiatives are being administered by New York State Energy Research and Development Authority ("NYSERDA") through that authority's existing programs.

II. Program Goal

Distribution has developed the CIP to foster more efficient use of natural gas on its system. The CIP Order recognized that "The CIP calls for the more efficient use of natural gas resources and it is consistent with the State's policy to encourage energy conservation." (CIP Order, p. 2). Distribution designed its CIP in conjunction with its proposed revenue decoupling mechanism ("RDM"). The Company's RDM is consistent with the guidelines established by the Commission for implementation of RDMs.[4]

A major challenge in the design of energy efficiency programs for Western New York is to promote the efficient use of energy in such a manner that it can be used as a strength when encouraging economic development in the region, among other things.

Further, the benefits of natural gas, both on an economic and environmental basis, should encourage the expansion of access to natural gas supplies to homes and businesses in Western New York.

III. CIP General Description

The CIP proposed by Distribution and approved by the Commission has three major components: (1) appliance rebates, (2) Low Income Usage Reduction Program ("LIURP"), and (3) general energy efficiency outreach initiative. Each of these programs and their subcomponents will be further described in detail later in this report. Included in those descriptions will be a planned M&V plan for each initiative.

The information to be provided for each program will be organized as follows:

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[3] Case 07-M-0548 - Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Order Instituting Processing, issued and effective May 16, 2007.

[4] Cases 03-E-0640 and 06-G-0746, RDM Proceeding, Order Requiring Proposals for Revenue Decoupling Mechanisms (issued and effective April 20, 2007).

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5) Program Reporting
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6) M&V Analysis
    a. General Description of Method Utilized for Determining Cost and Benefit
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        iii. Natural Gas Supply ("NGS") Costs
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        ii. Spillover
        iii. Snapback
    e. Avoided Emissions Calculation

It should be recognized that Distribution envisions the CIP as an evolutionary program. That is, as knowledge is gained as to the effectiveness of various components of the program, it is likely that modifications will be made to individual components so that the overall benefits of the CIP are maximized. It is anticipated that future quarterly reports will identify successes and potential improvements in program design. Those quarterly reports may also include recommended changes to effectively meet the overall goal of the CIP.

IV. M&V Plans

A. General Description of M&V Plans

This report provides a preliminary estimate of the cost and benefits of the Company's CIP to date. This report reflects the first twenty-four months of operation of the Company's CIP. This report also will present a pre and post equipment installation consumption analysis for residential customer rebates.

The M&V plan includes a number of cost benefit analyses including: (1) Total Resource Cost Test ("TRC"), (2) Total Resource Cost Test – Western New York ("TRC-

WNY"), and (3) Societal Test. The program results are provided (1) in total, (2) in summary of various program "portfolios", and (3) on an individual program basis. The table below summarizes program results to date in total and for the various program portfolios. Individual program results will be summarized in the individual program sections presented later in this report. Appendix E provides the detailed M&V program results.

Program M&V Summary Based on Deemed Savings Assumptions Included in the Company's Base Rate Case 07-G-0141				
	Total	Residential	Non Residential	Outreach
Base				
TRC	2.53	2.40	2.02	4.96
TRC-WNY	3.78	3.57	3.01	7.76
Societal Test	3.98	3.76	3.16	8.14
Adjusted				
TRC	2.26	2.15	1.97	4.01
TRC-WNY	3.40	3.21	2.92	6.36
Societal Test	3.57	3.37	3.04	6.66

The measurement of the cost and benefits of energy efficiency programs proceeds along a continuum of complexity. The TRC is perhaps the simplest to understand and implement while the Societal Test can be the most complex. Various additional measurements are added to the TRC leading up to a complete Societal Test. The three cost benefit analyses will be presented for each component of the CIP program.

The TRC utilized in this report will measure the cost expended under the program by the Company and customers for each initiative to the overall savings in customer costs. The NGS costs exclude the delivery and minimum charge rates billed to customers since in the long run these costs are not avoided.

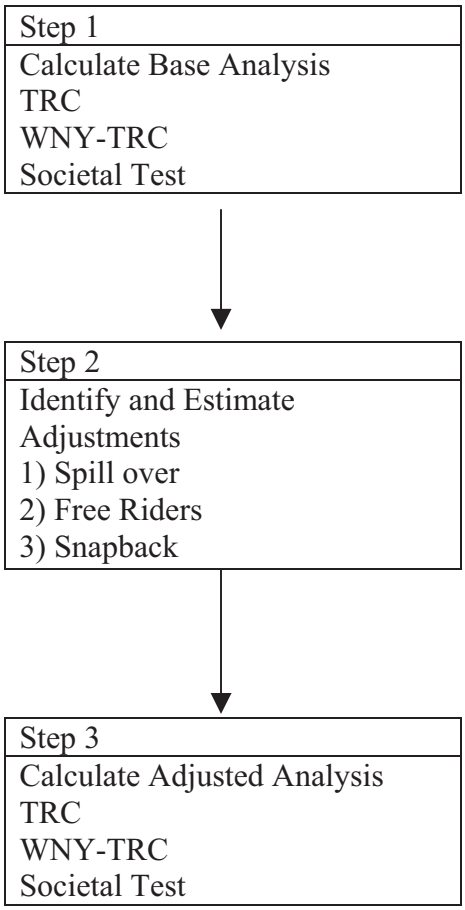
The TRC –WNY attempts to quantify the specific regional benefits derived from the specific CIP initiatives. For example, the LIURP will reduce the consumption of natural gas by low-income customers. That will be achieved by improving the energy efficiency of low-income customer homes. The cost of that program will largely consist of the efforts of local contractors in installing energy efficiency applications. The payments for energy efficiency improvements to local contractors effectively utilizes energy dollars that otherwise would have left the service territory with payments to local contractors that will largely stay in the service territory. The overall net savings of customers will also have a beneficial ripple effect on the WNY economy. The calculation of WNY expenditure multipliers and WNY income multipliers will be explained in Appendix F. The TRC-WNY is an attempt to quantify these benefits.

The Societal Test takes the TRC-WNY one step further by measuring the environmental benefits of the individual CIP initiatives and other societal costs and benefits that may result from these energy efficiency initiatives. The Company developed an estimate of the societal benefits associated with reduced CO2 emissions.

The societal benefit of $15 per ton CO2 reduction was provided by the Commission in Appendix 3, page 2 of its June 23, 2008 Order in Case 07-M-0548.

The Company employed three general steps in its M&V analysis. The first step was the determination of a base analysis. The base analysis would utilize specific and discrete program results associated with changes in energy efficiency behavior of participating customers.

Figure 1 – Summary of the General Steps Employed in the M&V Analysis



The Company employed a deemed savings approach for determining savings under the program to date. A TRC test has also been calculated for the residential rebate program based on a customer pre and post equipment installation consumption analysis. A summary of this information will be presented in the residential rebate section of this report.

Deemed savings apply stipulated values of savings for installed or promoted energy efficiency initiatives. Deemed savings calculations apply accepted savings

amounts for an application or initiative to determine the amount of actual energy savings. A more detailed description of the deemed savings approach utilized in this preliminary estimate of cost and benefits will be provided in the description of individual programs. There are two sources of deemed savings that were considered for use in this report: (1) deemed savings estimates utilized in the Company's last base rate case where the CIPs was first approved by the Commission, and (2) savings estimates from the TecMarket Works Standard Technical Manual[5]. In order to be consistent with the results presented in previous quarterly reports, the deemed savings TRC scores presented in the tables of this report utilize the deemed savings estimates included in the Company's last base rate case. The Company anticipates that, based on the feedback from interested parties, that future reports will incorporate the TecMarket manual deemed savings value. The pre and post equipment installation analysis identified changes in annual weather normalized consumption for residential customers installing energy efficient appliances under the CIP rebate initiative. Appendix I provides a summary of the pre and post equipment installation consumption analysis.

The Company utilized a projection of the average natural gas supply costs for the upcoming year of approximately $12.00 per Mcf. As has been demonstrated during the past 12 months, the market prices of natural gas can be extremely volatile. Long range projections of natural gas prices can be dramatically off base. The $12.00 per Mcf price of natural gas utilized in this study is equal to the trend of natural gas prices experienced by customers from October 2003 through December 2009. This trend is represented on the graph included in the last page of Appendix E. The potential volatility of key variables utilized in the M&V analysis highlights the importance of sensitivity analysis to gauge the robustness of program results over a reasonable range of values for key variables in the analysis.

Step 2 would identify and estimate adjustments to the base analysis. These adjustments would include estimates of: (1) spillover, (2) free ridership, and (3) snapback. Spillover results when there are additional customer behavioral changes that produce a positive increase in energy efficiency on the part of the customer. For example, under the residential rebate program, the Company will inform customers of NYSERDA's whole house energy audit initiative. To the extent that customers receiving a rebate under the Company's CIP become aware of NYSERDA's whole house energy audits, and such audits result in increased savings, this would be considered a spillover benefit of the Company's CIP. Free riders are customers that would have implemented the program measure or practice in the absence of the CIP. Snapback occurs when customers actually increase their energy consumption due to reductions in the cost of energy. For example, increases in consumption can result when prices decline due to energy saving initiatives. In the pre and post equipment installation consumption analysis the snapback adjustment is set to zero because any snapback effect would be included in post equipment installation consumption.

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[5] New York Standard Approach for Estimating Savings from Energy Efficiency Programs, Single Family Residential Measures, December 16, 2009
Prepared for New York Department of Public Service by TecMarket Works ("Standard Technical Manual").

The third step will add the results of the base analysis from Step 1 to the estimated adjustments in Step 2, to provide the final analysis of program results.

The Company believes that the measurement and evaluation analysis will evolve as more information is developed over the years. The Company will not only attempt to identify unique measurement issues associated with its programs, it will also strive to include pertinent information and best practices identified in other energy efficiency initiatives, including: (1) the New York Energy Efficiency Proceeding (Case 07-M-0548), (2) the National Action Plan for Energy Efficiency ("NAPEE"), (3) the North American Energy Standards Board ("NAESB"), (4) the National Association of Regulatory Commissioners ("NARUC"), and (5) other state initiatives.

B. Status of Data Development for M&V Plan

The Company has developed a preliminary report based on the program results to date. The Company has developed preliminary M&V results using four broad categories of data: (1) customer specific impact data from Company developed data bases, (2) M&V information that it believes is consistent with the requirements being developed through the statewide energy efficiency initiative (Case 07-M-0548), (3) M&V information consistent with that utilized in the New York Energy $mart^{sm}$ Program, Evaluation and Status Report, Year Ending December 31, 2007, Final Report, March 2008 ("Energy $mart^{SM}$ evaluation"), and (4) a sensitivity analysis on key variables. A brief description of each of these four broad categories of information follows.

1. Customer Impact Data from Company Developed Date Bases

The Company has developed a "before and after" consumption analyses for individual residential customers that are participating in the Company's rebate programs. A summary of the results for the rebate program is provided in the residential rebate section of this report. In this report the Company has also continued to provide deemed savings values as well as annual customer participation and cost information experienced to date to develop a preliminary estimate of the costs and benefits of the program.

The Company is also tracking the changes in consumption for the Company's service classifications subject to the revenue decoupling mechanism ("RDM") approved by the Commission in the Company's last base rate case. This information is summarized in the table below.[6]

[6] The information presented in this table is normalized for adjustments to service classification consumption for the "best rate" requirement in the Company's tariff. The "best rate" requirement is a statutory requirement that certain accounts (i.e., religious and veteran organizations) be placed in the service classification that would provide them with the lowest ("best") annual bill. In order to effectuate this provision, the Company annually reviews the bills for qualifying accounts and adjusts their service classifications as needed. In the Company's last rate case, a rate design change was effectuated such that this year's "best rate" review resulted in a significant migration of accounts. The table above eliminates the

Summary of Revenue Decoupling Usage per Account Information (Mcf/Account)		
	SC 1	SC 3 *
Case 07-G-0141 Imputed RDM Usage per Account	106.910	414.31
Consumption at Start of CIPs Program 12 ME 12/2007	107.837	404.17
Consumption 12 ME 12/2009	104.13	396.38
* SC 3 actual data adjusted for actual TC 1.1 and 2.0 migrations to date.		

2. M&V Information Consistent with The Requirements Being Developed Through the Statewide Energy Efficiency Initiative

On June 23, 2008, the Commission issued its Order Establishing Energy Efficiency Portfolio Standard and Approving Programs ("EEPS Program Order"), in Case 07-M-0548. On August 7, 2008, Staff issued Evaluation Guidelines for incorporation into gas energy efficiency programs as required by the EEPS Program Order. TecMarket Works has prepared for staff the New York Standard Approach for Estimating Energy Savings from Energy Efficiency Programs dated March 25, 2009. On January 4, 2010 the Commission issued its Order Approving Certain Commercial and Industrial; Residential; and Low-Income Residential Customer Energy Efficiency Programs With Modifications. Included in that January 4, 2010 Order was reference to an updated New York Standard Approach for Estimating Energy Savings from Energy Efficiency Programs, Single Family Residential Measures, dated March 16, 2009. In order to be consistent with the results presented in previous quarterly reports, the deemed savings and appliance life estimates used in the TRC scores presented in the tables of this report utilize the deemed savings estimates included in the Company's last base rate case. The Company anticipates that, based on the feedback from interested parties, that future reports will incorporate the TecMarket manual deemed savings and appliance life values.

The table below provides estimated deemed savings from this manual for the Company's residential rebate programs. The table provides summaries of deemed savings from the Standard Technical Manual, deemed savings based on the savings estimates included in the Company's last base rate case ("NFGDC Deemed" savings estimates), and savings calculated through the Company's pre-post consumption analysis. Also included in the table are the estimated appliance lifes presented in the Company's last base rate case and appliance measure life estimates included in the latest TecMarket Manual.

effect of this migration in order to provide a more consistent "before and after" analysis of consumption changes.

Summary of Residential Rebate Savings Estimates						
	Heating Systems			Thermostats	Hot Water Systems	
	Forced Air Furnace	Water Boilers	Steam Boilers		Tank	Tankless
NFGDC Deemed (Dth)[7]	23.3	19.8	19.0	2.5	5.6	11.7
NFGDC Appliance Life (Years)	17	17	17	17	14	14
Tec Market Manual (Dth)[8]	26.0	28.7	24.7	10.4	3.0	7.0
Tec Market Manual Appliance Life (Years)	20	25	25	11	---	20
NFG Pre Post Analysis (Dth)	13.8			4.8	3.9	7.2

3. M&V Information Consistent with the Energy $mart^SM Evaluation

The Energy $mart^SM evaluation includes an analysis of macroeconomic impacts. Consistent with the Energy $mart^SM evaluation, the Company has utilized IMPLAN Pro® Version 2.0 to develop macroeconomic multipliers for its service territory. The development of these multipliers is provided in Appendix F. Also included in this evaluation is a measurement of environmental benefits. As mentioned previously the Company utilized Commission provided CO2 cost per ton information and AGA lbs CO2 per Mmbtu of natural gas in determining societal cost savings from the CIP.

4. Sensitivity Analysis on Key Variables

As mentioned previously, the potential volatility of key variables utilized in the M&V analysis highlights the importance of sensitivity analysis to gauge the robustness of program results over a reasonable range of values for key variables in the analysis. Pages 10 through 14 of Appendix E provide a sensitivity analysis for key variables included in the M&V analysis.

V. Summary of Programs

A. Low Income Usage Reduction Program ("LIURP")

1. Description

LIURP is a weatherization program for low-income customers. Participants receive a heating system check, an energy audit, installation of weatherization, infiltration reduction, natural gas usage reduction measures and consumer education. The program design is consistent with, and is being administered as part of, NYSERDA's EmPower New York^SM ("EmPower) program, and contractors will follow

[7] Based on deemed savings provided in the Company's last base rate case.
[8] Based on TecMarket manual formulas and formula variable values for the Company's service territory.

procedures and guidelines developed for that program. Households receiving gas efficiency services paid for by Distribution will be evaluated for electric reduction measures to be paid for by NYSERDA with System Benefits Charge ("SBC") funds.

2. Goals

Conserve energy, reduce residential energy bills, and improve the health, safety, and comfort levels for participating households. Also reduce the incidence and risk of pay delinquencies and the costs associated with uncollectible accounts, late payment collections, and termination of service expenses. Measures installed will be cost effective and pay for themselves through energy savings in a specified time frame.

3. Program Information

a. Eligibility

Customers meeting the following criteria will be eligible to participate in the Company's LIURP:

- Preferred status to participants in Low Income Customer Affordability Assistance Program ("LICAAP").
- Income less than or equal to 60% New York State median income (HEAP eligible).
- Active account and residency in the premises for at least one year prior to weatherization.
- High consumption - minimum of 132 Mcf (start with 180 – 200+ Mcf or thousand cubic feet) per year.
- Owners and tenants eligible.
- Must be a single-family dwelling or two units if each has its own meter and both meet eligibility requirements.

b. Administrative Tasks Related to Start-Up

- NYSERDA negotiated and modified existing EmPower contracts, including budgets and statements of work with current Program Implementer, Honeywell International ("Honeywell"), and current Quality Assurance ("QA") Contractor, CSG Services, to include activities related to LIURP.
- NYSERDA modified current EmPower Contractor and Vendor Agreements for use in LIURP. NYSERDA procured contracts from area contractors and vendors, is monitoring contractor eligibility and has established a payment system for participating contractors.
- NYSERDA has modified the online tracking system, CRIS, the EmPower software tool, EmPCalc, and the online Contractor Portal to accommodate changes required for the inclusion of LIURP in the EmPower system.
- NYSERDA has modified current EmPower forms and integrated Distribution forms to accommodate LIURP.

c. Ongoing Administrative Tasks

- NYSERDA will reassess and enhance program procedures on an ongoing basis, ensuring that practices are consistent with standards of the Building Performance Institute ("BPI") and best practices as followed by contactors participating in EmPower. Forms, guidelines, software, and other materials will be modified as needed. NYSERDA program staff will consult with Counsel and Contract Management as needed to ensure that the program is implemented correctly.
- NYSERDA will monitor program progress and expenditure levels to ensure that program objectives are met within budget allocations. NYSERDA will conduct weekly meetings with the Program Implementer, and maintain daily contact as needed, to ensure that the program is progressing as required.
- NYSERDA will conduct weekly and monthly meetings with the QA Contractor, and maintain daily contact as needed, to ensure that QA procedures are being followed in accordance with the contract, and that QA issues are being resolved.
- NYSERDA and NYSERDA Program Implementer will meet with contractors on a regular basis, both on-site and by teleconference, to ensure that contractors understand and are following program procedures, and to elicit feedback regarding the program.
- NYSERDA will conduct an annual review of pricing to ensure that fees are appropriate, and provide financial support to the New York State Weatherization Director's Association for their bulk purchase bidding procedure. NYSERDA will ensure that appliance pricing is consistent with this bid.
- NYSERDA will conduct periodic reviews of the database to ensure quality of data entry.
- NYSERDA will develop and process incentives for contractors who participate in the program and become BPI accredited. These incentives will consist of 75% reimbursement of BPI contractor fees for training, accreditation and quality assurance.
- NYSERDA will collaborate with the Weatherization Assistance Program to ensure consistency between programs and to maximize opportunities for collaboration, thereby allowing for enhanced workscopes.
- NYSERDA will modify energy efficiency and financial management workshops currently provided in Distribution service territory to include information related to Distribution low income programs.
- At Distribution's request, NYSERDA shall permit Company personnel to monitor and participate in these administrative tasks.
- NYSERDA will use its best efforts to accommodate an interface platform with Distribution's customer information systems to assure the proper transfer of customer information necessary to perform the obligations hereunder.

d. Process

- Distribution generated referrals from:
  - LICAAP
  - HEAP status/consumption report
  - CAC/Outside Agencies/Other

- Distribution screens for:
  - 12-month consumption history. Must be more than 132 Mcf (Ideally, 180-200+ Mcf initially).

- NYSERDA Program Implementer Screen for eligibility:
  - NYSERDA Program Implementer is sending a cover letter from Distribution with a LIURP/EmPower application to each potential participant. A second application will be sent if the first is not returned within a reasonable time frame.
  - Upon receipt of completed application NYSERDA Program Implementer will examine potential for natural gas energy efficiency services funded through Distribution, and determine eligibility for electric reduction services funded through the SBC and available to low-income electricity customers of National Grid and New York State Electric and Gas Corporation.
    - If the customer is a tenant, NYSERDA Program Implementer will send a letter (on Distribution letterhead) to landlord outlining requirements and soliciting landlord participation. Upon receipt of satisfactory landlord agreement, the customer may be accepted for energy services.
    - If the customer resides in a multifamily home (three units or greater), the customer will be ineligible for gas efficiency measures.

- If not eligible, NYSERDA Program Implementer will:
  - Send a "no further services" letter to the customer (printed on Distribution letterhead).
  - If referral was from Distribution or an outside agency, inform referring office/agency reason(s) why customer not eligible.
  - Do nothing else with account.

- If above criteria met for eligibility, NYSERDA Program Implementer performs the following:
  - Assigns the customer to a participating contractor. Assignments will be made on the basis of current backlog, contractor availability, and past performance.
  - Sends a letter, on Distribution letterhead, to the customer informing them of their acceptance and providing contact information for the assigned contractor.

- When the customer is eligible for weatherization, NYSERDA Program Implementer will:
  - Enter relevant customer data into the EmPower database, including county designations and other information required by Distribution.
  - Enter weatherization-approved status.
  - System to accept periodic information verifying that the customer is still eligible and that service has not been shut off for non-payment, no pending close orders, no active shut off notices, and account is still active. Until automated, Honeywell will need to accept e-mail notifying an account is no longer eligible.

- Once work is in progress:
  - Distribution has access to the EmPower database. Distribution has access to screens/reports to identify, among other things, placed jobs that have yet to be picked up by contractors and the status of any placed jobs. Distribution has the ability to retrieve customer energy services record and to obtain an electronic report of jobs with information required by Distribution, such as first name, last name, address, city, state, postal code, contractor, home phone number, account number, meter number, mailing address, mailing city, mailing zip, and sent to contractor date.
  - NYSERDA Program Implementer is administering customer interactions/document procurements (letters sent to Distribution's customers on Distribution letterhead), including:
    - Customer Acceptance Letter
    - CIP/EmPower Audit Forms
    - Landlord/Tenant Agreements
    - Distribution LIURP Eligibility Affidavit/Information Waiver
    - Distribution Work Proposal Agreement
    - Customer Agreement
    - National Fuel Safety Check List
    - Certificate of Completion NYSERDA Program Implementer

- Contractor duties:
  - Within two weeks of receiving job, contractor calls customer to set up initial appointment.
  - Contractor goes to property and performs a comprehensive home assessment, including:
    - Heating system inspection and combustion efficiency test.
    - Blower door test for air leakage.
    - Inspection and measurement for insulation.
    - Health and safety checks, such as ambient CO testing and gas leak checks.
    - Energy education.
    - Instrumented audit and documentation on EmPower forms.
    - Discussion of workscope with appropriate household member.

        - If household is eligible for SBC-funded measures, installation of minor electric reduction measures, such as compact fluorescent light bulbs and evaluation of electric appliances.
    - If furnace problems are identified, contractor follows appropriate emergency and referral procedures outlined in Section 5 of the EmPower Guidelines and Procedures Manual.
    - If issues or problems are identified which preclude successful installation of measures, such as severe structural damage or serious code violations related to the work, contractor will notify the EmPower Program Implementer and further work will be cancelled until conditions are corrected.
    - NYSERDA Program Implementer will send letter (on Distribution letterhead) to customers explaining why work was cancelled and offering a timeline by which work may be resumed if conditions are corrected.
    - Contractor develops workscopes and proceeds with work according to EmPower Guidelines and Procedures Manual.
    - If customer does not respond to contractor calls or letters, contractor advises NYSERDA Program Implementer. (Contractor may be reimbursed for services rendered such as customer education, etc. despite the weatherization job not being completed. Reason why job may not have been completed could include customer not getting back to contractor, etc.).
    - Once a job is completed, Contactor sends all completed forms and invoice to the Program Implementer for processing.
    - Jobs to be completed within 60 days from referral.

- Invoice processing:
    - Invoices submitted must follow Invoicing Requirements listed on Section 15.3 of the EmPower Guidelines and Procedures Manual.
    - Honeywell reviews all forms and verifies invoice for accuracy. (Use a standard invoice for all contractors).
    - If any discrepancies found with invoice, NYSERDA Program Implementer contacts contractor.
    - If any forms not returned or incomplete, NYSERDA Program Implementer contacts the contractor.
    - Honeywell provides the third-party QA Contractor with information for QA inspections.
    - If the invoice is ok, NYSERDA Program Implementer recommends approval of the invoice, enters the final approved costs into the CRIS database, and locks the costs in place.
    - NYSERDA approves and process contractor and vendor invoices, arrange payment, and resolve payment issues.
    - NYSERDA tracks program expenditures and maintains payment records. Accounts payable forms and invoice maintained for six years.

- Job completion processing:
  - NYSERDA Program Implementer maintains a file of the following household data:
    - Customer application.
    - Energy usage.
    - Audit forms and workscope write-up.
    - Certificate of Completion.
    - Required permissions.
  - NYSERDA QA Contractor (currently CSG Services) will perform independent third-party QA field inspections on approximately 20% of completed jobs and phone QA interviews on an additional 15% of completed jobs. QA will be completed within one month of completion of work.

4. Reporting

a. Internal

As of December 31, 2009, a total of 10,461customers have been referred to the contractor for LIURP services. Of these, 8,552 have been sent a letter/application, and 3,280 applications have been returned. This has resulted in 1,885 customers referred for services, 286 applications on hold and 1,109 customers deemed ineligible. Of the 1,623 currently active program participants, 1,513 jobs have been completed, with 79 jobs in process and another 31 energy audits in process. The 1,513 completed jobs consisted of insulation measures for 1,217 customers, air sealing measures for 1,246 customers, heating system repairs/replacements for 685 customers and low flow showerheads for 413 customers. The total cost of all the measures to date is $5,024,839, with an average cost per measure of $3,321.

Refer to Appendix A of this report for more detailed program summary information.

b. External

As of December 31, 2009, the Company estimates that the 1,513 completed conservation measure jobs will result in 66,345 Mcf of annual energy savings, which equates to $895,661 annually in energy bill savings.

The Company has developed an analysis of the changes in LIURP customer consumption characteristics after the installation of energy efficiency applications at the customer's household. Appendix I provides a summary of this analysis

5. M&V Analysis

Appendix E, Pages 4 through 6, Column I, provide the preliminary M&V results for the LIURP program.

The Table below summarizes a number of results included in Appendix E.

LIURP M&V Summary Based on Deemed Savings Analysis	
TRC Base Analysis	2.20
Base Societal Test w/WNY Benefits	3.41
TRC Adjusted	2.16
Adjusted Societal Test w/WNY Benefits	3.35

The Mcf saved per participant, Row 20, on Appendix E, is the deemed LIURP program savings assumed when the CIP program was established. In developing the adjusted analysis no free ridership is assumed since it is unlikely that low income customers would have sufficient resources to make the energy efficiency improvements without the CIP initiatives. An assumed level of "Snapback" consumption was provided in the analysis based on Company surveys of the propensity of the average residential customer to turn up their thermostats based on assumed bill reductions.

Appendix E, pages 7 through 9, provides the M & V results based on pre and post installation energy efficiency improvement savings for residential customers receiving LIURP services.

LIURP M&V Summary Based on Pre Post Savings Analysis	
TRC Base Analysis	0.92
Base Societal Test w/WNY Benefits	1.44
TRC Adjusted	0.88
Adjusted Societal Test w/WNY Benefits	1.38

While the pre and post cost benefit analysis provides results that are less than those presented under the deemed savings analysis, the overall benefits of the residential rebate programs still exceeds the costs. As explained in Appendix I, the pre and post analysis utilized ten months of data. When analyzing the pre-post savings results for the LIURP program consideration must also be given to the relatively slower startup time needed for this program. The slower startup for the LIURP program resulted in fewer accounts receiving services in the early months compared to the later months. Also through analysis of early months results, the Company and NYSERDA were able to develop improvements in services provided to customers. As can be seen from the graph at Appendix I, Attachment 2, page 6 it appears that the average savings generated by LIURP customers has improved in the more recent months that service was provided. The Company will update this study as more data becomes available.

B. Rebate Program - Residential

1. Description

The residential program is an equipment replacement program, modeled after a Vermont Gas Systems program, which was cited by the ACEEE, as one of the nation's exemplary natural gas energy efficiency programs. Distribution's program offers equipment replacement rebate incentives for single family and multi-family dwellings, to encourage them to install high efficiency space heating and water heating appliances. These appliances are by far the largest two users of natural gas in residential buildings, and are therefore most likely to show the largest savings to our customers when they upgrade their appliances. Distribution set minimum efficiency levels for each appliance type based on federal Energy Star and New York State Energy Smart guidelines.

2. Goals

The goal of this program is to encourage the installation of high efficiency appliances by customers. The installation of high efficiency appliances was identified by Staff in its fast track[9] proposal as offering one of the greatest potentials for cost effective natural gas energy efficiency initiatives.

3. Program Information

Rebates were available for qualifying natural gas equipment, beginning with installations made on or after November 1, 2007. Available for existing homes only, not new construction.

For residential customers in Distribution's New York service area, rebates are available on the purchase of the following items:

[9] Case 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard; New York State Department of Public Service, Staff Preliminary Proposal for Energy Efficiency Program Design and Delivery; August 28, 2007, p. 101.

	Required Minimum Efficiency	Rebate Amount
Space Heating		
Hot Air Furnace	90% AFUE [10]	$300
Hot Water Boiler	85% AFUE	$400
Steam Boiler	81% AFUE	$200
Programmable Thermostat	Energy Star –Rated	$25
Water Heating		
Storage Tank Heater	0.61 EF[11]	$150
Tankless Heater	0.78 EF	$350

Rebates were processed beginning on December 1, 2007. The following documentation was needed in order to complete the application for a rebate:

Purchased Item	Required Documentation
Programmable thermostat	Receipt; make and model number, UPC (bar code) label from the package (only Energy Star-rated models qualify).
Furnaces, Boilers and Water Heaters	Paid invoice or receipt(s) indicating the retailer/contractor name, business address, phone and Federal ID (tax) number. Itemized description of each product, including: 1. Manufacturer, and complete model number. 2. EF for natural gas water heaters. 3. AFUE (efficiency) rating for natural gas furnace or boiler. Product installation date.

The Company contracted with Energy Federation Inc. ("EFI") to administer the rebate processing. EFI has more than 15 years experience in administering energy efficiency programs for utilities nationwide.

4. Reporting

a. Internal

As of December 31, 2009, a total of 35,690 rebates were processed by EFI, for a total rebate amount of $6,348,263. This represents approximately 213% of the estimated total annual budget of $2,980,677 for this program, in the first twenty-five months since becoming effective. As of December 31, 2009, EFI was paid $441,668 to administer this program per Distribution's contract with them. This represents approximately 153% of the estimated total annual administration budget of $289,050 for this program. The table

[10] Annual Fuel Utilization Efficiency ("AFUE") is the most widely used measure of a furnace's heating efficiency. It measures the amount of heat actually delivered to a house compared to the amount of fuel that must supply the furnace.

[11] Energy Factor ("EF") is the efficiency of a storage water heater is indicated by its EF. An overall efficiency measure based on the use of 64 gallons of hot water per day, the EF takes into consideration both the transfer of heat to the water from the fuel used, and the standby loss of heat from the water.

below illustrates a summary of the rebate activity to date versus the estimated annual projections by major rebate and program administration category:

	- Estimated Annual -		- Actual Cumulative -	
	Rebates	Rebate $	Rebates	Rebate $
Space Heating	3,853	$1,258,534	16,319	$5,008,000
Water Heating	5,783	$1,312,388	4,476	$968,400
Thermostat	16,390	$409,755	14,895	$371,863
Total Rebate	26,025	**$2,980,677**	35,690	**$6,348,263**
General Admin.				$50,000
Processing				$212,013
Inspections			2,065	$179,655
Total Admin.		**$289,050**		**$441,668**
Total Program		**$3,269,727**		**$6,789,931**

Refer to Appendix B of this report for more detailed program summary information.

Customer response to this program has been outstanding. Program inquiries to EFI have been very steady since the program began. Typical daily call levels have been in the range 40 - 50 calls per day, with peak levels reaching 75 - 80 calls per day during the first few months of the program introduction. The program administrator, EFI, who handles a large majority of the utility rebate programs in the northeast U.S., stated recently that this was by far the largest initial response to a residential rebate program that they have ever seen. According to Tim Brown, Chief Operating Officer of EFI, "this one certainly took off like no other program we've started up."

Now that the initial influx of requests has been processed, EFI is in the process of conducting two additional quality control aspects of the program. First, they are working with Conservation Services Group (CSG) to conduct random monthly on-site inspections of equipment installations to verify that the equipment receiving a rebate was actually installed. As of December 31, 2009, 2,065 of these inspections have been completed, which represents a 6% sample of the total rebate population of 35,690 rebates, and no fraudulent claims were discovered. Second, EFI conducted a phone survey to a random sample of 1,170 customers (approximately 5% of the 22,224 customers receiving a rebate through December 2009), to gain their insight into issues such as program awareness source, impact of the rebate on the purchase decision and satisfaction with the rebate process. Regarding program awareness, the top 3 sources of program information to rebate customers were contractors (66%), National Fuel bill inserts (18%) and friends/word of mouth (11%). A total of 86% of rebate participants indicated the rebate was important in influencing them to make their equipment upgrade decision. Finally, 95% of rebate customers were satisfied with the overall rebate program process. A more detailed summary of the results of these surveys is included in Appendix H of this quarterly report.

b. External

The Company has developed an analysis of the changes in customer consumption characteristics after the installation of high efficiency appliances. Appendix I provides a summary of this analysis

5. M&V Analysis

Appendix E, Pages 1 through 3, Columns B through G, provide the preliminary M&V results for each of the residential rebate programs. Appendix E, Pages 4 through 6, Column H, provide the preliminary M&V results for the total of the residential rebate programs.

The Table below summarizes a number of results included in Appendix E.

Residential Rebates M&V Summary Based on a Deemed Savings Analysis							
	Total Res	Furnace	HW Boiler	Steam Boiler	T Stats	HW Tank	Tankless HW
TRC Base Analysis	2.45	2.64	1.16	2.46	4.92	1.52	1.49
Base Societal Test w/WNY Benefits	3.85	4.14	1.81	3.84	7.76	2.40	2.36
TRC Adjusted	2.15	2.31	1.03	2.16	4.31	1.36	1.32
Adjusted Societal Test w/WNY Benefits	3.38	3.63	1.61	3.38	6.80	2.15	2.09

The Mcf saved per participant, Row 20, on Appendix E, are the deemed rebate program savings assumed when the CIP program was established.

In developing the adjusted analysis a 19% free ridership value is assumed. This assumed level of free ridership was based on a previously completed customer survey results explained in section V.B.4.a. More recent survey results would imply a free ridership value of 14%. The TecMarket manual recommends a free ridership value of 10%. In order to be consistent with the results presented in previous quarterly reports, the free ridership estimates used in the TRC scores presented in the tables of this report utilize the 19% value assumed in previous reports. The Company anticipates that, based on the feedback from interested parties, that future reports will incorporate the TecMarket free ridership value of 10%. Sensitivity analysis for the free ridership variable is provided in the free ridership section of Appendix E. An assumed level of "Snapback" consumption was provided in the analysis based on Company surveys of the propensity of the average residential customer to turn up their thermostats based on assumed bill reductions.

The Company has also performed a cost benefit analysis for residential appliance rebates based on a "before-and-after" analysis of the total natural gas consumption of residential customers receiving rebates. Appendix I provides a summary of the procedures used by the Company in determining pre and post efficient appliance installation consumption.

Appendix E, pages 7 through 9, provides the M & V results based on pre and post appliance installation savings for residential customers receiving rebates.

Residential Rebates M&V Summary Based on a Pre and Post Appliance Installation Savings Analysis					
	Total Res	Heating Systems	T Stats	HW Tank	Tankless HW
TRC Base Analysis	1.93	1.58	10.77	1.09	0.98
Base Societal Test w/WNY Benefits	3.03	2.48	16.92	1.72	1.58
TRC Adjusted	1.76	1.45	9.42	0.97	0.86
Adjusted Societal Test w/WNY Benefits	2.77	2.28	14.81	1.55	1.41

While the pre and post cost benefit analysis provides results that are somewhat less than those presented under the deemed savings analysis, the overall benefits of the residential rebate programs still exceeds the costs. As explained in Appendix I, the pre and post analysis utilized fourteen months of data. The Company will update this study as more data becomes available.

C. Rebate Program – Small Non-Residential

1. Description

The small non-residential program is also an equipment replacement program, modeled after a Vermont Gas Systems program, which was cited by the ACEEE, as one of the nation's exemplary natural gas energy efficiency programs. Distribution's proposed program will offer equipment replacement customized rebate incentives to customers using less than 12,000 Mcf, to encourage them to install high efficiency space heating, water heating and process heating equipment. However, customers will also be eligible to receive rebates for non-equipment replacement changes made to heating, water heating and process heating equipment, such as adding insulation to a process heating oven, or updating controls to a space heating boiler. These custom incentives are set on a case-by-case basis, based upon the incremental installed cost of the new equipment and the estimated resulting gas energy savings. A technical engineering analysis must first be performed to confirm energy savings. The rebate amount will be up to 50% of the incremental cost, with a cap of $25,000. The Company has contracted with NYSERDA to administer the day-to-day project management of this program.

2. Goals

The goal of the small non-residential rebate program is to provide cost effective incentives to small non-residential customers to utilize natural gas efficiently in their business operations.

3. Program Information

a. Administrative Tasks Related to Start-Up

- NYSERDA has modified existing Energy Efficiency Technical Assistance ("TA") contracts, including statements of work to include activities related to NRCIP.
- NYSERDA has modified the on-line tracking system, Buildings Portal, to accommodate changes required for the tracking of Distribution energy projects.
- NYSERDA has modified current Enhanced Commercial/Industrial Performance Program opportunity notices and Tier II forms to accommodate Distribution energy projects.

b. Ongoing Administrative Tasks

- NYSERDA will monitor program progress and expenditure levels to ensure that program objectives are met within budget allocations.
- NYSERDA will discuss by teleconference as needed with NYSERDA's TA Contractors, to ensure that contractors understand and are following program procedures, and to elicit feedback regarding the program.
- NYSERDA will conduct periodic reviews of the database to ensure quality of data entry and will provide Distribution with project data obtained on the application.
- NYSERDA will promote Distribution programs in any upcoming energy efficiency workshops /seminars/conferences provided in Distribution service territory.
- At Distribution's request, NYSERDA shall permit Distribution personnel to monitor and participate in these administrative tasks.

4. Process

- NYSERDA Application In-Take and Review:
  - Upon receipt of a completed Application (includes application and Technical Engineering Study) NYSERDA assigns the gas energy project and send a copy of the Application to a NYSERDA TA Contractor.
  - NYSERDA will enter data into the Buildings Portal Database to track the energy project.

- NYSERDA's TA Contractor will perform the following:
  - Will review the Application for completeness and eligibility and will review the engineering study for technical merit.
  - Will contact customer and/or contractor to conduct a pre-installation site visit to verify existing conditions.
  - Will provide NYSERDA with written correspondence on the Application summarizing the gas energy project and provide NYSERDA with a

recommendation of the potential gas energy savings and financial incentive.
    - Will provide NYSERDA with a scope of work and budget to complete all phases related to the gas project.

- NYSERDA offers Purchase Order:

    - NYSERDA will review the TA Contractor's recommendation and, if approved, will request Distribution to send correspondence via an approval memorandum to the customer. In the alternative, NYSERDA may itself send such correspondence on letterhead supplied to NYSERDA by Distribution.
    - NYSERDA will develop a Purchase Order to contractually secure the financial incentives available for the gas energy project and offer a Purchase Order to the customer for their approval and signature.
    - NYSERDA will review the scope of work and budget and modify the existing TA Contractor's contract.
    - NYSERDA will update the data of the project in the Buildings Portal database.

- Customer completes Construction:

    - NYSERDA's TA Contractor will conduct a post-installation site-inspection of the energy project to verify that the energy project is completed and the same equipment and efficiency ratings that was specified in the Application was installed.
    - NYSERDA's TA Contractor will provide NYSERDA with correspondence in writing with a recommendation of the potential gas energy savings and financial incentives and notify any changes to the project.
    - NYSERDA will request Distribution to provide the customer with correspondence in writing indicating the amount of financial incentive that the customer can invoice. In the alternative, NYSERDA may send such correspondence on letterhead supplied to NYSERDA by Distribution.
    - NYSERDA will update the data of the project in the Buildings Portal database.

- Invoice Processing:
    - NYSERDA will review all invoices for accuracy, and if acceptable NYSERDA will process the invoice for payment following NYSERDA prompt payment policy.

5. Reporting

a. Internal

As of December 31, 2009, a total of 697 rebates were processed by EFI and NYSERDA, for a total rebate amount of $649,634. This represents approximately 49% of the estimated total annual budget of $1,319,860 for this program, since commencement of rebate processing on December 1, 2007, (for equipment purchases and installations completed on or after November 1, 2007). As of December 31, 2009, EFI and NYSERDA were paid a total of $38,502 to administer this program per Distribution's contract with them. This represents approximately 30% of the estimated total annual administration budget of $127,993 for this program. The table below illustrates a summary of the rebate activity to date versus the estimated annual projections by major rebate and program administration category:

	- Estimated Annual-		- Actual Cumulative-	
	Rebates	Rebate $	Rebates	Rebate $
Space Heating	N/A	N/A	349	$605,970
Water Heating	N/A	N/A	42	$26,039
Cooking	N/A	N/A	2	$1,000
Process Heating	N/A	N/A	0	$0
Thermostat	N/A	N/A	304	$16,625
Total Rebate	N/A	**$1,319,860**	697	**$649,634**
General Admin.				$33,856
Processing				$2,297
Inspections			52	$2,349
Total Admin.		**$127,993**		**$38,502**
Total Program		**$1,447,853**		**$688,136**

Refer to Appendix C of this report for more detailed program summary information.

Customer response to this program was very slow at the outset, but has been improving as a result of a series of direct mailings the Company conducted in February and March of 2008. Program inquiries to NYSERDA have been fairly steady since the direct mail campaign. Typical daily call levels have been in the range of 10-15 calls, with peak levels reaching 20-30 calls per day in some instances.

However, even with the increased call activity, the results to date have been less than expected. We feel this is due primarily to two factors. First, the majority of customers calling NYSERDA were very small businesses, typically with usage of less than 1,000 Mcf. Due to their small size, they were relatively unsophisticated when it came to knowledge of their existing energy equipment and their overall energy usage. They did not have any in-house energy expertise and many did not have any outside source (contractor, engineer, consultant, etc.) to rely upon. Second, even if they did have some level of energy expertise, either in-house or outside, they were typically too busy to spend any time analyzing their project as called for in the design of the customized rebate

program. They were looking for something VERY easy to understand and apply for, such as our fixed rebate design in the residential market. This is the main reason NYSERDA ended up referring most of the rebates for the small non-residential program to EFI so the customer could take advantage of the simpler, albeit likely lower value, rebate through that source. These customers simply did not want to take the time or effort to complete even a simple analysis of their project to achieve the higher potential rebate level.

Over the first two years of the program, we have seen greater activity on the customized rebate design front. Even though only 32 rebates have been processed through this method as of December 31, 2009, NYSERDA currently has several applications in progress, with a few projects already approved for payment or pending, several of which are for substantial amounts of money. We feel this trend will continue as more customers become aware of the program, as well as becoming more comfortable with completing the simple technical analysis required.

Due to the issues cited above, the Company has implemented a modification to this program design for year 2 of the program, effective December 1, 2008, that created a two-tiered approach –

1. A new, simpler, fixed rebate component for the smallest of the non-residential customers, similar to the residential program design, although at slightly higher rebate levels
2. The existing, more complex, customized rebate design for those customers willing and able to do the analysis required to likely achieve a greater rebate level through this approach than via the fixed rebate design.

The Company reviewed this concept with all the participants of the Collaborative Session held at the NYPSC office in Albany on March 25, 2009. Since the new fixed rebate became effective on December 1, 2008, the Company is encouraged by the growing response we have seen from our small non-residential customers. Through December 31, 2009, 665 customers have taken advantage of this simpler rebate option available to them.

Finally, now that the program introduction phase has passed, the Company plans on working with NYSERDA to finalize a phone survey which will be conducted to a random sample of customers receiving a rebate, to gain their insight into issues such as program awareness source, satisfaction with the rebate process and impact of the rebate on the purchase decision.

b. External

At this point, the Company does not have sufficient data for most rebate participants to accurately compare pre-versus post-installation consumption for either the five-month heating season of November – March or the 12-month water heating/process heating season. As more data is available, we expect to conduct these analyses to estimate the energy efficiency savings realized for each rebate participant, as well as aggregate

those results into the TRC test to evaluate the overall program effectiveness, and include them in future quarterly reports.

6. M&V Analysis

Appendix E, Pages 4 through 6, Column K, provide the preliminary M&V results for the non-residential rebate program.

The Table below summarizes a number of results included in Appendix E.

Non-Residential M&V Summary	
TRC Base Analysis	2.02
Base Societal Test w/WNY Benefits	3.16
TRC Adjusted	1.97
Adjusted Societal Test w/WNY Benefits	3.07

The Mcf saved per participant, Row 20, on Appendix E, is the deemed non-residential program savings for the participants provided CIP rebates to date.

In developing the adjusted analysis a 10% free ridership is assumed. Sensitivity analysis for the free ridership variable is provided in the free ridership section of Appendix E. No level of snapback was assumed for non-residential customers.

D. General Customer Outreach and Energy Efficiency Education

1. Description

The Company developed a communications plan to introduce the CIP to its customers and to help them become fully aware of its benefits and to encourage customers to take advantage of the program.

2. Goal

The goal of the communication initiative is to educate customers on the need for and the benefit of employing energy efficiency measures with the CIP rebate and low-income programs being a cornerstone of the methods available for improving energy efficiency in their homes and businesses.

3. Program Information

The formal advertising and public relations campaign associated with the CIP launched December 1, 2007. That campaign included bill inserts, direct mail, outdoor advertising, transit and bus shelter advertising, online advertising, a dedicated Web site, print advertisements and grassroots efforts. Tactics executed during this reporting period (October 1, 2009, through December 31, 2009) included:

Print advertisements:

- One print advertisement ran in our media market in October 2009, generating approximately 997,760 total impressions.
    - See **Appendix D, Exhibit 1** for a sample print ad.

Television advertisement:

- One television advertisement ran during the months of October and November 2009.
- Against an adult 25-54 audience, we scheduled 912 gross rating points. The five-week schedule delivered a 99 percent reach and 9.2 frequency against the adult 25-54 target audience.

Transit Advertising (Bus Shelters & Bus Cards)

- Bus Cards – for one month (October 19 – November 19, 2009)
    - 454,230 total gross impressions.
    - See **Appendix D, Exhibit 2** for a sample bus card ad.
- Bus Shelters – for one month (October 19 – November 19, 2009)
    - 7,539,960 total gross impressions.
    - See **Appendix D, Exhibit 3** for a sample bus shelter ad.

Outdoor Advertising for November & December 2009

- Erie & Niagara Counties – 16 bulletins/month
    - Total reach and frequency: 88.2%/33.9 against an adult 18+ target.
- See **Appendix D, Exhibit 4** for a sample outdoor ad.

Bill Inserts:

- The Fall Quarterly Newsletter bill insert, which featured information on the CIP, was distributed in October 2009 to the Utility's 500,000 customers in western New York.
    - See **Appendix D, Exhibit 5** for a sample bill insert.
- One bill insert titled, "Ways to Manage Your Energy Costs," which primarily featured information on the CIP, was distributed in December 2009 to the Utility's 500,000 customers in western New York.
    - See **Appendix D, Exhibit 6** for a sample bill insert.

Web Site (NationalFuelForThought.com)

- Program-specific Web site generated approximately 17,070 visits (with 56,188 page views among those visits) from October 1 to December 31, 2009.
    - See **Appendix D, Exhibit 7** for a screen shot of the Web site's homepage.

Other Web Site Outreach

- **Media Networks, Inc. and JCarter Advertising**– 5,823,407 impressions from October 1 to December 31, 2009.
- **Buffalo.com** – 457,106 total impressions from October 1 to December 31, 2009.
    - See **Appendix D, Exhibit 8** for sample Web site ads.

Take-Aways:

- Conservation kits and program materials were distributed at community events and to employees, customers, heating and cooling appliance dealers, local appliances stores, area not-for-profit organizations, health and human service agencies, and local elected officials.
    - Approximately 1,465 kits were distributed between October 1 and December 31, 2009.
- Along with starter-materials to help customers weatherize their homes and payment assistance information, the conservation kits included:
    - **Program brochures describing features for Residential and Non-residential customers** – also distributed upon request to employees, customers, heating and cooling appliance dealers and local appliances stores.
        - See **Appendix D, Exhibit 9** for a sample of the brochure featuring program benefits for residential customers.
        - See **Appendix D, Exhibit 10** for a sample of the brochure featuring program benefits for non-residential customers.
    - **Conservation Tip Sheet** – includes tips and facts about energy conservation and Web sites that contain conservation information.
        - See **Appendix D, Exhibit 11** for a sample tip sheet.

Community Outreach:

- Program materials and conservation kits were distributed at the following:
    - National Grid's Energy Efficiency Expo., 50 kits
    - Catholic Charities of Steuben County (General Distribution), 90 kits
    - SUNY Buffalo Greener Shade of Blue & You Day, 200 kits
    - Chautauqua County Energy Conference, 280 kits
    - American Red Cross Homeless Coalition Workshop, 50 kits
    - Horizon Health Services (General Distribution), 40 kits
    - Evans Senior Center (General Distribution), 50 kits
    - Charter School for Applied Technologies (General Distribution), 25 kits
    - NEED Teacher Workshop – Lewiston. 40 kits

- NEED Teacher Workshop - West Seneca, 40 kits
- True Deliverance Temple (General Distribution), 20 kits
- NEED Teacher Workshop – Buffalo, 30 kits
- Heath Assoc. of Niagara County (General Distribution), 80 kits
- Duke Senior Center Senior Conservation Workshop, 150 kits

- Program materials were distributed at the following:
  - National Fuel's Buffalo Place Customer Assistance Center.
  - National Fuel's Appletree Customer Assistance Center.
  - National Fuel's Jamestown Customer Assistance Center.
  - National Fuel's Niagara Falls Customer Assistance Center.
  - National Fuel's Customer Response Center.

- Continued sponsorship of the Buffalo Sabres' "Blue + Gold= Green" Initiative:
  - The Buffalo Sabres continued to issue e-mails to registered Green Team members promoting energy conservation and the Energy Detectives Program and the CIP.
    - As of December 31, 2009, there were 3,866 "Green Team" members.
    - Television Advertisements – 37 spots ran between October 1 and December 31, 2009, generating approximately 971,106 impressions.
    - 39 Green team spots produced by the Sabres highlighting the CIP along with conservation tips aired between October and December, generating approximately 1,052,031 impressions.
    - In-Arena Advertisements (HD Ring/ribbon board ads and 100 level concourse signage) at 22 home games between October 1 and December 31, 2009, generating approximately 18,451 impressions per game.
    - Prominent feature of the CIP and conservation tips on the Sabres' dedicated "Green Team" Web site.
      - CIP materials distributed to all new registrants.
      - Two email blasts about CIP, including a link to our CIP Web site were sent between October 1 and December 31, 2009, to more than 150,000 Sabres Insider Club members.
    - Program materials given out at Sabres "green" games on November 20 and December 18, 2009.
      - There was an additional Green Team spot, three minutes of advertising on the ribbon board and one additional live mention during the game.
      - The Sabres featured a story about CIP on the homepage of the Sabres Web site for those two green games.

Distribution also executed the following:

Legislative Outreach:

- On December 7, 2009, letters were sent to 68 elected officials, representing all districts of western New York at the local and state level, to describe the CIP, its features and benefits, to offer follow-up meetings with Staff and constituents and to make conservation kits available.
    - See **Appendix D, Exhibit 12** for a sample of the letter that was sent.
- On October 6, 2009, National Fuel hosted a Legislative Briefing in Olean, New York, attended by 12 local legislators and community assistance organizations. The CIP was features and conservation kits were distributed.
- On October 9, 2009, National Fuel hosted a Legislative Briefing in Williamsville, New York, attended by approximately 35-40 local legislators. The CIP was features and conservation kits were distributed.
- On October 28, 2009, a Company representative spoke to more than 100 attendees at Senator Antoine Thompson's Community Leaders Stakeholders Breakfast. The CIP was featured and conservation kits were distributed.
- On November 16, 2009, Company representatives spoke to 25-30 attendees at Assemblywoman Francine Delmonte's Community Meeting. The CIP was featured and conservation kits were distributed.
- By request, CIP program materials were sent to the follow legislative offices between October 1 and December 31, 2010:
    - Erie County Legislature - 15th District
    - Assemblyman Stephen Hawley
    - Erie County Legislator Tim Kennedy
    - City of Tonawanda Mayor's Office
    - Mark Boyd, Chief of Staff
    - Town of Independence
    - New York State Assembly
    - New York State Assemblyman Dennis Gabryszak

Media Relations:

- Four (4) interviews conducted with area media and trade press between October 1 and December 31, 2009.
- News release titled, "Western New York Teachers Invited to Form Energy Detectives," issued on November 11, 2009.
    - See **Appendix D, Exhibit 13** for a copy of the news release issued.
- News release titled, "National Fuel's Conservation Incentive Rebate Program Begins Third Year," issued on December 2, 2009.

    - See **Appendix D, Exhibit 14** for a copy of the news release issued.
- Local coverage included:
    - A news story featuring National Fuel rebates titled, "Home Energy-Saving Tips," was published on either October 14, or October 15, 2009, in:
        - *Clarence Bee* (circulation: 4,522)
        - *Amherst Bee* (circulation: 26,500)
        - *West Seneca Bee* (circulation: 3,804)
        - *East Aurora Bee* (circulation: 11,047)
        - *Orchard Park Bee* (circulation: 2,500)
        - *Lancaster Bee* (circulation: 3,800)
        - *Cheektowaga Bee* (circulation: 1,753)
        - *Ken-Ton Bee* (circulation: 1,643)
        - *Depew Bee* (circulation: 1,575)
    - News story featuring National Fuel rebates titled, "National Fuel Rebate Program Extended," published in the *Union-Sun Journal* (circulation: 11,460) and the *Tonawanda News* (circulation: 11,063) on October 16, 2009.
    - News story featuring National Fuel rebates titled, "Hot Water Tank Rebates Ending Soon," published in the *Buffalo News* (circulation: 181,805) on October 16, 2009.
    - News story featuring National Fuel rebates titled, "$9.8 Million Approved for Low-Income Assistance Programs and Energy Efficiency," published in the *Dunkirk Observer* (circulation: 11,400) on October 19, 2009.
    - News story featuring National Fuel rebates titled, "Thermostat Rebates to Be Restricted," published in the *Buffalo News* (circulation: 181,805) on October 30, 2009.
    - News story featuring National Fuel rebates titled, "National Fuel Begins Program," published in the *Lancaster Source* (circulation: 11,661) on December 13, 2009; the *Lockport Community Metro Retailer* (circulation: 10,223) and *North Buffalo Community Metro Source* (circulation: 14,495) on December 19, 2009; and the *North Cheektowaga Community Metro Source* (circulation: 9,823) and the *North Tonawanda Community Metro Source* (circulation: 14,495) on December 25, 2009.

Dealer/Contractor Outreach:

- Area heating and cooling contractors, appliance dealers and others engaged in Distribution's Energy Partnership Program were invited to an information session designed to provide information about the third year of the CIP and how it may impact their businesses.
    - On November 17, 2009, eight (8) persons representing six (6) area businesses attended a meeting in Jamestown, New York.

- On November 18, 2009, 31 persons representing 22 area businesses attended a meeting in Getzville, New York.

4. Reporting

The Company is monitoring the progress and success of the communication activities related to the CIP. A benchmark customer survey was conducted in October 2007 to measure customer awareness of energy efficiency and current practices and behaviors associated with the efficient use of natural gas and the Company is monitoring the progress and success of the communication activities related to the CIP. Follow-up surveys during the course of the CIP have been and will continue to be conducted to measure changes in customer behavior and awareness of the conservation messaging being advanced as part of the CIP.

The most recent round of surveying was completed in November 2009. Additionally, follow up surveys during the course of the CIP will be conducted to measure changes in customer behavior and awareness of the conservation messaging being advanced as part of the CIP. Key findings from the November 2009 survey included:

- Respondents continue to rank National Fuel as an important source in providing valuable information regarding conservation.
- In terms of impact, methods of controlling energy costs have been valued about the same throughout the past six quarters of research. Consumers feel their best tools for lower bills are through lowering thermostats, weather stripping, added insulation and replacement of current furnaces/appliances with higher efficiency furnaces/appliances.
- 80% of respondents felt that energy savings could offset the cost of a more efficient furnace over the life of a unit.
- 92% of respondents said that it was somewhat or very important to conserve energy, and consistent with prior research results, 88% said the leading reason for them to conserve was to save money.
- Similar to past studies, respondents in the lower income brackets (<$40k) are more apt to see energy conserving measures such as using efficient appliances as having an effect on their natural gas costs. The same respondents are least likely to take steps to replace their appliances or furnaces in the next year – even though they see the value they would present for savings.
- Wealthier ($40k+), younger (<45 years old), females, and home owners were the most likely to have already replaced their furnace with a more energy-efficient model. This

audience has shown to be more likely to have Internet access at home.

- When asked to rate the importance for obtaining energy efficiency information from different sources, consumers indicated television (news stories and advertisements) and National Fuel as the most important sources. The lowest importance ratings continued to be attributed to NYSERDA and the National Fuel Web site.
- 59% of respondents expressed that they were somewhat/very likely to seek more information on rebates.

At November 30, 2009, approximately $4.3 million was spent on communications initiatives for the first two years of the CIP. As of December 31, 2009, approximately $2,053 had been spent on outreach and education initiatives during the program's third year.

5. M&V Analysis

Appendix E, Pages 4 through 6, Column L, provide the preliminary M&V results for the Outreach program.

The Table below summarizes a number of results included in Appendix E.

Outreach M&V Summary	
TRC Base Analysis	4.96
Base Societal Test w/WNY Benefits	8.14
TRC Adjusted	4.01
Adjusted Societal Test w/WNY Benefits	6.66

Gauging the exact customer behavioral changes due to the Company's outreach effort is perhaps the most difficult part of this M&V analysis. The Company's outreach effort is broad based and cuts across a number of programs and initiatives as demonstrated in the program details above. The first step in the M&V analysis was to assign a portion of the outreach costs to the rebate programs since a significant effort was made to inform customers about the rebate programs. The assignment of outreach costs to the rebate programs was 50% of total outreach costs. Outreach costs associated with the rebate programs were included in the M&V results for the rebate programs. The Mcf saved per participant, Row 20, on Appendix E, is a deemed Mcf savings associated with the general outreach efforts. The sensitivity analysis section of the M&V report provides an analysis of the sensitivity of the adjusted TRC results to the volume savings assumption. The adjusted TRC results range from 6.02 if the volume savings resulting from general outreach are 50% greater than those assumed in the base analysis to 2.01 if the volume savings are 50% less than that assumed in the base analysis. The Company's general energy efficiency initiative included a broad based energy savings message as well as distribution of thousands of conservation kits; therefore, the isolation of any single activity on the part of individual customers is difficult to obtain. Perhaps the best

estimate of outreach results will be to determine total changes in average usage less the impact associated with the rebate and LIURP programs.

In developing the adjusted analysis a 19% free ridership is assumed. Sensitivity analysis for the free ridership variable is provided in the free ridership section of Appendix E. No level of snapback was assumed related to the outreach effort.

VI. Conclusions

All aspects of the Company's CIP began operation on December 1, 2007. This is the Company's eighth quarterly report, which has provided an overview of each component of the CIP along with a summary of results to date for each component. This report provided a preliminary analysis of M&V results based on program results to date. Appendix G provides a summary of allowances by program, Company expenditures for each CIP initiative, and NYSERDA expenditures under the Company's program through December 31, 2009. More information regarding M&V variables resulting from the actual operation of the CIP and the ongoing state-wide energy efficiency initiative should be available for inclusion in future quarterly reports. The Company also anticipates including reasonable data reporting modifications that may be suggested by Staff and others involved in making the energy efficiency initiatives included in the CIP available to the Company's customers.

Appendix A - Low Income Usage Reduction Program Cumulative Results through 12/31/09

I. PROGRAM INTAKE *(Cumulative / Program Years 1 & 2)*

NFG Customers Referred	**10,461**			
Customer Letter/Application Sent	8,552	*	82%	of 10,461 Referrals
Applications Returned	**3,280**		38%	of 8,552 Applications Sent

* referrals held due to program currently at capacity

II. STATUS of APPLICATION TRIAGE *(Cumulative / Program Years 1 & 2)*

Applications on Hold (Landlord Authorization):	272	8%	of 3,280 Applications Returned
Applications on Hold (Additional Information/Other):	14	0%	of 3,280 Applications Returned
Deemed Ineligible (house for sale etc)	1,109	34%	of 3,280 Applications Returned
Assigned to Contractors for Service	**1,885**	57%	of 3,280 Applications Returned

III. STATUS OF AUDITS/MEASURES *(Cumulative / Program Years 1 & 2)*

Audits in Process	**31**	2%	of 1,885 Households assigned to Contractors for Service
Jobs in Process	79	4%	of 1,885 Households assigned to Contractors for Service
Jobs Completed	1,513	80%	of 1,885 Households assigned to Contractors for Service
Program Participants	**1,623**	86%	of 1,885 Households assigned to Contractors for Service
Jobs Cancelled	262	14%	of 1,885 Households assigned to Contractors for Service

III. PROGRAM RESULTS *(Cumulative / Program Years 1 & 2)*

Conservation Measure	Jobs	Estimated Annual Energy Savings (Mcf)	Estimated Annual* Savings ($)	**Total Cost of Measures**	Average Cost per Measure
Audit Fee/Education	1,513	tbd	tbd	**$501,813**	$332
Insulation	1,217	49,223	$664,510	**$3,489,019**	$2,867
Air Sealing	1,246	9,528	$128,627	**$442,431**	$355
Heating System Repair/Replacement	685	5,196	$70,142	**$374,875**	$547
Thermostats	140	1,715	$23,163	**$14,598**	$104
DHW Improvements	109	214	$2,890	**$128,245**	$1,177
Showerheads	413	321	$4,336	**$6,897**	$17
Pipe Wrapping	510	129	$1,736	**$8,583**	$17
Other	238	19	$257	**$58,378**	$245
Total	1,513	66,345	$895,661	**$5,024,839**	$3,321

* *Therm cost savings are based on the National Fuel Residential Utility Prices for Jan 2008 as posted by the PSC minus the non-bypassable service charge ($1.35 per therm).*

Appendix B - Residential CIP Rebate Program Cumulative Results through 12/31/09

Equipment	Quantity	Rebate Amount	Total Rebate	Processing Fee	Total Fee	Total
I. Space Heating						
Boiler - Hot Water	1172	$400.00	$468,800.00	$7.50	$8,790.00	$477,590.00
Boiler - Steam	49	$200.00	$9,800.00	$7.50	$367.50	$10,167.50
Furnace >= 90%	15098	$300.00	$4,529,400.00	$7.50	$113,227.50	$4,642,627.50
Subtotal	16319		$5,008,000.00		$122,385.00	$5,130,385.00
II. Water Heating						
Water Heater - Storage Tank	2993	$150.00	$448,950.00	$6.50	$19,454.50	$468,404.50
Water Heater - Tankless	1483	$350.00	$519,450.00	$6.50	$9,639.50	$529,089.50
Subtotal	4476		$968,400.00		$29,094.00	$997,494.00
III. Programmable Thermostat	14895	$24.97 *	$371,862.99	$4.50	$60,534.00 **	$432,396.99
Total all Equipment	35,690		$6,348,262.99		$212,013.00	$6,560,275.99
Program Administration	25 months			$2,000.00	$50,000.00	
Inspections	2065			$87.00	$179,655.00	
PROGRAM TOTAL						**$6,789,930.99**

* Average thermostat rebate amount. Rebate amount cannot exceed actual purchase price.

** Thermostat "Total Fee" reflects no fee charged after initial thermostat, on multiple thermostat installations.

Appendix C - Small Non-Residential CIP Rebate Program Cumulative Results through 12/31/09

I. FIXED Rebates

A. Through Residential CIP, Installed before 12/1/08 - Administered by EFI

Equipment	Quantity	Individual Rebate Amount	Total Rebate	Processing Fee	Total Fee	Total
I. Space Heating						
Boiler - Hot Water	19	$400.00	$7,600.00	$7.50	$142.50	$7,742.50
Boiler - Steam	0	$200.00	$0.00	$7.50	$0.00	$0.00
Furnace	144	$300.00	$43,200.00	$7.50	$1,080.00	$44,280.00
Subtotal	163		$50,800.00		$1,222.50	$52,022.50
II. Water Heating						
Water Heater - Storage Tank	12	$150.00	$1,800.00	$6.50	$78.00	$1,878.00
Water Heater - Tankless	8	$350.00	$2,800.00	$6.50	$52.00	$2,852.00
Subtotal	20		$4,600.00		$130.00	$4,730.00
III. Programmable Thermostat	210	$24.88 *	$5,224.96	$4.50	$945.00 **	$6,169.96
Total all Equipment	393		$60,624.96		$2,297.50	$62,922.46
Inspections	27			$87.00	$2,349.00	
PROGRAM SUBTOTAL						$65,271.46

* Average thermostat rebate amount. Rebate amount cannot exceed actual purchase price.

** Thermostat "Total Fee" reflects no fee charged after initial thermostat, on multiple thermostat installations.

Appendix C - Small Non-Residential CIP Rebate Program Cumulative Results through 12/31/09

I. FIXED Rebates (continued)

B. Through Small Non-Residential CIP, Installed after 12/1/08 - Administered by NYSERDA

Equipment	Quantity	Individual Rebate Amount	Total Rebate	Processing Fee	Total Fee	Total
I. Space Heating						
Boiler - Hot Water	31	$1,958.06 *	$60,700.00		$0.00	$60,700.00
Boiler - Steam	3	$2,013.33	$6,040.00		$0.00	$6,040.00
Unit Heater	11	$1,363.64 *	$15,000.00		$0.00	$15,000.00
Furnace	112	$1,023.57 *	$114,640.00		$0.00	$114,640.00
Subtotal	157		$196,380.00		$0.00	$196,380.00
II. Water Heating						
Water Heater - Storage Tank	13	$150.00	$1,950.00		$0.00	$1,950.00
Water Heater - Tankless	6	$350.00	$2,100.00		$0.00	$2,100.00
Subtotal	19		$4,050.00		$0.00	$4,050.00
III. Cooking	2	$500.00	$1,000.00		$0.00	$1,000.00
IV. Programmable Thermostat	94	$121.28 *	$11,400.00		$0.00 **	$11,400.00
Total all Equipment	272		$212,830.00		$0.00	$212,830.00
Inspections	0			$87.00	$0.00	
PROGRAM SUBTOTAL						$212,830.00

* Average thermostat rebate amount. Rebate amount cannot exceed actual purchase price.

** Thermostat "Total Fee" reflects no fee charged after initial thermostat, on multiple thermostat installations.

Appendix C - Small Non-Residential CIP Rebate Program Cumulative Results through 12/31/09

II. CUSTOMIZED Rebates

Through Small Non-Residential CIP - Administered by NYSERDA

Equipment	Quantity	Average Rebate Amount	Total Rebate	Administration Fee	Total Fee	Total
I. Space Heating						
Boiler - Hot Water	21	$13,318.91	$279,697.04	9.00%	$25,172.73	$304,869.77
Boiler - Steam	0	$0.00	$0.00	9.00%	$0.00	$0.00
Unit Heater	1	$16,975.00	$16,975.00	9.00%	$1,527.75	$18,502.75
Furnace	0	$0.00	$0.00	9.00%	$0.00	$0.00
Other	7	$8,874.00 *	$62,118.00	9.00%	$5,590.62	$67,708.62
Subtotal	29	$12,372.07	$358,790.04		$32,291.10	$391,081.14
II. Water Heating						
Water Heater - Storage Tank	3	$5,796.33	$17,389.00	9.00%	$1,565.01	$18,954.01
Water Heater - Tankless	0		$0.00	9.00%	$0.00	$0.00
Subtotal	3	$5,796.33	$17,389.00		$1,565.01	$18,954.01
III. Process Heating	0		$0.00	9.00%	$0.00	$0.00
IV. Programmable Thermostat	0		$0.00	9.00%	$0.00	$0.00
Total all Equipment	32		$376,179.04		$33,856.11	$410,035.15
Inspections	25			N/A	$0.00	
PROGRAM SUBTOTAL						$410,035.15

Appendix C - Small Non-Residential CIP Rebate Program Cumulative Results through 12/31/09

III. TOTAL Rebates

Through Residential and Small Non-Residential CIP - Administered by EFI & NYSERDA

Equipment	Quantity	Average Rebate Amount	Total Rebate	Total Admin/Processing Fee	Total
I. Space Heating					
Boiler - Hot Water	71	$4,901.37	$347,997.04	$25,315.23	$373,312.27
Boiler - Steam	3	$0.00	$6,040.00	$0.00	$6,040.00
Unit Heater	12	$2,664.58	$31,975.00	$1,527.75	$33,502.75
Furnace	256	$616.56	$157,840.00	$1,080.00	$158,920.00
Other	7	$8,874.00	$62,118.00	$5,590.62	$67,708.62
Subtotal	349	$1,736.30	$605,970.04	$33,513.60	$639,483.64
II. Water Heating					
Water Heater - Storage Tank	28	$754.96	$21,139.00	$1,643.01	$22,782.01
Water Heater - Tankless	14	$350.00	$4,900.00	$52.00	$4,952.00
Subtotal	42	$619.98	$26,039.00	$1,695.01	$27,734.01
III. Cooking	2	$500.00	$1,000.00	$0.00	$1,000.00
IV. Process Heating	0	$0.00	$0.00	$0.00	$0.00
V. Programmable Thermostat	304	$54.69	$16,624.96	$945.00	$17,569.96
Total all Equipment	697		$649,634.00	$36,153.61	$685,787.61
Inspections	52			$2,349.00	
PROGRAM TOTAL					**$688,136.61**

APPENDIX D General Customer Outreach and Energy Efficiency Education

EXHIBIT 1 Print Advertisement

Save energy. Save money.

Get ready for winter now with rebates* from National Fuel.

At National Fuel, we can help you prepare for colder weather with our Conservation Incentive Program, which offers a number of ways to save energy, and save money.

Rebates on energy-efficient equipment

The Conservation Incentive Program offers residential and small, non-residential customers in National Fuel's western New York service area a number of money-saving rebates when you replace specified appliances with new, energy-efficient models. When you combine the rebates with the projected annual fuel savings realized by using more efficient equipment, you'd be amazed at how quickly these new appliances can pay for themselves. Plus, you could save even more with Federal Tax Credits for Energy Efficiency.

National Fuel Savings Card

National Fuel's free Conservation Incentive Program Savings Card can also help you save when you purchase energy-efficient products and services. Simply present the card to our participating Energy Partners to receive discounts on energy-related items.

Discounts are being offered on items like this:

- Service and repair on your natural gas appliances
- Furnace filters
- Home weatherization products
- New, high-efficiency furnaces, water heaters and other natural gas appliances
- **And much more!**

To print your free Savings Card—and for a list of the participating vendors and discounts—visit **www.NationalFuelForThought.com**.

Rebates for non-residential customers

If you're a small, non-residential National Fuel customer using less than 12,000 Mcf (thousand cubic feet) of natural gas per year, rebates are available just for upgrading to more energy-efficient equipment. Choose from one of the following rebate options:

- **Fixed (Pre-Qualified) Rebate** – Fixed rebates available on pre-qualified equipment.
- **Customized (Performance-Based) Rebate** – Rebates are determined on a case-by-case basis, based on the results of an energy-use analysis. Customized rebates can be as much as 50 percent of the incremental equipment and installation costs, up to $25,000. Call **1-866-697-3732** or visit **www.NYSERDA.org** to get started.

For more information and to download an application, visit **www.NationalFuelForThought.com** or call **1-800-365-3234**.

National Fuel®

fuel for thought

NationalFuelForThought.com

* The current rebates available for CIP Years One and Two will be in place through November 30, 2009. Equipment installed on or after December 1, 2009, must qualify under the CIP Year Three requirements. The residential rebates offered as part of CIP Year Three have changed. Visit www.NationalFuelForThought.com to learn more.

EXHIBIT 2 Bus Card Advertisements

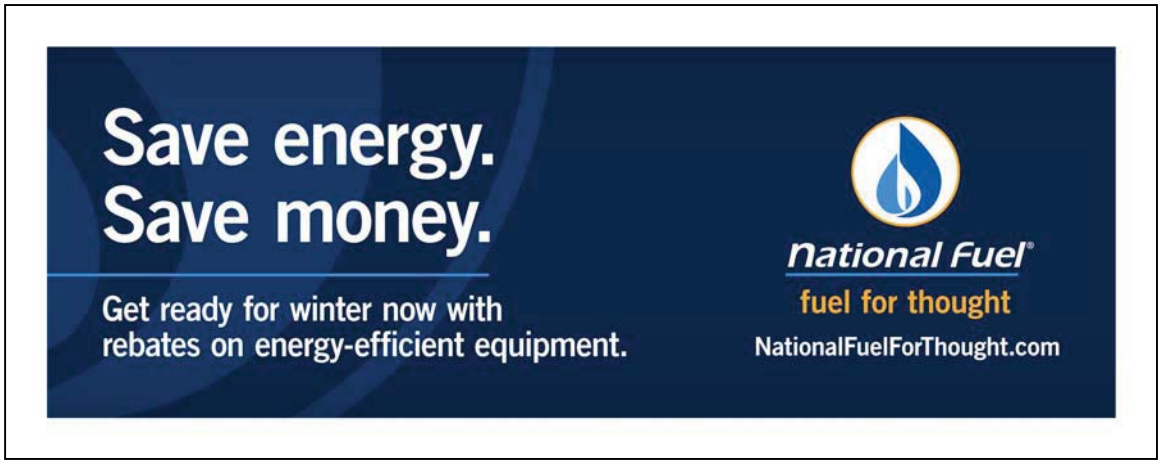

EXHIBIT 3 Bus Shelter Advertisements

EXHIBIT 4 Outdoor Billboard

EXHIBIT 5 Bill Insert, October 2009

What makes up the average bill for National Fuel's customers?

Your monthly bill includes two main components, the cost of the gas that you use and the cost of having that gas delivered safely and reliably. Gas costs are set in the energy marketplace and are passed on to you dollar-for-dollar. The Utility cannot, by law, earn a profit on that portion of your bill. Delivery service charges reflect the Utility's costs of doing business and have not increased since 2007. Another significant component in your bill is taxes, which increased recently.

*Total taxes include 2.47¢ for the increase in utility assessments included in the New York State Budget for 2009-2010.

Natural Gas Piping

Corrugated Stainless Steel Tubing (CSST)

CSST is a flexible piping used to supply natural gas in homes and businesses, often coated with a yellow or black exterior plastic. If you had work performed on the natural gas piping system in your home or business since 1990, it is possible that CSST was installed. If lightning strikes a structure with CSST, a natural gas leak and in some cases, fire may occur.

If you find CSST after inspecting your home or business, you should contact a licensed electrician. A bonding device can be installed to reduce the chances of a natural gas leak or fire in the event of a lightning strike. If you are unsure if CSST was installed, contact the company that performed the work to arrange for a professional inspection.

Gas Connectors

Gas connectors are used to join appliances to the natural gas supply line. Gas connectors need to be inspected regularly, and replaced as needed.

Only a qualified professional should check your gas connector and replace it if needed. Don't try to do this yourself. After disconnecting gas appliances, gas connectors should always be removed and the fuel line should be plugged and capped. Gas pipes should be properly maintained and used only for their intended purposes.

Gas Appliance Safety

Gas appliances, equipment and connectors should always be installed and used in accordance with the manufacturer's instructions. Gas appliances are subject to manufacturer recalls. Improper or continued use of equipment that has been recalled could lead to severe injury or even death. Periodically check with the Consumer Product Safety Commission (1-800-638-CPSC or www.cpsc.gov) or the product manufacturer to see if your equipment has been recalled. Please be sure to keep flammable materials outdoors, and in approved containers, away from children and away from your furnace, water heater and other gas appliances.

Installing A New Gas Line

National Fuel recommends that only a qualified heating contractor or licensed plumber install natural gas lines in your home or business. All installations must be in accordance with the latest edition of the Fuel Gas Code of New York State or the International Fuel Gas Code (more information about the codes is at www.aga.org, in the "Operations & Engineering" section).

Important Phone Numbers

For Gas Emergencies: 1-800-444-3130 24 hours a day, 7 days a week

For services or billing inquiries:
Buffalo area: 716-686-6123 All other areas: 1-800-365-3234 (7 a.m.–6 p.m. Monday-Friday)

National Fuel
www.nationalfuelgas.com
Printed on Recycled Paper

For more information, including translation services, call 1-800-365-3234.
Esto folleto tambien es disponible en español. Para más información, llame al 1-800-365-3234.

Fuel for Thought

Fall 2009 Customer Newsletter

Now's the time to start thinking about winter's heating bills.

At National Fuel, we want to keep you informed and help you prepare for winter. Your safety and helping you manage and control your energy use are important to us.

Manage and control your energy use by upgrading to high-efficiency natural gas appliances.

Older furnaces and water heaters can use approximately 20% more natural gas than new, high-efficiency equipment – costing you hundreds of dollars each year. Start saving money on your fuel bill immediately just by upgrading to energy-efficient appliances. Using less fuel not only saves you money, it also helps protect the environment.

National Fuel's Conservation Incentive Program offers rebates when you buy or replace specified appliances with new, energy-efficient models. When you combine these rebates with the projected annual fuel savings, you'll be amazed at how quickly these new appliances can pay for themselves.

Fixed & customized rebates for non-residential customers.

Small, non-residential customers whose facilities use less than 12,000 Mcf (thousand cubic feet) of natural gas per year are eligible to receive either fixed or customized rebates for upgrading to more energy efficient natural gas equipment. Choose from one of the following rebate options:

- Fixed (Pre-Qualified) Rebate – Fixed rebates available on pre-qualified equipment. It's fast and easy!
- Customized (Performance-Based) Rebate – Rebates are determined on a case-by-case basis, based on the results of an energy-use analysis. Customized rebates can be as much as 50% of the incremental equipment and installation costs, up to $25,000. Call 1-866-697-3732 or visit www.NYSERDA.org to get started.

Some conditions apply. To learn more about the Conservation Incentive Program, visit www.NationalFuelForThought.com.

Terms will be in place through November 30, 2009; program details beginning December 1, 2009, are not yet approved by the Public Service Commission.

National Fuel

Things to think about:

- Rebates Make it Easy to Save Energy
- Carbon Monoxide and Fall Safety
- Natural Gas Appliances
- Payment Assistance Programs
- What Makes Up the Average Customer's Bill?
- Safety Message: Natural Gas Piping

www.nationalfuelgas.com

Budget Billing and Direct Payment Plans – the easiest ways to manage your bill

When you sign up for the Budget Plan, we take the average of your high winter bills and your low summer bills to determine a predictable, monthly payment for you. Each month, you'll pay this average bill amount, making it easier for you to budget and manage your energy costs. We'll also review your plan every quarter and adjust it if needed, to ensure that you are being billed accurately, given current weather, gas costs and usage.

You can also save time with the Direct Payment Plan, which automatically deducts your monthly payment from your checking or savings account on the day the bill is due. You'll still receive your monthly billing statement 20-23 days before the payment is transferred from your account. By enrolling in our Paperless Billing Program, you can make managing your monthly bills even easier.

You can sign up for the Budget Plan, the Direct Payment Plan and the Paperless Billing Program at www.nationalfuelgas.com or by calling 1-800-365-3234.

Other ways to stay warm this fall and winter with natural gas

Natural gas appliances can help make living more comfortable, especially in the fall and winter months when weather is colder. Today, there are more choices than ever for fuel-efficient natural gas appliances in your home, including:

- Backup generators
- Space heaters (for your garage or sunroom)
- Fireplace inserts

Visit www.nationalfuelgas.com and click on "For Home/Natural Gas Equipment" for a list of natural gas appliances and dealership information.

Help With Your Heating Bills is Available. Apply Early for HEAP Assistance.

Assistance from the federally funded HEAP program is now available to help you with your heating bills. Income guidelines this year make it possible for more families to receive an initial grant of as much as $500. Visit www.HEAPhelps.com to learn more.

Special protections for customers in need.

Customers who live in households where all residents are either 62 or older, 18 or younger, blind or disabled, or those who can identify parents, neighbors or friends that fit into any of those three categories, are encouraged to contact National Fuel. These individuals may qualify for Special Protections, which provide an extra layer of security and assistance. Not only will we work to ensure continuous gas service for these customers during the winter season, but we will also try to locate appropriate special assistance programs for them. For more information, call 1-800-365-3234.

are easier to detect. If you detect a faint gas smell, check to see if you have a pilot light out or a burner that is not completely turned off. If you smell a strong gas odor, or are unable to detect the cause of the odor:

- Leave the premises.
- Call National Fuel's emergency line at 1-800-444-3130 from a different location.
- Use any appliances.

1-800-444-3130

For Gas Emergencies:
24 hours a day, 7 days a week

EXHIBIT 6 Bill Insert, December 2009

Residential Customers

New Rebates Available With CIP Year Three

(Eligible equipment installed on or after December 1, 2009)

Is it time to replace your hot water heater, furnace, boiler or thermostat? Choose a high-efficiency model, and you'll get a rebate from National Fuel's Conservation Incentive Rebate Program (CIP). Plus, you'll lower your heating bills for years to come. When you combine the rebates with the projected annual fuel savings from using more efficient equipment, you'll be amazed at how much you'll save.

For more information about this program, visit **NationalFuelForThought.com**, where you can download a rebate application and learn more about how to use less energy.

Receive these rebates when you replace existing equipment on or after December 1, 2009, with qualifying fuel-efficient models:

Appliance	Required Minimum Efficiency	Rebate Amount
Space Heating		
Hot Air Furnace	90% AFUE*	$300
Hot Air Furnace w/ ECM**	90% AFUE	$400
Hot Water Boiler	85% AFUE	$400
Steam Boiler	81% AFUE	$200
Programmable Thermostat (in conjunction with a furnace or boiler replacement)	Energy Star®-Rated	$25
Water Heating		
Indirect Water Heater	N/A	$300

*Annual Fuel Utilization Efficiency
** Electronically Commutated Motor

For residential AND non-residential customers: Rebate offers listed are available for qualifying equipment purchased and installed on or after December 1, 2009. All appliances must be installed by a contractor. In order to get a rebate on an Energy Star-rated programmable thermostat, a contractor must install the thermostat at the time of a furnace or boiler replacement. Non-residential customers applying for a rebate AND all contractors must be able to supply one of the following in order for the rebate application to be considered complete: Federal ID number, a Certificate of Insurance or a Business Certificate showing their company's name and address. Rebates are available for equipment upgrades only regardless of income or annual energy usage. New-builds are not eligible for rebates.

The residential rebates for years one and two of the CIP are still available for qualifying equipment installed between November 1, 2007, and November 30, 2009. To learn more about what equipment qualifies for years one and two of the CIP, visit www.NationalFuelForThought.com.

Get discounts from local retailers when you use your Savings Card

With your **Conservation Incentive Program Savings Card** from National Fuel, you'll get discounts on all sorts of energy-efficient products and services from local retailers — even if you're not buying a new appliance. Simply present the card to our participating Energy Partners to receive discounts on energy-related items. Plus, you'll save even more as you use less energy all year long.

Discounts are being offered on items such as:

- Service and repair on your natural gas appliances
- Furnace filters
- Home weatherization products
- New, high-efficiency furnaces, water heaters and other natural gas appliances
- And much more!

Get your free Savings Card and a list of participating retailers and their offers at **NationalFuelForThought.com** or call **1-800-365-3234**.

Small, Non-Residential Customers

Two rebate options for non-residential customers

If you're a small, non-residential National Fuel customer using less than 12,000 Mcf (thousand cubic feet) of natural gas per year, you can get thousands of dollars in rebates just for upgrading to more energy-efficient equipment.

Fixed Rebates are a fast and easy way to save on pre-qualified natural gas appliances, such as furnaces, boilers, water heaters and ovens. Or choose a **Customized Rebate**, which offers up to 50% of the incremental cost (up to $25,000 per project) for qualifying energy-efficient furnaces, boilers, water heaters and process heating equipment.

Whichever option you choose, you'll also get ongoing savings by reducing the amount of fuel used to run your business. For details about rebates (including downloadable application forms), visit **NationalFuelForThought.com**.

Looking to do more? Try our Online Energy Analysis!

Find out how much energy the appliances in your home or business are really using — and discover ways to save energy and money — with our customized online energy audit. Visit **NationalFuelForThought.com** and click on "Online Energy Analysis" to learn more.

us or visit our web site. In an emergency situation, new higher income guidelines apply.

If you have a billing question, problem or request, please call us Monday through Friday, 7 a.m. to 6 p.m.

Buffalo area: (716) 686-6123 **All other areas:** 1-800-365-3234

For Gas Emergencies, call 1-800-444-3130
24 hours a day, 7 days a week.

This insert is also available in Spanish upon request. For more information, including translation services, please call 1-800-365-3234.

Este folleto se encuentra disponible en Español si usted lo solicita. Para más información, incluyendo servicios de traducción, por favor llame al 1-800-365-3234.

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NY CIP HEAP 12/09

Ways to manage your energy costs

Learn how you can save with Rebates, Discounts and the Home Energy Assistance Program (HEAP)

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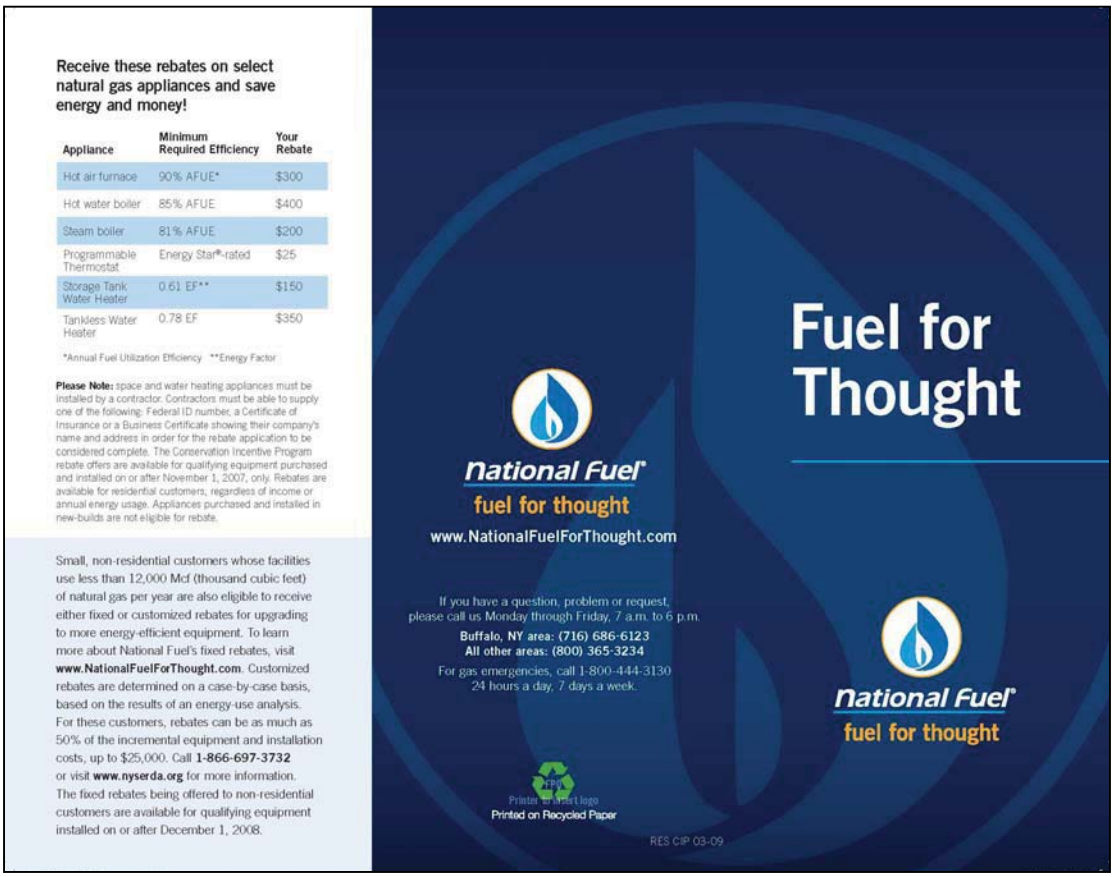
EXHIBIT 7 CIP Web Site (NationalFuelForThought.com)

EXHIBIT 8 Other Web Site Outreach – Online Advertisements

EXHIBIT 9 Take Aways –Brochure, Residential Customer Focus



Receive these rebates on select natural gas appliances and save energy and money!

Appliance	Minimum Required Efficiency	Your Rebate
Hot air furnace	90% AFUE*	$300
Hot water boiler	85% AFUE	$400
Steam boiler	81% AFUE	$200
Programmable Thermostat	Energy Star®-rated	$25
Storage Tank Water Heater	0.61 EF**	$150
Tankless Water Heater	0.78 EF	$350

*Annual Fuel Utilization Efficiency **Energy Factor

Please Note: space and water heating appliances must be installed by a contractor. Contractors must be able to supply one of the following: Federal ID number, a Certificate of Insurance or a Business Certificate showing their company's name and address in order for the rebate application to be considered complete. The Conservation Incentive Program rebate offers are available for qualifying equipment purchased and installed on or after November 1, 2007, only. Rebates are available for residential customers, regardless of income or annual energy usage. Appliances purchased and installed in new-builds are not eligible for rebate.

Small, non-residential customers whose facilities use less than 12,000 Mcf (thousand cubic feet) of natural gas per year are also eligible to receive either fixed or customized rebates for upgrading to more energy-efficient equipment. To learn more about National Fuel's fixed rebates, visit **www.NationalFuelForThought.com**. Customized rebates are determined on a case-by-case basis, based on the results of an energy-use analysis. For these customers, rebates can be as much as 50% of the incremental equipment and installation costs, up to $25,000. Call **1-866-697-3732** or visit **www.nyserda.org** for more information. The fixed rebates being offered to non-residential customers are available for qualifying equipment installed on or after December 1, 2008.

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www.NationalFuelForThought.com

If you have a question, problem or request, please call us Monday through Friday, 7 a.m. to 6 p.m.
Buffalo, NY area: (716) 686-6123
All other areas: (800) 365-3234
For gas emergencies, call 1-800-444-3130 24 hours a day, 7 days a week.

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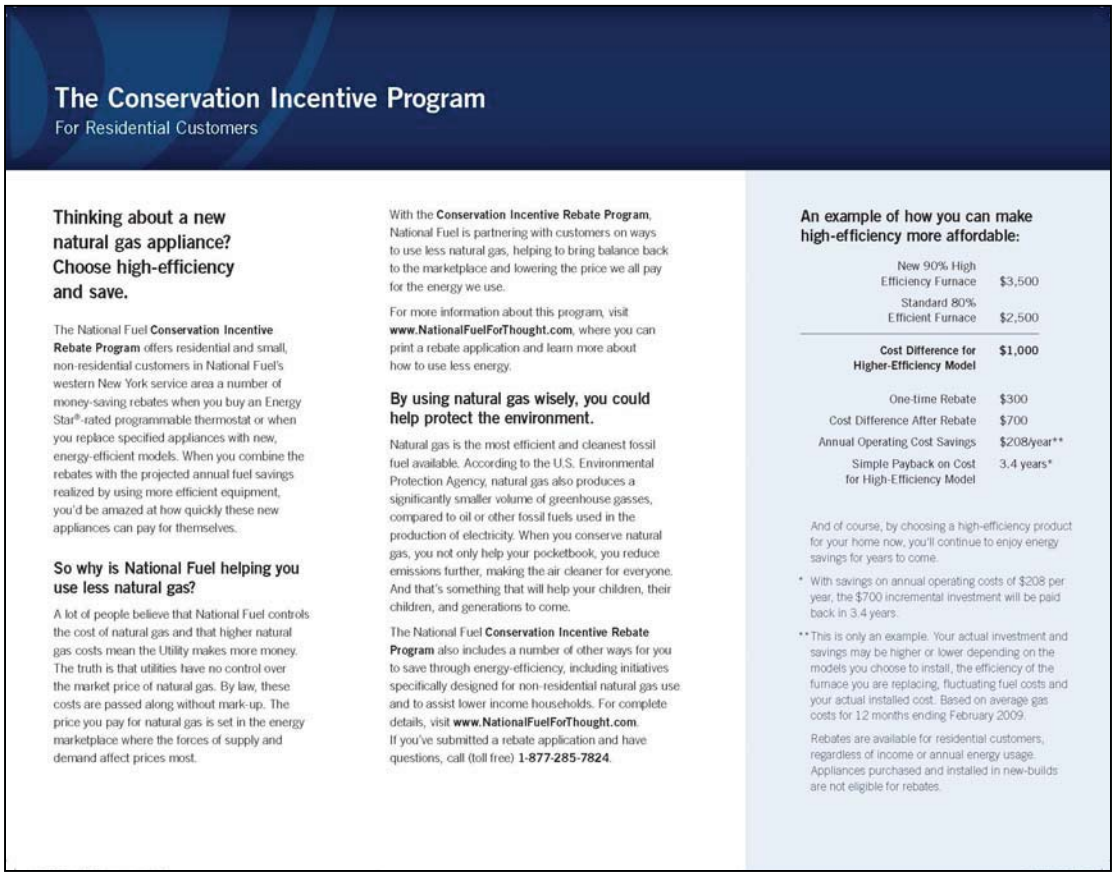

The Conservation Incentive Program
For Residential Customers

Thinking about a new natural gas appliance? Choose high-efficiency and save.

The National Fuel **Conservation Incentive Rebate Program** offers residential and small, non-residential customers in National Fuel's western New York service area a number of money-saving rebates when you buy an Energy Star®-rated programmable thermostat or when you replace specified appliances with new, energy-efficient models. When you combine the rebates with the projected annual fuel savings realized by using more efficient equipment, you'd be amazed at how quickly these new appliances can pay for themselves.

So why is National Fuel helping you use less natural gas?

A lot of people believe that National Fuel controls the cost of natural gas and that higher natural gas costs mean the Utility makes more money. The truth is that utilities have no control over the market price of natural gas. By law, these costs are passed along without mark-up. The price you pay for natural gas is set in the energy marketplace where the forces of supply and demand affect prices most.

With the **Conservation Incentive Rebate Program**, National Fuel is partnering with customers on ways to use less natural gas, helping to bring balance back to the marketplace and lowering the price we all pay for the energy we use.

For more information about this program, visit **www.NationalFuelForThought.com**, where you can print a rebate application and learn more about how to use less energy.

By using natural gas wisely, you could help protect the environment.

Natural gas is the most efficient and cleanest fossil fuel available. According to the U.S. Environmental Protection Agency, natural gas also produces a significantly smaller volume of greenhouse gasses, compared to oil or other fossil fuels used in the production of electricity. When you conserve natural gas, you not only help your pocketbook, you reduce emissions further, making the air cleaner for everyone. And that's something that will help your children, their children, and generations to come.

The National Fuel **Conservation Incentive Rebate Program** also includes a number of other ways for you to save through energy-efficiency, including initiatives specifically designed for non-residential natural gas use and to assist lower income households. For complete details, visit **www.NationalFuelForThought.com**. If you've submitted a rebate application and have questions, call (toll free) **1-877-285-7824**.

An example of how you can make high-efficiency more affordable:

New 90% High Efficiency Furnace	$3,500
Standard 80% Efficient Furnace	$2,500
Cost Difference for Higher-Efficiency Model	**$1,000**
One-time Rebate	$300
Cost Difference After Rebate	$700
Annual Operating Cost Savings	$208/year**
Simple Payback on Cost for High-Efficiency Model	3.4 years*

And of course, by choosing a high-efficiency product for your home now, you'll continue to enjoy energy savings for years to come.

* With savings on annual operating costs of $208 per year, the $700 incremental investment will be paid back in 3.4 years.

** This is only an example. Your actual investment and savings may be higher or lower depending on the models you choose to install, the efficiency of the furnace you are replacing, fluctuating fuel costs and your actual installed cost. Based on average gas costs for 12 months ending February 2009.

Rebates are available for residential customers, regardless of income or annual energy usage. Appliances purchased and installed in new-builds are not eligible for rebates.

EXHIBIT 10 Take Aways – Brochure, Non-Residential Customer Focus

An example of how a small, non-residential customer can make high-efficiency more affordable:

New 92% High Efficiency, Condensing Boiler	$20,000
Standard 80% Efficiency, Non-Condensing Boiler	$15,000
Cost Difference for Higher Efficiency Model	**$5,000**
One-time Rebate	$2,000
Cost Difference After Rebate	$3,000
Annual Operating Cost Savings	$987/year**
Simple Payback on Cost for High-Efficiency Model	3.0 years*

And of course, by choosing a high-efficiency product for your business now, you'll continue to enjoy energy savings for years to come.

** This is only an example. Your actual investment and savings may be higher or lower depending on the models you choose to install, the efficiency of the furnace you are replacing, fluctuating fuel costs and your actual installed cost. Based on average gas costs for 12 months ending February 2009.

* With savings on annual operating costs of $987 per year, the $3,000 incremental investment will be paid back in 3.0 years.

By using natural gas wisely, you could help protect the environment.

Natural gas is the most efficient and cleanest fossil fuel available. According to the U.S. Environmental Protection Agency, natural gas also produces a significantly smaller volume of greenhouse gasses, compared to oil or other fossil fuels used in the production of electricity. When you conserve natural gas, you not only help your pocketbook, you reduce emissions further, making the air cleaner for everyone. And that's something that will help your children, their children, and generations to come.

The National Fuel **Conservation Incentive Rebate Program** also includes a number of other ways for you to save through energy-efficiency, including initiatives specifically designed for residential natural gas use and to assist lower income households. For complete details, visit **www.NationalFuelForThought.com**.

So why is National Fuel helping you use less natural gas?

A lot of people believe that National Fuel controls the cost of natural gas, and that higher natural gas costs means the Utility makes more money. The truth is that utilities have no control over the market price of natural gas. By law, these costs are passed along without mark-up. The price you pay for natural gas is set in the energy marketplace where the forces of supply and demand affect prices most.

With the **Conservation Incentive Rebate Program**, National Fuel is partnering with customers on ways to use less natural gas, helping to bring balance back to the marketplace and lowering the price we all pay for the energy we use.

For more information about this program, visit **www.NationalFuelForThought.com**, where you can print a rebate application and learn more about how to use less energy.

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If you have a question, problem or request, please call us Monday through Friday, 7am to 6pm.
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All other areas: (800) 365-3234
For gas emergencies, call 1-800-444-3130 24 hours a day, 7 days a week.

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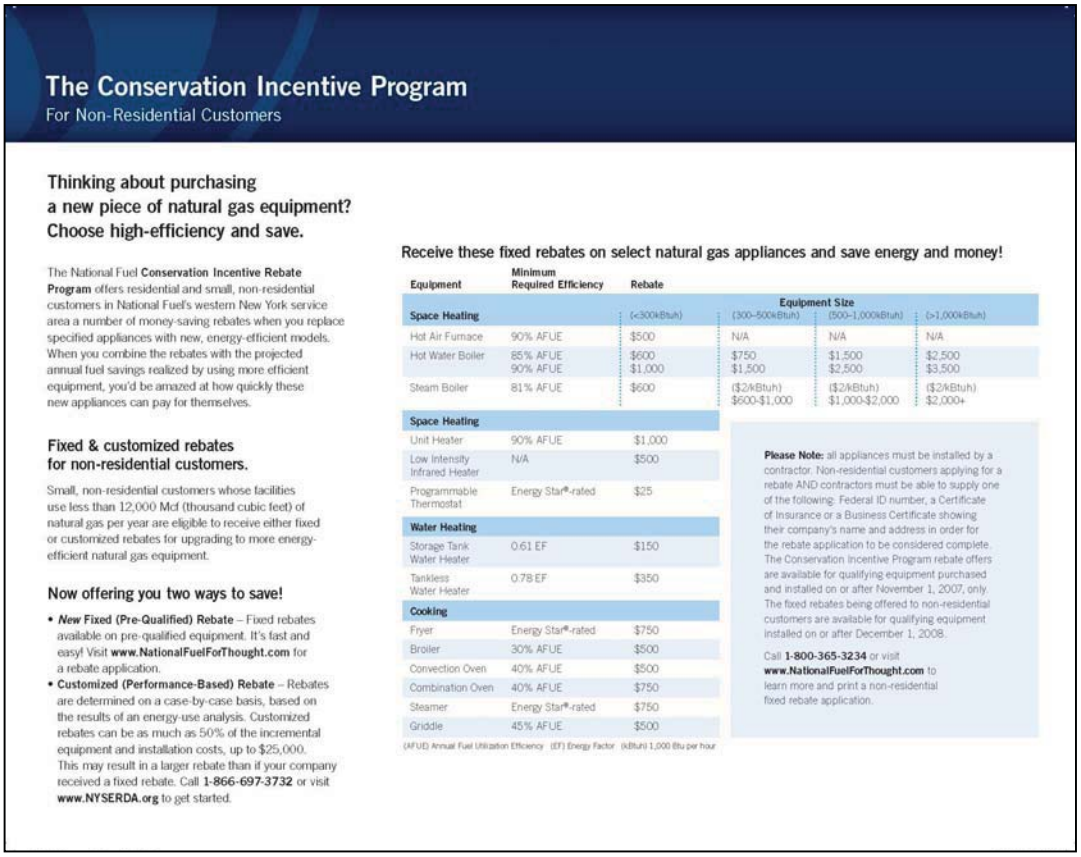

The Conservation Incentive Program
For Non-Residential Customers

Thinking about purchasing a new piece of natural gas equipment? Choose high-efficiency and save.

The National Fuel **Conservation Incentive Rebate Program** offers residential and small, non-residential customers in National Fuel's western New York service area a number of money-saving rebates when you replace specified appliances with new, energy-efficient models. When you combine the rebates with the projected annual fuel savings realized by using more efficient equipment, you'd be amazed at how quickly these new appliances can pay for themselves.

Fixed & customized rebates for non-residential customers.

Small, non-residential customers whose facilities use less than 12,000 Mcf (thousand cubic feet) of natural gas per year are eligible to receive either fixed or customized rebates for upgrading to more energy-efficient natural gas equipment.

Now offering you two ways to save!

- ***New* Fixed (Pre-Qualified) Rebate** – Fixed rebates available on pre-qualified equipment. It's fast and easy! Visit **www.NationalFuelForThought.com** for a rebate application.
- **Customized (Performance-Based) Rebate** – Rebates are determined on a case-by-case basis, based on the results of an energy-use analysis. Customized rebates can be as much as 50% of the incremental equipment and installation costs, up to $25,000. This may result in a larger rebate than if your company received a fixed rebate. Call **1-866-697-3732** or visit **www.NYSERDA.org** to get started.

Receive these fixed rebates on select natural gas appliances and save energy and money!

Equipment	Minimum Required Efficiency	Rebate			
		Equipment Size			
Space Heating		(<300kBtuh)	(300–500kBtuh)	(500–1,000kBtuh)	(>1,000kBtuh)
Hot Air Furnace	90% AFUE	$500	N/A	N/A	N/A
Hot Water Boiler	85% AFUE 90% AFUE	$600 $1,000	$750 $1,500	$1,500 $2,500	$2,500 $3,500
Steam Boiler	81% AFUE	$600	($2/kBtuh) $600-$1,000	($2/kBtuh) $1,000-$2,000	($2/kBtuh) $2,000+
Space Heating					
Unit Heater	90% AFUE	$1,000			
Low Intensity Infrared Heater	N/A	$500			
Programmable Thermostat	Energy Star®-rated	$25			
Water Heating					
Storage Tank Water Heater	0.61 EF	$150			
Tankless Water Heater	0.78 EF	$350			
Cooking					
Fryer	Energy Star®-rated	$750			
Broiler	30% AFUE	$500			
Convection Oven	40% AFUE	$500			
Combination Oven	40% AFUE	$750			
Steamer	Energy Star®-rated	$750			
Griddle	45% AFUE	$500			

(AFUE) Annual Fuel Utilization Efficiency (EF) Energy Factor (kBtuh) 1,000 Btu per hour

Please Note: all appliances must be installed by a contractor. Non-residential customers applying for a rebate AND contractors must be able to supply one of the following: Federal ID number, a Certificate of Insurance or a Business Certificate showing their company's name and address in order for the rebate application to be considered complete. The Conservation Incentive Program rebate offers are available for qualifying equipment purchased and installed on or after November 1, 2007, only. The fixed rebates being offered to non-residential customers are available for qualifying equipment installed on or after December 1, 2008.

Call **1-800-365-3234** or visit **www.NationalFuelForThought.com** to learn more and print a non-residential fixed rebate application.

EXHIBIT 11 Take Aways – Conservation Tip Sheet

Energy Efficiency Tips

that can help you save money...and the environment!

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You'd be amazed at what you can save.

Natural gas is the most efficient and cleanest fossil fuel available. According to the U.S. Environmental Protection Agency, natural gas produces a significantly smaller volume of greenhouse gasses, compared to oil or other fossil fuels used in the production of electricity. When you conserve natural gas, you not only help your pocketbook, you reduce emissions further, making the air cleaner for everyone. Just a few small, inexpensive steps can make a big difference!

Keep The Cold Out

Reducing air leaks could cut as much as 10% from your monthly energy bill. Seal leaks around doors, windows, and other openings such as pipes or ducts, with caulk or weather stripping.
The most common places where air escapes from homes are:

- a floors, walls, ceilings
- b ducts
- c fireplace
- d plumbing penetrations
- e doors
- f windows
- g fans and vents
- h electric outlets

Quick, easy energy savings

1 Set thermostats between 65° and 70° during the winter, and at 58° when away from the house for more than a few hours. While sleeping, add an extra blanket for warmth. Bear in mind that warmer temperatures are recommended for homes with infants or ill or elderly persons.

2 Turn down thermostats automatically without sacrificing comfort by installing a programmable thermostat.

Savings: Every degree you lower your thermostat should shave about 2% off your heating bill.

3 Change or clean furnace air filters once a month during the heating season. Furnaces consume less energy if they "breathe" more easily. Use the arrival of your natural gas bill as your reminder to change the filter.

4 Warm air rises, so use registers to direct warm air flow across the floor.

5 Close vents and doors in unused rooms and close the damper on your fireplace when it is not in use.

6 Set your water heater to 120°, or the medium temperature setting. You'll enjoy energy savings without reducing comfort. A family of four, each showering for five minutes a day, uses 700 gallons of water each week. Not surprisingly, water heating is a typical family's third largest energy expense, accounting for about 14% of the utility bill.

7 Install water-flow restrictors in showerheads and faucets.

8 If radiators are located near cold walls, place a sheet of aluminum foil between the radiator and the wall to reflect heat back into the room.

9 Run washing machines and clothes dryers only with a full load.

10 On sunny days, let in the sun's warmth. Open draperies and blinds on windows that receive direct sunlight. Close them at night or on cloudy days to insulate against the cold air outside.

Long-term energy efficiency improvements.

Consider having your home evaluated to improve its energy efficiency. Through the *Home Performance with ENERGY STAR®* Program, a participating Building Performance Institute (BPI) Accredited Home Performance contractor will perform an assessment of your home, make recommendations for energy improvements and provide a cost estimate to do the improvements.

Visit: **www.getenergysmart.org.**

If you are of low-to-moderate income, you can make your 1-4 family home more energy efficient and reduce your utility bills, if eligible, with the *Assisted Home Performance with ENERGY STAR®* Program.

X Make sure the recommended levels of insulation are installed in your attic and basement.

Y Older furnaces aren't nearly as fuel efficient as today's high efficiency models. Even if it's still in good working condition, an older furnace could be using approximately 20% more fuel than a new high efficiency furnace. And an old water heater could be just as inefficient as an older furnace. When shopping for new appliances, compare energy efficiency ratings and annual operating costs. **National Fuel's Conservation Incentive Program offers residential and non-residential customers in National Fuel's western New York service area rebates when upgrading to qualifying energy efficient units.**

Z Install storm or thermal windows and doors or double-paned glass. A less expensive alternative is plastic sheeting, which can be temporarily fastened over doors and windows to prevent drafts and retain heat.

Sources for more information on using energy wisely.

Visit the following Web sites for more information on forecasted energy prices, detailed home energy conservation strategies, and energy efficient home improvement materials:

Visit www.ase.org: The Alliance to Save Energy has posted some tips on its web site to help consumers avoid "$ticker $hock" this winter.

Visit www.aga.org: The American Gas Association web site is a valuable resource for understanding the benefits and availability of clean, safe, reliable natural gas.

Visit www.energysavers.gov: This Department of Energy web site offers additional information on general energy conservation tips.

Visit www.getenergysmart.org: The New York State Energy Research and Development Authority offers energy-saving tips and information on selecting a contractor for your energy efficient upgrades.

Bill Payment Programs

National Fuel offers billing arrangements or assistance programs designed to help you manage your energy bills. Now is a great time to consider enrolling in the Budget Plan to make paying wintertime bills easier.

Special Assistance for Low-Income Households

We care about our customers. If you have problems paying your National Fuel bills, please contact us for personal assistance.

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If you have a question, problem or request, please call us Monday through Friday, 7am to 6pm.
Buffalo, NY area: (716) 686-6123 All other areas: (800) 365-3234

For gas emergencies, call 1-800-444-3130, 24 hours a day, 7 days a week.

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EXHIBIT 12 Legislative Letter

December 7, 2009

«Status» «FirstName» «mi» «LastName»
«Address1»
«Address2»
«Address3»
«City», «State» «PostalCode»

Dear «Title» «LastName»:

As you know, both the economy and energy costs are a big concern to all WNY residents. In an effort to be as helpful as possible during the heating season, I want to make you aware of some information that your constituents might find beneficial. Enclosed you will find information regarding the Home Energy Assistance Program (HEAP), National Fuel programs and services, and our Conservation Incentive Program rebates and discount offers, all of which are designed to help families in western New York manage their heating costs. Please share this information with your constituents and post these flyers in your offices.

The Home Energy Assistance Program (HEAP) is a federally funded program that provides assistance to eligible customers to pay their home heating bills. ***New this year,*** income guidelines have changed. Now, a family of four that earns **$46,837** can qualify for a regular grant, which can be as much as **$500**. In addition, emergency grants of $300 or $350 are available to those customers who qualify. Additional information is available by visiting www.HEAPhelps.com or by calling 1-877-443-2743.

National Fuel's **Conservation Incentive Program** offers rebates to western New York residential and small, non-residential customers who upgrade their natural gas heating equipment to more energy efficient models. Customers will not only receive cash rebates, they will save year after year by using less energy. Free weatherization services are also available. Please note there are new rebates effective December 1, 2009.

The **Conservation Incentive Program Savings Card** is another way that we are helping customers to manage their energy use. Our energy partners are offering discounts to customers on a wide range of energy-related products and services. For complete details, a rebate application and a savings card, visit www.NationalFuelForThought.com.

For a supply of any of the enclosed flyers, please fill out the enclosed order form and fax it to me at 716-857-7439 or e-mail it to me at paulp@natfuel.com. Should you have any questions, I can be reached at 716-857-7780. We appreciate your help in providing this information to your constituents, which can make it easier for them to manage their energy bills during these difficult economic times.

Sincerely,

PJP/lem
Enclosures

Patricia J. Paul
Manager, Government Affairs

EXHIBIT 13
News Release, "Western New York Teachers Invited to Form Energy Detectives" – Page 1

NEWS

National Fuel

6363 MAIN STREET/WILLIAMSVILLE, NY 14221/TEL 800-634-5440
www.nationalfuelgas.com

MEMBERS OF THE MEDIA, FOR ADDITIONAL INFORMATION

Donna DeCarolis (716) 857-7872

Western New York Teachers Invited to Form Energy Detectives

(November 11, 2009) Williamsville, N.Y.: As part of its Conservation Incentive Program, National Fuel has joined with the Buffalo Sabres' Green Team and the National Energy Education Development Project (NEED) to offer a free and exciting program for teachers at the fifth through 12th-grade level to help their students to become Energy Detectives.

The NEED program includes teacher-tested, hands-on classroom kits that teach students about energy efficiency, conservation and energy sources. Participating teachers will be provided with Home Energy Efficiency Kits to send home with students to share with their families. Together, the students and their families install energy efficiency and conservation measures, including: shower flow bags, outlet gasket insulators, faucet aerators, water-saving showerheads, and other tools. Materials provide structure for students to work with their families to save energy and integrate their efforts with a classroom activity.

Students are also encouraged to participate in this year's Energy Detectives classroom contest. As part of this contest, schools are asked to develop classrooms projects that promote energy efficiency in their schools and communities. Participating classrooms are asked to follow the format found in NEED's '*Energy Projects and Activities Guide*' which will be provided to interested schools and available for download at the NEED Web site, www.NEED.org.

The winning classroom of Energy Detectives will receive a limited number of sponsorships for their classroom to attend the NEED National Recognition Ceremony in June 2010 in Washington, D.C. Plus, the winning project will be entered in NEED's national contest with a chance to win nationwide honors. The winning classroom will also win lunch and a special visit with Buffalo Sabre, Paul Gaustad. To further support the classroom activity, the Buffalo Sabres will be offering 10 participating classes a visit with Sabretooth where students can share what they have learned.

It's easy for teachers to get involved in this program. The first step is to attend one of our teacher-training workshops. There is no cost to attend the workshop and substitute costs will be reimbursed to school districts.

Energy Detectives Teacher Training Workshop Schedule:

CITY	DATE	LOCATION
Lewiston	Nov. 18	The Niagara Power Project's Power Vista
West Seneca	Nov. 19	West Seneca School District Offices
Buffalo	Nov. 21	Buffalo Teacher Resource Center
Olean	Dec. 1	St. Bonaventure University (Francis Hall)

(more)

EXHIBIT 13
News Release, "Western New York Teachers Invited to Form Energy Detectives" – Page 2

To be eligible, a school must be in National Fuel's Western New York service territory. For information or to register contact the NEED Project's NYS Office 1-866-720-2123 or nyworkshops@need.org.

For more information on National Fuel's Conservation Incentive Program, which includes rebates on the purchase of high efficiency natural gas equipment, and a Savings Card program that features discounts on low-cost and effective energy-conservation materials, visit www.NationalFuelForThought.com.

National Fuel Gas Distribution Corporation comprises the utility segment of National Fuel Gas Company, a diversified energy holding company that is engaged in a number of natural gas-related activities. The Utility provides natural gas service to approximately 500,000 customers in western New York. Additional information about National Fuel and its customer services is available at www.nationalfuelgas.com or by calling **1-800-365-3234.**

Media Contact: **Donna DeCarolis** **716-857-7872**

-30-

EXHIBIT 14 News Release,
"National Fuel's Conservation Incentive Rebate Program Begins Third Year" – Page 1

NEWS

National Fuel

6363 MAIN STREET/WILLIAMSVILLE, NY 14221/TEL 800-634-5440
www.nationalfuelgas.com

MEMBERS OF THE MEDIA, FOR ADDITIONAL INFORMATION

Donna DeCarolis (716) 857-7872

National Fuel's Conservation Incentive Rebate Program Begins Third Year

Program contains changes effective December 1, 2009

(December 2, 2009) Williamsville, New York: National Fuel Gas Distribution Corporation's New York division announces the opening of the third year of its Conservation Incentive Program (CIP). The third year of the CIP, which was approved by the New York State Public Service Commission (PSC) on October 15, 2009, includes the following changes to the residential rebate program:

- Storage tank and tankless water heaters will no longer be eligible for CIP rebates.
- Rebates have been added for the purchase and installation of indirect water heaters and hot air furnaces that have an electronically commutated motor (ECM).
- Energy Star®-rated programmable thermostat rebates will continue. However, in order to get a rebate in CIP year three, the thermostat must be installed by a contractor at the time of a furnace or boiler upgrade.

Details on Rebates for Residential Customers: The CIP offers residential customers in National Fuel's western New York service area a number of money-saving rebates when they replace specified appliances with new, energy-efficient models and install an Energy Star®-rated programmable thermostat.

Rebates are available for the following items:

	Required Minimum Efficiency	Rebate Amount
Space Heating		
Hot Air Furnace	90% AFUE	$300
Hot Air Furnace w/ ECM	90% AFUE	$400
Hot Water Boiler	85% AFUE	$400
Steam Boiler	81% AFUE	$200
Programmable Thermostat (in conjunction with a furnace or boiler upgrade)	ENERGY STAR®-rated	$25
Water Heating		
Indirect Water Heater	N/A	$300

(more)

EXHIBIT 14 News Release,
"National Fuel's Conservation Incentive Rebate Program Begins Third Year" – Page 2

(AFUE) – Annual Fuel Utilization Efficiency is the most widely used measure of a furnace's heating efficiency. It measures the amount of heat actually delivered to a house compared to the amount of fuel that must supply the furnace.

Please Note: Some requirements apply, visit www.NationalFuelForThought.com to learn more.

The residential rebates for years one and two of the CIP are available for qualifying equipment installed between November 1, 2007, and November 30, 2009. Equipment purchased and installed on December 1, 2009, or after, must be eligible based on the chart listed on page one in order to qualify for a rebate.

Details on Rebates for Non-Residential Customers: Rebates are available for small, non-residential customers whose facilities use less than 12,000 Mcf (thousand cubic feet) of natural gas per year for upgrading to more energy-efficient equipment. These customers can choose from one of two rebate options:

1. **Fixed (Pre-Qualified) Rebate** – Fixed rebates available on pre-qualified equipment. The list below summarizes the types of equipment and rebates associated with upgrades to those items that are now being offered as part of the CIP.
2. **Customized (Performance-Based) Rebate** – Rebates are determined on a case-by-case basis, based on the results of an energy-use analysis.

Fixed rebate requirements for select natural gas appliances include:

Equipment		**Minimum Required Efficiency**	**Rebate**		
Space Heating		**(<300 kBtuh)**	**(300-499 kBtuh)**	**(500-1,000 kBtuh)**	**(>1,000 kBtuh**
Hot air furnace	90% AFUE	$500	N/A	N/A	N/A
Hot water boiler	85% AFUE	$600	$750	$1,500	$2,500
	90% AFUE	$1,000	$1,500	$2,500	$3,500
Steam boiler	81% AFUE	$600	($2/kBtuh) $600-$1,000	($2/kBtuh) $1,000-$2,000	($2/kBtuh) $2,000+

(more)

EXHIBIT 14 News Release,
"National Fuel's Conservation Incentive Rebate Program Begins Third Year" – Page 3

Continued - ***Fixed*** rebate requirements for select natural gas appliances include:

Equipment	Minimum Required Efficiency	Rebate
Space Heating		
Unit Heater	90% AFUE	$1,000
Low Intensity Infrared Heater	N/A	$500
Programmable Thermostat	Energy Star®-rated	$25
Water Heating		
Storage Tank Water Heater	0.61 EF	$150
Tankless Water Heater	0.78 EF	$350
Cooking		
Fryer	Energy Star®-rated	$750
Broiler	30% AFUE	$500
Convection Oven	40% AFUE	$500
Combination Oven	40% AFUE	$750
Steamer	Energy Star®-rated	$750
Griddle	45% AFUE	$500

(AFUE) Annual Fuel Utilization Efficiency
(EF) Energy Factor
(kBtuh) 1,000 Btu per hour

The CIP continues to include a non-residential rebate offer for customers whose facilities use less than 12,000 Mcf (thousand cubic feet) of natural gas per year that is not based on a fixed rebate schedule. This program feature is being implemented in partnership with the New York State Energy Research and Development Authority (NYSERDA), through its Existing Facilities Program. For these customers, ***customized*** rebates will be based upon the installed cost for the new equipment and the amount of savings it will generate. As much as 50 percent of the incremental equipment and installation costs, up to $25,000 per project, will be offered. Small, non-residential customers interested in customized rebates should call 1-866-NYSERDA, or 1-866-697-3732 to learn more.

Please Note: Some requirements apply to both components of the non-residential rebates available, visit www.NationalFuelForThought.com to learn more.

The CIP also includes a Savings Card program. The Savings Card program offers discounts from National Fuel's energy partners on services and materials related to energy use and energy conservation. Discounts are being offered on items like furnace filters, weatherization items, services like furnace cleaning and tune-ups and new appliances.

(more)

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"National Fuel's Conservation Incentive Rebate Program Begins Third Year" – Page 4

In addition to the rebate and savings card features of the program, the CIP includes free weatherization assistance for low-income customers, which is being implemented in partnership with the NYSERDA, through its EmPower New York[SM] program. Customers who may be eligible for free weatherization assistance through the CIP will be identified by National Fuel and social service providers and referred to EmPower New York[SM].

To learn more about the CIP or to download rebate applications for both residential and non-residential customer rebates, visit www.NationalFuelForThought.com or call 1-800-365-3234.

National Fuel Gas Distribution Corporation comprises the utility segment of National Fuel Gas Company, a diversified energy holding company that is engaged in a number of natural gas-related activities. The Utility provides natural gas service to approximately 500,000 customers in western New York. Additional information about National Fuel and its customer services is available at www.nationalfuelgas.com or by calling 1-800-365-3234.

Media Contact: Donna DeCarolis 716-857-7872

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1	National Fuel Gas Distribution Corporation						
2	New York Division						
3	Conservation Incentive Program						
4	Program Measurement and Verification Summary						
5	Date: 20 Month Period Ending December 2009						
6	2/16/2010						
7	Quarter	Year					
8	8	Dec-09					
9		Total Residential					
10				Residential Appliance Rebates			
11		Appliance Rebates - Hot Air Furnace Residential	Appliance Rebates - Hot Water Boiler Residential	Appliance Rebates - Steam Boiler Residential	Appliance Rebates - Programable Tstat Residential	Appliance Rebates - Storage Tank Water Heater Residential	Appliance Rebates - Storage Tankless Water Heater Residential
12	**Base Analysis**						
13	**I. Customer and Volume Information**						
14	Number of Customers Eligible	351,219	93,658	23,415	468,292	468,292	23,415
15	Participation Rate	4.30%	1.25%	0.21%	3.18%	0.64%	6.33%
16	Total Number of Participants	15,098	1,172	49	14,895	2,993	1,483
17	Total Annual Mcf Saved	339,705	22,385	902	35,748	16,162	15,868
18	DTH Conversion	1.035	1.035	1.035	1.035	1.035	1.035
19	Total DTH Saved	351,595	23,169	933	36,999	16,728	16,423
20	Mcf Saved per Participant Base	22.50	19.10	18.40	2.40	5.40	10.70
21	Multiple Factor for Sensitivity Analysis	0%	0%	0%	0%	0%	0%
22	Mcf Saved per Participant	22.50	19.10	18.40	2.40	5.40	10.70
23	DTH Saved per Participant	23.29	19.77	19.04	2.48	5.59	11.07
24	Estimated Peak Day Impact Mcf	3,102	204	8	326	148	145
25	Estimated Peak Day Impact DTH	3,211	212	9	338	153	150
26	Total Average Annual Accounts	482,775	482,775	482,775	482,775	482,775	482,775
27	Impact on Total Average Annual Usage Per Account Per Mcf	0.70	0.05	0.00	0.07	0.03	0.03
28	**II. Program Cost Information**						
29	Company Direct Costs	$ 4,642,635	$ 477,590	$ 10,168	$ 431,512	$ 468,405	$ 528,690
30	Company Admin Costs	$ 146,239	$ 15,044	$ 320	$ 13,592	$ 14,754	$ 16,653
31	Company Advertising Costs	$ 1,390,212	$ 143,012	$ 3,045	$ 129,214	$ 140,261	$ 158,313
32	Total Initial Program Costs - Company	$ 6,179,086	$ 635,645	$ 13,532	$ 574,319	$ 623,420	$ 703,656
33	Total Initial Program Costs - Participant	$ 10,568,600	$ 1,875,200	$ 34,300	$ 372,375	$ 598,600	$ 519,050
34	Total Initial Program Costs	$ 16,747,686	$ 2,510,845	$ 47,832	$ 946,694	$ 1,222,020	$ 1,222,706
35	Per Participant Initial Program Costs - Company	$ 307.50	$ 407.50	$ 207.50	$ 28.97	$ 156.50	$ 356.50
36	Per Participant Initial Program Costs - Participant	$ 700.00	$ 1,600.00	$ 700.00	$ 25.00	$ 200.00	$ 350.00
37	Total Initial Program Costs per Annual Participant	$ 1,007.50	$ 2,007.50	$ 907.50	$ 53.97	$ 356.50	$ 706.50
38	Annual Ongoing Costs - Company per Participant	$ -	$ -	$ -	$ -	$ -	$ -
39	Annual Ongoing Costs - Participant per Participant	$ -	$ -	$ -	$ -	$ -	$ -
40	Total Annual Ongoing Costs per Participant	$ -	$ -	$ -	$ -	$ -	$ -
41	Annual Ongoing Costs - Company	$ -	$ -	$ -	$ -	$ -	$ -
42	Annual Ongoing Costs - Participant	$ -	$ -	$ -	$ -	$ -	$ -
43	Total Annual Ongoing Costs	$ -	$ -	$ -	$ -	$ -	$ -
44	**III. Discount Assumptions**						
45	Anticipated Life of Program Measure (Years)	17	17	17	17	14	14
46	Discount Rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
47	PVIFA	10.8646	10.8646	10.8646	10.8646	9.5896	9.5896
48	**IV. Incremental Savings**						
49	Natural Gas Supply Rate ($/Mcf)	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00
50	Natural Gas Supply Rate ($/Dth)	$ 11.59	$ 11.59	$ 11.59	$ 11.59	$ 11.59	$ 11.59
51	Annual NGS Savings per Participant	$ 270.00	$ 229.20	$ 220.80	$ 28.80	$ 64.80	$ 128.40
52	Total NGS Savings	$ 4,076,460	$ 268,622	$ 10,819	$ 428,976	$ 193,946	$ 190,417
53	**V. Direct Cost Benefit Summary**						
54	Present Value of Participant Savings	$ 2,933.44	$ 2,490.17	$ 2,398.91	$ 312.90	$ 621.41	$ 1,231.31
55	Present Value of Total Savings	$ 44,289,142	$ 2,918,477	$ 117,546	$ 4,660,656	$ 1,859,878	$ 1,826,034
56	Present Value of Total Initial Program Costs per Annual Participant	$ 1,008	$ 2,008	$ 908	$ 54	$ 357	$ 707
57	Present Value of Total Initial Program Costs	$ 16,747,686	$ 2,510,845	$ 47,832	$ 946,694	$ 1,222,020	$ 1,222,706
58	TRC	2.64	1.16	2.46	4.92	1.52	1.49
59	**VI. TRC-WNY**						
60	WNY Incremental Expenditures	$ 15,357,474	$ 2,367,834	$ 44,788	$ 817,480	$ 1,081,759	$ 1,064,393
61	WNY Expenditure Multiplier	0.46	0.46	0.46	0.49	0.46	0.46
62	WNY Expenditure Benefits	$ 7,064,438	$ 1,089,203	$ 20,602	$ 400,565	$ 497,609	$ 489,621
63	Advertising	$ 1,390,212	$ 143,012	$ 3,045	$ 129,214	$ 140,261	$ 158,313
64	Advertising Multiplier	0.87	0.87	0.87	0.87	0.87	0.87
65	Advertising Benefits	$ 1,209,485	$ 124,420	$ 2,649	$ 112,416	$ 122,027	$ 137,733
66	WNY Expenditure & Adv Benefits	$ 8,273,923	$ 1,213,624	$ 23,251	$ 512,981	$ 619,636	$ 627,353
67	Customer Net Savings	$ 27,541,456	$ 407,632	$ 69,714	$ 3,713,962	$ 637,858	$ 603,328
68	WNY Income Multiplier	0.49	0.49	0.49	0.49	0.49	0.49
69	WNY Customer Net Savings Benefits	$ 13,495,313	$ 199,740	$ 34,160	$ 1,819,842	$ 312,550	$ 295,631
70	Total WNY Benefits	$ 21,769,236	$ 1,413,363	$ 57,411	$ 2,332,823	$ 932,187	$ 922,984
71	TRC-WNY	3.94	1.73	3.66	7.39	2.28	2.25
72	**VII. Societal Test**						
73	Environmental						
74	Total	$ 3,351,996	$ 220,883	$ 8,896	$ 352,739	$ 140,764	$ 138,202
75	Other						
76	Total						
77	Total Incremental Societal Benefits	$ 3,351,996	$ 220,883	$ 8,896	$ 352,739	$ 140,764	$ 138,202
78	Total Benefits W/ TRC WNY	$ 69,410,374	$ 4,552,724	$ 183,854	$ 7,346,218	$ 2,932,828	$ 2,887,220
79	Societal Test	4.14	1.81	3.84	7.76	2.40	2.36

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1	National Fuel Gas Distribution Corporation						
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5	Date: 20 Month Period Ending December 2009						
6	2/16/2010						
7	Quarter	Year					
8	8	Dec-09					
9		Total Residential					
10		Residential Appliance Rebates					
11		**Appliance Rebates - Hot Air Furnace Residential**	**Appliance Rebates - Hot Water Boiler Residential**	**Appliance Rebates - Steam Boiler Residential**	**Appliance Rebates - Programable Tstat Residential**	**Appliance Rebates - Storage Tank Water Heater Residential**	**Appliance Rebates - Storage Tankless Water Heater Residential**
80	**Adjustment Detail**						
81	**I. Spillover**						
82	Total Spillover Impact (Mcf)	-	-	-	-	-	-
83	Total Participants	15,098	1,172	49	14,895	2,993	1,483
84	Adjustment to Per Participant Volume Due to Spillover	-	-	-	-	-	-
85	**II. Free Riders**						
86	Mcf Saved per Participant	22.50	19.10	18.40	2.40	5.40	10.70
87	Free Ridership %	19%	19%	19%	19%	19%	19%
88	Adjustment to Per Participant Volume Due to Free Riders	4.28	3.63	3.50	0.46	1.03	2.03
89	**III. Snapback**						
90	Total Snapback Impact (Mcf)	14,011	1,088	45	-	-	-
91	Total Participants	15,098	1,172	49	14,895	2,993	1,483
92	Adjustment to Per Participant Volume Due to Snapback	0.93	0.93	0.93	-	-	-
93	**IV. Total Volume Adjustment**						
94	Total Volume Adjustments	(5.20)	(4.56)	(4.42)	(0.46)	(1.03)	(2.03)
95	**Adjustment Impact**						
96	**I. Customer and Volume Information**						
97	Number of Customers Eligible	351,219.00	93,658.00	23,415.00	468,292.00	468,292.00	23,415.00
98	Participation Rate	4.30%	1.25%	0.21%	3.18%	0.64%	6.33%
99	Annual Number of Participants	15,098	1,172	49	14,895	2,993	1,483
100	Total Mcf Adjusted	(78,555)	(5,341)	(217)	(6,792)	(3,071)	(3,015)
101	DTH Conversion	1.035	1.035	1.035	1.035	1.035	1.035
102	Total DTH Adjusted	(81,304)	(5,528)	(224)	(7,030)	(3,178)	(3,120)
103	Mcf Adjusted per Participant	(5.20)	(4.56)	(4.42)	(0.46)	(1.03)	(2.03)
104	DTH Adjusted per Participant	(5.39)	(4.72)	(4.58)	(0.47)	(1.06)	(2.10)
105	**II. Program Cost Information**						
106	Company Direct Costs	$ -	$ -	$ -	$ -	$ -	$ -
107	Company Admin Costs						
108	Company Advertising Costs						
109	Total Initial Program Costs - Company	$ -	$ -	$ -	$ -	$ -	$ -
110	Total Initial Program Costs - Participant	$ (2,008,034)	$ (356,288)	$ (6,517)	$ (70,751)	$ (113,734)	$ (98,620)
111	Total Initial Program Costs	$ (2,008,034)	$ (356,288)	$ (6,517)	$ (70,751)	$ (113,734)	$ (98,620)
112	Per Participant Initial Program Costs - Company	$ -	$ -	$ -	$ -	$ -	$ -
113	Per Participant Initial Program Costs - Participant	$ (133.00)	$ (304.00)	$ (133.00)	$ (4.75)	$ (38.00)	$ (66.50)
114	Total Initial Program Costs per Annual Participant	$ (133.00)	$ (304.00)	$ (133.00)	$ (4.75)	$ (38.00)	$ (66.50)
115	Annual Ongoing Costs - Company per Participant						
116	Annual Ongoing Costs - Participant per Participant						
117	Total Annual Ongoing Costs per Participant						
118	Annual Ongoing Costs - Company						
119	Annual Ongoing Costs - Participant						
120	Total Annual Ongoing Costs						
121	**III. Discount Assumptions**						
122	Anticipated Life of Program Measure (Years)	-	-	-	-	-	-
123	Discount Rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
124	PVIFA	-	-	-	-	-	-
125	**IV. Incremental Savings**						
126	Natural Gas Supply Rate ($/Mcf)	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00
127	Natural Gas Supply Rate ($/Dth)	$ 11.59	$ 11.59	$ 11.59	$ 11.59	$ 11.59	$ 11.59
128	Annual NGS Savings per Participant	$ (62.44)	$ (54.68)	$ (53.09)	$ (5.47)	$ (12.31)	$ (24.40)
129	Total NGS Savings	$ (942,659)	$ (64,090)	$ (2,601)	$ (81,505)	$ (36,850)	$ (36,179)

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1	National Fuel Gas Distribution Corporation						
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3	Conservation Incentive Program						
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6	2/16/2010						
7	Quarter	Year					
8	8	Dec-09					
9		Total Residential					
10				Residential Appliance Rebates			
11		Appliance Rebates - Hot Air Furnace Residential	Appliance Rebates - Hot Water Boiler Residential	Appliance Rebates - Steam Boiler Residential	Appliance Rebates - Programable Tstat Residential	Appliance Rebates - Storage Tank Water Heater Residential	Appliance Rebates - Storage Tankless Water Heater Residential
130	**Adjusted Analysis**						
131	**I. Customer and Volume Information**						
132	Number of Customers Eligible	351,219	93,658	23,415	468,292	468,292	23,415
133	Participation Rate	4.30%	1.25%	0.21%	3.18%	0.64%	6.33%
134	Total Number of Participants	15,098	1,172	49	14,895	2,993	1,483
135	Total Mcf Saved	261,150	17,044	685	28,956	13,091	12,853
136	DTH Conversion	1.035	1.035	1.035	1.035	1.035	1.035
137	Total DTH Saved	270,290	22,385	709	29,969	13,550	13,303
138	Mcf Saved per Participant	17.30	14.54	13.98	1.94	4.37	8.67
139	DTH Saved per Participant	17.90	19.10	14.47	2.01	4.53	8.97
140							
141	Estimated Peak Day Impact Mcf	2,384.93	155.66	6.25	264.44	119.56	117.38
142	Estimated Peak Day Impact Dth	2,468.41	161.10	6.47	273.69	123.74	121.49
143	Total Average Annual Accounts	482,775	482,775	482,775	482,775	482,775	482,775
144	Impact on Total Average Annual Usage Per Account	0.54	0.04	0.00	0.06	0.03	0.03
145	**II. Program Cost Information**						
146	Company Direct Costs	$ 4,642,635	$ 477,590	$ 10,168	$ 431,512	$ 468,405	$ 528,690
147	Company Admin Costs	$ 146,239	$ 15,044	$ 320	$ 13,592	$ 14,754	$ 16,653
148	Company Advertising Costs	$ 1,390,212	$ 143,012	$ 3,045	$ 129,214	$ 140,261	$ 158,313
149	Total Initial Program Costs - Company	$ 6,179,086	$ 635,645	$ 13,532	$ 574,319	$ 623,420	$ 703,656
150	Total Initial Program Costs - Participant	$ 8,560,566	$ 1,518,912	$ 27,783	$ 301,624	$ 484,866	$ 420,431
151	Total Initial Program Costs	$ 14,739,652	$ 2,154,557	$ 41,315	$ 875,943	$ 1,108,286	$ 1,124,087
152	Per Participant Initial Program Costs - Company	$ 409.27	$ 542.36	$ 276.17	$ 38.56	$ 208.29	$ 474.48
153	Per Participant Initial Program Costs - Participant	$ 567.00	$ 1,296.00	$ 567.00	$ 20.25	$ 162.00	$ 283.50
154	Total Initial Program Costs per Annual Participant	$ 976.27	$ 1,838.36	$ 843.17	$ 58.81	$ 370.29	$ 757.98
155	Annual Ongoing Costs - Company per Participant	$ -	$ -	$ -	$ -	$ -	$ -
156	Annual Ongoing Costs - Participant per Participant	$ -	$ -	$ -	$ -	$ -	$ -
157	Total Annual Ongoing Costs per Participant	$ -	$ -	$ -	$ -	$ -	$ -
158	Annual Ongoing Costs - Company	$ -	$ -	$ -	$ -	$ -	$ -
159	Annual Ongoing Costs - Participant	$ -	$ -	$ -	$ -	$ -	$ -
160	Total Annual Ongoing Costs	$ -	$ -	$ -	$ -	$ -	$ -
161	**III. Discount Assumptions**						
162	Anticipated Life of Program Measure (Years)	17	17	17	17	14	14
163	Discount Rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
164	PVIFA	10.86	10.86	10.86	10.86	9.59	9.59
165	**IV. Incremental Savings**						
166	Natural Gas Supply Rate ($/Mcf)	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00
167	Natural Gas Supply Rate ($/Dth)	$ 11.59	$ 11.59	$ 11.59	$ 11.59	$ 11.59	$ 11.59
168	Annual NGS Savings per Participant	$ 207.56	$ 174.52	$ 167.71	$ 23.33	$ 52.49	$ 104.00
169	Total NGS Savings	$ 3,133,801	$ 204,533	$ 8,218	$ 347,471	$ 157,097	$ 154,238
170	**V. Direct Cost Benefit Summary**						
171	Present Value of Participant Savings	$ 2,255.10	$ 1,896.05	$ 1,822.13	$ 253.45	$ 503.34	$ 997.36
172	Present Value of Total Savings	$ 34,047,524	$ 2,222,168	$ 89,284	$ 3,775,132	$ 1,506,501	$ 1,479,087
173	Present Value of Total Initial Program Costs per Annual Participant	$ 976	$ 1,838	$ 843	$ 59	$ 370	$ 758
174	Present Value of Total Initial Program Costs	$ 14,739,652	$ 2,154,557	$ 41,315	$ 875,943	$ 1,108,286	$ 1,124,087
175	TRC	2.31	1.03	2.16	4.31	1.36	1.32
176	**VI. TRC-WNY**						
177	WNY Incremental Expenditures	$ 13,349,440	$ 2,011,546	$ 38,271	$ 746,728	$ 968,025	$ 965,773
178	WNY Expenditure Multiplier	0.46	0.46	0.46	0.49	0.46	0.46
179	WNY Expenditure Benefits	$ 6,140,742	$ 925,311	$ 17,605	$ 365,897	$ 445,291	$ 444,256
180	Advertising	$ 1,390,212	$ 143,012	$ 3,045	$ 129,214	$ 140,261	$ 158,313
181	Adverttising Multiplier	0.87	0.87	0.87	0.87	0.87	0.87
182	Advertising Benefits	$ 1,209,485	$ 124,420	$ 2,649	$ 112,416	$ 122,027	$ 137,733
183	WNY Expenditure & Adv Benefits	$ 7,350,227	$ 1,049,731	$ 20,253	$ 478,313	$ 567,319	$ 581,988
184	Customer Net Savings	$ 19,307,872	$ 67,611	$ 47,969	$ 2,899,189	$ 398,215	$ 355,001
185	WNY Income Multiplier	0.49	0.49	0.49	0.49	0.49	0.49
186	WNY Customer Net Savings Benefits	$ 9,460,857	$ 33,129	$ 23,505	$ 1,420,603	$ 195,125	$ 173,950
187	Total WNY Benefits	$ 16,811,084	$ 1,082,861	$ 43,758	$ 1,898,916	$ 762,444	$ 755,939
188	TRC-WNY	3.45	1.53	3.22	6.48	2.05	1.99
189	**VII. Societal Test**						
190	Environmental						
191	Total	$ 2,576,866	$ 168,183	$ 6,757	$ 285,718	$ 114,019	$ 111,944
192	Other						
193	Total	$ -	$ -	$ -	$ -	$ -	$ -
194	Total Incremental Societal Benefits	$ 2,576,866	$ 168,183	$ 6,757	$ 285,718	$ 114,019	$ 111,944
195	Total Benefits W/TRC-WNY	$ 53,435,474	$ 3,473,212	$ 139,800	$ 5,959,766	$ 2,382,963	$ 2,346,970
196	Societal Test	3.63	1.61	3.38	6.80	2.15	2.09

	A	H	I	J	K	L	M
1	National Fuel Gas Distribution Corporation						
2	New York Division						
3	Conservation Incentive Program						
4	Program Measurement and Verification Summary						
5	Date: 20 Month Period Ending December 2009						
6	2/16/2010						
7	Quarter						
8	8						
9							
10							
11		**Total Res Rebates**	**LIURP**	**Total Res**	**Total Non Res Rebates**	**General Outreach**	**Total Program**
12	**Base Analysis**						
13	**I. Customer and Volume Information**						
14	Number of Customers Eligible		15,000		34,100	482,775	
15	Participation Rate		10.09%		2.04%	100.00%	
16	Total Number of Participants		1,513		697	482,775	
17	Total Annual Mcf Saved	430,770	80,189	510,959	51,656	482,775	1,045,390
18	DTH Conversion	1.035	1.035	1.035	1.035	1.035	1.035
19	Total DTH Saved	445,847	82,996	528,843	53,464	499,672	1,081,979
20	Mcf Saved per Participant Base		53.00		74.11	1.00	
21	Multiple Factor for Sensitivity Analysis		0%		0%	0%	
22	Mcf Saved per Participant		53.00		74.11	1.00	
23	DTH Saved per Participant		54.86		76.71	1.04	
24	Estimated Peak Day Impact Mcf	3,934	732	4,666	472	4,409	9,547
25	Estimated Peak Day Impact DTH	4,072	758	4,830	488	4,563	9,881
26	Total Average Annual Accounts	482,775	482,775	482,775	34,100	482,775	
27	Impact on Total Average Annual Usage Per Account Per Mcf	0.89	0.17	1.06	1.51	1.00	
28	**II. Program Cost Information**						
29	Company Direct Costs	$ 6,558,999	$ 5,024,839	$ 11,583,838	$ 649,634		$ 12,233,472
30	Company Admin Costs	$ 206,603	$ 854,000	$ 1,060,603	$ 38,503		$ 1,099,106
31	Company Advertising Costs	$ 1,964,057	$ -	$ 1,964,057	$ 194,529	$ 2,158,587	$ 4,317,173
32	Total Initial Program Costs - Company	$ 8,729,659	$ 5,878,839	$ 14,608,498	$ 882,666	$ 2,158,587	$ 17,649,751
33	Total Initial Program Costs - Participant	$ 13,968,125	$ -	$ 13,968,125	$ 2,445,315	$ -	$ 16,413,440
34	Total Initial Program Costs	$ 22,697,784	$ 5,878,839	$ 28,576,623	$ 3,327,982	$ 2,158,587	$ 34,063,192
35	Per Participant Initial Program Costs - Company		$ 3,885.55		$ 1,266.38	$ 4.47	
36	Per Participant Initial Program Costs - Participant		$ -		$ 3,508.34	$ -	
37	Total Initial Program Costs per Annual Participant		$ 3,885.55		$ 4,774.72	$ 4.47	
38	Annual Ongoing Costs - Company per Participant		$ -		$ -	$ -	
39	Annual Ongoing Costs - Participant per Participant		$ -		$ -	$ -	
40	Total Annual Ongoing Costs per Participant		$ -		$ -	$ -	
41	Annual Ongoing Costs - Company		$ -		$ -	$ -	
42	Annual Ongoing Costs - Participant		$ -		$ -	$ -	
43	Total Annual Ongoing Costs		$ -		$ -	$ -	
44	**III. Discount Assumptions**						
45	Anticipated Life of Program Measure (Years)	16.68	25	18	17	2.00	17.2
46	Discount Rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
47	PVIFA	10.7273	13.4139	11.3891	10.8646	1.8463	10.9483
48	**IV. Incremental Savings**						
49	Natural Gas Supply Rate ($/Mcf)		$ 12.00		$ 12.00	$ 12.00	
50	Natural Gas Supply Rate ($/Dth)		$ 11.59		$ 11.59	$ 11.59	
51	Annual NGS Savings per Participant		$ 636.00		$ 889.35	$ 12.00	
52	Total NGS Savings	$ 5,169,241	$ 962,268	$ 6,131,509	$ 619,875	$ 5,793,300	$ 12,544,684
53	**V. Direct Cost Benefit Summary**						
54	Present Value of Participant Savings		$ 8,531.26		$ 9,662.41	$ 22.16	
55	Present Value of Total Savings	$ 55,671,734	$ 12,907,798	$ 68,579,532	$ 6,734,699	$ 10,696,284	$ 86,010,515
56	Present Value of Total Initial Program Costs per Annual Participant		$ 3,886		$ 4,775	$ 4	
57	Present Value of Total Initial Program Costs	$ 22,697,784	$ 5,878,839	$ 28,576,623	$ 3,327,982	$ 2,158,587	$ 34,063,192
58	TRC	2.45	2.20	2.40	2.02	4.96	2.53
59	**VI. TRC-WNY**						
60	WNY Incremental Expenditures	$ 20,733,727	$ 5,878,839	$ 26,612,566	$ 3,133,452	$ -	$ 29,746,018
61	WNY Expenditure Multiplier		0.46		0.46	0.46	
62	WNY Expenditure Benefits	$ 9,562,039	$ 2,704,266	$ 12,266,305	$ 1,441,388	$ -	$ 13,707,693
63	Advertising	$ 1,964,057	$ -	$ 1,964,057	$ 194,529	$ 2,158,587	$ 4,317,173
64	Advertising Multiplier		0.87		0.87	0.87	
65	Advertising Benefits	$ 1,708,730	$ -	$ 1,708,730	$ 169,241	$ 1,877,970	$ 3,755,941
66	WNY Expenditure & Adv Benefits	$ 11,270,769	$ 2,704,266	$ 13,975,035	$ 1,610,629	$ 1,877,970	$ 17,463,634
67	Customer Net Savings	$ 32,973,949	$ 7,028,959	$ 40,002,909	$ 3,406,717	$ 8,537,697	$ 51,947,323
68	WNY Income Multiplier		0.49		0.49	0.49	
69	WNY Customer Net Savings Benefits	$ 16,157,235	$ 3,444,190	$ 19,601,425	$ 1,669,291	$ 4,183,472	$ 25,454,188
70	Total WNY Benefits	$ 27,428,004	$ 6,148,456	$ 33,576,460	$ 3,279,920	$ 6,061,442	$ 42,917,822
71	TRC-WNY	3.66	3.24	3.57	3.01	7.76	3.78
72	**VII. Societal Test**						
73	Environmental						
74	Total	$ 4,213,480	$ 976,919	$ 5,190,399	$ 509,711	$ 809,542	$ 6,509,652
75	Other						
76	Total						
77	Total Incremental Societal Benefits	$ 4,213,480	$ 976,919	$ 5,190,399	$ 509,711	$ 809,542	$ 6,509,652
78	Total Benefits W/ TRC WNY	$ 87,313,218	$ 20,033,173	$ 107,346,391	$ 10,524,330	$ 17,567,268	$ 135,437,989
79	Societal Test	3.85	3.41	3.76	3.16	8.14	3.98

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8	8						
9							
10							
11		**Total Res Rebates**	**LIURP**	**Total Res**	**Total Non Res Rebates**	**General Outreach**	**Total Program**
80	**Adjustment Detail**						
81	**I. Spillover**						
82	Total Spillover Impact (Mcf)		-		-	-	
83	Total Participants		1,359		697	482,775	
84	Adjustment to Per Participant Volume Due to Spillover		-		-	-	
85	**II. Free Riders**						
86	Mcf Saved per Participant		53.00		74.11	1.00	
87	Free Ridership %		0%		10%	19%	
88	Adjustment to Per Participant Volume Due to Free Riders		-		7.41	0.19	
89	**III. Snapback**						
90	Total Snapback Impact (Mcf)		1,261		-	-	
91	Total Participants		1,359		697	482,775	
92	Adjustment to Per Participant Volume Due to Snapback		0.93		-	-	
93	**IV. Total Volume Adjustment**						
94	Total Volume Adjustments		(0.93)		(7.41)	(0.19)	
95	**Adjustment Impact**						
96	**I. Customer and Volume Information**						
97	Number of Customers Eligible		15,000.00		34,100.00	482,775.00	
98	Participation Rate		10.09%		2.04%	100.00%	
99	Annual Number of Participants		1,513		697	482,775	
100	Total Mcf Adjusted		(1,404)		(5,166)	(91,727)	
101	DTH Conversion		1.035		1.035	1.035	
102	Total DTH Adjusted		(1,453)		(5,346)	(94,938)	
103	Mcf Adjusted per Participant		(0.93)		(7.41)	(0.19)	
104	DTH Adjusted per Participant		(0.96)		(7.67)	(0.20)	
105	**II. Program Cost Information**						
106	Company Direct Costs		$ -		$ -	$ -	
107	Company Admin Costs						
108	Company Advertising Costs						
109	Total Initial Program Costs - Company	$ -	$ -	$ -	$ -	$ -	$ -
110	Total Initial Program Costs - Participant		$ -		$ (244,532)	$ -	
111	Total Initial Program Costs		$ -		$ (244,532)	$ -	
112	Per Participant Initial Program Costs - Company		$ -		$ -	$ -	
113	Per Participant Initial Program Costs - Participant		$ -		$ (350.83)	$ -	
114	Total Initial Program Costs per Annual Participant		$ -		$ (350.83)	$ -	
115	Annual Ongoing Costs - Company per Participant						
116	Annual Ongoing Costs - Participant per Participant						
117	Total Annual Ongoing Costs per Participant						
118	Annual Ongoing Costs - Company						
119	Annual Ongoing Costs - Participant						
120	Total Annual Ongoing Costs						
121	**III. Discount Assumptions**						
122	Anticipated Life of Program Measure (Years)		-		-	-	
123	Discount Rate		5.50%		5.50%	5.50%	
124	PVIFA		-		-	-	
125	**IV. Incremental Savings**						
126	Natural Gas Supply Rate ($/Mcf)		$ 12.00		$ 12.00	$ 12.00	
127	Natural Gas Supply Rate ($/Dth)		$ 11.59		$ 11.59	$ 11.59	
128	Annual NGS Savings per Participant		$ (11.14)		$ (88.93)	$ (2.28)	
129	Total NGS Savings		$ (16,849)		$ (61,987)	$ (1,100,727)	

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11		**Total Res Rebates**	**LIURP**	**Total Res**	**Total Non Res Rebates**	**General Outreach**	**Total Program**
130	**Adjusted Analysis**						
131	**I. Customer and Volume Information**						
132	Number of Customers Eligible		15,000		34,100	482,775	
133	Participation Rate		10.09%		2.04%	100.00%	
134	Total Number of Participants		1,513		697	482,775	
135	Total Mcf Saved	333,780	78,785	412,565	46,491	391,048	850,103
136	DTH Conversion	1.035	1.035	1.035	1.035	1.035	1.035
137	Total DTH Saved	350,206	81,542	431,749	48,118	404,734	884,601
138	Mcf Saved per Participant		52.07		66.70	0.81	
139	DTH Saved per Participant		53.89		69.04	0.84	
140							
141	Estimated Peak Day Impact Mcf	3,048.22	719.50	3,767.71	424.57	3,571.21	7,763.50
142	Estimated Peak Day Impact Dth	3,154.90	744.68	3,899.58	439.43	3,696.20	8,035.22
143	Total Average Annual Accounts	482,775	482,775	482,775		482,775	
144	Impact on Total Average Annual Usage Per Account	0.69	0.16	0.85		0.81	
145	**II. Program Cost Information**						
146	Company Direct Costs	$ 6,558,999	$ 5,024,839	$ 11,583,838	$ 649,634	$ -	$ 12,233,472
147	Company Admin Costs	$ 206,603	$ 854,000	$ 1,060,603	$ 38,503	$ -	$ 1,099,106
148	Company Advertising Costs	$ 1,964,057	$ -	$ 1,964,057	$ 194,529	$ 2,158,587	$ 4,317,173
149	Total Initial Program Costs - Company	$ 8,729,659	$ 5,878,839	$ 14,608,498	$ 882,666	$ 2,158,587	$ 17,649,751
150	Total Initial Program Costs - Participant	$ 11,314,181	$ -	$ 11,314,181	$ 2,200,784	$ -	$ 13,514,965
151	Total Initial Program Costs	$ 20,043,841	$ 5,878,839	$ 25,922,680	$ 3,083,450	$ 2,158,587	$ 31,164,716
152	Per Participant Initial Program Costs - Company		$ 3,885.55		$ 1,266.38	$ 4.47	
153	Per Participant Initial Program Costs - Participant		$ -		$ 3,157.51	$ -	
154	Total Initial Program Costs per Annual Participant		$ 3,885.55		$ 4,423.89	$ 4.47	
155	Annual Ongoing Costs - Company per Participant		$ -		$ -	$ -	
156	Annual Ongoing Costs - Participant per Participant		$ -		$ -	$ -	
157	Total Annual Ongoing Costs per Participant		$ -		$ -	$ -	
158	Annual Ongoing Costs - Company		$ -		$ -	$ -	
159	Annual Ongoing Costs - Participant		$ -		$ -	$ -	
160	Total Annual Ongoing Costs		$ -		$ -	$ -	
161	**III. Discount Assumptions**						
162	Anticipated Life of Program Measure (Years)	16.68	25	19	17	2.00	17
163	Discount Rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
164	PVIFA	10.73	13.41	11.45	10.86	1.85	10.97
165	**IV. Incremental Savings**						
166	Natural Gas Supply Rate ($/Mcf)		$ 12.00		$ 12.00	$ 12.00	
167	Natural Gas Supply Rate ($/Dth)		$ 11.59		$ 11.59	$ 11.59	
168	Annual NGS Savings per Participant		$ 624.86		$ 800.41	$ 9.72	
169	Total NGS Savings	$ 4,005,357	$ 945,419	$ 4,950,776	$ 557,887	$ 4,692,573	$ 10,201,237
170	**V. Direct Cost Benefit Summary**						
171	Present Value of Participant Savings		$ 8,381.88		$ 8,696.17	$ 17.95	
172	Present Value of Total Savings	$ 43,119,697	$ 12,681,790	$ 55,801,486	$ 6,061,229	$ 8,663,990	$ 70,526,705
173	Present Value of Total Initial Program Costs per Annual Participant		$ 3,886		$ 4,424	$ 4	
174	Present Value of Total Initial Program Costs	$ 20,043,841	$ 5,878,839	$ 25,922,680	$ 3,083,450	$ 2,158,587	$ 31,164,716
175	TRC	2.15	2.16	2.15	1.97	4.01	2.26
176	**VI. TRC-WNY**						
177	WNY Incremental Expenditures	$ 18,079,783	$ 5,878,839	$ 23,958,622	$ 2,888,921	$ -	$ 26,847,543
178	WNY Expenditure Multiplier		0.46		0.46	0.46	
179	WNY Expenditure Benefits	$ 8,339,102	$ 2,704,266	$ 11,043,368	$ 1,328,903	$ -	$ 12,372,272
180	Advertising	$ 1,964,057	$ -	$ 1,964,057	$ 194,529	$ 2,158,587	$ 4,317,173
181	Adverttising Multiplier		0.87		0.87	0.87	
182	Advertising Benefits	$ 1,708,730	$ -	$ 1,708,730	$ 169,241	$ 1,877,970	$ 3,755,941
183	WNY Expenditure & Adv Benefits	$ 10,047,832	$ 2,704,266	$ 12,752,098	$ 1,498,144	$ 1,877,970	$ 16,128,212
184	Customer Net Savings	$ 23,075,856	$ 6,802,951	$ 29,878,807	$ 2,977,779	$ 6,505,403	$ 39,361,989
185	WNY Income Multiplier		0.49		0.49	0.49	
186	WNY Customer Net Savings Benefits	$ 11,307,169	$ 3,333,446	$ 14,640,615	$ 1,459,112	$ 3,187,648	$ 19,287,375
187	Total WNY Benefits	$ 21,355,001	$ 6,037,712	$ 27,392,713	$ 2,957,256	$ 5,065,618	$ 35,415,587
188	TRC-WNY	3.22	3.18	3.21	2.92	6.36	3.40
189	**VII. Societal Test**						
190	Environmental						
191	Total	$ 3,263,487	$ 959,813	$ 4,223,301	$ 458,740	$ 655,729	$ 5,337,770
192	Other						
193	Total		$ -		$ -	$ -	
194	Total Incremental Societal Benefits	$ 3,263,487	$ 959,813	$ 4,223,301	$ 458,740	$ 655,729	$ 5,337,770
195	Total Benefits W/TRC-WNY	$ 67,738,185	$ 19,679,315	$ 87,417,500	$ 9,477,225	$ 14,385,337	$ 111,280,062
196	Societal Test	3.38	3.35	3.37	3.07	6.66	3.57

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11		**Appliance Rebates - Heating Systems Residential**	**Appliance Rebates - Programable Tstat Residential**	**Appliance Rebates - Water Heater Tank Residential**	**Appliance Rebates - Tankless Water Heater Residential**	**Total Res Rebates**	**LIURP**
12	**Base Analysis**						
13	**I. Customer and Volume Information**						
14	Number of Customers Eligible	468,292	468,292	468,292	468,292		15,000
15	Participation Rate	3.48%	3.18%	0.64%	0.32%		10.09%
16	Total Number of Participants	16,319	14,895	2,993	1,483		1,513
17	Total Annual Mcf Saved	219,327	78,944	11,571	10,418	320,260	33,573
18	DTH Conversion	1.035	1.035	1.035	1.035	1.035	1.035
19	Total DTH Saved	227,004	81,707	11,976	10,783	331,469	34,749
20	Mcf Saved per Participant Base	13.44	5.30	3.87	7.03		22.19
21	Multiple Factor for Sensitivity Analysis	0%	0%	0%	0%		0%
22	Mcf Saved per Participant	13.44	5.30	3.87	7.03		22.19
23	DTH Saved per Participant	13.91	5.49	4.00	7.27		22.97
24	Estimated Peak Day Impact Mcf	2,003	721	106	95	2,925	307
25	Estimated Peak Day Impact DTH	2,073	746	109	98	3,027	317
26	Total Average Annual Accounts	482,775	482,775	482,775	482,775	482,775	482,775
27	Impact on Total Average Annual Usage Per Account Per Mcf	0.45	0.16	0.02	0.02	0.66	0.07
28	**II. Program Cost Information**						
29	Company Direct Costs	$ 5,018,093	$ 438,211	$ 468,405	$ 528,690	$ 6,453,397	$ 5,024,839
30	Company Admin Costs	$ 158,066	$ 13,803	$ 14,754	$ 16,653	$ 203,277	$ 854,000
31	Company Advertising Costs	$ 1,502,641	$ 131,220	$ 140,261	$ 158,313	$ 1,932,435	$ -
32	Total Initial Program Costs - Company	$ 6,678,799	$ 583,234	$ 623,420	$ 703,656	$ 8,589,110	$ 5,878,839
33	Total Initial Program Costs - Participant	$ 11,423,300	$ 372,375	$ 598,600	$ 519,050	$ 12,913,325	$ -
34	Total Initial Program Costs	$ 18,102,099	$ 955,609	$ 1,222,020	$ 1,222,706	$ 21,502,435	$ 5,878,839
35	Per Participant Initial Program Costs - Company	$ 307.50	$ 29.42	$ 156.50	$ 356.50		$ 3,885.55
36	Per Participant Initial Program Costs - Participant	$ 700.00	$ 25.00	$ 200.00	$ 350.00		$ -
37	Total Initial Program Costs per Annual Participant	$ 1,007.50	$ 54.42	$ 356.50	$ 706.50		$ 3,885.55
38	Annual Ongoing Costs - Company per Participant	$ -	$ -	$ -	$ -		$ -
39	Annual Ongoing Costs - Participant per Participant	$ -	$ -	$ -	$ -		$ -
40	Total Annual Ongoing Costs per Participant	$ -	$ -	$ -	$ -		$ -
41	Annual Ongoing Costs - Company	$ -	$ -	$ -	$ -		$ -
42	Annual Ongoing Costs - Participant	$ -	$ -	$ -	$ -		$ -
43	Total Annual Ongoing Costs	$ -	$ -	$ -	$ -		$ -
44	**III. Discount Assumptions**						
45	Anticipated Life of Program Measure (Years)	17	17	14	14	16.7	25
46	Discount Rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
47	PVIFA	10.8646	10.8646	9.5896	9.5896	10.7298	13.4139
48	**IV. Incremental Savings**						
49	Natural Gas Supply Rate ($/Mcf)	$ 12.00	$ 12.00	$ 12.00	$ 12.00		$ 12.00
50	Natural Gas Supply Rate ($/Dth)	$ 11.59	$ 11.59	$ 11.59	$ 11.59		$ 11.59
51	Annual NGS Savings per Participant	$ 161.28	$ 63.60	$ 46.39	$ 84.30		$ 266.28
52	Total NGS Savings	$ 2,631,928	$ 947,322	$ 138,851	$ 125,017	$ 3,843,118	$ 402,882
53	**V. Direct Cost Benefit Summary**						
54	Present Value of Participant Savings	$ 1,752.24	$ 690.99	$ 444.88	$ 808.41		$ 3,571.86
55	Present Value of Total Savings	$ 28,594,871	$ 10,292,283	$ 1,331,535	$ 1,198,868	$ 41,417,556	$ 5,404,227
56	Present Value of Total Initial Program Costs per Annual Participant	$ 1,008	$ 54	$ 357	$ 707		$ 3,886
57	Present Value of Total Initial Program Costs	$ 18,102,099	$ 955,609	$ 1,222,020	$ 1,222,706	$ 21,502,435	$ 5,878,839
58	TRC	1.58	10.77	1.09	0.98	1.93	0.92
59	**VI. TRC-WNY**						
60	WNY Incremental Expenditures	$ 16,599,458	$ 824,389	$ 1,081,759	$ 1,064,393	$ 19,569,999	$ 5,878,839
61	WNY Expenditure Multiplier	0.46	0.49	0.46	0.49		0.49
62	WNY Expenditure Benefits	$ 7,635,751	$ 403,951	$ 497,609	$ 521,552	$ 9,058,863	$ 2,880,631
63	Advertising	$ 1,502,641	$ 131,220	$ 140,261	$ 158,313	$ 1,932,435	$ -
64	Advertising Multiplier	0.87	0.87	0.87	0.87		0.87
65	Advertising Benefits	$ 1,307,298	$ 114,161	$ 122,027	$ 137,733	$ 1,681,219	$ -
66	WNY Expenditure & Adv Benefits	$ 8,943,049	$ 518,112	$ 619,636	$ 659,285	$ 10,740,082	$ 2,880,631
67	Customer Net Savings	$ 10,492,772	$ 9,336,674	$ 109,515	$ (23,838)	$ 19,915,122	$ (474,612)
68	WNY Income Multiplier	0.49	0.49	0.49	0.49		0.49
69	WNY Customer Net Savings Benefits	$ 5,141,458	$ 4,574,970	$ 53,662	$ (11,681)	$ 9,758,410	$ (232,560)
70	Total WNY Benefits	$ 14,084,507	$ 5,093,082	$ 673,298	$ 647,604	$ 20,498,492	$ 2,648,071
71	TRC-WNY	2.36	16.10	1.64	1.51	2.88	1.37
72	**VII. Societal Test**						
73	Environmental						
74	Total	$ 2,164,185	$ 778,965	$ 100,776	$ 90,736	$ 3,134,662	$ 409,016
75	Other						
76	Total						
77	Total Incremental Societal Benefits	$ 2,164,185	$ 778,965	$ 100,776	$ 90,736	$ 3,134,662	$ 409,016
78	Total Benefits W/ TRC WNY	$ 44,843,563	$ 16,164,330	$ 2,105,610	$ 1,937,208	$ 65,050,710	$ 8,461,314
79	Societal Test	2.48	16.92	1.72	1.58	3.03	1.44

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11		**Appliance Rebates - Heating Systems Residential**	**Appliance Rebates - Programable Tstat Residential**	**Appliance Rebates - Water Heater Tank Residential**	**Appliance Rebates - Tankless Water Heater Residential**	**Total Res Rebates**	**LIURP**
80	**Adjustment Detail**						
81	**I. Spillover**						
82	Total Spillover Impact (Mcf)	-	-	-	-		-
83	Total Participants	16,319	14,895	2,993	1,483		1,513
84	Adjustment to Per Participant Volume Due to Spillover	-	-	-	-		-
85	**II. Free Riders**						
86	Mcf Saved per Participant	13.44	5.30	3.87	7.03		22.19
87	Free Ridership %	19%	19%	19%	19%		0%
88	Adjustment to Per Participant Volume Due to Free Riders	2.55	1.01	0.73	1.33		-
89	**III. Snapback**						
90	Total Snapback Impact (Mcf)	-	-	-	-		1,404
91	Total Participants	16,319	14,895	2,993	1,483		1,513
92	Adjustment to Per Participant Volume Due to Snapback	-	-	-	-		0.93
93	**IV. Total Volume Adjustment**						
94	Total Volume Adjustments	(2.55)	(1.01)	(0.73)	(1.33)		(0.93)
95	**Adjustment Impact**						
96	**I. Customer and Volume Information**						
97	Number of Customers Eligible	468,292.00	468,292.00	468,292.00	468,292.00		15,000.00
98	Participation Rate	3.48%	3.18%	0.64%	0.32%		10.09%
99	Annual Number of Participants	16,319	14,895	2,993	1,483		1,513
100	Total Mcf Adjusted	(41,672)	(14,999)	(2,198)	(1,979)		(1,404)
101	DTH Conversion	1.035	1.035	1.035	1.035		1.035
102	Total DTH Adjusted	(43,131)	(15,524)	(2,275)	(2,049)		(1,453)
103	Mcf Adjusted per Participant	(2.55)	(1.01)	(0.73)	(1.33)		(0.93)
104	DTH Adjusted per Participant	(2.64)	(1.04)	(0.76)	(1.38)		(0.96)
105	**II. Program Cost Information**						
106	Company Direct Costs	$ -	$ -	$ -	$ -		$ -
107	Company Admin Costs						
108	Company Advertising Costs						
109	Total Initial Program Costs - Company	$ -	$ -	$ -	$ -		$ -
110	Total Initial Program Costs - Participant	$ (2,170,427)	$ (70,751)	$ (113,734)	$ (98,620)		$ -
111	Total Initial Program Costs	$ (2,170,427)	$ (70,751)	$ (113,734)	$ (98,620)		$ -
112	Per Participant Initial Program Costs - Company	$ -	$ -	$ -	$ -		$ -
113	Per Participant Initial Program Costs - Participant	$ (133.00)	$ (4.75)	$ (38.00)	$ (66.50)		$ -
114	Total Initial Program Costs per Annual Participant	$ (133.00)	$ (4.75)	$ (38.00)	$ (66.50)		$ -
115	Annual Ongoing Costs - Company per Participant						
116	Annual Ongoing Costs - Participant per Participant						
117	Total Annual Ongoing Costs per Participant						
118	Annual Ongoing Costs - Company						
119	Annual Ongoing Costs - Participant						
120	Total Annual Ongoing Costs						
121	**III. Discount Assumptions**						
122	Anticipated Life of Program Measure (Years)	-	-	-	-		-
123	Discount Rate	5.50%	5.50%	5.50%	5.50%		5.50%
124	PVIFA	-	-	-	-		-
125	**IV. Incremental Savings**						
126	Natural Gas Supply Rate ($/Mcf)	$ 12.00	$ 12.00	$ 12.00	$ 12.00		$ 12.00
127	Natural Gas Supply Rate ($/Dth)	$ 11.59	$ 11.59	$ 11.59	$ 11.59		$ 11.59
128	Annual NGS Savings per Participant	$ (30.64)	$ (12.08)	$ (8.81)	$ (16.02)		$ (11.14)
129	Total NGS Savings	$ (500,066)	$ (179,991)	$ (26,382)	$ (23,753)		$ (16,849)

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1	National Fuel Gas Distribution Corporation						
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5	Date: 20 Month Period Ending December 2009						
6	2/16/2010						
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8	8						
9		Pre/Post Analysis					
10							
11		**Appliance Rebates - Heating Systems Residential**	**Appliance Rebates - Programable Tstat Residential**	**Appliance Rebates - Water Heater Tank Residential**	**Appliance Rebates - Tankless Water Heater Residential**	**Total Res Rebates**	**LIURP**
130	**Adjusted Analysis**						
131	**I. Customer and Volume Information**						
132	Number of Customers Eligible	468,292	468,292	468,292	468,292		15,000
133	Participation Rate	3.48%	3.18%	0.64%	0.32%		10.09%
134	Total Number of Participants	16,319	14,895	2,993	1,483		1,513
135	Total Mcf Saved	177,655	63,944	9,372	8,439	259,410	32,169
136	DTH Conversion	1.035	1.035	1.035	1.035	1.035	1.035
137	Total DTH Saved	183,873	66,182	9,700	8,734	268,490	33,295
138	Mcf Saved per Participant	10.89	4.29	3.13	5.69		21.26
139	DTH Saved per Participant	11.27	4.44	3.24	5.89		22.01
140							
141	Estimated Peak Day Impact Mcf	1,622.42	583.97	85.59	77.07	2,369.05	293.78
142	Estimated Peak Day Impact Dth	1,679.21	604.40	88.59	79.76	2,451.96	304.07
143	Total Average Annual Accounts	482,775	482,775	482,775	482,775		482,775
144	Impact on Total Average Annual Usage Per Account	0.37	0.13	0.02	0.02		0.07
145	**II. Program Cost Information**						
146	Company Direct Costs	$ 5,018,093	$ 438,211	$ 468,405	$ 528,690	$ 6,453,397	$ 5,024,839
147	Company Admin Costs	$ 158,066	$ 13,803	$ 14,754	$ 16,653	$ 203,277	$ 854,000
148	Company Advertising Costs	$ 1,502,641	$ 131,220	$ 140,261	$ 158,313	$ 1,932,435	$ -
149	Total Initial Program Costs - Company	$ 6,678,799	$ 583,234	$ 623,420	$ 703,656	$ 8,589,110	$ 5,878,839
150	Total Initial Program Costs - Participant	$ 9,252,873	$ 301,624	$ 484,866	$ 420,431	$ 10,459,793	$ -
151	Total Initial Program Costs	$ 15,931,672	$ 884,858	$ 1,108,286	$ 1,124,087	$ 19,048,903	$ 5,878,839
152	Per Participant Initial Program Costs - Company	$ 409.27	$ 39.16	$ 208.29	$ 474.48		$ 3,885.55
153	Per Participant Initial Program Costs - Participant	$ 567.00	$ 20.25	$ 162.00	$ 283.50		$ -
154	Total Initial Program Costs per Annual Participant	$ 976.27	$ 59.41	$ 370.29	$ 757.98		$ 3,885.55
155	Annual Ongoing Costs - Company per Participant	$ -	$ -	$ -	$ -		$ -
156	Annual Ongoing Costs - Participant per Participant	$ -	$ -	$ -	$ -		$ -
157	Total Annual Ongoing Costs per Participant	$ -	$ -	$ -	$ -		$ -
158	Annual Ongoing Costs - Company	$ -	$ -	$ -	$ -		$ -
159	Annual Ongoing Costs - Participant	$ -	$ -	$ -	$ -		$ -
160	Total Annual Ongoing Costs	$ -	$ -	$ -	$ -		$ -
161	**III. Discount Assumptions**						
162	Anticipated Life of Program Measure (Years)	17	17	14	14	17	25
163	Discount Rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
164	PVIFA	10.86	10.86	9.59	9.59	10.73	13.41
165	**IV. Incremental Savings**						
166	Natural Gas Supply Rate ($/Mcf)	$ 12.00	$ 12.00	$ 12.00	$ 12.00		$ 12.00
167	Natural Gas Supply Rate ($/Dth)	$ 11.59	$ 11.59	$ 11.59	$ 11.59		$ 11.59
168	Annual NGS Savings per Participant	$ 130.64	$ 51.52	$ 37.58	$ 68.28		$ 255.14
169	Total NGS Savings	$ 2,131,862	$ 767,331	$ 112,470	$ 101,264	$ 3,112,926	$ 386,033
170	**V. Direct Cost Benefit Summary**						
171	Present Value of Participant Savings	$ 1,419.32	$ 559.70	$ 360.36	$ 654.81		$ 3,422.48
172	Present Value of Total Savings	$ 23,161,845	$ 8,336,749	$ 1,078,543	$ 971,083	$ 33,548,221	$ 5,178,219
173	Present Value of Total Initial Program Costs per Annual Participant	$ 976	$ 59	$ 370	$ 758		$ 3,886
174	Present Value of Total Initial Program Costs	$ 15,931,672	$ 884,858	$ 1,108,286	$ 1,124,087	$ 19,048,903	$ 5,878,839
175	TRC	1.45	9.42	0.97	0.86	1.76	0.88
176	**VI. TRC-WNY**						
177	WNY Incremental Expenditures	$ 14,429,031	$ 753,638	$ 968,025	$ 965,773	$ 17,116,467	$ 5,878,839
178	WNY Expenditure Multiplier	0.46	0.49	0.46	0.49		0.49
179	WNY Expenditure Benefits	$ 6,637,354	$ 369,283	$ 445,291	$ 473,229	$ 7,925,157	$ 2,880,631
180	Advertising	$ 1,502,641	$ 131,220	$ 140,261	$ 158,313	$ 1,932,435	$ -
181	Adverttising Multiplier	0.87	0.87	0.87	0.87	3	3.48
182	Advertising Benefits	$ 1,307,298	$ 114,161	$ 122,027	$ 137,733	$ 1,681,219	$ -
183	WNY Expenditure & Adv Benefits	$ 7,944,652	$ 483,444	$ 567,319	$ 610,961	$ 9,606,376	$ 2,880,631
184	Customer Net Savings	$ 7,230,173	$ 7,451,891	$ (29,743)	$ (153,003)	$ 14,499,318	$ (700,620)
185	WNY Income Multiplier	0.49	0.49	0.49	0.49		0.49
186	WNY Customer Net Savings Benefits	$ 3,542,785	$ 3,651,427	$ (14,574)	$ (74,972)	$ 7,104,666	$ (343,304)
187	Total WNY Benefits	$ 11,487,437	$ 4,134,871	$ 552,745	$ 535,990	$ 16,711,042	$ 2,537,327
188	TRC-WNY	2.17	14.09	1.47	1.34	2.64	1.31
189	**VII. Societal Test**						
190	Environmental						
191	Total	$ 1,752,990	$ 630,962	$ 81,629	$ 73,496	$ 2,539,076	$ 391,910
192	Other						
193	Total	$ -	$ -	$ -	$ -	$ -	$ -
194	Total Incremental Societal Benefits	$ 1,752,990	$ 630,962	$ 81,629	$ 73,496	$ 2,539,076	$ 391,910
195	Total Benefits W/TRC-WNY	$ 36,402,272	$ 13,102,581	$ 1,712,917	$ 1,580,569	$ 52,798,339	$ 8,107,456
196	Societal Test	2.28	14.81	1.55	1.41	2.77	1.38

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6	2/16/2010						
7	Quarter	Year					
8	8	Dec-09					
9		Total Residential					
10				Residential Appliance Rebates			
11		Appliance Rebates - Hot Air Furnace Residential	Appliance Rebates - Hot Water Boiler Residential	Appliance Rebates - Steam Boiler Residential	Appliance Rebates - Programable Tstat Residential	Appliance Rebates - Storage Tank Water Heater Residential	Appliance Rebates - Storage Tankless Water Heater Residential
221	Sensitivity Analysis						
222	TRC - Free Ridership Sensitivity	Adjusted Analysis - TRC					
223		2.31	1.03	2.16	4.31	1.36	1.32
224	0%	2.54	1.11	2.33	4.92	1.52	1.49
225	10%	2.42	1.07	2.25	4.61	1.44	1.40
226	20%	2.30	1.03	2.15	4.27	1.35	1.31
227	30%	2.15	0.98	2.03	3.91	1.25	1.20
228	40%	1.98	0.91	1.89	3.51	1.14	1.08
229	50%	1.77	0.84	1.72	3.06	1.01	0.95
230	60%	1.53	0.74	1.51	2.58	0.86	0.80
231	70%	1.23	0.61	1.23	2.04	0.69	0.64
232	80%	0.85	0.44	0.86	1.44	0.50	0.45
233							
234	Societal - Test Free Ridership Sensitivity	Adjusted Analysis - Societal TRC					
235		3.63	1.61	3.38	6.80	2.15	2.09
236	0%	3.97	1.72	3.65	7.76	2.40	2.36
237	10%	3.80	1.67	3.52	7.28	2.27	2.22
238	20%	3.60	1.61	3.37	6.75	2.14	2.07
239	30%	3.38	1.53	3.19	6.18	1.98	1.91
240	40%	3.11	1.43	2.97	5.55	1.81	1.72
241	50%	2.79	1.32	2.71	4.86	1.61	1.52
242	60%	2.42	1.17	2.38	4.10	1.39	1.30
243	70%	1.95	0.98	1.95	3.26	1.13	1.04
244	80%	1.37	0.71	1.38	2.33	0.83	0.76
245							
246	TRC Gas Cost Sensitivity	Adjusted Analysis - TRC					
247		2.31	1.03	2.16	4.31	1.36	1.32
248	$ 16.00	3.08	1.38	2.88	5.75	1.81	1.75
249	$ 15.00	2.89	1.29	2.70	5.39	1.70	1.64
250	$ 14.00	2.69	1.20	2.52	5.03	1.59	1.54
251	$ 13.00	2.50	1.12	2.34	4.67	1.47	1.43
252	$ 12.00	2.31	1.03	2.16	4.31	1.36	1.32
253	$ 11.00	2.12	0.95	1.98	3.95	1.25	1.21
254	$ 10.00	1.92	0.86	1.80	3.59	1.13	1.10
255	$ 9.00	1.73	0.77	1.62	3.23	1.02	0.99
256	$ 8.00	1.54	0.69	1.44	2.87	0.91	0.88
257	$ 7.00	1.35	0.60	1.26	2.51	0.79	0.77
258	Discount Rate Sensitivity	Adjusted Analysis - TRC					
259		2.31	1.03	2.16	4.31	1.36	1.32
260	1%	3.31	1.48	3.10	6.17	1.84	1.78
261	2%	3.04	1.36	2.84	5.67	1.72	1.66
262	3%	2.80	1.25	2.62	5.22	1.60	1.55
263	4%	2.59	1.15	2.42	4.83	1.50	1.45
264	5%	2.40	1.07	2.24	4.47	1.40	1.36
265	6%	2.23	0.99	2.08	4.16	1.32	1.28
266	7%	2.08	0.93	1.94	3.87	1.24	1.20
267							
268	Volume Savings Sensitivity	Adjusted Analysis - TRC					
269		2.31	1.03	2.16	4.31	1.36	1.32
270	50%	3.53	1.71	3.31	6.46	2.04	1.97
271	40%	3.28	1.57	3.08	6.03	1.90	1.84
272	30%	3.04	1.44	2.85	5.60	1.77	1.71
273	20%	2.80	1.30	2.62	5.17	1.63	1.58
274	10%	2.55	1.17	2.39	4.74	1.50	1.45
275	0%	2.31	1.03	2.16	4.31	1.36	1.32
276	-10%	2.07	0.90	1.93	3.88	1.22	1.18
277	-20%	1.82	0.76	1.70	3.45	1.09	1.05
278	-30%	1.58	0.63	1.47	3.02	0.95	0.92
279	-40%	1.34	0.49	1.24	2.59	0.82	0.79
280	-50%	1.09	0.35	1.01	2.15	0.68	0.66
281							

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6	2/16/2010						
7	Quarter	Year					
8	8	Dec-09					
9		Total Residential					
10				Residential Appliance Rebates			
11		**Appliance Rebates - Hot Air Furnace Residential**	**Appliance Rebates - Hot Water Boiler Residential**	**Appliance Rebates - Steam Boiler Residential**	**Appliance Rebates - Programable Tstat Residential**	**Appliance Rebates - Storage Tank Water Heater Residential**	**Appliance Rebates - Storage Tankless Water Heater Residential**
282	Gas Cost/Free Ridership Total Program TRC Sensitivity						
283	Gas Cost	Free Ridership					
284	2.26	0%	10%	20%	30%	40%	50%
285	$ 16.00	3.28	3.15	3.00	2.77	2.52	2.24
286	$ 15.00	3.08	2.95	2.81	2.60	2.37	2.10
287	$ 14.00	2.87	2.76	2.62	2.43	2.21	1.96
288	$ 13.00	2.67	2.56	2.43	2.25	2.05	1.82
289	$ 12.00	2.46	2.36	2.25	2.08	1.89	1.68
290	$ 11.00	2.26	2.17	2.06	1.91	1.74	1.54
291	$ 10.00	2.05	1.97	1.87	1.73	1.58	1.40
292	$ 9.00	1.85	1.77	1.69	1.56	1.42	1.26
293	$ 8.00	1.64	1.57	1.50	1.39	1.26	1.12
294	$ 7.00	1.44	1.38	1.31	1.21	1.10	0.98
295							
296	Gas Cost/Free Ridership Total Program TRC Sensitivity						
297	Gas Cost	Free Ridership					
298	3.57	0%	10%	20%	30%	40%	50%
299	$ 16.00	5.10	4.90	4.66	4.32	3.94	3.51
300	$ 15.00	4.79	4.60	4.38	4.06	3.70	3.30
301	$ 14.00	4.49	4.31	4.10	3.80	3.47	3.09
302	$ 13.00	4.18	4.02	3.83	3.55	3.23	2.88
303	$ 12.00	3.87	3.72	3.55	3.29	3.00	2.67
304	$ 11.00	3.57	3.43	3.27	3.03	2.76	2.46
305	$ 10.00	3.26	3.14	2.99	2.77	2.53	2.25
306	$ 9.00	2.96	2.84	2.71	2.51	2.29	2.05
307	$ 8.00	2.65	2.55	2.43	2.25	2.06	1.84
308	$ 7.00	2.35	2.26	2.15	2.00	1.82	1.63

National Fuel Gas Distribution Corporation
New York Division
Conservation Incentive Program
Program Measurement and Verification Summary
Date: 20 Month Period Ending December 2009

2/16/2010

Quarter 8

		Total Res Rebates	LIURP	Total Res	Total Non Res Rebates	General Outreach	Total Program
Sensitivity Analysis							
TRC - Free Ridership Sensitivity							
		2.15	2.16	2.15	1.97	4.01	2.26
	0%	2.37	2.16	2.32	2.02	4.96	2.46
	10%	2.26	2.16	2.24	2.02	4.46	2.36
	20%	2.14	2.14	2.14	1.96	3.96	2.25
	30%	2.00	1.92	1.98	1.89	3.47	2.08
	40%	1.84	1.70	1.80	1.81	2.97	1.89
	50%	1.65	1.48	1.60	1.71	2.48	1.68
	60%	1.42	1.26	1.37	1.59	1.98	1.44
	70%	1.14	1.04	1.11	1.43	1.49	1.17
	80%	0.79	0.82	0.80	1.23	0.99	0.85
Societal - Test Free Ridership Sensitivity							
		3.38	3.35	3.37	3.07	6.66	3.57
	0%	3.71	3.35	3.64	3.16	8.14	3.87
	10%	3.55	3.35	3.50	3.15	7.36	3.72
	20%	3.36	3.31	3.35	3.06	6.59	3.55
	30%	3.14	2.97	3.10	2.96	5.81	3.29
	40%	2.89	2.63	2.83	2.83	5.03	3.00
	50%	2.60	2.28	2.51	2.68	4.26	2.67
	60%	2.25	1.94	2.16	2.49	3.48	2.30
	70%	1.82	1.59	1.75	2.25	2.71	1.88
	80%	1.29	1.25	1.27	1.94	1.93	1.39
TRC Gas Cost Sensitivity							
		2.15	2.16	2.15	1.97	4.01	2.26
	$ 16.00	2.87	2.88	2.87	2.62	5.35	3.02
	$ 15.00	2.69	2.70	2.69	2.46	5.02	2.83
	$ 14.00	2.51	2.52	2.51	2.29	4.68	2.64
	$ 13.00	2.33	2.34	2.33	2.13	4.35	2.45
	$ 12.00	2.15	2.16	2.15	1.97	4.01	2.26
	$ 11.00	1.97	1.98	1.97	1.80	3.68	2.07
	$ 10.00	1.79	1.80	1.79	1.64	3.34	1.89
	$ 9.00	1.61	1.62	1.61	1.47	3.01	1.70
	$ 8.00	1.43	1.44	1.44	1.31	2.68	1.51
	$ 7.00	1.25	1.26	1.26	1.15	2.34	1.32
Discount Rate Sensitivity							
		2.15	2.16	2.15	1.97	4.01	2.26
	1%	3.07	3.54	3.18	2.82	4.28	3.22
	2%	2.82	3.14	2.89	2.59	4.22	2.96
	3%	2.60	2.80	2.65	2.38	4.16	2.73
	4%	2.41	2.51	2.43	2.20	4.10	2.52
	5%	2.23	2.27	2.24	2.04	4.04	2.34
	6%	2.08	2.06	2.07	1.90	3.99	2.19
	7%	1.94	1.87	1.92	1.77	3.93	2.05
Volume Savings Sensitiviity							
		2.15	2.16	2.15	1.97	4.01	2.26
	50%	3.29	3.26	3.28	2.95	6.02	3.44
	40%	3.06	3.04	3.06	2.75	5.62	3.20
	30%	2.83	2.82	2.83	2.56	5.22	2.97
	20%	2.61	2.60	2.60	2.36	4.82	2.73
	10%	2.38	2.38	2.38	2.16	4.42	2.50
	0%	2.15	2.16	2.15	1.97	4.01	2.26
	-10%	1.92	1.94	1.93	1.77	3.61	2.03
	-20%	1.70	1.72	1.70	1.57	3.21	1.79
	-30%	1.47	1.50	1.47	1.38	2.81	1.56
	-40%	1.24	1.28	1.25	1.18	2.41	1.32
	-50%	1.01	1.06	1.02	0.98	2.01	1.09

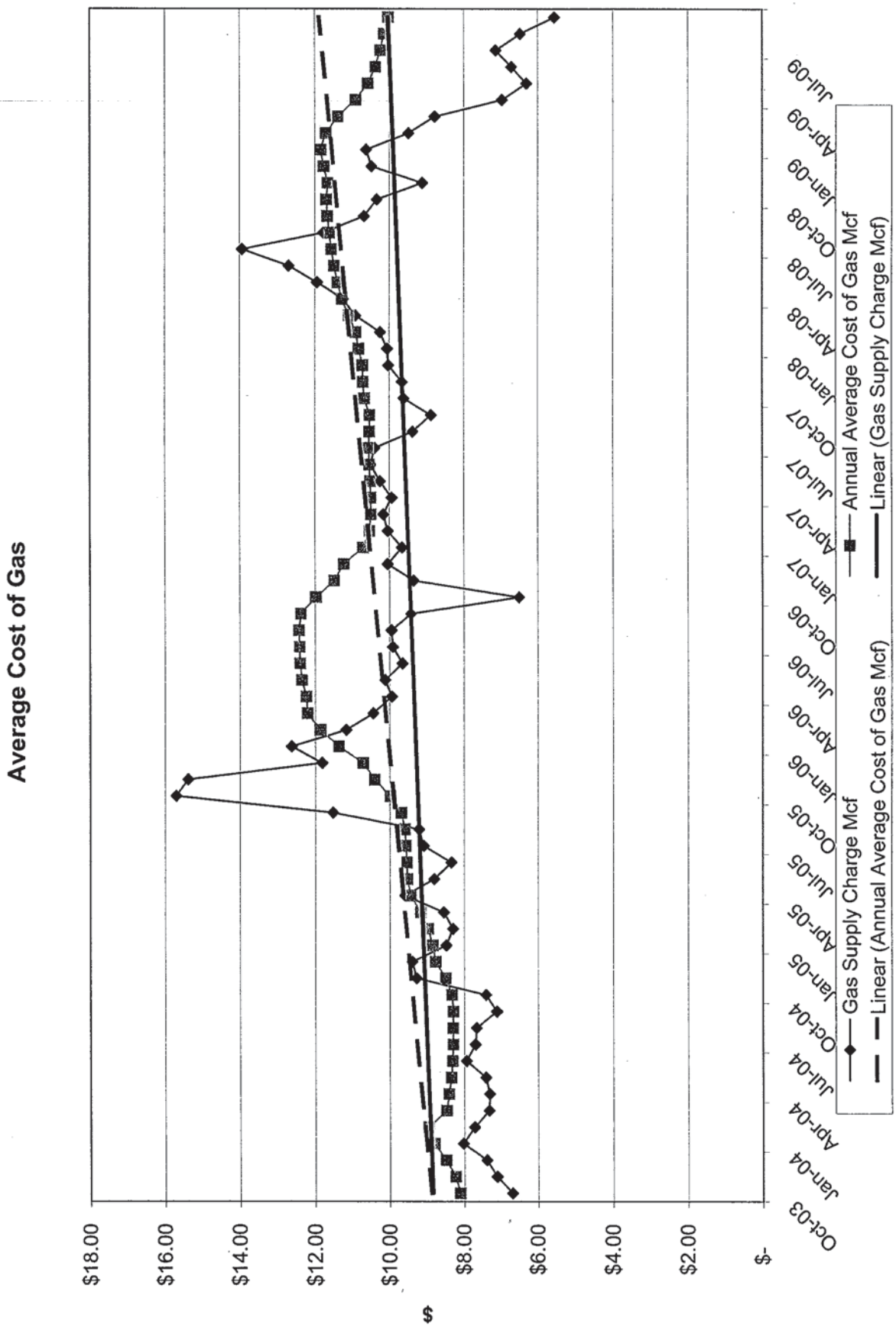
	A	H	I	J	K	L	M
1	National Fuel Gas Distribution Corporation						
2	New York Division						
3	Conservation Incentive Program						
4	Program Measurement and Verification Summary						
5	Date: 20 Month Period Ending December 2009						
6	2/16/2010						
7	Quarter						
8	8						
9							
10							
11		**Total Res Rebates**	**LIURP**	**Total Res**	**Total Non Res Rebates**	**General Outreach**	**Total Program**
282	Gas Cost/Free Ridership Total Program TRC Sensitivity						
283	Gas Cost	Free Ridership					
284	2.26	60%	70%	80%			
285	$ 16.00	1.92	1.56	1.14			
286	$ 15.00	1.80	1.46	1.07			
287	$ 14.00	1.68	1.36	1.00			
288	$ 13.00	1.56	1.27	0.92			
289	$ 12.00	1.44	1.17	0.85			
290	$ 11.00	1.32	1.07	0.78			
291	$ 10.00	1.20	0.97	0.71			
292	$ 9.00	1.08	0.88	0.64			
293	$ 8.00	0.96	0.78	0.57			
294	$ 7.00	0.84	0.68	0.50			
295							
296	Gas Cost/Free Ridership Total Program TRC Sensitivity						
297	Gas Cost	Free Ridership					
298	3.57	60%	70%	80%			
299	$ 16.00	3.02	2.46	1.82			
300	$ 15.00	2.84	2.32	1.71			
301	$ 14.00	2.66	2.17	1.60			
302	$ 13.00	2.48	2.02	1.50			
303	$ 12.00	2.30	1.88	1.39			
304	$ 11.00	2.12	1.73	1.29			
305	$ 10.00	1.94	1.59	1.18			
306	$ 9.00	1.77	1.44	1.07			
307	$ 8.00	1.59	1.30	0.97			
308	$ 7.00	1.41	1.15	0.86			

	A	N	O	P	Q	R	S
1	National Fuel Gas Distribution Corporation						
2	New York Division						
3	Conservation Incentive Program						
4	Program Measurement and Verification Summary						
5	Date: 20 Month Period Ending December 2009						
6	2/16/2010						
7	Quarter						
8	8						
9		Pre/Post Analysis					
10							
11		Appliance Rebates - Heating Systems Residential	Appliance Rebates - Programable Tstat Residential	Appliance Rebates - Water Heater Tank Residential	Appliance Rebates - Tankless Water Heater Residential	Total Res Rebates	LIURP
221	Sensitivity Analysis						
222	TRC - Free Ridership Sensitivity						
223		1.45	9.42	0.97	0.86	1.76	0.88
224	0%	1.58	10.77	1.09	0.98	1.93	0.88
225	10%	1.52	10.09	1.03	0.92	1.84	0.88
226	20%	1.45	9.34	0.97	0.86	1.75	0.88
227	30%	1.36	8.54	0.89	0.79	1.64	0.88
228	40%	1.27	7.66	0.81	0.71	1.52	0.88
229	50%	1.15	6.69	0.72	0.62	1.38	0.88
230	60%	1.02	5.62	0.62	0.53	1.20	0.88
231	70%	0.85	4.44	0.50	0.42	1.00	0.88
232	80%	0.64	3.13	0.36	0.30	0.74	0.88
233							
234	Societal - Test Free Ridership Sensitivity						
235		2.28	14.81	1.55	1.41	2.77	1.38
236	0%	2.48	16.92	1.72	1.58	3.03	1.38
237	10%	2.38	15.85	1.63	1.49	2.90	1.38
238	20%	2.27	14.69	1.54	1.40	2.76	1.38
239	30%	2.15	13.43	1.43	1.29	2.59	1.38
240	40%	2.00	12.05	1.30	1.17	2.40	1.38
241	50%	1.83	10.54	1.16	1.04	2.18	1.38
242	60%	1.62	8.87	1.00	0.89	1.92	1.38
243	70%	1.36	7.03	0.82	0.73	1.60	1.38
244	80%	1.04	4.98	0.61	0.54	1.20	1.38
245							
246	TRC Gas Cost Sensitivity						
247		1.45	9.42	0.97	0.86	1.76	0.88
248	$ 16.00	1.94	12.56	1.30	1.15	2.35	1.17
249	$ 15.00	1.82	11.78	1.22	1.08	2.20	1.10
250	$ 14.00	1.70	10.99	1.14	1.01	2.05	1.03
251	$ 13.00	1.57	10.21	1.05	0.94	1.91	0.95
252	$ 12.00	1.45	9.42	0.97	0.86	1.76	0.88
253	$ 11.00	1.33	8.64	0.89	0.79	1.61	0.81
254	$ 10.00	1.21	7.85	0.81	0.72	1.47	0.73
255	$ 9.00	1.09	7.07	0.73	0.65	1.32	0.66
256	$ 8.00	0.97	6.28	0.65	0.58	1.17	0.59
257	$ 7.00	0.85	5.50	0.57	0.50	1.03	0.51
258	Discount Rate Sensitivity						
259		1.45	9.42	0.97	0.86	1.76	0.88
260	1%	2.08	13.50	1.32	1.17	2.51	1.45
261	2%	1.91	12.39	1.23	1.09	2.31	1.28
262	3%	1.76	11.42	1.15	1.02	2.13	1.14
263	4%	1.63	10.55	1.07	0.95	1.97	1.03
264	5%	1.51	9.78	1.00	0.89	1.83	0.93
265	6%	1.40	9.09	0.94	0.84	1.70	0.84
266	7%	1.31	8.47	0.89	0.79	1.58	0.77
267							
268	Volume Savings Sensitiviity						
269		1.45	9.42	0.97	0.86	1.76	0.88
270	50%	2.18	14.13	1.46	1.30	2.64	1.34
271	40%	2.04	13.19	1.36	1.21	2.47	1.25
272	30%	1.89	12.25	1.27	1.12	2.29	1.16
273	20%	1.74	11.31	1.17	1.04	2.11	1.06
274	10%	1.60	10.36	1.07	0.95	1.94	0.97
275	0%	1.45	9.42	0.97	0.86	1.76	0.88
276	-10%	1.31	8.48	0.88	0.78	1.59	0.79
277	-20%	1.16	7.54	0.78	0.69	1.41	0.70
278	-30%	1.02	6.60	0.68	0.60	1.23	0.61
279	-40%	0.87	5.65	0.58	0.52	1.06	0.51
280	-50%	0.73	4.71	0.49	0.43	0.88	0.42
281							

	A	B	C	D	E	F	G
1	National Fuel Gas Distribution Corporation						
2	New York Division						
3	Conservation Incentive Program						
4	Program Measurement and Verification Summary						
5	Date: 20 Month Period Ending December 2009						
6	2/16/2010						
7	Quarter	Year					
8	8	Dec-09					
9		Total Residential					
10					Residential Appliance Rebates		
11		**Appliance Rebates - Hot Air Furnace Residential**	**Appliance Rebates - Hot Water Boiler Residential**	**Appliance Rebates - Steam Boiler Residential**	**Appliance Rebates - Programable Tstat Residential**	**Appliance Rebates - Storage Tank Water Heater Residential**	**Appliance Rebates - Storage Tankless Water Heater Residential**
197	Work Paper 1						
198	Participant Calculations						
199							
200	Program Participants	15,098	1,172	49	14,895	2,993	1,483
201	Annualization Factor	1	1	1	1	1	1
202	Total Participants for Analysis	15,098	1,172	49	14,895	2,993	1,483
203							
204	Workpaper 2						
205							
206	CO2 Benefit						
207							
208	Cost of CO2 $/Ton	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00
209							
210	Cost of CO2 $/Pound	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
211							
212	Lbs CO2 / Billion BTU	117,000	117,000	117,000	117,000	117,000	117,000
213							
214	Lbs CO2 / Million BTU	117	117	117	117	117	117
215							
216	DTH Conversion Factor	1.035	1.035	1.035	1.035	1.035	1.035
217							
218	Lbs CO2 / Mcf	121.095	121.095	121.095	121.095	121.095	121.095
219							
220	Cost of CO2 $/Mcf	$ 0.91	$ 0.91	$ 0.91	$ 0.91	$ 0.91	$ 0.91

	A	H	I	J	K	L	M
1	National Fuel Gas Distribution Corporation						
2	New York Division						
3	Conservation Incentive Program						
4	Program Measurement and Verification Summary						
5	Date: 20 Month Period Ending December 2009						
6	2/16/2010						
7	Quarter						
8	8						
9							
10							
11		**Total Res Rebates**	**LIURP**	**Total Res**	**Total Non Res Rebates**	**General Outreach**	**Total Program**
197	Work Paper 1						
198	Participant Calculations						
199							
200	Program Participants				697		
201	Annualization Factor				1		
202	Total Participants for Analysis				697		
203							
204	Workpaper 2						
205							
206	CO2 Benefit						
207							
208	Cost of CO2 $/Ton	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00
209							
210	Cost of CO2 $/Pound	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
211							
212	Lbs CO2 / Billion BTU	117,000	117,000	117,000	117,000	117,000	117,000
213							
214	Lbs CO2 / Million BTU	117	117	117	117	117	117
215							
216	DTH Conversion Factor	1.035	1.035	1.035	1.035	1.035	1.035
217							
218	Lbs CO2 / Mcf	121.095	121.095	121.095	121.095	121.095	121.095
219							
220	Cost of CO2 $/Mcf	$ 0.91	$ 0.91	$ 0.91	$ 0.91	$ 0.91	$ 0.91

	A	N	O	P	Q	R	S
1	National Fuel Gas Distribution Corporation						
2	New York Division						
3	Conservation Incentive Program						
4	Program Measurement and Verification Summary						
5	Date: 20 Month Period Ending December 2009						
6	2/16/2010						
7	Quarter						
8	8						
9		Pre/Post Analysis					
10							
11		**Appliance Rebates - Heating Systems Residential**	**Appliance Rebates - Programable Tstat Residential**	**Appliance Rebates - Water Heater Tank Residential**	**Appliance Rebates - Tankless Water Heater Residential**	**Total Res Rebates**	**LIURP**
197	Work Paper 1						
198	Participant Calculations						
199							
200	Program Participants						
201	Annualization Factor						
202	Total Participants for Analysis						
203							
204	Workpaper 2						
205							
206	CO2 Benefit						
207							
208	Cost of CO2 $/Ton	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00
209							
210	Cost of CO2 $/Pound	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
211							
212	Lbs CO2 / Billion BTU	117,000	117,000	117,000	117,000	117,000	117,000
213							
214	Lbs CO2 / Million BTU	117	117	117	117	117	117
215							
216	DTH Conversion Factor	1.035	1.035	1.035	1.035	1.035	1.035
217							
218	Lbs CO2 / Mcf	121.095	121.095	121.095	121.095	121.095	121.095
219							
220	Cost of CO2 $/Mcf	$ 0.91	$ 0.91	$ 0.91	$ 0.91	$ 0.91	$ 0.91


Average Cost of Gas
$18.00
$16.00
$14.00
$12.00
$10.00
$8.00
$6.00
$4.00
$2.00
$-
$
Oct-03
Jan-04
Apr-04
Jul-04
Oct-04
Jan-05
Apr-05
Jul-05
Oct-05
Jan-06
Apr-06
Jul-06
Oct-06
Jan-07
Apr-07
Jul-07
Oct-07
Jan-08
Apr-08
Jul-08
Oct-08
Jan-09
Apr-09
Jul-09
Gas Supply Charge Mcf
Annual Average Cost of Gas Mcf
Linear (Annual Average Cost of Gas Mcf)
Linear (Gas Supply Charge Mcf)

National Fuel Gas Distribution Corporation

Conservation Incentive Program

Preliminary Measurement and Verification Analysis

Development of Multipliers Used in Development of the Western New York – Total Resource Cost Test

August 15, 2008

Introduction

Included in the Preliminary Measurement and Verification ("M&V) analysis of National Fuel Gas Distribution Corporation's ("Distribution" or "the Company") conservation incentive program ("CIP") is an estimate of the Western New York Total Resource Cost Test ("WNY-TRC"). The WNY-TRC test was included in the CIP's M&V analysis to provide an estimate of the impact of the benefits of the program directly to the economy of the Company's service territory. The Company's CIP provides two direct benefits to its service territory: (1) overall net natural gas supply cost savings to customers, and (2) increased economic activity associated with program spending.

For purposes of this analysis the Company focused on net program benefits. That is, the overall natural gas supply cost savings are the difference between savings to customers from reduced consumption less the costs incurred by the Company and the customer to bring those savings about. The direct effect of energy efficiency savings is to increase the overall income of customers within the Company's service territory. In order to capture the ripple effect of this increase in income the Company developed an "income multiplier" for use in the CIP's M&V analysis.

The analysis also recognizes that the cost incurred to bring those savings about has an additional benefit to the service territory since the costs incurred to bring about those savings were largely spent in the service territory. In effect, expenditures on energy efficiency initiatives by the customer and the Company transfer costs from natural gas supply charges that, for the most part, leave the service territory, to purchases of equipment and services within the service territory that ripple through the local economy to the overall benefit of the service territory. In order to capture the ripple effect of these expenditures the Company developed "expenditure multipliers" for use in the CIP M&V analysis.

The table below summarizes the multipliers used in the M&V analysis for the WNY-TRC calculation.

Multipliers Used in the CIP's M&V Analysis	
Description	Multiplier
WNY Income Multiplier	0.49
Expenditure Multiplier – Appliance Rebates and LIURP	0.46
Expenditure Multiplier – Thermostats	0.49
Expenditure Multiplier – Advertising	0.87

Development of Multipliers

The Company utilized IMPLAN Pro® Version 2.0 to develop macroeconomic multipliers for its service territory. IMPLAN Pro® Version 2.0, uses Input-output analysis to develop multipliers for specific regions that the user can define. For purposes of the development of multipliers to be used in the WNY-TRC test the region was defined as the major counties in the Company's service territory. As explained in the IMPLAN Pro® Version 2.0 user manual:

> "***Input-output analysis*** is a means of examining relationships within an economy, both between businesses and between businesses and final consumers. It captures all monetary market transactions for consumption in a given time period. The resulting mathematical formulae allow examination of the effects of a change in one or several economic activities on an entire economy (impact analysis)."[1]

The Table below lists the counties in the Company's service territory, including, the number of customers, and identifies whether the county was included in the analysis.

Counties in National Fuel Gas Distribution Corporation's New York Service Territory		
Counties	Customers	Included in Study?
Allegany	10,955	Yes
Cattaraugus	13,775	Yes
Chautauqua	44,999	Yes
Erie	353,057	Yes
Genesee	11,066	Yes
Livingston	841	No
Monroe	1,039	No
Niagara	50,824	Yes
Ontario	1,792	Yes
Steuben	6,671	No
Wyoming	5,721	Yes
Total	499,740	

The counties included in the analysis were counties where the Company has a significant presence and where there are no larger population areas within the county that are served by another local natural gas distribution company.

Spending within an economy will result in three overall ripple effects: (1) direct, (2) indirect, and (3) induced. Direct effects are the impacts that result from the direct purchase of a product or service within the study area (for example, the payments made by a customer to a contractor for the installation of a furnace). Indirect effects result from the industries purchasing from other industries in order to meet the initial demand. (Continuing with the example, the contractor must purchase supplies and services from other vendors in order to support its business). Induced effects result from the impact on all local industries generated by the direct and indirect effects of the initial demand. Throughout these iterations dollars of demand "leak" from the local economy to other domestic regional (United States) and foreign economies. The energy efficiency initiatives of CIP can be seen as transferring the satisfaction of BTU demand from extra-

[1] IMPLAN Pro® Version 2.0; User Guide, Analysis Guide, Data Guide, Page 95.

regional natural gas commodity purchases to intra-regional energy efficiency purchases. In other words, without the CIP 100% of the satisfaction customer BTU demand "leaks" out of the service territory, with CIP some portion of the benefits of satisfying that demand remains in the local economy.

IMPLAN Pro® Version 2.0 provides the impact of such spending into two general categories: (1) Overall demand ("Output"), and (2) Value Added which is equal to labor income, other property type income, and indirect business taxes. For purposes of this analysis multipliers were developed focusing only on value added results in order to be conservative.

Calculation of WNY Income Multiplier

The WNY Income multiplier was developed by determining: (1) the propensity of households to spend on products and services within the service territory and, (2) a calculation of the ripple effect of such spending through the economy. Utilizing IMPLAN Pro® Version 2.0, it was determined that approximately 87% of household income in the service territory was spent on goods and services.

Page 1 of Attachment 1 to this appendix provides the various income multipliers for the households reported in IMPLAN Pro® Version 2.0. The value added multiplier for household spending within the service territory is estimated to be 56%. That is for every dollar of household spending, an additional $0.56 of value will be added to the local economy through increased labor income, other property type income, and indirect business taxes resulting from that spending. Based on the approximately 87% of household income that is spent on goods and services by households within the service territory and the 56% value added associated with local spending an overall income multiplier to apply to savings under the CIP was calculated at 49% (49% = 87% multiplied by 56%).

Calculation of Expenditure Multipliers

The analysis developed three expenditure multipliers to be applied in the M&V analysis to program expenditures: (1) Appliance Rebates and LIURP, (2) Thermostats, and (3) Advertising. Each of these expenditures will be satisfied from purchases of goods and services from various industries in the local economy. IMPLAN Pro® Version 2.0 can be utilized to determine the ripple effects of these purchases in the local economy. The table below provides a summary of the allocation of program costs to the selected industries in the local economy.

Expenditure Industry Allocations			
	Expenditures		
Industry Segment	Appliance Rebates and LIURP	Thermostats	Advertising
Contractors	50%	50%	
Wholesale Equipment and Insulation	50%		
Retail Building Supplies		50%	
Advertising			100%

Utilizing IMPLAN Pro® Version 2.0, the ripple effect of an assumed $1,000,000 of purchases in each of the industries was utilized to develop the multipliers. Page 2 of Attachment 1 to this appendix provides the various multipliers reported in IMPLAN Pro® Version 2.0 for the industries utilized by the Company's CIP.

The value added multipliers for each industry are summarized in the table below.

Industry Value Added Multipliers	
Industry Segment	Multiplier
Contractors	72.2%
Wholesale Equipment and Insulation	20.0%
Retail Building Supplies	26.1%
Advertising	86.8%

Applying the value added multipliers to the allocations from the previous table determines the program multipliers used in the M&V analysis.

Expenditure Industry Multipliers			
	Expenditures		
Industry Segment	Appliance Rebates and LIURP	Thermostats	Advertising
Contractors	36.1%	36.1%	
Wholesale Equipment and Insulation	10.0%		
Retail Building Supplies		13.0%	
Advertising			86.8%
Total	46.1%	49.1%	86.8%

New York Division

Calculation of WNY Multipliers

Impact of Income Change in Selected Segment
Income Impact $ 1,000,000

Segment:	LT $10K			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 354,320	$ 97,114	$ 111,270	$ 562,704
Output	$ 950,950	$ 183,718	$ 186,854	$1,321,522
Employment	5.6	1.4	1.7	8.7
Multiplier				
Value Added	35%	10%	11%	56%
Output	95%	18%	19%	132%
Segment:	$10K-15K			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 354,632	$ 97,016	$ 112,265	$ 563,913
Output	$ 950,994	$ 182,732	$ 188,524	$1,322,250
Employment	5.9	1.4	1.8	9.1
Multiplier				
Value Added	35%	10%	11%	56%
Output	95%	18%	19%	132%
Segment:	$15K-25K			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 354,632	$ 97,016	$ 112,265	$ 563,913
Output	$ 950,994	$ 182,732	$ 188,524	$1,322,250
Employment	5.9	1.4	1.8	9.1
Multiplier				
Value Added	35%	10%	11%	56%
Output	95%	18%	19%	132%
Segment:	$25K-35K			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 354,126	$ 95,425	$ 111,538	$ 561,089
Output	$ 951,628	$ 178,951	$ 187,303	$1,317,882
Employment	5.9	1.4	1.7	9
Multiplier				
Value Added	35%	10%	11%	56%
Output	95%	18%	19%	132%
Segment:	$35K-50K			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 363,948	$ 93,021	$ 107,496	$ 564,465
Output	$ 951,775	$ 173,671	$ 180,517	$1,305,963
Employment	5.7	1.3	1.7	8.7
Multiplier				
Value Added	36%	9%	11%	56%
Output	95%	17%	18%	131%
Segment:	$50K-75K			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 374,539	$ 92,880	$ 107,337	$ 574,756
Output	$ 951,627	$ 172,513	$ 180,249	$1,304,389
Employment	5.8	1.3	1.7	8.8
Multiplier				
Value Added	37%	9%	11%	57%
Output	95%	17%	18%	130%
Segment:	$75K-100K			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 383,411	$ 93,743	$ 109,380	$ 586,534
Output	$ 951,115	$ 173,102	$ 183,680	$1,307,897
Employment	6.1	1.4	1.7	9.2
Multiplier				
Value Added	38%	9%	11%	59%
Output	95%	17%	18%	131%
Segment:	$100K-150K			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 383,411	$ 93,743	$ 109,380	$ 586,534
Output	$ 951,115	$ 173,102	$ 183,680	$1,307,897
Employment	6.1	1.4	1.7	9.2
Multiplier				
Value Added	38%	9%	11%	59%
Output	95%	17%	18%	131%
Segment:	GT $150K			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 383,411	$ 93,743	$ 109,380	$ 586,534
Output	$ 951,115	$ 173,102	$ 183,680	$1,307,897
Employment	6.1	1.4	1.7	9.2
Multiplier				
Value Added	38%	9%	11%	59%
Output	95%	17%	18%	131%

National Fuel Gas Distribution Corporation
New York Division

Calculation of WNY Multipliers

Impact of Spending in Selected Segment
Spending Amount $ 1,000,000

Segment:	Contractors			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 341,429	$ 183,832	$ 197,232	$ 722,493
Output	$ 968,335	$ 360,096	$ 331,211	$ 1,659,642
Employment	6.8	2.8	3.1	12.7
Multiplier				
Value Added	34.1%	18.4%	19.7%	72.2%
Output	96.8%	36.0%	33.1%	166.0%
Segment:	Retail Building Supplies			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 159,549	$ 46,063	$ 55,770	$ 261,382
Output	$ 265,187	$ 79,724	$ 93,651	$ 438,562
Employment	3.4	0.7	0.9	5
Multiplier				
Value Added	16.0%	4.6%	5.6%	26.1%
Output	26.5%	8.0%	9.4%	43.9%
Segment:	Wholesale			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 131,938	$ 27,898	$ 40,221	$ 200,057
Output	$ 195,701	$ 49,399	$ 67,541	$ 312,641
Employment	6.8	2.8	3.1	12.7
Multiplier				
Value Added	13.2%	2.8%	4.0%	20.0%
Output	19.6%	4.9%	6.8%	31.3%
Segment:	Advertising			
Impact	Direct	Indirect	Induced	Total
Value Added	$ 486,679	$ 164,745	$ 216,583	$ 868,007
Output	$ 948,478	$ 317,323	$ 363,704	$ 1,629,505
Employment	7.1	2.4	3.4	12.9
Multiplier				
Value Added	48.7%	16.5%	21.7%	86.8%
Output	94.8%	31.7%	36.4%	163.0%

M&V Multipliers				
	Direct	Indirect	Induced	Total
LIURP, Res Appliance Rebates & Commercial Rebates				
% Contractors	50%	50%	50%	50%
% Wholesale	50%	50%	50%	50%
Value Added	24%	11%	12%	46%
Output	58%	20%	20%	99%
Tstat Rebates				
% Contractors	50%	50%	50%	50%
% Retail	50%	50%	50%	50%
Value Added	25%	11%	13%	49%
Output	62%	22%	21%	105%
Outreach				
% Advertising	100%	100%	100%	100%
Value Added	48.7%	16.5%	21.7%	86.8%
Output	94.8%	31.7%	36.4%	163.0%

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CIP SUMMARY THROUGH DECEMBER 31, 2009

	CIP Expenditures	CIP Funding	NYSERDA Spending [1]
LIURP			
Payments to NYSERDA			
2007 - 2008 payments	$2,940,000.00		
1/31/2009	735,000.00		
4/30/2009	735,000.00		
7/30/2009	735,000.00		
10/31/2009	735,000.00		
12/15/2009	200,000.00		
	$6,080,000.00		
Funding of LIURP by CMR			
3/7/2008		$500,000.00	
Expenditures made by NYSERDA			
Audit Fee/Education			$501,813.00
Insulation			3,489,019.00
Air Sealing			442,431.00
Heating System Repair/Replacement			374,875.00
Thermostats			14,598.00
DHW Improvements			128,245.00
Showerheads			6,897.00
Pipe Wrapping			8,583.00
Other			58,378.00
Total Through 12/31/09			$5,024,839.00
Residential Rebate Program			
Payments to EFI			
2007 - 2008 payments	$3,103,257.08		
1/9/2009	168,275.47		
1/29/2009	194,256.34		
2/10/2009	151,897.40		
3/5/2009	145,308.75		
3/9/2009	124,033.00		
3/31/2009	146,920.97		
4/7/2009	189,394.66		
4/27/2009	148,865.96		
5/8/2009	106,355.94		
5/29/2009	167,873.50		
6/8/2009	142,673.50		
6/24/2009	148,593.50		
7/7/2009	82,137.00		
7/22/2009	137,596.50		
8/12/2009	114,764.50		
8/25/2009	81,206.47		
9/11/2009	138,855.50		
9/30/2009	90,001.50		
10/8/2009	163,329.00		
10/28/2009	176,654.00		
11/12/2009	134,242.96		
11/30/2009	144,664.95		
12/10/2009	172,811.18		
12/23/2009	220,896.29		
	$6,594,865.92		
Mailing to Contractors May 2008	$123.00		
Non-residential rebates paid by EFI	$38,048.96		
Residential Rebates paid by EFI	$6,556,939.96		

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CIP SUMMARY THROUGH DECEMBER 31, 2009

	CIP Expenditures	CIP Funding	NYSERDA Spending [1]
Non Residential Rebate Program			
Payments to NYSERDA			
12/5/2007	$200,000.00		
2/27/2008	$300,000.00		
5/30/2008	$382,688.00		
8/29/2008	$479,263.04		
	$1,361,951.04		
Non-residential rebates paid by EFI	$38,048.96		
Total Non-residential Rebates	$1,400,000.00		
Funding of Rebates by CMR			
3/7/2008		$200,000.00	
Expenditures by NYSERDA through 12/31/09			$315,905.00
Jobs Encumbered through 12/31/09 or Paid by NYSERDA after 12/31/09			$273,104.04
General Outreach and Education			
Expenditures (In House)			
Material	$331.73		
Contractors	846,901.20		
Office Employee	5,579.31		
Print Advertising	331,555.19		
Radio Advertising	308,009.53		
TV Advertising	293,877.64		
Brochures	76,308.94		
Bill Inserts	82,244.58		
Direct mail	416,671.16		
Internet	99,640.96		
Billboards	285,227.69		
Misc. Advertising	1,294,299.43		
Postage	2,890.22		
Transfer to Austerity Bill Credit [2]	800,000.00		
	$4,843,537.58		
Funding of Outreach by CMR			
3/7/2008		$911,634.82	
Low Income Outreach and Education			
Expenditures (In House)			
Contractors	$7,819.84		
Print Advertising	23,143.37		
Direct mail	3,055.00		
Billboards	192,961.00		
Misc. Advertising	46,656.69		
	$273,635.90		
Funding of Outreach by CMR			
3/7/2008		$104,624.22	
Conservation Incentive Program Surcharge (through 12/31/09)			
Surcharge		$20,006,297.46	
Refund of overcollection		($787,277.89)	
NYSERDA Administration Fees per NYSERDA Reconciliation			$608,458.00
NYSERDA Interest per NYSERDA Reconciliation (NYSERDA estimate)			($76,422.00)
Total	$19,154,113.44	$20,935,278.61	$6,145,884.04

1 - NYSERDA Spending updated through 12/31/09
2 - Transfer to Austerity Bill Credit C 09-M-0435

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CONSERVATION INCENTIVE PROGRAM ALLOWANCES

	C.07-G-0141 Allowed	C.07-G-0141 3rd Year
LIURP	$2,940,000	$2,940,000
Appliance Rebates		
Residential	$3,400,000	3,400,000
Commercial	1,520,000	1,520,000
Total	4,920,000	4,920,000
Outreach and Education		
Low Income	$740,000	740,000
General	2,200,000	1,200,000
Total	2,940,000	1,940,000
Measurement & Valuation		490,000
Total Rate Year	$10,800,000	$10,290,000

Appendix H - Residential CIP Rebate Program Customer Survey Results Cumulative thru 12/30/2009

	Total		
Rebate Applications Received	31085		
Flawed Rebate Applications	7054	23%	of Rebate Applications Received
Rebate Applicationss Processed	24031	77%	of Rebate Applications Received
Unique Customers	22224	92%	of Rebate Applications Processed
Randomly Selected Customers	3497	16%	of Unique Customers
Customers Actually Contacted	1656	47%	of Randomly Selected Customers
Responsive Customers	**1170**	71%	of Customers Contacted
Non-Responsive Customers	486	29%	of Customers Contacted
(refused to participate or hung up on phone rep)			

Q1 - Program Awareness			
Contractor	767	66%	of Customers Responding
NFG Bill Insert	208	18%	" " "
News/Newspapers	105	9%	" " "
Friends/Word of Mouth	124	11%	" " "
TV	97	8%	" " "
NFG Website	65	6%	" " "
NFG Letters	17	1%	" " "
NFG Billboards	12	1%	" " "
Radio	42	4%	" " "
***Note: responses total > 1170 since many customers cited several sources**	**1437**		

Q2 - Rebate Influence on Upgrade Decision			
Not Important	159	14%	14% of the Customers were NOT Influenced by the NFG rebate in their purchase
Somewhat Important	457	39%	
Very Important	553	47%	86% of the Customers were Influenced by the NFG rebate in their purchase
	1169		

Q3 - Received Rebate Check			
Yes	1142	98%	of the Customers had received their rebate check
No	27	2%	of the Customers had NOT received their rebate check
	1169		

Q4 - Satisfaction with Time to Receive Rebate			
1- Very Dissatisfied	28	2%	4% of the Customers were NOT satisfied with the time it took to receive rebate
2- Dissatisfied	24	2%	
3- Neither Dissatisfied or Satisfied	100	9%	
4- Satisfied	224	20%	
5- Very Satisfied	765	67%	87% of the Customers were satisfied with the time it took to receive rebate
	1141		
N/A	27	2%	of the Customers had NOT received their rebate check
	1168		

Q5 - Satisfaction with the Application Process			
1- Very Dissatisfied	27	2%	4% of the Customers were NOT satisfied with the application process
2- Dissatisfied	20	2%	
3- Neither Dissatisfied or Satisfied	95	8%	
4- Satisfied	245	21%	
5- Very Satisfied	782	67%	88% of the Customers were satisfied with the application process
	1169		

Q6 - Satisfaction with Administrator, EFI			
1- Very Dissatisfied	15	5%	7% of the Customers contacting EFI by phone were NOT satisfied with EFI
2- Dissatisfied	5	2%	
3- Neither Dissatisfied or Satisfied	34	12%	
4- Satisfied	60	21%	
5- Very Satisfied	176	61%	82% of the Customers contacting EFI by phone were satisfied with EFI
	290		
N/A	879	75%	of the Customers did not contact EFI by phone
	1169		

Q7 - Satisfaction with Inspection by CSG			
1- Very Dissatisfied	5	2%	2% of the Customers with inspections were NOT satisfied with CSG
2- Dissatisfied	2	0%	
3- Neither Dissatisfied or Satisfied	8	3%	
4- Satisfied	27	11%	
5- Very Satisfied	203	83%	94% of the Customers with inspections were satisfied with CSG
	245		
N/A	924	79%	of the Customers had no inspection done
	1169		

Q8 - Overall Satisfaction with Rebate Program			
1- Very Dissatisfied	12	1%	1% of the Customers were NOT satisfied with rebate program
2- Dissatisfied	5	0%	
3- Neither Dissatisfied or Satisfied	34	3%	
4- Satisfied	166	14%	
5- Very Satisfied	952	81%	95% of the Customers were satisfied with rebate program
	1169		

Pre-/Post Consumption Analysis Methodology

The pre/post analysis of customer consumption reviewed the consumption characteristics for customers receiving rebates twelve months before the customer installed the high efficiency natural gas equipment and twelve months after the customer installed the high efficiency natural gas equipment. All consumption information was normalized to remove the effects of weather from the pre/post consumption analysis.

The procedure for conducting the analysis followed the following steps. From the customers rebate application the month that the customer installed the high efficiency natural gas equipment was determined. The customer's consumption for the twelve months previous to the equipment installation was determined, summed for all customers receiving rebates during the month, and the changes in consumption due to weather were eliminated. That is, the customers' previous months consumption was "weather normalized". The analysis next determined the customer's consumption for the twelve months after the equipment was installed, summed the consumption information, and weather normalized that data stream. If a customer did not have twelve months of pre or post equipment consumption available for analysis that customer was removed from the analysis.

The Company currently has fourteen months of complete pre and post consumption data for the following residential rebate categories: (1) Heating Systems, (2) Programmable Thermostats, (3) Heating Systems with Programmable Thermostats, (4) Hot Water Tank Systems, and (5) Tankless Hot water Systems. In order to isolate the impact of the effect of installing individual units, customers that installed multiple high efficiency applications were removed from the analysis. Ten months of data is available for the Company's Low Income Usage Reduction Program ("LIURP"). The Company currently has pre/post consumption data for the time periods provided in Table 1 below.

Table 1		
Month Equipment Installed	Pre Equipment Installation Consumption Month	Post Equipment Installation Consumption Month
November 2007	November 2006-October 2007	December 2007 – November 2008
December 2007	December 2006-November 2007	January 2008-December 2008
January 2008	January 2007-December 2007	February 2008-January 2009
February 2008	February 2007-January 2008	March 2008-February 2009
March 2008	March 2007-February 2008	April 2008-March 2009
April 2008	April 2007-March 2008	May 2008–April 2009
May 2008	May 2007 – April 2008	June 2008–May 2009
June 2008	June 2007 – May 2008	July 2008-June 2009
July 2008	July 2007-June 2008	August 2008-July 2009
August 2008	August 2007-July 2008	September 2008–August 2009
September 2008	September 2007-August 2008	October 2008-September 2009
October 2008	October 2007-September 2008	November 2008-October 2009
November 2008	November 2007-October 2008	December 2008-November 2009
December 2008	December 2007-November 2008	January 2009-December 2009

The average consumption change over the fourteen months period tested is summarized in Table 2 below.

Table 2		
	Change in Consumption Per Account	
Equipment	Mcf per Account	Percent Change
Heating Systems	-13.437	-11.9%
Programmable Thermostats	- 5.281	- 5.1%
Heating Systems W/P.Tstats	-14.53	-13.3%
Storage Tank Water Heater	- 3.86	- 3.6%
Tankless Water Heater	- 7.03	- 6.6%
LIURP (Data for 10 Mths)	-22.19	-11.2%

Attachment 1 to this appendix provides the consumption change for each piece of equipment by month.

How do these results compare to the changes in consumption for the average residential account on the Company's system and the average usage per account for non-participating customers? Attachment 2 provides a response to these questions. Attachment 2 provides a graphical representation of pre and post rebate percent average annual savings by month, percent average changes in residential usage per account by month, and estimated percent average

changes in non-participant usage per account by month. As can be seen from these graphs the percent average reduction in usage for customers receiving heating system rebates and LIURP program participants is significantly greater than the average for the residential customer class as a whole and the estimated percent average reduction in the usage per account of the non-participating customers. Reductions in usage for customers receiving rebates for thermostats only was lower than LIURP customers and customers receiving rebates for heating systems. Customers receiving rebates for hot water systems had usage reductions only slightly above the average for the residential class as a whole and non-participating customers. Attachment 3 provides a description of how the average changes in normalized residential class usage per account and changes in non-participant usage per account were estimated. Attachment 3 also explains why using such total system averages is a reasonable benchmark the National Fuel Gas Distribution Corporations service territory.

National Fuel Gas Distribution Corporation
New York Division
Conservation Incentive Program
Residential Appliance Rebate Program
Pre and Post Installation Consumption Analysis

Heating System Only													
Normalized Consumption (Mcf)													
						Weighted Annual Consumption						Weighted Annual Consumption	
Month Unit Installed	Customers	1 Year Prior to Installation	1 Year After Installation	Change	% Change	Pre	Post	1 Year Prior to Installation	2nd Year After Installation	Change	% Change	Pre	Post
November-07	225	113.568	100.445	-13.123	-11.6%	25,552.8	22,600.1	113.568	98.623	-14.945	-13.2%	25,552.8	22,190.2
December-07	396	115.565	100.469	-15.096	-13.1%	45,763.7	39,785.7	115.565	96.981	-18.584	-16.1%	45,763.7	38,404.5
January-08	241	118.604	107.742	-10.862	-9.2%	28,583.6	25,965.8						
February-08	169	121.020	106.396	-14.624	-12.1%	20,452.4	17,980.9						
March-08	130	118.935	105.797	-13.138	-11.0%	15,461.6	13,753.6						
April-08	110	112.284	101.467	-10.817	-9.6%	12,351.2	11,161.4						
May-08	111	105.553	91.731	-13.822	-13.1%	11,716.4	10,182.1						
June-08	101	112.002	98.684	-13.318	-11.9%	11,312.2	9,967.1						
July-08	132	101.358	92.617	-8.741	-8.6%	13,379.3	12,225.4						
August-08	140	107.455	93.357	-14.098	-13.1%	15,043.7	13,070.0						
September-08	173	106.746	90.618	-16.128	-15.1%	18,467.1	15,676.9						
October-08	246	119.229	103.384	-15.845	-13.3%	29,330.3	25,432.5						
November-08	242	108.224	93.998	-14.226	-13.1%	26,190.2	22,747.5						
December-08	259	108.370	97.219	-11.151	-10.3%	28,067.8	25,179.7						
Total	2,675	112.775	99.338	-13.437	-11.9%	301,672.2	265,728.8	114.841	97.576	-17.266	-15.0%	71,316.5	60,594.7

National Fuel Gas Distribution Corporation
New York Division
Conservation Incentive Program
Residential Appliance Rebate Program
Pre and Post Installation Consumption Analysis

Programmable Thermostats Only													
Normalized Consumption (Mcf)													
						Weighted Annual Consumption						Weighted Annual Consumption	
Month Unit Installed	Customers	1 Year Prior to Installation	1 Year After Installation	Change	% Change	Pre	Post	1 Year Prior to Installation	2nd Year After Installation	Change	% Change	Pre	Post
November-07	47	106.524	101.468	-5.056	-4.7%	5,006.6	4,769.0	106.524	98.349	-8.175	-7.7%	5,006.6	4,622.4
December-07	138	105.450	103.937	-1.513	-1.4%	14,552.1	14,343.3	105.450	99.713	-5.737	-5.4%	14,552.1	13,760.4
January-08	133	106.252	102.891	-3.361	-3.2%	14,131.5	13,684.5						
February-08	87	105.436	98.213	-7.223	-6.9%	9,172.9	8,544.5						
March-08	97	96.034	91.382	-4.652	-4.8%	9,315.3	8,864.1						
April-08	55	96.851	89.585	-7.266	-7.5%	5,326.8	4,927.2						
May-08	43	102.131	98.938	-3.193	-3.1%	4,391.6	4,254.3						
June-08	47	108.115	101.663	-6.452	-6.0%	5,081.4	4,778.2						
July-08	47	94.381	91.741	-2.640	-2.8%	4,435.9	4,311.8						
August-08	35	107.409	100.639	-6.770	-6.3%	3,759.3	3,522.4						
September-08	31	94.904	92.746	-2.158	-2.3%	2,942.0	2,875.1						
October-08	108	106.293	98.738	-7.555	-7.1%	11,479.6	10,663.7						
November-08	168	114.011	106.356	-7.655	-6.7%	19,153.8	17,867.8						
December-08	124	99.496	93.184	-6.312	-6.3%	12,337.5	11,554.8						
Total	1,160	104.385	99.104	-5.281	-5.1%	121,086.6	114,960.7	105.723	99.366	-6.356	-6.0%	19,558.7	18,382.8

National Fuel Gas Distribution Corporation
New York Division
Conservation Incentive Program
Residential Appliance Rebate Program
Pre and Post Installation Consumption Analysis

Heating System and Programmable Thermostat Only														
Normalized Consumption (Mcf)														
						Weighted Annual Consumption							Weighted Annual Consumption	
Month Unit Installed	Customers	1 Year Prior to Installation	1 Year After Installation	Change	% Change	Pre	Post	1 Year Prior to Installation	2nd Year After Installation	Change	% Change	Pre	Post
November-07	180	105.654	90.320	-15.334	-14.5%	19,017.7	16,257.6	105.654	88.761	-16.893	-16.0%	19,017.7	15,977.0
December-07	334	111.288	95.569	-15.719	-14.1%	37,170.2	31,920.0	111.288	92.126	-19.162	-17.2%	37,170.2	30,770.1
January-08	254	115.815	101.757	-14.058	-12.1%	29,417.0	25,846.3						
February-08	172	112.664	97.239	-15.425	-13.7%	19,378.2	16,725.1						
March-08	196	115.535	100.885	-14.650	-12.7%	22,644.9	19,773.5						
April-08	224	109.358	95.193	-14.165	-13.0%	24,496.2	21,323.2						
May-08	187	104.562	89.107	-15.455	-14.8%	19,553.1	16,663.0						
June-08	209	97.639	85.248	-12.391	-12.7%	20,406.6	17,816.8						
July-08	222	107.095	94.426	-12.669	-11.8%	23,775.1	20,962.6						
August-08	207	109.287	94.282	-15.005	-13.7%	22,622.4	19,516.4						
September-08	315	109.637	95.135	-14.502	-13.2%	34,535.7	29,967.5						
October-08	494	111.995	96.935	-15.060	-13.4%	55,325.5	47,885.9						
November-08	550	106.858	92.040	-14.818	-13.9%	58,771.9	50,622.0						
December-08	405	109.438	95.727	-13.711	-12.5%	44,322.4	38,769.4						
Total	3,949	109.252	94.720	-14.532	-13.3%	431,436.8	374,049.4	109.315	90.948	-18.367	-16.8%	56,187.9	46,747.1

National Fuel Gas Distribution Corporation
New York Division
Conservation Incentive Program
Residential Appliance Rebate Program
Pre and Post Installation Consumption Analysis

Storage Tank Water Heating Only													
Normalized Consumption (Mcf)													
						Weighted Annual Consumption						Weighted Annual Consumption	
Month Unit Installed	Customers	1 Year Prior to Installation	1 Year After Installation	Change	% Change	Pre	Post	1 Year Prior to Installation	2nd Year After Installation	Change	% Change	Pre	Post
November-07	13	94.449	89.355	-5.094	-5.4%	1,227.8	1,161.6	94.449	82.100	-12.349	-13.1%	1,227.8	1,067.3
December-07	55	104.659	101.038	-3.621	-3.5%	5,756.2	5,557.1	104.659	96.199	-8.460	-8.1%	5,756.2	5,290.9
January-08	89	113.090	112.584	-0.506	-0.4%	10,065.0	10,020.0						
February-08	51	108.195	103.527	-4.668	-4.3%	5,517.9	5,279.9						
March-08	72	106.683	104.153	-2.530	-2.4%	7,681.2	7,499.0						
April-08	111	108.370	104.933	-3.437	-3.2%	12,029.1	11,647.6						
May-08	85	108.051	102.769	-5.282	-4.9%	9,184.3	8,735.4						
June-08	53	109.721	104.910	-4.811	-4.4%	5,815.2	5,560.2						
July-08	57	98.629	95.490	-3.139	-3.2%	5,621.9	5,442.9						
August-08	50	112.839	108.636	-4.203	-3.7%	5,642.0	5,431.8						
September-08	59	106.765	99.041	-7.724	-7.2%	6,299.1	5,843.4						
October-08	49	106.109	101.573	-4.536	-4.3%	5,199.3	4,977.1						
November-08	59	110.483	106.755	-3.728	-3.4%	6,518.5	6,298.5						
December-08	73	107.149	103.269	-3.880	-3.6%	7,821.9	7,538.6						
Total	876	107.739	103.873	-3.866	-3.6%	94,379.5	90,993.1	102.707	93.504	-9.203	-9.0%	6,984.1	6,358.2

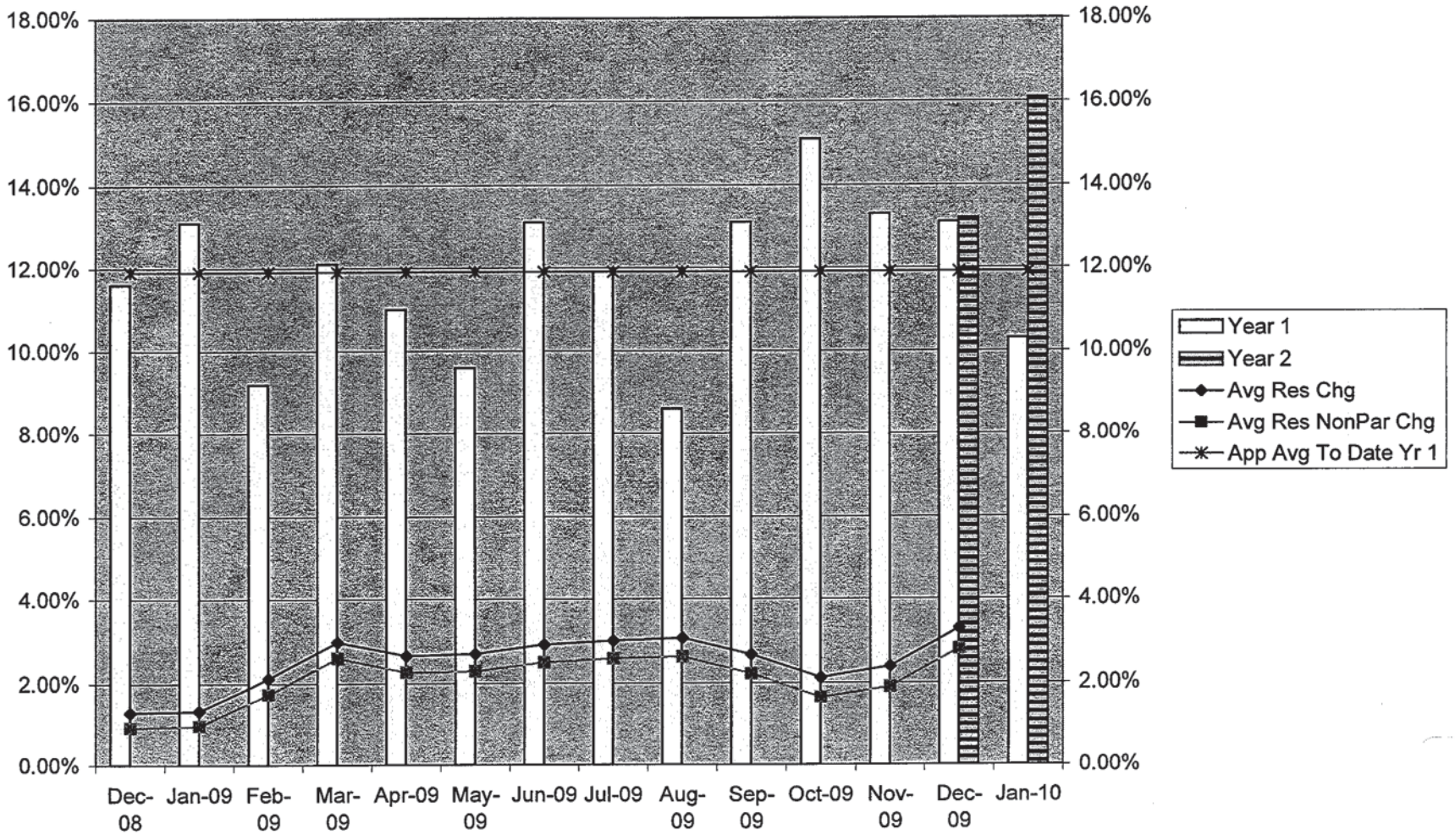
National Fuel Gas Distribution Corporation
New York Division
Conservation Incentive Program
Residential Appliance Rebate Program
Pre and Post Installation Consumption Analysis

Tankless Water Heating Only													
Normalized Consumption (Mcf)													
						Weighted Annual Consumption						Weighted Annual Consumption	
Month Unit Installed	Customers	1 Year Prior to Installation	1 Year After Installation	Change	% Change	Pre	Post	1 Year Prior to Installation	2nd Year After Installation	Change	% Change	Pre	Post
November-07	19	99.701	96.095	-3.606	-3.6%	1,894.3	1,825.8	99.701	93.236	-6.465	-6.5%	1,894.3	1,771.5
December-07	67	108.196	100.986	-7.210	-6.7%	7,249.1	6,766.1	108.196	98.572	-9.624	-8.9%	7,249.1	6,604.3
January-08	62	117.168	108.052	-9.116	-7.8%	7,264.4	6,699.2						
February-08	40	97.714	90.321	-7.393	-7.6%	3,908.6	3,612.8						
March-08	24	108.746	99.837	-8.909	-8.2%	2,609.9	2,396.1						
April-08	38	106.894	99.827	-7.067	-6.6%	4,062.0	3,793.4						
May-08	30	103.154	97.014	-6.140	-6.0%	3,094.6	2,910.4						
June-08	28	109.443	104.361	-5.082	-4.6%	3,064.4	2,922.1						
July-08	26	106.500	96.686	-9.814	-9.2%	2,769.0	2,513.8						
August-08	27	92.507	84.045	-8.462	-9.1%	2,497.7	2,269.2						
September-08	38	104.698	102.172	-2.526	-2.4%	3,978.5	3,882.5						
October-08	27	106.010	102.328	-3.682	-3.5%	2,862.3	2,762.9						
November-08	22	103.881	97.462	-6.419	-6.2%	2,285.4	2,144.2						
December-08	25	117.178	105.921	-11.257	-9.6%	2,929.5	2,648.0						
Total	473	106.701	99.676	-7.025	-6.6%	50,469.6	47,146.6	106.319	97.393	-8.926	-8.4%	9,143.5	8,375.8

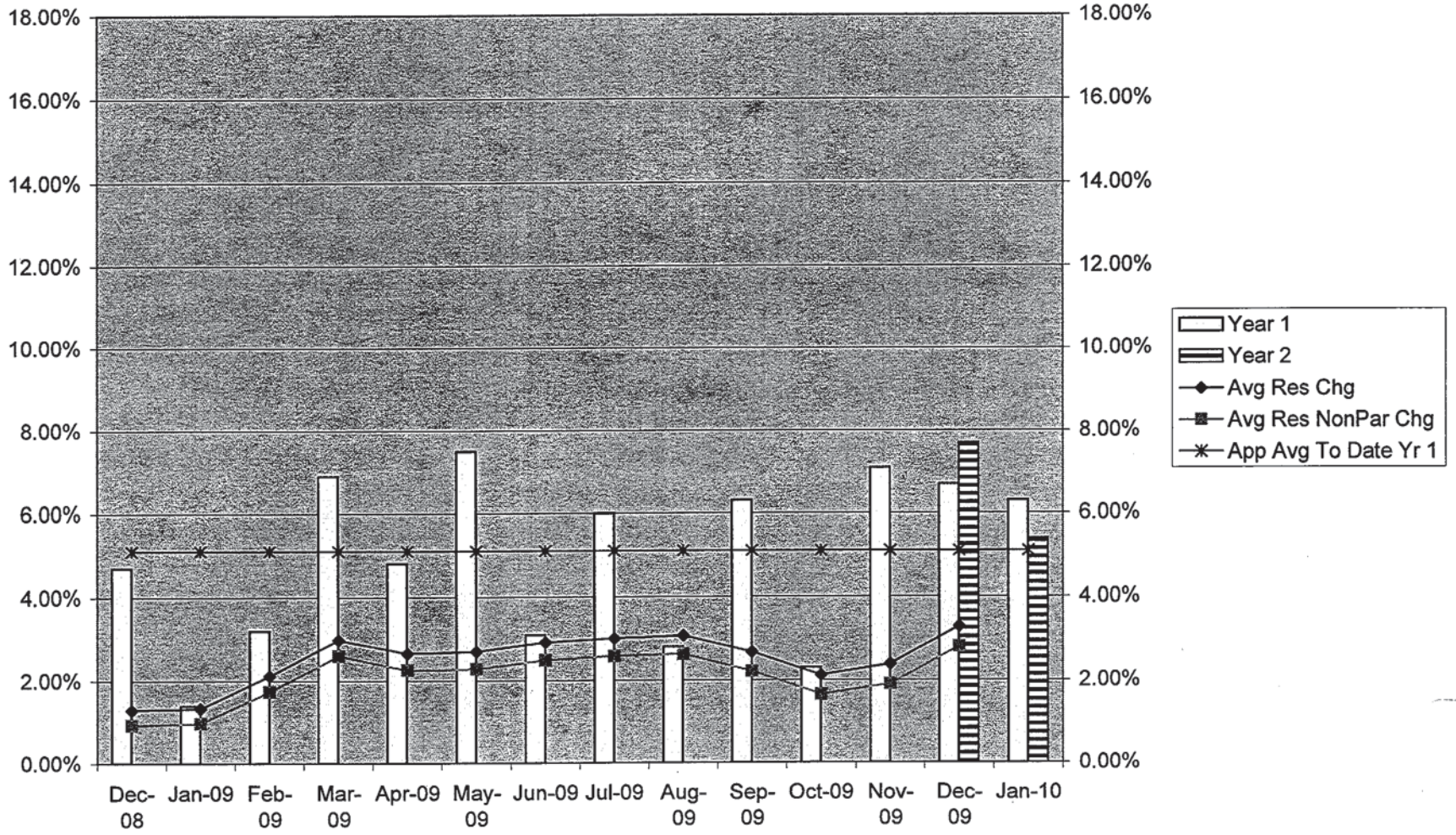
National Fuel Gas Distribution Corporation
New York Division
Conservation Incentive Program
Pre and Post Installation Consumption Analysis

LIURP - Heating Measure Only and Heating and Base Load Measures							
		Normalized Consumption (Mcf)					
						Weighted Annual Consumption	
Month Unit Installed	Customers	1 Year Prior to Installation	1 Year After Installation	Change	% Change	Pre	Post
March-08	2	224.376	207.026	-17.350	-7.7%	448.8	414.1
April-08	16	207.584	189.305	-18.279	-8.8%	3,321.3	3,028.9
May-08	21	191.983	172.857	-19.126	-10.0%	4,031.6	3,630.0
June-08	17	191.124	177.806	-13.318	-7.0%	3,249.1	3,022.7
July-08	12	182.788	166.310	-16.478	-9.0%	2,193.5	1,995.7
August-08	23	199.974	176.599	-23.375	-11.7%	4,599.4	4,061.8
September-08	28	211.404	185.734	-25.670	-12.1%	5,919.3	5,200.6
October-08	37	188.561	171.349	-17.212	-9.1%	6,976.8	6,339.9
November-08	60	197.703	171.991	-25.712	-13.0%	11,862.2	10,319.5
December-08	32	206.548	177.988	-28.560	-13.8%	6,609.5	5,695.6
Total	248	198.433	176.245	-22.189	-11.2%	49,211.5	43,708.7

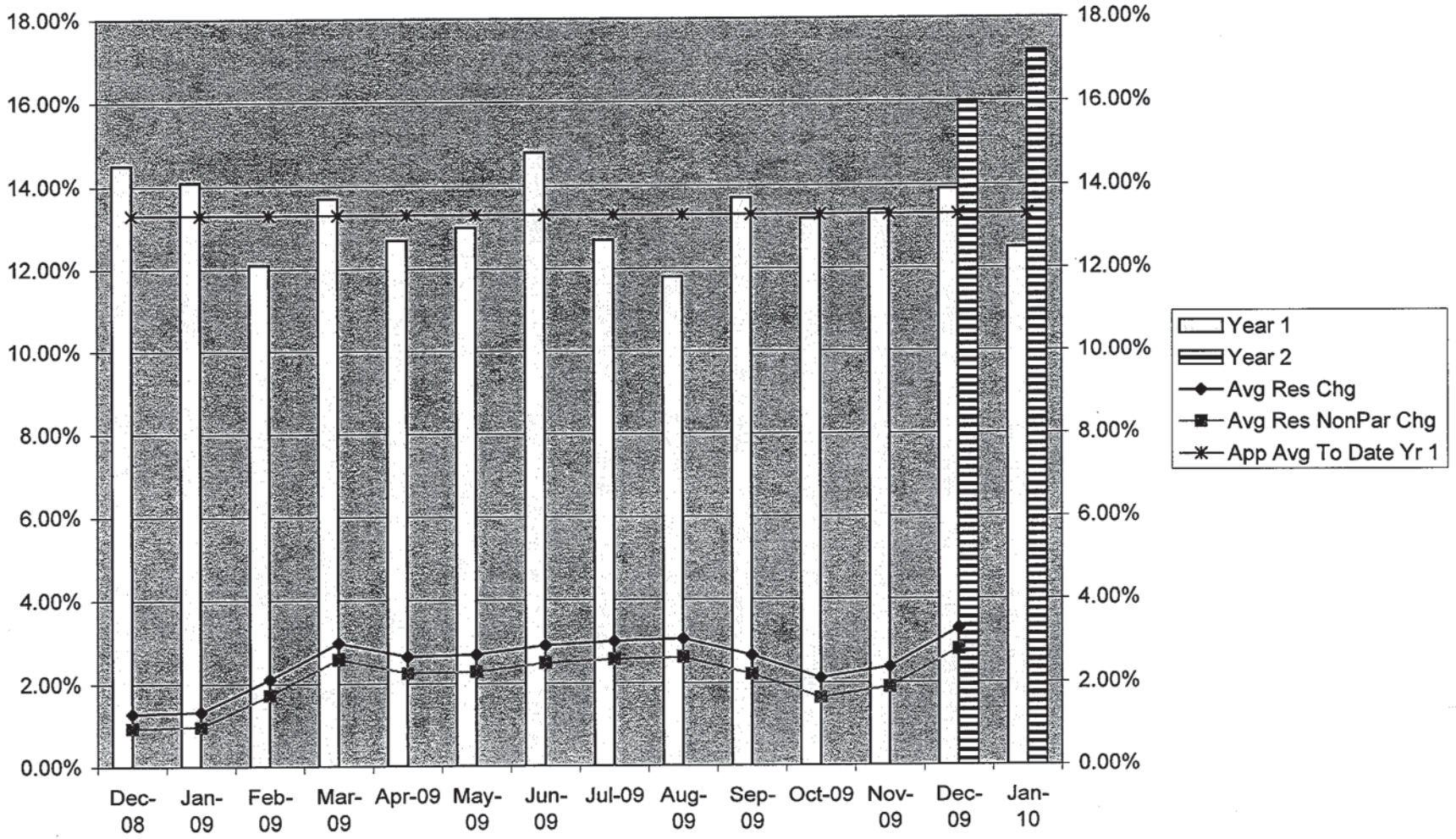
Pre Post Savings
Heating Systems Only



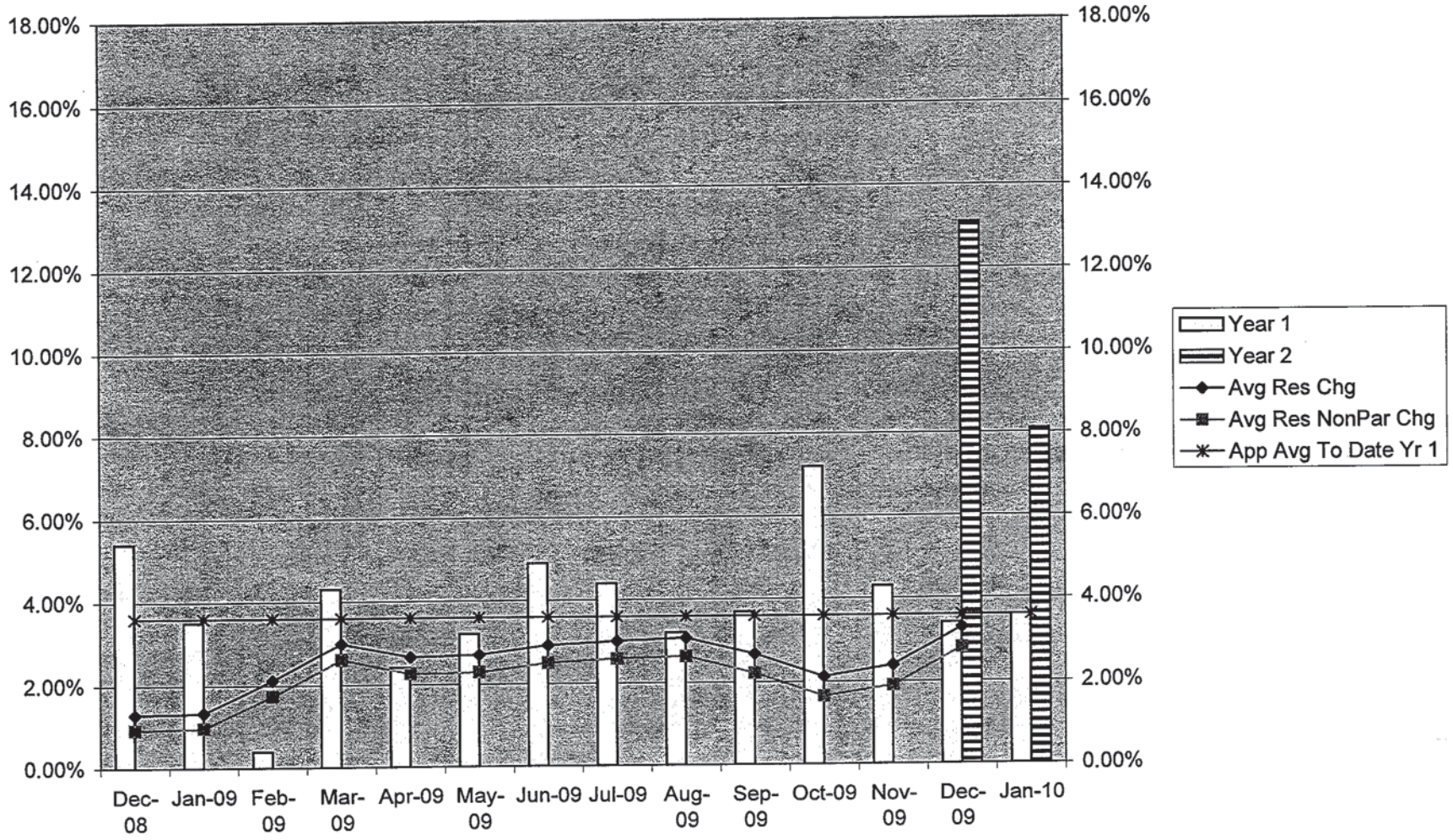
Pre Post Savings
Programmable Thermostats



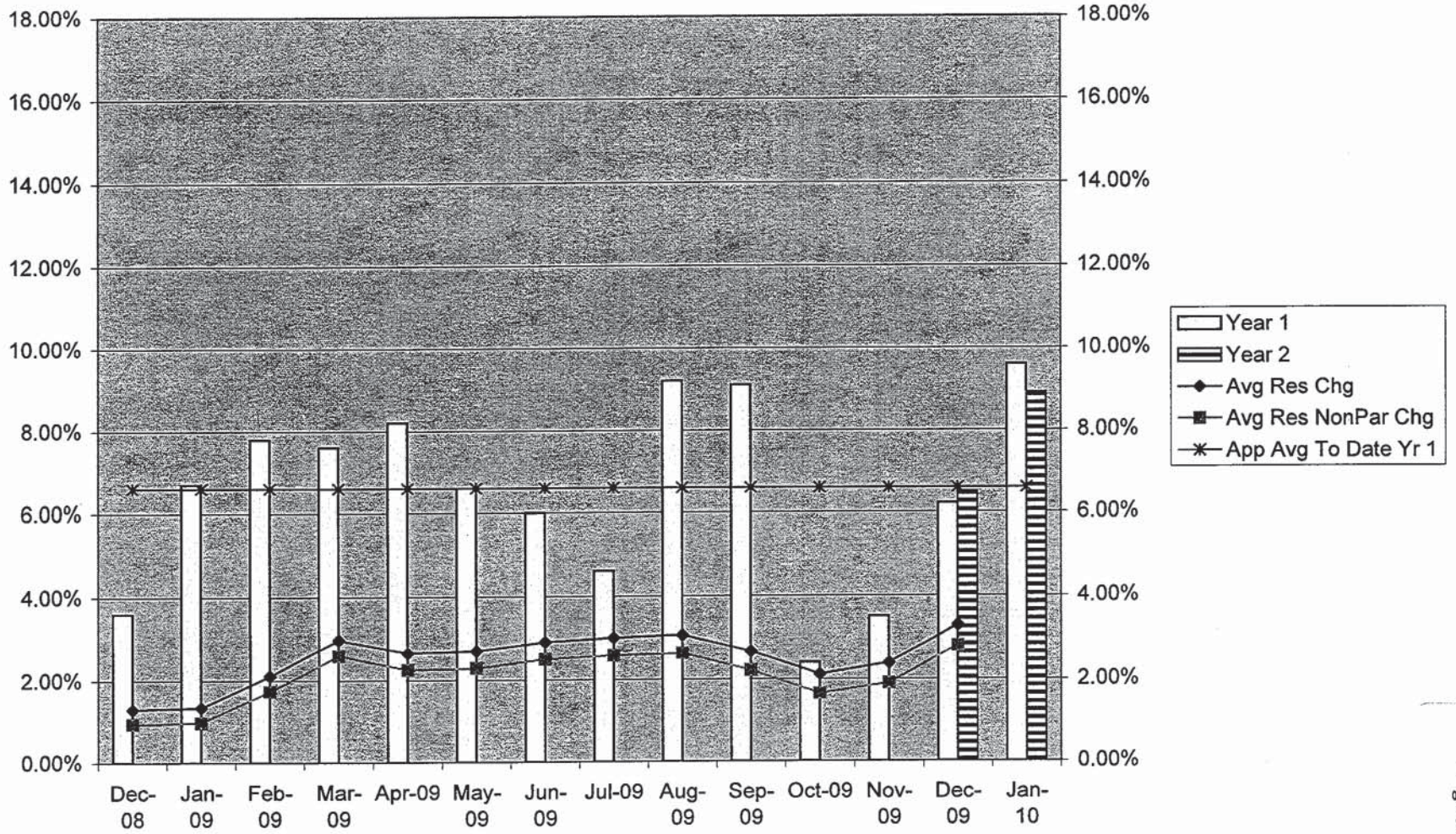
Pre Post Savings
Heating Systems & Programmable Thermostats

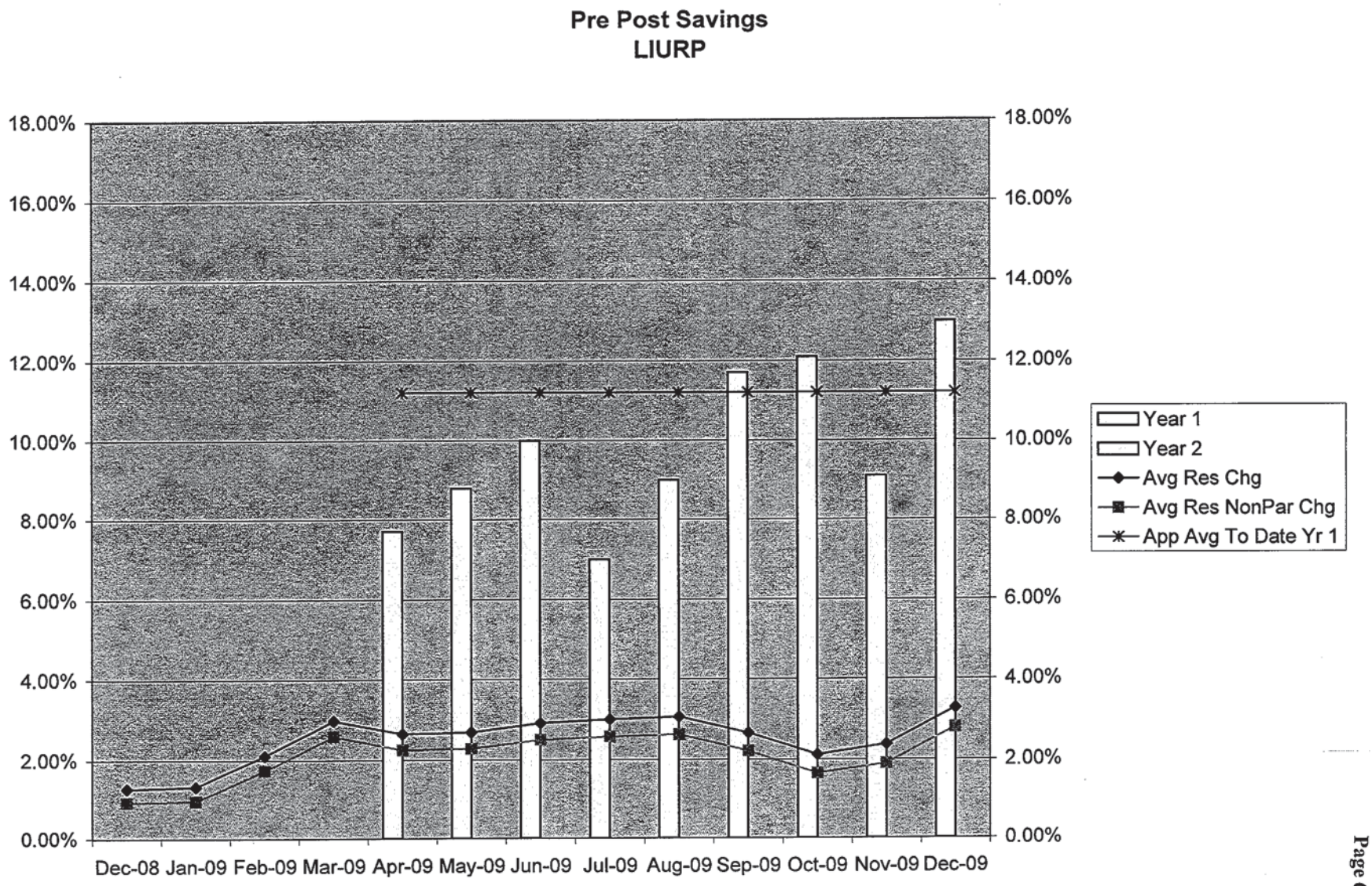


Pre Post Savings
Water Tank Heaters



Pre Post Savings
Tankless Water Heaters




Pre Post Savings
LIURP
18.00%
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
Dec-08 Jan-09 Feb-09 Mar-09 Apr-09 May-09 Jun-09 Jul-09 Aug-09 Sep-09 Oct-09 Nov-09 Dec-09
Year 1
Year 2
Avg Res Chg
Avg Res NonPar Chg
App Avg To Date Yr 1

Appendix I
Attachment 3

Control Group for Measuring Significance of Residential Customer Rebate Program and Low Income Usage Reduction Program ("LIURP") Participant Savings.

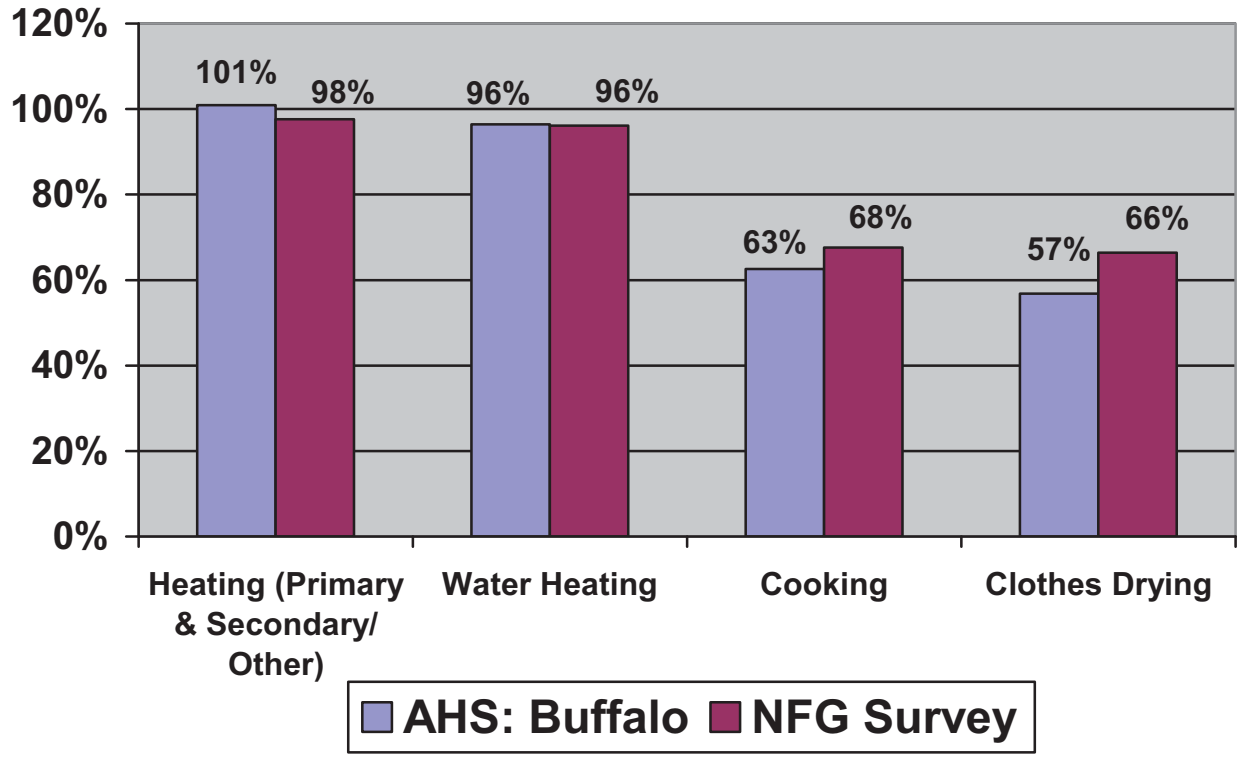
I) Summary

This appendix describes the control group used for comparing the natural gas savings of customers receiving appliance rebates under the CIPs program with those customers that have not received a rebate. Due to the somewhat unique characteristics of National Fuel Gas Distribution Corporation's residential customer base, the average actual consumption per account for the residential class of customer will be used as the starting point for any determination of differences in consumption between customers participating in the rebate program and non-participating customers.

The residential customers on the Company's system are relatively homogeneous in terms of whether they use natural gas for space heating and water heating. Based on both internal Company sponsored studies and US Department of Census information, the percentage of residential customers that use natural gas for space heating and water heating is between approximately 96% to 98%. Chart 1 below provides a summary of the percentage of the Company's customers that utilize natural gas in the major natural gas burning appliances.

CHART 1

National Fuel Gas Distribution Corporation
New York Division
Residential Market Share For Natural Gas Appliances
Percentages are the % of National Fuel Gas Customers Using the Specified Natural Gas Equipment



Since nearly all residential customers use natural gas for both space heating and water heating, the starting point for determining non-participant customer consumption is the average usage per residential account. Table l, Column (1), provides this amount for the 12 months ended December 2007, December 2008, and December 2009. This value is the total average consumption of both customers participating in the CIP program and non-participating customers. In order to determine the average consumption of non-

participating customers, estimated average savings of customers participating in the CIPs program are identified (Column (2) of Table 1) and subtracted from the average total usage per account to determine non-participating customers (Column (3) of Table 1).

Table 1					
	(1)		(2)	(3)	
12 Months Ended	Total Residential Weather Normalized Usage Per Account		Impact on Total Avg. Usage per Account for Rebate & LIURP Participants	Total Usage Per Account Non-Participants	
	(Mcf)	% Chg	(Mcf)	(Mcf)	% Chg
December 2007	107.4			107.4	
December 2008	106.0	-1.3%	0.4	106.4	-0.9%
December 2009	102.5	-3.3%	0.9	103.4	-2.8%

The results of Table 1 provide a reasonable benchmark to compare actual measured savings of participating customers from the pre and post consumption analysis with a reasonable estimated range of changes in consumption for non-participating customers. The reasonable range of consumption change for non-participating customers is likely to be within the percent change provided in Columns (1) and Columns (3).

II) Sources Used For Determining Market Share Information Provided in Chart 1

The sources of the data used in Chart 1 include: (1) American Housing Survey for the Buffalo Metropolitan Area: 2002; Issued July 2003; conducted by the U.S. Census Bureau for the U.S. Department of Housing and Urban Development, ("AHS: Buffalo"); and (2) National Fuel Gas Distribution Corporation, 2006 Residential Market Study ("NFG Survey"). The AHS: Buffalo study reports fuel uses for major residential applications for households within the Buffalo metropolitan area. The Buffalo metro area is defined in the AHS: Buffalo as Niagara and Erie County. The NFG Survey is a

random telephone survey of 400 households across the twelve counties in New York that comprise National Fuel Gas Distribution Corporation's New York service territory.

Table 2

	AHS: Buffalo			NFG Survey	
	Housing Units	Gas as % of Total	% of Housing Units w/gas Using Gas in Listed Application	Gas as % of Total	% of Housing Units w/gas Using Gas in Listed Application
	(000)	%	%	%	%
Occupied Housing Units	461.3				
Units Using Natural Gas	422.6	92%		84%	
Main House/Primary Heating Fuel	402.2	87%	95%	81%	96%
Other House/Secondary Heating Fuels[1]	24.3	6%	6%	2%	2%
Total Heating	426.5	93%	101%	83%	98%
Water Heating	407.3	88%	96%	81%	96%
Cooking	264.6	57%	63%	57%	68%
Clothes Drying	239.9	52%	57%	59%	66%

As can be seen from the results reported in Table 2 both the AHS: Buffalo study and the NFG Survey provide evidence that nearly all residential customers that have access to natural gas supplies utilize natural gas for heating. This is not surprising given the cost advantages of natural gas compared to other fuel sources used for heating. The nearly complete dominance of natural gas as the primary heating fuel for residential

[1] The AHS: Buffalo study allows for more than one appliance being reported for "Other Heating Equipment". Therefore multiple other heating units could be reported. For example a customer may have a wood burning stove that they may characterize as their "main heating fuel" they may also have a natural gas furnace and a natural gas fireplace. It is the capability to report more than one other heating source that likely leads to a percentage total of natural gas heating applications of greater than 100% for the AHS: Buffalo study. In contrast, the NFG Survey allows for only one "secondary heating" source to be reported by the customer.

households within the Company's service territory is likely unique among the major metropolitan areas in New York State.[2]

This high saturation amount supports the use of total average residential consumption as a reasonable benchmark to compare savings with residential customers that have received rebates. It is likely that customers that received rebates face the same economic, behavioral, and other influences on energy consumption that the average non-participating customer experiences. For example, both residential customers that have received rebates and those that have not have received messages regarding the importance to conserve energy from a variety of sources including, the Company, the New York Public Service Commission, and NYSERDA. These customers also face the same pricing signals as well as the overall influence of economic circumstances within the service territory.

III) Description of Data and Calculations Used in Table 1

The data included in Table 1 is developed from the following sources:

Column (1) of Table 1 is the total weather normalized usage per account for residential customers on the Company's system. Column (1) of Table 1 is the total weather normalized average consumption from residential customers including customers participating in the CIPs and customers that are not participating in the CIP. Column (3) provides an estimate of residential usage per account for non-participating customers. It was determined as calculated below in Table 3. The estimate of non-participating customer usage per account simply takes the deemed savings associated with customers participating in the program and adds them back to the total annual residential

[2] For example American Housing Surveys for the New York City and Rochester metropolitan areas yield heating saturations for households with natural gas service in the 50% and 92% range respectively.

consumption per accounts and then divides this sum by the total number of residential accounts.

Table 3

Year 12 Months Ended December	Total Annual Residential Volumes (Mcf) (1)	Estimated Residential Rebate & LIURP Savings (Mcf) (2)	Annual Volumes Assuming no Savings (Mcf) (3)= (1)+(2)	Avg Number of Accts (4)	Average Unadjust Res Usage per Acct (Mcf) (5)= (1)/(4)	Average Adjusted Res Usage per Account (Mcf) (6)= (3)/(4)	Impact on Total Usage per Account (7)= (2)/(4)
2007	51,497,773			479,638	107.4		
2008	51,047,444	179,618	51,227,062	481,666	106.0	106.4	0.4
2009	49,425,458	412,565	49,838,023	482,209	102.5	103.4	0.9