

Leatherstocking GAS Company LLC



Town of Bainbridge Public Hearing

June 14, 2011



1. What is the price equivalent of natural gas per barrel of oil?
About \$25
2. What percentage of industrial energy consumption does natural gas comprise?
About 27%, largest energy source for industry
3. How many miles of LDC (utility) pipeline are in the US?
There are 2.1 million miles of LDC pipeline in US

Leatherstocking GAS Company LLC



Who is LGC LLC?

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

“LOCAL GAS FOR LOCAL PEOPLE”

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What is LGC LLC?

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

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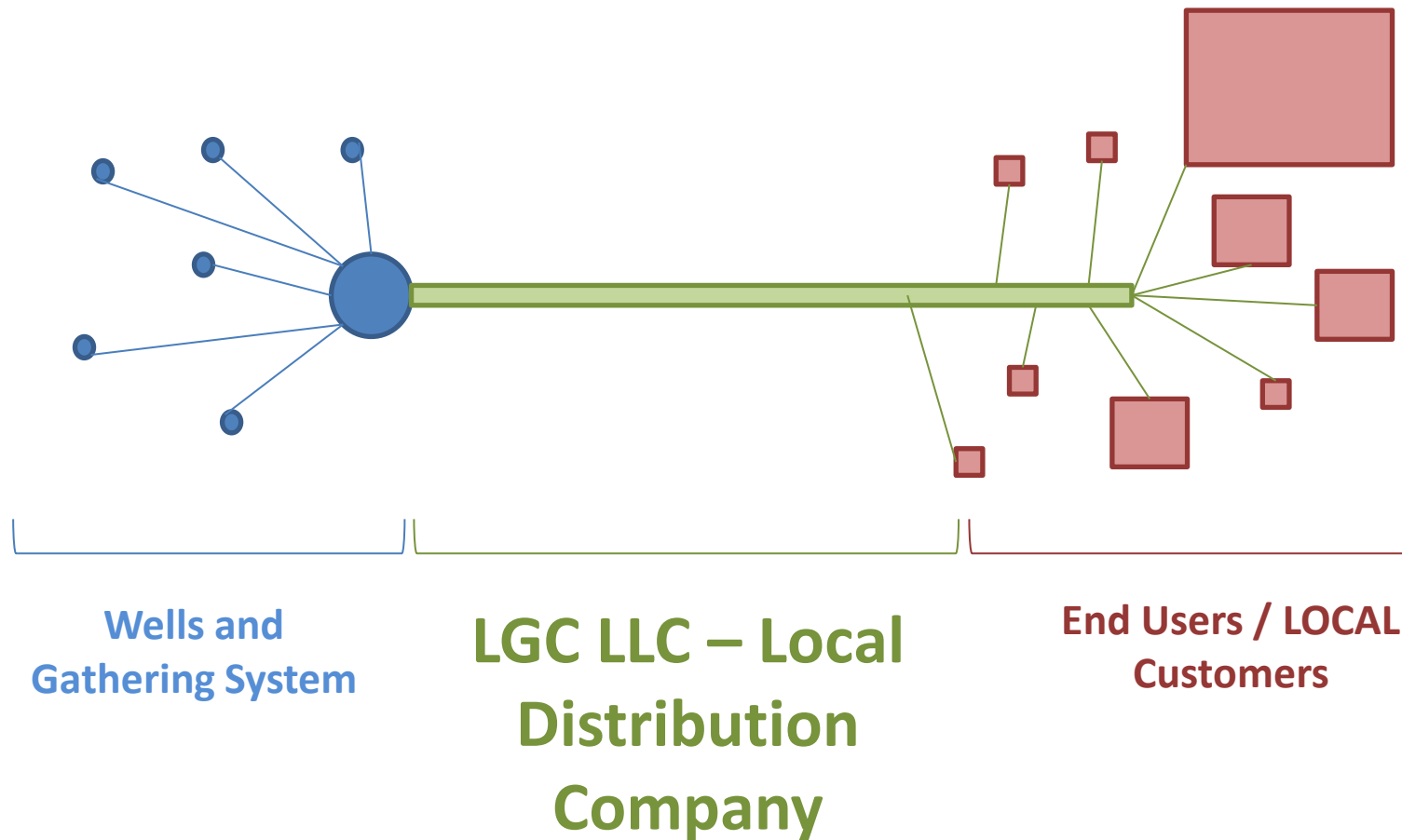
What isn't LGC LLC?

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

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Vision/Business Model





Why Leatherstocking, Why Now?

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



Natural Gas Basics

- Natural gas is comprised primarily of methane (CH₄)
- The combustion range in air is 5-15% natural gas
- The ignition temperature is 1,200 degrees Fahrenheit
- Natural gas is commonly used for cooking, heating, and industrial processes
- Widely considered the cleanest burning fossil fuel
- Supplies nearly 25% of all energy consumed in the US
- Increasing in popularity due to efficiency, cleanliness and reliability
- US DoE expects consumption to increase 11% by 2030.



Why Request a Franchise?

- Rights to use municipal/public right of ways
- Franchise is a contract between the Town and the LDC
 - Bonding
 - Liability
 - Restoration



What are the *Benefits?*

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



What are the *Benefits?*

Energy Prices to the Consumer

Per 1,000,000 BTU

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



Misinformation and the Issues

1. ***Alleged:*** CNGC upgraded line to 4,000 psi without PSC permission

Fact: CNGC upgraded line to 400 psi with PSC approval & oversight

2. ***Alleged:*** LGC plans pipeline to Binghamton, Greene & Cooperstown

Fact: LGC is only planning pipeline in Coventry, Bainbridge & Sidney

3. ***Alleged:*** Franchises allow LGC to take land/homes by eminent domain

Fact: Franchises do not grant eminent domain & LGC does not have the authority to exercise eminent domain



Misinformation and the Issues? Line Pressure

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

I hope that this helps clear up this matter.”

-Jim Austin, NYSPSC



Misinformation and the Issues, continued

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

Fact: NYSPSC regulates all utility pricing

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

Fact: The NYSPSC will have oversight of the pipeline

6. ***Alleged:*** LGC wants to build a compressor station

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



Misinformation and the Issues? Regulation

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

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

-James Denn, NYSPSC



Construction

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



Construction

- Connection to Gas Supply
 - All distribution systems are connected to supply (pipeline or local production)
 - The connection between the distribution system and supply requires metering & regulation station
 - This station typically consists of metering, regulating, odorizing & electronic monitoring equipment



Construction

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



Construction



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Construction - Possible General Route



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Conclusion

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

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THANK YOU!

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