

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
2016-2017 Winter Readiness Overview
October 24, 2016

The first day of winter is approaching and National Fuel Gas Distribution Corporation (National Fuel) has been busy preparing for another safe winter season.

1. Winter Readiness

National Fuel's distribution system is designed and operated with safety and reliability as our primary goal. National Fuel's continuing pipeline surveillance programs are designed to insure safety during winter conditions through increased leak inspections during frost conditions and increased patrolling during severe weather events.

National Fuel's Gas Control Operations Center monitors and controls gas system pressures and flows at numerous locations through a state-of-the-art control system. The system utilizes an array of remote sensors and pressure alarms located throughout our service area to insure system reliability.

Thorough preparation for the heating season is another important component of system safety and reliability. Preparation begins at the end of the previous heating season when our operations and engineering personnel review system operations for the past winter to identify any reliability enhancing system improvement projects for the upcoming construction season. National Fuel also performs a variety of leak surveys and inspections throughout the spring and summer months. Through our comprehensive preventive maintenance programs and pipeline replacement program we insure that our system is ready for the upcoming heating season.

Additionally, National Fuel's automated dispatch system allows us to respond quickly to winter emergencies as well as emergencies year-round. National Fuel dispatchers are available to dispatch emergency orders 24 hours a day, 7 days per week throughout the entire year. This level of responsiveness is crucial during the cold winter months. In the event that our Pennsylvania Call Center or Dispatch office is impacted by severe weather National Fuel has the capability to route calls to its New York Call Center to assist or take over customer support and dispatch operations.

Even with extensive planning and preparation, we recognize that extreme weather events can necessitate immediate responsive measures. In the event of an extreme weather event or natural disaster, National Fuel can respond with personnel and equipment from twelve utility operating centers located throughout Northwest Pennsylvania and ten operating centers in Western New York. National Fuel also maintains emergency contracts with several qualified construction firms located throughout our service area. These contracts allow us to bring in additional labor and equipment to quickly resolve problems. As a member of the Energy Association of Pennsylvania and the American Gas Association, National Fuel also participates in Mutual Aid Programs that allow companies to call on other utilities for assistance in the event of an emergency.

2. Employee Safety/Readiness

National Fuel believes operational safety, especially during the winter season, begins at home, with National Fuel's employees' ability to respond to and perform safely in winter conditions. In addition to training, tools and equipment necessary to address customers' needs in winter months, all National Fuel employees receive extensive safety training and regular safety coaching from their team leaders. From vehicle safety and preparedness to specialized winter footwear, National Fuel employees are ready to respond to customers' needs in all weather conditions.

3. Communications Outreach

National Fuel is committed to increasing customer awareness of the importance of reducing winter heating costs and safe home heating, and to educating customers about the availability of low-income programs and budget billing. During the fall and winter months, National Fuel utilizes a variety of outreach methods to provide our customers with important information about gas costs, smart energy use, the availability of LIHEAP, programs and services including third party notification and budget billing, and safety issues including dangers and symptoms of carbon monoxide poisoning, severe weather and flooding, meter safety, and 811/Call Before You Dig.

National Fuel has procedures in place to notify customers and community officials in the event of an outage or other emergency situations. Notification methods include news releases/media advisories, website postings, advertisements via local media outlets, and radio and televisions notifications. National Fuel also partners with local relief agencies and maintains close contact with elected and regulatory officials regarding winter emergencies. This is accomplished through personal outreach, staff workshops, and follow-up communication. In addition, National Fuel works with public officials to respond to their constituents' concerns regarding winter heating needs and shares educational materials with legislative offices for distribution to their constituents.

4. Gas Supply and Planning

Key components to National Fuel's reliable winter service include managing a mix of pipeline and storage capacity assets, contracting for firm gas supplies, and monitoring Customer Choice marketer performance. National Fuel plans to have 96% of its 8.7 million Dth of contracted storage capacity full by November 1, 2016 with the remaining 4% filled on warmer days during early winter. National Fuel has entered into contracts with a variety of suppliers for up to 116,000 Dths per day of firm winter gas supplies delivered into its upstream pipeline transportation capacity. Also, National Fuel releases firm storage and pipeline capacity assets to the Customer Choice marketers.

Overall, National Fuel and the Customer Choice marketers are prepared to meet the demand requirements of a Design Day of -9 °F.

5. Natural Gas Demand from Electric Generators

National Fuel does not expect fuel availability to be an issue most days of the upcoming winter heating season. During peak periods, however, we will be focusing on ensuring that suppliers serving natural gas fired generators are delivering gas to the system as a condition of delivery service. In addition, National Fuel has been working to enhance the lines of communication with natural gas fired generators, their suppliers and PJM Interconnection and may adjust our operating procedures for suppliers accordingly.