

STATE OF NEW YORK

# Public Service Commission

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## NATIONAL FUEL GAS AUDITOR SELECTED

— Management Audit Will Examine Company’s Planning, Operational Efficiency —

Albany, NY— 05/17/12 — The New York State Public Service Commission (Commission) today selected a management consulting company to perform a comprehensive management audit of National Fuel Gas Distribution Corporation’s New York business. The independent audit will focus on the company’s construction program planning and operational efficiency.

“The auditing of a utility company’s management and processes is an essential tool in our regulatory tool box,” said Chairman Garry Brown. “This management and operations audit will be thorough and it will focus on identifying improvements in these utilities’ construction program planning processes and operational efficiencies.”

Public Service Law provides for examinations of the management and operations of the major electric and gas utilities. The examination process will emphasize an assessment of NFG’s New York operations efficiency and effectiveness in meeting its mission, goal and objectives, particularly with respect to performance goals and will identify any opportunities for improvement.

On January 19, 2012, the Commission authorized the issuance of a Request for Proposal (RFP) for an independent third-party consultant to conduct a comprehensive management and operations audit of NFG’s New York business with a specific focus on construction program planning processes and operational efficiency.

Five management consulting firms submitted proposals to be considered. Consulting firms were required to demonstrate, among other things, the firm's expertise and the experience of their proposed personnel in performing management audits, the methods and procedures to be employed as part of the review, and the ability to complete the audit within budget.

Upon review and evaluation, Schumaker & Company of Ann Arbor, Michigan was chosen to conduct the audit; the total potential cost of the audit is not to exceed \$837,979. The consulting firm will report directly to Commission staff.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Number 11-G-0580 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).