



Charlotte Reporter

The Rotary Club of Charlotte

April 2, 2013

Charter Date December 1, 1916 Club 6006 District 7680
www.charlotterotary.org

Tom Skains Piedmont Natural Gas By: Henry Bostic

The head of Piedmont Natural Gas began Tuesday's presentation – "The Role of Natural Gas in the New Energy Economy" – with a disclaimer. Anyone who doesn't like good news should leave. True to his word, it is a positive story that portends good things for the U.S. economy and to all of us who depend so heavily on affordable energy to power the world in which we live.



Driven by what Thomas E. Skains called seismic shifts in the identification of potential natural gas and oil deposits and efficient new extraction techniques, natural gas has become an abundant and relatively cheap U.S. energy resource that will lead to a new level energy security in the country.

Three-D and 4D seismic imaging, Skains said, has made finding deposits of natural gas and oil much less problematic. And new techniques such as hydraulic fracturing and horizontal drilling among others have made extraction much more efficient.

The result, he said, is that the U.S. could become an exporter of natural gas by 2020 or before. Not too long ago, the country was not only importing a significant amount of natural gas but also heavily dependent on volatile supplies coming from the Gulf of Mexico where production is often interrupted and disrupted by hurricanes and related storm damage.

As supplies have increased, prices have plummeted making the U.S. much more attractive for industries that are heavy users of energy such as steel and chemical manufacturers. Skains pointed out an article from the Tuesday Charlotte Observer – "European businesses flock to U.S. for cheap natural gas" – to reinforce the point:

"A natural gas boom in the United States has sent manufacturing costs plummeting, and European companies are setting sail across the Atlantic to stay competitive. U.S. natural gas prices have fallen to a quarter of those in Europe, a gap that has swiftly widened in the past three years as shale gas has taken off. Many companies expect a long-term realignment.

"The shift toward investment in the United States is another testament to the far-reaching effects of newly unlocked American energy reserves, made possible by new applications of technology that have lagged in Europe. Energy-intensive industries such as steel and chemicals are particularly affected, because they use natural gas as a raw material and a power source. But many analysts say those industries are simply the vanguard of a broader shift, because the boom has given an advantage to all U.S.-based manufacturing through lower electricity prices."

Skains called natural gas "a foundation fuel for a new energy economy." He noted that natural gas is clean and efficient, domestic and abundant and reliable and affordable and that it promotes economic growth and jobs and national energy security.

This newfound availability of natural gas has had far-reaching positive effects not only on the economy and the natural gas sector but on the company he leads as well.

Because of multiple new sources of natural gas, Piedmont has a much wider diversity of supplies. ("Diversity is a good thing," he said.) The company has invested in pipeline access to supplies from the Midwest and shale gas from the Marcellus basin primarily in Pennsylvania, reducing reliance on Gulf of Mexico supplies.

PROGRAM SCHEDULE

2012-2013

Program Chair: Ed Driggs

1Qtr Edwin Peacock

2Qtr Colleen Brannan

3Qtr Bob Freeman

4Qtr Bill Constangy

APRIL 2013

9th **Billy Packer**
Sportscaster and Author

16th **Youth Exchange Students**
Aliisa and Juan Carlos

23rd **Brad Lambert**
UNCC Football Coach

12:30 Tuesday

Crowne Plaza – 201 S. McDowell Street

<https://www.facebook.com/groups/42974089870/>

Since 1990 reliance on imports (primarily from Canada) has fallen to the single digits today while dependence on shale gas has grown from zero to 31 percent currently with prospects that all supply will be homegrown in 2050 from shale gas. At the same time, prices have plummeted to the lowest point in decades.

Skains was also quick to point out that since natural gas is the cleanest of all fossil fuels, carbon dioxide emissions have plummeted as well with prospects that they will fall even further as the switch from coal to natural gas electricity generation continues at its rapid pace.

Even though U.S. natural gas customers have increased from 40 million in 1970 to nearly 70 million in 2011, the amount of natural gas consumed by those customers has remained steady. Skains attributed much of that success to improved construction standards in new homes.

U.S. energy carbon dioxide emissions today are at the same level as they were in 1990 (about 5,000 million metric tons after peaking at more than 6,000 million metric tons in 2007).

In 2001, 51 percent of the electric power in the U.S. was generated by burning coal. Today, that number is at 38 percent and continuing to drop. At the same time, power generation from natural gas has nearly doubled from 17 percent in 2001 to 30 percent today. Nuclear generation has been flat over the same period while renewable has risen by 4 points.

These same changes are happening at Piedmont, Skains said. Power generation has grown from 15 percent of its natural gas deliveries to nearly 50 percent.

In 2012, Skains said, the company executed the largest capital expansion program in its history by investing more than \$550 million for core customer growth especially to serve new power generation facilities. A significant amount of that capital was directed toward power generation expansion services for Duke Energy Progress in North Carolina.

It also upgraded services to industrial customers. Skains cited an example of a company near Wilmington that was relying on oil for energy and about to close because of the expense. Piedmont invested in a \$5 million pipeline extension to the plant which will result in a long-term savings of some \$27 million not including all the jobs that would have been lost if the plant had closed.

Skains also talked about the company he has lead for the past 10 years which is one of the fastest growing natural gas utilities in the country. The regional utility was formed in 1950 with headquarters in Charlotte. It has more than one million natural gas customers in the Carolinas and Tennessee (around Nashville) and .5 million customers in Georgia through a gas marketing joint venture. It has complementary joint venture energy-related business investments in natural gas pipelines and storage. Some 97 percent of revenues and 88 percent of earnings come from the regulated utility.

Piedmont has \$4.0 billion of assets including 22,000 miles of distribution pipeline and 2,800 miles of transmission pipeline. Revenues are \$1.1 billion, market cap is \$2.5 billion and net income in the last fiscal year was \$120 million. The company has 1,750 employees with some 750 in greater Charlotte.

Head Table: Chuck Cocke, Steve Meachum, Marilynn Bowler, Natalie English, Ed Wadsworth, Judy Wishnek; Invocation: Alice Harrison
Visitors & Guests: Bob James; Song: Pam Jepsen; AV: Jessica Dupree & Nikki Keith; Photos: Bert Voswinkel

CLUB NEWS

→ **Art Ringwald** read this week's Rotary message: The Four-Way Test - Of the things we think, say or do: 1. Is it the TRUTH? 2. Is it FAIR to all concerned? 3. Will it build GOODWILL and BETTER FRIENDSHIPS? 4. Will it be BENEFICIAL to all concerned?

→ The club's environmental project to bring in broken/old computer related items to benefit Goodwill Industries got off to a slow start. Biff Virkler reminded everyone of this beneficial service to our community – a table will be available in the hotel's parking deck for easy drop-off every week during the month of April.

→ APRIL is 'bring a guest to Rotary' month. Your efforts may be rewarded by membership chair **Terri DeBoo**.

→ BBB Moment from **Tom Bartholomy**: if you receive a text or voice message from the area code 809 or 876.....hang up! These calls are being generated from the Caribbean and are a scam to run up your long distance charges.

→ Thanks to Governor Chris Jones for presenting **President Marilynn's** Level 2 Paul Harris Fellow pin!

Attendance	<u>04/02/2013</u>	<u>04/03/2012</u>	Membership	New Members:
Visitors & Guests	18	11	07/01/2012	316
Club Members	163	153	04/02/2013	316
Total Attendance	181	164	Net Increase	Resignations: Chris France
Percentage	56.8%			
Birthdays April 9 - 15		Anniversaries April 9 - 15		
10 Russell Ranson	10 Bobby Sabates	10 Stacy & Mike Hummer	12 Penny & Steve Eanes	
10 Karen Steffens		12 Ada & John Nicolay	13 Alison & Wells Van Pelt	
		15 Robin & Robert Freeman		