



# **Liquefied Natural Gas (LNG)**

The Road to Sustainability

September 18<sup>th</sup>, 2014

# Agenda

- Introduction to Kinetrex Energy
- Significant Natural Gas Experience
- Kinetrex Energy's Competitive Advantages
- Benefits to Indiana
- LNG vs. Diesel Price Comparison
- The Case for LNG
- Questions

# Introduction to Kinetrex Energy

- Kinetrex Energy, a subsidiary of Citizens Energy Group, was created to be the most flexible and accessible LNG supplier
  - Ignore the status quo and the old ways of utility business, while providing a reliable and consistent supply
    - Sign contracts and serve quickly
    - Serve on terms that meet the individual customer's needs
    - Operate to support varying delivery schedules and be there when our customers need us
  - Committed to investing to produce a sufficient supply of LNG to meet the market demands for a cost effective, abundant, domestic and clean transportation fuel
- Kinetrex Energy is a company that desires a true partnership with its customers to pioneer a new transportation fuel for the 21<sup>st</sup> Century

**Gas Utility experience with an entrepreneurial spirit**

# Significant Natural Gas Experience

- Citizens Energy Group is a diversified energy and distribution company with multiple lines of business

- Citizens Gas
- Citizens Water
- Citizens Thermal
- Citizens Resources



Thomas Morris, Colonel Eli Lilly and Benjamin Harrison  
Citizens Gas Board Members and Founders

- Market leading utility with 125 years of experience
  - Approximately \$700M in revenue and over \$3.4B in assets
  - Among Midwest leaders in J.D. Power survey
  - Citizens is committed to natural gas as a transportation fuel
    - Owned and operated CNG stations since 1986
    - In 2010 established tariff to sell LNG for transportation



# Two Strategically Located Liquefaction Plants

- Tanks provide 24M LNG gallons of storage
- 65% of the U.S. population lives within one day's drive

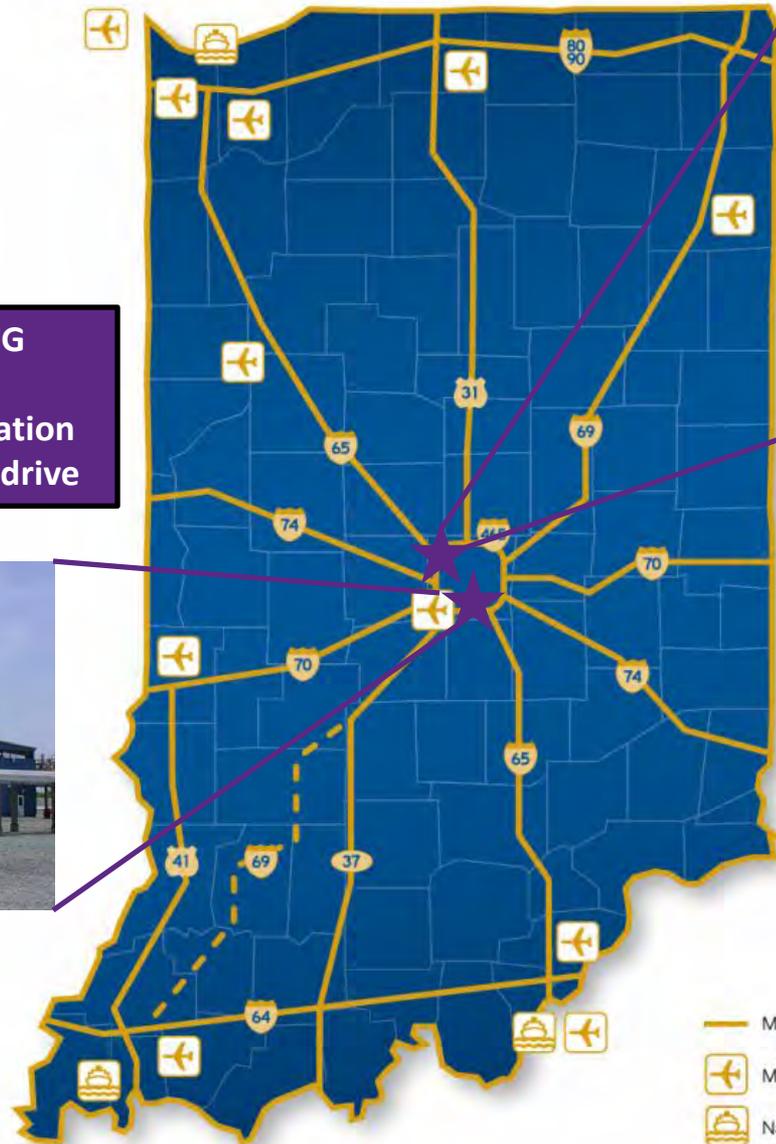


LNG South



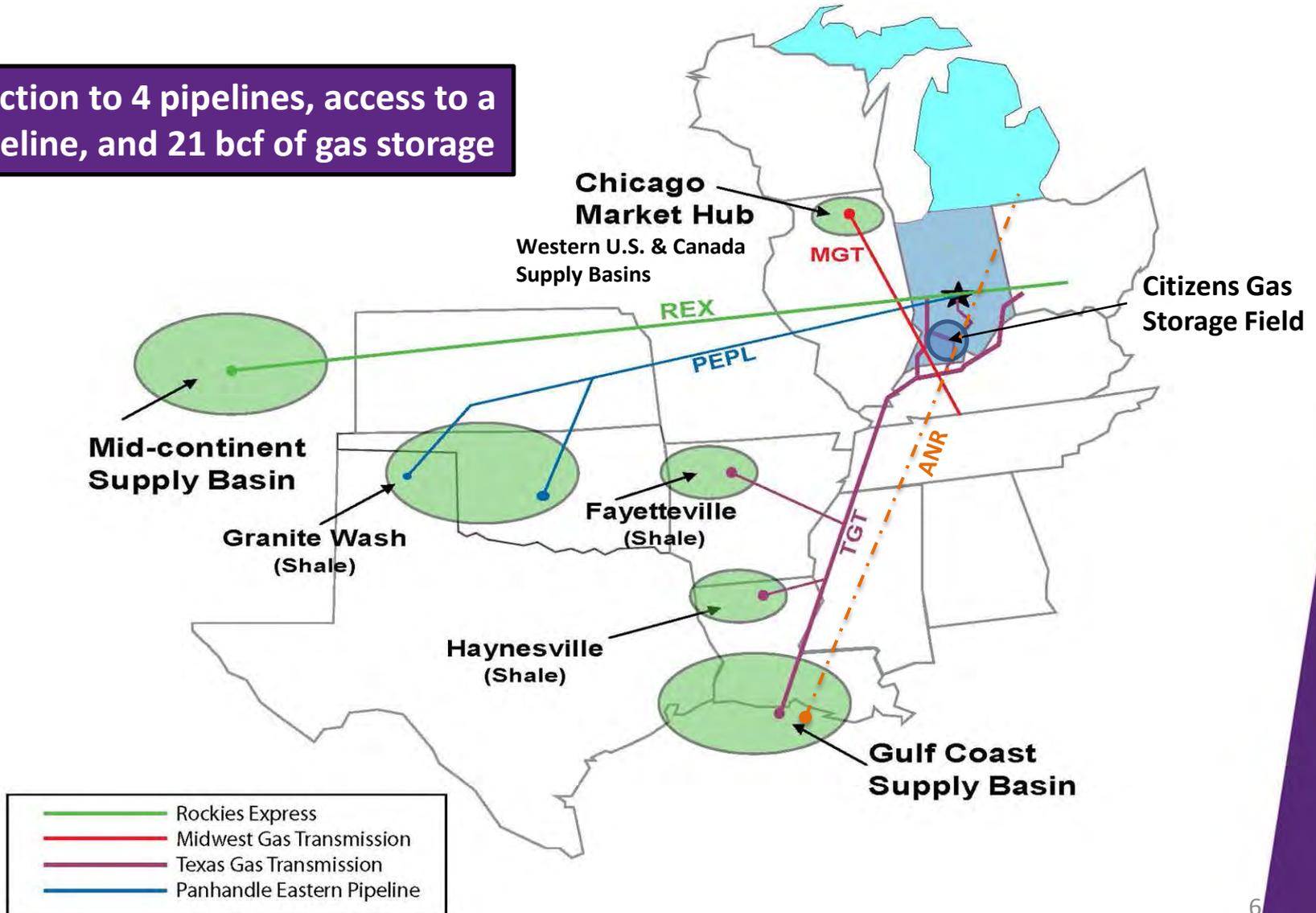
LNG North

- Excess capacity has been readily available since plants inception
- Typically utility would utilize LNG at peak demand during  $-17^{\circ}\text{F}$  average daily temperatures



# Reliable Partner

Connection to 4 pipelines, access to a 5<sup>th</sup> pipeline, and 21 bcf of gas storage



# LNG Benefits to Indiana

- Consistent with Indiana's energy strategy
  - Significant LNG production, storage and natural gas pipeline access in Central Indiana relative to other locations
  - World leading manufacturers of engine technology, vehicle producers, conversion kits, and logistic companies are local
  - Central location yields a competitive advantage due to transportation routes

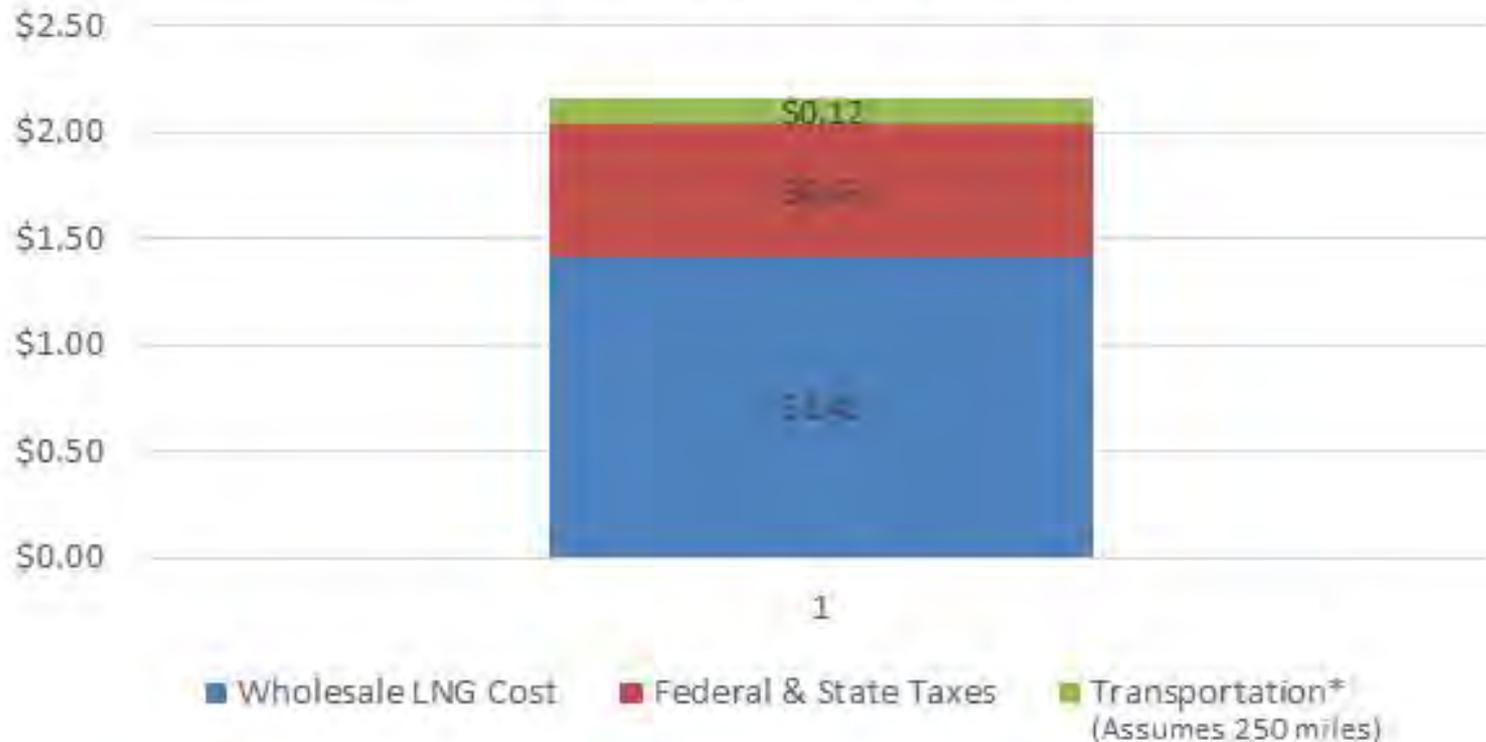


**Demand of 500K to 1M gallons/day within the next 10 years**

# LNG Price at the Pump Comparison

Kinetrex & transportation partners can delivery LNG for \$2.16 vs Diesel \$3.86

LNG Delivery Cost per DGE



**Natural gas prices are forecasted to remain low and well below oil prices**

# The Case for LNG as a Transportation Fuel

- Enormous market potential
  - \$112B diesel consumed annually in U.S.
- Economic and social benefits
  - 35-45% cheaper than diesel/gasoline – (\$1.50-\$2.00) per gallon payback vs. diesel
  - Domestically abundant, price less volatile, reduces dependence on volatile foreign oil
  - Reduces greenhouse gases more than 20% -- corporate “go green” initiatives
- Technology is available and working
  - Major station infrastructure investments occurring
  - Engine technology expanding



# Questions?