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**CONNECT THE DOTS:
National Fuel: Power Player in New
York State**

**A Report by Common Cause/New York
November 2011**



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To find a pdf version of this report, as well as the full list of campaign contributions by the National Fuel Political Action Committee and its senior executives, please visit:
www.commoncause.org/NY/NationalFuel

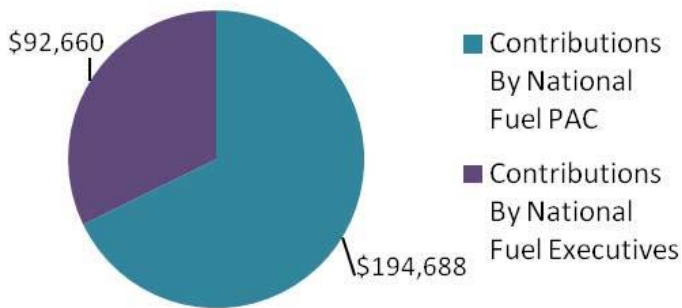
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Although Western New York residents may think of National Fuel Gas Company as first and foremost a utility company, it is much more. On its website, National Fuel refers to itself as a “diversified energy company.”¹ With almost half of its income coming from its pipeline and storage segment, which provides interstate natural gas transportation and storage services, as well as an active exploration portion of its business, National Fuel has a keen interest in natural gas exploration in New York State. National Fuel, according to its website, is an integrated energy company with \$4 billion of assets spread across five principal segments. The largest of those segments are: Exploration and Production (Seneca Resources Corporation), Pipeline and Storage (National Fuel Gas Supply Corporation and Empire State Pipeline) and Utility (National Fuel Gas Distribution Corporation). Seneca Resources Corp has its headquarters in Houston, Texas and is a large natural gas and oil industry with interests in the Appalachian Region including the Marcellus Shale and is one of the largest natural gas companies in Pennsylvania. Given that hydrofracking is one of the hottest and most controversial issues in New York State, it is not surprising that National Fuel is investing heavily in government through its campaign contributions.

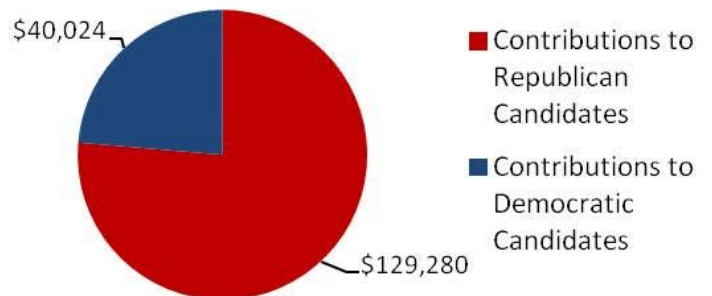
Our examination of National Fuel’s campaign contributions show that it isn’t only its energy business which is diversified, so are it’s campaign contributions. But not among the political parties – only among the levels of government. From local townships to New York City to New York State Representatives, the sheer amount of money and diversity of elections and races that National Fuel Gas PAC has given campaign contributions to, combined with the appointment of three of the companies most senior executives (past and present) to powerful decision making positions, raises serious questions about the undue influence of its special interest money in shaping important policy outcomes.

In the last two election cycles alone, **National Fuel PAC has made over 530 campaign contributions** to elected officials on all levels of government. Combined, National Fuel PAC and the company’s five senior executives (past and present) which Common Cause/NY identified have **contributed over a quarter of a million dollars - \$287, 547 - to candidates running for election at all levels of New York government: municipal, county, and state.**

**Total National Fuel Campaign Contributions
(Executives and Political Action Committee)**



**National Fuel Corp Campaign Contributions to the
political parties (Republican and Democratic
Candidates)**



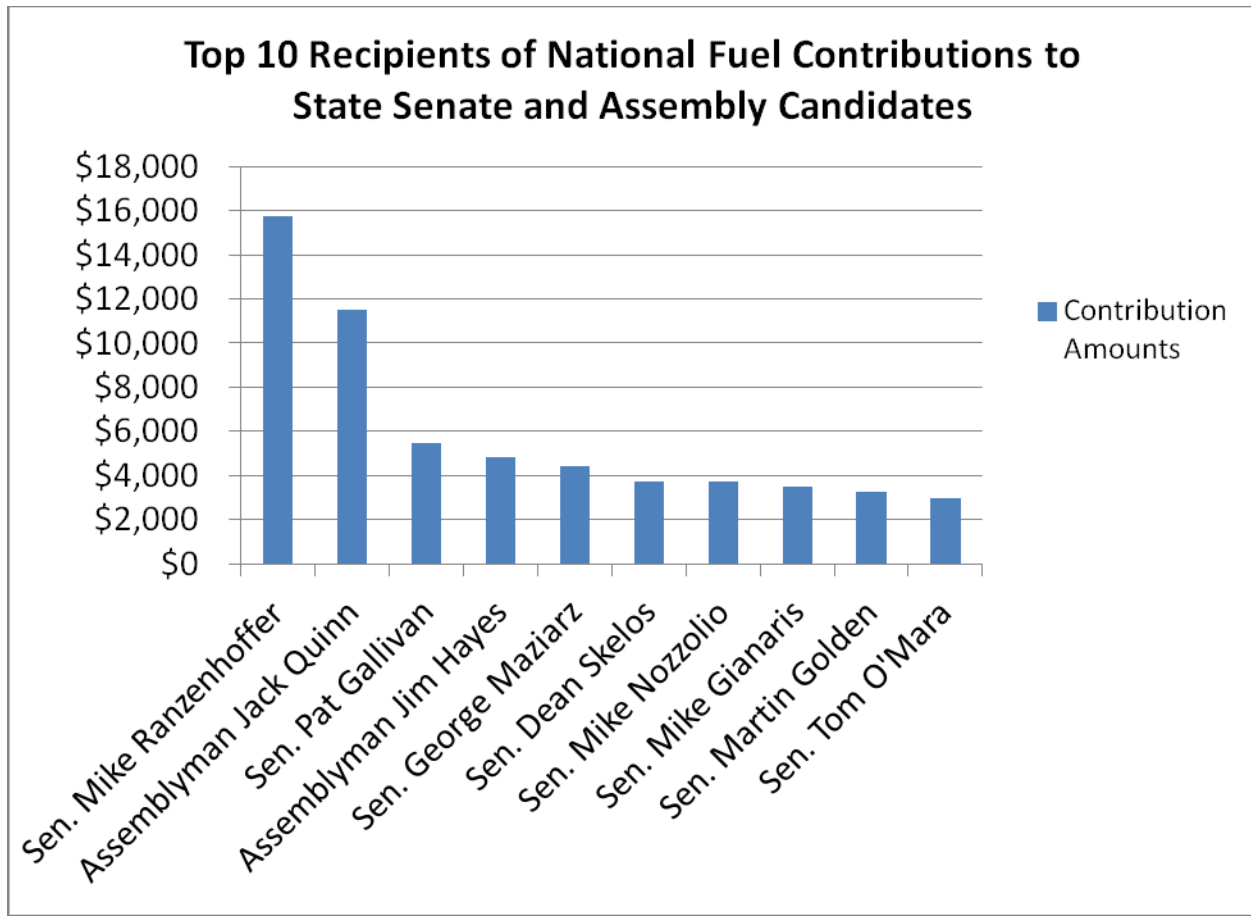
*Amount do not include \$ given to Republican or Democratic campaign committees- only candidates for office

¹ <http://www.nationalfuelgas.com/>, accessed 10/30/2011.

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TOTAL CAMPAIGN DONATIONS BY NATIONAL FUEL GAS POLITICAL ACTION COMMITTEE (all state and local races in New York)	\$ 194,687.83
TOTAL CAMPAIGN DONATIONS BY NATIONAL FUEL GAS EXECUTIVES AND BOARD MEMBERS	\$92,660
TOTAL NATIONAL FUEL CONTRIBUTIONS	\$287,547
TOTAL GOVERNOR	\$23,400
<i>DAVID PATERSON</i>	\$1,200
<i>ELLIOT SPITZER</i>	\$1,100
<i>CUOMO DUFFY CAMPAIGN</i>	\$1,100
<i>PALADINO FOR THE PEOPLE</i>	\$20,000
TOTAL CONTRIBUTIONS CHRISTOPHER COLLINS FOR ERIE COUNTY EXECUTIVE ("COLLINS FOR OUR FUTURE")	\$52,170
TOTAL CONTRIBUTIONS ERIE COUNTY REPUBLICAN COMMITTEE	\$17,699
TOTAL CONTRIBUTIONS ERIE COUNTY DEMOCRATIC COMMITTEE	\$2,950
TOTAL CONTRIBUTIONS NIAGRA COUNTY REPUBLICAN COMMITTEE	\$6,150
TOTAL STATE SENATE SOFT MONEY	\$22,500
STATE SENATE REPUBLICAN SOFT MONEY	\$17,000
STATE SENATE DEMOCRATIC SOFT MONEY	\$5,500
NY STATE ASSEMBLY SOFT MONEY	\$11,925
STATE ASSEMBLY DEMOCRATIC SOFT MONEY	\$4,000
STATE ASSEMBLY REPUBLICAN SOFT MONEY	\$7,925
TOTAL CONTRIBUTIONS DEMOCRATIC HARD MONEY	\$30,524.00
TOTAL CONTRIBUTIONS ASSEMBLY DEMOCRATS	\$10,799.00
TOTAL CONTRIBUTIONS STATE SENATE DEMOCRATS	\$16,100.00
TOP RECIPIENTS STATE SENATE DEMOCRATS	
<i>FRIENDS OF MIKE GIANARIS</i>	\$3,500
TOP RECIPIENTS ASSEMBLY DEMOCRATS	
<i>FRIENDS OF MARK SCHROEDER</i>	\$1,950
TOTAL CONTRIBUTIONS REPUBLICAN HARD MONEY	\$104,355.00
TOTAL CONTRIBUTIONS ASSEMBLY REPUBLICANS	\$23,498.00
TOTAL CONTRIBUTIONS STATE SENATE REPUBLICANS	\$71,847.00
TOP RECIPIENTS STATE SENATE REPUBLICANS	
<i>MIKE RANZENHOFER FOR STATE SENATE</i>	\$15,723
TOP RECIPIENTS ASSEMBLY REPUBLICANS	
<i>FRIENDS OF JIM HAYES</i>	\$4,815

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- **Mike Ranzenhofer-State Senator, 61st district, (R, C, IP)** – served as Director of the Erie County Industrial Development Agency, of which Phil Ackerman became the Chair after he retired from his position as CEO of National Fuel. The Senator also acted as Chairman of the Budget and Finance Committee for County Executive Chris Collin’s Transition team.²
- **Jack Quinn- Former Assemblyman, 146th district, (R)** -left his assembly office in 2010 to run for State Senate and was defeated by Timothy Kennedy
- **Pat Gullivan- State Senator, 59th District, (R, C, IP)**

² Collins adds to his transition team <http://www.allbusiness.com/government/government-bodies-offices-regional/12916917-1.html#ixzz1cT6woYmT>

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- **Jim Hayes- Former Assemblyman, 148th District, (R)** - no longer an Assemblyman, having resigned to work for Ayco Co., a Goldman Sachs-owned firm based in an Albany suburb that provides financial planning services to corporate executives.
- **State Senator Maziarz-State Senator, Vice President Pro Tempore, 62nd District, (R) Chairman of the New York State Senate Energy Committee-** He has spoken at rallies about the need to protect landowner interests by opposing a moratorium on drilling in the Marcellus Shale and was joined by the Joint Landowners Coalition of New York, Inc., and Unshackle Upstate. The Senator has found himself at odds with groups such as People United For Sustainable Housing or PUSH Buffalo over National Fuel's Conservation Incentive Program, which the Senator supports and which PUSH has rejected on the grounds that National Fuel is not meeting its obligations to low income residents.
- **Dean Skelos, State Senate Majority Leader, 9th District, (R,C,IP)**
- **Mike Nozzolio- State Senator, 54th District, (R, C, IP).** According to Project Vote Smart Senator Nozzolio supported the interests of the Business Council of New York State, Inc. positions 100 percent from 2009-2010.³ The Business Council has lobbied heavily against a moratorium on hydrofracking as a previous report issued by Common Cause/NY "Deep Drilling, Deep Pockets" shows. **David Smith, Chairman and CEO of National Fuel, was elected Chair of the Business Council of NY in September.**
- **Mike Gianaris-State Senator, 12th District, (D), serves on the State Senate Energy and Telecommunications Committee and Chair of State Senate Campaign Committee**
- **Martin Golden, Assistant Senate Majority Whip, 22nd District, (R, C)**
- **Tom O'Mara- State Senator, 53rd District, (R,C)** Tom O'Mara represented the 137th AD which includes Chemung and Schuyler counties and Corning, NY- a hotbed of potential drilling activity. He was elected to the State Senate after his predecessor, George Winner, resigned after stories broke that his law firm represented many natural gas companies as clients and disclosure records showed Winner had stock holdings which included natural gas companies, while voting on bills that could affect those companies. **O'Mara currently sits on the Energy and Telecommunications and Environmental Conservation Committees in the Senate.**

Details of all National Fuel's campaign contributions for the last two election cycles can be found on the Common Cause/NY website at www.commoncause.org/NY/NationalFuel

³ http://www.votesmart.org/issue_rating_category.php?can_id=4251&type=category&category=11

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Return On Investment Or Just A Very Fast Revolving Door ?

National Fuel's shareholders and New Yorkers in general may well ask has National Fuel's investment in campaign contributions paid off? Whether it has or not for the company remains to be seen, but it certainly seems to have benefited some of National Fuel's executives:

- **David Smith-** In September 2011, David Smith, Chairman and CEO of National Fuel was elected chair of The Business Council of New York State Inc. He also serves on the Buffalo Niagara Enterprise (Chairman) and the Buffalo Niagara Partnership (Executive Committee).
- **Philip Ackerman-** was Chief Executive Officer of National Fuel from October 2001 until February 21, 2008 and remained Chairman of the Board until 2010. He is now the Chair of the Erie County Industrial Development Agency as well as a current member of the Erie County Council on Economic Development; he formerly served on the current Erie County Executive Chris Collins' transition team. *Philip Ackerman has been the most generous donor of National Fuel's executives, giving a total of \$88,680 since 2007, \$35,000 of which went to Chris Collins' campaign account.*
- **Jeffrey Hart-**In June 2010 former Erie County Executive Chris Collins appointed Jeffrey Hart, Assistant Vice President of National Fuel, as Deputy County Executive for Erie County, raising troubling questions about potential conflicts of interest and impropriety. National Fuel is Erie County's largest payer of property taxes and a major county vendor through purchases arranged by the Public Works Department. National Fuel also receives millions of dollars through the Federal Home Energy Assistance Program administered by county government. Hart will review and sign county government contracts for County Executive Collins. Hart will retain a position with National Fuel Gas and receive a salary paid for by National Fuel Gas Company shareholders. By law, he also must be paid as the new deputy county executive but has stated that he intends to donate the \$107,400-a-year county salary to charity. Although Hart must abstain from any decisions directly involving National Fuel, the position in and of itself provides undue influence in decisions that could affect the business interests of National Fuel and grants him undue access to decision-makers

Details of the specific campaign contributions made by National Fuel's Senior Executives for the last two election Cycles can be found on the Common Cause/NY website at: www.commoncause.org/NY/NationalFuel

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Does National Fuel Have Its Eyes on a Prize?

In February, Buffalo in Erie County became the first city in New York State to pass a ban on hydraulic fracturing when the Common Council approved “Buffalo's Community Protection from Natural Gas Extraction Ordinance” by a 9-0 vote. That hasn’t slowed National Fuel’s commitment to natural gas extraction. National Fuel Gas Company plans to spend an estimated 18% more next year on its oil and natural gas drilling business as it increases its exploration program in the Marcellus Shale region in northwestern Pennsylvania⁴. According to the Buffalo News “The company said it has preliminary plans to drill 115 to 140 new horizontal wells in the Marcellus Shale during the fiscal year that begins in October as part of a drilling program that is expected to cost between \$685 million and \$800 million.”⁵ Further, National Fuel expects its production from the Marcellus Shale to rise to about 70 percent of the company's expected oil and gas output.⁶

In April of 2011, National Fuel Gas announced plans to build a compressor station in the southern Erie County town East Aurora. Activists question whether this compressor station is designed as infrastructure for National Fuel's future plan to scale up hydrofracking in New York State and Pennsylvania. The compressor station is part of National Fuel’s Northern Access Project, a plan to build pipeline infrastructure to bring natural gas from the Marcellus Shale region of Pennsylvania, through East Aurora and Erie County. National Fuel submitted a motion to expedite the regulatory process and eliminate a public hearing, creating pushback from community members and activists.

In addition, in 2007 National Fuel was granted a rate increase for its utility segment by the Public Service Commission in exchange for running a conservation program that would reduce the energy burden on customers. A groups of local non-profit and community organizations have criticized National Fuel for failing to live up to its commitments and have called for the adoption of best practices in energy efficiency that would create green jobs and lower gas bills for low income residents. Common Cause/New York submitted a letter to the Public Service Commission stating that governmental oversight by the Public Service Commission is integral to ensuring transparency and equity in the CIP program.

With the many business interests National Fuel has at all levels of government, it is important to shine light on the on the large amounts of special interest money flooding campaign coffers. The significantly large amount of money spent by National Fuel, combined with the recent appointments of former and present top executives to important posts, reflects the resources and income at their disposal to influence public policy decision making on issues impacting environmental, economic and energy policy at the county and state level.

⁴ National Fuel eyes more funds for drilling, David Robinson, Buffalo News, March 29, 2011
<http://www.buffalonews.com/business/article378870.ece>

⁵ Ibid

⁶ Ibid

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Conclusion:

New Yorkers want to be assured that the decisions their government makes about such important issues as economic development and environmental policy are fair and objective, serve the interest of the largest number of New Yorkers and are not driven by industry dollars or special interest pressure.

In looking at the campaign contributions from the National Fuel Political Action Committee and its senior executives (past and present) troubling questions arise about the appointments of three of the top executives to important posts where their decisions could profoundly impact decisions about the economy and the environment. It is even more troubling that Jeffrey Hart, a Vice President of National Fuel, is employed as the Deputy County Executive of Erie County, blurring the lines between local government and the private enterprises it regulates. As the influence of National Fuel continues to grow in Western New York, Common Cause/NY seeks to shine a light on the large amounts of special interest money flooding campaign coffers. The amount of money spent by National Fuel, combined with the recent appointments of top executives to important posts, reflects the resources and income at their disposal to influence public policy decision making.

One way for New York to advance toward the goal of insuring fair and objective policy-making is to adopt a public funding of elections system, to restore the public's faith that important issues, such as environmental and economic policy decisions, are determined without the oversized influence of special interest money. Further, more stringent laws on the county level should deter appointments that give even the perception of a conflict of interest to the public from occurring and draw a bright line for elected officials when making appointments on the local level in order to restore the public trust in government.

Methodology:

Common Cause/NY identified campaign contributions given by National Fuel Gas Political Action Committee over the last two election cycles. We also identified senior executives for National Fuel that made campaign contributions in the last two election cycles, including: David F Smith, Chairman and CEO of National Fuel; Phil Ackerman, former Chairman and CEO of National Fuel and until recently, Chairman of the Board; Ronald J Tanski, Treasurer and CFO of National Fuel; Roland Kidder, Director & Member of Audit Committee of National Fuel; and Anna Marie Cellino, President of Distribution for National Fuel.

For a complete list of campaign contributions please visit Common Cause/NY's website at www.commoncause/org/NY/NationalFuel