



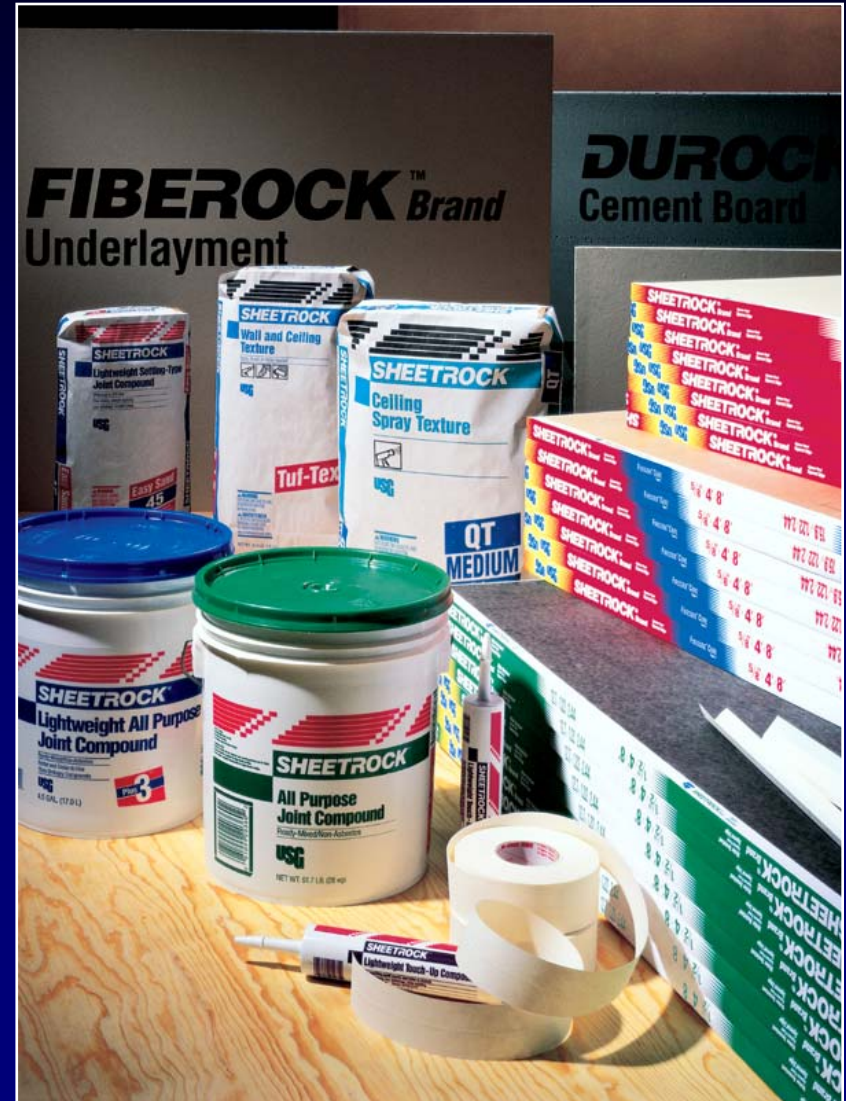
# **USG CORPORATION ENERGY PRESENTATION**

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Presented by Robert Cooper  
Director Energy

# USG CORPORATION

- ▶ USG is the world's leading producer of gypsum wallboard, joint compound.
- ▶ Our flagship brands include SHEETROCK® Brand gypsum panels and DUROCK® Brand cement board.
- ▶ USG's 14,000 employees work in more than 30 countries.



# USG 2008 OPERATIONS



# USG'S NORTH AMERICAN ENERGY STRATEGY

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- ▶ Procure and deliver natural gas and electricity to USG's plants in a reliable, uninterrupted manner with minimal cost volatility to provide USG with a strategic advantage versus its competitors.

# USG'S NORTH AMERICAN ENERGY FACTS

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- ▶ Consume 37 Bcf of natural gas.
- ▶ Actively manage supply and deliveries with internal staff.
- ▶ Ship on 25 firm T-port agreements.
  - ▶ Own 2 interstate, 6 intrastate pipelines that deliver natural gas to plants.
  - ▶ Utilize low cost supply basins.

# USG'S NORTH AMERICAN ENERGY FACTS

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- ▶ Hedge natural gas to remove price volatility.
- ▶ Utilize SunGard's "Entegrate Software" to keep track of delivered gas cost and risk management.
- ▶ Energy is a major cost component in manufacturing process.
- ▶ Active in Federal and State regulatory matters.

# FEDERAL & STATE REGULATORY PROCESS

- ▶ Membership in End User Groups:
  - ▶ Main Voice to protect your interest as End Users!
  - ▶ Drive regulatory process in “Win-Win approach”
  - ▶ Minimize Legal expense in rate case.
  - ▶ Voice concerns at Federal and State Commissions on energy matters that affect your operations

# FEDERAL & STATE REGULATORY PROCESS

- ▶ September 20, 2007 Notice of Inquiry (“NOI”) seeks comment on FERC policy for in-kind recovery of fuel and lost and unaccounted-for gas by pipelines
- ▶ The NOI seeks comment on the following:
  - ▶ (1) whether FERC continue to allow recovery of pipeline fuel costs through fixed fuel retention percentages,
  - ▶ (2) whether FERC should mandate that all pipelines have tracker mechanisms for the recovery of fuel, and
  - ▶ (3) if FERC requires pipelines to use trackers, should it require a true-up mechanism

# FEDERAL & STATE REGULATORY PROCESS

- ▶ November 2007 Process Gas Consumer and other industrial groups' comments :
  - ▶ (1) provide a Fuel-Retention Study revealing that all eleven pipelines that were analyzed over-recovered in 2006
  - ▶ (2) support the adoption of a requirement that all pipelines use tracker and true-up mechanisms to the extent that the pipelines seek to recover fuel costs.
  - ▶ (3) oppose allowing pipelines to recover fuel costs through fixed fuel retention percentages, particularly if the pipelines are not subject to periodic rate review

# Q & A

