

Gas Purchasers Speak Out

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Veolia Environnement

The Global Standard for Environmental Services



Water + Wastewater

- **No.1** worldwide in water services (*global reach, customers served, history & revenue*)

- 2009 Revenue: **\$18.1 billion**



Waste Services

- **No.2** worldwide in waste management, leader in industrial and hazardous waste mgmt.

- 2009 Revenue: **\$13.0 billion**



Energy and Facilities Management

- **No.1** in Energy Services and Global Building Management Worldwide

- 2009 Revenue: **\$10.2 billion**



Transportation

- **No.1** Private Operator of surface passenger transportation in the U.S. and Europe





- 2009 Revenue: **\$8.4 billion**

- Nearly \$50 billion in 2009 Revenue with 330,000 employees in more than 70 countries
- Only global company providing entire range of environmental services to municipal, industrial and commercial customers

Veolia North America

The Leader in Integrated Environmental Management



			
No.1 in municipal partnerships & industrial outsourcing	Top 1-4 in various categories of waste management	Owens largest portfolio of heating and cooling systems in the USA	No.1 in U.S. surface passenger transportation
Revenue: \$1.0 Billion	Revenue: \$1.8 Billion	Revenue: \$0.4 Billion	Revenue: \$1.2 Billion

Total 2009 Revenue: Approximately \$4.4 billion

Total Employees: Approximately 30,000

Veolia Energy North America

Unparalleled Expertise in Sustainable Energy
and Facility Operations & Management Solutions



Committed to Sustainable Energy and Facility Solutions

Total Capacity of Energy Systems Owned:

Steam / Hot Water capacity – 10.9 million lbs./hour

Chilled Water capacity – 205,460 tons

Electric Generating capacity – 247 MW

Steam / Hot Water Distribution Pipe – 107 miles

Chilled Water Distribution Pipe – 28 miles

Customer Space Served – nearly 300 million square feet



Veolia Energy Locations



17 locations and growing – Currently burning 20 BCF/yr



How can new regional supply help our business?

- New supplies and new pipeline projects into the Northeast & Mid-Atlantic should mean lower priced gas and create some opportunities
 - Lower costs help our customers and enhance our competitive position in our marketplace
 - At cogeneration facilities, lower gas prices should increase run time and profit
 - Gas prices do not often set the electric price in PJM markets
 - Large, growing Marcellus supply may facilitate longer term agreements
 - Customers and company would like the stability
 - New supplies and transit routes improve reliability
 - Though not frequent, storms and pipeline work sometimes interrupt gas flows



How might derivative regulation hurt us?



- Who is it aimed at ... and who will it hit?
 - It seems the concerns are with huge firms and speculators
 - But some smaller businesses might lose bona fide tools
- Three very useful applications
 - 1.Hedge to protect against losses
 - 2.Hedge to protect profits
 - 3.Hedge to protect customers

Legitimate (and necessary) Business Hedges



- Hedges to protect against mounting losses
 - Even where our fuel costs are somewhat recoverable there are still risks associated with discounts and efficiencies. So risks are smaller when lower gas prices are locked in
- Hedges to lock in profits, i.e. in spark spreads
 - If spread between electric sales price and fuel purchase price is attractive enough, we can lock both commodities to capture margins
- Hedges to protect our customers
 - Based on the contract, customers often bear risk of price swings
 - We often buy forwards, call options or collars to mitigate their exposure to the gas price volatility

