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File #: 181941

December 1, 2021

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: **National Fuel Gas Distribution Corporation Supplement No. 228 to Tariff Gas - Pa.
P.U.C. No. 9
Docket Nos. R-2021-3027406 and C-2021-3028654**

Dear Secretary Chiavetta:

Enclosed for filing is the Joint Petition for Settlement of All Issues in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Anthony D. Kanagy

ADK/dmc
Enclosures

cc: Honorable Joel H. Cheskis
Honorable Gail M. Chiodo
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

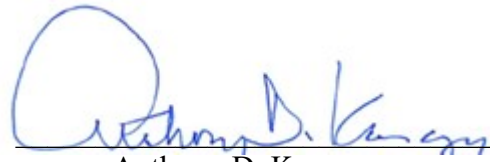
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Date: December 1, 2021



Anthony D. Kanagy

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|--|---|---------------------------|
| National Fuel Gas Distribution Corporation | : | |
| Supplement No. 228 to Tariff Gas – Pa. P.U.C. No. 9 | : | Docket No. R-2021-3027406 |
| | : | |
| Office of Small Business Advocate | : | |
| | : | |
| v. | : | Docket No. C-2021-3028654 |
| | : | |
| National Fuel Gas Distribution Corporation | : | |

**JOINT PETITION FOR
APPROVAL OF SETTLEMENT OF ALL ISSUES**

**TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE JOEL H. CHESKIS AND
ADMINISTRATIVE LAW JUDGE GAIL M. CHIDO:**

I. INTRODUCTION

National Fuel Gas Distribution Corporation (“Distribution” or the “Company”), and the Office of Small Business Advocate (“OSBA”) (collectively, “Joint Petitioners”), hereby file this Joint Petition for Approval of Settlement of All Issues (“Settlement”) and respectfully request that Deputy Chief Administrative Law Judge Joel H. Cheskis and Administrative Law Judge Gail M. Chiodo (collectively, “ALJs”), and the Pennsylvania Public Utility Commission (“Commission”) approve Distribution’s above-captioned tariff filing and dismiss OSBA’s Formal Complaint, subject to the terms and conditions of the Settlement. Distribution notes that the Office of Consumer Advocate (“OCA”) intervened in this proceeding, and has represented that it does not oppose the Settlement.

This Settlement represents a full settlement of all issues and concerns raised in the instant proceedings. The Settlement slightly revises the base rate reductions set forth in Supplement No.

228 to Tariff Gas – Pa. P.U.C. No. 9 for the Commercial/Public Authority/Industrial classes and increases the surcredit to be made available to those classes, all on a prospective basis, without impacting the benefits accruing to Residential customers from the Company’s original filing, as set forth in the *pro forma* tariff supplement attached hereto as **Appendix A**. A chart showing the revisions to the base rate reductions and surcredit is set forth in **Appendix B**. Proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs are provided as **Appendices C** through **E**, respectively. Statements in Support of the Settlement from Distribution and OSBA are set forth in **Appendices F** and **G**. Furthermore, in Section VI *infra*, the Joint Petitioners stipulate to the admission of listed pleadings, testimony and exhibits as evidence in this proceeding.

In support of the Settlement, the Joint Petitioners state the following:

II. BACKGROUND

1. On July 22, 2021, Distribution filed Supplement No. 228 to Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 228”) with the Commission.
2. No protests or other adverse pleadings were timely filed.
3. On September 15, 2021, the Commission entered an Order approving Supplement No. 228.
4. On September 30, 2021, Distribution filed Supplement No. 232 to Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 232”) in compliance with the Commission’s Order entered September 15, 2021, at Docket No. R-2021-3027406. Supplement No. 232, effective on October 1, 2021, incorporates the changes approved in Supplement No. 228, and corrected other minor matters.
5. On October 20, 2021, the Commission issued a Secretarial Letter regarding the compliance filing that approved the revisions set forth in Supplement No. 232. The rates contained therein are now in effect.

6. On September 22, 2021, OSBA filed a complaint at Docket No. C-2021-3028654 (“OSBA Complaint”).

7. Distribution filed an Answer to the OSBA Complaint on October 1, 2021.

8. On October 5, 2021, OCA filed an intervention.

9. On October 27, 2021 the Commission issued a Prehearing Conference Notice.

10. On October 28, 2021, the ALJs issued a Prehearing Conference Order.

11. On November 9, 2021, counsel for Distribution notified the ALJs via e-mail that the parties were close to reaching a settlement in principle and requested that the requirement to file prehearing memoranda be cancelled. The ALJs granted this request.

12. On November 15, 2021, counsel for Distribution notified the ALJs via e-mail that a settlement in principle had been achieved.

13. The prehearing conference was held as scheduled on November 17, 2021. At the prehearing conference, counsel for Distribution, OSBA and OCA confirmed that a settlement had been reached. Counsel further represented that the Settlement, Proposed Findings of Fact, Proposed Conclusions of Law and Proposed Ordering Paragraphs, as well as Statements in Support would be filed by the Joint Petitioners no later than Wednesday, December 1, 2021.

III. SETTLEMENT

14. The following terms of this Settlement reflect a carefully balanced compromise of the Joint Petitioners’ positions. The Joint Petitioners agree that the Settlement is in the public interest.

15. The Joint Petitioners agree that OSBA’s Formal Complaint at Docket No. C-2021-3028654 is dismissed, subject to the terms and conditions of this Settlement that modify Supplement No. 232 to Tariff Gas – Pa. P.U.C. No. 9.

16. The base rate reductions revisions and surcredit revisions are set forth in **Appendix B.**

17. The Company accepts OSBA's proposal of the reallocation of the base rate reduction amongst the Commercial/Public Authority/Industrial classes to become effective on and after Commission's approval of this settlement on a prospective basis.

18. The surcredit to be made available on a prospective basis to the Commercial/Public Authority/Industrial classes will be increased by \$837,500 to \$5,837,500 on an annual basis through the 5-year surcredit amortization commencing with Commission approval of this settlement.

19. No adjustments will be made to the One-Time Bill Credit customers received on October 1, 2021.

20. The total 5-year impact of the One-Time Bill Credit and the revised surcredit to customers increases the return of amounts to customers from \$50,000,000 to \$54,000,000.

21. The total \$54 million to be passed back to customers through the One-Time Bill Credit and surcredit mechanisms will reduce the regulatory liability due to customers that existed at September 30, 2021. The remaining regulatory liability balance due to customers will be addressed in the next base rate proceeding. The total impact will further reduce the balance of the regulatory liability owed to ratepayers and will be reflected on the appropriate tariff pages at the time of the appropriate filings.

22. The benefits accruing to Residential customers from the Company's original filing will not be impacted by this settlement.

23. The Petitioners request that Distribution be permitted to file the pro forma tariff supplement contained in Appendix A on one-day's notice following approval of this Settlement.

IV. THE SETTLEMENT IS IN THE PUBLIC INTEREST

24. Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and, at the same time, conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See id.* § 69.401. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. PUC v. C.S. Water & Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

25. This Settlement was achieved by the Joint Petitioners after an examination of the issues by the active parties.

26. Approval of the Settlement without modification will reduce the time and expenses that the active parties and the Commission must expend on the proceedings.

27. The Joint Petitioners will further supplement the reasons that the Settlement is in the public interest in their Statements in Support. The Statements in Support are attached to this Settlement as **Appendices F and G**. In their respective Statements in Support, each Joint Petitioner explains why, in its view, the Settlement is fair, just, and reasonable and reflects a reasonable compromise of the disputed issues in this proceeding.

V. SETTLEMENT CONDITIONS

28. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Settlement without modification. If the Commission modifies the Settlement, any Joint Petitioner may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five business days after the entry of an Order modifying the Settlement.

29. If the Commission approves the Settlement without modification, the Joint Petitioners acknowledge and agree that the rates, rules, and proposals set forth in the Settlement and Appendix A, shall be Commission-made rates.

30. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceeding. If the Commission does not approve the Settlement without modification and the proceeding continues, the Joint Petitioners reserve their respective procedural rights to evidentiary hearings, submission of additional testimony and exhibits, cross-examination of witnesses, briefing, and argument of their respective positions. The Settlement is made without any admission against, or prejudice to, any position that any Joint Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

31. The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any Joint Petitioner's position with respect to any issues raised in this proceeding. The terms and conditions of the Settlement are limited to the facts of this specific case and are the product of compromise for the sole purpose of settling this case. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Parties may advance on the merits of the issues in future proceedings. This Settlement does not preclude the Joint Petitioners from taking other positions in proceedings of other public utilities under Section 1308 of the Public Utility Code, 66 Pa. C.S. § 1308, or any other proceeding.

32. If the ALJs recommend adopting the Settlement without modification, the Joint Petitioners waive their right to file Exceptions.

VI. STIPULATION FOR THE ADMISSION OF EVIDENCE

33. The Joint Petitioners have further stipulated that the following documents, including testimony and exhibits thereto, can be entered into the record of the above-captioned

proceedings without cross-examination or objection by any other party. Accordingly, the Joint Petitions here stipulate and move the following documents into the record of this proceeding without objection:

34. Distribution Exhibit 1 - Supplement No. 228 to Tariff Gas – Pa. P.U.C. No. 9, filed on July 22, 2021, with an effective date of October 1, 2021.

35. Distribution Exhibit 2 – Statement of Reasons attached to Tariff Gas – Pa. P.U.C. No. 9 as Appendix A, filed on July 22, 2021.

36. Distribution Exhibit 3 – Company responses to the Commission’s Filing Requirements concerning Changes in Tariff Gas – Pa. P.U.C. No. 9, filed on July 22, 2021.

37. Distribution Exhibit 4 - Supplement No. 232 to Tariff Gas – Pa. P.U.C. No. 9 , filed on September 30, 2021, with an effective date of October 1, 2021.

38. Distribution Statement No. 1 – Direct Testimony of Donald N. Koch, including Distribution Exhibits DNK-1 through DNK-5, submitted alongside Tariff Gas – Pa. P.U.C. No. 9, on July 22, 2021.

39. Distribution Statement No. 2 – Direct Testimony of Michael P. Weidner, including Distribution Exhibit MPW-1, submitted alongside Tariff Gas – Pa. P.U.C. No. 9, on July 22, 2021.

40. Copies of the above-identified testimony and exhibits will be filed electronically with the Commission pursuant to Section 5.412a of the Commission’s regulations. *See* 52 Pa. Code § 5.412a.

41. The admission by stipulation of the foregoing testimony and exhibits is subject to the Commission’s approval of the Settlement, without modification. The Joint Petitioners reserve their respective rights to submit additional testimony and to cross-examine witnesses in the event the Settlement is not approved without modification.

VII. CONCLUSION

WHEREFORE, the Joint Petitioners respectfully request that Deputy Chief Administrative Law Judge Joel H. Cheskis and Administrative Law Judge Gail M. Chiodo: (1) grant the proposed stipulation for the admission of evidence, and (2) recommend approval of, and the Pennsylvania Public Utility Commission approve, this Joint Petition for Approval of Settlement of All Issues.

Respectfully submitted,



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/s/ Steven C. Gray

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Dated: December 1, 2021

Counsel for the Office of Small Business Advocate

APPENDIX A

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
BUFFALO, NEW YORK**

RATES, RULES AND REGULATIONS

**GOVERNING THE FURNISHING
OF
NATURAL GAS SERVICE
IN
TERRITORY DESCRIBED HEREIN**

Issued:

Effective:

D. L. DeCAROLIS, PRESIDENT
BUFFALO, NEW YORK

This Supplement includes decreases, increases and changes to existing rates.

See page 2.

LIST OF CHANGES MADE BY THIS TARIFF

CHANGE:

1. The temporary surcredit implemented to pass-back the Other Post-Employment Benefit ("OPEB") regulatory liability changes.
Page 171 and 171A.

DECREASE:

2. The Distribution Charge for Small Commercial and Public Authority, Small Volume Industrial, and Intermediate Volume Industrial Service Classes decrease.
Pages 41, 41A, 53, and 55.
3. Certain Monthly Metered Transportation rates decrease.
Pages 100 and 101.
4. Certain Daily Metered Transportation rates decrease.
Pages 111 and 112
5. Certain SATC rates decrease.
Pages 120 and 121

INCREASE:

6. The Distribution Charge for Large Commercial and Public Authority, Volume Industrial and Large Volume Industrial Service Classes decrease.
Pages 42 and 65.
7. Certain Monthly Metered Transportation rates increase.
Pages 100 and 101.
8. Certain Daily Metered Transportation rates increase.
Pages 111 and 112
9. Certain SATC rates increase.
Pages 120

Issued:

Effective:

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COMMERCIAL AND PUBLIC AUTHORITY SERVICE RATE SCHEDULE (cont.)

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

For "Small" Commercial/Public Authority Customers using not more than 250,000 cubic feet per year:

Basic Service Charge
\$19.89 per Month

Distribution Charges
26.842¢ per 100 cubic feet for the first 5,000 cubic feet (D)
23.918¢ per 100 cubic feet for all over 5,000 cubic feet (D)

Gas Adjustment Charge
0.139¢ per 100 cubic feet Purchased Gas Cost Component (Rider A)
0.000¢ per 100 cubic feet Merchant Function Charge (Rider G)
0.139¢ per 100 cubic feet Total Gas Adjustment Charge

Natural Gas Supply Charge
60.785¢ per 100 cubic feet Purchased Gas Cost Component (Rider A)
0.139¢ per 100 cubic feet Merchant Function Charge (Rider G)
1.050¢ per 100 cubic feet Gas Procurement Charge (Rider H)
61.974¢ per 100 cubic feet Total Natural Gas Supply Charge

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.2285% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223.

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

COMMERCIAL AND PUBLIC AUTHORITY SERVICE RATE SCHEDULE (Cont'd)

For "Small" Commercial/Public Authority Customers using greater than 250,000 cubic feet but not more than 1,000,000 cubic feet per year:

| | | |
|---------------------------|--|--|
| Basic Service Charge | | |
| \$27.53 | per Month | |
| Distribution Charges | | |
| 21.037¢ | per 100 cubic feet for the first 20,000 cubic feet | (D) |
| 19.749¢ | per 100 cubic feet for all over 20,000 cubic feet | (D) |
| Gas Adjustment Charge | | |
| 0.139¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| <u>0.000¢</u> | per 100 cubic feet | Merchant Function Charge (Rider G) |
| 0.139¢ | per 100 cubic feet | Total Gas Adjustment Charge |
| | | |
| Natural Gas Supply Charge | | |
| 60.785¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| 0.139¢ | per 100 cubic feet | Merchant Function Charge (Rider G) |
| <u>1.050¢</u> | per 100 cubic feet | Gas Procurement Charge (Rider H) |
| 61.974¢ | per 100 cubic feet | Total Natural Gas Supply Charge |

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.2285% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223.

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

APPENDIX A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-Third Revised Page No. 42
Canceling One-Hundred-Second Revised Page No. 42

Commercial and Public Authority Service Rate Schedule (Cont'd)

For "Large" Commercial/Public Authority Customers:

| | | |
|---------------------------|--|--|
| Basic Service Charge | | |
| \$121.01 | per Month | |
| Distribution Charges | | |
| 17.641¢ | per 100 cubic feet for the first 300,000 cubic feet | (I) |
| 16.505¢ | per 100 cubic feet for the next 1,700,000 cubic feet | (I) |
| 15.004¢ | per 100 cubic feet for all over 2,000,000 cubic feet | |
| Gas Adjustment Charge | | |
| 0.139¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| <u>0.000¢</u> | per 100 cubic feet | Merchant Function Charge (Rider G) |
| 0.139¢ | per 100 cubic feet | Total Gas Adjustment Charge |
| Natural Gas Supply Charge | | |
| 60.785¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| 0.139¢ | per 100 cubic feet | Merchant Function Charge (Rider G) |
| <u>1.050¢</u> | per 100 cubic feet | Gas Procurement Charge (Rider H) |
| 61.974¢ | per 100 cubic feet | Total Natural Gas Supply Charge |

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.2285% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223.

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The Rules and Regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

SVIS
Small Volume Industrial Service Rate Schedule (Cont'd)

MONTHLY RATE

| | | | |
|---------------------------|--------------------|---|-----|
| Basic Service Charge | | | |
| \$65.60 | per Month | | |
| Distribution Charges | | | |
| 23.224¢ | per 100 cubic feet | | (D) |
| Gas Adjustment Charge | | | |
| 0.139¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) | |
| <u>0.000¢</u> | per 100 cubic feet | Merchant Function Charge (Rider G) | |
| 0.139¢ | per 100 cubic feet | Total Gas Adjustment Charge | |
| Natural Gas Supply Charge | | | |
| 60.785¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) | |
| 0.139¢ | per 100 cubic feet | Merchant Function Charge (Rider G) | |
| <u>1.050¢</u> | per 100 cubic feet | Gas Procurement Charge (Rider H) | |
| 61.974¢ | per 100 cubic feet | Total Natural Gas Supply Charge | |

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.2285% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223.

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The Rules and Regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

IVIS

INTERMEDIATE VOLUME INDUSTRIAL SERVICE RATE SCHEDULE (Cont'd)
MONTHLY RATE

Basic Service Charge
\$201.91 per Month

Distribution Charges
17.641¢ per 100 cubic feet for the first 100,000 cubic feet (D)
13.692¢ per 100 cubic feet for the next 1,900,000 cubic feet (D)
10.601¢ per 100 cubic feet for all over 2,000,000 cubic feet (D)

Gas Adjustment Charge
0.139¢ per 100 cubic feet Purchased Gas Cost Component (Rider A)
0.000¢ per 100 cubic feet Merchant Function Charge (Rider G)
0.139¢ per 100 cubic feet Total Gas Adjustment Charge

Natural Gas Supply Charge
60.785¢ per 100 cubic feet Purchased Gas Cost Component (Rider A)
0.139¢ per 100 cubic feet Merchant Function Charge (Rider G)
1.050¢ per 100 cubic feet Gas Procurement Charge (Rider H)
61.974¢ per 100 cubic feet Total Natural Gas Supply Charge

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.2285% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223.

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

LVIS

Large Volume Industrial Service (Cont'd)

- C. An Industrial Customer, for which the Company estimates that the total volumes of gas purchased from the Company or transported by the Company during the next succeeding twelve months will be not less than 50,000 Mcf, if the Industrial Customer has used total volumes of gas in at least one billing month of not less than 4,167 Mcf, even if the Customer disagrees with the Company's estimate.
- D. An Industrial Customer for which the Company estimates that total volumes of gas to be used by the customer during the next succeeding twelve months will not be less than 50,000 Mcf of gas per year whether the gas is purchased by the Industrial Customer from the Company, delivered by the Company to the Industrial Customer, or obtained by the customer from another source.

An Industrial Customer that meets the above criteria under this rate schedule at the beginning of an Application Period is required to continue to be subject to this rate schedule during all months of such Application Period. An Industrial Customer that meets the above criteria under this rate schedule during an Application Period is required to continue to be subject to this rate schedule during all or remaining months of such Application Period.

MONTHLY RATE

Basic Service Charge
\$809.00 per Month

Distribution Charges

| | | |
|---------|---|-----|
| 13.212¢ | per 100 cubic feet for the first 100,000 cubic feet | (I) |
| 11.468¢ | per 100 cubic feet for the next 1,900,000 cubic feet | (I) |
| 9.465¢ | per 100 cubic feet for the next 18,000,000 cubic feet | (I) |
| 8.150¢ | per 100 cubic feet for all over 20,000,000 cubic feet | (I) |

Gas Adjustment Charge

| | | |
|---------------|--------------------|---|
| 0.139¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| <u>0.000¢</u> | per 100 cubic feet | Merchant Function Charge (Rider G) |
| 0.139¢ | Per 100 cubic feet | Total Gas Adjustment Charge |

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

RATE SCHEDULE FOR MONTHLY METERED TRANSPORTATION SCHEDULE (cont'd)

MONTHLY RATES

Commodity Rates

The commodity rates set forth below contain a component, presently \$0.3800 per Mcf, for recovery of purchased gas costs.

For transportation of gas to Residential Customers, the monthly rate for transportation of gas both within and outside the Commonwealth of Pennsylvania shall be:

\$2.8358 Mcf

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.7456 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year (D)
\$2.2445 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year (D)
\$1.7962 per Mcf for Large Commercial/Public Authority (I)

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.7456 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year (D)
\$2.2445 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year (D)
\$1.7962 per Mcf for Large Commercial/Public Authority (I)

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.5457 per Mcf for SVIS Customers (D)

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.5457 per Mcf for SVIS Customers (D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

APPENDIX A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Forty-Fourth Revised Page No. 101
Canceling Forty-Second and Forty-Third Revised Page No. 101

RATE SCHEDULE FOR MONTHLY METERED TRANSPORTATION SCHEDULE (cont'd)

For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:
\$1.4504 per Mcf for IVIS Customers (D)

For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:
\$1.4504 per Mcf for IVIS Customers (D)

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:
\$1.1886 per Mcf (I)

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:
\$1.1886 per Mcf (I)

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:
\$0.8639 per Mcf

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:
\$0.8639 per Mcf

Provided, however, that the Company, in its sole discretion, may reduce by contract the portion of the above rates applicable to the Customer that are for recovery of gas or the portion of the rate for recovery of non-gas costs of service if it is reasonably necessary to do so to meet competition from another supplier of energy including gas from another supplier of gas that has constructed, or could construct, facilities to deliver supplies of gas to a MMT Customer of the Company without use of the Company's facilities or another transportation of gas. The Company may also reduce or eliminate the compensation for line losses provided for in Special Provisions paragraph B of this rate schedule in order to meet the competitive circumstances for alternate fuels or bypass situations cited above excluding competition from other Pennsylvania local distribution companies. The Company will reduce the applicable rate only if:

- (a) Either (1) the MMT Customer has facilities in place and operable to use an alternative fuel or obtain gas from an alternative supplier or (2) in the Company's judgment, such facilities would be constructed;

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

RATE SCHEDULE FOR DAILY METERED TRANSPORTATION SERVICE (cont'd)

MONTHLY RATES

Commodity Rates

For transportation of gas to Residential customers, the monthly rate for transportation of gas both within and outside the Commonwealth of Pennsylvania shall be:

\$2.4558 per Mcf.

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

| | | |
|------------------|---|-----|
| \$2.3656 per Mcf | for Small Commercial/Public Authority using not more than 250 Mcf per year | (D) |
| \$1.8645 per Mcf | for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year | (D) |
| \$1.4162 per Mcf | for Large Commercial/Public Authority | (I) |

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

| | | |
|------------------|---|-----|
| \$2.3656 per Mcf | for Small Commercial/Public Authority using not more than 250 Mcf per Year | (D) |
| \$1.8645 per Mcf | for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year | (D) |
| \$1.4162 per Mcf | for Large Commercial/Public Authority | (I) |

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.1657 per Mcf for SVIS Customers. (D)

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.1657 per Mcf for SVIS Customers. (D)

For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$1.0704 per Mcf for IVIS Customers. (D)

(D) Indicates Decrease
(I) Indicates Increase

(C) Indicates Change

Issued:

Effective:

RATE SCHEDULE FOR DAILY METERED TRANSPORTATION SERVICE (cont'd)

For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$1.0704 per Mcf for IVIS Customers. (D)

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$0.8096 per Mcf. (I)

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$0.8096 per Mcf. (I)

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$0.4839 per Mcf.

For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$0.4839 per Mcf.

Provided, however, that the Company, in its sole discretion, may reduce by contract the portion of the above rates applicable to the Customer that is for recovery of gas costs or the portion of the rate for recovery of non-gas costs of service if it is reasonably necessary to do so to meet competition from another supplier of energy including gas from another supplier of gas that has constructed, or could construct, facilities to deliver supplies of gas to a Gas Service Customer of the Company without use of the Company's facilities or another transporter of gas. The Company may also reduce or eliminate the compensation for line losses provided for in Special Provisions paragraph B of this rate schedule in order to meet the competitive circumstances for alternate fuels or bypass situations cited above excluding competition from other Pennsylvania local distribution companies. The Company will reduce the applicable rate only if:

- (a) Either (1) the Customer has facilities in place and operable to use an alternative fuel or obtain gas from an alternative supplier or (2) in the Company's judgment, such facilities would be constructed;

(D) Indicates Decrease
(I) Indicates Increase

(C) Indicates Change

Issued:

Effective:

APPENDIX A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-First Revised Page No. 120
Canceling One-Hundredth Revised Page No. 120

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE (Cont.)

1. Residential Transportation Rates

SATC Customers that meet the qualifications under the Residential Service Rate Schedule classification:

Rates per Residential SATC Customer per Month:

| | |
|-----------|---|
| \$12.00 | Basic Service Charge |
| \$0.31839 | per 100 cubic feet for the first 5,000 cubic feet |
| \$0.22688 | per 100 cubic feet for all over 5,000 cubic feet |

2. Commercial and Public Authority Transportation Rates

SATC Customers that meet the qualifications under the Commercial and Public Authority Service Rate Schedule classification:

a. Rates per Commercial/Public Authority customer per month for "Small" Commercial/Public Customers using not more than 250,000 cubic feet per year:

| | | |
|-----------|---|-----|
| \$19.89 | Basic Service Charge | |
| \$0.26842 | per 100 cubic feet for the first 5,000 cubic feet | (D) |
| \$0.23918 | per 100 cubic feet for all over 5,000 cubic feet | (D) |

b. Rates per Commercial/Public Authority customer per month for "Small" Commercial/Public Customers using greater than 250,000 cubic feet but not more than 1,000,000 cubic feet per year:

| | | |
|-----------|--|-----|
| \$27.53 | Basic Service Charge | |
| \$0.21037 | per 100 cubic feet for the first 20,000 cubic feet | (D) |
| \$0.19749 | per 100 cubic feet for all over 20,000 cubic feet | (D) |

c. Rates per Commercial/Public Authority customer per month for "Large" Commercial/Public Customers:

| | | |
|-----------|--|-----|
| \$121.01 | Basic Service Charge | |
| \$0.17641 | per 100 cubic feet for the first 300,000 cubic feet | (I) |
| \$0.16505 | per 100 cubic feet for the next 1,700,000 cubic feet | (I) |
| \$0.15004 | per 100 cubic feet for all over 2,000,000 cubic feet | |

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

APPENDIX A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-Fourth Revised Page No. 121
Canceling One-Hundred-Third Revised Page No. 121

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE (Cont.)

3. Small Volume Industrial Service Transportation Rates

SATC Customers that meet the qualifications under the Small Volume Industrial Service Rate Schedule classification:

Rates per Small Volume Industrial Service SATC Customer per Month:

\$65.60 Basic Service Charge
\$0.23224 per 100 cubic feet (D)

4. Intermediate Volume Industrial Service Transportation Rates

SATC Customers that meet the qualifications under the Intermediate Volume Industrial Service Rate Schedule classification:

Rates per Intermediate Volume Industrial Service SATC Customer per Month:

\$201.91 Basic Service Charge
\$0.17641 per 100 cubic feet for the first 100,000 cubic feet (D)
\$0.13692 per 100 cubic feet for the next 1,900,000 cubic feet (D)
\$0.10601 per 100 cubic feet for all over 2,000,000 cubic feet (D)

B. Miscellaneous Customer Surcharges

1. Residential rates shall be subject to surcharges in accordance with Rider F - LIRA Discount Charge as set forth in this tariff.

2. The above SATC rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge.

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

Issued: Effective:

RIDER I OPEB TEMPORARY SURCREDIT

Effective October 1, 2021, a one-time bill credit will be applied and a surcredit will be included in the rates subject to this Rider to provide for the pass back of funds collected previously for Other Post Retirement Benefits ("OPEB") expenses that have been deferred for the benefit of ratepayers as a regulatory liability in accordance with the settlement order in Docket # R-00061493.

\$25,000,000 of the OPEB regulatory liability has been reserved to pass back to customers as a one-time bill credit. The bill credit will be applied to customers' bills for active accounts as of October 1, 2021 and in the following amounts per class:

| | |
|-------------|---------|
| Residential | \$100 |
| C/PA | \$250 |
| Industrial | \$1,500 |

An additional \$29,000,000 of the OPEB regulatory liability has been reserved to pass back via a surcredit over 5-years (\$5,800,000 per year). The surcredit will apply as a credit to all customer bills at a set allocation percentage equal to the allocation percentage of the Company's base rate increase in Docket # R-00061493 among the various customer classes, exclusive of STAS and automatic adjustment clause revenues, for bills rendered for intrastate service on and after October 1, 2021. The surcredit will be applied on a per Mcf basis, by service class, as indicated in the table below. The surcredit will continue for a period of 5 years without reconciliation. Interest is not applicable to the OPEB balance. The OPEB Temporary Surcredit will be filed with the Commission by October 1 of each year and will be recalculated annually during the 5-year period.

| Service Class | Refund Rate | |
|--------------------------------------|-------------|-----|
| Sales & SATC | | |
| Residential (RSS & LIRA) | (\$0.20401) | (I) |
| Small Comm./Public Authority < 250 | (\$0.10071) | (D) |
| Small Comm./Public Authority > 250 | (\$0.11003) | (D) |
| Large Comm./Public Authority | (\$0.19865) | (D) |
| Small Volume Industrial Service | (\$0.02902) | (D) |
| Intermediate Vol. Industrial Service | (\$0.06960) | |
| MMT & DMT | | |
| Residential | (\$0.14199) | (I) |
| Small Comm./Public Authority < 250 | (\$0.09197) | (D) |
| Small Comm./Public Authority > 250 | (\$0.11024) | (D) |
| Large Comm./Public Authority | (\$0.10710) | |
| Small Volume Industrial Service | (\$0.04955) | (D) |
| Intermediate Vol. Industrial Service | (\$0.06069) | (D) |
| Large Volume Industrial Service | (\$0.06086) | (D) |
| Large Industrial Service | (\$0.02952) | (D) |

Issued:

Effective:

APPENDIX A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Original Page No. 171A

A total of \$54,000,000 held in a grantor trust will be used for the passback of funds described above. At the conclusion of the 5-year period, the Company will terminate the grantor trust.

The Company is suspending regulatory accounting associated OPEB expense because such costs are \$0 and base delivery rates have been reduced to eliminate the recovery of OPEB expenses. The \$54,000,000 passed back to ratepayers through the one-time bill credit and surcredit mechanisms described above will reduce the regulatory liability due to ratepayers. The remaining regulatory liability balance due to ratepayers will be addressed in the next base rate proceeding.

Of the regulatory liability balance that is not attributed to ratepayers, the Company will immediately record any portion of the balance attributed to the O&M component of any SFAS 106 income that has accumulated since the last base rate proceeding as a reduction to OPEB expense. The remaining regulatory liability balance not attributed to ratepayers is to be transferred into an account separate from the regulatory liability due to ratepayers and be used to reduce the cost of labor charged to capital projects and affiliates over a period of 5 years. Any remaining portion of the regulatory liability after the expiration of the 5-year period will be addressed in the next base rate proceeding.

Issued:

Effective:

REDLINED VERSION

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-Third Revised Page No. 41
Canceling One-Hundred-Second Revised Page No. 41

COMMERCIAL AND PUBLIC AUTHORITY SERVICE RATE SCHEDULE (cont.)

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

For "Small" Commercial/Public Authority Customers using not more than 250,000 cubic feet per year:

Basic Service Charge

\$19.89 per Month

Distribution Charges

~~26.842¢~~ per 100 cubic feet for the first 5,000 cubic feet (D)
~~23.918¢~~ per 100 cubic feet for all over 5,000 cubic feet (D)

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Gas Adjustment Charge

| | | |
|---------------|--------------------|--|
| 0.139¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| <u>0.000¢</u> | per 100 cubic feet | Merchant Function Charge (Rider G) |
| 0.139¢ | per 100 cubic feet | Total Gas Adjustment Charge |

Natural Gas Supply Charge

| | | |
|---------------|--------------------|--|
| 60.785¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| 0.139¢ | per 100 cubic feet | Merchant Function Charge (Rider G) |
| <u>1.050¢</u> | per 100 cubic feet | Gas Procurement Charge (Rider H) |
| 61.974¢ | per 100 cubic feet | Total Natural Gas Supply Charge |

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.2285% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223.

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Fifty-Seventh Revised Page No. 41A
Canceling Fifty-Sixth Revised Page No. 41A

COMMERCIAL AND PUBLIC AUTHORITY SERVICE RATE SCHEDULE (Cont'd)

For "Small" Commercial/Public Authority Customers using greater than 250,000 cubic feet but not more than 1,000,000 cubic feet per year:

Basic Service Charge
\$27.53 per Month

Distribution Charges

~~21.037¢~~ per 100 cubic feet for the first 20,000 cubic feet (D)
~~19.749¢~~ per 100 cubic feet for all over 20,000 cubic feet (D)

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Gas Adjustment Charge

| | | |
|---------------|--------------------|--|
| 0.139¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| <u>0.000¢</u> | per 100 cubic feet | Merchant Function Charge (Rider G) |
| 0.139¢ | per 100 cubic feet | Total Gas Adjustment Charge |

Natural Gas Supply Charge

| | | |
|---------------|--------------------|--|
| 60.785¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| 0.139¢ | per 100 cubic feet | Merchant Function Charge (Rider G) |
| <u>1.050¢</u> | per 100 cubic feet | Gas Procurement Charge (Rider H) |
| 61.974¢ | per 100 cubic feet | Total Natural Gas Supply Charge |

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.2285% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223.

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-Third Revised Page No. 42
Canceling One-Hundred-Second Revised Page No. 42

Commercial and Public Authority Service Rate Schedule (Cont'd)

For "Large" Commercial/Public Authority Customers:

Basic Service Charge

\$121.01 per Month

Distribution Charges

| | | |
|---------|--|-----|
| 17.641¢ | per 100 cubic feet for the first 300,000 cubic feet | (I) |
| 16.505¢ | per 100 cubic feet for the next 1,700,000 cubic feet | (I) |
| 15.004¢ | per 100 cubic feet for all over 2,000,000 cubic feet | |

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Gas Adjustment Charge

| | | |
|--------|--------------------|---|
| 0.139¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| 0.000¢ | per 100 cubic feet | Merchant Function Charge (Rider G) |
| 0.139¢ | per 100 cubic feet | Total Gas Adjustment Charge |

Natural Gas Supply Charge

| | | |
|---------|--------------------|---|
| 60.785¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| 0.139¢ | per 100 cubic feet | Merchant Function Charge (Rider G) |
| 1.050¢ | per 100 cubic feet | Gas Procurement Charge (Rider H) |
| 61.974¢ | per 100 cubic feet | Total Natural Gas Supply Charge |

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.2285% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223.

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The Rules and Regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundredth Revised Page No. 53
Canceling Ninety-Ninth Revised Page No. 53

SVIS
Small Volume Industrial Service Rate Schedule (Cont'd)

MONTHLY RATE

Basic Service Charge
\$65.60 per Month

Distribution Charges
~~23.224¢~~ per 100 cubic feet

(D)

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| | | |
|-----------------------|--------------------|--|
| Gas Adjustment Charge | | |
| 0.139¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| <u>0.000¢</u> | per 100 cubic feet | Merchant Function Charge (Rider G) |
| 0.139¢ | per 100 cubic feet | Total Gas Adjustment Charge |

| | | |
|---------------------------|--------------------|--|
| Natural Gas Supply Charge | | |
| 60.785¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| 0.139¢ | per 100 cubic feet | Merchant Function Charge (Rider G) |
| <u>1.050¢</u> | per 100 cubic feet | Gas Procurement Charge (Rider H) |
| 61.974¢ | per 100 cubic feet | Total Natural Gas Supply Charge |

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.2285% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223.

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The Rules and Regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundredth Revised Page No. 55
Canceling Ninety-Ninth Revised Page No. 55

IVIS

INTERMEDIATE VOLUME INDUSTRIAL SERVICE RATE SCHEDULE (Cont'd)
MONTHLY RATE

Basic Service Charge
\$201.91 per Month

Distribution Charges

| | | |
|---------|--|-----|
| 17.641¢ | per 100 cubic feet for the first 100,000 cubic feet | (D) |
| 13.692¢ | per 100 cubic feet for the next 1,900,000 cubic feet | (D) |
| 10.601¢ | per 100 cubic feet for all over 2,000,000 cubic feet | (D) |

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Gas Adjustment Charge

| | | |
|--------|--------------------|---|
| 0.139¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| 0.000¢ | per 100 cubic feet | Merchant Function Charge (Rider G) |
| 0.139¢ | per 100 cubic feet | Total Gas Adjustment Charge |

Natural Gas Supply Charge

| | | |
|---------|--------------------|---|
| 60.785¢ | per 100 cubic feet | Purchased Gas Cost Component (Rider A) |
| 0.139¢ | per 100 cubic feet | Merchant Function Charge (Rider G) |
| 1.050¢ | per 100 cubic feet | Gas Procurement Charge (Rider H) |
| 61.974¢ | per 100 cubic feet | Total Natural Gas Supply Charge |

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.2285% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223.

The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

APPLICATION PERIOD

The Application Period shall be the twelve months beginning March 1 of each year.

RULES AND REGULATIONS

The rules and regulations set forth in this tariff shall govern, where applicable, the supply of gas service under this rate schedule.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundredth Revised Page No. 65
Canceling Ninety-Ninth Revised Page No. 65

LVIS

Large Volume Industrial Service (Cont'd)

- C. An Industrial Customer, for which the Company estimates that the total volumes of gas purchased from the Company or transported by the Company during the next succeeding twelve months will be not less than 50,000 Mcf, if the Industrial Customer has used total volumes of gas in at least one billing month of not less than 4,167 Mcf, even if the Customer disagrees with the Company's estimate.

- D. An Industrial Customer for which the Company estimates that total volumes of gas to be used by the customer during the next succeeding twelve months will not be less than 50,000 Mcf of gas per year whether the gas is purchased by the Industrial Customer from the Company, delivered by the Company to the Industrial Customer, or obtained by the customer from another source.

An Industrial Customer that meets the above criteria under this rate schedule at the beginning of an Application Period is required to continue to be subject to this rate schedule during all months of such Application Period. An Industrial Customer that meets the above criteria under this rate schedule during an Application Period is required to continue to be subject to this rate schedule during all or remaining months of such Application Period.

MONTHLY RATE

| | | | |
|-----------------------|---|-----|--|
| Basic Service Charge | | | |
| \$809.00 | per Month | | |
| Distribution Charges | | | |
| 13.212¢ | per 100 cubic feet for the first 100,000 cubic feet | (I) | |
| 11.468¢ | per 100 cubic feet for the next 1,900,000 cubic feet | (I) | |
| 9.465¢ | per 100 cubic feet for the next 18,000,000 cubic feet | (I) | |
| 8.150¢ | per 100 cubic feet for all over 20,000,000 cubic feet | (I) | |
| Gas Adjustment Charge | | | |
| 0.139¢ | per 100 cubic feet | | Purchased Gas Cost Component (Rider A) |
| <u>0.000¢</u> | per 100 cubic feet | | Merchant Function Charge (Rider G) |
| 0.139¢ | Per 100 cubic feet | | Total Gas Adjustment Charge |

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(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Forty-Fifth Revised Page No. 100
Canceling Forty-Third and Forty-Fourth Revised Page No. 100

RATE SCHEDULE FOR MONTHLY METERED TRANSPORTATION SCHEDULE (cont'd)

MONTHLY RATES

Commodity Rates

The commodity rates set forth below contain a component, presently \$0.3800 per Mcf, for recovery of purchased gas costs.

For transportation of gas to Residential Customers, the monthly rate for transportation of gas both within and outside the Commonwealth of Pennsylvania shall be:

\$2.8358 Mcf

Deleted: (D)

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.7456 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year (D)

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\$2.2445 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year (D)

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\$1.7962 per Mcf for Large Commercial/Public Authority (I)

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For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.7456 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year (D)

Deleted: 8058

\$2.2445 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year (D)

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\$1.7962 per Mcf for Large Commercial/Public Authority (I)

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For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.5457 per Mcf for SVIS Customers (D)

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For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.5457 per Mcf for SVIS Customers (D)

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(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Forty-Fourth Revised Page No. 101
Canceling Forty-Second and Forty-Third Revised Page No. 101

RATE SCHEDULE FOR MONTHLY METERED TRANSPORTATION SCHEDULE (cont'd)

For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:
\$1.4504 per Mcf for IVIS Customers (D)

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For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$1.4504 per Mcf for IVIS Customers (D)

Deleted: 20

For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$1.1886 per Mcf (I)

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For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

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\$1.1886 per Mcf (I)

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For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

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\$0.8639 per Mcf

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For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$0.8639 per Mcf

Deleted: (D)

Provided, however, that the Company, in its sole discretion, may reduce by contract the portion of the above rates applicable to the Customer that are for recovery of gas or the portion of the rate for recovery of non-gas costs of service if it is reasonably necessary to do so to meet competition from another supplier of energy including gas from another supplier of gas that has constructed, or could construct, facilities to deliver supplies of gas to a MMT Customer of the Company without use of the Company's facilities or another transportation of gas. The Company may also reduce or eliminate the compensation for line losses provided for in Special Provisions paragraph B of this rate schedule in order to meet the competitive circumstances for alternate fuels or bypass situations cited above excluding competition from other Pennsylvania local distribution companies. The Company will reduce the applicable rate only if:

- (a) Either (1) the MMT Customer has facilities in place and operable to use an alternative fuel or obtain gas from an alternative supplier or (2) in the Company's judgment, such facilities would be constructed;

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Ninth Revised Page No. 111
Canceling Eighth Revised Page No. 111

RATE SCHEDULE FOR DAILY METERED TRANSPORTATION SERVICE (cont'd)

MONTHLY RATES

Commodity Rates

For transportation of gas to Residential customers, the monthly rate for transportation of gas both within and outside the Commonwealth of Pennsylvania shall be:

\$2.4558 per Mcf.

Deleted: (D)

For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.3656 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year (D)

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\$1.8645 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year (D)

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\$1.4162 per Mcf for Large Commercial/Public Authority (I)

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For transportation of gas to Commercial and Public Authority Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.3656 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per Year (D)

Deleted: 4258

\$1.8645 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year (D)

Deleted: 9401

\$1.4162 per Mcf for Large Commercial/Public Authority (I)

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Deleted: D

For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$2.1657 per Mcf for SVIS Customers. (D)

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For transportation of gas to Small Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$2.1657 per Mcf for SVIS Customers. (D)

Deleted: 973

For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$1.0704 per Mcf for IVIS Customers. (D)

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(D) Indicates Decrease
(I) Indicates Increase

(C) Indicates Change

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Ninth Revised Page No. 112
Canceling Eighth Revised Page No. 112

RATE SCHEDULE FOR DAILY METERED TRANSPORTATION SERVICE (cont'd)

For transportation of gas to Intermediate Volume Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$1.0704 per Mcf for IVIS Customers.

(D)

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For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$0.8086 per Mcf.

(I)

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For transportation of gas to Large Volume Industrial Customers and any entity that is not a Gas Service Customer, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$0.8086 per Mcf.

(I)

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For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced within the Commonwealth of Pennsylvania shall be:

\$0.4839 per Mcf.

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For transportation of gas to Large Industrial Customers, the monthly rate for transportation of gas produced outside the Commonwealth of Pennsylvania shall be:

\$0.4839 per Mcf.

Deleted: (D)

Provided, however, that the Company, in its sole discretion, may reduce by contract the portion of the above rates applicable to the Customer that is for recovery of gas costs or the portion of the rate for recovery of non-gas costs of service if it is reasonably necessary to do so to meet competition from another supplier of energy including gas from another supplier of gas that has constructed, or could construct, facilities to deliver supplies of gas to a Gas Service Customer of the Company without use of the Company's facilities or another transporter of gas. The Company may also reduce or eliminate the compensation for line losses provided for in Special Provisions paragraph B of this rate schedule in order to meet the competitive circumstances for alternate fuels or bypass situations cited above excluding competition from other Pennsylvania local distribution companies. The Company will reduce the applicable rate only if:

- (a) Either (1) the Customer has facilities in place and operable to use an alternative fuel or obtain gas from an alternative supplier or (2) in the Company's judgment, such facilities would be constructed;

(D) Indicates Decrease
(I) Indicates Increase

(C) Indicates Change

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-First Revised Page No. 120
Canceling One-Hundredth Revised Page No. 120

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE (Cont.)

1. Residential Transportation Rates

SATC Customers that meet the qualifications under the Residential Service Rate Schedule classification:

Rates per Residential SATC Customer per Month:

\$12.00 Basic Service Charge
\$0.31839 per 100 cubic feet for the first 5,000 cubic feet
\$0.22688 per 100 cubic feet for all over 5,000 cubic feet

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2. Commercial and Public Authority Transportation Rates

SATC Customers that meet the qualifications under the Commercial and Public Authority Service Rate Schedule classification:

a. Rates per Commercial/Public Authority customer per month for "Small" Commercial/Public Customers using not more than 250,000 cubic feet per year:

\$19.89 Basic Service Charge
\$0.26842 per 100 cubic feet for the first 5,000 cubic feet (D)
\$0.23918 per 100 cubic feet for all over 5,000 cubic feet (D)

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b. Rates per Commercial/Public Authority customer per month for "Small" Commercial/Public Customers using greater than 250,000 cubic feet but not more than 1,000,000 cubic feet per year:

\$27.53 Basic Service Charge
\$0.21037 per 100 cubic feet for the first 20,000 cubic feet (D)
\$0.19749 per 100 cubic feet for all over 20,000 cubic feet (D)

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c. Rates per Commercial/Public Authority customer per month for "Large" Commercial/Public Customers:

\$121.01 Basic Service Charge
\$0.17641 per 100 cubic feet for the first 300,000 cubic feet (I)
\$0.16505 per 100 cubic feet for the next 1,700,000 cubic feet (I)
\$0.15004 per 100 cubic feet for all over 2,000,000 cubic feet

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(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-Fourth Revised Page No. 121
Canceling One-Hundred-Third Revised Page No. 121

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE (Cont.)

3. Small Volume Industrial Service Transportation Rates

SATC Customers that meet the qualifications under the Small Volume Industrial Service Rate Schedule classification:

Rates per Small Volume Industrial Service SATC Customer per Month:

| | | |
|-----------|----------------------|-----|
| \$65.60 | Basic Service Charge | |
| \$0.23224 | per 100 cubic feet | (D) |

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4. Intermediate Volume Industrial Service Transportation Rates

SATC Customers that meet the qualifications under the Intermediate Volume Industrial Service Rate Schedule classification:

Rates per Intermediate Volume Industrial Service SATC Customer per Month:

| | | |
|-----------|--|-----|
| \$201.91 | Basic Service Charge | |
| \$0.17641 | per 100 cubic feet for the first 100,000 cubic feet | (D) |
| \$0.13692 | per 100 cubic feet for the next 1,900,000 cubic feet | (D) |
| \$0.10601 | per 100 cubic feet for all over 2,000,000 cubic feet | (D) |

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B. Miscellaneous Customer Surcharges

1. Residential rates shall be subject to surcharges in accordance with Rider F - LIRA Discount Charge as set forth in this tariff.

2. The above SATC rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge.

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
First Revised Page No. 171
Canceling Original Page No. 171

RIDER I OPEB TEMPORARY SURCREDIT

Effective October 1, 2021, a one-time bill credit will be applied and a surcredit will be included in the rates subject to this Rider to provide for the pass back of funds collected previously for Other Post Retirement Benefits ("OPEB") expenses that have been deferred for the benefit of ratepayers as a regulatory liability in accordance with the settlement order in Docket # R-00061493.

\$25,000,000 of the OPEB regulatory liability has been reserved to pass back to customers as a one-time bill credit. The bill credit will be applied to customers' bills for active accounts as of October 1, 2021 and in the following amounts per class:

Residential \$100
C/PA \$250
Industrial \$1,500

An additional \$29,000,000 of the OPEB regulatory liability has been reserved to pass back via a surcredit over 5-years (\$5,800,000 per year). The surcredit will apply as a credit to all customer bills at a set allocation percentage equal to the allocation percentage of the Company's base rate increase in Docket # R-00061493 among the various customer classes, exclusive of STAS and automatic adjustment clause revenues, for bills rendered for intrastate service on and after October 1, 2021. The surcredit will be applied on a per Mcf basis, by service class, as indicated in the table below. The surcredit will continue for a period of 5 years without reconciliation. Interest is not applicable to the OPEB balance. The OPEB Temporary Surcredit will be filed with the Commission by October 1 of each year and will be recalculated annually during the 5-year period.

| Service Class | Refund Rate |
|--------------------------------------|-------------|
| Sales & SATC | |
| Residential (RSS & LIRA) | (\$0.20401) |
| Small Comm./Public Authority < 250 | (\$0.10071) |
| Small Comm./Public Authority > 250 | (\$0.11003) |
| Large Comm./Public Authority | (\$0.19865) |
| Small Volume Industrial Service | (\$0.02902) |
| Intermediate Vol. Industrial Service | (\$0.06960) |
| MMT & DMT | |
| Residential | (\$0.14199) |
| Small Comm./Public Authority < 250 | (\$0.09197) |
| Small Comm./Public Authority > 250 | (\$0.11024) |
| Large Comm./Public Authority | (\$0.10710) |
| Small Volume Industrial Service | (\$0.04955) |
| Intermediate Vol. Industrial Service | (\$0.06069) |
| Large Volume Industrial Service | (\$0.06086) |
| Large Industrial Service | (\$0.02952) |

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Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Original Page No. 171A

A total of \$54,000,000 held in a grantor trust will be used for the passback of funds described above. At the conclusion of the 5-year period, the Company will terminate the grantor trust.

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The Company is suspending regulatory accounting associated OPEB expense because such costs are \$0 and base delivery rates have been reduced to eliminate the recovery of OPEB expenses. The \$54,000,000 passed back to ratepayers through the one-time bill credit and surcredit mechanisms described above will reduce the regulatory liability due to ratepayers. The remaining regulatory liability balance due to ratepayers will be addressed in the next base rate proceeding.

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Of the regulatory liability balance that is not attributed to ratepayers, the Company will immediately record any portion of the balance attributed to the O&M component of any SFAS 106 income that has accumulated since the last base rate proceeding as a reduction to OPEB expense. The remaining regulatory liability balance not attributed to ratepayers is to be transferred into an account separate from the regulatory liability due to ratepayers and be used to reduce the cost of labor charged to capital projects and affiliates over a period of 5 years. Any remaining portion of the regulatory liability after the expiration of the 5-year period will be addressed in the next base rate proceeding.

Issued:

Effective:

APPENDIX B

BASE RATE REDUCTIONS AND SURCREDIT REVISION SUMMARY

| | NFG Filed | SETTLEMENT | Difference |
|--|--------------------|--------------------|------------------|
| Going Forward Base Rate Reduction | | | |
| Residential | \$6,391,000 | \$6,391,000 | \$0 |
| SC&PA LE 250 | \$254,000 | \$326,294 | \$72,294 |
| SC&PA GT 250 | \$77,001 | \$248,110 | \$171,110 |
| LC&PA | \$708,745 | \$465,342 | (\$243,403) |
| SVIS | \$8,000 | \$12,817 | \$4,817 |
| IVIS | \$122,125 | \$128,065 | \$5,940 |
| LVIS | \$101,000 | \$90,243 | (\$10,757) |
| LIS | \$39,000 | \$39,000 | \$0 |
| Total | \$7,700,871 | \$7,700,871 | \$0 |
| 5-Year Amortization of Passback | | | |
| Residential | \$4,150,000 | \$4,150,000 | \$0 |
| SC&PA LE 250 | \$165,000 | \$127,000 | (\$38,000) |
| SC&PA GT 250 | \$50,000 | \$260,000 | \$210,000 |
| LC&PA | \$460,500 | \$750,000 | \$289,500 |
| SVIS | \$5,000 | \$5,000 | \$0 |
| IVIS | \$79,000 | \$220,000 | \$141,000 |
| LVIS | \$65,500 | \$160,000 | \$94,500 |
| LIS | \$25,000 | \$165,500 | \$140,500 |
| Total | \$5,000,000 | \$5,837,500 | \$837,500 |

APPENDIX C

APPENDIX C

PROPOSED FINDINGS OF FACT

1. National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) is a “public utility” and “natural gas distribution company” (“EDC”) as those terms are defined in Sections 102 and 2803 of the Public Utility Code, 66 Pa. C.S. §§ 102, 2202, subject to the regulatory jurisdiction of the Pennsylvania Public Utility Commission (“Commission”). Distribution provides natural gas distribution services to customers located in its certificated service territory.

2. On July 22, 2021, Distribution filed Supplement No. 228 to Tarff Gas – Pa. P.U.C. No. 9 (“Supplement No. 228”) with the Commission.

3. Distribution’s Supplement No. 228 was accompanied by a Statement of Reasons, response to the Commission’s filing requirements, and Distribution Statement Nos. 1 and 2.

4. Distribution witness Mr. Koch testified that the Supplement No. 228 was designed to reduce rates by the amount currently included for recovery of Other Post-Employment Benefits (“OPEB”) expenses. (Distribution Statement No. 1 at 2.)

5. Distribution’s witnesses stated that the amount of OPEB expenses included in base rates is \$7,704,085, in accordance with the Company’s settlement at Docket No. R-00061493. (Distribution Statement No. 1 at 2; Distribution St. 2 at 4.)

6. Distribution witness Mr. Weidner explained the method used to account for OPEBs and related deferrals, and calculated the amount of the regulatory liability recorded on Distribution’s general ledger as of March 31, 2021. (Distribution Statement No. 2 at 5-6.)

7. Mr. Weidner also testified regarding the amount of the regulatory liability that is due to ratepayers, how much ratepayers have contributed related to OPEB costs since rates went

into effect under Docket No. R-00061493, and the aggregate amount of actual SFAS 106 costs since rates went into effect. (Distribution Statement No. 2 at 7-8.)

8. Distribution witness Mr. Koch also explained that the Company was only recovering the expense component of OPEB costs from customers. (Distribution Statement No. 1 at 3.)

9. Distribution explained that it is collecting more in rates than is needed for OPEB benefit obligations. (Distribution Statement No. 1 at 4-5.)

10. In addition, Distribution testified that it was complying with the funding requirements of the settlement at Docket No. R-00061493 and contributing to the VEBA or 401(h) accounts in accordance with its terms. (Distribution Statement No. 2 at 9-10.)

11. The funds collected from ratepayers that reside in the grantor trust are not needed to fund future OPEB benefit obligations and can be utilized if authorized by an order of the Commission. (Distribution Statement No. 1 at 5; Distribution Statement No. 2 at 10-12.)

12. Distribution proposed a one-time bill credit to refund approximately \$25,000,000 of the OPEB regulatory. (Distribution Statement No. 1 at 7-8)

13. Distribution also proposed to refund approximately \$25,000,000 through a five-year surcredit.

14. The surcredit did not include a reconciliation mechanism and is not subject to interest, while it is in place for five years or until each class refund is completed. (Distribution Statement No. 1 at 8-9.)

15. Distribution further proposed to address the remaining liability owed to ratepayers in a future general base rate case initiated by Distribution. (Distribution Statement No. 2 at 12.)

16. No protests or other adverse pleadings were timely filed.

17. On September 15, 2021, the Commission entered an Order approving Supplement No. 228.

18. On September 30, 2021, Distribution filed Supplement No. 232 to Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 232”) in compliance with the Commission’s Order entered September 15, 2021, at Docket No. R-2021-3027406. Supplement No. 232, effective on October 1, 2021, incorporates the changes approved in Supplement No. 228, and corrected other minor matters.

19. On October 20, 2021, the Commission issued a Secretarial Letter regarding the compliance filing that approved the revisions set forth in Supplement No. 232. The rates contained therein are now in effect.

20. On September 22, 2021, the Office of Small Business Advocate (“OSBA”) filed a complaint at Docket No. C-2021-3028654 (“OSBA Complaint”).

21. Distribution filed an Answer to the OSBA Complaint on October 1, 2021.

22. On November 15, 2021, Distribution notified Deputy Chief Administrative Law Judge Joel H. Cheskis and Administrative Law Judge Gail M. Chiodo (collectively, “ALJs”) that a settlement in principle was achieved with respect to all issues. The Company also requested that the parties provide the ALJs with a Joint Petition for Settlement and Statements in Support on or before December 1, 2021.

23. The Settlement is supported or not opposed by parties in this case. Distribution and OSBA (collectively, “Joint Petitioners”) are signatories to the Settlement. The Office of Consumer Advocate (“OCA”) does not oppose the Settlement.

24. The Settlement reflects a carefully balanced compromise of the interests of all of the Joint Petitioners. (Settlement ¶ 13.)

25. The Settlement reflects that the OSBA's Formal Complaint at Docket No. C-2021-3028654 is satisfied, subject to the terms and conditions of this Settlement that modify Supplement No. 232 to Tariff Gas – Pa. P.U.C. No. 9. (Settlement ¶ 14.)

26. Under the Settlement, the Company accepts OSBA's proposal of revisions to the base rate reductions amongst the Commercial/Public Authority/Industrial classes to become effective on and after Commission's approval of this settlement on a prospective basis. (Settlement ¶ 15.)

27. The Settlement further provides that the surcredit to be made available on a prospective basis to the Commercial/Public Authority/Industrial classes will be increased by approximately \$837,500 on an annual basis through the 5-year surcredit amortization commencing with Commission approval of this settlement. (Settlement ¶ 16.)

28. In addition, the Settlement does not make any adjustments to the One-Time Bill Credit customers received on October 1, 2021. (Settlement ¶ 17.)

29. The Settlement also provides that the total 5-year impact of the One-Time Bill Credit and the revised surcredit to customers increases the return of amounts to customers from approximately \$50,000,000 to approximately \$54,000,000. (Settlement ¶ 18.)

30. The total \$54 million to be passed back to customers through the One-Time Bill Credit and surcredit mechanisms will reduce the regulatory liability due to customers that existed at September 30, 2021. The remaining regulatory liability balance due to customers will be addressed in the next base rate proceeding. The total impact will further reduce the balance of the regulatory liability owed to ratepayers and will be reflected on the appropriate tariff pages at the time of the appropriate filings. (Settlement ¶ 19.)

31. The benefits accruing to Residential customers from the Company's original filing will not be impacted by this settlement. (Settlement ¶ 20.)

APPENDIX D

APPENDIX D

PROPOSED CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa. C.S. §§ 1301, 1308(d).

2. Under Section 1301 of the Public Utility Code, a public utility's rates must be just and reasonable. 66 Pa. C.S. § 1301.

3. The Commission possesses a great deal of flexibility in its ratemaking function. *See Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995). "In determining just and reasonable rates, the [Commission] has discretion to determine the proper balance between the interests of ratepayers and utilities." *Id.*

4. The term "just and reasonable" is not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulate; rather, the Commission is granted the power to balance the prices charged to utility customers and returns on capital to utility investors. *Pa. PUC v. Pa. Gas & Water Co.*, 424 A.2d 1213, 1219 (Pa. 1980), *cert. denied*, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981).

5. Commission policy promotes settlements. 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative resources.

6. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

7. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. UGI Utilities, Inc. – Gas Division*,

Docket Nos. R-2015-2518438, *et al.* (Order entered Oct. 14, 2016); *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered Jan. 7, 2004).

8. The Joint Petitioners have the burden to prove that the Settlement is in the public interest. *Pa. PUC v. Pike Cnty. Light & Power (Electric)*, Docket Nos. R-2013-2397237, C-2014-2405317, *et al.* (Order entered Sept. 11, 2014).

9. The decision of the Commission must be supported by substantial evidence. 2 Pa. C.S. § 704.

10. “Substantial evidence” is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. PUC*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Comm., Dept. of Public Welfare, White Haven Center*, 480 A.2d 382 (Pa. Cmwlth. 1984).

11. The rates and terms of service set forth in the Settlement are supported by substantial evidence and are in the public interest. Therefore, consistent with the terms and conditions set forth in the Settlement, the *pro forma* tariff supplement attached to the Settlement as **Appendix A** should be approved.

APPENDIX E

APPENDIX E

PROPOSED ORDERING PARAGRAPHS

1. That the Pennsylvania Public Utility Commission approve this Settlement, including all the terms and modifications thereof, without modification;
2. That the investigation into this matter be terminated and the matter marked closed;
3. That the Formal Complaint of the Office of Small Business Advocate at Docket No. C-2021-3028654 be deemed satisfied and marked closed; and
4. That the Commission issue an Opinion and Order terminating the proceeding, and authorizing Distribution to file the *pro forma* tariff supplement attached to the Settlement as **Appendix A** to become effective on one-day's notice following approval of the Settlement.

APPENDIX F

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|---|---|---------------------------|
| National Fuel Gas Distribution Corporation | : | |
| Supplement No. 228 to Tariff Gas – Pa. P.U.C. | : | Docket No. R-2021-3027406 |
| No. 9 | : | |
| | : | |
| Office of Small Business Advocate | : | |
| | : | |
| v. | : | Docket No. C-2021-3028654 |
| | : | |
| National Fuel Gas Distribution Corporation | : | |

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION’S
STATEMENT IN SUPPORT
OF SETTLEMENT OF ALL ISSUES**

**TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE JOEL H. CHESKIS AND
ADMINISTRATIVE LAW JUDGE GAIL M. CHIODO:**

I. INTRODUCTION

National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) hereby submits this Statement in Support of the Joint Petition for Approval of Settlement of All Issues (“Settlement”) entered into between Distribution and the Office of Small Business Advocate (“OSBA”) (collectively, “Joint Petitioners”). Distribution notes that the Office of Consumer Advocate (“OCA”) intervened in this proceeding, and has represented that it does not oppose the Settlement. The Settlement represents a full resolution of all issues raised in the instant proceeding.

The Joint Petitioners agree that the Deputy Chief Administrative Law Judge Joel H. Cheskis and Administrative Law Judge Gail M. Chiodo (collectively, “ALJs”), and the Pennsylvania Public Utility Commission (“Commission”) approve the Settlement and resolve OSBA’s Formal Complaint, subject to the terms and conditions of the Settlement. The Settlement

slightly revises the base rate reductions set forth in Supplement No. 228 to Tariff Gas – Pa. P.U.C. No. 9 for the Commercial/Public Authority/Industrial classes and increases the surcredit to be made available to those classes, all on a prospective basis, without impacting the benefits accruing to Residential customers from the Company’s original filing, as set forth in the *pro forma* tariff supplement attached hereto as **Appendix A**. A chart showing the revisions to the base rate reductions and surcredit is set forth in **Appendix B**. Proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs are provided as **Appendices C** through **E**, respectively.

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners. Distribution submits that the Settlement is in the public interest, just and reasonable, and supported by substantial evidence and, therefore, should be approved without modification.

For these reasons, and as explained in further detail below, Distribution respectfully requests that the ALJs and the Commission approve the Settlement without modification.

II. STANDARD FOR APPROVAL OF SETTLEMENT

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements reduce the time and expense that parties must expend litigating a case and, at the same time, conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401.

The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. PUC v. MXenergy Electric Inc.*, Docket No. M-2012-2201861, 2013 Pa. PUC LEXIS 789, 310 P.U.R.4th 58 (Opinion and Order entered Dec. 5, 2013). To approve a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. Windstream Pa., LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Opinion and

Order entered Sept. 27, 2012); *Pa. PUC v. C.S. Water & Sewer Assocs.*, Docket No. R-881147, 74 Pa. PUC 767 (Opinion entered July 22, 1991).

As explained in the next section of this Statement in Support, the Settlement is just and reasonable and in the public interest and, therefore, should be approved without modification.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

The Joint Petitioners agree that the Settlement is in the public interest (Settlement ¶ 14), and fully resolves the Formal Complaint of the OSBA by adopting the base rate reduction revisions and surcredit revisions set forth in Appendix A. (Settlement ¶¶ 15-16.) The Settlement proposes relatively minimal changes to the initial Other Post Employment Benefit (“OPEB”) Supplement No. 228 tariff filing that was approved by the Commission on September 15, 2021. Specifically, the Settlement reflects OSBA’s proposal to slightly reallocate the base rate reductions set forth in the Company’s initial filing amongst the Commercial/Public Authority/Industrial classes. (Settlement ¶ 17.) The proposal also increases the surcredit to be made available on a prospective basis to these classes by approximately \$837,500 per year, through the 5-year surcredit period. (Settlement ¶ 18.)

The Settlement also makes no adjustments to the One-Time Bill Credit customers received on October 1, 2021. (Settlement ¶ 19.) This ensures that customers’ previously obtained benefits of the Company’s initial filing are not disturbed. Overall, the Settlement ultimately results in an increase in the total 5-year return of amounts to customers from approximately \$50,000,000 to approximately \$54,000,000. (Settlement ¶ 20.) The Settlement also specifies how the amounts to be passed back to customers will reduce the overall regulatory liability due to customers. (Settlement ¶ 21.)

Finally, and importantly, the benefits accruing to Residential customers from the Company’s original filing will not be impacted by the Settlement. (Settlement ¶ 22.) The

reallocation of revenues under the Settlement ensures that residential customers continue to obtain the same benefits they were afforded under the Company's original filing.

Distribution submits that this Settlement reflects one of the several ways that the Company could have allocated the refunds provided by its initial tariff filing. As explained in the testimony of Donald Koch, in Supplement No. 228, the Company rate reduction, one-time bill credit and surcredit were largely based on the allocation percentage that rates were increased under the settlement of Distribution's 2006 base rate proceeding. (Distribution St. No. 1 at 5-7.) In its Complaint, OSBA suggested that the allocation percentages should more closely reflect the percentage of non-gas revenues of each class. OSBA Complaint, p. 3. The Settlement revisions to the rate decreases and increases in the surcredits for the non-residential classes achieve this goal for OSBA. Distribution believes this is a reasonable outcome for settlement purposes given the agreement or non-opposition of all parties to the proceeding.

Importantly, however, the Settlement achieves the same primary purpose of the initial filing. Distribution was collecting more in rates than is needed for OPEB benefit obligations. (Distribution Statement No. 1 at 4-5.) And, consistent with the settlement at Docket No. R-00061493, funds collected from ratepayers that reside in the grantor trust are not needed to fund future OPEB benefit obligations and can be returned to customers. (Distribution Statement No. 1 at 5; Distribution Statement No. 2 at 10-12.) The Settlement, like Distribution's initial proposal, returns these funds to ratepayers, and in fact returns more of these funds to customers within the 5-year surcredit period. Therefore, Distribution submits that the Settlement reflects a carefully balanced compromise of the Joint Petitioners' positions and should be approved.

IV. CONCLUSION

WHEREFORE, the Joint Petitioners respectfully request that Deputy Chief Administrative Law Judge Joel H. Cheskis and Administrative Law Judge Gail M. Chiodo recommend approval

of, and the Pennsylvania Public Utility Commission approve, this Joint Petition for Approval of Settlement of All Issues.

Respectfully submitted,



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Dated: December 1, 2021

Counsel for National Fuel Gas Distribution Corporation

APPENDIX G

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

National Fuel Gas Distribution : Docket No. R-2021-3027406
Corporation Supplement No. 228 to Tariff :
Gas - Pa. P.U.C. No. 9 :
:

**STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR
APPROVAL OF SETTLEMENT OF ALL ISSUES**

Introduction

On July 22, 2021, National Fuel Gas Distribution Corporation (“NFG” or the “Company”) filed Supplement No. 228 to Tariff Gas - Pa. P.U.C. No. 9 (“Supplement No. 228”) Supplement No. 228 modifies the treatment of Other Post-Employment Benefits (“OPEB”) from that agreed to in the settlement of the Company’s last base rate proceeding at Docket No. R-00061493. Specifically, Supplement No. 228:

a. Reduces the Company’s base rates by \$7,704,085, which represents the Company’s determination of the magnitude of OPEB expenses currently reflected in rates, notwithstanding the \$10,005,305 gross OPEB cost reflected in the settlement.

b. Refunds \$50,000,000 of the OPEB expenses in the Company’s OPEB regulatory liability account that are held in a grantor trust, reflecting amounts that were paid for by customers but are not expected to be needed for future OPEB costs. More specifically, Supplement No. 228 proposed to refund \$25,000,000 of the \$50,000,000 through a one-time bill credit to all customers and the remaining \$25,000,000 through a non-reconcilable “sur-credit” over a 5-year period.

c. Cease all regulatory deferral accounting relating to OPEB expenses, ostensibly because the Company determined that the going-forward OPEB costs reflected in rates would be zero. NFG Statement No. 2, at 13.

d. Removes \$53,402,051 from the current regulatory liability balance. Of that, record \$17,617,453 as a reduction to OPEB expense, which would appear to be income to the Company. The remaining \$35,784,598 is transferred to a separate regulatory liability account “that will be used to reduce the cost of labor charged to rate base and affiliates over a period of 5 years.” NFG Statement No. 2, at 13-14, NFG response to OSBA-I-6(b).

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed a Complaint in response to Supplement No. 228 on September 21, 2021.

The OSBA actively participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Approval of Settlement of all Issues (“*Joint Petition*”). The OSBA submits this statement in support of the *Joint Petition*.

The Joint Petition

OPEB Costs / Regulatory Liability / Deferral Accounting

In its complaint, the OSBA expressed concerns regarding the magnitude of the OPEB costs reflected in rates, the treatment of a portion of the regulatory liability account as income to the Company, and the Company's proposal to cease regulatory deferral accounting.¹ OSBA Complaint at 3, items a.-d.

The regulatory deferral account mechanism for OPEB cost reconciliation at issue in this proceeding was established based on the recommendations of an expert witness representing the Office of Consumer Advocate ("OCA") in previous base rate proceedings.² Therefore, for the purpose of this settlement, the OSBA defers to the OCA with respect to these issues. Because the OCA did not contest these issues, the OSBA takes no exception to the Company's proposals on these subjects.

Allocating the Credits

In its complaint, the OSBA also expressed concerns regarding the Company's proposed allocation of the rate reductions, rate sur-credits and one-time bill credits among the various rate classes. In particular, the Company proposed to allocate the credits in proportion to the allocation of the revenue deficiency in the Company's last base rates case in 2006. The OSBA believes that the Company's proposed methodology failed to reflect the allocation of the underlying OPEB costs. Moreover, the Company's proposed methodology served to penalize some small business customer classes that had been assigned small rate increases in 2006

¹ The disposition of the regulatory account balances is summarized in OSBA-I-6(b). Cessation of deferral accounting is addressed in NFG Statement No. 2, at 13. OSBA-I-6(b) is attached to this statement in support as Appendix A.

² See *Recommended Decision*, Docket No. R-00061493, before John H Corbet, Jr. and Mark A. Hoyer Administrative Law Judges, October 31, 2006, at 35-36.

because they were already substantially overpaying their cost of service. The OSBA therefore worked to develop an allocation approach better grounded in allocated costs.

The *Joint Petition* addresses the OSBA's concerns. The *Joint Petition* proposes to make adjustments that are designed to better align the credits with how the OPEB costs were *allocated* in the Company's last base rates proceeding. When evaluating the reasonableness of the allocation methods, the OSBA carefully considered the impact of all three rate credit mechanisms across rate classes for all five years. Where it was unreasonably complicated to modify certain allocation mechanisms (notably the bill credit, which has already been made), the allocation of the other credits was modified to produce what the OSBA believes is a reasonable overall result.

Going-Forward Rate Reductions

Regarding the going-forward rate reductions, for the purpose of settlement, the OSBA accepts the Company's originally-filed proposal to allocate the rate reductions among the residential, commercial, and industrial rate class groups based on the allocation of the revenue deficiency in the last proceeding. However, within the Commercial and Public Authority ("C&PA") rate class group and within the industrial rate class group (Small, Intermediate and Large Volume Industrial Service or "SVIS/IVIS/LVIS") classes, the *Joint Petition* proposes that the rate reduction values be allocated in a manner that better reflects the allocated OPEB costs from the last base rates proceeding. This change has the impact of providing larger rate reductions for smaller customers within each group.

Sur-Credits and One-Time Bill Credits

The Company originally proposed to credit \$50 million of the OPEB deferral account balance to ratepayers, split evenly between a one-time bill credit and a five-year sur-credit

mechanism. The OSBA determined that the Company's proposed allocation of the combined credits was not consistent with cost causation, and that it was unduly discriminatory to small business customers.

The *Joint Petition* retains the Company's original proposed allocation for the one-time credit, for the practical reason that the credit has already been made. However, the *Joint Petition* increases the total amount of the sur-credit from \$5 million per year over five years to \$5.8 million per year. This overall increase in the credit allows the Company to assign larger credits to the non-residential rate classes, while retaining the credit originally proposed for the residential class. See *Joint Petition*, at Appendix B.

Moreover, the allocation set forth in the *Joint Petition* modifies the allocation of the sur-credits such that the overall allocation of the rate reduction, one-time bill credit, and sur-credit values over a five-year period are more reflective of allocated costs than the Company's original proposal.

In the OSBA's view, the revised allocation eliminates the undue discrimination against small business customers inherent in the original filing. The OSBA observes that this improvement is particularly evident for the SC&PA sub-class of customers using between 250 and 1,000 mcf per year ("SC&PA GT 250"), where the Company's original proposal only assigned minimal credits to those customers. See OSBA Complaint, at 3-4, item 3.)

The OSBA respectfully submits that the proposals set forth in the *Joint Petition* result in an overall reasonable allocation of the proposed rate reductions and credits. Therefore, the OSBA supports the *Joint Petition* as a just and reasonable resolution of the OSBA's complaint.

Conclusion

For the reasons set forth in the *Joint Petition*, as well as the additional factors that are contained within this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJ and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,

/s/ Steven C. Gray

Steven C. Gray
Senior Supervising
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Attorney ID No. 77538

Commonwealth of Pennsylvania
Office of Small Business Advocate
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Dated: December 1, 2021

APPENDIX A

Referenced Interrogatory Responses

OSBA 1 I-6

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
RESPONSE TO OFFICE OF SMALL BUSINESS ADVOCATE DATA REQUEST
DOCKET No. R-2021-3027406

Q. 6 Reference Distribution Exhibit MPW-1:

a. Please provide a “live” MS Excel version of Exhibit MPW-1 with formulae

intact, with supporting workpapers

b. Is it correct that the Company’s proposed disposition of the \$149.6 million balance in the regulatory liability account is as follows

| | |
|--|-------------------------------|
| One-time refund to customers: | \$ 25.0 million |
| Rate surcredit over 5 years: | \$ 25.0 million |
| Credit to rate base and affiliated entity capital over 5 years: | \$ 35.8 million |
| Balance for future disposition: | \$ 46.2 million |
| Income to company: | <u>\$ 17.6 million</u> |
| Total | \$149.6 million |

c. Please provide a workpaper showing the detailed annual debits and credits to the regulatory liability balance from 2007 to the 3/31/21 value reported (\$149,599,657)

A. 6-a. See Statement OSBA 1-6.xlsx

6-b. – Yes that is correct.

6-c. See attached OSBA 1-6.xlsx