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File #: 192672

April 20, 2022

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: Pennsylvania Public Utility Commission, et al. v. National Fuel Gas Distribution Corporation Section 1307(f) Proceeding
Docket Nos. R-2022-3030235, et al.**

Dear Secretary Chiavetta:

Attached for filing is the Joint Petition for Partial Settlement and Statements in Support on behalf of National Fuel Gas Distribution Corporation in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Nicholas A. Stobbe

NAS/dmc
Attachments

cc: Honorable Mark A. Hoyer
Honorable Charece Z. Collins
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 52 Pa. Code § 1.54 (relating to service by a participant).

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Date: April 20, 2022



Nicholas A. Stobbe

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2022-3030235
Office of Consumer Advocate	:		C-2022-3030573
Office of Small Business Advocate	:		C-2022-3030730
	:		
v.	:		
	:		
National Fuel Gas Distribution Corporation	:		

**JOINT PETITION FOR PARTIAL SETTLEMENT
OF THE RATE INVESTIGATION
PURSUANT TO 66 PA.C.S. § 1307(f)**

**TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE MARK A. HOYER AND
ADMINISTRATIVE LAW JUDGE CHARECE Z. COLLINS:**

I. INTRODUCTION

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), and National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) (hereinafter collectively referred to as the “Joint Petitioners”), hereby join in this “Joint Petition for Partial Settlement of the Rate Investigation Pursuant to 66 Pa.C.S. § 1307(f)” (“Partial Settlement”) and respectfully request that Deputy Chief Administrative Law Judge Mark A. Hoyer and Administrative Law Judge Charece Z. Collins (collectively, the “ALJs”) and the Commission approve this Partial Settlement, including the rates to become effective for service furnished on and after August 1, 2022, that are set forth in the form of a tariff supplement provided as Appendix “A” hereto. The Office of Small Business Advocate (“OSBA”), the only other party in this proceeding, has indicated that it does not oppose the Partial Settlement. The Joint Petitioners agree that such rates are subject to revision for actual over/under recoveries of purchased gas costs through June 30, 2022, and for updates

related to the calculation of the Monthly Metered Transportation (“MMT”) balancing charge. In addition, the Joint Petitioners request that the ALJs and the Commission make the findings required by the Public Utility Code as provided herein.

As explained below, the Joint Petitioners have agreed to a settlement on all but one of the issues that have been raised in Distribution’s 2022 PGC proceeding at Docket Nos. R-2022-3030235, C-2022-3030573 and C-2022-3030730. The issue reserved for litigation in this proceeding concerns Distribution’s proposal to implement a Renewable Natural Gas (“RNG”) pilot program.

The terms and conditions of the Partial Settlement are set forth in their entirety hereinafter. Distribution’s, I&E’s, and OCA’s Statements in Support of the Partial Settlement are provided as Appendices “B” through “D” hereto. The OSBA’s letter signaling non-opposition to the Partial Settlement will be provided separately by the OSBA.

II. BACKGROUND

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

1. Distribution provides retail natural gas sales and transportation services to customers in fourteen counties in northwestern Pennsylvania. Distribution is a public utility subject to the Commission’s regulatory jurisdiction with regard to its Pennsylvania operations.
2. Distribution also provides natural gas services in western New York, subject to the regulatory jurisdiction of the New York Public Service Commission.
3. Because Distribution’s annual operating revenues derived from providing gas services to customers in Pennsylvania exceed \$40 million, Distribution’s recovery of purchased gas costs is governed by Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f), and the Commission’s regulations at 52 Pa. Code §§ 53.61 — 53.65 and 53.68.

4. On December 30, 2021, Distribution submitted to the Commission, as required under 52 Pa. Code §§ 53.64 and 53.65, certain data and information in support of a tariff supplement and a tariff addendum proposing changes in rates for recovery of purchased gas costs.

5. On January 6, 2022, I&E filed a Notice of Appearance.

6. On January 26, 2022, OCA filed a Notice of Appearance, Complaint, and Public Statement.

7. On January 31, 2022, Distribution filed with the Commission its definitive PGC filing at Docket No. R-2022-3030235, including supporting information required by the Commission's regulations and Distribution's direct testimony, exhibits, and Pro Forma Tariff Supplement reflecting actual and projected changes in natural gas costs and other tariff changes. In the Tariff Supplement, Distribution proposed a decrease of 1.0675 per McF in its rate for recovery of purchased gas costs applicable to residential sales service customers, as compared to the rates in effect as of November 1, 2021. Rate changes related to the recovery of purchased gas costs were also proposed for other customer classes. Furthermore, Distribution proposed to maintain its gas retainage rate that is applicable to all customer classes on Distribution's system at 0.15%, to be effective on August 1, 2022.

8. On February 1, 2022, a Prehearing Conference Order was issued by the ALJs which, among other things, scheduled a telephonic prehearing conference for February 10, 2022, and directed the Joint Petitioners to file prehearing memoranda on or before February 8, 2022, at 3:00 PM.

9. On February 3, 2022, the OSBA filed a Notice of Appearance, Complaint, Public Statement, and Verification.

10. On February 10, 2022, the prehearing conference was held as scheduled.

11. On February 14, 2022, the ALJs issued a Prehearing Order that established the litigation schedule and modified the discovery rules, among other things.

12. On March 10, 2022, I&E, OCA, and OSBA served their written direct testimony.

13. On March 24, 2022, Distribution served its written rebuttal testimony.

14. Also on March 24, 2022, Distribution filed a Motion for Protective Order.

15. On March 28, 2022, the ALJs issued a Protective Order.

16. On March 30, 2022, the OSBA, OCA, and I&E filed their respective written surrebuttal testimonies.

17. In accordance with the Commission's Rules of Practice and Procedures, 52 Pa. Code § 5.231, the Joint Petitioners engaged in settlement discussions. As a result of those conferences, the Joint Petitioners were able to reach a settlement in principle of all issues, except those related to the Company's RNG pilot program.

18. On March 31, 2022, Counsel for Distribution informed the ALJs that a Partial Settlement in principle had been reached in this proceeding.

19. On April 1, 2022, Distribution filed its written rejoinder testimony.

20. Also on April 1, 2022, Counsel for Distribution informed the ALJs that the Joint Petitioners agreed to waive cross-examination of each other's witnesses on the issues reserved for litigation. Counsel for Distribution also requested that Joint Petitioners' witnesses be excused from attending the scheduled hearings. In response, the ALJs informed the Joint Petitioners that all witnesses were excused from attending the scheduled hearings.

21. On April 4, 2022, the Evidentiary Hearing was held as scheduled. During that hearing, the Joint Petitioners read their respective pieces of evidence into the evidentiary record. The ALJs also directed the Joint Petitioners to provide common outlines for the Main Briefs by

April 5, 2022. Further, the ALJs directed the Joint Petitioners to file their Main Briefs on or before April 13, 2022, with Reply Briefs, Joint Partial Settlement, and Statements in Support to be filed on or before April 20, 2022.

22. On April 5, 2022, Distribution submitted the common outline for the Main Briefs.

23. On April 6, 2022, the ALJs issued a Briefing Order memorializing what was discussed at the April 4, 2022, Evidentiary Hearing.

24. On April 13, 2022, the Joint Petitioners filed their respective Main Briefs.

25. The terms and conditions of the Partial Settlement are set forth in Sections IV - IX, below.

III. PROPOSED FINDINGS OF FACT

26. Effective on November 1, 2000, Distribution realigned its pipeline and storage capacity in order to identify specific capacity as being held for its New York customers and for its Pennsylvania customers. Generally, delivery points located in Pennsylvania were assigned to the Pennsylvania Division, and delivery points located in New York were assigned to the New York Division. The realignment was approved by the Commission in the Order entered on October 25, 2001, at Docket No. R-00994898.

27. Distribution relies primarily upon gas supplies transported by Tennessee Gas Pipeline, LLC (“Tennessee”), Columbia Gas Transmission, LLC (“Columbia Transmission”), Texas Eastern Transmission, LP (“Texas Eastern” or “TETCO”) and National Fuel Gas Supply Corporation (“Supply”) to meet the requirements of its sales customers in Pennsylvania (PGC Exhibit LAP-1).

28. In most instances, gas supplies are transported to facilities of Supply by the other pipelines and redelivered by Supply to Distribution for its customers. (PGC Exhibit No. 4, pp. 2-3, PGC Exhibit No. 8, pp. 3-5).

29. Supply is an affiliate of Distribution and is subject to the regulatory jurisdiction of the Federal Energy Regulatory Commission (“FERC”) (PGC Exhibit No. 4, p. 2; PGC Exhibit No. 8, pp. 2-3). Supply owns and operates a transmission system and storage fields, and Supply charges Distribution for transportation and storage services under Supply’s FERC-approved tariff (PGC Exhibit No. 4, pp. 2).

30. Distribution’s capacity on Supply, Tennessee, Columbia Transmission, and Texas Eastern is critical for the operation of the system, the provision of reliable service to customers and Distribution’s least cost fuel procurement policy (PGC Exhibit No. 8, pp. 2-3).

31. Most of Distribution’s gas requirements during the 12 months ended November 30, 2021 were satisfied through interstate pipeline-delivered purchases from suppliers. Distribution uses its upstream pipeline transportation and storage capacity year-round to serve its firm market requirements on a reliable basis. Generally, during the winter season Distribution meets its sales requirements by purchasing gas and transporting it via upstream and Supply pipelines to Distribution’s system, and by withdrawing gas from storage. In the summer, when prices historically have tended to be lower and less volatile, Distribution can use upstream capacity that is otherwise not needed to serve market requirements to inject gas into storage, to be withdrawn in the winter when prices historically have tended to be higher and more volatile. (PGC Exhibit No. 8, pp. 4-5.)

32. The availability of storage and the consequent increase in load factor on the upstream pipelines has reduced Distribution’s need to rely on peak day pipeline capacity or other peak shaving facilities typically relied upon by other LDCs, e.g., propane and liquefied natural gas (PGC Exhibit No. 8, p. 9-10).

33. Distribution has fully and vigorously represented the interests of its ratepayers in proceedings before the FERC. (PGC Exhibit No. 6; PGC Statement No. 6).

34. Distribution maintains capacity on interstate pipelines sufficient to meet the requirements of its firm customers on all days including Design Day and during peak season periods. Therefore, during a non-Design Day and non-peak season periods, if a portion of this capacity is not needed to serve firm customers, Distribution may attempt to release such capacity to other parties, pursuant to FERC Order 636, in order to mitigate the cost of maintaining such capacity to its PGC customers (PGC Exhibit 8, pp. 18-20).

35. Distribution attempts to mitigate the cost of natural gas supplies to its PGC customers through net revenues resulting from off-system sales activities (PGC Exhibit No. 8, pp. 20-21).

36. Distribution attempts to enter into asset management arrangements, pursuant to FERC Order 712, in order to mitigate the cost of providing gas supplies to its PGC customers (PGC Exhibit No. 8, pp. 22-23).

37. Distribution participates in a sharing mechanism under which it retains 25 percent of the net revenues from off-system sales, capacity releases and asset management arrangements, including storage fill contracts (PGC Exhibit No. 8, pp. 19-20).

38. The remainder of Distribution's system supply that is not transported by pipelines upstream of Supply consists of Appalachian supplies directly attached to the systems of Supply or Distribution and a small volume of gas from Peoples Gas Company LLC, formerly Peoples TWP LLC (PGC Exhibit No. 1, Schedule 1, Sheet 1).

39. During the twelve months ended November 30, 2021, Distribution purchased 1,835,931 Mcf of locally-produced gas to serve customers in Pennsylvania (PGC Exhibit No. 1, Schedule 1, Sheet 3).

40. Locally-produced gas continues to be a useful resource in meeting the requirements of Distribution's sales customers, and Distribution expects to continue to purchase local gas at prices that will not increase the weighted average cost of gas supplies that it sells to its customers (PGC Exhibit No. 8, p. 17).

- a. Distribution purchases dedicated, non-firm, life of reserves locally produced gas from Appalachian producers that is priced at an Appalachian Index ("AI"). The AI is the simple average of the first of the month spot prices for gas delivered to Dominion Energy Transmission, Inc. and Columbia Transmission (PGC Exhibit No. 4, pp. 13-14).
- b. Distribution purchases excess non-firm local production gas at 80 percent of the AI rate (PGC Exhibit No. 4, p. 13).

41. Distribution has implemented, with the Commission's approval, a system-wide customer choice program throughout its Pennsylvania service territory under which all customers, except those served under Distribution's Low Income Residential Assistance Program, may choose a natural gas supplier other than Distribution (PGC Statement No. 6, pp. 2-3; *Pa. Public Utility Comm'n., et al. v. Nat'l Fuel Gas Distrib. Corp., et al.*, Docket Nos. R-00994785, et al. (Order Entered Jun. 29, 2000, Adopting Recommended Decision in part.))

42. To maintain service to several remote pockets of customers without constructing additional pipeline facilities, Distribution has entered into two exchange agreements – one with UGI Central Penn Gas, Inc (formerly PPL Gas Utilities Corporation and North Penn Gas

Company) and one with Columbia Gas of Pennsylvania, Inc. Under the agreements, each company takes from the other volumes of gas needed to provide service. The agreements do not contemplate purchases of gas; instead they contemplate that each company will receive approximately the same volumes of gas from the other over time. If needed, additional deliveries are arranged to eliminate any balance that has built up over time. The companies do not charge each other for this service (PGC Exhibit 4, pp. 5-6).

IV. STANDARDS AND FINDINGS

A. Historic Reconciliation Period Standards.

43. The Commission has jurisdiction over the Joint Petitioners and subject matter of this proceeding. 66 Pa.C.S. §§ 1307(f), 1317-18.

44. With respect to Distribution's gas purchases and gas purchasing practices during the twelve-month historic reconciliation period ended November 30, 2021, it is requested that the ALJs and the Commission find that Distribution has met the standards of Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318, as required by Section 1307(f)(5) of the Public Utility Code, 66 Pa.C.S. § 1307(f)(5), as to all actual purchased gas costs in the historic period. It is requested that the Commission find that, during the twelve months ended November 30, 2021:

a. Distribution met the requirements of Section 1318(a) of the Public Utility Code by pursuing a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers; and

b. Distribution met the requirements of Section 1318(b) of the Public Utility Code relating to purchases from and services provided by affiliates.

B. Projected Period Findings.

45. With respect to the eight-month interim period beginning on December 1, 2021, and with respect to the twelve-month period beginning August 1, 2022, when rates established

under this Partial Settlement will be in effect, it is requested that the Commission find, based upon information presently available and based upon evidence of record in this proceeding concerning Distribution's projected purchases and purchasing policies, that the rates to be adopted by the Commission result from Distribution's compliance with the provisions of Section 1318 of the Public Utility Code, including Sections 1318(a)(1), 1318(a)(2), 1318(a)(3), 1318(a)(4), 1318(b)(1), 1318(b)(2) and 1318(b)(3), 66 Pa.C.S. §§ 1318(a)(1), 1318(a)(2), 1318(a)(3), 1318(a)(4), 1318(b)(1), 1318(b)(2) and 1318(b)(3).

46. The Joint Petitioners agree that, based upon evidence of record in this proceeding concerning Distribution's projected gas purchases and gas purchasing policies, Distribution's projected gas purchases and projected gas purchasing policies may comply with the standards of Section 1318 of the Public Utility Code. Nevertheless, it is expressly understood and agreed that this Section of the Partial Settlement, Section V.B., is made solely for the purpose of setting prospective rates that shall be subject to the standards of Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318, and further review in an appropriate future proceeding. Section IV.B. of the Partial Settlement is not intended in any way to limit or prevent I&E, OCA and OSBA from reviewing, after such projected gas purchases actually have been made and gas purchasing practices actually have been implemented, whether Distribution's gas purchases and gas purchasing practices complied with Section 1318. If, in an appropriate future proceeding, gas purchases and gas purchasing practices from December 1, 2021, through July 31, 2022, and the twelve-month application period commencing August 1, 2022, and ending on July 31, 2023, were challenged, the Commission's findings based upon Section III of the Partial Settlement shall not bar the examination of such purchases and practices, including, but not limited to, disallowance of, or reductions to, such costs during the eight-month interim period commencing December 1,

2021, and ending on July 31, 2022, and the twelve-month application period commencing August 1, 2022, and ending on July 31, 2023.

V. OTHER TERMS AND CONDITIONS OF PARTIAL SETTLEMENT

A. PGC Rates

47. The Joint Petitioners request that the ALJs and the Commission approve the form of tariff supplement provided as Attachment “A” hereto, including the rates set forth therein, as modified in Section V(E) of this Partial Settlement. The rates in Attachment “A” are subject to further updates for actual over/under recoveries of purchased gas costs through June 30, 2022, for updates related to the calculation of the MMT balancing charge and for updates to the forecasts of wellhead prices.

B. Design Day Requirements

48. Rates established in this proceeding are based on a contracted-for level of pipeline and storage capacity of 350,705 Dth/day. (PGC Statement No. 8, Exhibit LAP-4). The Joint Petitioners agree to use the throughput and capacity amounts projected by the Company to calculate rates in this proceeding. The acceptance by the Petitioners of this level of throughput and capacity to calculate rates does not indicate their acceptance of, and the Commission’s approval of the partial settlement will not indicate its approval of, the procedures or methodologies used to calculate these levels of throughput and capacity.

49. In Distribution’s 2023 Section 1307(f) proceeding, any party may contend that Distribution should adjust its capacity to a different level. If the Commission makes a determination concerning the appropriate level of capacity for Distribution, Distribution will undertake all reasonable and appropriate actions, after the determination becomes final, to adjust its level of capacity to the level determined to be appropriate.

50. No Joint Petitioner may contend that there should be a disallowance of recovery by Distribution of its cost of capacity for any period prior to Distribution's first reasonable opportunity to adjust its capacity after the determination of the appropriate level of capacity has become final.

C. MMT Balancing Charge.

51. The MMT Balancing Charge Rate will be updated on May 1, 2022, to reflect Supply's firm transportation rates that became effective on April 1, 2022.

52. The MMT Balancing Charge Rate to become effective on August 1, 2022, will be updated to reflect the Company's Supply ESS Deliverability Charge, Capacity Charge, Injection/Withdrawal Charges and Shrinkage Factor as of August 1, 2022; (2) MMT billing determinants based on actual MMT volumes experience by the Company for the 12 - month period ending June 30, 2022; and (3) average MMT balancing storage inventories for the 12 months ending July 31, 2021.

D. Contract Renewals And Changes

53. The Joint Petitioners agree that the Commission should approve the renewals, extensions and changes in pipeline and storage capacity contracts that are explained in PGC Exhibits 4 and 8 and in PGC Statements 1, 7 and 8.

E. Tariff Changes.

54. The Joint Petitioners request that the Commission approve the tariff changes that are set forth in the form of tariff supplement provided as Attachment A hereto. The tariff changes are identified in the List of Changes that is included at pages 2-3 of Appendix A hereto.

55. The Company will add the following language to page 152 of its tariff: Pipeline penalty credits will be included in the calculation of “CE” as a credit to purchased gas costs from the month they are received to the effective month “CE” is refunded or collected.

56. Supplier commodity refunds will continue to be accounted for as set forth on page 152 of the Company’s tariff.

F. Gas Cost Management Plan

57. Distribution will investigate modifications to its Gas Cost Management Plan that may mitigate future potential rate volatility. The Company will evaluate whether its current 12% purchasing target for winter supplies remains appropriate. The Company will also review its timing and layering of purchases as part of a hedging plan that could benefit customer by distributing cost changes over multiple quarters. The Company will provide a copy of its review and present its findings to the parties in its 2023 PGC pre-filing. The Company will not be required to propose any changes to its Gas Cost Management Plan as a result of this review.

G. Pipeline Penalty Credits

58. The Company will continue to identify pipeline penalty credits received as a separate Exhibit in the annual filing to include amount, source, and month in which the pipeline penalty credit was received as a credit on its invoice. The Company will be permitted to continue to flow pipeline penalty credits back to customers through purchased gas costs as reflected in the invoices from the pipelines, and due to the low amount of credits received will not be required to separately account for them in its calculation of PGC costs or over/under collections.

H. Renewable Natural Gas Pilot Program

59. Issues related to Distribution’s proposed RNG pilot program in this proceeding are reserved for litigation.

I. Approval of Filing

60. The Company's 2022 Section 1307(f) filing is approved as modified herein, noting that issues related to the RNG pilot program are reserved for litigation.

VI. PROPOSED CONCLUSIONS OF LAW

61. The Commission has jurisdiction over the Petitioners and subject matter of this proceeding. 66 Pa.C.S. §§ 1307(f), 1317-18.

62. Distribution has met the requirements of Section 1318 of the Public Utility Code by pursuing a least cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers. 66 Pa.C.S. § 1318.

63. Distribution's rates for purchased gas costs, as the Joint Petitioners have agreed upon in this proceeding, during the relevant time period are just and reasonable and in compliance with 66 Pa.C.S. § 1318.

64. Distribution has fully and vigorously represented the interests of its ratepayers in proceedings before the FERC and other relevant non-PUC proceedings during the relevant time period in compliance with 66 Pa.C.S. § 1318(a)(1).

65. Distribution has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with its gas supplier which are or may be adverse to the interests of the utility's ratepayers in compliance with 66 Pa.C.S. § 1318(a)(2).

66. Distribution has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies in compliance with 66 Pa.C.S. § 1318(a)(3).

67. Distribution has not withheld from the market or caused to be withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy in compliance with 66 Pa.C.S. § 1318(a)(4).

68. Distribution has fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests in compliance with 66 Pa.C.S. § 1318(b)(1).

69. Neither Distribution nor its affiliated interests have withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy in compliance with 66 Pa.C.S. § 1318(b)(3).

70. The Partial Settlement is in the public interest.

VII. PROPOSED ORDERING PARAGRAPHS

71. That the Partial Settlement among Distribution, I&E, and OCA, with the OSBA not opposing, in the above-captioned case is hereby approved and adopted without modification.

72. That Distribution shall file a tariff supplement, to become effective on one day's notice of the final Commission order approving the Partial Settlement, containing changes in rates to provide for the recovery of its costs of purchased gas, consistent with the terms and conditions of the Partial Settlement. Said tariff supplement shall be accompanied by a red-lined version that shall fully set forth all changes that will be made to Distribution's current tariffs.

73. That Distribution, I&E, OCA and OSBA shall comply with the terms and conditions of the Partial Settlement submitted in this proceeding as though each term and condition stated therein had been the subject of an individual ordering paragraph.

74. That upon Distribution's filing of a tariff supplement acceptable to the Commission as conforming with this order and the Partial Settlement and the Commission's approval thereof,

the purchased gas rates established therein shall become effective for service rendered on and after August 1, 2022.

75. That the complaints filed by the OCA and OSBA in these proceedings at Docket Nos. C-2022-3030573 and C-2022-3030730, respectively, be marked closed.

76. That the investigation at Docket No. R-2022-3030235 be marked closed.

VIII. THE PUBLIC INTEREST

77. This Partial Settlement was achieved by the Joint Petitioners after an extensive investigation of Distribution's filing, including extensive informal and formal discovery and the service of written direct testimony by Distribution, I&E, OCA, and OSBA, written rebuttal testimony by Distribution, written surrebuttal testimony by OSBA, OCA, and I&E, and written rejoinder testimony by Distribution.

78. Acceptance of the Partial Settlement avoids the necessity and costs of further administrative and potential appellate proceedings as to the settled issues.

79. The Partial Settlement provides for the recovery of natural gas costs that are just and reasonable given the positions advanced in the testimony and exhibits of the Joint Petitioners.

80. Attached as **Appendices B through D** are Statements in Support submitted by Distribution, I&E, and OCA, setting forth the bases upon which they believe the Partial Settlement is in the public interest. A letter of non-opposition to the Partial Settlement will be provided by OSBA separately.

IX. CONDITIONS OF PARTIAL SETTLEMENT

81. The Joint Petitioners acknowledge and agree that this Partial Settlement shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding with regard to the historic period ended November 30, 2021.

82. This Partial Settlement is conditioned upon the Commission's approval of terms and conditions contained herein without modification. If the Commission modifies the Partial Settlement, any of the Joint Petitioners may elect to withdraw from this Partial Settlement and may proceed with litigation. In such event, this Partial 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 (5) business days after the entry of an order modifying the Partial Settlement.

83. This Partial Settlement is proposed by the Joint Petitioners to settle certain issues in the instant proceeding and is made without any admission against, or prejudice to, any position which any Party to this Partial Settlement may adopt during any subsequent litigation of this or any other proceeding if the Commission disapproves this Partial Settlement or if the Commission modifies the Partial Settlement and one or more of the Joint Petitioners elect to withdraw from the Partial Settlement and proceed to litigation.

84. If the Commission does not approve the Partial Settlement and the proceedings continue to hearings on the issues that are the subjects of this Partial Settlement, the Joint Petitioners reserve their respective rights to conduct full cross-examination, briefing and argument on these subjects.

85. The Commission's approval of this Partial Settlement shall not be construed to represent approval of any Party's position on any issue, except to the extent required to effectuate

the terms and agreements of this Partial Settlement in this and future proceedings involving Distribution.

86. It is understood and agreed among the Joint Petitioners that this Partial Settlement is the result of compromises and does not necessarily represent the position(s) that would be advanced by any Party in this proceeding if it were fully litigated.

87. This Partial Settlement is being presented in this Section 1307(f) proceeding in an effort to resolve outstanding issues in a manner which is fair and reasonable. The Partial Settlement is the product of compromise. This Partial 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 Joint Petitioners may advance in the future on the merits of the issues in future proceedings. This Partial Settlement does not preclude the Joint Petitioners from taking other positions in proceedings under Section 1307(f) concerning the recovery of purchased gas costs by other natural gas distribution companies.

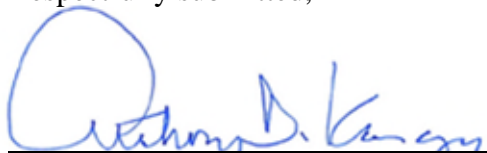
88. Distribution's, I&E's, and OCA's Statements in Support of the Partial Settlement, setting forth the basis upon which they believe the Partial Settlement is fair, just and reasonable and is, therefore, in the public interest are provided in Appendices "B" through "D" hereto. OSBA's letter signaling its non-opposition to the Partial Settlement will be provided by the OSBA separately.

X. CONCLUSION

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that Deputy Chief Administrative Law Judge Mark A. Hoyer and Administrative Law Judge Charece Z. Collins and the Pennsylvania Public Utility Commission:

- (1) approve this “Petition for Partial Settlement Of The Rate Investigation Pursuant To 66 Pa.C.S. § 1307(f)” including all of its terms and conditions, and
- (2) make the findings required by the Public Utility Code as provided herein.

Respectfully submitted,



Date: 4/20/2022

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*Counsel for National Fuel Gas
Distribution Corporation*



Date: 4/20/2022

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/s/ Mackenzie Battle
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Harrisburg, PA 17101-1923

Date: 4/20/2022

*Counsel for Office of Consumer
Advocate*

APPENDIX A

Tariff Supplement

**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. LIRA percentage discounts table changes.
Page 37A and 37B.
2. Revised language to eliminate the date restriction.
Pages 118H and 138.
3. Revised language regarding the treatment of pipeline penalty credits.
Page 152

DECREASE:

4. The Natural Gas Supply Charge for Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial Service Classes decrease.
Pages 36A, 41, 41A, 42, 53, 55, 66 and 76A.
5. Demand Charges for Load Balancing Service increase.
Pages 48, 61, 72, 79 and 82.
6. Commodity Charges for the recovery of Purchased Gas for Transportation Service decreases from \$0.3800 to \$0.3600
Pages 50, 63, 74, and 81.
7. Components of Natural Gas Vehicle rates decrease.
Pages 82, 83 and 84.
8. Priority Standby and Standby rates decrease.
Pages 93, 95 and 147.
9. Monthly Metered Transportation rates decrease.
Pages 100 and 101.
10. The price for purchase of gas by Distribution from a transportation service customer in the event of a curtailment or interruption will decrease.
Pages 106, 117 and 146G.
11. Demand Transfer Recovery Rate ("DTR") decrease.
Page 127.
12. Purchased gas costs in Rider A decrease.
Page 147.
13. The Merchant Function Charge in Rider G decreases.
Page 168.
14. The Price to Compare shown in Rider H decreases.
Page 169.

LIST OF CHANGES MADE BY THIS TARIFF

INCREASE:

15. The Distribution Charge for Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial Service Classes increase. Pages 36, 41, 41A, 42, 53, 55, 65 and 76.
16. The Gas Adjustment Charge for Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial Service Classes increase. Pages 36, 41, 41A, 42, 53, 55, 65 and 76.
17. Components of Natural Gas Vehicle rates increase. Pages 82, 83 and 84.
18. SATC rates increase. Pages 119A, 120, 121 and 147.

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RESIDENTIAL SERVICE RATE SCHEDULE

RESIDENTIAL CLASSIFICATION

This classification shall include gas supplied for residential purposes such as a private dwelling, apartment house with a single meter supplying four or less dwelling units, separately metered apartments of a multiple dwelling, accessory buildings to dwellings or apartment houses such as garages, except at residences receiving service under Rate Schedule LIRAS for Low Income Residential Assistance Service and other places of residence where gas is used for residential purposes.

Churches and missions (places of worship) shall be entitled to Service under the Residential service rate schedule.

AVAILABILITY OF SERVICE

Gas Service shall be available at one location, except as otherwise provided, for residential customers.

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

Basic Service Charge			
\$12.00	per Month		
Distribution Charges			
31.974¢	per 100 cubic feet	for the first 5,000 cubic feet	(I)
22.823¢	per 100 cubic feet	for all over 5,000 cubic feet	(I)
Gas Adjustment Charge			
2.255¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(I)
<u>0.050¢</u>	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
2.305¢	Per 100 cubic feet	Total Gas Adjustment Charge	(I)

(D) Indicates Decrease

(I) Indicates Increase

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RESIDENTIAL SERVICE RATE SCHEDULE (cont.)

Natural Gas Supply Charge			
47.859¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
1.068¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u>	per 100 cubic feet	Gas Procurement Charge (Rider H)	
49.977¢	per 100 cubic feet Charge	Total Natural Gas Supply	(D)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 2.2301% 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 and Rider F - LIRA Discount Charge as set forth in this tariff.

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

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Appendix A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-Eighth Revised Page No. 37A
Canceling One-Hundred-Seventh Revised Page No. 37A

MONTHLY RATE

(C)

After completion of selection of the customers to receive service under this rate schedule, the following percentage discounts shall be applied to the Residential Rate Schedule Basic Service Charge, Distribution Charge, Gas Adjustment Charge and Natural Gas Supply Charge:

Program changes associated with the Order at Docket Nos. R-00072420 and M-00072019 will be implemented the first calendar day of the month following the entry date of the Commission Order if the entry date is at least 5 days prior to the first calendar day of the month. If the entry date is within the 5-day window, program changes will become effective the first day of the subsequent calendar month.

ANNUAL INCOME	HOUSEHOLD SIZE						
	1	2	3	4	5	6	7
\$0 - \$999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$1,000 - \$1,999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$2,000 - \$2,999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$3,000 - \$3,999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$4,000 - \$4,999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$5,000 - \$5,999	70.0%	70.0%	70.0%	70.0%	80.0%	80.0%	80.0%
\$6,000 - \$6,999	60.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
\$7,000 - \$7,999	50.0%	60.0%	60.0%	60.0%	70.0%	70.0%	70.0%
\$8,000 - \$8,999	40.0%	50.0%	60.0%	60.0%	60.0%	60.0%	70.0%
\$9,000 - \$9,999	30.0%	40.0%	50.0%	50.0%	60.0%	60.0%	60.0%
\$10,000 - \$10,999	30.0%	30.0%	40.0%	50.0%	50.0%	60.0%	60.0%
\$11,000 - \$11,999	20.0%	20.0%	30.0%	40.0%	50.0%	50.0%	50.0%
\$12,000 - \$12,999	10.0%	20.0%	20.0%	40.0%	40.0%	50.0%	50.0%
\$13,000 - \$13,999	10.0%	10.0%	20.0%	30.0%	40.0%	40.0%	40.0%
\$14,000 - \$14,999	10.0%	10.0%	10.0%	20.0%	30.0%	40.0%	40.0%
\$15,000 - \$15,999	10.0%	10.0%	10.0%	10.0%	20.0%	30.0%	30.0%
\$16,000 - \$16,999	10.0%	10.0%	10.0%	10.0%	20.0%	20.0%	30.0%
\$17,000 - \$17,999	10.0%	10.0%	10.0%	10.0%	10.0%	20.0%	20.0%
\$18,000 - \$18,999	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	20.0%
\$19,000 - \$19,999	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	20.0%
\$20,000 - \$20,999	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$21,000 - \$21,999	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$22,000 - \$22,999	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$23,000 - \$23,999	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$24,000 - \$24,999	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$25,000 - \$25,999	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$26,000 - \$26,999	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$27,000 - \$27,999	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$28,000 - \$28,999	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$29,000 - \$29,999	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%

(C) Indicates Change

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Appendix A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Ninety-Third Revised Page No. 37B
Canceling Ninety-Second Revised Page No. 37B

MONTHLY RATE (cont'd)

(C)

ANNUAL INCOME	HOUSEHOLD SIZE						
	8	9	10	11	12	13	14
\$0 - \$999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$1,000 - \$1,999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$2,000 - \$2,999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$3,000 - \$3,999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$4,000 - \$4,999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$5,000 - \$5,999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$6,000 - \$6,999	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
\$7,000 - \$7,999	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
\$8,000 - \$8,999	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
\$9,000 - \$9,999	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
\$10,000 - \$10,999	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
\$11,000 - \$11,999	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
\$12,000 - \$12,999	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
\$13,000 - \$13,999	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
\$14,000 - \$14,999	40.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
\$15,000 - \$15,999	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
\$16,000 - \$16,999	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
\$17,000 - \$17,999	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
\$18,000 - \$18,999	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
\$19,000 - \$19,999	20.0%	20.0%	30.0%	30.0%	30.0%	30.0%	30.0%
\$20,000 - \$20,999	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
\$21,000 - \$21,999	10.0%	10.0%	10.0%	20.0%	20.0%	20.0%	20.0%
\$22,000 - \$22,999	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$23,000 - \$23,999	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$24,000 - \$24,999	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$25,000 - \$25,999	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$26,000 - \$26,999	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$27,000 - \$27,999	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$28,000 - \$28,999	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
\$29,000 - \$29,999	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

(C) Indicates Change

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Appendix A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-Fourth Revised Page No. 41
Canceling One-Hundred-Third 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			
27.589¢	per 100 cubic feet	for the first 5,000 cubic feet	(I)
24.591¢	per 100 cubic feet	for all over 5,000 cubic feet	(I)
Gas Adjustment Charge			
2.255¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(I)
<u>0.005¢</u>	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
2.260¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)
Natural Gas Supply Charge			
47.859¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
0.110¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u>	per 100 cubic feet	Gas Procurement Charge (Rider H)	
49.019¢	per 100 cubic feet	Total Natural Gas Supply Charge	(D)

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

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Appendix A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Fifty-Eighth Revised Page No. 41A
Canceling Fifty-Seventh 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			
21.916¢	per 100 cubic feet for the first 20,000 cubic feet		(I)
20.576¢	per 100 cubic feet for all over 20,000 cubic feet		(I)
Gas Adjustment Charge			
2.255¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(I)
<u>0.005¢</u>	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
2.260¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)
Natural Gas Supply Charge			
47.859¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
0.110¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u>	per 100 cubic feet	Gas Procurement Charge (Rider H)	
49.019¢	per 100 cubic feet	Total Natural Gas Supply Charge	(D)

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

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Appendix A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-Fourth Revised Page No. 42
Canceling One-Hundred-Third 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			
17.389¢	per 100 cubic feet	for the first 300,000 cubic feet	(I)
16.283¢	per 100 cubic feet	for the next 1,700,000 cubic feet	(I)
15.139¢	per 100 cubic feet	for all over 2,000,000 cubic feet	(I)
Gas Adjustment Charge			
2.255¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(I)
<u>0.005¢</u>	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
2.260¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)
Natural Gas Supply Charge			
47.859¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
0.110¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u>	per 100 cubic feet	Gas Procurement Charge (Rider H)	(D)
49.019¢	per 100 cubic feet	Total Natural Gas Supply Charge	(D)

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:

Appendix A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Ninety-Second Revised Page No. 48
Canceling Ninety-First Revised Page No. 48

1. The purchased gas demand costs applicable to the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial classes, the "DC", shall be obtained from Rider "A" - Section 1307(f) Purchased Gas Costs.
2. The number 12 shall be multiplied by the sum of (a) the volume of gas (expressed in Mcf) purchased from the Company by all Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial customers, during the Company peak Sales Month and (b) the volume of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month.
 - (a) "Company Peak Sales Month" is defined as the calendar month within which the Company experienced the System-Wide Peak Sales Day, such month being December, January or February preceding the Section 1307(f) Application Period for which the determination of the rate per Gas BDU is being made.
 - (b) "System-Wide Peak Sales Day" is defined as the day of maximum gas purchased by the Company, including all volumes of gas purchased from the Company throughout its entire system in the states of Pennsylvania and New York.
3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs.
4. The rate per Gas BDU shall be the amount for purchased gas demand costs (Item 3).

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$0.7124/BDU	(D)
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Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2 and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

(D) Indicates Decrease

(I) Indicates Increase

Issued: January 31, 2022

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Ninety-Ninth Revised Page No. 50
Canceling Ninety-Eighth Revised Page No. 50

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle.

The rate per Mcf shall be determined as follows and shall be \$4.3470 per Mcf, subject to revision as provided below: (D)

The current components of the rate are as follows:

Purchased Gas Commodity Costs, set forth in Rider "A"	\$3.7904/Mcf	(D)
Non Gas Costs	\$0.5566/Mcf	

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff; plus
2. The amount of \$0.5566 per Mcf for recovery of non-gas costs.

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs (Item 1, above) and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly Commodity Charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

The rate per Mcf for transportation of gas under this rate schedule shall be \$0.9166 per Mcf, which includes \$0.5566 for recovery of non-gas costs and \$0.3600 for recovery of purchased gas. (D)

(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-First Revised Page No. 53
Canceling One-Hundredth Revised Page No. 53

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

MONTHLY RATE

Basic Service Charge			
\$65.60	per Month		
Distribution Charges			
23.658¢	per 100 cubic feet		(I)
Gas Adjustment Charge			
2.255¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(I)
<u>0.005¢</u>	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
2.260¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)
Natural Gas Supply Charge			
47.859¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
0.110¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u>	per 100 cubic feet	Gas Procurement Charge (Rider H)	
49.019¢	per 100 cubic feet	Total Natural Gas Supply Charge	(D)

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			
17.800¢	per 100 cubic feet	for the first 100,000 cubic feet	(I)
13.844¢	per 100 cubic feet	for the next 1,900,000 cubic feet	(I)
10.748¢	per 100 cubic feet	for all over 2,000,000 cubic feet	(I)
Gas Adjustment Charge			
2.255¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(I)
0.005¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
2.260¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)
Natural Gas Supply Charge			
47.859¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
0.110¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
1.050¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	
49.019¢	per 100 cubic feet	Total Natural Gas Supply Charge	(D)

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:

Appendix A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Ninety-Second Revised Page No. 61
Canceling Ninety-First Revised Page No. 61

Industrial and Large Industrial customers, during the Company peak Sales Month defined in Rate Schedule CPA-LBS and (b) the volumes of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS.

- 3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs.
- 4. The rate per Gas BDU shall be the amount for purchased gas demand costs (Item 3).

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$0.7124/BDU	(D)
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Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2 and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

The Customer's Gas BDUs shall be determined as follows: The actual volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities during such Customer's Peak billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Gas BDUs applicable to Customer shall be zero (0).

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

2. Margin Demand Charge

- a. The rate per Margin BDU shall be \$.5122 per Margin BDU.
- b. Determination of Customer's Margin BDUs

The Customer's Margin BDUs shall be determined as follows: The actual deliveries of gas to the Customer by Company, including not only volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities but also volumes of Customer-owned gas transported to the Customer's load balancing facilities through the Company's facilities, during such Customer's Peak billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Margin BDUs applicable to Customer shall be zero (0).

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle.

The rate per Mcf shall be determined as follows and shall be \$4.1712 per (D) Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity		
Costs, set forth in Rider "A"	\$3.7904/Mcf	(D)
Non Gas Costs	\$0.3808/Mcf	

- a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff; plus

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

2. The amount of \$0.3808 per Mcf for recovery of non-gas costs.

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs (Item 1, above) and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly Commodity Charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

The rate per Mcf for transportation of gas under this rate schedule shall be \$0.7408 per Mcf, which includes \$0.3808 for recovery of non-gas costs and \$0.3600 for recovery of purchased gas. (D) (D)

V. SURCHARGE

The Demand Charges and the Commodity Charge for Sales Service and the Commodity Charge for Transportation Service shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs.

VII. SPECIAL PROVISIONS

Monthly metered Special Provisions A through J contained in the Company's Rate Schedule for Transportation Service shall apply to transportation service under this rate schedule.

VIII. 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			
13.294¢	per 100 cubic feet	for the first 100,000 cubic feet	(I)
11.559¢	per 100 cubic feet	for the next 1,900,000 cubic feet	(I)
9.556¢	per 100 cubic feet	for the next 18,000,000 cubic feet	(I)
8.257¢	per 100 cubic feet	for all over 20,000,000 cubic feet	(I)
Gas Adjustment Charge			
2.255¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(I)
0.005¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
2.260¢	Per 100 cubic feet	Total Gas Adjustment Charge	(I)

(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
Fifty-Sixth Revised Page No. 66
Canceling Fifty-Fifth Revised Page No. 66

LVIS
Large Volume Industrial Service (Cont'd)

Natural Gas Supply Charge			
47.859¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
0.110¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u>	per 100 cubic feet	Gas Procurement Charge (Rider H)	
49.019¢	per 100 cubic feet	Total Natural Gas Supply Charge	(D)

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 provisions of Rider B - State Tax Adjustment Surcharge.

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.

APPLICABLE PERIOD

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial customers, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS and (b) the volume of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS.

3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs.
4. The rate per Gas BDU shall be the amount for purchased gas demand costs (Item 3).

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$0.7124/BDU	(D)
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Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2 and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

The Customer's Gas BDUs shall be determined as follows: The actual volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered qualifying load balancing facilities during such Customer's Peak billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered qualifying load balancing facilities that ended during on of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Gas BDUs applicable to Customer shall be zero (0).

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

2. Margin Demand Charge

- a. The rate per Margin BDU shall be \$.3182 per Margin BDU.
- b. Determination of Customer's Margin BDUs

The Customer's Margin BDUs shall be determined as follows: The actual deliveries of gas to the Customer by Company, including not only volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities but also volumes of Customer-owned gas transported to the Customer's load balancing facilities through the Company's facilities, during such Customer's Peak billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Margin BDUs applicable to Customer shall be zero (0).

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle.

The rate per Mcf shall be determined as follows and shall be \$4.0377 per (D) Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity		
Costs, set forth in Rider "A"	\$3.7904/Mcf	(D)
Non Gas Costs	\$0.2473/Mcf	

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff; plus

D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

2. The amount of \$0.2473 per Mcf for recovery of non-gas costs.

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs (Item 1, above) and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly Commodity Charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

The rate per Mcf for transportation of gas under this rate schedule shall be \$0.6073 per Mcf, which includes \$0.2473 for recovery of non-gas costs and \$0.3600 for recovery of purchased gas. (D)

(D)

V. SURCHARGE

The Demand Charges and the Commodity Charge for Sales Service and the Commodity Charge for Transportation Service shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs.

VII. SPECIAL PROVISIONS

Monthly metered Special Provisions A through J contained in the Company's Rate Schedule for Transportation Service shall apply to transportation service under this rate schedule.

VIII. 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:

LIS

Large 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 200,000 Mcf, if the Industrial Customer has used total volumes of gas in at least one billing month of not less than 17,000 Mcf, even if the Customer disagrees with the Company's estimate.

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

\$1,029.00 per Month

Distribution Charges

11.362¢	per 100 cubic feet	for the first 100,000 cubic feet	(I)
9.588¢	per 100 cubic feet	for the next 1,900,000 cubic feet	(I)
7.548¢	per 100 cubic feet	for the next 18,000,000 cubic feet	(I)
6.209¢	per 100 cubic feet	for all over 20,000,000 cubic feet	(I)

Gas Adjustment Charge

2.255¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(I)
0.005¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
2.260¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

(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-First Revised Page No. 76A
Canceling Fortieth Revised Page No. 76A

LIS
Large Industrial Service (Cont'd)

Natural Gas Supply Charge			
47.859¢ per 100 cubic feet		Purchased Gas Cost Component (Rider A)	(D)
0.110¢ per 100 cubic feet		Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u> per 100 cubic feet		Gas Procurement Charge (Rider H)	
49.019¢ per 100 cubic feet		Total Natural Gas Supply Charge	(D)

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 provisions of Rider B - State Tax Adjustment Surcharge.

GAS SHORTAGE CURTAILMENT

Service under this schedule to an LIS Industrial Customer is subject to curtailment and excess consumption penalty as set forth in Rule 26 of this tariff.

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:

LBS and (b) volume of service (expressed in Mcf) to all customers under the "Monthly Volume" provisions of Rate Schedule SB, during the Company Peak Sales Month defined in Rate Schedule CPA-LBS.

3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs.
4. The rate per Gas BDU shall be the amount for purchased gas demand costs (Item 3).

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$0.7124/BDU	(D)
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Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2 and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

The Customer's Gas BDUs shall be determined as follows: The actual volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities during such Customer's Peak billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Gas BDUs applicable to Customer shall be zero (0).

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

2. Margin Demand Charge

- a. The rate per Margin BDU shall be \$.2517 per Margin BDU.
- b. Determination of Customer's Margin BDUs

The Customer's Margin BDUs shall be determined as follows: The actual deliveries of gas to the Customer by Company, including not only volumes of gas purchased by the Customer from the Company and used by the Customer in the separately-metered load balancing facilities but also volumes of Customer-owned gas transported to the Customer's load balancing facilities through the Company's facilities, during such Customer's Peak billing Cycle, as defined hereinafter, shall be multiplied by a fraction. The numerator shall be the number 30. The denominator shall be the number of days of service for which such Customer was billed in such Customer's Peak Billing Cycle.

The Customer's Peak Billing Cycle shall be the single billing cycle of maximum delivery to the Customer's separately-metered load balancing facilities that ended during one of the months of December, January, February and March during the period beginning with the most recently-completed billing cycle ended in December and ending with the current billing cycle.

If the customer used no gas under this rate schedule during the most recently concluded billing cycles ended in December, January, February or March, then the level of Margin BDUs applicable to Customer shall be zero (0).

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

The monthly Commodity Charge for Sales Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas sold to the Customer by the Company during the applicable billing cycle.

The rate per Mcf shall be determined as follows and shall be \$3.9828 per (D) Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity		
Costs, set forth in Rider "A"	\$3.7904/Mcf	(D)
Non Gas Costs	\$0.1924/Mcf	

- a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

1. The net amount per Mcf for recovery of the commodity component of purchased gas costs and for recovery or refund of "E" factor amounts, the "PGCC", as determined in Rider "A" - Section 1307(f) Purchased Gas Costs of this tariff; plus

2. The amount of \$.1924 per Mcf for recovery of non-gas costs.

Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made of the commodity component of purchased gas costs (Item 1, above) and the rate per Mcf shall be changed accordingly. The component included in the rate for recovery of non-gas costs shall remain constant until changed in accordance with a procedure, other than a proceeding pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. Section 1307(f).

2. Commodity Charge for Transportation Service

The monthly Commodity Charge for Transportation Service shall be the product of multiplying the rate per Mcf, determined as provided below, by the volume of gas transported by the Company to the Customer's load balancing facilities.

The rate per Mcf for transportation of gas under this rate schedule shall be \$0.5524 per Mcf, which includes \$0.1924 for recovery of non-gas costs and \$0.3600 for recovery of purchased gas. (D)

V. SURCHARGE

The Demand Charges and the Commodity Charge for Sales Service and the Commodity Charge for Transportation Service shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - Section 1307(f) Purchased Gas Costs.

VII. SPECIAL PROVISIONS

Monthly metered Special Provisions A through J contained in the Company's Rate Schedule for Transportation Service shall apply to transportation service under this rate schedule.

VIII. 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:

RATE SCHEDULE - NGV

NATURAL GAS VEHICLE SERVICE

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

Sales Service under this rate schedule is available for use of natural gas by a customer directly in a natural gas motor vehicle ("NGV").

III. NATURE OF SERVICE

Service provided in this rate schedule shall be firm service subject to the curtailment priorities of Rule 26. For curtailment purposes, service under this rate schedule shall be defined as curtailment priority number (6), firm large noncritical commercial and industrial requirements other than requirement for boiler fuel use.

IV. RATE

Rates per 100 cu. Ft. shall be established by the Company on the first day of each calendar month for each of the categories set forth below to compete with alternative vehicle fuels. The rates shall not be less than the 100% load factor base cost of gas, plus the take-or-pay surcharge, plus the surcharge for Transition Cost, plus the incremental operating cost incurred by the Company for operating Company owned NGV compression equipment on a per Ccf basis, if any, plus \$0.01 per cu. ft., plus the state tax adjustment surcharge, and not more than the tailblock rate of the Commercial and Public Authority Service Rate Schedule, including all applicable surcharges, plus the incremental operating cost incurred by the Company for operating Company owned NGV compression equipment on a per Ccf basis, if any.

The 100% load factor base cost of gas shall be \$0.45028 per 100 cu. ft. (D)
(as calculated by adding the purchase gas components of the Load Balancing Service Rates).

Purchased Gas 100% Load Factor Demand Cost	\$0.07124/Ccf	(D)
plus		
Purchased Gas Commodity Cost Equals	<u>\$0.37904/Ccf</u>	(D)
100% Load Factor Base Cost of Gas	\$0.45028/Ccf	(D)

The incremental operating cost for compression shall be \$0.13436/Ccf.

(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-Fourteenth Revised Page No. 83
Canceling One-Hundred-Thirteenth Revised Page No. 83

Natural gas vehicle customers are classified into the following categories:

NGV(1) All natural gas vehicle customers utilizing Company owned filling facilities. A uniform rate shall be established each month within the parameters set forth above, for customers utilizing Company-owned filling facilities.

The minimum NGV(1) rate shall be: \$0.59268/Ccf (D)

The current components of the minimum NGV(1) rate are as follows:

100% load factor base cost of gas:	\$0.45028/Ccf	(D)
Incremental operating cost of Company owned NGV compression equipment:	\$0.13436/Ccf	
Transition Cost Surcharge	\$0.00000/Ccf	
State Tax Adjustment Surcharge	(\$0.00196)/Ccf	(I)
Minimum allowable Non-Gas cost	\$0.01000/Ccf	

The maximum NGV(1) rate shall be: \$0.79590/Ccf (D)

The current components of the maximum NGV(1) rate are as follows:

Tailblock rate of the Commercial and Public Authority Service Rate schedule:	\$0.66418/Ccf	(D)
Incremental operating cost of Company owned NGV compression equipment:	\$0.13436/Ccf	
State Tax Adjustment Surcharge	(\$0.00264)/Ccf	(I)

NGV(2) Natural gas vehicle customers utilizing customer owned filling facilities. A uniform rate will be established each month within the parameters set forth above, to customers utilizing customer owned filling facilities.

The minimum NGV(2) rate shall be: \$0.45876/Ccf (D)

The current components of the minimum NGV(2) rate are as follows:

100% load factor base cost of gas:	\$0.45028/Ccf	(D)
Transition Cost Surcharge	\$0.00000/Ccf	
State Tax Adjustment Surcharge	(\$0.00152)/Ccf	(I)
Minimum allowable Non-Gas cost	\$0.01000/Ccf	

The maximum NGV(2) rate shall be: \$0.66199/Ccf (D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Gas - Pa. P.U.C. No. 9
One-Hundred-Ninth Revised Page No. 84
Canceling One-Hundred-Eighth Revised Page No. 84

The current components of the maximum NGV(2) rate are as follows:

Tailblock rate of the Commercial and Public Authority		
Service Rate schedule:	\$0.66418/Ccf	(D)
State Tax Adjustment Surcharge	(\$0.00219)/Ccf	(I)

V. SURCHARGE

All charges under this rate schedule will be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff.

VI. AMOUNTS TO BE INCLUDED IN OVER/UNDERCOLLECTION OF GAS COSTS

Purchased gas cost revenues billed under this rate schedule shall be included as revenues for recovery of gas costs for purposes of computing Factor "E" of Company's 1307(f) rate in accordance with procedures set forth in Rider "A" - section 1307(f) Purchased Gas Costs. Purchased gas cost revenues recovered under this rate schedule shall be the 100% load factor base cost of gas as defined above.

VII. 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:

RATE SCHEDULE PSB

PRIORITY STANDBY SERVICE

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY OF SERVICE

Service under this rate schedule is available to all customers under the Residential, Commercial and Public Authority, and SVIS Rate Schedules which enter into a contract for service under this Rate Schedule. A customer will be permitted to enter into a contract, prepared by the Company, for service under this rate schedule, however, only if the Company projects that sufficient volumes of gas will be available to the Company during the period of the customer's contract for Priority Standby Service.

Service under this rate schedule is mandatory for all customers categorized as Priority 1 under the curtailment priorities of Rule 26 who enter into contracts with the Company to receive Transportation Service and who do not have dual or alternate fuel equipment on site which is installed and operable with sufficient amounts of alternate fuel available on site during each winter period of each year commencing on December 1 and ending on March 31 of the following year. Service under this rate schedule is voluntary for all other customers.

NATURE OF SERVICE

Priority standby service shall permit the customer to purchase gas on a firm basis subject to curtailment priorities of Rule 26. The Company will take all reasonable steps to obtain or to maintain gas supplies sufficient to enable the Company to provide reasonably continuous service to each Customer receiving Priority Standby Service.

MONTHLY RATE

The monthly rate shall be \$1.0744 per Mcf, which shall be applied to the total monthly volumes transported by the customer during the month. (D)

The rate shall equal the PGDC portion of the commodity rate applicable to the corresponding sales rate classification.

(D) Indicates Decrease

(I) Indicates Increase

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Effective:

Appendix A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Sixty-Sixth Revised Page No. 95
Canceling Sixty-Fifth Revised Page No. 95

MONTHLY RATE

The monthly rate shall be \$0.5091 per Mcf, which shall be applied to the (D) Monthly Volume, as defined below.

MONTHLY VOLUME

The Mcf volume of gas to which the Monthly Rate set forth above shall be applied, shall be determined for each billing cycle, as set forth below;

1. The volume of gas specified in the Service Agreement under this rate schedule shall be adjusted for each billing cycle by, multiplying such volume, expressed in Mcf, by a fraction. The numerator of the fraction shall be the number of days in the billing cycle applicable to the customer and the denominator shall be thirty (30).
2. If the volume determined under item 1, above, is greater than the sum of the Mcf volume of gas purchased by the customer under rate schedules other than load balancing rate schedules during the billing cycle, the Monthly Rate shall be applied to the difference between: (a) the volume determined under item 1, above, and (b) the Mcf volume of gas purchased by the customer under the rate schedules other than load balancing rate schedules during such billing cycle.
3. If the volume determined under item 1, above, is equal to or less than the Mcf volume of gas purchased by the customer under rate schedules other than load balancing rate schedules during the billing cycle, then the Monthly Volume shall be zero (0) Mcf.

(D) Indicates Decrease

(I) Indicates Increase

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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:

\$2.8158 Mcf (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:

\$2.7858 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year (D)

\$2.3001 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year (D)

\$1.7396 per Mcf for Large Commercial/Public Authority (D)

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:

\$2.7858 per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year (D)

\$2.3001 per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year (D)

\$1.7396 per Mcf for Large Commercial/Public Authority (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:

\$2.5573 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:

\$2.5573 per Mcf for SVIS Customers (D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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:

\$1.4320 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:

\$1.4320 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:

\$1.1645 per Mcf (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 outside the Commonwealth of Pennsylvania shall be:

\$1.1645 per Mcf (D)

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

\$0.8439 per Mcf (D)

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

\$0.8439 per Mcf (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

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Appendix A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Ninety-Eighth Revised Page No.106
Canceling Ninety-Seventh Revised Page No.106

E. In the event of interruption or curtailment of transportation service, pursuant to items C and D, above, and during such period of interruption or curtailment, the MMT Customer must sell to the Company all or a portion of the MMT Customer's supply of gas at the higher of (1) the Transportation Service Customer's cost of purchased gas at the point of delivery to the Company or (2) the Company's average cost of purchased gas per Mcf, as determined based upon the Company's Section 1307(f) Rate, which is \$5.0553. (D)

F. If for any reason (including the default of an MMNGS Supplier), the MMNGS Supplier fails to provide sufficient daily deliveries of natural gas supplies to meet the MMT Customers DDQ pursuant to the terms of MMNGS supply service, and/or MMT Customer's MMNGS Supplier does not provide complete compensation to the Company for services provided under Rate Schedule MMNGS, Special Provision D.3, the Company shall charge the MMT Customer for the deficient daily deliveries under the applicable gas sales rate schedule plus applicable surcharge as set forth in Rate Schedule SB Special Provisions.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

E. In the event of interruption or curtailment of transportation service, pursuant to items C and D, above, and during such period of interruption or curtailment, the DMT Service Customer must sell to the Company all or a portion of the DMT Service Customer's supply of gas at the higher of (1) the Transportation Service Customer's cost of purchased gas at the point of delivery to the Company or (2) the Company's average cost of purchased gas per Mcf, as determined based upon the Company's Section 1307(f) Rate, which is \$5.0553.

(D)

F. If a Gas Service Customer receiving gas transported by the Company uses less than the amount of gas delivered into the Company's system for transportation to such Customer ("excess deliveries"), the Gas Service Customer receiving gas transported by the Company may use such gas during the banking/balancing period defined below, following which the Company shall have the right, but not the obligation, to purchase remaining excess deliveries of gas from the DMT service Customer at a rate equal to the lowest of (1) the cost at which it was acquired by the DMT Service Customer, including pipeline transportation charges, or (2) the Company's average commodity delivered cost of gas to National Fuel Gas Supply Corporation, or (3) the Company's average commodity cost of locally produced gas during the month when excess deliveries were received by the Company. The cost at which the DMT Service Customer acquired the gas will be determined from such Customer's contract with the supplier or by a sworn affidavit setting forth the Customer's cost of gas, including cost of delivery of such gas to the Company's system. Upon request by the Company, the DMT Service Customer will be required to furnish to the Company the DMT service Customer's choice of (1) a copy of this contract or (2) an affidavit. The banking/balancing period shall be the three billing months after the billing month in which the Company received excess deliveries in behalf of the Customer.

G. "Underdeliveries" are volumes of gas taken from the Company by a Gas Service Customer in excess of the sum of (1) any excess deliveries of the customer at the beginning of the day and (2) the volume of gas delivered to the Company for the customer's account, after adjustment for line losses less volumes of volumes of gas determined to be sales by the Company to the customer. Cumulative underdeliveries, as determined each day, in excess of two percent of the volume of gas delivered by the Company to the customer that day, shall be a sale of gas by the Company to the customer under the applicable rate schedule plus applicable surcharges as set forth in Rate Schedule SB Special Provisions and shall not be recharacterized as transportation service under any circumstances. Cumulative underdeliveries of not more than two percent of the volume of gas delivered to a customer by the Company on any day may be offset by volumes of gas delivered to the Company for the customer's account, after adjustment for line losses, in excess of the volume of gas taken by the customer from the Company on subsequent days within the same billing month.

(D) Indicates Decrease

(I) Indicates Increase

Issued: January 31, 2022

Effective:

RATE SCHEDULE MMNGS
MONTHLY METERED NATURAL GAS SUPPLIER SERVICE (Cont.)

3. MMNGS Suppliers shall include with their application payment of a non-refundable \$500 fee. For natural gas suppliers serving MMT Customers on August 1, 2006, and all individual MMT Customers that will be their own MMNGS Supplier, the application fee shall be waived by the Company.

J. MMNGS Supplier Obligations

1. Suppliers may enroll customers for service commencing with the MMT Customer's meter reading in any month. Service to the MMT Customer shall begin at the start of the customer's billing cycle after enrollment confirmation has been provided by the Company.

2. Enrollments/drops shall occur electronically, however, each MMNGS Supplier will be obligated to keep on file either oral or written evidence of each customer's enrollment with that Supplier, which evidence shall be available for Company review at any time, upon 24 hours' notice. The Company will provide the MMT Customer with a letter confirming enrollment, if the Customer notifies the Company within the time period prescribed by Order of the Commission or, in the absence of same, as specified in 52 Pa. Code §59.93 - §59.94) of issuance of the confirmation letter that the Customer does not wish to be served by the MMNGS Supplier, the enrollment of the Customer will be rescinded. (C)

3. To the extent of MMNGS Supplier's MMT Customer at any time is not served any longer by that MMNGS Supplier and is then the responsibility of the Company, effective upon the transfer of that customer to the Company, the Company shall charge the customer for all Company provided natural gas under the terms of the Standby rate schedule.

4. MMNGS Suppliers agree to abide by any other specific requirements in the Company's Operational Procedures Manual.

(C) Indicates Change

Issued:

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NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Fifty-First Revised Page No. 119A
Canceling Fiftieth Revised Page No. 119A

RATE SCHEDULE SATC
SMALL AGGREGATION TRANSPORTATION CUSTOMER SERVICE (Cont'd)

RATES AND CHARGES

A. Customer Transportation Service Rates

The Company will provide transportation services to deliver gas supplies to the SATC Customer(s). The Customer shall be billed the charges for the transportation services rendered for it at the appropriate charges provided herein for which service the SATC Customer qualifies.

The SATC Customer shall pay the following transportation charges for the transportation of gas. The commodity rates set forth below contain a component, presently \$0.02828 per Ccf, for the recovery of purchased gas demand costs and shall be adjusted pursuant to Rider A of the tariff. Such purchased gas costs collected through these rates shall be included as revenues for the recovery of purchased gas costs as specified in Rider A of this tariff. (I)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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	
\$0.31974	per 100 cubic feet for the first 5,000 cubic feet	(I)
\$0.22823	per 100 cubic feet for all over 5,000 cubic feet	(I)

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	
\$0.27589	per 100 cubic feet for the first 5,000 cubic feet	(I)
\$0.24591	per 100 cubic feet for all over 5,000 cubic feet	(I)

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	
\$0.21916	per 100 cubic feet for the first 20,000 cubic feet	(I)
\$0.20576	per 100 cubic feet for all over 20,000 cubic feet	(I)

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

\$121.01	Basic Service Charge	
\$0.17389	per 100 cubic feet for the first 300,000 cubic feet	(I)
\$0.16283	per 100 cubic feet for the next 1,700,000 cubic feet	(I)
\$0.15139	per 100 cubic feet for all over 2,000,000 cubic feet	(I)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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	
\$0.23658	per 100 cubic feet	(I)

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	
\$0.17800	per 100 cubic feet for the first 100,000 cubic feet	(I)
\$0.13844	per 100 cubic feet for the next 1,900,000 cubic feet	(I)
\$0.10748	per 100 cubic feet for all over 2,000,000 cubic feet	(I)

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:

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

c. Additional Assignments of ESS Storage Capacity

Approximately fifteen days prior to the close of nominations for each month, the Company will recalculate the quantity of storage capacity released to match the SATS Supplier's revised winter requirements based on the number of SATC Customers aggregated by the Supplier. If additional SATC Customers join a SATS Supplier's SATC Customer Group, the Company will release additional capacity as required, based on the percentage set forth at C.1.a. above. In addition, the SATS Supplier will be required to pay the Company for storage gas transferred and all taxes and pipeline fees associated with moving or transferring the storage gas to the Supplier. The storage gas transfer rate shall be the sum of (1) the higher of the Company's average cost of gas based upon the Company's Section 1307f rate, or the DMI for the first day of month in which gas is transferred plus all transportation costs to the Company's City Gate, plus (2) the demand Transfer Recovery Rate ("DTR Rate"). The DTR rate shall equal the per Mcf System Average Unrecovered Demand Charge revenue beginning in the month of April through the initial month that storage capacity is released to the Supplier. The System Average Unrecovered demand Charge Revenue shall equal the sum of the differences between the average demand charge revenues and the average fixed demand costs beginning the month of April through the initial month that storage capacity is released to the Supplier.

The DTR by month shall be as follows:

Capacity Transfer Month	DTR \$/Mcf	
April	\$0.00	
May	\$0.00	
June	\$0.00	
July	\$0.00	
August	\$0.00	
September	\$0.00	
October	\$0.02	
November	\$0.54	(D)
December	\$0.83	(D)
January	\$0.69	(D)
February	\$0.38	(D)
March	\$0.00	

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)2. Released Transmission Capacity Not Included in SATC
Transportation Rates

46% of extreme peak day requirements is to be provided by the release of pipeline capacity upstream of NFGSC and the release of associated EFT transportation capacity on NFGSC which is not included in transportation rates. All such capacity shall be released to SATS Suppliers, and SATS Suppliers shall take such released capacity, at the maximum rate under the pipeline's FERC gas tariff. The actual pipeline capacity path upstream of NFGSC to be released to the Supplier by the Company shall be designated by the Company from its available capacity. The Company will attempt to accommodate a Supplier's request for particular capacity on a first-come first-serve basis. (D)

As an alternative to the above, the Company may designate an alternative capacity path(s) from its available capacity. The capacity release rate for the pipeline capacity path released to the Supplier shall be \$8.095/Dth which equals the weighted average demand cost of upstream capacity, however, capacity released on NFGSC will be released at the maximum rate under NFGSC's FERC gas tariff. The Company will post a listing of the alternative capacity path(s) designated, including the associated quantity of capacity, on its web site. (D)

For capacity termination notices, prior to the termination notice date of any capacity contract in this Section C.2., the Company will issue a request for proposals to qualified Suppliers under this tariff to determine if the Company should terminate, renew, or replace such contract, in whole or in part. The Company will terminate a proportionate share of the capacity contract if: (1) Suppliers demonstrate that they will provide comparable firm capacity to serve the Company's core customers, (2) the Suppliers agree to assign such comparable capacity at the contracted price to the Company upon Company request if such capacity is required to meet supply requirements of SATC Customers due to the termination of the SATS Supplier pursuant to Section H.1. or if the Supplier has reduced the level of delivery requirements from the previous periods requirements, and 3) the Commission approves such comparable capacity. Comparable capacity must have firm rights for at least the seven (7) winter months, and such capacity must have primary delivery rights into available primary receipt rights on NFGSC held by the Company. Comparable capacity must have firm capacity rights sufficient in volume and duration (with renewal rights) to serve the customers to be served by the SATS Supplier. The Company will post a listing of capacity contracts, including the associated quantity of capacity, that it determines to be of critical status on its web site.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

RATE SCHEDULE SATS
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE (Cont.)

4. SATS Suppliers shall include with their application payment of a non-refundable \$500 fee.

5. SATS Suppliers shall also include with their application a copy of their intended pro forma contract for their prospective SATC Customers (minus confidential pricing provisions) demonstrating inclusion of the provisions set out in Section K herein.

J. SATS Supplier Obligations

1. Suppliers may enroll customers for service commencing with the SATC Customer's meter reading in any month. Service to the SATC Customer shall begin at the start of the customer's billing cycle after enrollment confirmation has been provided by the Company.

2. Once qualified, SATS Suppliers will be obligated to notify the Company on a weekly basis during the Enrollment Period of those customers enrolled in the Suppliers' SATC Customer Groups.

3. When a customer requests to change its SATS Supplier, upon receiving direct oral confirmation or written authorization to change the SATS Supplier, the customer's new SATS Supplier shall notify the Company by the end of the next business day following completion of the application process.

4. Enrollment shall occur electronically, however, each SATS Supplier will be obligated to keep on file either oral or written evidence of each customer's enrollment with that Supplier, which evidence shall be available for Company review at any time, upon 24 hours' notice. The Company will provide the SATC Customer with a letter confirming enrollment, if the Customer notifies the Company within the time period prescribed by Order of the Commission or, in the same absence of same, as specified per 52 Pa. Code §59.93 - §59.94 of issuance of the confirmation letter that the Customer does not wish to be served by the SATS Supplier, the enrollment for the Customer will be rescinded. (C)

5. To the extent a SATS Supplier's SATC Customer at any time is not served any longer by that SATS Supplier and is then the responsibility of the Company, effective upon the transfer of that customer to the Company, the Company shall have the option to recall capacity released to the Supplier under Special Provisions Section C.1 and C.2 or require assignment of capacity under Special Provisions Section C.4.

6. Any customer may identify persons authorized to make changes to the customer's account. To accomplish this, the customer provides the Company with a signed document identifying by name those persons who have the authority to initiate a change of the customer's SATS Supplier. A document signed by the customer whose sole purpose is to obtain the customer's consent to change natural gas suppliers shall be accepted as valid and result in the initiation of the customer's request. Documents not considered as valid include, but are not limited to, canceled checks, signed entries into contests and documents used to claim prizes won in contests.

(C) Indicates Change

Issued:

Effective:

Appendix A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
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Canceling Sixty-Sixth Revised Page No. 146G

E. In the event of interruption or curtailment of transportation service, pursuant to items C and D, above, and during such period of interruption or curtailment, the DMLMT Service customer must sell to the Company all or a portion of the DMLMT Service Customer's supply of gas at the higher of (1) the Transportation Service Customer's cost of purchased gas at the point of delivery to the Company or (2) the Company's average cost of purchased gas per Mcf, as determined based upon the Company's Section 1307(f) Rate which is \$5.0553.

(D)

F. If a Gas Service Customer receiving gas transported by the Company uses less than the amount of gas delivered into the Company's system for transportation to such Customer ("excess deliveries"), the Gas Service Customer receiving gas transported by the Company may use such gas during the banking/balancing period defined below, following which the Company shall have the right, but not the obligation, to purchase remaining excess deliveries of gas from the DMLMT Service Customer at a rate equal to the lowest of (1) the cost at which it was acquired by the DMLMT Service Customer, including pipeline transportation charges, or (2) the Company's average commodity delivered cost of gas to National Fuel Gas Supply Corporation, or (3) the Company's average commodity cost of locally-produced gas during the month when excess deliveries were received by the Company. The cost at which the DMLMT Service Customer acquired the gas will be determined from such Customer's contract with the supplier or by a sworn affidavit setting forth the Customer's cost of gas, including cost of delivery of such gas to the Company's system. Upon request by the Company, the DMLMT service Customer will be required to furnish to the Company the DMLMT Service Customer's choice of (1) a copy of this contract or (2) an affidavit. The banking/balancing period shall be the three billing months after the billing month in which the Company received excess deliveries in behalf of the Customer.

G. "Underdeliveries" are volumes of gas taken from the Company by a Gas Service Customer in excess of the sum of (1) any excess deliveries of the customer at the beginning of the day and (2) the volume of gas delivered to the Company for the customer's account, after adjustment for line losses less volumes of gas determined to be sales by the Company to the customer. Cumulative underdeliveries, as determined each day, in excess of two percent of the volume of gas delivered by the Company to the customer that day, shall be a sale of gas by the Company to the customer under the applicable rate schedule plus applicable surcharges as set forth in Rate Schedule SB Special Provisions and shall not be recharacterized as transportation service under any circumstances. Cumulative underdeliveries of not more than two percent of the volume of gas delivered to a customer by the Company on any day may be offset by volumes of gas delivered to the Company for the customer's account, after adjustment for line losses, in excess of the volume of gas taken by the customer from the Company on subsequent days within the same billing month.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

RIDER A
SECTION 1307(F) PURCHASED GAS COSTS
PROVISION FOR RECOVERY OF PURCHASED GAS COSTS

Rates for each Mcf (1,000 cubic feet) of gas supplied under Residential, Low Income Residential Assistance Service, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial, Large Volume Industrial LBS and Natural Gas Vehicle Service rate schedules of this tariff, shall include \$3.7904 per Mcf for recovery of purchased gas commodity costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. (D)

Rates for each Mcf (1,000 cubic feet) of gas supplied under Residential, Commercial and Public Authority, Small Volume Industrial Service, Intermediate Volume Industrial, Large Volume Industrial Service, Large Industrial Service and Standby Service rate schedules of this tariff, shall include \$1.2210 per Mcf for recovery of purchased gas demand costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. (D)

Rates for each Mcf (1,000 cubic feet) of gas transported under the Small Aggregation Transportation Customer Rate Schedule shall include \$0.2828 per Mcf for the recovery of purchased gas demand costs. (I)

Such rates for gas service shall be increased or decreased, from time to time, as provided by Section 1307(f) of the Public Utility Code and the Commission's regulations, to reflect changes in the level of purchased gas costs.

The amounts per Mcf for recovery of purchased gas costs (commodity and demand) included in rates under each rate schedule of the tariff are as follows:

	Distribution		Gas Adjustment	Natural Gas	
	<u>Total</u>	<u>Charges</u>	<u>Charge</u>	<u>Supply Charge</u>	
Residential	\$5.2942	\$0.2828	\$0.2255	\$4.7859	(D)
Low Income Residential Assistance Service	\$5.2942	\$0.2828	\$0.2255	\$4.7859	(D)
Commercial/Public Authority	\$5.2942	\$0.2828	\$0.2255	\$4.7859	(D)
Small Volume Industrial	\$5.2942	\$0.2828	\$0.2255	\$4.7859	(D)
Intermediate Volume Industrial	\$5.2942	\$0.2828	\$0.2255	\$4.7859	(D)
Large Volume Industrial	\$5.2942	\$0.2828	\$0.2255	\$4.7859	(D)
Large Industrial	\$5.2942	\$0.2828	\$0.2255	\$4.7859	(D)
Standby	\$0.5091				(D)
Priority Standby	\$1.0744				(D)
Small Aggregation Transportation Customer Rate Schedule	\$0.2828	\$0.2828			(I)

(I) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

Appendix A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

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The annual filing date shall be the date specified by the Company's Section 1307(f) tariff filing and not the date established by the Commission for pre-filing of certain information pursuant to 52 Pa. Code Sections 53.64(b)(1) and 53.65.

Supplier commodity refunds received will be included in the calculation of "CE" with interest added at the annual rate of six percent (6%) calculated from the month received to the effective month such refund is refunded. Supplier commodity refunds will be included in the next quarterly filing after refunds are received pursuant to Case R-2013-2341534.

Pipeline penalty credits will be included in the calculation of "CE" as a credit to purchased gas costs from the month they are received to the effective month "CE" is refunded or collected. (C)

"DE" - experienced net overcollection or undercollection of purchased gas demand costs. For the initial filing, pursuant to 1307(f) of the Public Utility Code, in order to achieve an orderly transition from Gas Cost Rate procedures to Section 1307(f) procedures, such experienced net overcollection or undercollection, to be reflected in rates effective September 1, 1985, shall be the net overcollection or undercollection arising under the Gas Cost Rate procedure. The amount of such net overcollection or undercollection shall include the historic net amount as of March 31, 1985 together with the projected net overcollection or undercollection for the five-month period ending August 31, 1985.

After the transition from the Gas Cost Rate procedures, established pursuant to the Commission's order of October 1, 1978 at M-78050055, (52 Pa P.U.C. 217) as amended, to procedures established pursuant to Section 1307(f) of the Public Utility Code, such experienced net overcollection or undercollection shall be determined for the most recent period permitted under law which shall begin with the month following the last month which was included in the previous over-under collection calculation reflected in rates.

The annual filing date shall be the date specified by the Company's Section 1307(f) tariff filing and not the date established by the Commission for pre-filing of certain information pursuant to 52 Pa. Code Sections 53.64(b)(1) and 53.65.

Supplier demand refunds received will be included in the calculation of "DE" with interest added at the annual rate of six percent (6%) calculated from the month received to the effective month such refund is refunded. Supplier demand refunds will be included in the next quarterly filing after refunds are received pursuant to Case R-2013-2341534.

"S1" - projected Mcf of gas to be billed to customers under the natural gas supply charges of the Residential, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial and Large Volume Industrial LBS Service rate schedules of this tariff during the period when rates will be in effect.

(C) Indicates Change

Issued:

Effective:

RIDER B

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, a surcharge of (0.33%) will apply to all charges for service rendered on or after November 1, 2021. (I)

The above surcharge will be recomputed using the same elements prescribed by the Commission.

- a. Whenever any of the tax rates used in calculation of the surcharge are changed;
- b. Whenever the utility makes effective any increased or decreased rates, and
- c. On March 31, 1971, and each year thereafter.

The above recalculation will be submitted to the Commission within one (1) day after the occurrence of the event or date which occasions such recomputation; and, if the recomputed surcharge is less than the one in effect, the Company will, and if the recomputed surcharge is more than the one then in effect, the Company may submit with such recomputation a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be one (1) day after filing.

In Compliance with P-2017-2591001 Order entered October 5, 2017, the Company shall file its State Tax Adjustment Surcharge filings on one day's notice.

(C) Indicates Change

(D) Indicates Decrease

Issued:

Effective:

RIDER F
LIRA DISCOUNT CHARGE

CURRENT LIRA RATE DISCOUNT

Effective April 1, 2002, a charge will be included in the rates subject to this Rider to provide for recovery of costs of the projected LIRA rate discounts for the upcoming 12 months.

Such charge shall be updated quarterly and effective each February 1, May 1, August 1, and November 1 of the year. The charge will also be updated whenever there is a change to the Residential Sales Service Rate Customer Charge, Distribution Charge, Natural Gas Supply Charge, or Gas Adjustment Charge.

APPLICABILITY

In addition to the charges provided in this tariff, a charge calculated in the manner explained below shall be added to the otherwise applicable charge for each Mcf of sales and transportation volumes delivered by the Company to customers receiving service under the Residential Sales Service Rate Schedule and the Residential rates of the SATC, MMT, and DMT transportation rate schedules.

CALCULATION OF RATE

The charge will be recalculated as specified above.

The charge shall be equal to the total annual projected discounts for LIRA customers for the upcoming 12 month period divided by the annual normalized throughput volumes of the qualified rate classes. The total annual projected discounts for the LIRA customers for the upcoming 12 month period shall equal the sum of the individual monthly total projected discounts for LIRA customers for the upcoming 12 months. The total monthly projected discounts for LIRA customers shall equal the residential bill for the average LIRA customer consumption for the month multiplied by the average discount percentage for LIRA service multiplied by the projected number of LIRA customers for the month.

The currently effective charge for the current LIRA Rate Discount to be included in rates is \$0.1110/Mcf.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
Seventy-Fifth Revised Page No. 167
Canceling Seventy-Fourth Revised Page No. 167

RIDER F
LIRA DISCOUNT CHARGE

CAP FUNDING RECONCILIATION CHARGE (con't)
CALCULATION OF RECONCILIATION COMPONENT OF RATE (con't)

The charge associated with the incremental customer credit will contain the following calculation:

Effective February 1, 2009 and thereafter, an annual credit of \$35 per customer will be provided associated with the LIRA incremental customers. The credit will be based on the average number of LIRA customers billed during the previous fiscal period (October - September) less 11,411. The annual credit will continue until new base rates become effective as a result of a general rate proceeding. If the average number of LIRA customers billed during the previous fiscal period is 11,411 or less, the credit will be \$0.

The CAP Funding Reconciliation Charge will be the summation of the charges calculated above divided by the projected February 1 through January 31 volumes.

CAP Funding Reconciliation Charge Calculation		
	LIRA Rate Discount	\$55,212
+	LIRA Program Costs	\$87,955
+	LIRA Forgiven Pre-Program Arrearages	\$(234,476)
+	LIRA Incremental Customer Credit	\$0
Equals	Total	\$(91,309)
Divided by	Projected Feb - Jan Volumes	<u>19,507,450 Mcf</u>
	Cap Funding Reconciliation Charge / Mcf	\$(0.0047) / Mcf

ADJUSTMENT FOR OVER / UNDER RECOVERY OF PRIOR PERIOD CHARGE

The filing to be effective February 1, 2010 and every February 1 thereafter shall include a levelized rate for over/under collections for the prior (12) month period by comparing projected revenues under this Rider to actual revenue amounts experienced. The annual reconciliation shall be based upon actual revenues through December 31 and estimated revenues for January. Estimates for January shall be included in the following reconciliation period. The rate will be designed to recover or refund the applicable under or over recovery over the twelve (12) month period beginning February.

RIDER F LIRA Discount Charge Component	\$/Mcf
Current LIRA Rate Discount	\$0.1067
Cap Funding Reconciliation Charge	\$(0.0047)
Adjustment for Over/Under Recovery of Prior Period Charge	\$0.0090
Total RIDER F	\$0.1110

The currently effective charge to be included in rates is \$0.1110/Mcf.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

Rider G
Merchant Function Charge (MFC) Rider

Applicability:

The Merchant Function Charge (MFC) shall be added to the Natural Gas Supply Charge and Gas Adjustment Charge of Residential, LIRAS, Commercial and Public Authority, SVIS, IVIS, LVIS and LIS rate schedules.

Such charges shall be updated quarterly and effective each February 1, May 1, August 1, and November 1 of the year. The charge will also be updated whenever there is a change to the Sales Service Rate Customer Charge, Distribution Charge, Natural Gas Supply Charge or Gas Adjustment Charge.

Calculation of Rate:

For customers receiving service in the Residential classification, the MFC shall equal 2.2301% times the Natural Gas Supply Charge and the Gas Adjustment Clause as calculated for Rider A.

The current Residential MFC Charge is:

Natural Gas Supply Charge per Mcf	\$0.1068	(D)
Gas Adjustment clause (E-Factor) per Mcf	\$0.0050	(I)
Total Residential MFC per Mcf	\$0.1118	(D)

For customers receiving service in the Non-Residential classifications, the MFC shall equal 0.2285% times the Natural Gas Supply Charge and Gas Adjustment Clause as calculated for Rider A.

The current Non-Residential MFC Charge is:

Natural Gas Supply Charge per Mcf	\$0.0110	(D)
Gas Adjustment clause (E-Factor) per Mcf	\$0.0005	(I)
Total Non-Residential MFC per Mcf	\$0.0115	(D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

Rider H
Gas Procurement Charge (GPC)

APPLICABILITY

Effective June 1, 2013, the Gas Procurement Charge will be included in the Natural Gas Supply Charge of Residential, LIRAS, Commercial and Public Authority, SVIS, IVIS, LVIS and LIS rate schedules.

The charge is designed to recover the costs of procuring natural gas pursuant to 52 Pa. Code §62.223. The natural gas procurement costs included in the GPC charge will only be updated in a base rate case.

The GPC to be included in the Natural Gas Supply Charge shall be \$0.1050 / Mcf and is not reconcilable.

Price To Compare Component	Residential (¢ per 100 cubic feet)	Non Residential (¢ per 100 cubic feet)	
Natural Gas Supply Charge			
Purchased Gas Cost Component (Rider A)	47.859	47.859	(D)
Merchant Function Charge associated with Natural Gas Supply Charge (Rider G)	1.068	0.110	(D)
Gas Procurement Charge (Rider H)	<u>1.050</u>	<u>1.050</u>	
Subtotal Natural Gas Supply Charge	49.977	49.019	(D)
Gas Adjustment Charge			
Purchased Gas Cost Component (Rider A)	2.255	2.255	(I)
Merchant Function Charge associated with Gas Adjustment Charge (Rider G)	<u>0.050</u>	<u>0.005</u>	(I)
Subtotal Gas Adjustment Charge			(I)
	2.305	2.260	
Total Price To Compare	<u>52.282</u>	<u>51.279</u>	(D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

APPENDIX B
Distribution's Statement in Support of
Partial Settlement

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
Office of Consumer Advocate	:	Docket Nos. R-2022-3030235
Office of Small Business Advocate	:	C-2022-3030573
	:	C-2022-3030730
v.	:	
	:	
National Fuel Gas Distribution Corporation	:	

**STATEMENT OF NATIONAL FUEL GAS DISTRIBUTION CORPORATION
IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT OF
THE RATE INVESTIGATION PURSUANT TO 66 PA.C.S. § 1307(f)**

**TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE MARK A. HOYER AND
ADMINISTRATIVE LAW JUDGE CHARECE Z. COLLINS:**

I. INTRODUCTION

National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) files this Statement in Support of the Joint Petition for Partial Settlement of the Section 1307(f) Rate Investigation (“Partial Settlement”) entered into or not opposed by Distribution, the Bureau of Investigation & Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (hereinafter, collectively “Parties”) in the above-captioned purchased gas cost (“PGC”) proceeding. Distribution respectfully requests that Deputy Chief Administrative Law Judge Mark A. Hoyer and Administrative Law Judge Charece Z. Collins (collectively, the “ALJs”) recommend approval of, and the Commission approve, the Partial Settlement, including the terms and conditions thereof, without modification.

The Partial Settlement, if approved, will resolve all but one of the issues in this proceeding, including whether Distribution’s historic natural gas costs were and projected natural gas costs will be incurred under a least cost fuel procurement policy. The Parties have reserved issues

related to the Company's proposed Renewable Natural Gas ("RNG") pilot program for litigation. The Partial Settlement is in the interests of Distribution, its customers, and the other Parties and is otherwise in the public interest. It should accordingly be approved without modification.

The Partial Settlement was achieved after a comprehensive investigation of Distribution's natural gas procurement policies and operations. In addition to informal discovery, Distribution responded to numerous formal discovery requests. The Statutory Parties (i.e. I&E, OCA, and OSBA) have years of experience in evaluating Distribution's annual PGC filings and thoroughly evaluated the Company's 2022 filing.

For the reasons set forth herein, the Partial Settlement is just and reasonable and Distribution's 2022 1307(f) Filing, as modified by the Partial Settlement and excluding the issues reserved for litigation, should be approved.

II. COMMISSION POLICY FAVORS SETTLEMENT

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

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. PGC RATES

The Partial Settlement rates that Distribution proposes to place into effect on August 1, 2022 are supported by record evidence. Distribution explained in detail the development of its natural gas supply rates utilizing cost projections, sales projections, and the reconciliation process. Distribution's testimony and exhibits provided full support for the rates and their underlying calculations. See Distribution PGC St. No. 5, PGC Exhibit No. 21.

In Distribution's pre-filing, filed on December 30, 2021, it provided 27 exhibits detailing its gas purchases, gas contracts, peak day requirements and other information required by the Commission's regulations. In its annual filing made on January 31, 2022, Distribution offered the testimony of 8 witnesses explaining the filing and why it was reasonable, along with additional exhibits supporting the filing. Additional detail regarding the Company's gas purchasing practices is also provided in the Proposed Findings of Fact set forth in Paragraphs 26-42 of the Partial Settlement.

The Partial Settlement rates also reflect the adjustments that were agreed to by the Parties in this proceeding. Accordingly, under the terms of the Partial Settlement, the Parties agree that, on August 1, 2022, Distribution will place into effect the natural gas rates set forth in **Appendix A** of the Settlement, as modified by paragraphs 47, 54, and 55 of the Partial Settlement, and subject to updates for actual over/under recoveries of purchased gas costs through June 30, 2022, for updates related to the calculation of the Monthly Metered Transportation ("MMT") balancing charge and for updates to the forecasts of wellhead prices. Settlement ¶ 47.

B. DESIGN DAY REQUIREMENTS

In this proceeding, the OCA disputed Distribution's overall design day forecasting model and requirements. Mr. Mierzwa argued that the Company should evaluate its design day

forecasting model to determine why the model “over forecasted demands” during the most recent winter season, and that the Company should modify the model accordingly. OCA St. No. 1, pp. 10-11. Further, Mr. Mierzwa recommended that the Company use daily usage, rather than monthly usage, to forecast design day demands. OCA St. No. 1, pp. 8-11.

In Rebuttal Testimony, Company witness Janine M. Ward disagreed with Mr. Mierzwa’s contentions that the existing design day forecasting model overestimates the Company’s design day requirements. Distribution St. No. 8-R, pp. 1-2. Ms. Ward explained that Mr. Mierzwa’s conclusion was inaccurate as it was based on a linear extrapolation of the peak day usage from the prior 2020-2021 winter “which overall was 11.5% warmer than normal.” Distribution St. No. 8-R, pp. 1-2. Ms. Ward went on to explain that “the relationship between usage and [Heating Degree Day] is not linear, thus estimating actual design day usage from a seasonably warm peak day from a single winter significantly understates the forecast design day.” Distribution St. No. 8-R, p. 2. Further, Ms. Ward explained that the design day forecast model is not intended to forecast usage for days that are significantly lower than 74 HDD. Rather, “it is intended to forecast usage when temperatures are extremely cold, so that the Company can ensure that it has sufficient supply to provide reliable service to customers.” Distribution St. No. 8-R, pp. 2-3. With that in mind, Ms. Ward noted the accuracy of the current model, indicating that:

A review of the actual design day estimates from the prior (seven) winters demonstrates that the Company’s design day forecast is reasonably in-line with historical actuals. In fact, the design day estimate from the winter of 2013-2014, which experienced peak day usage at 68 HDDs on January 7, 2014, resulted in a peak day requirement that exceeded the Company’s forecast and contract pipeline capacity at the time, as noted in Exhibit LAP-2. This demonstrates the reasonableness of the Company’s model.
Distribution St. No. 8-R, p. 2.

Ms. Ward also explained that Mr. Mierzwa’s recommendation to use daily usage was unreasonable, as “[t]he Company does not obtain daily meter read data for the vast majority of

customers... As a result, historical daily consumption data is not available to be utilized for forecasting purposes.” Distribution St. No. 8-R, p. 4.

In Surrebuttal Testimony, OCA witness Mierzwa continued to argue that daily data, rather than monthly data, should be used by the Company to produce its design day forecast model. OCA St. No. 1-SR, pp. 2-3. Further, Mr. Mierzwa continued to recommend that the Company not acquire additional interstate pipeline capacity until it performs an evaluation of its design day forecasting model. OCA St. No. 1-SR, pp. 3-4.

After the rounds of testimony noted above, the Company and the Parties – including OCA – were able to reach a resolution of the issues related to Distribution’s design day forecasting model. Under the Partial Settlement, the Parties agreed that:

1. Rates established in this proceeding are based on a contracted-for level of pipeline and storage capacity of 350,705 Dth/day. (PGC Statement No. 8, Exhibit LAP-4). The Joint Petitioners agree to use the throughput and capacity amounts projected by the Company to calculate rates in this proceeding. The acceptance by the Petitioners of this level of throughput and capacity to calculate rates does not indicate their acceptance of, and the Commission’s approval of the partial settlement will not indicate its approval of, the procedures or methodologies used to calculate these levels of throughput and capacity.
2. In Distribution’s 2023 Section 1307(f) proceeding, any party may contend that Distribution should adjust its capacity to a different level. If the Commission makes a determination concerning the appropriate level of capacity for Distribution, Distribution will undertake all reasonable and appropriate actions, after the determination becomes final, to adjust its level of capacity to the level determined to be appropriate.
3. No Joint Petitioner may contend that there should be a disallowance of recovery by Distribution of its cost of capacity for any period prior to Distribution’s first reasonable opportunity to adjust its capacity after the determination of the appropriate level of capacity has become final.

Partial Settlement ¶¶ 48-50.

The Settlement on issues related to the Company’s Design Day forecasting model reflects the Company’s position in this proceeding. However, the Settlement does not prohibit Parties

from challenging Distribution's Design Day forecasting model in future PGC proceedings. As such, these settlement provisions are in the public interest and should be approved.

C. MMT BALANCING CHARGE

Distribution's MMT Balancing Charge recovers the Company's costs for balancing the difference between MMT customers' daily deliveries and daily usage. Distribution PGC St. No. 6, pp. 28-31. In determining the MMT charge, Distribution calculates the estimated capacity costs required to provide this service and develops the MMT rate based upon projected MMT customer volumes. In its initial filing, Distribution proposed an MMT Balancing Charge rate of \$0.36 per Mcf. This represented a \$0.02 decrease from the current MMT Balancing Charge rate of \$0.38.

In this proceeding, the OCA was the only party other than Distribution that submitted testimony related to the Company's balancing charge. In his Direct Testimony, OCA witness Jerome D. Mierzwa proposed revisions to the Balancing Charge. OCA St. No. 1, pp. 12-13. Specifically, OCA argued that the Company's balancing charge be based on a storage capacity component of 150,000 Mcf, rather than the 68,368 Mcf the Company proposed in its initial filing. OCA St. No. 1, p. 13. Mr. Mierzwa also recommended that the Company update the MMT rate to account for rate changes to National Fuel Gas Supply Corporation's ("Supply") supply service to Distribution. OCA St. No. 1, p. 11-12. Lastly, Mr. Mierzwa recommended that the Company set its MMT transportation charge to \$0.39. OCA St. No. 1, p. 13.

In Rebuttal Testimony, Distribution witness Donald N. Koch agreed with Mr. Mierzwa's contention that the MMT balancing charge rate should be updated to account for changes in Supply's rates. With that in mind, Mr. Koch confirmed that Distribution would agree to update the MMT rate whenever there were new rates approved by the FERC for Supply. Distribution PGC St. 1-R, p. 2.

Regarding Mr. Mierzwa's contention that Distribution should update its balancing charge to be based on a storage capacity component of 150,000 Mcf, rather than the 68,268 Mcf proposed by the Company, Mr. Koch refuted Mr. Mierzwa's recommendation, explaining that "[t]he effect of [Mr. Mierzwa's] proposal is to significantly overstate costs for MMT customers." Distribution St. No. 6-R, p. 2. Further, Mr. Koch also explained that Mr. Mierzwa's recommendations regarding the MMT transportation charge should be rejected, as the proposed \$0.38 was derived using the historic average capacity rate. Distribution St. No. 6-R, p. 3.

The OCA submitted Surrebuttal Testimony on this issue, through which Mr. Mierzwa continued to argue that the storage capacity component of the MMT balancing charge should be based upon the maximum storage capacity usage. OCA St. 1-SR, p. 5.

After extensive settlement discussions, all parties have agreed that the new MMT Balancing Charge Rate will be updated on May 1, 2022, to reflect Supply's firm transportation rates that will become effective on April 1, 2022. Further, all Parties agree that the MMT Balancing Charge Rate to become effective on August 1, 2022, will be updated to reflect the Company's Supply ESS Deliverability Charge, Capacity Charge, Injection/Withdrawal Charges and Shrinkage Factor as of August 1, 2022; (2) MMT billing determinants based on actual MMT volumes experience by the Company for the 12 - month period ending June 30, 2022; and (3) average MMT balancing storage inventories for the 12 months ending July 31, 2021. Partial Settlement ¶¶ 51-52.

The MMT Balancing Charge provisions of the Partial Settlement reflect a compromise of the OCA's and Distribution's respective positions in this proceeding, are in the public interest and should be adopted without modification.

D. CONTRACT RENEWALS AND CHANGES

The Partial Settlement requests that the Commission approve the renewals, extensions and changes in pipeline and storage capacity contracts that are explained in Distribution's PGC Statement Nos. 1, 7, and 8 and in Distribution's PGC Exhibits 4 and 8. Settlement ¶ 53. These contracts are in the public interest for the reasons explained in the Company's testimony and exhibits, and these contracts should be approved.

E. TARIFF CHANGES

In its main filing made on January 31, 2022, Distribution identified the tariff changes that it was proposing to make in this proceeding. The majority of the proposed tariff changes related to changes in rates associated with changes in purchased gas costs. No party in this proceeding objected to the changes, however, issues were raised relating to the calculation and accounting of pipeline penalty credits and supplier commodity refunds. Issues related to the calculation of pipeline penalty credits are further discussed in Section (III)(G).

With respect to supplier commodity refunds, I&E witness LaTorre recommended that the Company amend its tariff to include "language regarding the methodology of calculation for pass-back of supplier refunds..." I&E St. No. 1, pp. 3-4.

In Rebuttal, Mr. Koch noted that the Company's tariff does currently specify the methodology of the pass-back of supplier refunds, as contained on Leaf 152 of the Company's tariff. Distribution St. No. 6-R, p. 3.

In Surrebuttal, I&E Witness LaTorre acknowledged that the Company's current tariff contains language regarding the methodology of the pass-back of supplier refunds. I&E St. No. 1-SR, pp. 2-3.

As such, the Partial Settlement maintains the Company's existing methodology for the calculation of supplier commodity refunds, as currently explained in the Company's tariff.

F. GAS COST MANAGEMENT PLAN

OCA witness Mierzwa presented testimony regarding the Company's Gas Cost Management Plan. Mr. Mierzwa argued that the Company should consider modifications to its Gas Cost Management Plan that "could better position the Company to address recent price increases and future potential volatility." OCA St. No. 1, p. 18. Further, Mr. Mierzwa recommended that the Company study its current 12% purchasing target for upcoming winter supplies, and its timing and layering of purchases as part of a comprehensive hedging plan. OCA St. No. 1, p. 18. Mr. Mierzwa went on to request that the Company provide a copy of its analysis and present its findings and conclusions to the parties for written comments within six months of the Commission's issuance of an order in this proceeding and present any proposed changes in its 2023 PGC filing. OCA St. No. 1, pp. 18-19.

In Rebuttal Testimony, Company witness Marc T. Cuthbertson rebutted Mr. Mierzwa's claims and recommendations, noting that the "[Gas Cost Management] Plan is to provide a structured, disciplined approach to mitigating volatility without compromising reliability or price." Distribution Statement No. 3-R, p. 2. Further, Mr. Cuthbertson explained that the goal of the "[Gas Cost Management] Plan is not only to reduce volatility, but first and foremost to accommodate operational requirements and satisfy best cost purchases obligations." Distribution Statement No. 3-R, p. 2. Mr. Cuthbertson also confirmed that the Gas Cost Management Plan is reviewed by the Company every year and modified as necessary to ensure the goals noted above are met. Distribution St. No. 3-R, p. 2. As a result of one of these reviews in 2016, the base-loaded hedge purchases were reduced from 20% to 12% to accommodate operational flexibility necessitated by reductions in flexibility offered by pipelines. Distribution St. No. 3-R, pp. 2-3.

In Surrebuttal Testimony, Mr. Mierzwa continued to disagree with the Company and requested that the Company "revisit the current hedging parameters to ensure that the [Gas Cost

Management] Plan continue to meet its objective of stabilizing prices in this new market. OCA St. No. 1-SR, pp. -9.

Under the Partial Settlement, the Parties have agreed that Distribution will investigate modifications to its Gas Cost Management Plan that may mitigate future potential rate volatility. Partial Settlement ¶ 57. Further, the Parties agreed that the Company will evaluate whether its current 12% purchasing target for winter supplies remains appropriate. Partial Settlement ¶ 57. Moreover, the Company will review its timing and layering of purchases as part of a hedging plan that could benefit customers by distributing cost changes over multiple quarters, and provide a copy of the previously mentioned review(s) to the Statutory Parties in the Company's 2023 PGC prefiling. Partial Settlement ¶ 57. The Company will not be required to propose changes to its Gas Cost Management Plan as a result of the review. Partial Settlement ¶ 57. These settlement provisions reflect the product of a robust and substantive discussion over the efficacy of the Company's Gas Cost Management Plan. In doing so, the Company agreed to incorporate many of the OCA's recommendations. As such, the Company's Gas Cost Management Plan, and modified by the Partial Settlement, should be approved as being in the public interest.

G. PIPELINE PENALTY CREDITS

As briefly noted in Section (III)(E), I&E witness Brian LaTorre raised concerns over the Company's methodology for calculating pipeline penalty credits and flowing them back to customers. I&E St. No. 1, pp. 3-4. Specifically, Mr. LaTorre argued that the Company's existing tariff does not specify the methodology of the calculation for the pass-back of pipeline penalty credits to ratepayers. I&E St. No. 1, pp. 3-4. Further, Mr. LaTorre recommended that the Company change its methodology for calculating the flow-back of pipeline penalty credits. Specifically, Mr. LaTorre recommended that the Company add the following language to its tariff:

Supplier refunds and pipeline penalty credits received that are specifically identifiable as refunds of commodity costs will be adjusted as credits in the calculation of gas adjustment cost/purchased gas cost rates with interest added at the annual rate of six percent (6%) calculated from the month received to the effective month such refunds and credits are refunded.

I&E St. No. 1, pp. 3-4.

In Rebuttal Testimony, Company witness Donald N. Koch rebutted Mr. LaTorre's contentions regarding the Company's methodology of calculating the pass-back of pipeline penalty credits. Specifically, Mr. Koch explained that:

Pipeline penalty credits are typically credited to the gas cost invoice received from the supplier and are generally an immaterial amount. Purchased gas costs are compiled each month from the paid supplier invoices and compared to the revenue collected from customers for that month. Any differences between the purchased gas costs and revenues collected from customers is tracked through the over/under collection of purchased gas costs. Therefore, any pipeline penalty credit that was reflected on the supplier invoice would be included in the over/under collection of purchased gas costs. Pulling these credits out of purchased gas costs and accounting for them separately would unnecessarily complicate the over/under reconciliation process.

Distribution St. No. 6-R, pp. 3-4.

In Surrebuttal, Mr. LaTorre continued to argue that the Company should update its tariff to include language regarding the methodology of calculation for pass-back of pipeline penalty credits. I&E St. No. 1-SR, pp. 3-4. However, in response to Mr. Koch's Rebuttal, Mr. LaTorre conceded that the Company's current method of calculating pipeline penalty credits is less complicated than his proposal and is acceptable to I&E. I&E St. No. 1-SR, pp. 4-5.

The Company is receptive to Mr. LaTorre's recommendation to include language regarding its existing methodology for calculating the pass-back of pipeline penalty credits. As such, through the Partial Settlement, the Company has agreed to add the following language to page 152 of its tariff:

Pipeline penalty credits will be included in the calculation of “CE” as a credit to purchased gas costs from the month they are received to the effective month “CE” is refunded or collected.

Settlement ¶ 55.

Under the Partial Settlement, Distribution maintains its current methodology for the calculation for pass-back of pipeline penalty credits. However, the Partial Settlement accounts for the above-referenced language that will be added to the Company’s tariff, consistent with I&E’s recommendation.

H. RENEWABLE NATURAL GAS PILOT PROGRAM

Issues related to the Company’s Proposed RNG pilot program in this proceeding have been reserved for litigation and, as such, will not be addressed here.

I. APPROVAL OF FILING

Under the Partial Settlement, the Parties have agreed that Distribution’s 2022 Section 1307(f) filing is approved except as modified by the Partial Settlement, and with the RNG issues reserved for litigation. Partial Settlement ¶ 60. The Parties have thoroughly investigated Distribution’s PGC filing through discovery and submission of testimony. Distribution has addressed the contested issues not reserved through litigation through the specific provisions of the Partial Settlement and requests that the ALJs and the Commission approve the Company’s 2022 PGC filing.

J. FINDINGS THAT DISTRIBUTION HAS FOLLOWED A LEAST COST GAS PROCUREMENT POLICY

Under the Partial Settlement, the Parties recommend that the ALJs and the Commission make specific findings on certain matters which the Commission is required to address in order to determine whether Distribution is following a “least cost” gas procurement program, consistent with its obligation to provide safe, adequate and reliable service, as required under Section 1318(a)

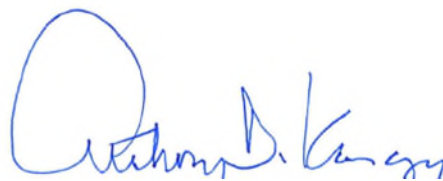
of the Public Utility Code, 66 Pa.C.S. § 1318(a). After investigation of Distribution's filing including substantial discovery, all Parties agree that Distribution is meeting its statutory obligations, however, the issues related to the Company's RNG pilot program are reserved for litigation, including findings as to whether the Company's proposed RNG pilot program is consistent with least cost gas procurement principles.

IV. CONCLUSION

Through cooperative efforts and the open exchange of information, the Parties have arrived at a Partial Settlement that resolves all but one issue in the proceeding in a fair and equitable manner. The Partial Settlement is the result of detailed examination of Distribution's natural gas procurement policies through numerous discovery responses, testimony and accompanying exhibits. A fair and reasonable compromise has been achieved in this case, as is evident by the fact that all Parties, including Distribution, I&E, OCA, and OSBA, have agreed to or do not oppose resolution of the issues, not including the Company's proposed RNG pilot program, in this proceeding.

WHEREFORE, National Fuel Gas Distribution Corporation respectfully requests that Honorable Deputy Chief Administrative Law Judge Mark A. Hoyer and Administrative Law Judge Charece Z. Collins recommend approval of, and the Pennsylvania Public Utility Commission approve by final order, the Partial Settlement, including all terms, conditions and findings set forth therein without modification, and that the Pennsylvania Public Utility Commission's final order also terminate the proceeding and close the above-captioned docket.

Respectfully submitted,



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Of Counsel:
Post & Schell, P.C.

Date: April 20, 2022

Counsel for National Fuel Gas
Distribution Corporation

APPENDIX C
**I&E's Statement in Support of Partial
Settlement**

1. I&E is charged with the representation of the public interest in proceedings relating to rates, rate-related services and application proceedings affecting the public interest held before the Commission. Consequently, in negotiated settlements, it is incumbent upon I&E to ensure that the public interest is served and to quantify to what extent amicable resolution of any such proceeding will benefit the public interest. Based upon I&E analysis of the Company's 1307(f) filing, acceptance of this proposed Settlement is in the public interest and I&E recommends that Administrative Law Judge Conrad Johnson and the Commission approve the Settlement in its entirety.

2. On December 30, 2021 NFG submitted its purchased gas cost ("PGC") pre-filing projecting decrease to the PGC rate of \$1.0675 per Mcf. On January 31, 2022, NFG filed with the Commission Supplement No. 236 to Tariff Gas - Pa. P.U.C. No. 9 and a Tariff Addendum. In accordance with Section 1307(f)(1) of the Public Utility Code, Supplement No. 236 was issued to become effective on August 1, 2022.

3. I&E filed a Notice of Appearance on January 6, 2022.

4. A telephonic Prehearing Conference was held on February 10, 2022, which resulted in the establishment of a procedural schedule.

5. Discovery was undertaken by the parties during the proceeding.

6. I&E presented the following pieces of testimony:

- I&E Statement No. 1, the Direct Testimony of Brian LaTorre;
- I&E Exhibit No. 1, the Exhibit to accompany the Direct Testimony of Brian LaTorre;
- I&E Statement No. 1-SR, the Surrebuttal Testimony of Brian LaTorre;

- I&E Statement No. 2, the Direct Testimony of Esyan Sakaya;
- I&E Exhibit No. 2, the Exhibit to Accompany the Direct Testimony of Esyan Sakaya and
- I&E Statement No. 2-SR the Surrebuttal Testimony of Esyan Sakaya.

7. In accordance with the Commission's policy favoring settlements over costly and time consuming litigation, 52 Pa. Code § 5.231, the Settling Parties were successful in achieving a settlement of all issues, with the exception of the Company's proposed RNG Pilot, utilizing the discovery and settlement negotiation process.

8. I&E submits that the proposed Settlement is in the public interest and should be approved by the ALJs and the Commission for the following reasons:

a. After review of the filing and discovery, I&E agrees that, with the exception of the RNG Pilot I&E recommends be denied, the information provided by the Company indicates that its gas purchasing practices have satisfied its least cost procurement obligation under the Public Utility Code. 66 Pa. C.S. § 1318. Adhering to a least cost procurement policy benefits ratepayers is in the public interest because least cost gas directly impacts customer gas bills, while still ensuring that customers receive safe, adequate and reliable service.

Specifically, I&E analyzed the Company's E-factor and found that it was calculated in accordance with established Commission practices. An E-factor is the experienced over/under collections, it reconciles variations between the projected gas costs and actual gas costs as well as variances between projected and actual sales. The E-factor also serves as the vehicle to pass through miscellaneous revenues and to calculate

interest. This review is critical because the proper calculation of the E-factor ensures that rates are adjusted appropriately. I&E is satisfied that the Company's E-factor calculation is appropriate and accurate. Additionally, I&E reviewed the Company's projected gas costs and determined that it appears those costs are consistent with a least cost fuel procurement policy.

In its filing, the Company projected a \$1.0675/Mcf decrease in the projected gas cost for all classes as compared to the rates in effect as of November 1, 2021. While those costs are subject to review in a future PGC proceeding, I&E maintains that ratepayers are protected in that NFG gains no unwarranted financial advantages through its projected gas purchases and projected gas purchasing policies. Accordingly, I&E represents that the Settlement maintains the proper balance of the interests of all parties.

For these reasons, I&E maintains that NFG is pursuing a least cost fuel procurement policy consistent with its obligation to provide safe, adequate and reliable service to its customers.

b. The Company has agreed to add the following language to page 152 of its tariff: Pipeline penalty credits will be included in the calculation of "CE" as a credit to purchased gas costs from the month they are received to the effective month "CE" is refunded or collected.¹ I&E witness Brian LaTorre recommended "...adding language to the tariff that reflects the Company's current methodology of passing back pipeline penalty credits to customers in the month they are received."² The language proposed to be added

¹ Joint Petition, ¶ E.55.

² I&E St. No. 1-SR, p. 4.

to the tariff accurately addresses I&E's concern as having this information available is important for customer information and transparency.

c. Based upon I&E's analysis of the filing, acceptance of this proposed Settlement is in the public interest because it appropriately resolves the issues raised by I&E in testimony, with the exception of the RNG pilot program, in a way that is mutually agreeable to the Company and I&E. Further, resolution of this case by settlement rather than litigation will avoid the substantial time and effort involved in continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense.

9. I&E further submits that the acceptance of the foregoing settlement will not necessarily eliminate, but will mitigate the need for briefs and direct and cross-examination of witnesses, the preparation of Main Briefs, Reply Briefs, Exceptions and Reply Exceptions, and the filing of possible appeals as it settles all issues with the exception of the proposed RNG pilot.

10. The Settlement is conditioned upon the Commission's approval of all terms and conditions contained therein and should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company or I&E as provided therein.

11. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event

that the Partial Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

12. If the ALJs recommends that the Commission adopt the Partial Settlement as proposed, I&E has agreed to waive the filing of Exceptions. However, I&E has not waived its rights to file Exceptions with respect to any modifications to the terms and conditions of the Settlement, or any additional matters, that may be proposed by the ALJ in the Recommended Decision. I&E has also reserved the right to file Reply Exceptions to any Exceptions that may be filed.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Partial Settlement as being in the public interest and respectfully requests that Administrative Law Judges Mark A. Hoyer and Charece C. Collins recommend, and the Commission subsequently approve, the foregoing Joint Petition for Partial Settlement, including all terms and conditions contained therein.

Respectfully submitted,



Carrie B. Wright
Prosecutor

Pennsylvania Public Utility Commission
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(717) 783-6156
Dated: April 20, 2021

APPENDIX D

OCA's Statement in Support of Partial Settlement

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2022-3030235
Office of Consumer Advocate	:	C-2022-3030573
Office of Small Business Advocate	:	C-2022-3030730
	:	
	:	
v.	:	
	:	
National Fuel Gas Distribution Corporation	:	

STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF SETTLEMENT

The Office of Consumer Advocate (OCA), one of the signatory parties to the Stipulation in Settlement of the Rate Investigation Pursuant to 66 Pa. C.S. § 1307(f) (Settlement), finds the terms and conditions of the Settlement regarding the Company’s compliance with the requirements of 66 Pa. C.S. §§ 1307(f) and 1318 to be in the public interest for the following reasons:

I. INTRODUCTION

On December 30, 2021, National Fuel Gas Distribution Corporation (NFG or Company) submitted its purchased gas cost (PGC) pre-filing information in support of its annual reconciliation of PGC rates pursuant to Section 1307(f) of the Public Utility Code. See 52 Pa. Code §§ 53.64, 53.65; see also 66 Pa. C.S. § 1307(f). On January 31, 2022, NFG filed additional supporting data and exhibits as well as the written testimony of eight witnesses in support of Supplement No. 236 to Tariff Gas — Pa. P.U.C. No. 9 (Supplement No. 236), to be effective for service rendered on and after August 1, 2022. NFG also submitted a Tariff Addendum. Together Supplement No. 216 and the Addendum set forth the specific rates proposed by the Company for recovery of purchased gas costs effective on August 1, 2022. The Company’s filing proposed a

decrease of 1.0675/Mcf in its rate for recovery of purchased gas costs applicable to residential sales service customers, as compared to rates in effect as of November 1, 2021. The Company also proposed to maintain its gas retainage rate that is applicable to all customer classes on Distribution's system at 0.15% to be effective on August 1, 2022.

The Company's 1307(f) filing was assigned to the Office of Administrative Law Judge and was further assigned to the Honorable Administrative Law Judge (ALJ) Charece Z. Collins and to the Honorable Deputy Chief ALJ Mark A. Hoyer for investigation and scheduling of hearings to determine whether NFG's gas costs comply with the standards set forth in the Public Utility Code. On January 6, 2022, the Bureau of Investigation & Enforcement (I&E) filed a Notice of Appearance. On January 26, 2022, the OCA filed a Formal Complaint, Public Statement and Notice of Appearance. On February 3, 2022, the Office of Small Business Advocate (OSBA) filed a Formal Complaint, Public Statement, and Notice of Appearance.

A Prehearing Conference was held on February 10, 2022, at which time a procedural schedule was decided upon. The schedule was officially adopted in a Prehearing Order issued by the ALJs on February 14, 2022. The OCA retained Jerry Mierzwa as its expert to review the Company's filing. The OCA and Mr. Mierzwa propounded two sets of discovery questions on the Company, which were timely answered. Some informal meetings to discuss the filing and discovery were also convened by all parties.

After review and investigation of the Company's filings, the OCA filed its Direct Testimony on March 10, 2022 and its Surrebuttal Testimony on March 30, 2022. Subsequently, after several negotiations, the parties were able to reach settlement on all but one issue, which was saved for litigation. On March 31, 2022, the parties notified the ALJs that a partial settlement in principle had been reached in this proceeding. On April 4, 2022, an evidentiary hearing was held

for the purpose of entering the testimony and exhibits into the record. Parties filed Main Briefs on the remaining unsettled issue on April 13, 2022, and Reply Briefs, the Joint Partial Settlement, and Statements in Support are to be filed on April 20, 2022. On April 6, 2022, the ALJs issued a briefing Order memorializing those deadlines.

The OCA submits that the Company has met the requirements of 66 Pa. C.S. §§ 1307(f) and 1318, and the Partial Settlement is in the public interest for the reasons set forth below.

II. SETTLEMENT

The Commission encourages parties in contested, on-the-record proceedings to settle cases. See 52 Pa. Code § 5.231. A Settlement, by definition, reflects a compromise of the parties' positions. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the settlement suits the public interest. Pa. Public Utility Commission v. CS Water and Sewer Associates, 74 Pa. PUC 767, 711 (1991); see also Pa. Public Utility Commission v. Philadelphia Electric Company, 60 Pa. PUC 1, 21 (1985).

The OCA submits that the proposed Settlement is in the public interest and should be approved. The OCA was assisted in its review of the Company's filing by Jerry Mierzwa. Mr. Mierzwa reviewed the Company's preliminary and definitive filing in this matter. The OCA, with Mr. Mierzwa's assistance, conducted discovery in this proceeding through two sets of interrogatories and multiple informal discovery requests. In his Direct Testimony, Mr. Mierzwa identified several issues with in the Company's PGC filing and made recommendations regarding the Company's Gas Cost Management Plan, the Company's Monthly Metering Transportation (MMT) balancing charge, the Company's design day forecasting, and the Company's pilot program to begin acquiring RNG.¹

¹ The issue of the RNG Pilot Program was preserved for litigation. The OCA addressed this issue in its Main Brief in this proceeding.

The first issue, as noted by Mr. Mierzwa, was regarding NFG's failure to consider modifying its Gas Cost Management Plan (Plan) to address recent price increases and future potential volatility. See OCA St. 1 at 18. In essence, NFG's Plan aimed to reduce price volatility through price diversification. Id. The Plan would have NFG purchase 12% of its forecasted PGC requirements prior to the upcoming winter (November through March) at fixed or capped prices during the months of April through October. Id. 40% of the winter requirements of NFG's PGC customers would be served with gas withdrawn from storage, and the price for storage supplies would be based on the summer prices. Id. Mr. Mierzwa noted that while the Company should continue this Plan to mitigate price volatility, it should also consider modifications to better address recent price increases and the potential for future volatility. Id.

Specifically, Mr. Mierzwa recommended that the Company study its 12% purchasing target for upcoming winter supplies and review the timing and layering of its purchases as part of a comprehensive hedging plan that could benefit customers by distributing costs over multiple quarters. Id. The Company could extend the time horizon for fixed and capped price purchases for the upcoming winter period beyond the prior summer period. Id. at 18-19. The OCA recommended that the Company should provide a copy of its analysis and present its findings and conclusions to the parties within six months of the Commission's issuance of an order in this proceeding. Id. at 19.

In rebuttal testimony, the Company did not agree with the recommendations of the OCA's witness. Company witness Cuthbertson noted that the purpose of the plan was to mitigate volatility without responding to short-term market signals. NFG St. 3R at 2. He expressed concerns that modifying the Plan to respond to recent market changes would undermine its ability to ensure continued price stability in the future. Id. at 3. In response, Mr. Mierzwa noted that there is no

indication that the recent increase in market volatility is a short-term event. OCA St. 1SR at 6. Mr. Mierzwa further explained that the Company's Plan was developed to address price volatility in a natural gas market during a period of relatively low prices, and that market has changed substantially in the last year. Id. at 8. Given the significant changes that have occurred in the market recently, it is appropriate to revisit and possibly revise the Company's current hedging parameters. Id. at 8-9.

Mr. Mierzwa also identified issues with the Company's proposed MMT Balancing Charge in this proceeding. OCA St. 1 at 11-12. First, Mr. Mierzwa noted that on February 22, 2022, National Fuel Gas Supply Corporation (NFG Supply or Supply) increased its firm transportation rates pursuant to a settlement approved by the FERC in its most recent base rate proceeding in Docket No. RP19-1426. Id. at 11. The MMT balancing charge initially presented in this proceeding, as well as other rates presented by NFG in this proceeding, should be adjusted to reflect the increase in NFG's firm transportation rates. Id. at 11-12. The difference between the costs associated with providing the MMT balancing service and the revenues collected through the MMT balancing charge are the responsibility of PGC customers. By adjusting the MMT charge to reflect NFG Supply's rate increase, PGC customers will be charged for costs properly recovered from MMT customers. Id. at 12. Mr. Mierzwa noted that in addition to increasing the MMT balancing charge proposed in this proceeding, NFG should increase the MMT balancing charge in its May 1, 2022 quarterly PGC filing to reflect the increase in NFG Supply's rates. Id.

Mr. Mierzwa also identified an issue with respect to the appropriate storage capacity requirement used to calculate the MMT Balancing Charge. The storage capacity quantity is the amount of gas in storage inventory, which can be withdrawn to provide balancing service to MMT customers. OCA St. 1 at 12-13. The Company initially reflected a storage capacity requirement

of 68,368 Mcf. OCA St. 1 at 13. However, through discovery in this proceeding it became apparent that the Company has been and has the capability of using storage capacity well in excess of that amount to provide balancing service. See OCA St. 1 at 13, see also NFG St. 6R at 4. Thus, Mr. Mierzwa recommended using a storage capacity requirement of 150,000 Mcf to calculate the MMT Balancing Charge. Mr. Mierzwa recognized that, altogether, these changes would increase the MMT Balancing Charge from the Company's proposed rate of \$0.36/Mcf to \$0.39/Mcf. See OCA St. 1 at 13, Sch. JDM-2.

In rebuttal testimony, the Company accepted some of Mr. Mierzwa's recommendations. Company witness Koch noted that it is the Company's practice to update the MMT rate whenever there are new FERC approved rates for Supply, and that the update was not noted in the filing only because Supply rate changes had not yet been approved. NFG St. 6R at 2. Mr. Koch did not accept Mr. Mierzwa's recommendation to increase storage capacity requirement to 150,000 Mcf; however, Mr. Koch did say that the Company would agree to using the historic average capacity to determine MMT rate. Id. This is a quantity of 104,996 Mcf, which translates to an adjusted rate of \$0.38/Mcf. Id. at 3. The OCA continues to support Mr. Mierzwa's recommendation that the MMT balancing charge be designed based on the peak usage of storage capacity by MMT customers. OCA St. 1SR at 5.

Finally, Mr. Mierzwa recommended that the Company evaluate its design day forecasting model to address whether it is overestimating the Company's design day requirements. OCA St. 1SR at 1. Mr. Mierzwa also recommended that the Company not acquire additional interstate pipeline capacity until it performs this evaluation. OCA St. 1SR at 4. In response, the Company contended that the Company's design day forecasts are reasonable and in line with historical estimates. Id.; NFG St. 8R at 2-3.

The Settlement reasonably addresses the concerns raised by Mr. Mierzwa and represents a compromise among the parties. The Settlement states that MMT Balancing Charge Rate will be updated to reflect the Company's Supply ESS Deliverability Charge, Capacity Charge, Injection/Withdrawal Charges and Shrinkage Factor as of August 1, 2022. Settlement ¶ 3. Moreover, the actual MMT volumes experience by the company for the 12-month period ending June 30, 2022 and average MMT balancing storage inventories for the 12 months ending July 31, 2021, will be used to calculate the MMT Balancing Charge. Id. The Settlement further allows the Company to continue to flow pipeline penalty credits back to customers through purchased gas costs. Settlement ¶ 6.

Importantly, the Settlement requires that the Company will investigate modifications to its Gas Cost Management Plan that may mitigate future potential rate volatility, evaluate whether its current 12% purchasing target for winter supplies remains appropriate, and review its timing and layering of purchases as part of a hedging plan that could benefit customers by distributing cost changes over multiple quarters. Settlement ¶ 8. The Company will present its findings to the parties in its 2023 PGC pre-filing. Id. As recognized in Mr. Mierzwa's testimony, gas markets have moved substantially higher in the past year. The OCA submits that the hedging parameters utilized by the Company, which were set in 2016, may no longer be appropriate given the recent volatility in gas markets. Under the Settlement, the Company will be required to assess its hedging plan in accordance with current market conditions and future expectations. Parties, including the OCA, will have an opportunity to review the Company's findings and provide input into any proposed modifications. While the use of hedging is not designed to reduce prices, it is an important tool that can mitigate rate shock in these uncertain market conditions.

As a result of this review, the OCA submits that NFG's PGC filing meets the requirements of 66 Pa. C.S. § 1307(f) generally and specifically with regard to showing that the Company's natural gas costs are consistent with a least cost fuel procurement policy required by 66 Pa. C.S. § 1318. As such, the OCA submits that the Commission should approve NFG's proposed PGC rate in accordance with the Settlement.

III. CONCLUSION

The Office of Consumer Advocate submits that the terms of the Partial Settlement are in the public interest and in the interest of NFG's ratepayers. Based on the above reasons, the Office of Consumer Advocate submits that the Commission should approve the proposed Settlement.

Respectfully Submitted,

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DATE: April 20, 2022

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