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File #: 176154

April 13, 2023

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: PA PUC, et al. v. National Fuel Gas Distribution Corporation
Docket Nos. R-2022-3035730, et al.

Dear Secretary Chiavetta:

On behalf of National Fuel Gas Distribution Corporation ("National Fuel" or the "Company") is the Joint Petition for Approval of Settlement of All Issues ("Settlement") in the above-captioned proceeding. Accompanying the Settlement are the following appendices:

Appendix A – Pro Forma Tariff Supplement
Appendix B – Proof of Revenue
Appendix C – Rate Impact Summary
Appendix D – Proposed Stipulated Findings of Fact
Appendix E – Proposed Conclusions of Law
Appendix F – Proposed Ordering Paragraphs
Appendix G – Statement in Support of National Fuel
Appendix H – Statement in Support of the Bureau of Investigation & Enforcement
Appendix I – Statement in Support of the Office of Consumer Advocate
Appendix J – Statement in Support of the Office of Small Business Advocate
Appendix K – Statement in Support of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania
Appendix L – Statement in Support of Pennsylvania Weatherization Providers Task Force

Word versions of the Statements in Support will be forwarded to the ALJ by each party. Copies of the Joint Petition for Settlement will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Anthony D. Kanagy

ADK/kls
Attachments

cc: The Honorable Mary D. Long *(via email; w/att.)*
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).

VIA E-MAIL

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Date: April 13, 2023

Anthony D. Kanagy

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission Office of Small Business Advocate Office of Consumer Advocate v. National Fuel Gas Distribution Corporation	: : : : : : : : :	Docket Nos. R-2022-3035730 C-2022-3036655 C-2022-3036725

JOINT PETITION FOR APPROVAL OF SETTLEMENT OF RATE PROCEEDING

TO ADMINISTRATIVE LAW JUDGE MARY D. LONG:

National Fuel Gas Distribution Corporation ("National Fuel" or the "Company"), the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania ("CAUSE-PA"), and the Pennsylvania Weatherization Providers Task Force, Inc. ("PWPTF"), hereinafter collectively the "Joint Petitioners,"[1] hereby join in this Joint Petition for Approval of Settlement of Rate Proceeding ("Settlement") which resolves all issues. All active parties in this proceeding either support or do not oppose the Settlement.[2]

The Joint Petitioners respectfully request that Administrative Law Judge Mary D. Long

[1] Two customers filed *pro se* formal complaints opposing the proposed rate increase. These complainants were not active parties in this proceeding. A complete copy of this Settlement is being served on all formal complainants.

[2] The OCA, CAUSE-PA, and PWPTF do not join in Section H of the Settlement regarding the Company's Weather Normalization Adjustment (WNA) but agree not to oppose the inclusion of the WNA in this Settlement as part of a broader agreement to settle this case in its entirety.

(the "ALJ") recommend and that the Commission approve all terms and conditions of the Settlement without modification. The Settlement provides for increases in rates, as set forth in the form of tariff supplement attached as **Appendix A** and the proof of revenues attached as **Appendix B** to this Petition. These rates are designed to produce a net increase in annual base distribution operating revenues of $23.0 million based upon data for a Fully Projected Future Test Year ("FPFTY") ending July 31, 2024, as adjusted for ratemaking purposes, to become effective for service rendered on and after August 1, 2023.

The effect of the Settlement on Residential customer rates is set forth in Table 1 below and in **Appendix C**:

Table 1

Residential Service
Using 84 ccf per Month

	Base Distribution	Total Bill
Present Bill	$34.05	$99.93
Proposed Bill	$43.79	$109.67
Proposed Percent Increase	28.6%	9.7%
Settled Bill	$40.89	$106.77
Settled Percent Increase	20.1%	6.8%

Total Bill based on gas cost rates in effect at time of initial rate case filing (August 1, 2022 1307(f) - Supplement 243 to Pa. P.U.C. No. 9).

Additional detail for the effect of the change on Small Commercial & Public Authority Service < 250 McF ("SCPA-LL"), Small Commercial & Public Authority Service > 250 McF ("SCPA-UL"), Large Commercial & Public Authority Service ("LCPA"), Small Volume Industrial Service ("SVIS"), Intermediate Volume Industrial Service ("IVIS"), Large Volume Industrial Service ("LVIS"), Large Industrial Service ("LIS"), and Natural Gas Vehicle Service ("NGV") is provided in **Appendix C**.

Pursuant to the ALJ's Interim Order Suspending Briefing Schedule and Setting Procedure for Settlement dated March 20, 2023 (the "Interim Order"), also attached to this Settlement as **Appendices D** through **F**, respectively, are a Proposed Stipulated Findings of Facts Necessary to Support the Settlement, Proposed Conclusions of Law, and Proposed Ordering Paragraphs. Finally, the Joint Petitioners' respective Statements in Support of the Settlement are included as **Appendices G** through **L.**

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

I. BACKGROUND

1. On October 28, 2022, National Fuel filed Supplement No. 248 to National Fuel Gas Distribution Corporation Tariff Gas – P.A. P.U.C. No. 9 ("Supplement No. 248") with the Commission, which was docketed at Docket No. R-2022-3035730. Supplement No. 248 was issued to be effective for service rendered on or after December 27, 2022. It proposed changes to National Fuel's base retail distribution rates designed to produce an increase in annual revenues of approximately $28.1 million, exclusive of its proposed Energy Efficiency ("EE") pilot program that would recover an additional $1.2 million from residential customers annually in a separate rider, based upon a FPFTY ending July 31, 2024.

2. On November 8, 2022, the OSBA filed a Notice of Appearance, Public Statement, Verification, and Formal Complaint, which was docketed at Docket No. C-2022-3036655.

3. On November 9, 2022, OCA filed a Notice of Appearance, Public Statement, and Formal Complaint, which was docketed at Docket No. C-2022-3036725.

4. On November 15, 2022, I&E filed a Notice of Appearance.

5. Also on November 15, 2022, CAUSE-PA filed a Petition to Intervene and Answer.

6. On December 1, 2022, the PWPTF filed a Petition to Intervene.

7. On December 8, 2022, the Commission issued an Order initiating an investigation of Supplement No. 248 and suspending Supplement No. 248 by operation of law until July 27, 2023 ("Suspension Order"), unless otherwise directed by order of the Commission. Also on December 8, 2022, the Commission issued a Prehearing Conference Order, which scheduled a Prehearing Conference for December 14, 2022, among other things.

8. On December 14, 2022, a telephonic prehearing conference was held. Parties participating in the Prehearing Conference filed Prehearing Memoranda identifying potential issues and their expected witnesses. At the Prehearing Conference, the ALJ adopted a procedural schedule. In addition, the parties agreed to, and the ALJ approved, modified discovery rules for the above-captioned proceeding, which included shorter response times than those provided for in the Commission's regulations at 52 Pa. Code §§ 5.321 et seq.

9. On December 15, 2022, National Fuel filed Tariff Supplement No. 253 in accordance with the Commission's Suspension Order.

10. On December 19, 2022, the ALJ issued a Prehearing Order.

11. On December 19, 2022, National Fuel received notice of the formal complaint of Deokey Balraj against the proposed rate increase at Docket No. C-2022-3037294. National Fuel filed a letter indicating it would not be filing an answer to this complaint on January 17, 2023.

12. On January 5, 2023, National Fuel received notice of the formal complaint of Elizabeth Woolslare against the proposed rate increase at Docket No. C-2022-3037477. National Fuel filed a letter indicating it would not be filing an answer to this complaint on January 17, 2023.

13. The parties engaged in substantial formal and informal discovery in support of their respective positions.

14. On January 19, 2023, two telephonic Public Input Hearings were held at 1:00 p.m.

and 6:00 p.m.

15. On January 24, 2023, I&E, OCA, OSBA, CAUSE-PA, and PWPTF served their direct testimony and exhibits.

16. On February 22, 2023, National Fuel, I&E, OCA, OSBA, and CAUSE-PA served their rebuttal testimony and exhibits.

17. On March 3, 2023, National Fuel, I&E, OCA, OSBA, and CAUSE-PA served their surrebuttal testimony and exhibits.

18. Due to ongoing settlement discussions and the parties' negotiations with respect to cross-examination at hearings, the parties requested that the ALJ cancel the March 7, 2023 evidentiary hearing date by e-mail on March 3, 2023. The ALJ granted this request and subsequently issued an order cancelling the March 7, 2023 hearing date and converting the hearings in this matter from in-person to telephonic hearings.

19. Also on March 3, 2023, a Motion for Protective Order was filed. The ALJ granted the motion and issued a Protective Order on March 6, 2023.

20. On March 7, 2023, National Fuel served written rejoinder testimony.

21. An evidentiary hearing was held before the ALJ on March 8, 2023. At the hearing, certain witnesses were cross-examined, and pre-served testimony and exhibits were admitted in the record via stipulation and verification. National Fuel identified an exhibit in its initial filing that required a modest correction before being entered into the record.

22. On March 9, 2023, National Fuel submitted a Joint Stipulation for the Admission of Evidence, which requested National Fuel Exhibit DNK-1, Schedule 3, as corrected, be admitted in the record. The ALJ issued an Interim Order Admitting Late Filed Corrected Exhibit on March 10, 2023, and National Fuel filed and served a copy of the exhibit on March 15, 2023.

23. On March 20, 2023, the parties advised the ALJ that they had reached a settlement in principle of all issues regarding this proceeding.

24. Also on March 20, 2023, the ALJ issued the Interim Order.

25. As explained above, all parties have entered into or do not oppose this Settlement which resolves all issues in the proceeding. The terms and conditions of the Settlement are set forth below.

II. <u>SETTLEMENT TERMS AND CONDITIONS</u>

A. GENERAL

26. The following terms of this Settlement reflect a carefully balanced compromise of the Joint Petitioners' positions on various issues. The Joint Petitioners agree that the Settlement is in the public interest.

B. REVENUE REQUIREMENT

27. The distribution rates set in this proceeding will be designed to produce increased distribution operating revenues of $23.0 million annually based upon the level of operations for the twelve months ended July 31, 2024.

C. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC")

28. National Fuel intends to file for Commission approval of a DSIC. Assuming that the DSIC is approved, the initial DSIC will be calculated to recover the fixed costs of eligible property that has been placed in service during the three-month period ending one month prior to the effective date of the initial DSIC subject to the following two limitations:

a. No plant additions placed into service before August 1, 2024, (*i.e.*, the end of the FPFTY) will be eligible for DSIC recovery; and

b. National Fuel will not be eligible to include plant additions in the DSIC until the total plant in service exceeds the level of $781,263,000 as projected by National Fuel in this proceeding at July 31, 2024. *See* National Fuel Exhibit A – Rebuttal. The foregoing sentence is included solely for purposes of calculating the DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in an FPFTY filing.

29. For purposes of calculating its DSIC, National Fuel shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report ("QER") on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent QER, consistent with 66 Pa.C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa.C.S. § 1358(b)(1).

30. National Fuel will file an update to National Fuel Exhibit A – Revenue Requirement – FTY, Schedule C-2 no later than November 1, 2023, which will include actual capital expenditures, plant additions and retirements by month for the twelve months ending June 30, 2023. An additional update to National Fuel Exhibit A – Revenue Requirement – FPFTY, Schedule C-2 will be provided for actuals through July 31, 2024, no later than November 1, 2024. In National Fuel's next base rate proceeding, the Company will prepare a comparison of its actual expenses and rate base additions for the twelve months ending July 31, 2024, to its projections in this case. However, it is recognized by Joint Petitioners that this is a black box settlement that is a compromise of the Joint Petitioners' positions on various issues.

D. EE PILOT PROGRAM

31. The Company's proposed EE Program and Rider are withdrawn.

E. LOW-MODERATE INCOME ("LMI") DEMONSTRATION PROJECT

32. The Company's proposed LMI Demonstration Project is withdrawn.

F. TAX ISSUES

33. The state income tax rate in this proceeding will be set at 8.99%, and this percentage has been reflected in the Settlement revenue requirement in paragraph 27, *supra*. The Company will reflect subsequent state tax adjustments to the state income tax rate for the post-2024 tax years through the Company's State Tax Adjustment Surcharge ("STAS"), currently Tariff Gas – P.A. P.U.C. No. 9, page 157, or through future base rate proceedings.

34. National Fuel will be permitted to continue to use normalization accounting with respect to the benefits of the Internal Revenue Code Section 481(a) catch-up amount of the tax repairs deduction.

35. National Fuel will be permitted to continue to use flow through accounting with respect to current years deductions for repairs.

36. As explained in National Fuel Statement No. 12, the Company will reverse the regulatory asset and the offsetting regulatory liability related to the Repairs and Maintenance accounting method as further detailed on National Fuel Exhibit JAR-3.

37. As also explained in National Fuel Statement No. 12, the Company will reverse the state deferred tax liability, also related to the Repairs and Maintenance accounting method, over a 20-year period.

38. Upon the effective date of the rates in the proceeding, National Fuel's TCJA Temporary Surcharge, currently Tariff Gas – P.A. P.U.C. No. 9, page 170, will cease, except that any remaining over/under collection will be passed back or collected from customers.

G. REVENUE ALLOCATION AND RATE DESIGN

39. The revenue allocation to each class at the net settlement increase of $23.0 million is reflected in **Appendix B**. This revenue allocation is a "black box" agreement representing a compromise among the parties' filed revenue allocation proposals and it does not reflect any

agreement among the Joint Petitioners regarding the appropriate cost allocation methodology.

40. The fixed monthly customer charges for each customer class are set as follows:

a. <u>Residential</u> - $14.00.

b. <u>SCPA-LL</u> - $27.00.

c. <u>SCPA-UL</u> - $37.00.

d. <u>LCPA</u> - $151.00.

e. <u>SVIS</u> - $82.00.

f. <u>IVIS</u> - $252.00.

g. <u>LVIS</u> - $1,023.00.

h. <u>LIS</u> - $1,165.00.

H. WEATHER NORMALIZATION ADJUSTMENT ("WNA")

41. The Company's proposed WNA Tariff Rider C is approved as filed and updated in rebuttal as a five-year pilot program, with the exception that the Company shall modify the originally proposed WNA to include a 3% dead band.[3] The parties reserve the right to challenge the continuation of the WNA Pilot, or to propose changes thereto, in any future general rate increase proceeding or petition filed by the Company.

42. The Company shall submit two WNA reports per year which will provide the following information for each WNA month, by class:

a. The number of bills to which the WNA applied (i.e., those bills falling outside the dead band of 3%);

b. The total number of bills;

[3] National Fuel, I&E and OSBA support the WNA. The OCA, CAUSE-PA and PWPTF do not oppose this provision of the Settlement, but do not join in supporting the WNA. All reporting referenced in Paragraph 42 will be served on I&E, OCA, OSBA, CAUSE-PA and PWPTF.

c. The total volume adjustment of the WNA for the month;

d. The total revenue adjustment of the WNA for the month;

e. The normal calendar month weather (heating degree days); and

f. The actual calendar month weather (heating degree days).

43. The Company will prepare and distribute materials to its customers to explain the function of the WNA and its impact on customer bills.

I. MISCELLANEOUS TARIFF PROVISIONS

44. Except as otherwise set forth in this Settlement, the revisions contained in Supplement No. 248 to National Fuel Tariff Gas – P.A. P.U.C. No. 9, as contained in **Appendix A** will be approved.

J. UNIVERSAL SERVICE AND LOW-INCOME CUSTOMER ISSUES

45. Prior to the Company's next Universal Services Advisory Committee ("USAC") meeting in October 2023, National Fuel agrees to revise its policies, procedures, and training manuals related to victims of domestic violence to ensure they are in line with Chapter 56 of the Commission's regulations and applicable Commission guidance. National Fuel will clarify in its internal training materials that a victim of domestic violence with a qualifying court order, including an Emergency, Temporary, or Final Protection from Abuse or any other court order showing clear evidence of domestic violence, will be informed of, and may avail themselves of, the protections of Chapter 56 subchapters L-V. At a minimum, National Fuel will clarify its policies, procedures, and related training materials to indicate that (1) these protections apply regardless of the relationship between the applicant or customer and the named defendant in the PFA or other court order, (2) a victim of domestic violence with a qualifying order will not be held liable for any debt accrued by a third party, and (3) a victim of domestic violence with a qualifying order is entitled to more flexible payment arrangements subject to the considerations described in

52 Pa. Code § 56.285

46. To occur at Company's next USAC meeting in October 2023, National Fuel agrees to present its revised training materials related to victims of domestic violence and solicit feedback. National Fuel will consider any feedback or suggestions and will explain why any recommendations were rejected. The results will be discussed at the subsequent USAC meeting.

47. To occur at Company's next USAC meeting in October 2023, National Fuel will, in collaboration with the parties to this proceeding, enhance public-facing policies and procedures related to customers who have PFAs or other court orders containing clear evidence of domestic violence. National Fuel will consider any feedback or suggestions and will explain why any recommendations were rejected. The results will be discussed at the subsequent USAC meeting.

48. Within 30 days of the Commission's approval of this Settlement, the Company agrees to accept identification documents issued by foreign governments as acceptable identification to establish service where they include: the applicant's full name; a photograph; and an expiration date that has not expired as of the date of application. The Company further agrees to develop a list of acceptable documentation to prove identity, including but not limited to a driver's license, student identification, employment identification, state-issued identification, passport, and identification issued by a foreign government. The Company will also revise its training materials and internal policies and procedures to clarify that an applicant is not required to provide a Social Security Number for themselves or other household members as a condition to establishing service.

49. To occur at Company's next USAC meeting in October 2023, National Fuel agrees to convene the parties to this proceeding to review and make additional appropriate revisions to its list of identification acceptable to establish service, specifically examining barriers to establishing

service faced by low income and certain underserved communities – including immigrants and refugees. National Fuel will consider any feedback or suggestions and will explain why any recommendations were rejected. The results will be discussed at the subsequent USAC meeting.

50. To occur at Company's next USAC meeting in October 2023, National Fuel will in collaboration with its USAC, enhance detailed public-facing materials that explain National Fuel's identification requirements to establish service and present these materials to the parties to this proceeding. National Fuel will consider any feedback or suggestions and will explain why any recommendations were rejected. The results will be discussed at the subsequent USAC meeting.

51. National Fuel will review all customer accounts with a security deposit each month to determine whether that account is a low income household, if it is determined that an account is held by a low income household, the security deposit will be returned to the customer within 30 days.

52. **Identification of Low Income Households.** As a condition of this Settlement, National Fuel agrees to the following, related to the identification of low income households in its service territory:

a. National Fuel will categorize its customers as "confirmed low income" if it obtains information reasonably indicating the customer is low income.

b. National Fuel will review its list of confirmed low income indicators with its USAC to consider whether additional confirmed low income indicators are feasible and reasonable.

c. To occur at Company's next USAC meeting in October 2023, National Fuel will, in collaboration with the parties to this proceeding, discuss measurable outcome objectives/metrics aimed at increasing the number of low-income customers identified and increasing enrollment of low-income customers into customer assistance programs. National Fuel will consider any feedback or suggestions and will explain why any recommendations were rejected. The results will be discussed at the subsequent USAC meeting.

d. National Fuel will maintain the confirmed low income designation on customer accounts for at least five years.

53. **Low-Income Residential Assistance ("LIRA") Program.** As a condition of this Settlement, National Fuel agrees to the following, related to its LIRA Program:

a. National Fuel will work with members of its USAC to develop a survey of non-LIRA Low-Income Home Energy Assistance Program ("LIHEAP") recipients to better understand these LIHEAP recipients have not enrolled in LIRA.

b. National Fuel will work with its USAC to develop a simplified process for non-LIRA LIHEAP recipients to enroll in its Customer Assistance Program ("CAP"), such process to be developed and implemented within four months after the initial launch date for National Fuel's percentage of income plan ("PIP") design.

54. **Low-Income Usage Reduction Program ("LIURP").** As a condition of this Settlement, National Fuel agrees to the following, related to LIURP:

a. National Fuel will improve tracking of LIURP deferrals and rejections by customer segment to better understand the barriers to enrollment.

b. National Fuel will commission an independent, third-party LIURP evaluation and needs assessment to help identify additional areas for improvement in the delivery and reach of its LIURP services. This evaluation and needs assessment will be funded through, and not to exceed, the LIURP budget.

c. National Fuel will develop a plan to fully expend its LIURP budget each year, informed by the results of its third-party evaluation and needs assessment performed pursuant to paragraph 54.b., as well as input from National Fuel's USAC including expansion of the Low-Consumption Low-Income Usage Reduction Program ("LC-LIURP").

d. National Fuel agrees to increase its annual LIURP budget by $91,000. Any unused funds from a program year will be rolled over and added to LIURP funds for the subsequent program year.

e. Subject to contractor availability, National Fuel will make best efforts to increase LIURP and Emergency Repair and Replacement Program ("ERRP") job totals to 275 per year.

55. **Neighbor For Neighbor ("NFN").** As a condition of this Settlement, National Fuel agrees to the following, related to NFN:

a. National Fuel will provide a warm referral for all potentially eligible payment-troubled confirmed low-income customers to NFN.

b. National Fuel will review the maximum grant amount available through NFN.

c. The Company will increase its annual contributions to the NFN fund from $67,000 to $92,000. Any unused funds from a program year will be rolled over and added to NFN funds for the subsequent program year.

III. <u>THIS SETTLEMENT IS IN THE PUBLIC INTEREST</u>

56. Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements reduce the time and expense the parties must expend litigating a case and, at the same time,

conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. See id. § 69.401. To accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. PUC v. C.S. Water & Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

57. This Settlement was achieved by the Joint Petitioners after an extensive investigation of National Fuel's filing, including extensive informal and formal discovery and the filing of direct, rebuttal, surrebuttal and rejoinder testimony by a number of the Joint Petitioners.

58. The Settlement rates will allocate the agreed upon revenue increase to each customer class in a manner that is reasonable given the rate structure and cost of service positions advanced in the testimony and exhibits of the various parties.

59. **Appendices D** through **F**, respectively, are a Proposed Stipulated Findings of Facts Necessary to Support the Settlement, Proposed Conclusions of Law, and Proposed Ordering Paragraphs.

60. Statements in Support of the Settlement setting forth the basis upon which the Joint Petitioners consider the Settlement to be in the public interest are attached as **Appendices G through L**.

IV. ADDITIONAL TERMS AND CONDITIONS

61. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Settlement, then any Joint Petitioner may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this entire 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 parties within five (5) business days after the entry of an Order modifying the Settlement.

62. This Settlement is proposed by the Joint Petitioners to settle all issues among them in the instant proceeding. If the Settlement is not approved, the Joint Petitioners reserve their respective rights to conduct further hearings, including further cross-examination, and briefing. The Settlement is made without any admission against, or prejudice to, any position which any Joint Petitioner may adopt in the event of any subsequent litigation of this proceeding or in any other proceeding.

63. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding resulting in the establishment of rates that are Commission-made, just and reasonable.

64. The Joint Petitioners acknowledge that this Settlement reflects a compromise and does not necessarily reflect any Party's position with respect to any issues raised in this proceeding. The Joint Petitioners agree that this Settlement shall not constitute or be cited as precedent in any other proceeding, except to the extent required to implement this Settlement.

65. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner which is fair and reasonable. The Settlement is presented without prejudice to any position which any of the parties may have advanced and without prejudice to the position any of the parties may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of the Settlement. This Settlement does not preclude the parties from taking other positions in proceedings of other public utilities under Section 1308 of the Public Utility Code, 66 Pa.C.S. § 1308, or any other proceeding.

66. A copy of the Settlement is being served upon the customer complainants.

67. If the ALJ adopts this Settlement without modification in the Recommended Decision, the Joint Petitioners waive their rights to file exceptions as to all issues addressed by the Settlement.

V. CONCLUSION

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request:

1. That Administrative Law Judge Mary D. Long recommends and that the Pennsylvania Public Utility Commission approve this Settlement, including all the terms and modifications thereof, without modification;

2. That the investigation into this matter be terminated and the matter marked closed; and

3. That the Commission issue an Order terminating the proceeding and authorizing National Fuel Gas Distribution Corporation to file pro forma the tariff supplement attached as Appendix A hereto to become effective for service on and after August 1, 2023.

Respectfully Submitted,

Date: 04/13/2023

Anthony D. Kanagy, Esquire
Garrett P. Lent, Esquire
Post & Schell, P.C.
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Counsel for National Fuel Gas Distribution Corporation

______________________________ Date: April 12, 2023

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PO Box 3265
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Counsel for The Bureau of Investigation & Enforcement

______________________________ Date: ____________________

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Lauren E. Guerra, Esquire
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Counsel for The Office of Consumer Advocate

______________________________ Date: ____________________

Steven C. Gray, Esquire
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Counsel for the Office of Small Business Advocate

_____________________________ Date: ____________________

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Counsel for The Bureau of Investigation & Enforcement

Mackenzie C. Battle Date: 04/13/2023

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Counsel for The Office of Consumer Advocate

_____________________________ Date: ____________________

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Counsel for the Office of Small Business Advocate

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APPENDIX A

PRO FORMA 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

Effective: August 1, 2023

D. L. DeCAROLIS, PRESIDENT
BUFFALO, NEW YORK

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

See page 2.

LIST OF CHANGES MADE BY THIS TARIFF

CHANGE:

1. Language and rates removed for declining blocks for all services.
Pages 36, 41, 41A, 42, 55, 65, 76, 120, and 121

2. Rider B – STA language changes to exclude gas cost and other rider rate changes.
Pages 36A, 37C, 41, 41A, 42, 51, 53, 55, 63, 66, 74, 76A, 81, 84, 121, and 157

3. Rider C – Weather Normalization Adjustment Rider, is added.
Pages 158 and 159

4. Rider F – LIRA Discount Charge, change in effective date.
Page 164

5. Rider F – LIRA Discount Charge, update of rate language to include pre-program arrearage forgiveness and program costs, exclusive of company labor.
Page 164

6. Rider F – LIRA Discount Charger, removal of timing for first reconciliation.
Page 165

7. Rider F – LIRA Discount Charge, update of reconciliation calculation.
Page 166

8. Rider F – LIRA Discount Charge, update of average number of customers.
Page 167

9. Rider F – LIRA Discount Charge, update of calculation for CAP Funding Reconciliation Charge.
Page 167

DECREASE:

10. The Gas Adjustment Charge decreased for Residential Classes
Page 36

11. Natural Gas Supply Charge decreased for Residential Classes
Page 36A

12.MMT Service Rates decreased for “Small” Commercial/Public Authority <25,000 and Small Volume Industrial Service Classes.
Page 100

LIST OF CHANGES MADE BY THIS TARIFF

DECREASE (continued)

13. DMT Service Rates decreased for "Small" Commercial/Public Authority <25,000 and Small Volume Industrial Service Classes.
Page 111

14. SATC rates for "Small" Commercial/Public Authority <25,000 CCF decrease.
Page 120

15. POR Discounts decrease for Residential Classes.
Page 125

16. Rider G Merchant Function Charge decrease for Residential Service.
Page 168

INCREASE:

17. Justified Company Investment increases for Residential, Commercial, Public Authority and Industrial.
Page 12

18. Natural Gas Supply Charge increased for "Small" Commercial/Public Authority < 25,000 CCF, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial, Large Industrial, SATC – Residential, SATC – Small Commercial/Public Authority < 25,000, SATC – Small Volume Industrial and SATC – Intermediate Volume Industrial Services.
Pages 41, 41A, 42, 53, 55, 66, and 76A

19. Distribution Charge increased for all classes.
Pages 36, 41, 41A, 42, 53, 55, 65, and 76

20. Basic Service Charge increases for all classes.
Pages 36, 41, 41A, 42, 53, 55, 65, 76, 120, and 121

21. NGV rates increase for Natural Gas Vehicle Service Classes.
Page 83

22. MMT Service Rates increased for Residential, "Small Commercial/Public Authority >25,000, "Large" Commercial/Public Authority, Intermediate Volume Industrial, Large Volume Industrial, and Large Industrial Service Classes.
Page 100 and 101

LIST OF CHANGES MADE BY THIS TARIFF

INCREASES (continued)

23. DMT Service Rates increased for Residential, “Small” Commercial/Public Authority >25,000, “Large” Commercial/Public Authority, Intermediate Volume Industrial, Large Volume Industrial, and Large Industrial Service Classes.
Page 111 and 112

24. SATC rates increases for Residential, Small Commercial/Public Authority > 25,000 CCF, Large Commercial/Public Authority, Small Volume Industrial, and Intermediate Volume Industrial Service Classes
Pages 120, and 121.

25. POR Discounts increase for Non-Residential.
Page 125

26. DMLMT Service Distribution charge increases.
Page 146C

27. Rider B – State Tax Adjustment Surcharge, increased to 0.00%. Language added to remove rate changes due to non-base rate changes. Page 157

28. Rider F – LIRA Discount Charge, increase in Current LIRA
Page 164 and 167

29. Rider G – Merchant Function Charge increases for Non-residential Service rates.
Page 168

30. Rider H – Gas Procurement Charge and Total Price to Compare increases.
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RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

3. DETERMINATION OF COMPANY INVESTMENT FOR UPGRADE/EXTENSION OF FACILITIES (Cont'd)

C. Determination of Justified Company Investment Per Dollar of Additional Annual Revenue

(1) Residential

The Justified Company Investment Per Dollar of Additional Annual Revenue for residential customers is $6.93. (I)

(2) Commercial and Public Authority; Industrial

The Justified Company Investment Per Dollar of Additional Annual Revenue for commercial, public authority or industrial customers shall be selected from the table below based upon the projected term of use by the customer of the new or upgraded facilities.

Projected Term of Use of New/Upgraded Facilities (Years)	Justified Company Investment Per Dollar of Additional Annual Revenue	
1	$ .63	
2	1.21	
3	1.76	
4	2.27	
5	2.74	
6	3.18	(I)
7	3.59	
8	3.97	
9	4.32	
10	4.65	
Greater than 10	6.93	

Because the term of use has a substantial effect on the determination of the Justified Company Investment Per Dollar of Additional Annual Revenue, the Company may require a letter of intent from commercial, public authority and industrial customers projecting the term of use of the new or upgraded extension of facilities being requested.

The Company reserves the right to require a guaranteed revenue contract if the customer projects a term of use of the new or upgraded facilities in excess of 10 years or if the customer does not demonstrate that the customer's term of use is reasonable.

(D) Indicates Decrease

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

$14.00	per Month		(I)

Distribution Charges

32.703¢	per 100 cubic feet		(I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.176¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
9.948¢	Per 100 cubic feet	Total Gas Adjustment Charge	(D)

(D) Indicates Decrease (I) Indicates Increase

RESIDENTIAL SERVICE RATE SCHEDULE (cont.)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
1.137¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
65.312¢	per 100 cubic feet Charge	Total Natural Gas Supply	(D)

The Natural Gas Supply Charge shall include a Merchant Function Charge (D) (Rider G) to recover uncollectible costs associated with purchase gas costs of 1.8032% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. The above non-purchased gas cost (C) rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge. Residential rate classes shall be (C) subject to 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

The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff. The above rates shall be changed to reflect changes to purchased gas cost rates. (C)

REAPPLICATION FOR LIRA AT A NEW ADDRESS

When active LIRA customers move to a new address, upon application for service at such new address, said customers will continue to receive service under this Rate Schedule at the new address. If occupants change, it will be necessary to verify the household members and income. If a ratepayer, or any adult members of the household, has an overdue balance from a previous account, that balance will be reflected on the first LIRA bill at the new address. If a previous account was terminated for nonpayment, LIRA payments must be caught up to establish service at the new address. A customer who moves to a new premise can continue arrearage forgiveness on the remaining balance that is eligible for forgiveness.

ARREARAGE FORGIVENESS

Preprogram arrearages are eligible for debt forgiveness. Each time a LIRA customer pays on time, one twenty-fourth of the amount is forgiven. If a LIRA customer falls behind and pays their LIRA amount due to a zero balance, they will receive the debt forgiveness that was previously missed. These arrearages will be shown on LIRA customer’s bills.

When a LIRA customer moves to a new address, the remaining arrearage forgiveness can be utilized at the new address.

LIHEAP

All LIHEAP grants will be applied to the customers’ LIRA responsibility in accordance with applicable Department of Human Services vendor requirements.

(C) Indicates Change

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

$27.00 per Month

(I)

Distribution Charges

26.086¢ per 100 cubic feet (I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff. (C)

(D) Indicates Decrease (I) Indicates Increase

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

$37.00	per Month		(I)

Distribution Charges

23.647¢	per 100 cubic feet		(I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff. (C)

(D) Indicates Decrease (I) Indicates Increase

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

For "Large" Commercial/Public Authority Customers:

Basic Service Charge

$151.00	per Month		(I)

Distribution Charges

19.714¢	per 100 cubic feet		(I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9. 805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff. (C)

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

V. SURCHARGE

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

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.

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

MONTHLY RATE

Basic Service Charge

$82.00	per Month		(I)

Distribution Charges

23.8140¢	per 100 cubic feet		(I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) (I) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223.

The above non-purchased gas cost rates shall be subject to surcharges in (C) 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

IVIS

INTERMEDIATE VOLUME INDUSTRIAL SERVICE RATE SCHEDULE (Cont'd)

MONTHLY RATE

Basic Service Charge

$252.00	per Month		(I)

Distribution Charges

16.4390¢	per 100 cubic feet		(I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff. (C)

APPLICATION PERIOD

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

RULES AND REGULATIONS

(D) Indicates Decrease (I) Indicates Increase

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. <u>Commodity Charge for Transportation Service</u>

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.

V. SURCHARGE

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

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

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

$1023.00	per Month		(I)

Distribution Charges

13.3350¢	per 100 cubic feet		(I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	Per 100 cubic feet	Total Gas Adjustment Charge	(I)

(D) Indicates Decrease (I) Indicates Increase

LVIS
Large Volume Industrial Service (Cont'd)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge. (C)

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.

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.

V. SURCHARGE

The non-purchased gas cost Demand Charges and the non-purchased gas cost Commodity Charge for Sales Service and the non-purchased gas cost 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. (C)

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

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
$1,165.00 per Month (I)

Distribution Charges
9.0850¢ per 100 cubic feet (I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

LIS
Large Industrial Service (Cont'd)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge. (C)

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

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.

V. SURCHARGE

The non-purchased gas cost Demand Charges and the non-purchased gas cost (C)
Commodity Charge for Sales Service and the non-purchased gas cost 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

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:	$0.82155/Ccf	(I)

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

100% load factor base cost of gas:	$0.67719/Ccf	
Incremental operating cost of Company owned NGV compression equipment:	$0.13436/Ccf	
Transition Cost Surcharge	$0.00000/Ccf	
State Tax Adjustment Surcharge	$0.00000/Ccf	
Minimum allowable Non-Gas cost	$0.01000/Ccf	

The maximum NGV(1) rate shall be:	$1.07344/Ccf	(I)

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

Tailblock rate of the Commercial and Public Authority Service Rate schedule:	$0.93908/Ccf	(I)
Incremental operating cost of Company owned NGV compression equipment:	$0.13436/Ccf	
State Tax Adjustment Surcharge	$0.00000/Ccf	

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:	$0.68719/Ccf	(I)

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

100% load factor base cost of gas:	$0.67719 /Ccf	
Transition Cost Surcharge	$0.00000/Ccf	
State Tax Adjustment Surcharge	$0.00000/Ccf	
Minimum allowable Non-Gas cost	$0.01000/Ccf	

The maximum NGV(2) rate shall be:	$0.93908/Ccf	(I)

(D) Indicates Decrease (I) Indicates Increase

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

Tailblock rate of the Commercial and Public Authority Service Rate schedule:	$0.89417 /Ccf	(D)
State Tax Adjustment Surcharge	($0.00000)/Ccf	(I)

V. SURCHARGE

All non-purchased gas cost 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. (C)

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

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

MONTHLY RATES

Commodity Rates

The commodity rates set forth below contain a component, presently $0.3600 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:

$3.3211 Mcf (I)

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:

$2.6594	per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year	(D)
$2.4155	per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year	(I)
$2.0222	per Mcf for Large Commercial/Public Authority	(I)

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

$2.6594	per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year	(D)
$2.4155	per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year	(D)
$2.0222	per Mcf for Large Commercial/Public Authority	(I)

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

(D)

$2.4322 per Mcf for SVIS Customers

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

(D)

$2.4322 per Mcf for SVIS Customers

(D) Indicates Decrease (I) Indicates Increase

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:
$1.6947 per Mcf for IVIS Customers (I)

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

$1.6947 per Mcf for IVIS Customers (I)

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

$1.3843 per Mcf (I)

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

$1.3843 per Mcf (I)

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

$0.9593 per Mcf (I)

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

$0.9593 per Mcf (I)

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

be subject to refund under any circumstances. As deemed necessary by the Company in its sole discretion, the DMT customer shall be required also to pay, in full, for costs of installing daily metering and communications equipment selected by the Company which will enable the Company to obtain each day meter readings of the volume of gas delivered to the Company or to another point or points acceptable to the Company for the Customer's account and the volume of gas from the Company used by the Customer each day. In addition, with regard to daily metering and communications equipment, the Customer shall pay an amount of money to provide for recovery of the present value of the carrying cost of income taxes on the payment for daily metering and communications equipment. Such carrying cost arises from the delay between federal and Pennsylvania income taxation and income tax deductions over the tax life of the equipment and a further amount equal to 72.67% of the carrying cost (based on present income tax rates). If additional facilities are required for furnishing of gas service, customer's payment for additional facilities required for furnishing of gas service shall be governed by Tariff Rule No. 3, "Extension of Facilities", and Tariff Rule No. 5, "Service Lines." (C)

CHARACTER OF SERVICE

Gas, of a quality acceptable to the Company, owned by a DMT Service Customer and delivered, either directly or by displacement, into the Company's distribution system, will be transported, by the Company, to the delivery point designated by the DMT Service Customer.

TERM OF SERVICE AGREEMENT

If the requirements of this Rate Schedule are met, the Company shall offer to enter into a Service Agreement with an initial term of at least one year and successive one-year terms thereafter. The initial term of a Service Agreement may be for less than one year only with the mutual consent of both the DMT Service Customer and the Company. If the initial term of a Service Agreement is for less than one year, successive terms thereafter shall be equal in length to the initial term. Either the DMT Service Customer or the Company may terminate the Service Agreement at the end of a term upon written notice thereof to the other more than thirty (30) days prior to the end of a term; further provided, however, that the Company may terminate a Service Agreement at an earlier date as provided by law by provisions of this Tariff.

(C) Indicates Change

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

MONTHLY RATES

Commodity Rates

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

$2.9611 per Mcf. (I)

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:

$2.2994 per Mcf	for Small Commercial/Public Authority using not more than 250 Mcf per year	(D)
$2.0555 per Mcf	for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year	(I)
$1.6622 per Mcf	for Large Commercial/Public Authority	(I)

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

$2.2994 per Mcf	for Small Commercial/Public Authority using not more than 250 Mcf per Year	(D)
$2.0555 per Mcf	for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year	(I)
$1.6622 per Mcf	for Large Commercial/Public Authority	(I)

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

$2.0722 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:

$2.0722 per Mcf for SVIS Customers. (D)

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

$1.3347 per Mcf for IVIS Customers. (I)

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

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

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

$1.3347 per Mcf for IVIS Customers. (I)

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

$1.0243 per Mcf. (I)

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

$1.0243 per Mcf. (I)

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

(I)

$0.5993 per Mcf.

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

(I)

$0.5993 per Mcf.

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

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

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:

$14.00	Basic Service Charge	(I)
$0.32703	per 100 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:

$27.00	Basic Service Charge	(I)
$0.26086	per 100 cubic feet	(D)

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

$37.00	Basic Service Charge	
$0.23647	per 100 cubic feet	(I)

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

$151.00	Basic Service Charge	(I)
$0.19714	per 100 cubic feet	(I)

(D) Indicates Decrease (I) Indicates Increase

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:

$82.00	Basic Service Charge	(I)
$0.23814	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:

$252.00	Basic Service Charge	(I)
$0.16439	per 100 cubic feet	(I)

B. Miscellaneous Customer Surcharges

1. Residential rate classes shall be subject to surcharges in accordance with Rider F - LIRA Discount Charge as set forth in this tariff. (C)

2. The above non-purchased gas cost SATC rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge. (C)

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

1. Billing Service Charges

For a pilot period of three years, terminable by the Company at the end of the third year following 12 months prior notice to participating Suppliers, the Company will purchase amounts receivable for SATC customers with annual consumption less than 1,000 Mcf/year as described herein and further detailed in the billing agreement.

The rate to be charged by the Company to the Supplier for Standard Billing Service shall be $0.20 for each bill rendered to an SATC Customer for the Supplier.

The Company shall provide the Supplier receiving Standard Billing Service with meter reading information and other reports in the Company's standard electronic format on a basis corresponding to the SATC Customer's billing cycles. The Supplier shall provide the Company with all required Supplier billing and rate information necessary for customer billing as determined by the Company. The Supplier shall provide such billing information in the Company's required format. The Supplier shall provide Supplier billing information no later than three business days before the last day of the month.

The Company will bill the SATC Customer for gas supplies sold by the Supplier to the Customer subject to the Supplier entering into a billing service contract with the Company. For Consolidated billing service where the Company does not purchase the Supplier's receivable payments made by the Customer under the billing service will be applied first to amounts to past service due under an amortization agreement with the Company, next to current bills due to the Company, next to gas supply charges owed to the Supplier, next to charges for other non-regulated service charges, and lastly to any "neighbor for neighbor" contribution. The terms and charges for the Supplier billing services other than Standard Billing Services may be negotiated between the Company and the Supplier. The Company shall be under no obligation to provide the Supplier billing services other than Standard Billing Services if mutually agreeable terms and charges cannot be negotiated.

The Company will purchase the accounts receivable from POR Suppliers servicing SATC Residential, SATC Small Commercial and Public Authority customers less than 250 Mcf/year, SATC Small Commercial and Public Authority customers between 250 and 1,000 Mcf/year and SATC Small Volume Industrial customers less than 1,000 Mcf/year at a discount where the Company is providing a Utility Consolidated Bill to the customer. The residential discount is 1.8661% and the non-residential discount is 0.4027%. (D)(I)

To the extent that a POR customer account has an unpaid balance on its final bill's late payment date or at the time the unpaid account balance is transferred to another active account, the Company will deduct from the payment to the POR SATS Supplier for the purchase of its receivable the unpaid billed amounts in excess of the amount that would have been due had the customer received service at Distribution's otherwise applicable sales rate during the time the customer received service from the SATS Supplier (pursuant to Rate Schedule SATC Section F "Lesser of Calculation").

(D) Indicates Decrease (I) Indicates Increase

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

MONTHLY RATES

For transportation of gas to Large Industrial Manufacturing Customers, the monthly rate for transportation shall be:

$0.5993 per Mcf. (I)

Provided, however, that the Company, in its sole discretion, may reduce by contract the portion of the above rates applicable to the Customer that is for recovery of gas costs or the portion of the rate for recovery of non-gas costs of service if it is reasonably necessary to do so to meet competition from another supplier of energy including gas from another supplier of gas that has constructed, or could construct, facilities to deliver supplies of gas to a Gas Service Customer of the Company without use of the Company's facilities or another transportation of gas. The Company will reduce the applicable rate only if:

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

(b) Volumes of gas that would be transported by the Company would be displaced by an alternate fuel or an alternative source of gas unless the Company reduces its transportation rate;

(c) The Company will not reduce the rate for transportation service below the level necessary to transport gas; and

(d) In the Company's judgment the DMLMT Service Customer has taken all reasonable steps to minimize the cost of gas supplies delivered to the Company's system in order to help meet competition.

Where the above criteria are met, the Company may, in its discretion enter into an agreement setting either: (1) a fixed transportation rate or (2) the basis for determining the transportation rate, for the period of the Service Agreement, which will specify which portion of the rate is being reduced.

Volumes delivered as transportation service pursuant to this rate schedule shall be subject to State Tax Adjustment Surcharge

CHARGES FOR TRANSPORTATION BY OTHERS

If furnishing service, pursuant to this Rate Schedule, requires the use of a transportation service provided other than by the Company, any cost incurred by the Company, with regard thereto, shall be billed to DMLMT Service Customer by the Company.

RIDER B

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, a surcharge of 0.00% will apply to all non-Purchased Gas Cost charges for service rendered on or after August 1, 2023. (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 an increase or decrease in base rates, exclusive of Purchased Gas Cost rates and applicable Rider rates.

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.

(I) Indicates Increase (D) Indicates Decrease

RIDER C
WEATHER NORMALIZATION ADJUSTMENT (C)

Applicability and Purpose:

A Weather Normalization Adjustment ("WNA") shall be applied to bills of customers served under Residential, LIRA, and Commercial and Public Authority Rate Schedules, for any bills rendered during the heating season October through May.

Calculation of Adjustment Amount:
The WNA will be applied to October through May billing cycles and shall be calculated on a customer account specific basis in accordance with the formula below:

WNBC = BLMC + [((NHDD +/- (NHDD x 3%)) / AHDD) x (AMC - BLMC)]
WNAC = WNBC - AMC
WNA = WNAC x Distribution Charge

(a) Weather Normalized Billing Ccfs("WNBC") will be calculated as the Base Load Monthly Ccfs ("BLMC") added to the product of the Normal Heating Degree Days ("NHDD"), adjusted for a 3% deadband as further discussed below, divided by the Actual Heating Degree Days ("AHDD") and the Actual Monthly Ccfs ("AMC") less the BLMC. Weather Normalized Billing Ccfs (WNBC) will only be calculated if the AMC exceeds the BLMC. WNA will not be applicable for the billing period if AMC is less than the BLMC.

(b) BLMC shall be established for each customer using the customer's actual consumption from the billing system, measured in Ccfs.

(c) AMC shall be measured for each customer and billing cycle and will be based on actual or estimated meter readings.

(d) NHDD shall be based upon the 15-year average (2006-2020) for the given day, as reported by the National Oceanic and Atmospheric Administration (NOAA) for the Erie International Airport weather station.

(e) AHDD shall be the actual experienced heating degree days during the billing cycle. AHDD shall be based upon experienced actual Gas Day temperatures as reported by the NOAA for the Erie International Airport weather station.

(f) AMC will be subtracted from the WNBC to compute the Weather Normalized Adjustment Ccfs ("WNAC").

(g) The WNAC shall then be multiplied by the applicable Rate Schedule Distribution Charge based on service rendered to compute the WNA amount that will be charged or credited to each customer.

(C) Indicates Change

RIDER C
WEATHER NORMALIZATION ADJUSTMENT (Cont.) (C)

(h) A deadband of 3% shall apply. The WNA for a billing cycle will apply only if the AHDD for the billing cycle are lower than 97% or higher than 103% of the NHDD for the billing cycle.

(i) The WNA factor shall be calculated by first adjusting the NHDD for the billing cycle by the deadband percentage of 3%. The deadband percentage shall be multiplied by the NHDD and then added to NHDD for the billing period when the weather is colder than normal (i.e., AHDD>NHDD) or subtracted from NHDD for the billing period when the weather is warmer than normal (i.e., AHDD<NHDD).

(j) In the event a customer's bill needs to be canceled and rebilled at any time, the WNA will be recalculated using the most recently available data for the billing period. In some cases, updates in data used in the calculation, may result in a different WNA for the billing period.

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

(l) The Company will file reports detailing weather normalization information with the Commission as outlined in the Final Order at the Company's Base Rate Proceeding at Docket No. R-2022-3035730.

(C) Indicates Change

RIDER F
LIRA DISCOUNT CHARGE (C)

CURRENT LIRA RATE DISCOUNT

Effective August 1, 2023, a charge will be included in the rates subject to this Rider to provide for recovery of costs of the projected LIRA rate discounts, pre-program arrearage forgiveness, and program costs exclusive of company labor 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, pre-program arrearage forgiveness and program cost exclusive of company labor 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, pre-program arrearage forgiveness, and program cost exclusive of company labor 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 $0.1751/Mcf. (I)

RIDER F
LIRA DISCOUNT CHARGE

(C)

CAP FUNDING RECONCILIATION CHARGE

A charge will be included in the rates subject to this Rider to provide for the full recovery of costs in conjunction with the Company's LIRA rate discounts, program costs, and forgiven pre-program arrearages. Annual reconciliations for the appropriate periods will be filed in accordance with 66 Pa.C.S. §1307(e) by October 30.

Such charge shall be updated annually and effective each February 1 of the year.

CALCULATION OF RECONCILIATION COMPONENT OF RATE

The charge will have five components; the first associated with the LIRA rate discount, the second with the LIRA program costs, the third with the LIRA forgiven pre-program arrearages, the fourth with the incremental customer credit and a fifth with the adjustment for over/under recovery of the prior period charge. The charge will be recalculated as specified above.

The charge associated with the LIRA rate discount will contain the following calculation;

The annual reconciliation charge associated with the LIRA rate discounts will be based on the previous fiscal year (October through September) actual over/(under) collection determined by comparing discounts provided in bills to LIRA customers as compared to discounts billed to Residential customers under this Rider.

(C) Indicates Change

RIDER F
LIRA DISCOUNT CHARGE

CAP FUNDING RECONCILIATION CHARGE (con't.)

(C)

CALCULATION OF RECONCILIATION COMPONENT OF RATE (con't)

The charge associated with the LIRA program costs will contain the following calculation;

The annual reconciliation charge associated with the LIRA program costs will be calculated based on the previous annual fiscal year costs (October through September) to administer the LIRA program excluding company labor and benefits less the projected amount included in the rider for the previous fiscal year.

The charge associated with the LIRA forgiven pre-program arrearages will contain the following calculation;

The annual reconciliation charge associated with the LIRA forgiven pre-program arrearages will be based on the previous annual fiscal year pre-program forgiven arrearages (October through September) associated with the LIRA program less the projected amount included in the rider for the previous fiscal year.

(C) Indicates Change

RIDER F
LIRA DISCOUNT CHARGE

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

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

Effective February 1, 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 9,702. 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 9,702 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.

ADJUSTMENT FOR OVER / UNDER RECOVERY OF PRIOR PERIOD CHARGE

The filing to be effective every February 1 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	$0.2103	(I)
Cap Funding Reconciliation Charge	$(0.0340)	
Adjustment for Over/Under Recovery of Prior Period Charge	$(0.0012)	
Total RIDER F	$0.1751	(I)

The currently effective charge to be included in rates is $0.1751/Mcf. (I)

(D) Indicates Decrease (I) Indicates Increase

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 1.8032% times the Natural Gas Supply Charge and the Gas Adjustment Clause as calculated for Rider A. (D)

The current Residential MFC Charge is:

Natural Gas Supply Charge per Mcf	$0.1137	(D)
Gas Adjustment clause (E-Factor) per Mcf	$0.0176	(D)
Total Residential MFC per Mcf	$0.1313	(D)

For customers receiving service in the Non-Residential classifications, the MFC shall equal 0.3398% times the Natural Gas Supply Charge and Gas Adjustment Clause as calculated for Rider A. (I)

The current Non-Residential MFC Charge is:

Natural Gas Supply Charge per Mcf	$0.0214	(I)
Gas Adjustment clause (E-Factor) per Mcf	$0.0033	(I)
Total Non-Residential MFC per Mcf	$0.0247	(I)

(D) Indicates Decrease

(I) Indicates Increase

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 $0.1149 / Mcf and is not reconcilable. (I)

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)	63.026	63.026	
Merchant Function Charge associated with Natural Gas Supply Charge(Rider G)	1.137	0.214	(D)
Gas Procurement Charge (Rider H)	1.149	1.149	(I)
Subtotal Natural Gas Supply Charge	65.312	64.389	(D)
Gas Adjustment Charge			
Purchased Gas Cost Component (Rider A)	9.772	9.772	
Merchant Function Charge associated with Gas Adjustment Charge (Rider G)	0.176	0.033	
Subtotal Gas Adjustment Charge	9.948	9.805	
Total Price To Compare	75.260	74.194	(I)

(D) Indicates Decrease (I) Indicates Increase

RULES AND REGULATIONS APPLYING TO ALL TERRITORIES SERVED (Cont'd)

3. DETERMINATION OF COMPANY INVESTMENT FOR UPGRADE/EXTENSION OF FACILITIES (Cont'd)

C. Determination of Justified Company Investment Per Dollar of Additional Annual Revenue

(1) Residential

The Justified Company Investment Per Dollar of Additional Annual Revenue for residential customers is $~~4.58~~6.93. (~~D~~I)

(2) Commercial and Public Authority; Industrial

The Justified Company Investment Per Dollar of Additional Annual Revenue for commercial, public authority or industrial customers shall be selected from the table below based upon the projected term of use by the customer of the new or upgraded facilities.

Projected Term of Use of New/Upgraded Facilities (Years)	Justified Company Investment Per Dollar of Additional Annual Revenue
1	$.~~47~~63
2	~~.~~ 1.~~91~~21
3	1.~~30~~76
4	~~1~~2.~~66~~27
5	~~1~~2.~~99~~74
6	~~2~~3.~~29~~18
7	~~2~~3.~~57~~59
8	~~2~~3.~~82~~97
9	~~3~~4.~~05~~32
10	~~3~~4.~~26~~65
Greater than 10	~~4.58~~6.93

(~~D~~I)

Because the term of use has a substantial effect on the determination of the Justified Company Investment Per Dollar of Additional Annual Revenue, the Company may require a letter of intent from commercial, public authority and industrial customers projecting the term of use of the new or upgraded extension of facilities being requested.

The Company reserves the right to require a guaranteed revenue contract if the customer projects a term of use of the new or upgraded facilities in excess of 10 years or if the customer does not demonstrate that the customer's term of use is reasonable.

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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~~14.00	per Month		(I)

Distribution Charges

32.~~238~~703¢	per 100 cubic feet ~~for the first 5,000 cubic feet~~		(I)
~~23.087¢~~	~~per 100 cubic feet for all over 5,000 cubic feet~~		~~(I)~~

Gas Adjustment Charge

9.~~772~~772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.~~218~~176¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
9.~~990~~948¢	Per 100 cubic feet	Total Gas Adjustment Charge	(D)

(D) Indicates Decrease (I) Indicates Increase

RESIDENTIAL SERVICE RATE SCHEDULE (cont.)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
1.137¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
65.312¢	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 1.8032% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge. Residential rate classes shall be subject to Rider F - LIRA Discount Charge as set forth in this tariff. (D) (C) (C)

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.

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The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff. The above rates shall be changed to reflect changes to purchased gas cost rates. (C)

REAPPLICATION FOR LIRA AT A NEW ADDRESS

When active LIRA customers move to a new address, upon application for service at such new address, said customers will continue to receive service under this Rate Schedule at the new address. If occupants change, it will be necessary to verify the household members and income. If a ratepayer, or any adult members of the household, has an overdue balance from a previous account, that balance will be reflected on the first LIRA bill at the new address. If a previous account was terminated for nonpayment, LIRA payments must be caught up to establish service at the new address. A customer who moves to a new premise can continue arrearage forgiveness on the remaining balance that is eligible for forgiveness.

ARREARAGE FORGIVENESS

Preprogram arrearages are eligible for debt forgiveness. Each time a LIRA customer pays on time, one twenty-fourth of the amount is forgiven. If a LIRA customer falls behind and pays their LIRA amount due to a zero balance, they will receive the debt forgiveness that was previously missed. These arrearages will be shown on LIRA customer's bills.

When a LIRA customer moves to a new address, the remaining arrearage forgiveness can be utilized at the new address.

LIHEAP

All LIHEAP grants will be applied to the customers' LIRA responsibility in accordance with applicable Department of Human Services vendor requirements.

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COMMERCIAL AND PUBLIC AUTHORITY SERVICE RATE SCHEDULE (cont.)

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

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

Basic Service Charge

$27.00	per Month		(D)

Distribution Charges

26.086¢	per 100 cubic feet		(D)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff. (C)

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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

$37.00	per Month	(I)

Distribution Charges

23.647¢	per 100 cubic feet	(I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff. (C)

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

For "Large" Commercial/Public Authority Customers:

Basic Service Charge

$151.00	per Month		(I)

Distribution Charges

19.714¢	per 100 cubic feet		(I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff. (C)

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.

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V. SURCHARGE

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

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.

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

MONTHLY RATE

Basic Service Charge

$82.00	per Month		(I)

Distribution Charges

23.8140¢	per 100 cubic feet		(I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge. (C)

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.

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IVIS

INTERMEDIATE VOLUME INDUSTRIAL SERVICE RATE SCHEDULE (Cont'd)

MONTHLY RATE

Basic Service Charge

$252.00	per Month		(I)

Distribution Charges

16.4390¢	per 100 cubic feet		(I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet	Total Natural Gas Supply Charge	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge as set forth in this tariff. (C)

APPLICATION PERIOD

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

RULES AND REGULATIONS

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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.

V. SURCHARGE

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

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

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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			
$1023.00	per Month		(I)
Distribution Charges			
13.3350¢	per 100 cubic feet		(I)
Gas Adjustment Charge			
9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	Per 100 cubic feet	Total Gas Adjustment Charge	(I)

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LVIS
Large Volume Industrial Service (Cont'd)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	(I)
64.389¢	per 100 cubic feet Charge	Total Natural Gas Supply	(I)

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The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

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The above non-purchased gas cost rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge. (C)

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.

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(I) Indicates Increase

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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.

V. SURCHARGE

The non-purchased gas cost Demand Charges and the non-purchased gas cost Commodity Charge for Sales Service and the non-purchased gas cost 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. (C)

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.

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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
$1,165.00 per Month (I)

Distribution Charges
9.0850¢ per 100 cubic feet (I)

Gas Adjustment Charge

9.772¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.033¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
9.805¢	per 100 cubic feet	Total Gas Adjustment Charge	(I)

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LIS
Large Industrial Service (Cont'd)

Natural Gas Supply Charge

63.026¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	
0.214¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(I)
1.149¢	per 100 cubic feet H)	Gas Procurement Charge (Rider	(I)
64.389¢	per 100 cubic feet Charge	Total Natural Gas Supply	(I)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 0.3398% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. (I)

The above non-purchased gas cost rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge. (C)

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.

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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.

V. SURCHARGE

The non-purchased gas cost Demand Charges and the non-purchased gas cost Commodity Charge for Sales Service and the non-purchased gas cost 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. (C)

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.

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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.~~81925~~82155/Ccf (I) ~~(D)~~

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

100% load factor base cost of gas:	$0.~~67719~~67719/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.~~00230~~00000~~)~~/Ccf	(D) ~~(I)~~
Minimum allowable Non-Gas cost	$0.01000/Ccf	

The maximum NGV(1) rate shall be: $1.~~02565~~07344/Ccf (I) ~~(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.~~89417~~93908/Ccf	(I) ~~(D)~~
Incremental operating cost of Company owned NGV compression equipment:	$0.13436/Ccf	
State Tax Adjustment Surcharge	($0.~~00288~~00000)/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.~~68527~~68719/Ccf (I) ~~(D)~~

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

100% load factor base cost of gas:	$0.~~6771993913~~67719/Ccf	~~(DI)~~
Transition Cost Surcharge	$0.00000/Ccf	
State Tax Adjustment Surcharge	~~(~~$0.~~00192~~00000~~)~~/Ccf	(~~I~~D)
Minimum allowable Non-Gas cost	$0.01000/Ccf	

The maximum NGV(2) rate shall be: $0.~~89167~~93908/Ccf (I) ~~(I)~~

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

Tailblock rate of the Commercial and Public Authority Service Rate schedule:	$0.89417 /Ccf	(D)
State Tax Adjustment Surcharge	($0.00250)/Ccf	(I)

V. SURCHARGE

All non-purchased gas cost 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. (C)

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

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

MONTHLY RATES

Commodity Rates

The commodity rates set forth below contain a component, presently $0.3600 per Mcf, for recovery of purchased gas costs. ~~(C)~~

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~~3.3211 Mcf (I)

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.~~7256~~6594	per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year	(D)
$2.~~2245~~4155	per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year	(I)
$~~1.7762~~2.0222	per Mcf for Large Commercial/Public Authority	(I)

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

$2.~~7256~~6594	per Mcf for Small Commercial/Public Authority using not more than 250 Mcf per year	(D)
$2.~~2245~~4155	per Mcf for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year	(D)
$~~1.7762~~2.0222	per Mcf for Large Commercial/Public Authority	(I)

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

(D)

$2.~~5257~~ 4322 per Mcf for SVIS Customers

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

(D)

$2.~~5257~~ 4322 per Mcf for SVIS Customers

(D) Indicates Decrease (I) Indicates Increase

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:
$~~1.4304~~1.6947 per Mcf for IVIS Customers (~~D~~I)

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.~~4304~~ 6947 per Mcf for IVIS Customers (~~D~~I)

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

$1.~~1686~~ 3843 per Mcf (I~~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.~~1686~~ 3843 per Mcf (~~D~~I)

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

$0.~~8439~~ 9593 per Mcf (~~D~~I)

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~~ 9593 per Mcf (~~D~~I)

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

be subject to refund under any circumstances. As deemed necessary by the Company in its sole discretion, the DMT customer shall be required also to pay, in full, for costs of installing daily metering and communications equipment selected by the Company which will enable the Company to obtain each day meter readings of the volume of gas delivered to the Company or to another point or points acceptable to the Company for the Customer's account and the volume of gas from the Company used by the Customer each day. In addition, with regard to daily metering and communications equipment, the Customer shall pay an amount of money to provide for recovery of the present value of the carrying cost of income taxes on the payment for daily metering and communications equipment. Such carrying cost arises from the delay between federal and Pennsylvania income taxation and income tax deductions over the tax life of the equipment and a further amount equal to 72.67% of the carrying cost (based on present income tax rates). If additional facilities are required for furnishing of gas service, customer's payment for additional facilities required for furnishing of gas service shall be governed by Tariff Rule No. 3, "Extension of Facilities", and Tariff Rule No. 5, "Service Lines." (C)

CHARACTER OF SERVICE

Gas, of a quality acceptable to the Company, owned by a DMT Service Customer and delivered, either directly or by displacement, into the Company's distribution system, will be transported, by the Company, to the delivery point designated by the DMT Service Customer.

TERM OF SERVICE AGREEMENT

If the requirements of this Rate Schedule are met, the Company shall offer to enter into a Service Agreement with an initial term of at least one year and successive one-year terms thereafter. The initial term of a Service Agreement may be for less than one year only with the mutual consent of both the DMT Service Customer and the Company. If the initial term of a Service Agreement is for less than one year, successive terms thereafter shall be equal in length to the initial term. Either the DMT Service Customer or the Company may terminate the Service Agreement at the end of a term upon written notice thereof to the other more than thirty (30) days prior to the end of a term; further provided, however, that the Company may terminate a Service Agreement at an earlier date as provided by law by provisions of this Tariff.

(C) Indicates Change

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

MONTHLY RATES

Commodity Rates

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

$2.~~4558~~ 9611 per Mcf. (I)

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

$2.~~3656~~ 2994 per Mcf	for Small Commercial/Public Authority using not more than 250 Mcf per year	(D)
$~~1.8645~~2.0555 per Mcf	for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year	(~~D~~I)
$1.~~4162~~ 6622 per Mcf	for Large Commercial/Public Authority	(I)

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

$2.~~3656~~ 2994 per Mcf	for Small Commercial/Public Authority using not more than 250 Mcf per Year	(D)
$~~1.8645~~2.0555 per Mcf	for Small Commercial/Public Authority using greater than 250 Mcf but not more than 1,000 Mcf per year	(~~D~~I)
$1.~~4162~~ 6622 per Mcf	for Large Commercial/Public Authority	(I)

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

$2.~~1657~~ 0722 per Mcffor SVIS Customers. (D)

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

$2.~~1657~~ 0722 per Mcf for SVIS Customers. (D)

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

$1.~~0704~~ 3347 per Mcf for IVIS Customers. (~~D~~I)

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

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

$1.~~0704~~ 3347 per Mcf for IVIS Customers. (~~D~~I)

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

$~~0.8086~~1.0243 per Mcf. (I)

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

$~~0.8086~~1.0243 per Mcf. (I)

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

$0.~~4839~~ 5993 per Mcf. (I)

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

$0.~~4839~~ 5993 per Mcf. (I)

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

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

(D) Indicates Decrease
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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~~14.00	Basic Service Charge	(I)
$0.~~32238~~32703	per 100 cubic feet ~~for the first 5,000 cubic feet (I)~~	(I)
~~$0.23087~~	~~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~~27.00	Basic Service Charge	(I)
$0.~~27241~~26086	per 100 cubic feet ~~for the first 5,000 cubic feet~~	(~~I~~D)
~~$0.24317~~	~~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~~37.00	Basic Service Charge	
$0.~~21436~~23647	per 100 cubic feet ~~for the first 20,000 cubic feet~~	(I)
~~$0.20148~~	~~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~~151.~~01~~00	Basic Service Charge	(I)
$0.~~18040~~19714	per 100 cubic feet ~~for the first 300,000 cubic feet~~	(I)
~~$0.16904~~	~~per 100 cubic feet for the next 1,700,000 cubic feet~~	~~(I)~~
~~$0.15403~~	~~per 100 cubic feet for all over 2,000,000 cubic feet~~	~~(I)~~

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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:

$82.00	Basic Service Charge	(I)
$0.23814	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:

$252.00	Basic Service Charge	(I)
$0.16439	per 100 cubic feet	(I)

B. Miscellaneous Customer Surcharges

1. Residential rate classes shall be subject to surcharges in accordance with Rider F - LIRA Discount Charge as set forth in this tariff. (C)

2. The above non-purchased gas cost SATC rates shall be subject to surcharges in accordance with provisions of Rider B - State Tax Adjustment Surcharge. (C)

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

1. Billing Service Charges

For a pilot period of three years, terminable by the Company at the end of the third year following 12 months prior notice to participating Suppliers, the Company will purchase amounts receivable for SATC customers with annual consumption less than 1,000 Mcf/year as described herein and further detailed in the billing agreement. ~~(C)~~

The rate to be charged by the Company to the Supplier for Standard Billing Service shall be $0.20 for each bill rendered to an SATC Customer for the Supplier.

The Company shall provide the Supplier receiving Standard Billing Service with meter reading information and other reports in the Company's standard electronic format on a basis corresponding to the SATC Customer's billing cycles. The Supplier shall provide the Company with all required Supplier billing and rate information necessary for customer billing as determined by the Company. The Supplier shall provide such billing information in the Company's required format. The Supplier shall provide Supplier billing information no later than three business days before the last day of the month.

The Company will bill the SATC Customer for gas supplies sold by the Supplier to the Customer subject to the Supplier entering into a billing service contract with the Company. For Consolidated billing service where the Company does not purchase the Supplier's receivable payments made by the Customer under the billing service will be applied first to amounts to past service due under an amortization agreement with the Company, next to current bills due to the Company, next to gas supply charges owed to the Supplier, next to charges for other non-regulated service charges, and lastly to any "neighbor for neighbor" contribution. The terms and charges for the Supplier billing services other than Standard Billing Services may be negotiated between the Company and the Supplier. The Company shall be under no obligation to provide the Supplier billing services other than Standard Billing Services if mutually agreeable terms and charges cannot be negotiated. ~~(C)~~

The Company will purchase the accounts receivable from POR Suppliers servicing SATC Residential, SATC Small Commercial and Public Authority customers less than 250 Mcf/year, SATC Small Commercial and Public Authority customers between 250 and 1,000 Mcf/year and SATC Small Volume Industrial customers less than 1,000 Mcf/year at a discount where the Company is providing a Utility Consolidated Bill to the customer. The residential discount is ~~2.2930~~1.8661% and the non-residential discount is 0.~~2914~~4027%. ~~(C)~~ (D) (I) ~~(C)~~

To the extent that a POR customer account has an unpaid balance on its final bill's late payment date or at the time the unpaid account balance is transferred to another active account, the Company will deduct from the payment to the POR SATS Supplier for the purchase of its receivable the unpaid billed amounts in excess of the amount that would have been due had the customer received service at Distribution's otherwise applicable sales rate during the time the customer received service from the SATS Supplier (pursuant to Rate Schedule SATC Section F "Lesser of Calculation"). ~~(C)~~

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RATE SCHEDULE FOR DAILY METERED LARGE MANUFACTURING TRANSPORTATION SERVICE (cont'd) ~~(C)~~

MONTHLY RATES

For transportation of gas to Large Industrial Manufacturing Customers, the monthly rate for transportation shall be:

$0.~~4839~~ 5993 per Mcf. (~~D~~I)

Provided, however, that the Company, in its sole discretion, may reduce by contract the portion of the above rates applicable to the Customer that is for recovery of gas costs or the portion of the rate for recovery of non-gas costs of service if it is reasonably necessary to do so to meet competition from another supplier of energy including gas from another supplier of gas that has constructed, or could construct, facilities to deliver supplies of gas to a Gas Service Customer of the Company without use of the Company's facilities or another transportation of gas. The Company will reduce the applicable rate only if:

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

(b) Volumes of gas that would be transported by the Company would be displaced by an alternate fuel or an alternative source of gas unless the Company reduces its transportation rate;

(c) The Company will not reduce the rate for transportation service below the level necessary to transport gas; and

(d) In the Company's judgment the DMLMT Service Customer has taken all reasonable steps to minimize the cost of gas supplies delivered to the Company's system in order to help meet competition.

Where the above criteria are met, the Company may, in its discretion enter into an agreement setting either: (1) a fixed transportation rate or (2) the basis for determining the transportation rate, for the period of the Service Agreement, which will specify which portion of the rate is being reduced.

Volumes delivered as transportation service pursuant to this rate schedule shall be subject to State Tax Adjustment Surcharge

CHARGES FOR TRANSPORTATION BY OTHERS

If furnishing service, pursuant to this Rate Schedule, requires the use of a transportation service provided other than by the Company, any cost incurred by the Company, with regard thereto, shall be billed to DMLMT Service Customer by the Company.

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RIDER B

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, a surcharge of ~~(~~0.~~28~~00%~~)~~ will apply to all charges for service rendered on or after ~~February~~ August 1, 2023. (I~~D~~)

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, exclusive of gas cost rate changes. ~~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.

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

RIDER C
WEATHER NORMALIZATION ADJUSTMENT (C)

Applicability and Purpose:

A Weather Normalization Adjustment ("WNA") shall be applied to bills of customers served under Residential, LIRA, and Commercial and Public Authority Rate Schedules, for any bills rendered during the heating season October through May.

Calculation of Adjustment Amount:
The WNA will be applied to October through May billing cycles and shall be calculated on a customer account specific basis in accordance with the formula below:

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WNBC = BLMC + [((NHDD +/- (NHDD x 3%)) / AHDD) x (AMC - BLMC)]
WNAC = WNBC - AMC
WNA = WNAC x Distribution Charge

(a) Weather Normalized Billing Ccfs("WNBC") will be calculated as the Base Load Monthly Ccfs ("BLMC") added to the product of the Normal Heating Degree Days ("NHDD"), adjusted for a 3% deadband as further discussed below, divided by the Actual Heating Degree Days ("AHDD") and the Actual Monthly Ccfs ("AMC") less the BLMC. Weather Normalized Billing Ccfs (WNBC) will only be calculated if the AMC exceeds the BLMC. WNA will not be applicable for the billing period if AMC is less than the BLMC.

(b) BLMC shall be established for each customer using the customer's actual consumption from the billing system, measured in Ccfs.

(c) AMC shall be measured for each customer and billing cycle and will be based on actual or estimated meter readings.

(d) NHDD shall be based upon the 15-year average (2006-2020) for the given day, as reported by the National Oceanic and Atmospheric Administration (NOAA) for the Erie International Airport weather station.

(e) AHDD shall be the actual experienced heating degree days during the billing cycle. AHDD shall be based upon experienced actual Gas Day temperatures as reported by the NOAA for the Erie International Airport weather station.

(f) AMC will be subtracted from the WNBC to compute the Weather Normalized Adjustment Ccfs ("WNAC").

(g) The WNAC shall then be multiplied by the applicable Rate Schedule Distribution Charge based on service rendered to compute the WNA amount that will be charged or credited to each customer.

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RIDER C
WEATHER NORMALIZATION ADJUSTMENT (Cont.) (C)

(h) A deadband of 3% shall apply. The WNA for a billing cycle will apply only if the AHDD for the billing cycle are lower than 97% or higher than 103% of the NHDD for the billing cycle.

(i) The WNA factor shall be calculated by first adjusting the NHDD for the billing cycle by the deadband percentage of 3%. The deadband percentage shall be multiplied by the NHDD and then added to NHDD for the billing period when the weather is colder than normal (i.e., AHDD>NHDD) or subtracted from NHDD for the billing period when the weather is warmer than normal (i.e., AHDD<NHDD).

(j) In the event a customer's bill needs to be canceled and rebilled at any time, the WNA will be recalculated using the most recently available data for the billing period. In some cases, updates in data used in the calculation, may result in a different WNA for the billing period.

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

(l) The Company will file reports detailing weather normalization information with the Commission as outlined in the Final Order at the Company's Base Rate Proceeding at Docket No. R-2022-3035730.

(C) Indicates Change

RIDER F
LIRA DISCOUNT CHARGE (C)

CURRENT LIRA RATE DISCOUNT

Effective August 1, 2023, a charge will be included in the rates subject to this Rider to provide for recovery of costs of the projected LIRA rate discounts, pre-program arrearage forgiveness, and program costs exclusive of company labor 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, pre-program arrearage forgiveness and program cost exclusive of company labor 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, pre-program arrearage forgiveness, and program cost exclusive of company labor 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 $0.1751/Mcf. (I)

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RIDER F
LIRA DISCOUNT CHARGE

(C)

CAP FUNDING RECONCILIATION CHARGE

A charge will be included in the rates subject to this Rider to provide for the full recovery of costs in conjunction with the Company's LIRA rate discounts, program costs, and forgiven pre-program arrearages. Annual reconciliations for the appropriate periods will be filed in accordance with 66 Pa.C.S. §1307(e) by October 30.

Such charge shall be updated annually and effective each February 1 of the year.

CALCULATION OF RECONCILIATION COMPONENT OF RATE

The charge will have five components; the first associated with the LIRA rate discount, the second with the LIRA program costs, the third with the LIRA forgiven pre-program arrearages, the fourth with the incremental customer credit and a fifth with the adjustment for over/under recovery of the prior period charge. The charge will be recalculated as specified above.

The charge associated with the LIRA rate discount will contain the following calculation;

The annual reconciliation charge associated with the lira rate discounts will be based on the previous fiscal year (October through September) actual over/(under) collection determined by comparing discounts provided in bills to LIRA customers as compared to discounts billed to Residential customers under this Rider.

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RIDER F
LIRA DISCOUNT CHARGE

CAP FUNDING RECONCILIATION CHARGE (con't.)

CALCULATION OF RECONCILIATION COMPONENT OF RATE (con't)

The charge associated with the LIRA program costs will contain the following calculation;

The annual reconciliation charge associated with the LIRA program costs will be calculated based on the previous annual fiscal year costs (October through September) to administer the LIRA program excluding company labor and benefits less the projected amount included in the rider for the previous fiscal year.

The charge associated with the LIRA forgiven pre-program arrearages will contain the following calculation;

The annual reconciliation charge associated with the LIRA forgiven pre-program arrearages will be based on the previous annual fiscal year pre-program forgiven arrearages (October through September) associated with the LIRA program less the projected amount included in the rider for the previous fiscal year.

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RIDER F
LIRA DISCOUNT CHARGE

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

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

Effective February 1, 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 9,702. 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 9,702 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.

ADJUSTMENT FOR OVER / UNDER RECOVERY OF PRIOR PERIOD CHARGE

The filing to be effective every February 1 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	$0.2103	(I)
Cap Funding Reconciliation Charge	$(0.0340)	
Adjustment for Over/Under Recovery of Prior Period Charge	$(0.0012)	
Total RIDER F	$0.1751	(I)

The currently effective charge to be included in rates is $0.1751/Mcf. (I)

(D) Indicates Decrease (I) Indicates Increase

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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~~1.8032% times the Natural Gas Supply Charge and the Gas Adjustment Clause as calculated for Rider A. (D)

The current Residential MFC Charge is:

Natural Gas Supply Charge per Mcf	$0.~~1405~~1137	(D)
Gas Adjustment clause (E-Factor) per Mcf	$0.~~0218~~ 0176	(D)
Total Residential MFC per Mcf	$0.~~1623~~1313	(D)

For customers receiving service in the Non-Residential classifications, the MFC shall equal 0.~~2285~~3398% times the Natural Gas Supply Charge and Gas Adjustment Clause as calculated for Rider A. (I)

The current Non-Residential MFC Charge is:

Natural Gas Supply Charge per Mcf	$0.~~0144~~0214	(~~D~~I)
Gas Adjustment clause (E-Factor) per Mcf	$0.~~0022~~ 0033	(I)
Total Non-Residential MFC per Mcf	$0.~~0166~~0247	(~~D~~I)

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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 $0.1149 / Mcf and is not reconcilable. (I)

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)	63.026	63.026	
Merchant Function Charge associated with Natural Gas Supply Charge (Rider G)	1.137	0.214	(D)
Gas Procurement Charge (Rider H)	1.149	1.149	(I)
Subtotal Natural Gas Supply Charge	65.312	64.389	(D)
Gas Adjustment Charge			
Purchased Gas Cost Component (Rider A)	9.772	9.772	
Merchant Function Charge associated with Gas Adjustment Charge (Rider G)	0.176	0.033	
Subtotal Gas Adjustment Charge	9.948	9.805	
Total Price To Compare	75.260	74.194	(I)

(D) Indicates Decrease (I) Indicates Increase

APPENDIX B

PROOF OF REVENUE

National Fuel Gas Distribution Corporation
Pennsylvania Division
Fully Projected Future Test Year Ended July 31, 2024
Proof of Revenue Summary (Including PGC Revenue)

	Average Customers	Sales (Mcf)	Current Revenue	Proposed Revenue	Change in Revenue	Percent Change	Percent of Total Rate Increase
Residential	197,797	19,882,940	$ 237,192,135	$ 253,428,082	$ 16,235,948	6.8%	70.6%
SCPA < 250	10,306	1,232,661	$ 13,643,109	$ 14,650,897	$ 1,007,788	7.4%	4.4%
SCPA > 250	4,346	2,246,475	$ 17,431,621	$ 18,574,345	$ 1,142,724	6.6%	5.0%
LCPA	1,545	6,697,503	$ 19,429,335	$ 21,551,898	$ 2,122,563	10.9%	9.2%
NGV	8	123,192	$ 1,127,842	$ 1,139,223	$ 11,382	1.0%	0.0%
SVIS	191	95,420	$ 808,233	$ 845,916	$ 37,683	4.7%	0.2%
IVIS	351	3,105,933	$ 6,414,277	$ 7,401,700	$ 987,423	15.4%	4.3%
LVIS	26	2,331,952	$ 2,090,224	$ 2,653,986	$ 563,762	27.0%	2.5%
LIS	12	6,391,106	$ 3,065,730	$ 3,823,192	$ 757,462	24.7%	3.3%
LIS Negotiated	6	4,407,021	$ 1,332,179	$ 1,345,310	$ 13,131	1.0%	0.1%
DMLMT Negotiated	1	2,800,000	$ 422,439	$ 425,127	$ 2,688	0.6%	0.0%
Total	214,588	49,314,204	$ 302,957,124	$ 325,839,676	$ 22,882,552	7.6%	99.5%
Other Operating Revenue			$ 2,076,707	$ 2,194,568	$ 117,861	5.7%	0.5%
Grand Total	214,588	49,314,204	$ 305,033,830	$ 328,034,244	$ 23,000,413	7.5%	100.0%

National Fuel Gas Distribution Corporation
Pennsylvania Division
Fully Projected Future Test Year Ended July 31, 2024
Proof of Revenue Summary (Excluding PGC Revenue)

	Average Customers	Sales (Mcf)	Current Revenue	Proposed Revenue	Change in Revenue	Percent Change	Percent of Total Rate Increase
Residential	197,797	19,882,940	$ 80,815,841	$ 97,051,788	$ 16,235,948	20.1%	70.6%
SCPA < 250	10,306	1,232,661	$ 5,303,778	$ 6,311,566	$ 1,007,788	19.0%	4.4%
SCPA > 250	4,346	2,246,475	$ 5,596,636	$ 6,739,360	$ 1,142,724	20.4%	5.0%
LCPA	1,545	6,697,503	$ 11,922,568	$ 14,045,131	$ 2,122,563	17.8%	9.2%
NGV	8	123,192	$ 34,126	$ 45,507	$ 11,382	33.4%	0.0%
SVIS	191	95,420	$ 355,453	$ 393,136	$ 37,683	10.6%	0.2%
IVIS	351	3,105,933	$ 4,245,523	$ 5,232,946	$ 987,423	23.3%	4.3%
LVIS	26	2,331,952	$ 2,144,033	$ 2,707,795	$ 563,762	26.3%	2.5%
LIS	12	6,391,106	$ 3,240,488	$ 3,997,950	$ 757,462	23.4%	3.3%
LIS Negotiated	6	4,407,021	$ 1,332,179	$ 1,345,310	$ 13,131	1.0%	0.1%
DMLMT Negotiated	1	2,800,000	$ 422,439	$ 425,127	$ 2,688	0.6%	0.0%
Total	214,588	49,314,204	$ 115,413,064	$ 138,295,616	$ 22,882,552	19.8%	99.5%
Other Operating Revenue			$ 2,076,707	$ 2,194,568	$ 117,861	5.7%	0.5%
Grand Total	214,588	49,314,204	$ 117,489,770	$ 140,490,184	$ 23,000,413	19.6%	100.0%

APPENDIX C

RATE IMPACT SUMMARY

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
R-2022-3035730
Petition for Settlement - Appendix

Customer Class	Rate Schedule		Settlement						Direct Case					
			Distribution Rate			Customer Charge			Distribution Rate			Customer Charge		
			Current Rate	Proposed Rate	% Change	Current Rate	Proposed Rate	% Change	Current Rate	Proposed Rate	% Change	Current Rate	Proposed Rate	% Change
		0-5 Mcf	$2.9146	$2.9611	1.6%				$2.9146	$2.6959	-7.5%			
Residential	Sales	Over 5 Mcf	$1.9995	$2.9611	48.1%	12.00	14.00	16.7%	$1.9995	$2.6959	34.8%	12.00	18.00	50.0%
		All Volumes		$2.9611						$2.6959				
		0-5 Mcf	$2.9146	$2.9611	1.6%				$2.9146	$2.6959	-7.5%			
Residential	LIRA	Over 5 Mcf	$1.9995	$2.9611	48.1%	12.00	14.00	16.7%	$1.9995	$2.6959	34.8%	12.00	18.00	50.0%
		All Volumes		$2.9611						$2.6959				
Residential	MMT Transportation	All Volume	$2.4758	$2.9611	19.6%	12.00	14.00	16.7%	$2.4758	$2.6959	8.9%	12.00	18.00	50.0%
		0-5 Mcf	$2.9146	$2.9611	1.6%				$2.9146	$2.6959	-7.5%			
Residential	SATC	Over 5 Mcf	$1.9995	$2.9611	48.1%	12.00	14.00	16.7%	$1.9995	$2.6959	34.8%	12.00	18.00	50.0%
		All Volumes		$2.9611						$2.6959				
		0-5 Mcf	$2.4149	$2.2994	-4.8%				$2.4149	$2.2274	-7.8%			
SMALL COMMERCIAL & PUBLIC AUTHORITY (LESS THAN 250 MCF per YEAR)	SALES	Over 5 Mcf	$2.1225	$2.2994	8.3%	19.89	27.00	35.7%	$2.1225	$2.2274	4.9%	19.89	30.00	50.8%
		All Volumes		$2.2994						$2.2274				
SMALL COMMERCIAL & PUBLIC AUTHORITY (LESS THAN 250 MCF per YEAR)	MMT Transportation	All Volume	$2.3856	$2.2994	-3.6%	19.89	27.00	35.7%	$2.3856	$2.2274	-6.6%	19.89	30.00	50.8%
		0-5 Mcf	$2.4149	$2.2994	-4.8%				$2.4149	$2.2274	-7.8%			
SMALL COMMERCIAL & PUBLIC AUTHORITY (LESS THAN 250 MCF per YEAR)	SATC	Over 5 Mcf	$2.1225	$2.2994	8.3%	19.89	27.00	35.7%	$2.1225	$2.2274	4.9%	19.89	30.00	50.8%
		All Volumes		$2.2994						$2.2274				
		0 - 20 Mcf	$1.8344	$2.0555	12.1%				$1.8344	$1.9850	8.2%			
SMALL COMMERCIAL & PUBLIC AUTHORITY (GREATER THAN 250 MCF per YEAR)	SALES	Over 20 Mcf	$1.7056	$2.0555	20.5%	27.53	37.00	34.4%	$1.7056	$1.9850	16.4%	27.53	41.50	50.7%
		All Volumes		$2.0555						$1.9850				
SMALL COMMERCIAL & PUBLIC AUTHORITY (GREATER THAN 250 MCF per YEAR)	MMT Transportation	All Volume	$1.8845	$2.0555	9.1%	27.53	37.00	34.4%	$1.8845	$1.9850	5.3%	27.53	41.50	50.7%
		0 - 20 Mcf	$1.8344	$2.0555	12.1%				$1.8344	$1.9850	8.2%			
SMALL COMMERCIAL & PUBLIC AUTHORITY (GREATER THAN 250 MCF per YEAR)	SATC	Over 20 Mcf	$1.7056	$2.0555	20.5%	27.53	37.00	34.4%	$1.7056	$1.9850	16.4%	27.53	41.50	50.7%
		All Volumes		$2.0555						$1.9850				
		0 - 300 Mcf	$1.4948	$1.6622	11.2%				$1.4948	$1.5465	3.5%			
LARGE COMMERCIAL & PUBLIC AUTHORITY	Sales	300 - 2000 Mcf	$1.3812	$1.6622	20.3%	121.01	151.00	24.8%	$1.3812	$1.5465	12.0%	121.01	181.50	50.0%
		Over 2000 Mcf	$1.2311	$1.6622	35.0%				$1.2311	$1.5465	25.6%			
		All Volumes		$1.6622						$1.5465				
LARGE COMMERCIAL & PUBLIC AUTHORITY	MMT Transportation	All Volume	$1.4362	$1.6622	15.7%	121.01	151.00	24.8%	$1.4362	$1.5465	7.7%	121.01	181.50	50.0%
LARGE COMMERCIAL & PUBLIC AUTHORITY	DMT Transportation	All Volume	$1.4162	$1.6622	17.4%	121.01	151.00	24.8%	$1.4162	$1.5465	9.2%	121.01	181.50	50.0%
		0 - 300 Mcf	$1.4948	$1.6622	11.2%				$1.4948	$1.5465	3.5%			
LARGE COMMERCIAL & PUBLIC AUTHORITY	SATC	300 - 2000 Mcf	$1.3812	$1.6622	20.3%	121.01	151.00	24.8%	$1.3812	$1.5465	12.0%	121.01	181.50	50.0%
		Over 2000 Mcf	$1.2311	$1.6622	35.0%				$1.2311	$1.5465	25.6%			
		All Volumes		$1.6622						$1.5465				
Natural Gas Vehicles	Natural Gas Vehicles	All Volume	$0.3000	$0.3694	23.1%	-	-	na	$0.3000	$0.3519	17.3%	-	-	na
SMALL VOLUME INDUSTRIAL SERVICE	Sales	All Volume	$2.0531	$2.0722	0.9%	65.60	82.00	25.0%	$2.0531	$1.8742	-8.7%	65.60	98.50	50.2%
SMALL VOLUME INDUSTRIAL SERVICE	MMT Transportation	All Volume	$2.1857	$2.0722	-5.2%	65.60	82.00	25.0%	$2.1857	$1.8742	-14.3%	65.60	98.50	50.2%
SMALL VOLUME INDUSTRIAL SERVICE	SATC	All Volume	$2.0531	$2.0722	0.9%	65.60	82.00	25.0%	$2.0531	$1.8742	-8.7%	65.60	98.50	50.2%
		0 - 100 Mcf	$1.4948	$1.3347	-10.7%				$1.4948	$1.1675	-21.9%			
INTERMEDIATE VOLUME INDUSTRIAL SERVICE	Sales	100 - 2000 Mcf	$1.0999	$1.3347	21.3%	201.91	252.00	24.8%	$1.0999	$1.1675	6.1%	201.91	303.00	50.1%
		Over 2000 Mcf	$0.7908	$1.3347	68.8%				$0.7908	$1.1675	47.6%			
		All Volumes		$1.3347						$1.1675				
INTERMEDIATE VOLUME INDUSTRIAL SERVICE	MMT Transportation	All Volume	$1.0904	$1.3347	22.4%	201.91	252.00	24.8%	$1.0904	$1.1675	7.1%	201.91	303.00	50.1%
INTERMEDIATE VOLUME INDUSTRIAL SERVICE	DMT Transportation	All Volume	$1.0704	$1.3347	24.7%	201.91	252.00	24.8%	$1.0704	$1.1675	9.1%	201.91	303.00	50.1%
		0 - 100 Mcf	$1.4948	$1.3347	-10.7%				$1.4948	$1.1675	-21.9%			
INTERMEDIATE VOLUME INDUSTRIAL SERVICE	SATC	100 - 2000 Mcf	$1.0999	$1.3347	21.3%	201.91	252.00	24.8%	$1.0999	$1.1675	6.1%	201.91	303.00	50.1%
		Over 2000 Mcf	$0.7908	$1.3347	68.8%				$0.7908	$1.1675	47.6%			
		All Volumes		$1.3347						$1.1675				
LARGE VOLUME INDUSTRIAL	MMT Transportation	All Volume	$0.8286	$1.0243	23.6%	809.00	1,023.00	26.5%	$0.8286	$0.9055	9.3%	809.00	1,213.50	50.0%
LARGE VOLUME INDUSTRIAL	DMT Transportation	All Volume	$0.8086	$1.0243	26.7%	809.00	1,023.00	26.5%	$0.8086	$0.9055	12.0%	809.00	1,213.50	50.0%
LARGE INDUSTRIAL	MMT Transportation	All Volume	$0.5039	$0.5993	18.9%	1,029.00	1,165.00	13.2%	$0.5039	$0.5541	10.0%	1,029.00	1,543.50	50.0%
LARGE INDUSTRIAL	DMT Transportation	All Volume	$0.4839	$0.5993	23.8%	1,029.00	1,165.00	13.2%	$0.4839	$0.5541	14.5%	1,029.00	1,543.50	50.0%
		Rider A Distribution Charge				0.31	0.31	0.0%				0.31	0.31	0.0%
		Natural Gas Supply Charge				7.90	7.90	0.0%				7.90	7.90	0.0%
		Gas Adjustment Charge				0.84	0.84	0.0%				0.84	0.84	0.0%
		Rider B State Tax Adjustment Surcharge				(0.00)	-	-100.0%				(0.00)	-	-100.0%
		Rider E Customer Education Charge				-	-	na				-	-	na
		Rider F LIRA Discount Charge				-	-	na				-	-	na
		MMT Gas Cost Charge				0.37998	0.37998	0.0%				0.37998	0.37998	0.0%
		Rider G - Merchant Function Charge				0.19487	0.15757	-19.1%				0.19487	0.23487	20.5%
		Rider H - Gas Procurement Charge				0.10500	0.11490	9.4%				0.10500	0.11490	9.4%
		Rider G - Merchant Function Charge				0.01997	0.02969	48.7%				0.01997	0.04454	123.1%

APPENDIX D

PROPOSED STIPULATED FINDINGS OF FACT

APPENDIX D

PROPOSED FINDINGS OF FACT

1. National Fuel Gas Distribution Corporation ("National Fuel" or the "Company") provides natural gas distribution and transmission services to approximately 213,726 customers in Armstrong, Butler, Cameron, Clarion, Crawford, Elk, Erie, Forest, Mercer, Venango, and Warren County, Pennsylvania.

2. National Fuel is a "public utility" and a "natural gas distribution company" as defined under the Public Utility Code, *see* 66 Pa. C.S. §§ 102 & 2202, serving customers within its certificated service territory and subject to the regulatory jurisdiction of the Pennsylvania Public Utility Commission ("Commission").

3. On October 28, 2022, National Fuel filed Supplement No. 248 to National Fuel Gas Distribution Corporation Gas Tariff – PA P.U.C. No. 9 ("Supplement No. 248") pursuant to 66 Pa.C.S. § 1308(d). Therein, National Fuel requested that the Commission approve an overall annual increase in distribution rates designed to produce an increase in revenues of approximately $28.1 million, exclusive of its proposed Energy Efficiency ("EE") pilot program that would recover an additional $1.2 million from residential customers annually in a separate rider, based upon data for a fully projected future test year ending July 31, 2024 (hereinafter, the "2022 Base Rate Case").

4. Two public input hearings were held on January 19, 2023, at 1:00 p.m. and 6:00 p.m. Tr. 34-79.

5. An evidentiary hearing was held before the ALJ on March 8, 2023. At the hearing, pre-served testimony and exhibits were admitted in the record via stipulation and verification.

There was brief cross-examination of some witnesses. National Fuel identified an exhibit in its initial filing that would need to be corrected before being entered into the record.

6. On March 9, 2023, National Fuel submitted a Joint Stipulation for the Admission of Evidence, which requested National Fuel Exhibit DNK-1, Schedule 3, as corrected, be admitted in the record. The ALJ issued an Interim Order Admitting Late Filed Corrected Exhibit on March 10, 2023, and National Fuel filed and served a copy of the exhibit on March 15, 2023.

7. The Parties filed a Joint Petition for Settlement ("Settlement") on April 13, 2023.

8. The Settlement is supported by National Fuel, the Bureau of Investigation and Enforcement ("I&E") of the Commission, the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), and the Pennsylvania Weatherization Providers Task Force, Inc. ("PWPTF"), hereinafter collectively the "Joint Petitioners."[1]

9. I&E is the prosecutory bureau within the Commission established for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge and for enforcing compliance with the state and federal motor carrier safety and gas safety laws and regulations. *Implementation of Act 129 of 2008 Organization of Bureau and Offices*, Docket No. M-2008-20071852 (Order entered August 11, 2011).

10. The OCA is authorized to represent the interests of consumers before the Commission. Act 161 of 1976, 71 P.S. § 309-2.

[1] The OCA, CAUSE-PA, and PWPTF do not join in Section H of the Settlement regarding the Company's Weather Normalization Adjustment (WNA) but agree not to oppose the inclusion of the WNA in this Settlement as part of a broader agreement to settle this case in its entirety.

11. The OSBA is authorized to represent the interests of small business consumers of utility service in Pennsylvania under the provisions of the Small Business Advocate Act. Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50.

12. CAUSE-PA is an unincorporated association of low-income representatives that advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunications services.

13. PWPTF is a Pennsylvania non-profit corporation and statewide association of thirty-seven organizations providing utility assistance and energy conservation services in each of the Commonwealth's sixty-seven counties. PWPTF, through its member agencies, several of which are Pennsylvania community-based organizations, administers universal service programs for a number of utility companies, including National Fuel.

14. The Settlement resolves all issues related to National Fuel's 2022 Base Rate Case.

15. All active parties in this proceeding either support or do not oppose the Settlement.

16. There are 2 customer complaints in this proceeding: Deokey Balraj (Docket No. C-2022-3037294), and Elizabeth Woolslare (Docket No. C-2022-3037277). These Customer Complainants have not been active parties. National Fuel has served a copy of the Settlement on the Customer Complainants.

17. The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners, who represent a broad array of residential, commercial, and other important customer interests. (Settlement ¶ 26.)

18. The Joint Petitioners agree that the Settlement is in the public interest. (Settlement ¶¶ 26, 55-58.)

19. The Settlement was achieved only after a comprehensive investigation of National Fuel's proposals set forth in its 2022 Base Rate Case. In addition to formal and informal discovery, the active parties submitted several rounds of testimony, including the Company's direct testimony, other parties' direct testimony, rebuttal testimony, surrebuttal testimony, and rejoinder testimony. Further, the parties engaged in numerous settlement discussions and formal negotiations, which ultimately led to the Settlement.

20. The Settlement determines the revenue increase under the settlement, which provides for distribution rates to be designed to produce increased distribution operating revenues of $23.0 million annually based upon the level of operations for the twelve months ended July 31, 2024. (Settlement ¶ 27.)

21. National Fuel, I&E, OCA and OSBA presented testimony on revenue requirement issues.

22. In rebuttal testimony, the Company revised its proposed net revenue increase down from its original position to $27.5 million. (National Fuel St. 1-R at 4.)

23. In surrebuttal, I&E and OCA updated their litigation positions with regard to the Company's revenue requirement. (*See* I&E St. 1-SR at 3 (proposed increase of $19.683 million as opposed to $18.872 million in I&E direct); OCA St. 1-SR at 6 (proposed increase of $15.373 million as opposed to a proposed increase of $17.486 million in OCA direct).)

24. Through negotiations, the Joint Petitioners were able to compromise their competing litigation positions and arrive at the Settlement increase.

25. The Settlement addresses when the Company will be permitted to charge the Distribution System Improvement Charge ("DSIC"). (Settlement ¶ 28.) Specifically, the Company will be permitted to charge the DSIC with respect to plant additions placed into service

on and after August 2, 2024, and when the Company's total distribution plant balances exceed the corresponding projected levels reflected in the FPFTY. (Settlement ¶¶ 28a-b.)

26. The Settlement specifies, as required by the Commission, a mechanism for determining the return on equity to be used in future DSIC calculations. (Settlement ¶ 29.)

27. I&E proposed that the Company be required to file updates to National Fuel Exhibit A – Revenue Requirement – FTY, Schedule C-2 and Exhibit A – Revenue Requirement – FPFTY, Schedule C-2 in its direct testimony. (I&E St. 1 at 2-4.)

28. The Settlement provides that National Fuel will file updates to National Fuel Exhibit A – Revenue Requirement – FTY, Schedule C-2 by no later than November 1, 2023, and to National Fuel Exhibit A – Revenue Requirement – FPFTY, Schedule C-2, no later than November 1, 2024. (Settlement ¶ 30.) The Company will also prepare a comparison of its actual expenses and rate base additions for the twelve months ending July 31, 2024, to its projects in this case, as a part of its next base rate proceeding. (Settlement ¶ 30.)

29. National Fuel proposed an EE Pilot Program as a part of its initial filing. (National Fuel St. 18 at 19-32.)

30. I&E and OCA opposed the EE Pilot Program. (I&E St. 1 at 4-9; OCA St. 4 at 1-18.) CAUSE-PA recommended that revisions to the EE Pilot Program should occur as a condition of its approval. (CAUSE-PA St. 1 at 48-54.)

31. The Settlement states that National Fuel's proposed EE Program and Rider are withdrawn. (Settlement ¶ 31.)

32. National Fuel proposed the LMI Demonstration Project as a part of its initial filing. (National Fuel St. 18 at 32-35.)

33. I&E opposed the LMI Demonstration Project. (I&E St. 1 at 9-13.) OCA recommended that the LMI Demonstration Project be approved with modifications. (OCA St. 5 at 55-60.) CAUSE-PA recommended that revisions to the LMI Demonstration Project should occur, if NFG were granted approval to implement its proposed LMI Demonstration Project. (CAUSE-PA St. 1 at 54-59.)

34. The Settlement states that National Fuel's proposed LMI Demonstration Project is withdrawn. (Settlement ¶ 32.)

35. I&E opined that the Company should have used a state income tax rate of 8.99%, instead of the 9.99% state income tax rate in effect prior to January 1, 2023, for purposes of its tax calculations. (I&E St. 1 at 15.)

36. National Fuel explained that the new tax rate of 8.99% becomes effective at the start of its tax year (i.e., "after" January 1, 2023), which is October 1, 2023. (National Fuel St. 12-R at 2-3.)

37. I&E withdrew its state income tax recommendation based on National Fuel's rebuttal testimony. (I&E St. 1-SR at 11.)

38. The Settlement states that the state income tax rate in this proceeding will be set at 8.99%, and this percentage has been reflected in the Settlement revenue requirement. (Settlement ¶ 33.) It also states National Fuel will reflect subsequent state tax adjustments to the state income tax rate for the post-2024 tax years through the Company's State Tax Adjustment Surcharge ("STAS"), currently Tariff Gas – Pa.P.U.C. No. 9, page 157, or through future base rate proceedings. (Settlement ¶ 33.)

39. The Settlement states that National Fuel will be permitted to continue to use normalization accounting with respect to the benefits of the Internal Revenue Code Section 481(a)

catch-up amount of the tax repairs deduction. (Settlement ¶ 34.) In addition, National Fuel will be permitted to continue to use flow through accounting with respect to current years deductions for repairs. (Settlement ¶ 35.)

40. These provisions of the Settlement are fully supported by the testimony of National Fuel witness Mr. James Rizzo. (National Fuel St. 12 at 9-11.) The Company's proposals were not opposed by any party. (National Fuel St. 12-R at 3.)

41. The Settlement states that the Company will reverse the regulatory asset and the offsetting regulatory liability related to the Repairs and Maintenance accounting method as further detailed on National Fuel Exhibit JAR-3. (Settlement ¶ 36.) In addition, the Company will reverse the state deferred tax liability, also related to the Repairs and Maintenance accounting method, over a 20-year period. (Settlement ¶ 37.)

42. These provisions of the Settlement are fully supported by the testimony of National Fuel witness Mr. James Rizzo. (National Fuel St. 12 at 9-11.) The Company's proposals were not opposed by any party. (National Fuel St. 12-R at 3.)

43. The Settlement provides that, upon the effective date of the rates in the proceeding, National Fuel's TCJA Temporary Surcharge, currently Tariff Gas – Pa.P.U.C. No. 9, page 170, will cease, except that any remaining over/under collection will be passed back or collected from customers. (Settlement ¶ 38.)

44. Paragraph 39 of the Settlement provides that the revenue allocation to each class at the net settlement increase of $23.0 million is reflected in **Appendix B**.

45. In reaching the allocation of the increase to the classes, the Joint Petitioners have generally compromised their positions to achieve a settlement. The primary tool for allocating increases to the rate classes is a class cost of service study.

46. The revenue allocation adopted by the Settlement is within the range of the Parties' proposed allocations. (*See* Settlement, Appendix B; National Fuel Exhibit D – Cost of Service Study; I&E St. 5; OCA St. 3; OSBA St. 1.)

47. National Fuel originally proposed to increase the base rate residential customer charge from $12.00 per month to $18.00 per month. (National Fuel Exhibit JDT-3.) OCA recommended the base rate residential customer charge be maintained at $12.00 per month. (OCA St. 3 at 31-33.) CAUSE-PA also recommended that the base rate residential customer charge not be increased. (CAUSE-PA St. 1 at 45.) I&E recommended the base rate residential customer charge be increased to $16.00 per month. (I&E St. 5 at 15-17.)

48. The Parties agreed to set the base rate residential customer charge at $14.00 per month. (Settlement ¶ 40a.)

49. Paragraph 39 of the Settlement also sets the base monthly customer charge for other customer classes. (Settlement ¶¶ 40b-h.)

50. National Fuel also originally proposed increases to all other non-residential customer charges. (National Fuel Exhibit JDT-3.) I&E recommended increases to certain non-residential customer charges, and maintaining others at existing levels. (*See* I&E St. 5.)

51. The monthly customer charges set by paragraph 40 of the Settlement essentially adopts I&E's position or the average of I&E's position and the Company's filed position.

52. The Company originally proposed a WNA mechanism that adjusts billings on a monthly billing basis as the bill is being calculated and issued and did not include a dead band. (*See* National Fuel St. 19 at 30-34, 35-36.)

53. I&E recommended that the WNA be approved, subject to the condition that it include a 3% dead band. (I&E St. 4 at 4-8.) OCA, OSBA, and CAUSE-PA each opposed the

Company's originally proposed WNA. (OCA St. 3 at 40-42; OSBA St. 1 at 10-13; CAUSE-PA St. 1 at 47-48.) However, if the Commission were to approve the WNA, OCA recommended that the WNA be modified to include a 3% dead band. (OCA St. 3 at 43.) OSBA argued the WNA should be an opt-in program. (OSBA St. No. 1 at 10-13.)

54. The WNA Tariff Rider C contemplated by the Settlement is a reasonable compromise of the parties' positions regarding the WNA and integrates feedback received from the parties into the Company's original proposal. While the OCA, CAUSE-PA, and PWPTF do not join in the WNA provisions of the Settlement, they have agreed not to oppose the inclusion of the WNA in the Settlement as part of a broader agreement to settle this case in its entirety.

55. Paragraphs 40-42 of the Settlement provide for the approval of the Company's Weather Normalization Adjustment ("WNA") Tariff Rider C, as filed and updated as a five-year pilot program with the exception that the Company shall modify the originally proposed WNA to include a 3% dead band. (Settlement ¶ 41.) The Settlement also provides for semi-annual reports for each WNA month, by class. (Settlement ¶ 42.) In addition, the Settlement states that the Company will prepare and distribute materials to its customers to explain the function of the WNA and its impact on customer bills. (Settlement ¶ 43.)

56. Paragraph 44 of the Settlement provides for the approval of the Company's other Retail Tariff revisions as set forth in Supplement No. 248, except as otherwise set forth in the Settlement and as contained in **Appendix A** to the settlement. Such revisions were not contested by any of the parties.

57. Paragraphs 45 through 51 of the Settlement resolve issues related to the Company's customer service policies, procedures and training manuals regarding victims of domestic violence

(Settlement ¶¶ 45-47), identification uses to establish service (Settlement ¶¶ 48-50), and the review of customer accounts with security deposits (Settlement ¶ 51).

58. OCA and CAUSE-PA identified concerns regarding the Company's policies, procedures and training manuals regarding victims of domestic violence (OCA St. 4 at 19-20; CAUSE-PA St. 1 at 62.) CAUSE-PA also raised concerns regarding the Company's policies, procedures and training manuals regarding identification used to establish service (CAUSE-PA St. 1 at 60-61), and the review of customer accounts with security deposits (CAUSE-PA St. 1 at 59-60). National Fuel presented rebuttal testimony regarding each of these issues. (*See* National Fuel St. 17-R.)

59. Paragraphs 45 through 51 of the Settlement are a reasonable compromise of the parties' positions regarding these customer service issues. These provisions provide for the Company and stakeholders to review existing policies, procedures and training manuals, and review and discuss feedback presented by OCA and CAUSE-PA regarding these issues.

60. Paragraphs 52 to 55 resolve all issues related to the Company's universal service and low-income customer assistance programs. (Settlement ¶¶ 52-55.)

61. Paragraph 52 of the Settlement provides that National Fuel will categorize its customers as "confirmed low income" if it obtains information reasonably indicating the customer is low income, the Company will review its list of confirmed low income indicators to consider if additional indicators are feasible and reasonable, and will discuss measure outcome objectives/metrics to increase the number of identified low-income customers and enrollment of low-income customers into assistance programs with its Universal Services Advisory Committee ("USAC").

62. OCA and CAUSE-PA recommended that the Company improve its identification of low-income customers. (OCA St. 5 at 43-45; CAUSE-PA St. 1 at 7-13.)

63. National Fuel opposed these recommendations. (National Fuel St. 17-R at 6-13.) I&E also opposed the recommendation that low-income customers be reverified every five years instead of every two years. (I&E St. 1-R at 2-6.)

64. Paragraph 52 of the Settlement is a reasonable compromise of the parties' positions regarding the identification of low-income customers.

65. Paragraph 53 of the Settlement states that the Company will work with its USAC to develop a Survey of non-Low-Income Residential Assistance ("LIRA") Low Income Home Energy Assistance Program ("LIHEAP") recipients to understand why these recipients have not enrolled in LIRA, and that it will develop and implement a simplified process for non-LIRA LIHEAP recipients to enroll in its CAP.

66. OCA and CAUSE-PA recommended modifications to the Company's LIRA program, as well as performance metrics, to improve enrollment in LIRA by low-income customers. (OCA St. 5 at 45-48; CAUSE-PA St. 1 at 26-29.) National Fuel responded to these concerns in its rebuttal testimony. (National Fuel St. 17-R at 14-21.)

67. Paragraph 53 of the Settlement is a reasonable compromise of the parties' positions regarding issues related to low-income customer enrollment in LIRA.

68. Paragraph 54 of the Settlement provides for improved tracking of Low-Income Usage Reduction Program ("LIURP") deferrals and rejections, the evaluation of additional areas for improvement in the delivery and reach of LIURP, the development of a plan to fully expend the annual LIURP budget, an increase to the LIURP budget, and the use of best efforts to increase LIURP and Emergency Repair and Replacement Program ("ERRP") jobs completed each year.

69. OCA, CAUSE-PA, and PWPTF all proposed modifications to the Company's LIURP. (OCA St. 5 at 19-23; CAUSE-PA St. 1 at 29-36; PWPTF St. 1 at 6-8.) Each of OCA, CAUSE-PA and PWPTF recommended increases to LIURP jobs completed and/or LIURP funding. (OCA St. 5 at 21-23; CAUSE-PA St. 1 at 33-36; PWPTF St. 1 at 6-7.)

70. National Fuel testified that the proposals to increase LIURP jobs and funding at the levels proposed by OCA, CAUSE-PA and PWPTF were not realistic or achievable due to factors outside of the Company's control. (National Fuel St. 17-R at 22-30.)

71. I&E also opposed the proposed increase to the Company's LIURP budget. (I&E St. 1-R at 7-11.)

72. Paragraph 54 of the Settlement is a reasonable compromise of the parties' positions regarding issues related to the Company's LIURP.

73. Paragraph 55 of the Settlement states the Company will provide a warm referral to potentially eligible payment-troubled confirmed low-income customers to Neighbor For Neighbor ("NFN"), and that the Company will increase its annual contribution to NFN.

74. CAUSE-PA and PWTPF recommended increases to the Company's annual contribution to NFN as a condition of any base rate increase. (CAUSE-PA St. 1 at 37-41; PWPTF St. 1 at 8.)

75. National Fuel disagreed with these recommendations. (National Fuel St. 17-R at 30-31.)

76. Paragraph 55 of the Settlement is a reasonable compromise of the parties' positions regarding issues related to the Company's funding of NFN.

APPENDIX E

PROPOSED CONCLUSIONS OF LAW

APPENDIX E

PROPOSED CONCLUSIONS OF LAW

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

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

3. The Commission possesses a great deal of flexibility in its ratemaking function. *See Popowsky v. Pa. Pub. Util. Comm'n*, 542 Pa. 99, 108, 665 A.2d 808, 812 (Pa. 1995). "In determining just and reasonable rates, the [Commission] has discretion to determine the proper balance between the interests of ratepayers and utilities." *Id.*

4. The term "just and reasonable" is not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulate; rather, the Commission is granted the power to balance the prices charged to utility customers and returns on capital to utility investors. *Pa. Pub. Util. Comm'n v. Pennsylvania Gas and Water Co.*, 494 Pa. 326, 337, 424 A.2d 1213, 1219 (Pa. 1980), *cert. denied*, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981).

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

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

7. The Commission encourages black box settlements. *Pa. P.U.C. v. Aqua Pennsylvania, Inc.*, Docket No. R-2011-2267958, Order entered June 7, 2012, pp. 26-27; *Pa.*

APPENDIX E

P.U.C. v. Peoples TWP LLC, Docket No. R-2013-2355886, Order entered December 19, 2013, p. 27 ("*Peoples TWP LLC*"); Statement of Chairman Robert F. Powelson, *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Public Meeting, August 2, 2012.

8. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n, et al. v. UGI Utilities, Inc. – Gas Division*, Docket Nos. R-2015-2518438 et al. (Order entered Oct. 14, 2016); *Pa. Pub. Util. Comm'n v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered Jan. 7, 2004).

9. The Petitioners have the burden to prove that the Settlement is in the public interest. *Pa. Pub. Util. Comm'n, et al. v. Pike County Light & Power (Electric)*, Docket Nos. R-2013-2397237, C-2014-2405317, et al. (Order entered Sept. 11, 2014).

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

11. "Substantial evidence" is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. P.U.C.*, 489 Pa. 109, 413 A.2d 1037 (1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 194 Pa. Superior Ct. 278, 166 A.2d 96 (1961); *Murphy v. Comm., Dept. of Public Welfare, White Haven Center*, 85 Pa. Commonwealth Ct. 23, 480 A.2d 382 (1984).

12. The rates and terms of service set forth in the Settlement are supported by substantial evidence and are in the public interest. Therefore, consistent with the terms and conditions set forth in the Settlement, National Fuel's proposed base rate increase should be granted.

APPENDIX F

PROPOSED ORDERING PARAGRAPHS

APPENDIX F

PROPOSED ORDERING PARAGRAPHS

1. That the Pennsylvania Public Utility Commission approve the Joint Petition for Approval of Settlement, including all the terms and modifications thereof, without modification.

2. That the Pennsylvania Public Utility Commission approve the proposals set forth in National Fuel's above-captioned distribution base rate increase filing subject to the terms and conditions of the Joint Petition for Approval of Settlement.

3. That the Pennsylvania Public Utility Commission approve the *pro forma* tariff attached to the Joint Petition for Approval of Settlement as Appendix A.

4. That the Pennsylvania Public Utility Commission approve the proof of revenues attached to the Joint Petition for Approval of Settlement of All Issues as Appendix B.

5. The Formal Complaints filed by OCA, OSBA, and the individual customer complainants are marked as satisfied and closed.

6. That the Commission issue an Order terminating the investigation at Docket No. R-2022-3035730, and marking this proceeding closed.

APPENDIX G

STATEMENT IN SUPPORT OF NATIONAL FUEL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	Docket Nos. R-2022-3035730
Office of Small Business Advocate	:	C-2022-3036655
Office of Consumer Advocate	:	C-2022-3036725
	:	
	:	
v.	:	
	:	
National Fuel Gas Distribution Corporation	:	

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

STATEMENT IN SUPPORT OF
JOINT PETITION FOR APPROVAL OF
SETTLEMENT OF ALL ISSUES

Date: April 13, 2023

<u>TABLE OF CONTENTS</u>

I. **INTRODUCTION**

National Fuel Gas Distribution Corporation ("National Fuel" or the "Company") hereby submits this Statement in Support of the Joint Petition for Approval of Settlement of All Issues ("Settlement") entered into by National Fuel, the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania ("CAUSE-PA"), and the Pennsylvania Weatherization Providers Task Force, Inc. ("PWPTF"), hereinafter collectively the "Joint Petitioners."[1] The Settlement represents a full resolution of all issues raised in the instant proceeding.

The Joint Petitioners unanimously agree that National Fuel's October 28, 2022 distribution base rate increase filing ("2022 Base Rate Case") should be approved, subject to the terms and conditions of the Settlement.[2] The Settlement provides for increases in rates, as set forth in the *pro forma* tariff supplement attached as **Appendix A** to the Settlement and the proof of revenues attached as **Appendix B** to the Settlement, designed to produce a net increase in annual distribution operating revenues of $23.0 million, to become effective on or after August 1, 2023.

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners, who represent a broad array of residential, commercial, and other important customer interests. National Fuel submits that the Settlement is in the public interest, just and reasonable, and supported by substantial evidence.

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[1] Two customers filed *pro se* formal complaints opposing the proposed rate increase. These complainants were not active parties in this proceeding. A complete copy of this Settlement is being served on all formal complainants.

[2] As explained in the Settlement, National Fuel, I&E and OSBA support the WNA. The OCA, CAUSE-PA and PWPTF do not oppose this provision of the Settlement, but do not join in supporting the WNA. All reporting referenced in Paragraph 42 will be served on I&E, OCA, OSBA, CAUSE-PA and PWPTF.

For these reasons, and as explained in further detail below, National Fuel respectfully requests that Administrative Law Judge Mary D. Long (the "ALJ") and the Commission approve the Settlement without modification.

II. STANDARD FOR APPROVAL OF SETTLEMENT

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

The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. PUC v. MXenergy Electric Inc.*, Docket No. M-2012-2201861, 2013 Pa. PUC LEXIS 789, 310 P.U.R.4th 58 (Opinion and Order entered Dec. 5, 2013). To approve a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. Windstream Pa., LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Opinion and Order entered Sept. 27, 2012); *Pa. PUC v. C.S. Water & Sewer Assocs.*, Docket No. R-881147, 74 Pa. PUC 767 (Opinion entered July 22, 1991).

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

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. GENERAL

The Joint Petitioners agree that the Settlement is in the public interest. (Settlement ¶ 26.) The Settlement was achieved only after a comprehensive investigation of National Fuel's proposals set forth in its 2022 Base Rate Case. In addition to informal discovery, National Fuel responded to approximately 550 formal discovery requests, many of which included multiple subparts. The active parties submitted several rounds of written testimony, including National Fuel's direct testimony, other parties' direct testimony, rebuttal testimony, surrebuttal testimony, and rejoinder testimony. Further, the parties engaged in numerous settlement discussions and formal negotiations, which ultimately led to the Settlement.

The Joint Petitioners undertook a tremendous effort to reach a full settlement of all issues. The Joint Petitioners each had to compromise on many different and competing issues and proposals raised in this case. In some instances, and in exchange for reaching an agreement on other issues, the Joint Petitioners collectively agreed to accept or reject a certain party's litigation position or to meet somewhere in between competing litigation positions. As such, when determining whether the Settlement is reasonable and in the public interest, the Commission should view the Settlement as a whole instead of focusing on individual terms and conditions.

As noted previously, the Settlement reflects a carefully balanced compromise of the competing and broad array of interests of the Joint Petitioners in this proceeding. The Joint Petitioners, their counsel, and their expert consultants have considerable experience in base rate proceedings. Their knowledge, experience, and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong base upon which to build a consensus in this proceeding. The fact that the Settlement is supported by parties representing a diversity of constituents and interests, in and of itself, provides strong evidence that the Settlement is reasonable and in the public interest, particularly given the active role of the parties in this proceeding as well as the many negotiations required to achieve the Settlement.

The Joint Petitioners have agreed that, except as otherwise set forth in this Settlement, the revisions contained in Supplement No. 248 to National Fuel Gas Tariff Gas – P.A. P.U.C. No. 9, as contained in **Appendix A** will be approved. (Settlement ¶ 44.) Thus, the terms and conditions of the Settlement, as detailed and supported in the following sections, should be approved without modification.

B. REVENUE REQUIREMENT

The Settlement provides for an increase in National Fuel's base rate revenues of $23.0 million based upon the level of operations for the twelve months ended July 31, 2024, effective on and after August 1, 2023, in lieu of the originally requested $28.1 million increase.[3] (Settlement ¶ 27.) The agreed upon revenue requirement is a "black box" settlement, with certain exceptions discussed below.

Under a "black box" settlement, parties do not specifically identify or resolve individual rate base, revenue, expenses, and rate of return issues. This "black box" concept often facilitates settlement agreements because it permits parties to retain their positions on important ratemaking issues for the proceeding at hand as well as for future proceedings. The Commission encourages black box settlements. *See, e.g.*, *Pa. PUC v. Aqua Pa., Inc.*, Docket No. R-2011-2267958, pp. 26-27 (Order entered June 7, 2012); *Pa. PUC v. Peoples TWP LLC*, Docket No. R-2013-2355886, pp. 27-28 (Order entered Dec. 19, 2013); Statement of Chairman Robert F. Powelson, *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611 (Public Meeting, Aug. 2, 2012). Under a "black

[3] The originally proposed $28.1 million increase in annual revenues was exclusive of the Company's proposed Energy Efficiency ("EE") Pilot Program that would recover an additional $1.2 million from residential customers annually in a separate rider, based upon a FPFTY ending July 31, 2024. As explained in the Settlement and herein, the EE Pilot Program has been withdrawn as a part of the Settlement.

box” settlement, it is not necessary for the ALJs to decide individual rate base or revenue and expense adjustments proposed by the parties or determine the return on equity under the Settlement in order to ascertain the reasonableness of the proposed revenue increase under the Settlement.

The settled revenue increase is essential to National Fuel’s continued ability to attract capital on reasonable terms and provide safe and reliable service to customers. While the company has been able to operate a safe and reliable system, provide high-quality customer service, and earn a reasonable rate of return since its last base rate case in 2006, the Company has recently experienced the effects of significant cost inflation, which is driving increases in labor and other costs. (National Fuel St. 1 at 6.) The Company is also accelerating its infrastructure replacement and system modernization investments to enhance reliability and safety, and also reduce emissions. (National Fuel St. 1 at 6-7.) The Company’s current rates do not provide it with a reasonable opportunity to earn a fair rate of return on its investments made to serve the public in the provision of safe and reliable natural gas distribution service. (National Fuel St. 1 at 6-7.) Absent rate relief, National Fuel projected that, for the 12 months ending July 31, 2024, its operations would produce an overall return on rate base of just 4.17%, which equates to a return on common equity of only 3.26%. (National Fuel St 1 at 7.) Those returns are not adequate based upon the applicable financial analyses and the risks confronted by the Company, as detailed by National Fuel witness Paul R. Moul. (National Fuel St 1 at 7; *see also* National Fuel St. 10 at 8-19.) Unless National Fuel receives the requested rate relief, those returns will continue to erode and jeopardize its ability to attract the capital needed to make the reasonable and necessary system investments in gas infrastructure and the human resources that are necessary to maintain and enhance the service it provides to its customers. (National Fuel St 1 at 7.)

In this proceeding, National Fuel, I&E, OCA, and OSBA presented testimony on revenue requirement issues. In its initial filing, National Fuel proposed a revenue increase of $28.1 million (National Fuel St. 1 at 6),[4] which included a proposed return on equity of 11.20% (National Fuel St. 10 at 1-2). In its rebuttal testimony, National Fuel explained that its originally proposed revenue increase was justified, even though its most recent data and updates supported an annual revenue increase of $27.512 million. (National Fuel 2-R at 3; National Fuel Exhibit A – FPFTY Rebuttal Update.)

By comparison, I&E initially recommended a revenue requirement increase of approximately $18.872 million (I&E St. 1 at 2-4) with a return on equity of 9.92% (I&E St. 3 at 24) in its direct testimony. Subsequently, in I&E's surrebuttal testimony, I&E updated its recommended revenue requirement to a revenue increase of $19.683 million. (I&E St. 1-SR at 3.) The OCA initially recommended a revenue requirement increase of $17.486 million (OCA St. 1 at 6), based on a hypothetical capital structure of 50% debt and 50% equity and a return on equity of 9.00% (OCA St. No. 2 at 4). In its surrebuttal testimony, the OCA updated its recommended revenue requirement increase to $15.373 million. (OCA St. 1-SR at 6.)

Through extensive negotiations, the Joint Petitioners were able to reach a compromise within a range of their competing litigation positions. The $23.0 million settlement increase falls within the range of the parties' overall revenue requirement proposals, is just and reasonable, in the public interest, and supported by substantial evidence. Thus, the Commission should approve the "black box" $23.0 million revenue requirement increase without modification.

[4] *See* footnote 3, *supra*.

C. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC")

The Settlement provides that National Fuel intends to file for Commission approval of a DSIC. (Settlement ¶ 28.) Assuming that the DSIC is approved, the Settlement further contemplates that the initial DSIC will be calculated to recover the fixed costs of eligible property that has been placed in service during the three-month period ending one month prior to the effective date of the initial DSIC with the following two limitations. The first limitation is that no plant additions placed into service before August 1, 2024, (*i.e.*, the end of the fully projected future test year ending July 31, 2024 ("FPFTY")) will be eligible for DSIC recovery. (Settlement ¶ 28.a.) The second limitation is that the Company will not be eligible to include plant additions in the DSIC until the total plant in service exceeds the level of $781,263,000 as projected by National Fuel in National Fuel Exhibit A – Rebuttal at July 31, 2024. (Settlement ¶ 28.b.)

This provision fully complies with the requirements of 66 Pa.C.S. § 1358 and the Commission's Model Tariff that any DSIC approved for National Fuel will be set to zero as of the effective date of new base rates that include the DSIC-eligible plant.

Furthermore, assuming that a DSIC for National Fuel is approved, the limitations contemplated by the Settlement will provide National Fuel a reasonable opportunity to recover its capital costs incurred to repair, improve, or replace its aging distribution infrastructure that is placed in service between base rate cases, which, in turn, provides customers with enhanced gas service safety and reliability benefits. While the provision recognizes that National Fuel has not yet filed for and received a DSIC, the limitations set forth in the provision are similar to other settlement provisions the Commission has adopted in recent proceedings. *See, e.g., Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket Nos. R-2021-3030218, et al. (Opinion and Order entered Sept. 15, 2022); *Pa. PUC v. Duquesne Light Company*, Docket Nos. R-2021-3024750, et al. (Order entered Dec. 16, 2021); *Pa. PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No.

R-2014-2406274 (Opinion and Order entered Dec. 10, 2014). For these reasons, National Fuel submits that this settlement provision should be approved without modification.

The Settlement further provides that, for purposes of calculating any DSIC, National Fuel shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities as updated each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa.C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa.C.S. § 1358(b)(1). (Settlement ¶ 29.) This Settlement provision is in the public interest because it specifies, as required by the Commission, a mechanism for determining the return on equity to be used in future DSIC calculations. Because settlements do not typically specify a return on equity, the Commission has accepted agreements by settling parties that the DSIC ROE published in the quarterly earnings reports may be used. *See Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket Nos. R-2021-3030218, et al. (Opinion and Order entered Sept. 15, 2022); *Pa. PUC v. Duquesne Light Company*, Docket Nos. R-2021-3024750, et al. (Order entered Dec. 16, 2021); *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket No. R-2015-2518438, p. 27 (Opinion and Order entered Oct. 14, 2016). In this regard, even if there were a ROE determined by litigation in this rate case, it would only be effective for 2 years from the effective date of the rate increase after which the DSIC published return must be used. 66 Pa. C.S. § 1357(b). Because Paragraph 29 of the Settlement precludes use of any DSIC approved for National Fuel until after the total plant balances exceed those projected at the end of the FPFTY, an ROE specified in the Settlement other than the Commission's published DSIC return in quarterly reports would be applied to the DSIC only for one year.

The Settlement provides that the Company will submit an update to National Fuel Exhibit A – Revenue Requirement – FTY, Schedule C-2 no later than November 1, 2023, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending June 30, 2023. (Settlement ¶ 30.) An additional update to National Fuel Exhibit A – Revenue Requirement – FPFTY, Schedule C-2 will be provided for actuals through the twelve months ending July 31, 2024, no later than November 1, 2024. (Settlement ¶ 29.) This will enable the parties and interested stakeholders to track the Company's actual capital expenditures, plant additions, and retirements for the FPFTY and evaluate to what extent the actual figures match the Company's projections in this case. Accordingly, the Commission should approve this Settlement provision without modification.

D. EE PILOT PROGRAM

As a part of its initial filing in this case, National Fuel proposed an EE Pilot Program. (National Fuel St. 18 at 19-32.) The EE Pilot Program was an equipment replacement program modeled after a program implemented by Vermont Gas Systems. (National Fuel St. 18 at 20.) Under the program, National Fuel would offer equipment replacement rebate incentives for single-family and multi-family residential dwellings, to encourage the installation of high efficiency appliances and thermostats by its customers. (National Fuel St. 18 at 20.) Under the EE Pilot Program, National Fuel proposed an investment that will return an annual present value of total resource cost ("TRC") net benefits of $3.04 million, in 2024 dollars, with a TRC benefit-cost ratio ("B/C Ratio") of 2.37. (National Fuel St. 18 at 21 (presenting a table of the benefits, costs, net benefits and B/C ratios).) National Fuel further provided estimations of usage savings, and the anticipated results of the EE Pilot Program with respect to the number of participants and rebate costs. (*See* National Fuel St. 18 at 22-24; *see also* National fuel Exhibit EMS-5).

I&E and OCA opposed the EE Pilot Program. (I&E St. 1 at 4-9; OCA St. 4 at 1-18.) CAUSE-PA recommended that revisions to the EE Pilot Program should occur as a condition of its approval. (CAUSE-PA St. 1 at 48-54.) National Fuel presented rebuttal testimony that responded to I&E's and OCA's opposition, and also explained why certain of the revisions to the EE Pilot Program proposed by CAUSE-PA should not be implemented. (National Fuel St. 18-R at 2-10.) The parties continued to narrow their arguments and the issues surrounding the EE Pilot Program in their surrebuttal and rejoinder testimony.

The Settlement provides that National Fuel's proposed EE Program and Rider are withdrawn. (Settlement ¶ 31.) This Settlement provision is a compromise of the parties' competing litigation positions. While National Fuel supports EE Programs and believes that they are in the public interest, the Company compromised in order to achieve the Settlement.

E. LOW-MODERATE INCOME ("LMI") DEMONSTRATION PROJECT

National Fuel's initial filing included the proposed LMI Demonstration Project. (National Fuel St. 18 at 32-35.) The Company explained that the purpose of the LMI Demonstration Project was to help alleviate the upfront costs of connecting with the natural gas network, as a means of encouraging the installation of natural gas fired equipment. (*See* National Fuel St. 18 at 32-35.) The LMI Demonstration project was anticipated to result in savings for customers (e.g., approximately $2,000 per year for customers that would convert from propane or heating oil to natural gas) and to reduce CO2 emissions. (*See* National Fuel St. 18 at 34-35.)

I&E opposed the LMI Demonstration Project. (I&E St. 1 at 9-13.) OCA recommended that the LMI Demonstration Project be approved with modifications. (OCA St. 5 at 55-60.) CAUSE-PA recommended that revisions to the LMI Demonstration Project should occur as a condition of its approval. (CAUSE-PA St. 1 at 54-59.) In response to I&E, National Fuel witness Mr. Solomon testified that the project would have a net economic benefit for customers that would result from converting to natural gas and lowering their energy bills. (National Fuel St. 18-R at 10-11.) In addition, National Fuel addressed the recommendations of OCA and CAUSE-PA and reiterated that the LMI Demonstration Project was designed to be a gateway or access point to educate customers regarding conversion and ultimately convert them to more energy- and cost-efficient options for home heating. (*See* National Fuel St. 18 at 13-15.) The parties continued to narrow their arguments and the issues surrounding the EE Pilot Program in their surrebuttal and rejoinder testimony.

The Settlement provides that National Fuel's proposed EE Program and Rider are withdrawn. (Settlement ¶ 32.) This Settlement provision is a compromise of the parties' competing litigation positions. As such, it is in the public interest and should be approved.

F. TAX ISSUES

The Settlement provides that the state income tax rate in this proceeding will be set at 8.99%, and that this percentage is reflected in the Settlement revenue requirement. (Settlement ¶ 33.) In addition, this provision of the Settlement commits that the Company will reflect subsequent state tax adjustments to the state income tax rate for the post-2024 tax years through the Company's State Tax Adjustment Surcharge ("STAS"), currently Tariff Gas – P.A. P.U.C. No. 9, page 157, or through future base rate proceedings. (Settlement ¶ 33.)

The Company initially calculated its state income tax expense using a state income tax rate of 8.99%. I&E opined that the Company should have used a state income tax rate of 8.99%, instead of the 9.99% state income tax rate in effect prior to January 1, 2023, for purposes of its tax calculations. (I&E St. 1 at 15.) National Fuel explained that the new tax rate of 8.99% becomes effective at the start of its tax year (i.e., "after" January 1, 2023), which is October 1, 2023. (National Fuel St. 12-R at 2-3.) I&E withdrew its state income tax recommendation based on National Fuel's rebuttal testimony. (I&E St. 1-SR at 11.)

Paragraph 33 of the Settlement reflects the Company's and I&E's efforts to resolve this issue and clarifies that the Company's filing utilized the correct state income tax rate to calculate its state income tax expense. Furthermore, this provision of the Settlement correctly reflects the gradual reduction in the Pennsylvania state corporate net income tax rate over nine years, as reflected in House Bill 1342. (National Fuel St. 18-R at 2.) As such, this provision is in the public interest and should be approved.

In its filing, National Fuel proposed to continue to use normalization accounting with respect to the benefits of the Internal Revenue Code Section 481(a) catch-up amount of the tax repairs deduction. (National Fuel at 9-11.) In addition, National Fuel also proposed to be permitted to continue to use flow through accounting with respect to current years deductions for repairs. (National Fuel St. 12 at 9-11.) It also proposed to reverse the regulatory asset and the offsetting regulatory liability related to the Repairs and Maintenance accounting method. (National Fuel St. 12 at 9-11; National Fuel Exhibit JAR-3.) And finally, the Company proposed to reverse the state deferred tax liability, also related to the Repairs and Maintenance accounting method, over a 20-year period. (National Fuel St. 12 at 9-11.) The Company's proposals were not opposed by any party. (National Fuel St. 12-R at 3.)

Paragraphs 34-37 of the Settlement adopt the Company's proposals with respect to the tax repairs election and memorialize the fact that these proposals were not opposed by any party. The Company has fully justified its proposals related to the tax repairs election. Therefore, these provisions of the Settlement are reasonable, in the public interest, and should be approved.

Paragraph 38 of the Settlement provides that upon the effective date of the rates in the proceeding, National Fuel's TCJA Temporary Surcharge, currently Tariff Gas – P.A. P.U.C. No. 9, page 170, will cease, except that any remaining over/under collection will be passed back or collected from customers. (Settlement ¶ 38.) Under National Fuel's currently-effective tariff, the TCJA Temporary Surcharge provides:

> The total credits provided to customers through this negative surcharge will be reconciled with actual differences in federal income tax expense of a pre- and post-TCJA basis and will remain in place until the Company files and the Commission approves new base rates for the utility pursuant to Section 1308(d) that include the effects of the TCJA tax rate changes.

(National Fuel Exhibit F – Current Tariff.) Pursuant to the terms of the tariff, and the Commission's prior May 18, 2018 order at Docket No. R-2018-3000527, this temporary surcharge will no longer be in place once the Company files and the Commission approves new base rates. The Company's filing in this case includes the effects of the TCJA tax rate changes and, therefore, it is reasonable and in the public interest for the TCJA Temporary Surcharge upon the effective date of the rates established by **Appendix A** to the Settlement.

G. REVENUE ALLOCATION AND RATE DESIGN

1. Revenue Allocation

National Fuel relied upon a class cost of service study to allocate its proposed total revenue to each of the retail customer classes. (National Fuel St. 19 at 10-21; National Fuel Exhibit D – Cost of Service Study.) National Fuel, I&E, OCA, and OSBA all presented evidence regarding revenue allocation. While the parties may have used different approaches to determine their proposed revenue allocation, all parties agreed that the majority of dollars associated with the revenue increase should be allocated to the residential customer class, in order to move all rate classes closer to the overall system rate of return in a fair manner. (*See, e.g.*, National Fuel St. 19 at 17; I&E Exhibit No. 5, Sch. 4; OCA St. No. 3 at 29; OSBA St. No. 1 at 13-15.) This outcome is consistent with the Commonwealth Court's decision in *Lloyd v. Pa. P.U.C.*, 904 A.2d 1010 (Pa. Cmwlth. 2006) ("*Lloyd*") and prior judicial precedent regarding revenue allocation.

I&E, OCA and OSBA took differing positions on how the revenue increase should be allocated to the various classes. (I&E Exhibit No. 5, Sch. 4; OCA St. No. 3 at 29; OSBA St. No. 1 at 13-15.) Despite these differences, the Joint Petitioners were able to reach a full settlement that allocated the revenue in a manner that will move all classes closer to the cost of service. (Settlement ¶ 39; *see also* Settlement, Appendix B.) Furthermore, the revenue allocation adopted by the Settlement is within the range of the Parties' proposed allocations. (*See* Settlement, Appendix B; National Fuel Exhibit D – Cost of Service Study; I&E St. 5; OCA St. 3; OSBA St. 1.) In addition, the Settlement includes a "Customer Class Rate Impact Summary" attached thereto as **Appendix C**.

National Fuel believes that the revenue allocation under the Settlement is fully consistent with the Commonwealth Court's decision in *Lloyd* and prior Appellate Court precedent regarding revenue allocation. In addition, in considering the *Lloyd* decision, it is important to recognize that *Lloyd* did not overturn prior judicial precedent regarding revenue allocation and the applicability of cost of service studies. When allocating revenues to the rate classes, the Commission is not required to adopt a single cost of service study or strictly allocate revenues according to the study's results. In *Executone of Philadelphia, Inc. v. Pa. PUC*, 415 A.2d 445, 448 (Pa. Cmwlth. 1980), the Court stated as follows:

> [T]here is no single correct cost study or methodology that can be used to answer all questions pertaining to costs; there are only appropriate and inappropriate cost analyses depending upon the type of service under study and the management and regulatory decision in question.

Likewise, in *Peoples Natural Gas Co. v. Pa. PUC*, 409 A.2d 446, 456 (Pa. Cmwlth. 1979), the Court stated as follows with respect to rate design:

> . . . there is no set formula for determining proper ratios among the rates of different customer classes. *Natona Mills v. Pennsylvania Public Utility Commission*, 179 Pa. Super. 263, 116 A.2d 876 (1955). What is reasonable under the circumstances, the proper difference among rate classes, is an administrative question for the commission to decide. This court's scope of review is limited.

As *Lloyd* and the other cases cited above demonstrate, the Commission retains considerable discretion in designing rates, is not required to follow any particular cost of service study, and can consider other factors, including gradualism and extenuating economic circumstances in designing just and reasonable rates, as long as cost of service is the primary guiding factor. The agreed-upon revenue allocation under the Settlement provides movement towards cost of service. As such, National Fuel submits that the Settlement's proposed revenue allocation is fully consistent with the *Lloyd* decision and other relevant precedent regarding revenue allocation.

2. Rate Design

The primary objective of the Company's proposed rate design was to develop rate schedules that would produce the requested revenues when applied to forecasted conditions for the FPFTY. Under the comprehensive Settlement, the parties have agreed that the pro forma annual revenue increase will be incorporated through increases to the Company's monthly customer charges and volumetric distribution charges for the affected classes. (Settlement ¶¶ 40.a-h.; *see also* Settlement, **Appendix C**.)

a. Monthly Customer Charges

The Company originally proposed to increase the base rate residential customer charge from $12.00 per month to $18.00 per month. (National Fuel Exhibit JDT-3.) OCA recommended the base rate residential customer charge be maintained at $12.00 per month. (OCA St. 3 at 31-33.) I&E recommended the base rate residential customer charge be increased to $16.00 per month. (I&E St. 5 at 15-17.) The OCA argued that the Company's proposed residential customer charge was not consistent with the customer charges of other Pennsylvania NGDCs, and CAUSE-PA and CEO argued that the Company's proposal would harm low-volume and low-income customers as well as energy conservation. (*See* OCA St. 3 at 33; CAUSE-PA St. 1 at 42-45; CEO St. No. 1 at 4-5.)

In its response, National Fuel provided extensive support for its proposal from a cost of service perspective. (National Fuel St. 19-R at 31-37.) National Fuel also explained why an increase in the customer charge will not negatively impact conservation. (National Fuel St. 19-R at 35-37.)

The Joint Petitioners were able to resolve this issue through settlement by agreeing to a Residential customer charge of $14.00 per month. (Settlement ¶ 40.a.) The Company believes this charge represents a fair compromise among the competing proposals of the various parties.

National Fuel also originally proposed increases to all other non-residential customer charges. (National Fuel Exhibit JDT-3.) I&E recommended increases to certain non-residential customer charges, and maintaining others at existing levels. (*See* I&E St. 5.) Ultimately, the monthly customer charges set by paragraph 39 of the Settlement essentially adopt I&E's position or the average of I&E's position and the Company's filed position.

The overall rate design contemplated by the Settlement reflects a gradual increase in rates over the course of the FPFTY, moves all customer classes toward the overall cost of service, and strikes a reasonable balance between the interests of customers and the Company. For these reasons, the revenue allocation and rate design are just and reasonable and should be approved as reflected in the unopposed Settlement.

H. WEATHER NORMALIZATION ADJUSTMENT ("WNA")

Paragraph 41 of the Settlement provides for the approval of the Company's proposed WNA Tariff Rider C as a five-year pilot program, with the exception that the Company shall modify the originally proposed WNA to include a 3% dead band. (Settlement ¶ 41.) In addition, the Settlement also establishes certain reporting requirements that the Company must satisfy as a part of the pilot. (Settlement ¶ 42.)

The Company originally proposed a WNA mechanism that adjusts billings on a monthly billing basis as the bill is being calculated and issued and did not include a dead band. (*See* National Fuel St. 19 at 2-3, 30-34.) National Fuel witness Mr. John Taylor testified that a WNA mechanism is designed to adjust a customer's bill due to variations from normal weather in order to have the bill reflect normal weather conditions. (National Fuel St. 19 at 30.) In this regard, WNAs reduce the amount of variation in both customer bills and utility revenues—and therefore benefit both customers and utilities—by making a compensating adjustment for the difference between actual and normal weather. (National Fuel St. 19 at 30-31.) National Fuel further demonstrated that the proposed WNA aligned with the Commission's Statements of Policy outlined in the alternative rate making Docket. No. M-2015-2518883. ((National Fuel St. 19 at 38-42.)

Other parties either recommended modifications to the proposed WNA or opposed it. Specifically, I&E recommended that the WNA be approved, subject to the condition that it include a 3% dead band. (I&E St. 4 at 7.) OCA, OSBA, and CAUSE-PA each opposed the Company's originally proposed WNA. (OCA St. 3 at 40-42; OSBA St. 1 at 10-13; CAUSE-PA St. 1 at 45-48.) However, if the Commission were to approve the WNA, OCA recommended that it be modified to include a 3% dead band. (OCA St. 3 at 43.) OSBA argued that the originally proposed WNA should only be an opt-in program. (OSBA St. 1 at 10-13.)

National Fuel rebutted the parties' concerns and proposals regarding the implementation of a dead band. Specifically, the application of a dead band adds complexity and inconsistency, which is a concern for customer education and outreach, and the WNA's intended goal is to stabilize billings and distribution revenues from readily-identified weather-related variances. (National Fuel St. 19-R at 38-42.) However, the Company argued that, if the Commission sought to include a dead band, it should be a 1% dead band similar to that in place at Philadelphia Gas Works. (National Fuel St. 19-R at 42-43 (citing Philadelphia Gas Works Gas Service Tariff, Supplement No. 148 to Gas Service Tariff – Pa P.U.C. No 2, Weather Normalization Adjustment Clause, pp. 149-150).)

The Company also rebutted OSBA's recommendation that the WNA only be adopted as an opt-in program. (National Fuel St. 19-R at 43-44.) Critically, designing the WNA as an opt-in program would negate its purpose. Moreover, National Fuel witness Mr. Taylor explained no other utility in Pennsylvania that has implemented a WNA mechanism has designed a WNA as an opt-in program. (National Fuel St. 19-R at 43-44.)

OCA and CAUSE-PA also raised concerns regarding the impact of the WNA on low-income customers. (OCA St. 5 at 35-38; CAUSE-PA St. 1 at 45-48.) The Company responded to these concerns. (National Fuel St. 19-R at 44-51.) Importantly, the Company explained that a fundamental principle and benefit of a WNA is that it works in a reciprocal manner: customer bills are protected during colder-than-normal weather and utility revenues are protected during warmer-than-normal weather. (National Fuel St. 19-R at 49-50.) Furthermore, National Fuel highlighted that the proposed WNA mechanism would increase average bill stability for budget bill and LIRA customers, providing an additional benefit to these low-income customers. (National Fuel St. 19-R at 46-47.)

Finally, OCA and CAUSE-PA raised several specific policy critiques in opposition to the Company's proposed WNA. (OCA St. 3 at 40; CAUSE-PA St. 1 at 45-46, 48.) National Fuel witness Mr. Taylor fully rebutted each of these critiques. (National Fuel St. 19-R at 48-62.)

The Settlement provides for the implementation of a WNA that balances the benefits and goals of the Company's initial proposal, with other parties' positions regarding the application of a dead band and the duration of its implementation. Moreover, the implementation of the WNA is consistent with the Commission's stated policy goals that have, in part, justified the Commission's approval of other utilities' WNA mechanisms. Indeed, Chairman Brown Dutrielle has stated:

> I commend the parties for their commitment to this mechanism. … The Weather Normalization Adjustment works bi-directionally to insulate customers from high bills during the extremely cold months, while also limiting the decline in revenue for Columbia during unseasonably warm heating months. This…stabilizes Columbia's cash flow, and in turn, allows Columbia to more acutely focus on operational items within its control; namely infrastructure upgrades and repairs. Further, since this decoupling mechanism is only applied to the distribution component of the bill, and not the natural gas commodity charge, incentives for efficient consumption are maintained.
>
> Weather normalizations are not a novel concept, as Philadelphia Gas Works and other natural gas distribution companies throughout the country also utilize iterations of this rate design…I further encourage other natural gas distribution companies in the Commonwealth to consider utilization of weather [normalization adjustment]…distribution charge mechanisms.

Pa. PUC v. Columbia Gas of Pa., Inc., Docket Nos. R-2018-2647577, et al. (Statement of Chairman Gladys Brown Dutrieuille dated Dec. 6, 2018). Moreover, implementing the Company's proposed WNA as a pilot program with specific reporting requirements (*see* Settlement ¶ 42) will allow stakeholders an opportunity to re-evaluate the WNA in the future based off the information provided by the Company. The adoption of the proposed WNA as a pilot program with a 3% dead band is in the public interest and should be approved.

The Settlement's further commitment that the Company will prepare and distribute materials to its customers to explain the function of the WNA and its impact on customer bills is also in the public interest. (Settlement ¶ 43.) OCA raised concerns related to customer education and outreach regarding the proposed WNA. (OCA St. 4 at 14.) National Fuel explained that it is developing a communication plan to educate customers about the WNA mechanism, which included pre-implementation education and outreach, as well as continuing monitoring of customer feedback and modifications to its plan based on feedback received. (National Fuel St. 19-R at 62-63.) The Company also provided an example of how the WNA will appear on a customer's bill, which included a plain language definition of the WNA. (National Fuel Exhibit JDT-19-R-B-2.) This provision of the Settlement ensures that National Fuel prepares and provides customers with information that they can use to understand the WNA and its impact, and that National Fuel can review this feedback to update or revise informational materials as needed.

I. MISCELLANOUS TARIFF PROVISIONS

Paragraph 44 of the Settlement provides that, except as otherwise set forth in this Settlement, the revisions contained in Supplement No. 248 to National Fuel Tariff Gas – P.A. P.U.C. No. 9, as contained in **Appendix A** will be approved. (Settlement ¶ 44.) The Company's initial filing contained proposed revisions to its National Fuel Tariff Gas – P.A. P.U.C. No. 9. (*See* National Fuel St. 15 at 3-4 (describing revisions to the Company's tariff and the riders contained therein); *see also* National Fuel Exhibit F – Proposed Tariff.)

As previously noted, the Settlement reflects a carefully balanced compromise of the competing and broad array of interests of the Joint Petitioners in this proceeding. The Joint Petitioners have agreed that, except as otherwise set forth in this Settlement, the revisions contained in Supplement No. 248 to National Fuel Gas Tariff Gas – P.A. P.U.C. No. 9, as contained in **Appendix A** will be approved. (Settlement ¶ 44.) Thus, the terms and conditions of the Settlement, as detailed and supported in the following sections, should be approved without modification.

J. UNIVERSAL SERVICE AND LOW-INCOME CUSTOMER ISSUES

National Fuel did not propose any changes regarding the administration or services provided by its Universal Service Programs ("USP") and low-income customer assistance programs in this distribution base rate proceeding.[5] Rather, the Company's 2022-2026 Universal Service and Energy Conservation Plan ("USECP") at Docket No. M-2021-3024935 was initially submitted to the Commission on April 1, 2021, and subsequently approved as modified on December 22, 2022. The USECP included various revisions to its USECP, which included programmatic changes to its Customer Assistance Program ("CAP") or Low-Income Residential Assistance ("LIRA"), changes to its Low-Income Usage Reduction Program ("LIURP"), and efforts to enhance its outreach and education of low-income customers. (National Fuel St. 17-RJ at 4.)

As further explained in the direct testimony of Ms. Elma Bico, the modifications included petitioning the Commission to modify the design of its LIRA program, to structure it as a percentage of income program ("PIP"). (National Fuel St. 17 at 2-3.) The Company further committed that, after Commission approval to transition a PIP was approved, it would work to make the necessary programming/administrative changes to implement the PIP redesign of LIRA. (National Fuel St. 17 at 3.) Moreover, the Company explained that it was actively undertaking

[5] The Company did, however, propose to recover all charges related to LIRA from its Rider F, which would remove from base rates a portion of the costs associated with this program. (National Fuel St. 17 at 4.)

various activities to increase LIRA participation, including the development of an online application and various outreach activities. (National Fuel St. 17 at 3.)

The Company further explained its recently modified LIURP. (National Fuel St. 17 at 5.) It identified recent modifications to its LIURP that were made in an effort to provide additional assistance and expand eligibility, including obtaining Commission approval for a new pilot program Low Consumption LIURP at Docket No. M-2021-3024932, which was extended through January 2023. (National Fuel St. 17 at 5.)

The Company detailed a number of new customer initiatives that it implemented to improve customer service. (National Fuel St. 17 at 6-7.) These initiatives included: (1) the implementation of a new customer portal that provided for better navigation and additional ways for customers to pay their bill; (2) the consolidation of two AutoPay payment programs; (3) the partnership with its current payment vendor to promote paperless and AutoPay enrollment; (4) a new, more user-friendly website and the expansion of its social media use to increase communication channels with customers; (4) the creation of printed slip sheets that could be provided to customers during non-collection related home visits, which included information about the Company's payment assistance programs; and (5) certain updates to its customer information system. (National Fuel St. 17 at 6-7.)

While the Company had undergone significant structural changes to its USECP prior to and shortly after the filing of the base rate proceeding, several Parties to this proceeding recommended additional structural changes to National Fuel's USP and its low-income assistance offerings. OCA, CAUSE-PA and CEO made several proposals to the Company's universal service offerings that the Company believes are largely unrelated to the proposed rate increase. (*See* National Fuel St. 17-RJ at 3-5; *see also* I&E St. 1-R at 10-11.)

The Universal Services provisions of the Settlement represents the results of the Joint Petitioners' extensive settlement discussions and good-faith compromises. While National Fuel believes that these issues would be more appropriately addressed in its next triennial USP filing,[6] in Settlement, the Company agreed to address and adopt certain proposed changes to its USP and low-income assistance programs.

Paragraphs 45 through 51 of the Settlement resolve issues related to the Company's customer service policies, procedures and training manuals regarding victims of domestic violence (Settlement ¶¶ 45-47), identification uses to establish service (Settlement ¶¶ 48-50), and the review of customer accounts with security deposits (Settlement ¶ 51).

OCA and CAUSE-PA identified concerns regarding the Company's policies, procedures and training manuals regarding victims of domestic violence (OCA St. 4 at 19-20; CAUSE-PA St. 1 at 62.) CAUSE-PA also raised concerns regarding the Company's policies, procedures and training manuals regarding identification used to establish service (CAUSE-PA St. 1 at 60-61), and the review of customer accounts with security deposits (CAUSE-PA St. 1 at 59-60).

National Fuel rebutted each of these issues. (*See* National Fuel St. 17-R.) Specifically, National Fuel explained that it already provides public facing information for customers with PFAs or other court orders containing evidence of domestic violence on the Payment Assistance Programs and Resources page of the corporate website. (National Fuel St. 17-R at 42.) National Fuel further explained that CAUSE-PA's recommendations regarding the types of identification

[6] By design, the Commission has established an entirely separate process to evaluate issues regarding universal service and energy conservation programs. *See* 52 Pa. Code § 54.74. The Commission has declared that "Commission practice is to address all aspects of [Universal Service Programs] through the triennial filing process and to collect all revenues through a rider to base rates." *Pa. PUC v. PPL Elec. Utils. Corp.*, Docket Nos. R-2012-2290597, et al., at p. 51 (Order Entered Dec. 28, 2012). The Commission has also previously rejected recommendations to revise low-income and universal service programs that were the subject of recent USECP filings in *Pa. PUC v. PECO Energy Company – Gas Division*, Docket No. R-2020-3018929, at pp. 195-196 (Order Entered June 22, 2021) and *Pa. PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2020-3018835 (Order Entered February 19, 2021).

that could be used to establish served were not necessary because the Company already provides public facing identification requirements on the Start Service page of the corporate website via a link to the Consumer Rights and Responsibilities document published by the Commission. (National Fuel St. 17-R at 43-44.) National Fuel also explained that, while the Company has been holding security deposits for nine confirmed low-income customers that should be refunded, it had reviewed its process for collecting and holding deposits, corrected the gap in the process that led to this mistake, and refunded the security deposits that were being held as of January 11, 2023. (National Fuel St. 17-R at 34.)

Paragraphs 45-51 of the Settlement address the concerns of OCA and CAUSE-PA with respect to the Company's policies, procedures and training manuals regarding victims of domestic violence. (Settlement ¶¶ 45-51.) These provisions provide for certain immediate revisions and clarifications to National Fuel's policies, procedures and training materials, which will be presented to its Universal Services Advisory Committee ("USAC") for future review and feedback. These provisions also highlight National Fuel's willingness to review and consider the feedback it receives from its USAC, while explaining why certain recommendations may not be feasible or reasonable to implement. Therefore, these provisions are a reasonable compromise of the parties' competing litigation positions. As such, these provisions are in the public interest and should be approved.

1. Identification of Low-Income Households

National Fuel did not propose any modifications to its programs to identify low-income households as a part of its initial filing. OCA and CAUSE-PA recommended that the Company improve its identification of low-income customers, and also recommended the Company achieve specific metric or take specific actions for this purpose. (OCA St. 5 at 43-45; CAUSE-PA St. 1 at

7-13.) National Fuel opposed these recommendations. (National Fuel St. 17-R at 6-13.) Specifically, National Fuel witness Ms. Bico explained that:

> Company identifies low-income customers by collecting income information from the customer when they contact the Company in order to evaluate eligibility for assistance programs and/or payment arrangements. Additionally, the Company systematically identifies customers as low-income when we receive LIHEAP, CRISIS, or Supplemental payments from DHS for the customer. Lastly, all customers enrolled in the Company's CAP are systematically identified as low-income.

(National Fuel St. 17-R at 6.)[7] With regard to the specific recommendations advanced by CAUSE-PA regarding screening efforts and outreach, Ms. Bico further explained that these proposals for several reasons. Critically, as noted above, Ms. Bico testified that the Company was <u>already</u> implementing additional measures to improve low-income customer identification as a part of its most recent USP filing. She stated:

> Changes recently implemented from National Fuel's 2022-2026 Universal Services and Outreach Plan expect increased enrollment and retention in LIRA. This includes removing the payment-troubled requirement, not including child income in household income for eligibility and extended reverify timeframes. The Company is continuing to engage in outreach and increase awareness of programs, however, not all customers want to be referred to or participate in programs. A large portion of the population does not engage with the Company until there is a need. Most customers, which include lower income customers, are not payment troubled and historically have not responded. Increasing the number of confirmed low-income customers does not necessarily indicate improvement in program participation.

(National Fuel St. 17-R at 10.) The Company further rebutted OCA's recommended "performance-based" objectives regarding the identification of low-income customers. (National Fuel St. 17-R at 13.)

[7] I&E also opposed the recommendation that low-income customers be reverified every five years instead of every two years. (I&E St. 1-R at 2-6.)

Paragraph 52 of the Settlement, sets forth National Fuel's agreement to categorize customers as confirmed low-income if it obtains information reasonably indicating the customer is low income, review its list of low-income indicators with its USAC, consider and discuss any measurable outcome objectives/metrics related to increasing low-income customer identification and enrollment in assistance programs, and to maintain the confirmed low-income designation on customer accounts for a longer period. (*See* Settlement ¶ 52.) This provision evidences the fact that National Fuel has worked, and will continue to work, to improve its identification of low-income customers. This provision is a reasonable compromise of the parties' competing litigation positions and, therefore, is in the public interest and should be approved.

2. LIRA Program

National Fuel did not propose any changes to its LIRA program in its initial filing. As noted above, its LIRA program was modified as a part of its 2022-2026 USECP. OCA and CAUSE-PA recommended modifications to the Company's LIRA program, as well as performance metrics, to improve enrollment in LIRA by low-income customers. (OCA St. 5 at 45-48; CAUSE-PA St. 1 at 26-29.) National Fuel responded to these concerns in its rebuttal testimony. (National Fuel St. 17-R at 14-21.) In particular, the Company identified a number of reasons why a customer may not enroll in LIRA that are out of the Company's control. (National Fuel St. 17-R at 15-16.)

Paragraph 53 of the Settlement states that National Fuel agrees to:

> a. National Fuel will work with members of its USAC to develop a survey of non-LIRA Low-Income Home Energy Assistance Program ("LIHEAP") recipients to better understand these LIHEAP recipients have not enrolled in LIRA.
>
> b. National Fuel will work with its USAC to develop a simplified process for non-LIRA LIHEAP recipients to enroll in its Customer Assistance Program ("CAP"), such process to be developed and implemented within four months after the initial

> launch date for National Fuel's percentage of income plan ("PIP") design.

(Settlement ¶ 53.) This provision addresses OCA's and CAUSE-PA's concerns that the Company could better study and understand why certain low-income customers may not enroll in LIRA, while recognizing the Company's concern that it cannot force its customers to enroll in this program. This provision is a reasonable compromise of the parties' competing litigation positions and, therefore, is in the public interest and should be approved.

3. LIURP

National Fuel did not propose any modifications to LIURP or the budget for LIURP in its initial filing. OCA, CAUSE-PA, and PWPTF all proposed modifications to the Company's LIURP. (OCA St. 5 at 19-23; CAUSE-PA St. 1 at 29-36; PWPTF St. 1 at 6-8.) Each of OCA, CAUSE-PA and PWPTF recommended increases to LIURP jobs completed and/or LIURP funding. (OCA St. 5 at 21-23; CAUSE-PA St. 1 at 33-36; PWPTF St. 1 at 6-7.)

National Fuel testified that the proposals to increase LIURP jobs and funding at the levels proposed by OCA, CAUSE-PA and PWPTF were not realistic or achievable due to factors outside of the Company's control. (National Fuel St. 17-R at 22-30.) In particular, National Fuel explained that:

> While the Company continues to improve outreach to customers who potentially qualify, it remains a challenge to convince customers to have weatherization measures installed. Non-response and customers refusing weatherization services account for 71% of jobs being canceled.
>
> The Company partners with local agencies which account for approximately 20% of spending of completed jobs. Agencies completed an average of only 7 jobs per year in 2019 and an average of 5 jobs per year in 2022. Despite partnering with such agencies, Erie County (the Company's largest county) recently lost a weatherization agency and currently only has one agency that the Company is aware of to perform weatherization work.

> As such, the Company is attempting to increase the number of weatherization contractors. The Company has found it difficult to recruit qualified individuals for weatherization, and contractors with this experience are not available or do not want to contract with a utility.

(National Fuel St. 17-R at 23-24.) National Fuel also identified the fact that it has been carrying over unused dollars in the LIURP budget for several years; therefore, increasing the budget and adding more jobs does not make sense at this time. (National Fuel St. 17-R at 24.) I&E also opposed the proposed increase to the Company's LIURP budget. (I&E St. 1-R at 7-11.)

In the Settlement, the Joint Petitioners agree that:

> a. National Fuel will improve tracking of LIURP deferrals and rejections by customer segment to better understand the barriers to enrollment.
>
> b. National Fuel will commission an independent, third-party LIURP evaluation and needs assessment to help identify additional areas for improvement in the delivery and reach of its LIURP services. This evaluation and needs assessment will be funded through, and not to exceed, the LIURP budget.
>
> c. National Fuel will develop a plan to fully expend its LIURP budget each year, informed by the results of its third-party evaluation and needs assessment performed pursuant to paragraph 54.b., as well as input from National Fuel's USAC including expansion of the Low-Consumption Low-Income Usage Reduction Program ("LC-LIURP").
>
> d. National Fuel agrees to increase its annual LIURP budget by $91,000.
>
> e. Subject to contractor availability, National Fuel will make best efforts to increase LIURP and Emergency Repair and Replacement Program ("ERRP") job totals to 275 per year.

(Settlement ¶ 54.) This Settlement provision will allow National Fuel to attempt to continue to increase the annual number of LIURP weatherization jobs it performs, increase the maximum per-job spend for those projects, and expand access to LIURP to a broader range of customers. It will also help National Fuel to better understand how it can further improve the reach and delivery of its LIURP services. Moreover, this Settlement provision is a reasonable compromise of the parties' competing litigation positions. As such, it is in the public interest and should be approved.

4. Neighbor For Neighbor ("NFN")

National Fuel did not initially propose any modifications or changes to its NFN grant program. CAUSE-PA and PWTPF recommended increases to the Company's annual contribution to NFN as a condition of any base rate increase. (CAUSE-PA St. 1 at 37-41; PWPTF St. 1 at 8.) The Company opposed the recommendations of CAUSE-PA and PWPTF for a number of reasons, including that after the completion of the recent Commission audit of the USECP, modifications were made to the NFN program that went into effect on October 1, 2022, which resulted in a large increase in the number of applicants receiving grants through this program. (*See* National Fuel St. 17-R at 31-32.) Moreover, the Company explained that it continuously monitors the program's fund balance and will always consider additional contributions if needed, but that the fund balance was more than $310,000 dollars as of December 31, 2022. (National Fuel St. 17-R at 32.)

Under the Settlement, National Fuel will provide a warm referral to all potentially eligible payment-troubled confirmed low-income customers to NFN and increase its annual contributions to the fund to $92,000, with any unspent funds rolling over to the subsequent year. (Settlement ¶ 55.) This provision will continue National Fuel's efforts to increase the number of customers who can obtain an NFN grant and will help eligible customers avoid accruing significant arrearages. This provision is a reasonable compromise of the parties' competing litigation positions and, therefore, is in the public interest and should be approved.

IV. CONCLUSION

The Settlement is the result of a detailed examination of National Fuel's proposals, substantial discovery requests, multiple rounds of testimony, numerous settlement discussions, and compromises by the active parties. National Fuel believes that fair and reasonable compromises have been achieved on all issues in this case, particularly given the fact that the settling parties have such diverse and competing interests in this proceeding and have reached a Settlement on all issues. National Fuel fully supports this Settlement and respectfully requests that the Administrative Law Judge Mary D. Long and the Pennsylvania Public Utility Commission:

(i) Approve the Joint Petition for Approval of Settlement of All Issues without modification;

(ii) Approve the proposals set forth in National Fuel's above-captioned distribution base rate increase filing subject to the terms and conditions of the Joint Petition for Approval of Settlement of All Issues;

(iii) Approve the *pro forma* tariff attached to the Joint Petition for Approval of Settlement of All Issues as Appendix A;

(iv) Approve the proof of revenues attached to the Joint Petition for Approval of Settlement of All Issues as Appendix B;

(v) Mark the Formal Complaints filed by OCA, OSBA, and the individual customer complainants as satisfied and closed; and

(vi) Mark the investigation at Docket No. R-2022-3035730 closed.

Respectfully submitted,

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Dated: April 13, 2023

Counsel for National Fuel Gas Distribution Corporation

APPENDIX H

STATEMENT IN SUPPORT OF THE BUREAU OF INVESTIGATION & ENFORCEMENT

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3035730
	:	
National Fuel Gas Distribution Corporation	:	
Base Rates	:	

BUREAU OF INVESTIGATION AND ENFORCEMENT STATEMENT IN SUPPORT OF JOINT PETITION FOR APPROVAL OF SETTLEMENT OF ALL ISSUES

TO: ADMINISTRATIVE LAW JUDGE MARY D. LONG:

The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), by and through its Prosecutor, Scott B. Granger, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Approval of Settlement of All Issues ("Joint Petition" or "Settlement") are in the public interest and represent a fair, just, and reasonable balance of the interests of the National Fuel Gas Distribution Corporation ("NFG" or the "Company"), I&E, the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), and the Weatherization Providers Task Force ("WPTF") (parties in the above-captioned proceeding and hereinafter collectively referred to as "Joint Petitioners" or the "Parties"), as well as the NFG ratepayers.

I. BACKGROUND

1. I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served. Based upon I&E's analysis of the NFG base rate filing, acceptance of this proposed Settlement is in the public interest and I&E recommends that the Administrative Law Judge and the Commission approve the Settlement in its entirety.

2. NFG is a wholly owned subsidiary of the National Fuel Gas Company.[1] Currently, NFG is serving approximately 214,000 customers in ten northwestern Pennsylvania counties.[2] NFG's total annual revenue for the fully projected future test year at current rates is approximately $305 million.[3] For the calendar year ended December 31, 2021, the Company's total normalized throughput was approximately 50 billion cubic feet (Bcf), with residential, commercial & public authority, and industrial customer classes making up 42%, 22% and 36%, respectively, of the annual load.[4] Nearly all its 197,000 residential customers use natural gas for space heating purposes.[5]

3. On October 28, 2022, NFG filed Supplement No. 248 to NFG Gas Tariff - PA P.U.C. No. 9 ("Supplement 248") with the Commission. Supplement No. 248 was issued to be effective for service rendered on or after December 27, 2022. It proposed

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1 NFG St. No. 1, p. 3.
2 *Id.*
3 NFG Ex. JRB-1, Sch 1.
4 NFG St. No. 1, p. 3.
5 *Id.*

changes to NFG's base retail distribution rates designed to produce an increase in revenues of approximately $28.1 million (9.2%).[6] NFG's last base rate filing was in 2006, with new rates effective January 1, 2007.[7]

4. Supplement No. 248 also proposes additional changes to tariff rates, riders, and tariff terms that include: a weather normalization adjustment proposal; an energy efficiency pilot program proposal; support for an accelerated infrastructure replacement program; and a proposed increase in employee compensation.[8]

5. The OSBA filed a Notice of Appearance and a Formal Complaint at Docket No. C-2022-3036655 on November 8, 2022.

6. The OCA filed a Notice of Appearance and a Formal Complaint at Docket No. C-2022-3036725 on November 9, 2022.

7. I&E filed its Notice of Appearance on November 15, 2022.

8. CAUSE-PA filed a petition to intervene on November 15, 2022.

9. WPTF filed a petition to intervene on December 1, 2022.

10. On December 8, 2022, the Commission entered an Order suspending the implementation of NFG's proposed Supplement No. 248 by operation of law until July 27, 2023, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in Supplement 248. The Commission also stated the investigation shall include consideration of the lawfulness, justness, and reasonableness of the NFG's existing rates, rules, and regulations.

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[6] NFG St. No. 1, p. 5.
[7] *Id.*
[8] *Id.*

11. The case was assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary, culminating in the issuance of a Recommended Decision.

12. A telephonic Prehearing Conference was held on December 14, 2022, at 10:00 a.m. before Administrative Law Judge Mary D. Long ("ALJ Long" or the "ALJ") during which the parties agreed to a schedule for the conduct of the case including the service of testimony among the parties and the dates for evidentiary hearings.

13. On January 19, 2023, telephonic public input hearings were held at 1:00 p.m. and 6:00 p.m.

14. All parties undertook comprehensive discovery in this proceeding after the filing was made and continued to conduct discovery throughout the litigation and settlement negotiation process.

15. The telephonic evidentiary hearing was held as scheduled on March 8, 2023.[9] During the hearing, several witnesses were presented for cross examination. The remaining party witnesses were excused from appearing at the hearing since all parties agreed to mutual waivers of cross examination and it was agreed that testimony and exhibits would be submitted into the record by joint stipulation and verification.

16. In accordance with the procedural schedule established at the prehearing conference, I&E served to all active parties the following thirteen (13) pieces of

[9] *See* Hrg. Tr., pp. 1-145, Docket No. R-2022-3035730 (dated March 8, 2023).

testimony and accompanying ten (10) exhibits from six (6) I&E witnesses:

Zachary Walker
I&E Statement No. 1
I&E Exhibit No. 1
I&E Statement No. 1-R
I&E Exhibit No. 1-R
I&E Statement No. 1-SR

Christopher Keller
I&E Statement No. 2 (PROPRIETARY/Non-Proprietary)
I&E Exhibit No. 2 (PROPRIETARY/Non-Proprietary)
I&E Statement No. 2-SR (PROPRIETARY/Non-Proprietary)
I&E Exhibit No. 2-SR (PROPRIETARY/Non-Proprietary)

Anthony Spadaccio
I&E Statement No. 3
I&E Exhibit No. 3
I&E Statement No. 3-SR

Ethan Cline
I&E Statement No. 4 (PROPRIETARY/Non-Proprietary)
I&E Exhibit No. 4 (PROPRIETARY/Non-Proprietary)
I&E Statement No. 4-SR
I&E Exhibit No. 4-SR

Esyan Sakaya
I&E Statement No. 5
I&E Exhibit No. 5
I&E Statement No. 5-SR
I&E Exhibit No. 5-SR

Melissa McFeaters
I&E Statement No. 6
I&E Exhibit No. 6
I&E Statement No. 6-SR

17. In accordance with Commission policy encouraging settlements at 52 Pa. Code § 5.231 and § 69.401 as they often achieve results preferable to a fully litigated proceeding, I&E participated in settlement discussions with NFG and the Parties. Following extensive settlement negotiations, the Joint Petitioners reached a full settlement of all issues as set forth in the Joint Petition.

II. SETTLEMENT TERMS AND CONDITIONS

A. General

18. As stated *supra*, I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served.

19. "The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest."[10] The Commission has recognized that a settlement "reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest."[11]

20. Settlements conserve precious administrative resources and provide regulatory certainty with respect to the disposition of issues with results that are often preferable to those achieved at the conclusion of a fully-litigated proceeding; and, provide a final resolution of adversarial proceedings which, in the Commission's

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[10] *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).
[11] *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

judgement, is preferable.[12] The very nature of a settlement requires a review and discussion of all issues raised by the parties' and a negotiated compromise on the part of all parties.

21. I&E submits that this Settlement balances the interests of the Company, its customers, and the Joint Petitioners in a fair and equitable manner and presents a resolution for the Commission's adoption that best serves the public interest. Furthermore, the negotiated Settlement demonstrates that compromises are evident throughout the Joint Petition. Accordingly, for the specific reasons articulated below to achieve the full scope of benefits addressed in the Settlement; I&E requests that the Settlement be recommended by ALJ Long, and approved by the Commission, without modification.

B. Revenue Requirement/Black Box Settlement *(Joint Petition ¶ 27)*.

The Joint Petitioners agree that the terms of this Settlement reflect a carefully balanced "black box" compromise of the interests of all the active Parties in this proceeding. The Joint Petitioners also agree that NFG's October 28, 2022, distribution base rate increase filing should be approved subject to the terms and conditions of the Settlement set forth in the Joint Petition.

In the Settlement, the Joint Petitioners agreed to settlement terms regarding the overall base rate revenue increase. The settlement as to revenue requirement shall be a "black box" settlement, except for the items specifically set forth in the Joint Petition.

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[12] *See generally* 52 Pa. Code § 5.231 and § 69.401.

Specifically, the settlement terms regarding revenue requirement are as follows:

NFG will be permitted to charge, effective for service rendered on and after July 31, 2023, the Settlement Rates set forth in Appendix A attached to the Joint Petition. The Settlement Rates are designed to produce an annual increase in gas distribution revenues of **$23.0 million** which represents a 7.5 % increase in total revenue.

I&E fully supports the negotiated level of overall base rate revenue increase as compared to NFG's original request. While the overall revenue requirement is a "black box" compromise, the overall revenue levels are within the levels advanced on the evidentiary record and reflect a full compromise of all revenue-related issues raised by the Parties. And, as a "black box" settlement, unless specifically addressed below, the Settlement does not reflect agreement upon individual issues. Therefore, in consideration of the extensive testimony presented by all of the Parties to this proceeding, I&E fully supports the negotiated level of overall base rate revenue increase as a full and fair compromise that provides NFG, the Joint Petitioners, affected ratepayers, and the Commission with resolution of the overall revenue increase, all of which is in the public interest.

C. Distribution System Improvement Charge *(Joint Petition ¶¶ 28-30).*

In its initial filing, NFG noted that it filed its first Long-term Infrastructure Improvement Plan ("LTIIP") with the Commission on September 2, 2022, at Docket No. P-2022-3034957. In the Settlement, it is agreed that NFG will file for Commission approval of a Distribution System Improvement Charge ("DSIC"). Assuming that the DSIC is approved, the initial DSIC will be calculated to recover the fixed cost of eligible property that has been placed in service during the three-month period ending one month prior to the effective date of the initial DSIC subject to the two limitations set forth in the Joint Petition.

As is typical, NFG shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1). Further, NFG will file an update to NFG Exhibit A - Revenue Requirement - FTY, Sch. C-2 no later than November 1, 2023, which will include actual capital expenditures, plant additions and retirements by month for the twelve months ending June 30, 2023. An additional update to NFG Exhibit A - Revenue Requirement - FPFTY, Sch. C-2 will be provided for actuals through July 31, 2024, no later than November 1, 2024.

I&E recommended that the Company provide the Bureau of Investigation and Enforcement and the Office of Consumer Advocate with an update to NFG Exhibit A - Revenue Requirement - FTY, Sch. C-2 no later than November 1, 2023.[13] I&E also recommended an additional update to NFG Exhibit A - Revenue Requirement FPFTY, Sch. C-2 should be provided for actuals through July 31, 2024, no later than November 1, 2024.[14]

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

14 *Id.*

I&E, NFG and the Parties conducted good faith negotiations and as a result, NFG agreed to the DSIC reporting requirements recommended by I&E. Therefore, in consideration of the settlement negotiations, I&E supports these settled upon terms as a full and fair compromise that provides NFG, the Joint Petitioners, the Commission, and the ratepayers with regulatory certainty and a resolution which is in the public interest.

D. Energy Efficiency Program *(Joint Petition ¶ 31).*

In the Settlement, the Company has agreed to withdraw its proposed Energy Efficiency ("EE") Program and the associated Rider.

In its filing, the Company had proposed, even though it is not required to do so by statute, an Energy Efficiency pilot program to be implemented over three years starting in August 2023.[15] The program would have offered equipment replacement rebate incentives for single-family and multi-family residential dwellings, to encourage the installation of high efficiency space heating appliances such as furnaces and boilers as these types of appliances are the largest users of natural gas in residential buildings.[16] NFG's proposed Energy Efficiency pilot program would have recovered an additional $1.2 million from residential customers annually in a separate rider, based upon data for a fully projected future test year ending July 31, 2024.[17]

I&E recommended that the Company's proposal for implementing an EE Plan be disallowed in its entirety.[18] I&E argued disallowance of the proposed EE Plan will result

[15] NFG St. No. 18, pp. 19-20.
[16] *Id.*
[17] NFG St. No. 1, p. 33.
[18] I&E St. No. 1, pp. 8-9; I&E St. No. 1-SR, p. 6.

in the elimination of unnecessary charges via an EE rider on residential customers' bills at a time when residential customers are facing increased costs due to the inflationary trends in the economy in addition to the Company's proposed increased rates.[19] I&E also cited other factors for the disallowance that included: (1) NFG has proposed an EE Plan for the first time and has no experience or data and does not specifically state that this plan is based on the measurable success or results of other NGDCs' energy efficiency plans; (2) Act 129[20] does not mandate NGDCs develop and implement EE Plans and there is no mandated requirement for an NGDC's EE Plan performance parameters; (3) EE Plans are not essential to the provision of safe and reliable natural gas service; (4) the impact of increased base rates for the first time in 16 years coupled with the current inflationary trend in the overall economy and gas commodity prices places an increased burden on residential customers that should not be exacerbated by implementing new programs at ratepayer expense at this time; and, (5) there is uncertainty about the success of NFG's proposed EE Plan as it is based on a speculative calculation incorporating the number of customers' participation, gas savings, additional employment generation, environmental or societal benefits, and the cost-benefit ratio (Total Resource Cost) test.[21]

I&E presented thorough testimony regarding the proposed EE Plan. I&E, NFG and the Parties conducted good faith negotiations and as a result, NFG agreed to withdraw its EE Program and the associated Rider. Therefore, in consideration of the record evidence presented by the parties and the results of the settlement negotiations,

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19 *Id.*, p. 7.
20 66 Pa. C.S. §2806.1.
21 I&E St. No. 1, pp. 7-8; I&E St. No. 1-SR, p. 4.

I&E supports these settled upon terms as a full and fair compromise that provides NFG, the Joint Petitioners, NFG residential ratepayers, and the Commission with a resolution which is in the public interest.

E. LMI Demonstration Project *(Joint Petition ¶ 32).*

In the Settlement, the Company has agreed to withdraw its proposed Low to Moderate Income Non-Customer Conversion ("LMI") Demonstration project.

In its filing, the Company had proposed an LMI Demonstration project designed to help alleviate the upfront costs of installing natural gas fired equipment and connecting to the natural gas network for non-customers.[22] The Company proposed a budget of approximately $125,000 per year for three years for the LMI Demonstration to fund one or more LMI Demonstration projects including a pilot project the Company refers to as the Thornapple Project.[23] NFG proposed to include the $125,000 per year, or $375,000 total, recovered over three years, as an O&M expense with $125,000 to be recovered in base rates in the FPFTY.[24]

I&E recommended that the Company's proposal for implementing the LMI Demonstration be disallowed in its entirety.[25] I&E argued disallowance of the proposed LMI Demonstration will result in the elimination of unnecessary increases to residential customers' bills at a time when those customers are facing increased household costs due to the current inflationary trend.[26] Further, considering the proposed increase to base

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22 NFG St. No. 18, p. 34.
23 *Id.*, p. 35.
24 *Id.*
25 I&E St. No. 1, pp. 12-13.
26 *Id.*, p. 12.

rates, as NFG has not requested an increase in base rates for 16 years, and the current inflationary trend in the overall economy and gas commodity prices, it is not advisable, fair, nor justifiable in the interest of ratepayers to approve the proposed LMI Demonstration.[27] The additional cost burden this program represents will continue to impact rate affordability for all customers and consequently would be imprudent and unfair to allow NFG to implement an LMI Demonstration project at this time.[28] Additionally, I&E believes it is reasonable to surmise that the actual adoption rate of the program will be lower than the predicted 50%.[29]

I&E, NFG and the Parties conducted good faith negotiations and as a result, NFG agreed to withdraw its LMI Demonstration program. Therefore, in consideration of the settlement negotiations, I&E supports these settled upon terms as a full and fair compromise that provides NFG, the Joint Petitioners, NFG ratepayers, and the Commission with a resolution which is in the public interest.

F. Taxes *(Joint Petition ¶¶ 33-38).*

NFG raised several tax related issues in its base rate filing[30] that were considered by the Parties and are now set forth in the Joint Petition as agreed to for settlement purposes.

Regarding NFG's state income tax rate, I&E initially raised a question as to whether a stub period of overcollection will occur based on the discrepancy between the

[27] *Id.*
[28] *Id.*
[29] I&E St. No. 1, p. 13. *See also* NFG St. No. 18, p. 34.
[30] *See* NFG St. No. 12, pp. 3-13.

Company's submitted tax calculations using a 9.99% state income tax rate that was in effect prior to January 1, 2023, and the reduced state income tax rate of 8.99% that is currently in effect.[31]

The Company clarified that the Company is not over-recovering state income tax from January 1, 2023, until the effective date of new rates in this proceeding because the Company is a fiscal year taxpayer and its tax years run from October 1 through September 30.[32] I&E considered the Company's assertion and reviewed the applicable statute regarding the reduction in the state income tax rate which indicates that the annual rate of tax on corporate net income imposed … for taxable years beginning for the calendar year or fiscal year is 8.99% for the dates January 1, 2023, through December 31, 2023.[33] Therefore, I&E accepted that the Company's reduced state income tax rate of 8.99% will not go into effect until after new rates are in effect for this proceeding and no stub period over collection of state income tax will occur.[34]

After a thorough review of the record evidence presented by the parties, I&E supports the income tax related settled upon terms as set forth in the Joint Petition as a full and fair compromise that provides NFG, the Joint Petitioners, NFG ratepayers, and the Commission with regulatory certainty and a resolution which is in the public interest.

G. Revenue Allocation/Rate Design *(Joint Petition ¶¶ 39-40).*

In the Settlement, the Joint Petitioners agree that the Company will implement the

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31 I&E St. No. 1, pp. 13-15.
32 NFG St. No. 12-R, pp. 1-3.
33 I&E St. No. 1-SR, p. 11, *citing* Pa Act 53 of 2022 (72 P.S. §7402 *as amended*).
34 *Id.*

revenue allocation to each rate class as set forth in Appendix B attached to the Joint Petition. Further, the Settlement reflects the agreement among the Joint Petitioners with respect to NFG's monthly customer charges for each customer class as follows:

Residential	$14.00
SCPA-LL	$27.00
SCPA-UL	$37.00
LCPA	$151.00
SVIS	$82.00
IVIS	$252.00
LVIS	$1,023.00
LIS	$1,165.00

I&E submitted extensive testimony regarding cost of service, relative rate of return, revenue allocation, rate design and scale back of rates.[35] I&E evaluated the allocated cost of service studies provided by the Company.[36] I&E then performed a customer cost analysis for each of the Company's rate classes using the customer related costs and the demand related costs provided by the Company.[37] Finally, I&E recommended proposed-rate revenue allocations for the Company's customer classes.[38]

Additionally, while considering all of the customer cost analyses and revenue allocations presented by the parties, the Joint Petitioners engaged in extensive negotiations regarding the ultimate revenue allocation among rate classes and the applicable customer charge for each rate class. All due consideration was given to the application of relative rate of return concepts as well as scale back and rate shock

35 I&E St. No. 5, pp. 2-37; I&E St. No. 5-SR, pp. 2-19.
36 *Id.*, pp. 2-8; *Id.*, pp. 2-9.
37 *Id.*, pp. 9-28; *Id.*, pp. 9-13.
38 *Id.*, pp. 28-37; *Id.*, pp. 13-19.

concepts. After extensive negotiations among the Joint Petitioners and in consideration of all of the record evidence presented, I&E fully supports the revenue allocation and rate design settlement terms as set forth in the Joint Petition at paragraphs 39-40 and on Appendix B attached to the Joint Petition as a full and fair compromise that provides NFG, the Joint Petitioners, ratepayers, and the Commission with regulatory certainty and resolution of the revenue allocation and rate design, all of which is in the public interest.

H. Weather Normalization Adjustment *(Joint Petition ¶¶ 41-43).*

In the Settlement it is agreed that NFG will implement a Weather Normalization Adjustment ("WNA") according to the terms and conditions set forth in the Joint Petition. The WNA will include a 3% *deadband*.

In its initial filing, the Company proposed to implement a WNA mechanism for purposes of adjusting customers' bills due to variations from normal weather (i.e., temperature variations or heating degree day variations) in order to have the bill reflect normal weather conditions. As proposed, for billing periods that are colder than normal, a credit would be applied to the bill. For billing periods that are warmer than normal, a surcharge would be applied to the bill.[39]

I&E noted that NFG indicated that NFG's proposed WNA shares similarities with the WNA of both Columbia Gas of Pennsylvania ("Columbia Gas") and Philadelphia Gas Works ("PGW") and the specific calculation is most similar to that of Columbia Gas and UGI Utilities, Inc. – Gas Division ("UGI").[40] I&E also noted that while NFG's proposed

39 NFG St. No. 19, pp. 30-32.
40 I&E St. No. 4, p. 5, *citing* NFG St. No. 19, pp. 33-34.

WNA was similar to the Columbia, UGI and PGW WNA's, it was missing one key component, a deadband.[41] I&E pointed out that it is not aware of any Commission approved WNA that does not utilize a deadband.[42]

Further, I&E rejected NFG's argument that the introduction of a deadband into the WNA would add unnecessary complexity to the rider, reasoning that Columbia Gas, UGI, and PGW all have included a deadband in their respective WNAs and none of those companies have encountered problems due to any perceived added complexity.[43] Finally, I&E concluded that NFG's WNA, if approved, should only be approved on the condition that a 3% deadband is included.[44] I&E's recommendation maintained consistency with the Commission's previous ruling and with Columbia's existing WNA.[45]

Therefore, in consideration of the record evidence presented by I&E and the Parties, and in consideration of the concerns expressed by the other Joint Petitioners and the extensive negotiations between the Company and the Joint Petitioners, I&E fully supports the settled upon terms regarding NFG's WNA as a full and fair compromise that provides NFG, the Joint Petitioners, ratepayers, and the Commission with regulatory certainty and a resolution of WNA proposal, all of which is in the public interest.

I. Miscellaneous Tariff Provisions *(Joint Petition ¶ 44).*

In the Joint Petition the Parties agree that the Company will be allowed to revise several miscellaneous tariff provisions as set forth in the Joint Petition. Several of the

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41 *Id.*
42 *Id.*, p. 6.
43 *Id.*, pp. 6-7.
44 *Id.*, p.8.
45 *Id. See Pa. PUC v. Columbia Gas*, Docket No. R-2020-3018835 (Order entered Feb. 19, 2021), pp. 264-265.

tariff revisions address the Company's agreed to revisions of its policies, procedures and training manuals related to domestic violence issues and the Commission's Chapter 56 regulations. It is agreed the revisions will occur prior to the Company's next USAC meeting in October 2023. Further, the Joint Petitioners agree that, except as otherwise set forth in this Settlement, the revisions contained in Supplement No. 248 as filed are not opposed.

I&E did not submit testimony regarding the miscellaneous tariff provisions proposed by the Parties and agreed to in the Joint Petition. Therefore, I&E does not oppose the settlement terms as set forth in the Joint Petition as a full and fair compromise that provides NFG, the Joint Petitioners and the Commission with regulatory certainty and resolution of the proposed miscellaneous tariff provisions, which is in the public interest.

J. Universal Service and Low-Income Customer Issues *(Joint Petition ¶¶ 45-51).*

I&E did not submit testimony regarding the low-income programs proposed by the Parties and agreed to in the Joint Petition. Nevertheless, I&E shares the concerns of the interested Joint Petitioners. Further, I&E monitored the proposals and counter proposals offered by the parties throughout this proceeding. I&E does not oppose the settled upon terms set forth in the Joint Petition (discussed below) as a full and fair compromise that provides NFG, the Joint Petitioners and the Commission with regulatory certainty and resolution of the proposed low-income programs tariff provisions, which is in the public interest. Finally, I&E reserves its rights to raise any of the low-income issues and settlement terms agreed to in this proceeding in any future proceeding involving NFG or any other public utility.

(1) Identification of Low-income Households *(Joint Petition ¶ 52)*.

In the Joint Petition it is agreed that NFG will implement the low-income household identification policies set forth in the Joint Petition.

Both the OCA and CAUSE-PA submitted testimony regarding the identification of low-income households.[46]

The Company addressed the issues raised by the Parties regarding the Company's Universal Service Programs and low-income customers in its rebuttal[47] and surrebuttal[48] testimony.

(2) Low-Income Residential Assistance Program ("LIRA") *(Joint Petition ¶ 53)*.

In the Joint Petition it is agreed that NFG will implement the LIRA proposals as set forth in the Joint Petition.

CAUSE-PA submitted testimony regarding its LIRA program proposals.[49]

The Company addressed the issues raised by the Parties regarding the Company's Universal Service Programs and low-income customers in its rebuttal[50] and surrebuttal[51] testimony.

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46 *See* OCA St. No. 5, pp. 9-67; CAUSE-PA St. No. 1, pp. 7-40, 59-62.
47 NFG St. No. 17-R, pp. 3-44.
48 NFG St. No. 17-SR, pp. 1-3.
49 CAUSE-PA St. No. 1 CONFIDENTIAL, pp. 24-29.
50 NFG St. No. 17-R, pp. 3-44.
51 NFG St. No. 17-SR, pp. 1-3.

(3) Low-Income Usage Reduction Program ("LIURP") *(Joint Petition ¶¶ 54)*.

In the Joint Petition it is agreed that NFG will implement the LIURP proposals as set forth in the Joint Petition.

Both the OCA and CAUSE-PA submitted testimony regarding its LIURP program proposals.[52]

The Company addressed the issues raised by the Parties regarding the Company's Universal Service Programs and low-income customers in its rebuttal[53] and surrebuttal[54] testimony.

(4) Neighbor for Neighbor Heat Fund ("NFN") *(Joint Petition ¶¶ 55)*.

In the Joint Petition it is agreed that NFG will implement the NFN proposals as set forth in the Joint Petition.

CAUSE-PA submitted testimony regarding its NFN program proposals.[55]

The Company addressed the issues raised by the Parties regarding the Company's Universal Service Programs and low-income customers in its rebuttal[56] and surrebuttal[57] testimony.

In summary, as stated above, I&E did not submit testimony regarding the Universal Service and low-income programs proposed by the Parties and agreed to as set

[52] *See* OCA St. No. 1, pp. 9-67; CAUSE-PA St. No. 1 CONFIDENTIAL, pp. 29-37.
[53] NFG St. No. 17-R, pp. 3-44.
[54] NFG St. No. 17-SR, pp. 1-3.
[55] CAUSE-PA St. No. 1 CONFIDENTIAL, pp. 37-41.
[56] NFG St. No. 17-R, pp. 3-44.
[57] NFG St. No. 17-SR, pp. 1-3.

forth in the Joint Petition. I&E monitored the proposals and counter proposals offered by the Parties throughout this proceeding. Therefore, I&E does not oppose the settlement terms as set forth in the Joint Petition and discussed below as a full and fair compromise that provides NFG, the Joint Petitioners and the Commission with regulatory certainty and resolution of the proposed Universal Service and low-income customer issues, all of which are in the public interest.

III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST

22. I&E represents that all issues raised in testimony have been satisfactorily resolved through discovery and discussions with the Company or are incorporated or considered in the resolution proposed in the Settlement. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. The Joint Petitioners have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

23. I&E submits that the acceptance of this Settlement negates the need for evidentiary hearings, which would compel the extensive devotion of time and expense for the preparation, presentation, and cross-examination of multiple witnesses, the preparation of Main and Reply Briefs, the preparation of Exceptions and Replies, and the

potential of filed appeals, all of which yield substantial savings for all parties and ultimately all customers. Moreover, the Settlement provides regulatory certainty with respect to the disposition of issues and final resolution of this case which all parties agree benefits their discrete interests.

24. The Settlement is conditioned upon the Commission's approval of all terms without modification. 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, I&E, or any other Joint Petitioner.

25. 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 Settlement is rejected by the Commission or otherwise properly withdrawn by any other parties to the Settlement. Further, I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during any future proceeding regarding this Company or any other public utility.

26. If the ALJ recommends that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive its right to file Replies to 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 his Recommended Decision. I&E also does not waive the right to file Replies in the event any party files Exceptions.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement of All Issues as being in the public interest and respectfully requests that Administrative Law Judge Mary D. Long recommends, and the Commission approves, the terms and conditions contained in the Joint Petition without modification.

Respectfully Submitted,

Scott B. Granger
Prosecutor
PA Attorney ID No. 63641

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Dated: April 13, 2023

APPENDIX I

STATEMENT IN SUPPORT OF THE OFFICE OF CONSUMER ADVOCATE

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2022-3035730
Office of Small Business Advocate	:		C-2022-3036655
Office of Consumer Advocate	:		C-2022-3036725
	:		
	:		
v.	:		
	:		
National Fuel Gas Distribution	:		
Corporation	:		

STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR
SETTLEMENT OF RATE INVESTIGATION

TO ADMINISTRATIVE LAW JUDGE MARY D. LONG:

The Office of Consumer Advocate (OCA), one of the signatory parties of the Joint Petition for Settlement of Rate Investigation (Settlement), finds the terms and conditions of the Settlement, which resulted from compromise by the parties to avoid the uncertainty of a fully litigated outcome, to be in the public interest for the following reasons:

I. BACKGROUND

The OCA has joined in this proposed Settlement of the rate increase filed by National Fuel Gas Distribution Corporation (NFGD or Company). The OCA does not join in Section H of the Settlement regarding the Company's Weather Normalization Adjustment (WNA) but agrees not to oppose the inclusion of the WNA in this Settlement as part of a broader agreement to settle this case in its entirety. The OCA's non-opposition of Section H should not be construed as support for that term.

The value of settling is that it protects consumers from the risks associated with litigation, such as fewer protections and higher rates. This Settlement is a result of compromise and negotiation between the parties that balances the needs of consumers against those presented by the Company.

On October 28, 2022, NFGD filed Supplement No. 248 to Tariff Gas- PA. P.U.C. No. 9 to become effective December 27, 2022. The OCA filed a Formal Complaint and Public Statement challenging the reasonableness of the proposed rate increases on November 9, 2022. On December 8, 2022, the Commission suspended proposed Supplement No. 248 to Gas Tariff – Pa. P.U.C. No. 9 until July 27, 2023. The Commission then assigned the case to the Office of Administrative Law Judge with the Honorable Mary D. Long Presiding. In this proceeding, the OCA submitted Direct, Rebuttal, and Surrebuttal testimony of five witnesses covering accounting and policy,[1] rate of return,[2] cost of service and rate design,[3] customer service and consumer protection,[4] and universal service issues.[5] Two Public Input Hearings were also held regarding this matter. A complete Procedural History of this proceeding can be found in the Joint Settlement at Section I.

[1] OCA witness Lafayette K. Morgan submitted OCA Statement 1 (Public and Highly Confidential versions) and OCA Statement 1SR (Public and Highly Confidential versions) regarding accounting and policy issues.

[2] OCA witness Kevin W. O'Donnell submitted OCA Statement 2 and OCA Statement 2SR regarding rate of return.

[3] OCA witness Jerome D. Mierzwa submitted OCA Statement 3, OCA Statement 3R, and OCA Statement 3SR regarding cost of service and rate design issues.

[4] OCA witness Barbara A. Alexander submitted OCA Statement 4 (Public and Confidential versions) and OCA Statement 4SR regarding customer service and consumer protection issues.

[5] OCA witness Roger D. Colton submitted OCA Statement 5, OCA Statement 5R, and OCA Statement 5SR regarding universal service issues.

Throughout the course of this case, the parties met frequently in an effort to reach a settlement on the issues raised in this proceeding. An evidentiary hearing was held on March 8, 2023, during which oral rejoinder was entered into the record, cross-examination of some witnesses was conducted, and the parties each entered their respective testimony and exhibits into the record of this proceeding. Following the hearing, the Joint Petitioners reached a comprehensive agreement and notified the Presiding Officer on March 20, 2023.

In this Statement in Support, the OCA addresses those areas of the Settlement that specifically relate to important issues raised by the OCA. The OCA expects that other parties will discuss how the Settlement's terms and conditions address their respective issues and how those parts of the Settlement support the public interest standard required for Commission approval. For the reasons discussed in detail below, the OCA submits that this Settlement is in the public interest and should be approved.

II. SETTLEMENT TERMS AND CONDITIONS

A. Revenue Requirement (Settlement ¶ 27)

As a result of settlement negotiations, the parties agreed upon an annual revenue requirement increase of $23.0 million, which is approximately $5.1 million less than the Company initially proposed. Settlement ¶ 27; NFGD St. 1 at 5. In its filing, the Company proposed to increase its total operating revenues by approximately $28.1 million, or an increase of 9.2% above its current annual operating revenues. NFGD St. 1 at 5. The OCA's direct case recommended a base rate revenue increase of no more than $17.486 million, which amounts to $10.655 million less than NFGD's original request. OCA St. 1 at 3. In context of the Settlement as a whole, the agreed-upon annual revenue increase represents a reasonable compromise of each party's position.

The OCA notes that the Settlement represents a "black box" approach to the revenue requirement, except for certain specified accounting provisions. Black box settlements avoid the need for protracted disputes over the merits of individual revenue requirement adjustments (the very adjustments that cause uncertainty about the outcome of the proceeding if fully litigated) and avoid the need for a diverse group of stakeholders to attempt to reach a consensus on each of the disputed accounting and ratemaking issues raised in this matter, as policy and legal positions can differ. As such, the parties have not specified a dollar amount for every single issue or adjustment raised in this case. Attempting to reach agreement regarding each adjustment in this proceeding would have likely prevented any settlement from being reached.

The black box revenue requirement agreed to in this proceeding results in a reasonable compromise of the various parties' litigation positions and alleviates the need to litigate contested and contentious issues such as a rate of return and other contested accounting issues presented in this case. Based on OCA's analysis of the Company's filing and discovery responses received, the rate increase under the proposed Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. The increase is appropriate and, when accompanied by other important conditions contained in the Settlement, yields a result that is just and reasonable. For this reason, the OCA submits that the negotiated revenue requirement should be accepted by the Commission as in the public interest.

B. Energy Efficiency Program (EE Pilot) (Settlement ¶ 31)

The Settlement provides that the Company's proposal for a residential energy efficiency pilot (EE Pilot) is withdrawn. Settlement ¶ 31. The OCA generally does not oppose energy efficiency programs or opportunities for customers to save money through weatherization or more efficient appliances. However, the OCA did oppose the EE Pilot proposed by NFGD in this proceeding for the reasons discussed below. The EE Pilot was proposed to cost a total of $3.69 million, collected from ratepayers through a rider over three years. OCA St. 4 at 15. The OCA opposed the EE Pilot because of its concerns that NFGD had not adequately justified its need for a project of this magnitude and had not described the data it wished to gather through this pilot, its impact on customer bills, and its effectiveness at increasing energy efficiency in residential households. *Id*. at 16. The OCA was also concerned about the characterization of such an expensive program that was proposed to be recovered outside of base rates and as a "pilot" as well as the lack of consumer protections in the pilot. *Id*. at 17.

The Settlement provision withdrawing the program will ensure that residential customers will not fund the EE Pilot outside of general rates when there is no certainty about the effectiveness of the program and little description of its purported benefits to customers. Settlement ¶ 31. Further, NFGD did not present any evidence that it had evaluated how the appliances covered under its EE Pilot compare to alternative home heating and cooling devices in terms of their efficiency and impacts on customer bills. OCA St. 4 at 16. NFGD also did not evaluate whether federal rebates and tax credits were available to cover any of the costs they proposed to collect from customers for this program. *Id*.

While the OCA does not oppose opportunities for customers to become more energy efficient and save money on their bills, NFGD did not present sufficient evidence that its EE Pilot was necessary to accomplish those goals. OCA St. 4 at 16-17. The OCA believes that the funding for an energy efficiency program should be collected through base rates, rather than through a separate rider allocated only to the residential class. *Id*. Because NFGD did not provide sufficient information about the EE Pilot to justify its expense, the OCA supports the Settlement term withdrawing the EE Pilot as reasonable and in the public interest.

C. Low-Moderate Income (LMI) Demonstration Project (Settlement ¶ 32)

The Settlement provides that the Company's proposed Low to Moderate Income Demonstration Project is withdrawn. Settlement ¶ 32. In its filing, the Company proposed to implement a program called the Low to Moderate Income Demonstration Project (LMI Demonstration) over three years at a budget of $125,000 per year to convert primarily (but not solely) low and moderate income customers from fuel oil to natural gas. OCA St. 5 at 55. The OCA recommended several modifications to the LMI Demonstration in direct testimony to clarify what information NFGD sought to gain through this project, who would be served by this project, and how effective this project would be at increasing customer efficiency. *Id*. at 55-59.

The Company withdrew its proposal for this project as part of the Settlement. Settlement ¶ 32. By withdrawing this proposal, the concerns that the OCA had regarding this program are moot. The Company's proposal to withdraw the LMI Demonstration in Settlement is reasonable given the position of the parties.[6] For example, the Bureau of Investigation and Enforcement (I&E) opposed the LMI Demonstration and recommended that it be disallowed in its entirety. I&E St. 1 at 12. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), like the OCA, flagged several concerns with the LMI Demonstration and recommended it be approved only if those concerns were addressed. CAUSE St. 1 at 55-59. The Company's withdrawal of this project ensures that the LMI Demonstration will not trigger the concerns raised by CAUSE-PA and the OCA and accepts I&E's recommendation to disallow the Project. Thus, the OCA supports this term as a compromise that is in the public interest, and it should be approved.

[6]The Office of Small Business Advocate (OSBA) and Pennsylvania Weatherization Providers Task Force (PWPTF) did not take a stance on the LMI Demonstration in testimony.

D. Revenue Allocation and Rate Design (Settlement ¶¶ 39-40, Appendix B, Appendix C)

1. Revenue Allocation (Settlement Appendix B)

The Settlement provides that approximately 70.6% of the settled upon revenue increase in this proceeding will be collected from residential ratepayers. Settlement Appendix B. In its filing, NFGD proposed to allocate approximately 77% of its requested $28.1 million rate increase to the residential customer class. OCA St. 3 at 28. The OCA opposed NFGD's allocation proposal, arguing that the Company's cost of service study (COSS), which primarily allocated costs among rate classes based on the number of customers in each rate class rather than the amount of usage by each rate class, was inequitable and contrary to Pennsylvania law. *Id*. at 27-33. In Direct Testimony, OCA witness Jerry Mierzwa proposed a revenue allocation that assigned an increase of approximately 68% of the requested revenue increase to the residential class. *Id*. at 29. This proposed allocation was based on a Peak and Average COSS, which allocated costs among rate classes based on peak and annual usage. *Id* at 21-22. This Commission has recently accepted the Peak and Average methodology as appropriate, and the OCA recommended that it continue to do so in this case. *Id*. at 29; *Pa. PUC v. Columbia Gas of Pennsylvania, Inc*. R-2020-3018835 at 218 (Order Feb. 19, 2021).

The Peak and Average methodology recognizes utilization of the Company's facilities throughout the year and also recognizes that some customer classes rely upon the Company's facilities more than others during peak periods. OCA St. 3 at 21-22. Since distribution mains exist to deliver annual requirements, and are sized to provide for peak requirements, it is appropriate to allocate distribution mains costs based on peak demand and average usage, i.e, the Peak and Average method. The Company itself recognized in its filing that the Commission has found COSSs that allocate distribution mains investment based on annual usage to be reasonable in the past. NFGD St. 19 at 18. It was the OCA's position that the Peak and Average method best reflected cost causation in this proceeding, and I&E agreed with this position, while OSBA recommended a "middle ground" approach that gave equal weight to the Peak and Average method and the customer-allocation based method proposed by the Company. OCA St. 3 at 27; I&E St. 5 at 6-7; OSBA St. 1R at 5.

In the Settlement, the parties agreed to a reasonable revenue allocation compromise of the settled-upon $23 million revenue increase for NFGD. Settlement ¶ 27. This proposed allocation achieves a fairer balance than what was originally proposed by the Company by moving the residential class closer to matching the system average increase, while distributing the expenses of mains investments among those rate classes most responsible for them. OCA St. 3 at 29. The OCA submits that, under the terms of the Settlement, the portion of the revenue requirement increase allocated to the residential customer class of 70.6% is a significant improvement from the 77% allocated to the residential class in the Company's initial revenue allocation proposal. The revenue allocation in the Settlement is in the public interest and should be accepted by the Commission.

2. Rate Design (Settlement ¶¶ 39-40, Appendix B, Appendix C)

At current rates, the average NFGD residential heating customer using 84 ccf of gas per month pays $99.93 per month.[7] NFGD St. 1 at 9. Under the revenue allocation agreed to in the Settlement, the average residential heating customer using 84 hundred cubic feet (ccf) of gas per month's bill will increase from $99.93 to $106.77, an increase of $6.84 or 6.8%. Settlement at 2, Table 1; Settlement, Appendix C (Rate Summary). At the rates proposed by NFGD in its filing using its originally proposed revenue allocation, the average NFGD residential heating customer

[7] This $99.93 per month is the total bill for the average NFGD residential heating customer using 84 ccf of gas per month at current rates, including gas costs calculated as of the time of NFGD's filing in this proceeding.

using 84 ccf of gas per month would have paid $109.67 per month, an increase of $9.74 or 9.7%. NFGD St. 1 at 9. This settled-upon bill increase includes the fixed customer charge, discussed below.

In its filing, the Company requested that the residential customer charge increase from $12 per month to $18 per month, an increase of 50%. OCA St. 3 at 31. If this increase had been accepted, NFGD would have had the highest natural gas residential customer charge in Pennsylvania. *Id*. In Direct Testimony the OCA opposed any increase to the customer charge because an increased customer charge would deter customers from conserving energy and remove their ability to control a substantial part of their monthly bills. *Id*. Additionally, increasing the residential customer charge would have a particularly adverse impact on low-income customers. OCA St. 5 at 23. Under the terms of the proposed Settlement, the residential customer charge will increase from $12 per month to $14 per month, or approximately 16.6%. Settlement ¶ 40.

The Settlement provides a more modest increase of the current residential customer charge and a lower overall bill increase for the average residential heating customer than that which was originally proposed by the Company in its filing. The $2.00 increase to the fixed customer charge will help customers maintain a greater ability to control a portion of their bill through energy conservation than they would have if the originally proposed $6.00 increase had been implemented. As discussed above in Section II(E)(1), the revenue allocation agreed to in the Settlement distributes costs amongst the parties in a more equitable manner than that originally proposed by the Company because the Settlement allocation considers customer usage, rather than just the number of customers in each rate class. Thus, this Settlement provision is in the public interest and should be accepted by the Commission.

E. Weather Normalization Adjustment (WNA) (Settlement ¶¶ 41-43)

The Settlement provides that the Company's proposed WNA Tariff Rider C is approved as a five-year pilot program and modified to include a 3% deadband. Settlement ¶ 41. The OCA takes no position on whether the inclusion of a WNA is in the public interest and has not joined in the settlement of this provision. The OCA has agreed not to oppose the inclusion of the WNA in this Settlement as part of a broader agreement to settle this case in its entirety. The OCA's non-opposition to this settlement term should not be construed as support for the inclusion of the WNA as a ratemaking tool in any future proceeding before the Commission involving NFGD or an any other utility.

D. Miscellaneous Tariff Provisions (Settlement ¶ 44, Appendix A)

The Settlement provides that NFGD will revise its policies, procedures, and training manuals related to victims of domestic violence to ensure that they are in line with Chapter 56 of the Commission's regulations and applicable Commission guidance. Settlement ¶ 44. Specifically, the Settlement provides that NFGD will 1) clarify in its internal training materials that a victim of domestic violence with a qualifying court order will be informed of and able to avail themselves of the protections of Chapter 56; 2) present its revised training materials at its next USAC meeting and solicit feedback; 3) enhance its public-facing policies and procedures related to customers who have protection from abuse orders (PFAs) in collaboration with the parties to this proceeding; 4) begin accepting identification documents issued by foreign governments as acceptable identification to establish service within 30 days of this proceeding, and revise its internal materials to indicate that an applicant does not need to provide a Social Security number for themselves or household members to obtain service, and; 5) review all customer accounts with a security deposit each month to determine whether that account is a low-income household, and to return security deposits to low-income households within 30 days of making that determination. Settlement Appendix A, Supplement No. 248 to National Fuel Gas Tariff Gas – PA PUC No. 9.

The Settlement also provides that at the Company's next Universal Service Advisory Committee (USAC) meeting, NFGD will 1) convene the parties to this proceeding to review and make additional appropriate revisions to its list of identification acceptable to establish service, with a specific emphasis on examining barriers to establishing service in low-income and underserved communities, and; 2) enhance the public-facing materials that explain NFGD's identification requirements to establish service in collaboration with the USAC and present those materials to the parties of this proceeding. Settlement Appendix A.

In Direct Testimony, the OCA noted that NFGD's processes for handling service requests from individuals who are victims of domestic violence were unnecessarily strict and not in compliance with the Public Utility Code. OCA St. 4 at 19. Victims of domestic violence are exempt from certain Chapter 14 requirements that would otherwise be required to establish service. OCA St. 4 at 20; 66 Pa. C.S. § 1417; 52 Pa. Code Ch. 56, Subchapters L-V. CAUSE-PA also raised concerns in its direct testimony that the Company's public facing materials regarding customers with PFAs are insufficient and require improvements. CAUSE St. 1 at 62. The parties disagreed throughout their testimony about whether clarification and additional protections were needed, but ultimately agreed to a series of changes that will ensure compliance with the Public Utility Code. NFGD St. 17R at 43; OCA St. 4SR at 7.

The revisions adequately address the OCA's concerns about victims of domestic violence being able to receive service without meeting unnecessarily burdensome identification requirements. The revisions also ensure that underserved customers and low-income customers are able to obtain service from NFGD. All parties, including the OCA, agreed that these Settlement provisions are in the public interest and should be approved.

E. Universal Service and Low-Income Issues (Settlement ¶¶ 45-55)

1. Identification of Low-Income Households (Settlement ¶ 52)

The Settlement requires NFGD to evaluate and improve upon its identification and enrollment of low-income customers in applicable customer programs. Settlement ¶ 52. In direct testimony, the OCA raised several concerns about NFGD's performance regarding the identification of low-income customers. OCA St. 5 at 43. As explained by OCA witness Roger Colton, the first step toward providing adequate low-income assistance is to identify the low-income customer population of the utility. *Id*. The OCA recommended specific outcome objectives that NFGD should aspire to in order to increase identification of low-income customers and enrollment of low-income customers in low-income assistance programs. *Id*. at 43-47.[8]

The Settlement does not adopt the OCA's specific recommended outcome objectives, but it improves NFGD's identification of low-income customers and their enrollment in applicable programming. Specifically, it provides that NFGD will categorize its customers as "confirmed low-income" if it obtains information reasonably indicating that the customer is low-income and that NFGD will maintain the confirmed low-income designation on customer accounts for at least five years. Settlement ¶ 52. The Settlement also provides that NFGD will review its list of confirmed low income indicators with its USAC to consider whether additional indicators may be

[8] The objectives recommended by Mr. Colton were as follows: 1) NFGD should aim to identify no fewer than 70% of its estimated amount of low-income customers; 2) NFGD should enroll no fewer than 50% of its confirmed low-income customers in its customer assistance program (CAP), and NFGD should remove no more than 20% of its CAP participants in a given year for "default" involving failure to recertify or reverify their income; and 3) NFGD should seek to improve payment patterns for low-income customers as a whole by measuring their non-payment disconnection rates and average monthly arrears against residential customers as a whole. *Id*.

necessary, and at the Company's next USAC meeting in October 2023 NFGD will discuss introducing measurable outcome objectives in collaboration with the parties to this proceeding. Settlement ¶ 52.

The Settlement provisions are a step towards identifying and improving the outcomes for enrollment in low-income customer programs that OCA witness Roger Colton identified in his Direct Testimony. The Settlement provisions are in the public interest and should be approved.

2. Low-Income Residential Assistance Program (LIRA) (Settlement ¶ 53)

The Settlement provides that NFGD will work with members of its USAC to develop a survey of customers who are not enrolled in NFGD's Low Income Residential Assistance program (LIRA) but who nevertheless receive help from the Low-Income Home Energy Assistance Program (LIHEAP) to better understand why they are not enrolled in LIRA. Settlement ¶ 53. The Settlement also provides that NFGD will work with its USAC to simplify the process for LIHEAP recipients who are not enrolled in LIRA to enroll. This provision of the settlement will be developed and implemented within four months after the initial launch date for NFGD's percentage of income plan design. Settlement ¶ 53.

While the OCA did not submit testimony on these issues, the OCA supports them as these terms will help to improve residential customers' enrollment in applicable customer programming, thus benefitting ratepayers. These Settlement terms are in the public interest and should be accepted.

3. Low-Income Usage Reduction Program (LIURP) (Settlement ¶ 54)

The Settlement provides that NFGD will increase its annual Low Income Usage Reduction Program (LIURP) budget by $91,000. Settlement ¶ 54. The Settlement further provides that NFGD will improve its tracking of LIURP deferrals and rejections by customer segment to better understand the barriers to enrollment, and commission an independent third-party LIURP evaluation and needs assessment to identify additional areas for improvement in the delivery and reach of its LIURP services funded through and not to exceed the LIURP budget. Settlement ¶ 54. NFGD also agreed to make best efforts to increase LIURP and Emergency Repair and Replacement (ERRP) job totals to 275 per year, subject to contractor availability, and to develop a plan to fully expend its LIURP budget each year. Settlement ¶ 54.

In direct testimony, the OCA recommended that the Company increase its LIURP production to 430 jobs per year, and its ERRP production to 115 completed jobs per year, which would necessitate an increased LIURP/ERRP budget of $615,000 per year. OCA St. 5 at 22-23. The OCA proposed that this increased budget be recovered through NFGD's universal service rider. *Id*. at 23. While the Settlement does not incorporate these exact recommendations, its provisions help address the concerns raised by OCA witness Roger Colton and provide some level of protection for low-income customers from the settled-upon revenue increase of $23 million. The additional LIURP dollars will help to ensure that the Company can treat additional homes and provide health and safety remediations to LIURP participants, and the provision requiring that the entire LIURP budget be expended will ensure that the entire LIURP budget goes toward helping low-income customers. The LIURP provisions of the Settlement will help NFGD create solutions to obtain better enrollment in LIURP and help additional customers reduce their usage and lower their bills. Thus, these LIURP terms should be approved as in the public interest.

4. <u>Hardship Fund (Neighbor for Neighbor) (Settlement ¶ 55)</u>

The Settlement states that NFGD will provide a warm referral for all potentially eligible payment troubled low-income customers to the hardship fund, known as Neighbor for Neighbor (NFN), that NFGD will review the maximum grant amount available to NFN, and that NFGD will increase its annual contributions to the NFN fund from $67,000 to $92,000. Settlement ¶ 55. The Settlement further provides that any unused funds from a program year will be rolled over and added to NFN funds for the subsequent program year. Settlement ¶ 55.

The OCA did not present testimony about the NFN, nor did the OCA object to other parties' proposals regarding the NFN in this proceeding. Thus, the OCA does not oppose this term as a full and fair compromise between Joint Petitioners.

III. CONCLUSION

The OCA submits that the terms and conditions of the proposed Joint Settlement, taken as a whole, represent a reasonable resolution of the issues raised by the OCA in this proceeding. Therefore, the OCA submits that the Joint Settlement should be approved by the Commission as being in the public interest.

Respectfully submitted,

/s/ Mackenzie C. Battle

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Dated: April 13, 2023

APPENDIX J

STATEMENT IN SUPPORT OF THE OFFICE OF SMALL BUSINESS ADVOCATE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission **v.** **National Fuel Gas Distribution Corporation**	: : : : :	**Docket No. R-2022-3035730** **C-2022-3036655**

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

Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate ("OSBA") filed a complaint against the rates, terms, and other provisions of Supplement No. 248 to Gas Tariff – PA P.U.C. No. 9 ("Supplement No. 248") which was filed with the Pennsylvania Public Utility Commission ("Commission") by National Fuel Gas Distribution Corporation ("NFG" or the "Company") on October 22, 2022.

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

The *Joint Petition*

The *Joint Petition* sets forth a list of issues that were resolved through the negotiation process. The following issues were of particular significance to the OSBA when it concluded that the *Joint Petition* was in the best interests of NFG's small business customers.

Revenue Requirement

In its original filing, NFG requested an annual revenue increase of approximately $28.1 million. *Joint Petition*, Paragraph 1. The Joint Petition proposes to reduce that revenue increase to $23.0 million. *Id.*, at Paragraph 27.

OSBA witness Kevin Higgins testified that NFG's original revenue request should be significantly reduced.[1] The *Joint Petition* proposes to reduce NFG's revenue increase, which is consistent with the testimony of Mr. Higgins.

Therefore, the OSBA respectfully submits that this is a just and reasonable resolution of this issue.

Revenue Allocation

The *Joint Petition* proposal for the allocation of revenue among NFG's customer classes is set forth in Appendix B, National Fuel Exhibit E, page 2.

Mr. Higgins testified in support of the revenue allocation originally proposed by NFG.[2] In response to other parties' testimony, Mr. Higgins also proposed a "middle ground" revenue allocation.[3] Although the *Joint Petition* proposes a "black box" settlement of the revenue allocation issue, the OSBA observes that the proposed settlement closely reflects the middle ground revenue allocation proposed by Mr. Higgins.

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[1] *See, e.g.*, OSBA Statement No. 1, at 7-8.

[2] *See, e.g.*, OSBA Statement No. 2, at 4-5.

[3] OSBA Statement No. 2, at 5-11.

Therefore, the OSBA respectfully submits that the proposed revenue allocation is a just and reasonable resolution of this issue.

Weather Normalization Adjustment

Mr. Higgins testified extensively addressing NFG's proposed weather normalization adjustment ("WNA") pilot.[4] The *Joint Petition* proposes significant modifications to NFG's original WNA proposal.

Specifically, the *Joint Petition* proposes a 3% dead-band, granting NFG's ratepayers relief from the operation of the WNA mechanism when the weather is close to the expected normal conditions. *Joint Petition*, Paragraph 41. Furthermore, the *Joint Petition* proposes allowing any party to oppose the continuation of the WNA Pilot in the Company's next rate case.*Id*. This will allow all parties the option to oppose the WNA Pilot if it is operating in an unjust or unreasonable manner.

Finally, the *Joint Petition* proposes to require extensive reporting requirements for NFG documenting the operation of the WNA Pilot. *Joint Petition*, Paragraph 42. This will provide the necessary details for all parties to monitor the operation of the WNA Pilot. This is of particular importance given the recent failure of the WNA used by Philadelphia Gas Works.

Consequently, the OSBA respectfully submits that this is a reasonable resolution of the issue of NFG's WNA Pilot.

[4] *See, e.g.*, OSBA Statement No. 3, at 2.

Conclusion

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

Respectfully submitted,

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Dated: April 13, 2023

APPENDIX K

STATEMENT IN SUPPORT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3035730
	:	
National Fuel Gas Distribution Corporation	:	

STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA) IN SUPPORT OF JOINT PETITION FOR SETTLEMENT

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), one of the signatory parties to the Joint Petition for Settlement (Joint Petition or Settlement), respectfully requests that the terms and conditions of the Settlement be approved by the Honorable Mary D. Long, and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, CAUSE-PA asserts that the terms and conditions of the Settlement are in the public interest and should be approved.

CAUSE-PA intervened in this proceeding to address, among other issues, whether the proposed rate increase would detrimentally impact the ability of National Fuel Gas Distribution Corporation's (NFG's) low income customers to access affordable gas service, based on reasonable terms and conditions. Through the course of the proceeding, and the testimony of its expert witness Harry S. Geller, Esq., CAUSE-PA revealed that NFG's rates are already unaffordable for thousands of low income customers, that NFG's existing programs fall short of meeting the estimated need for assistance, and that NFG's proposed rate increase would exacerbate disparities in low income payment trouble and termination rates. (CAUSE-PA St. 1 at 7-21).

The proposed Settlement fairly addresses these critical issues, in that it substantially reduces NFG's proposed rate increase, advances a more equitable rate design, and makes meaningful improvements to NFG's universal service programs to better ensure that NFG's economically vulnerable consumers are able to maintain safe, stable service to their homes.

Although CAUSE-PA's litigation positions were not fully adopted, the Settlement was arrived at through good faith negotiation by all parties. The Settlement is in the public interest in that it (1) addresses the ability of low income gas customers in NFG's service territory to access safe and affordable gas service, (2) balances the interests of the parties, and (3) fairly resolves a number of important issues raised by CAUSE-PA and other parties. If the Settlement is approved, the parties will also avoid considerable litigation and/or appeals costs.

I. BACKGROUND

For the purposes of this Statement in Support, CAUSE-PA adopts the procedural history as set forth in the attached Joint Petition. (Joint Pet. at ¶¶ 1-25).

In this proceeding, CAUSE-PA submitted the Direct, Rebuttal, and Surrebuttal Testimony of its expert witness, Harry S. Geller, Esq. addressing the financial harm of the rate increase on low income households; the disproportionate impact of the proposed fixed customer charge and WNA on low income households; and recommended targeted changes to NFG's universal service programs. (See generally CAUSE-PA St. 1, CAUSE-PA St. 1-R; CAUSE-PA St. 1-SR).

II. SETTLEMENT AND CONDITIONS

A. GENERAL

When determining whether a proposed rate increase is just and reasonable, special consideration must be given to the impact of the proposed rate increase and rate structure on the ability of vulnerable, low income consumers to afford gas service. It is both unjust and unreasonable to charge unaffordable rates which could force families to do without service that is essential to meet basic human needs. (CAUSE-PA St. 1 at 21-22). Low income households already struggle to afford necessities. (Id. at 18). An increase in the cost of gas service will only worsen the affordability gap for NFG's low income customers. (Id. at 17-19).

The proposed Settlement takes rate affordability into account by using structural rate design to limit the disproportionate burdens on low income households and through the adoption of critical enhancements to NFG's universal service programs. As discussed more fully below, the rate design and enhancements to universal service programming contained in the proposed Settlement will better match at-need households with available assistance and help to ensure access to stable and affordable utility services over the long term – even as distribution rates increase. These terms, and the reasons each are in the public interest, are discussed further below.

B. REVENUE REQUIREMENT

NFG's initial rate proposal sought to increase overall revenues by approximately $28.1 million, or 9.2%. This revenue increase would have increased the average residential bill from $99.93 to $109.67 per month, or 9.7%.[1] The proposed base rate filing also included a substantial increase to the customer fixed charge, from $12 to $18, or a 50% increase.[2] In addition, the Company proposed the introductions of an Energy Efficiency Program, a Low Moderate Income Conversion Demonstration (LMI), and a Weather Normalization Adjustment (WNA).[3]

NFG's proposed rate increase, if approved, would have resulted in a substantial increase in basic living expenses, falling especially hard on low income households who were already

[1] NFG Statement of Reasons at 1.
[2] JDT-4.
[3] See NFG Statement of Reasons.

struggling to make ends meet. NFG estimates that roughly 29.7% of its residential customers are considered 'low income' – meaning that their household income is at or below 150% of the federal poverty level. (CAUSE-PA St. 1 at 7: 14-16).[4] For a household of four at 150% FPL the $116.88 annual increase would represent a substantial increase in the price of basic services. (Id. at 16: 12-19). The actual impact is likely to have been greater as the Company also proposed the WNA and an additional Rider R to fund its Energy Efficiency program. (Id. at 52: 1-4).

Paragraph 27 of the proposed Settlement provides for a total increase of $23 million in base rate revenue, which is approximately 22% less than the originally proposed increase. CAUSE-PA initially opposed a rate increase of any amount in light of the difficulty low income households in NFG's service territory already have in connecting to and maintaining service. However, viewing the settlement as a whole, and in light of the many varied interests, we believe the revenue increase included in the proposed settlement is reasonable.

The reduction in overall rate increase, in combination with the withdrawal of the Rider R intended to fund the now withdrawn EE Pilot, limits placed on the WNA, and enhancements to NFG's low income programs (discussed in further detail below), will help to mitigate the negative effects of the rate increase on NFG's low income customers. Thus, the Settlement represents a balanced compromise of the varied interests of the parties to this proceeding, and is just, reasonable, in the public interest, and should be approved without modification.

C. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC")

CAUSE-PA did not take a position in this proceeding on NFG's DSIC proposal.

D. ENERGY EFFICIENCY (EE) PILOT PROGRAM

[4] For reference, according to the 2022 Federal Poverty Guidelines, a single person household at 150% of the FPL takes in $20,385 per year or $1,699 per month, a family of four at 150% FPL takes in $41,625 per year or $3,469 per month.

In his direct testimony, Mr. Geller raised concerns about the proposed Energy Efficiency Program, as the rebate structure of the program would place it out of reach for the average low income customer. (CAUSE-PA St. 1 at 49-51). While LIURP is available for some high-usage low income customers, even low income customers with average energy bills face enormous challenges with energy affordability. In the absence of specific and targeted low-income energy efficiency programs, low income customers that do not meet the high usage threshold for LIURP would be unable to access any efficiency program support. This was the exact scenario presented by NFG's energy efficiency program proposal, in which only high-use low income customers would have access to efficiency support through NFG's LIURP program – while non-low income households with any usage level will have access to efficiency programs financed through rates because they can afford to pay the upfront cost of the measures and apply for the rebates. (Id. at 51.)

Paragraph 31 of the proposed Settlement withdraws without prejudice the Energy Efficiency Program. CAUSE-PA supports this provision of the proposed Settlement. As Mr. Geller described in his direct testimony, as a practical matter, low income households would not have the resources to participate in the proposed EE Pilot Program with the promise of an eventual partial rebate. CAUSE-PA asserts that this provision of the proposed Settlement is in the public interest and should be approved without modification.

E. LOW MODERATE INCOME (LMI) CONVERSION DEMONSTRATION

In his direct testimony, Mr. Geller raised several concerns about NFG's proposed LMI Conversion Demonstration. (CAUSE-PA St. 1 at 55-57). As initially proposed, the Company did not consider the ability of low income households to afford the private side conversion costs or provide any assurance that a conversion would actually lower energy costs. (Id.)

Paragraph 32 of the proposed Settlement withdraws the LMI Conversion Demonstration without prejudice. CAUSE-PA supports this approach, especially given concerns raised by Mr. Geller in his direct testimony. CAUSE-PA asserts that this provision of the proposed Settlement is just, reasonable, and in the public interest, and should be approved without modification.

F. TAX ISSUES

CAUSE-PA did not take a position on NFG's tax issues in this proceeding.

G. REVENUE ALLOCATION AND RATE DESIGN

In this proceeding, NFG proposed to increase its fixed monthly residential customer charge from $12 to $18. (NFG St. 19 at 26). CAUSE-PA witness, Mr. Geller, explained that this level of increase to the fixed charge would undermine the goals of the Company's Low-Income Usage Reduction Program (LIURP) and Emergency Repair and Replacement Program (ERRP) and negatively impact the ability of consumers to control costs through energy conservation measures. (CAUSE-PA St. 1 at 43-44). As part of this settlement, NFG has agreed that the residential (fixed) customer charge will increase to $14 per month, a significantly smaller increase than initially proposed. (Joint Pet. at ¶ 40).

Limiting the increase of the fixed customer charge will protect the ability of low income households to lower their utility costs by reducing consumption and preserve LIURP's ability to effectively reduce customer bills and improve payment behavior. (CAUSE-PA St. 1 at 45). Thus, CAUSE-PA asserts that this provision of the proposed Settlement is just, reasonable, and in the public interest, and should be approved without modification.

H. WEATHER NORMALIZATION ADJUSTMENT

As part of its initial rate filing, NFG proposed a Weather Normalization Adjustment (WNA). (See NFG St. 19). In his direct testimony, Mr. Geller explained that a WNA, such as the one NFG proposed, results in higher charges for residential consumers and shifts all risk of changing weather conditions and temperature extremes from utilities onto consumers. (CAUSE-PA St. 1 at 45-46). As such, Mr. Geller recommended that the WNA be rejected. (Id. at 48). Similarly, OCA witness Jerome D. Mierzwa recommended that the WNA be rejected, but stated that if the WNA is approved, NFG should be required to implement a 3% deadband. (OCA St. 3 at 43). I&E witness Ethan Cline recommended that NFG's WNA only be approved on the condition that NFG be required to adopt a 3% deadband. (I&E St. 4 at 8).

Under the terms of the proposed Settlement, NFG will be allowed to adopt the WNA as a Pilot Program with a 3% deadband, which will help ensure that the assessment of the WNA is limited to changes in usage attributable to variations in temperature. (Joint Pet. at ¶ 41-43). The Settlement also requires NFG to submit several reporting metrics regarding the WNA Pilot that will monitor the charges assessed to customers and help ensure that residential customers are not overcharged as a result of the WNA. (Id.).

As indicated by footnote 2 of the proposed Settlement, CAUSE-PA, OCA, and PWPTF do not oppose this provision of the proposed Settlement, but do not join in supporting the WNA.

I. MISCELLANEOUS TARIFF PROVISIONS

CAUSE-PA did not take a position on Appendix A.

J. UNIVERSAL SERVICE AND LOW-INCOME CUSTOMER ISSUES

1. Provisions Regarding Victim of Domestic Violence

In response to discovery, NFG provided to parties their internal training materials and policies regarding treatment of victims of domestic violence. (CAUSE-PA St. 1 at 60-61). In reviewing these materials, CAUSE-PA's expert witness raised concerns that NFG did not conform to applicable statutory and regulatory requirements found in Chapter 14 of the Public Utility Code and Chapter 56 of the Commission's regulations. (Id. at 61-62). Mr. Geller recommended that the Commission require NFG to develop compliant, public-facing policies and procedures for customers with Protection from Abuse Orders (PFAs) or other court orders containing clear evidence of domestic violence, and work with its USAC to review and make appropriate revisions to these policies and procedures in compliance with applicable statute and regulation. (Id.; see also 66 Pa. C.S § 1417; 52 Pa. Code Ch. 56, subch. L-V)

CAUSE-PA asserts that the proposed Settlement reasonably addresses many of the concerns raised by Mr. Geller related to NFG's customers who are victims of domestic violence, and will help ensure NFG is fully compliant with critical protections for victims of domestic violence. The proposed Settlement provides that, prior to October 2023, NFG will revise its policies, procedures, and training manuals related to victims of domestic violence. (Joint Pet. at ¶ 45). At a minimum, NFG agrees to clarify its policies, procedures, and related training materials to indicate that (1) special protections for victims of domestic violence apply regardless of the relationship between the applicant or customer and the named defendant in a PFA or other court order, (2) a victim of domestic violence with a qualifying order will not be held liable for any debt accrued by a third party, and (3) a victim of domestic violence with a qualifying order is entitled to more flexible payment arrangements subject to the considerations described in 52 Pa. Code § 56.285. (Id.) At NFG's October 2023 Universal Service Advisory Committee (USAC) meeting, these updated materials will be discussed along with enhanced public-facing documents. (Id. at ¶ 46-47). NFG will consider all feedback received, and the results will be discussed at the following USAC meeting. (Id.)

As NFG has agreed to align its policies with the regulatory requirements of Chapter 56, and, further, work with stakeholders to enhance its public facing documents, CAUSE-PA asserts that these provisions of the proposed Settlement reasonably address Mr. Geller's recommendations to revise NFG's policies and procedures to comply with statutory and regulatory protections for victims of domestic violence. Specifically, the proposed Settlement will clarify that victims of domestic violence will have access to critically important protections, including protection from liability against third-party debt, and access to critical flexibility related to payment arrangements. These protections are enshrined in regulation to help protect the safety and economic stability of victims of domestic violence. For these reasons, the provisions of the proposed Settlement regarding NFG's domestic violence policies and procedures are in the public interest and should be approved by the Commission without modification.

2. Identification requirements to establish residential service

In response to discovery, NFG provided internal training documents regarding the identification requirements to establish residential service. In reviewing these materials, CAUSE-PA's expert witness was concerned that NFG's current identification requirements and policies to establish service are too restrictive and may inequitably exclude certain low income applicants or applicants from underserved communities, including immigrant and refugee households, who often face insurmountable barriers to obtaining the identification documents included on NFG's narrow list (CAUSE-PA St. 1 at 60-61). Pursuant to Paragraph 48 of the proposed Settlement, NFG agrees that within 30 days of the Commission's approval of this proposed Settlement, the Company will accept identification documents issued by foreign governments. (Joint Pet. at ¶ 48).

The Company further agrees in Paragraph 49 of the proposed settlement to develop a comprehensive list of acceptable documentation, to be reviewed at the Company's next USAC meeting in October 2023. (Joint Pet. at ¶ 49). Stakeholders at this meeting will review and make recommendations regarding additional forms of identification that may be acceptable to establish service, specifically examining barriers to establishing service faced by low income and certain underserved communities – including immigrants and refugees. (Id.) Stakeholders will also review NFG's enhanced public facing materials regarding identification requirements. (Id. at ¶ 50). NFG will consider any feedback or suggestions and will explain why any recommendations were rejected. The results will be discussed at the subsequent USAC meeting. (Id.)

CAUSE-PA asserts that these provisions of the proposed Settlement reasonably address concerns raised by Mr. Geller that NFG's current identification policies and requirements to establish service are too restrictive and inequitably exclude vulnerable households from establishing services. (CAUSE-PA St. 1 at 60-61). Specifically, the proposed Settlement will help to ensure that stakeholders are provided an important opportunity to review and make recommendations related to barriers to vulnerable consumers establishing service, and require that NFG consider feedback received from stakeholders to eliminate these barriers. These provisions of the Joint Settlement are just, reasonable, and in the public interest, and should be approved by the Commission without modification.

3. Security Deposits

In his direct testimony, Mr. Geller raised concerns that NFG was holding security deposits for certain confirmed low income customers, despite statutory and regulatory prohibitions on security deposits for all households confirmed to be income-eligible for CAP. (CAUSE-PA St. 1 at 59: 10-15; see also 66 Pa. C.S. § 1404(a.1); 52 Pa. Code § 56.32(e)). Mr. Geller recommended that NFG be required to refund all deposits for customers with confirmed low income status and that NFG review its currently held security deposits on a monthly basis and issue a bill credit or refund for any deposit previously collected from confirmed low income customers. (Id. at 59-60).

Pursuant to Paragraph 51 of the proposed Settlement, NFG agrees to review all customer accounts with a security deposit each month to determine whether that account is a low income household. If it is determined that an account is held by a low income household, the security deposit will be returned to the customer within 30 days. (Joint Pet. at ¶ 51). CAUSE-PA asserts that these provisions of the proposed Settlement address the concerns raised by Mr. Geller in his direct testimony regarding return of security deposits for low income customers. These proposed Settlement provisions will help to ensure the return of security deposits for customers who are designated as low income by NFG on an ongoing basis. As this provision will help to ensure that NFG is complying with statutory requirements and Commission regulations, CAUSE-PA asserts that it is in public interest and should be approved by the Commission without modification.

4. Low Income Programs

In his direct testimony, Mr. Geller explained that low income households already struggle to afford necessities and must often make impossible trade-offs between paying for shelter, food, utilities, or other basic needs, even prior to a rate increase being approved in this proceeding. (CAUSE-PA St. 1 at 16). He demonstrated that low income households face disproportionate rates of payment trouble and termination and explained that an increase in rates would further widen this disparity – causing severe financial hardship for many low income families in NFG's service territory. (Id. at 19-20). Mr. Geller recommended that, prior to the Commission approving any increase in rates for basic service, NFG must take steps to protect its customers from the harsh consequences of a proposed rate increase. (Id. at 22). Mr. Geller also made several recommendations about ways that NFG could improve its universal service programs to address concerns related to affordability, while recognizing that the recent positive changes to NFG's Universal Service and Energy Conservation Plan have yet to take full effect. (See id. at 62).

The proposed Settlement provides for improvements to NFG's universal service programs, (Joint Pet. at ¶¶ 53-55) as well as improvements to the Company's low income customer tracking practices. (Id. at ¶ 52). The improvements, taken together, will help NFG identify more of their low income customers so that these customers can more effectively access assistance programs designed to mitigate the impact of the rate increase on low income customers. The details of these proposed Settlement terms are discussed in further detail below. While Mr. Geller's recommendations to address unaffordability within NFG's universal service programs and mitigate the further negative impact of the proposed rate increase were not fully adopted, the proposed Settlement was reached through extensive negotiations and represents a good faith compromise by the joining parties in light of all relevant factors. Thus, CAUSE-PA asserts that these terms are in the public interest and should be approved by the Commission without modification.

i. Identification of Low Income Households

In his direct testimony, CAUSE-PA witness Mr. Geller explained that, while approximately 30% of NFG's residential customers are estimated low income, the Company has only identified 11.8% of customers as confirmed low income. (CAUSE-PA St. 1 at 9). He further explained that the estimated low income customer figure presents a more accurate picture of NFG's low income population because the confirmed low income customer count provides only a limited subset and skewed assessment of the low-income population. (Id. at 8). By comparison, the estimated low income customer count provides a more realistic assessment of the number of low-income households served by NFG by using verified census data proportional to its service territory and customer data. (Id.) In his rebuttal testimony, Mr. Geller expressed support for OCA witness Roger Colton's recommendation that NFG establish measurable outcomes for identifying low income customers and enrolling them in CAP. (CAUSE-PA St. 1-R at 3-5; see also OCA St. 5 at 43-49). However, Mr. Geller recommended that the measurable outcomes for identifying confirmed low income customers be based on a percentage of estimated low income customers. (CAUSE-PA St. 1-R at 4). Mr. Geller also recommended that, rather than 'reset' its confirmed low income customer account every 2 years, NFG maintain its low income status indicator on accounts for a minimum of five years. (CAUSE-PA St. 1 at 13-14).

Pursuant to Paragraph 52 of the proposed Settlement, NFG agrees to maintain its confirmed low income designation on customer accounts for at least five years. (Joint Pet. at ¶ 52). NFG also agrees to categorize its customers as confirmed low income if it obtains information reasonably indicating the customer is low income as provided for in Commission regulations. (Id.) At the Company's next USAC meeting in October 2023, NFG will review its list of confirmed low income indicators with stakeholders to consider whether additional confirmed low income indicators are feasible and reasonable. (Id.) NFG will also, in collaboration with the parties to this proceeding, discuss measurable outcome objectives/metrics aimed at increasing the number of low income customers identified and increasing enrollment of low income customers into customer assistance programs. (Id.) NFG will consider any feedback or suggestions and will explain why any recommendations were rejected. The results will be discussed at the subsequent USAC meeting. (Id.)

While Mr. Geller's recommendations were not fully adopted, the Settlement was reached through extensive negotiations and represent a good faith compromise by all parties in light of all relevant factors. These provisions will help to improve NFG's tracking of its low income customers in line with Commission regulation. By requiring that low income customer designations are maintained for at least five years, the proposed Settlement will help NFG to maintain a more accurate count of low income customers, and assist eligible customers to access available low income protections and assistance. Thus, CAUSE-PA asserts that these terms are in the public interest and should be approved by the Commission without modification.

ii. Low-Income Residential Assistance Program

In his direct testimony, Mr. Geller explained that, in addition to the concerns raised above, NFG has income information for a significant number of its low income customers through receipt of LIHEAP funds, yet has not successfully enrolled these customers in NFG's Customer Assistance Program, known as the Low-Income Residential Assistance Program (LIRA). (CAUSE-PA St. 1 at 11 & T. 1). Mr. Geller recommended that every NFG customer who receives LIHEAP should be classified as confirmed low income. (Id. at 12). Mr. Geller also recommended that NFG improve cross-enrollment of LIHEAP and LIRA households through targeted outreach and develop a simplified process for LIHEAP recipients to enroll in LIRA. (Id. at 28-29).

Pursuant to Paragraph 53 of the proposed Settlement, NFG agrees to work with members of its USAC to develop a survey of non-LIRA LIHEAP recipients to better understand why they have not enrolled in LIRA and to develop a simplified process for non-LIRA LIHEAP recipients to enroll in CAP. (Joint Pet. at ¶ 53). This simplified process will be developed and implemented within four months of the initial launch date for NFG's LIRA Percentage of Income Payment (PIP) design. (Id.)

While Mr. Geller's recommendations regarding LIRA were not fully adopted, these provisions of the proposed Settlement were reached through extensive negotiations and represent a good faith compromise by the joining parties in light of all relevant factors. By developing a survey for non-LIRA LIHEAP recipients, NFG will be able to investigate barriers to LIHEAP recipients enrolling in LIRA in coordination with its USAC. By requiring that NFG develop a simplified process for LIHEAP recipients to enroll in LIRA, the proposed Settlement will help to eliminate duplicative and unnecessary barriers to LIRA enrollment. Thus, CAUSE-PA asserts that these terms are just, reasonable, and in the public interest, and should be approved by the Commission without modification.

iii. Low-Income Usage Reduction Program.

In his direct testimony, Mr. Geller explained that NFG's Low Income Usage Reduction Program (LIURP) is a critical universal service program designed to work together with LIRA (NFG's Customer Assistance Program) to improve bill affordability for households with high usage, thus reducing arrearages and termination rates. (CAUSE-PA St. 1 at 29). Despite the value of NFG's LIURP in reducing low income customer bills, the program is not operating at a rate sufficient to fulfill the extensive and well-documented need for comprehensive usage reduction services within a reasonable amount of time. (Id.) In light of NFG's proposed rate increase, Mr. Geller explained that the need for comprehensive usage reduction services to help control energy costs will grow even more pronounced.

Pursuant to Paragraph 54 of the proposed Settlement, NFG agrees to increase its annual LIURP budget by $91,000 - from its current annual budgeted amount of $1.3 million to $1,391,000. (Joint Pet. at ¶ 54). NFG further agrees to commission an independent third-party LIURP evaluation and needs assessment to identify additional areas for improvement in the delivery and reach of its LIURP service, develop a plan to fully expend its LIURP budget each year, and use its best efforts to increase LIURP and ERRP job totals to 275 per year. (Id.)

Taken together, these provisions of the proposed Settlement will help ensure that more low income, high usage customers are able to access comprehensive weatherization and energy efficiency measures, which will improve bill affordability, and, in turn, help prevent terminations and the accrual of uncollectible expenses in light of increased rates approved as part of this comprehensive settlement. (See CAUSE-PA St. 1 at 29-31). Thus, CAUSE-PA submits that these provisions are just, reasonable and in the public interest and should be approved without modification.

iv. Neighbor For Neighbor

In testimony, CAUSE-PA witness Mr. Geller explained that low income households already struggle to afford necessities and must often make impossible trade-offs between paying for shelter, food, utilities, or other basic needs, and that any increase in rates will lead to increased payment trouble and terminations for these vulnerable customers. (CAUSE-PA St. 1 at 16-19). Mr. Geller pointed to low income customers' markedly higher rate of termination, explaining that despite comprising only 11.8% of residential customers, confirmed low income customers accounted for 47.6% of residential terminations. (Id. at 19). He explained that the disparity in termination rates underscores the need for strengthening the assistance provided to low income consumers through NFG's universal service programs. (Id. at 21).

Pursuant to Paragraph 55 of the proposed Settlement, NFG will increase its contribution to its Neighbor for Neighbor (NFN) Hardship Fund contribution from $67,000 annually to $92,000 annually. (Joint Pet. at ¶ 55). National Fuel will also review the maximum grant amount available through NFN and provide a warm referral to NFN for all potentially eligible payment-troubled confirmed low income customers. (Id.). These provisions of the proposed Settlement will help ensure that emergency assistance is available to protect low income customers facing payment trouble due to the increase in rates and will better protect low income customers facing acute financial hardship from termination. As such, the provisions contained in Paragraph 55 of the proposed Settlement are just, reasonable, and in the public interest, and should be approved by the Commission without modification.

III. SETTLEMENT IS IN THE PUBLIC INTEREST

The Commission's regulations declare: "It is the policy of the Commission to encourage settlements."[5] The Commission has explained that the results achieved from a negotiated settlement, in which the interested parties have had an opportunity to participate, "are often preferable to those achieved at the conclusion of a fully litigated proceeding."[6]

The proposed Settlement was achieved by the Joint Petitioners after an extensive investigation of Columbia's filing, including informal and formal discovery and the submission of direct, rebuttal, surrebuttal and rejoinder testimony by a number of the Joint Petitioners. (Joint Pet. at ¶ 57). Approval of the proposed Settlement will avoid the necessity of further administrative and appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners, NFG's customers, and the Commission.

Although CAUSE-PA's litigation positions were not fully adopted, the proposed Settlement was arrived at through good faith negotiation by all parties. The proposed Settlement is in the public interest in that it (1) addresses the ability of low income customers' ability to access safe and affordable service, (2) balances the interests of the parties, and (3) fairly resolves a number of critical issues raised by CAUSE-PA and other parties. If the proposed Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals. Thus, CAUSE-PA hereby asserts that the proposed Settlement is just, reasonable, and in the public interest and should, therefore, be approved by the Commission without modification.

IV. ADDITIONAL TERMS AND CONDITIONS

[5] 52 Pa. Code § 5.231.
[6] 52 Pa. Code § 69.401.

Section IV of the proposed Settlement sets forth several additional terms and conditions related to the proposed Settlement, including but not limited to that: (1) the proposed Settlement is conditioned on Commission's approval, and that any Joint Petitioner may elect to withdraw the proposed Settlement and proceed with litigation if the Commission modifies or does not approve the proposed Settlement (Joint Pet. at ¶¶ 61-62); the proposed Settlement is made without admission against, or prejudice to, any position which any Joint Petitioner may adopt in subsequent litigation (Id. at ¶ 62); the proposed Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding (Id. at ¶ 63); the proposed Settlement does not necessarily reflect Joint Petitioner's respective positions with respect to issues in this proceeding (Id. at ¶ 64); the proposed Settlement is presented without prejudice to any positions of the Joint Petitioners except to the extent necessary to effectuate the proposed Settlement (Id. at ¶ 65); and the Joint Petitioners waive their rights to file exceptions as to issues addressed in the proposed Settlement if the ALJ adopted the proposed Settlement without modification. (Id. at ¶ 67).

As a whole, the additional terms and conditions set forth in the proposed Settlement represent a balanced compromise of the interests of the Joint Petitioners and set forth additional rights and obligations of the Joint Petitioners in a fair and reasonable manner that is in the public interest and should be approved.

V. CONCLUSION

CAUSE-PA submits that the proposed Settlement, which was achieved by the Joint Petitioners after an extensive investigation of NFG's filing, is in the public interest. Acceptance of the proposed Settlement avoids the necessity of further administrative and possible appellate proceedings regarding the settled issues at a substantial cost to the Joint Petitioners and NFG's customers. Accordingly, CAUSE-PA respectfully requests that the Honorable Administrative Law Judge Mary A. Long and the Pennsylvania Public Utility Commission approve the proposed Settlement without modification.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
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Date: April 13, 2023

APPENDIX L

STATEMENT IN SUPPORT OF PENNSYLVANIA WEATHERIZATION PROVIDERS TASK FORCE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3035730
	:	
National Fuel Gas Distribution Corporation	:	

PENNSYLVANIA WEATHERIZATION PROVIDERS TASK FORCE INC.'S STATEMENT IN SUPPORT OF JOINT PETITION FOR APPROVAL OF SETTLEMENT OF ALL ISSUES

NOW COMES the Intervenor, the Pennsylvania Weatherization Providers Task Force, Inc. (Providers Task Force) and files this Statement in Support of the Joint Petition for Partial Settlement in the above-captioned matter and agrees to its terms based upon the following:

1. The Pennsylvania Weatherization Providers Task Force, Inc. (Providers Task Force), is a Pennsylvania non-profit corporation and a statewide association of thirty-seven (37) organizations providing utility assistance and energy conservation services in each of the Commonwealth's sixty-seven counties

2. The Providers Task Force, through its member agencies, Pennsylvania community-based organizations, administers universal service programs for several utility companies in Pennsylvania.

3. Although the Providers Task Force joins in the settlement of all issues set forth in the Joint Petition For Approval of Settlement of All Issues, this Statement in Support will address only those issues that the Providers Task Force addressed in its intervention and testimony.

4. The Providers Task Force intervened in this proceeding to address the Company's universal service programs and rate design proposals, specifically the proposed increase to the residential customer fixed monthly charge.

5. The Providers Task Force presented the direct testimony of Jennifer Warabak. Ms. Warabak's testimony addressed the Company's universal service program and residential customer charge.

6. The Providers Task Force supports the Joint Petition For Approval of Settlement of All Issues and believes that it is in compliance with the applicable laws and regulations and serves the public interest based upon the following:

UNIVERSAL SERVICE AND LOW-INCOME CUSTOMER ISSUES

A. The Company has agreed to increase its annual LIURP budget by $91,000;

B. The Company will increase its annual contributions to its Neighbor for Neighbor fund from $67,000 to $92,000;

REVENUE ALLOCATION AND RATE DESIGN

C. The Company proposed in its initial filing to increase its fixed monthly residential customer charge from $12.00 to $18.00. Such an increase in the fixed charge would have lessened the motive and ability of the residential class to conserve energy and reduce their monthly bill. The Settlement provides that the fixed monthly customer charge for residential customers be only be increased to $14.00;

D. This settlement is consistent with the Commission's obligation under the Natural Gas Customer Choice and Competition Act to ensure that universal service programs are appropriately funded and available and that energy conservation measures are promoted and available to consumers, particularly low-income consumers. The increase in rates resulting from this case requires an examination of the Company's universal service programs to ensure that universal service programs remain appropriately funded and available. The Providers Task Force joins in the settlement because it believes that it adequately addresses the funding of the Company's universal service programs considering this rate increase.

WHEREFORE, the Pennsylvania Weatherization Providers Task Force respectfully requests that the settlement be approved.

Respectfully submitted,

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Weatherization Providers Task Force

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3035730
	:	
National Fuel Gas Distribution Corporation	:	

CERTIFICATE OF SERVICE

The undersigned certified that he served a copy of the foregoing Pennsylvania Weatherization Providers Task Force Statement in Support of Joint Petition for Partial Settlement upon the following participants this 13th day of April, 2023, via electronic mail:

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