
Nicholas A. Stobbe

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File #: 198552

April 19, 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 Public Utility Commission, et al. v. National Fuel Gas Distribution Corporation
Docket Nos. R-2023-3037428, et al.**

Dear Secretary Chiavetta:

On behalf of National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) is the Joint Petition for Settlement of the Section 1307(f) Rate Investigation (“Settlement”) in the above-captioned proceeding. Accompanying the Settlement are the following appendices:

Appendix A – Tariff Supplement

Appendix B – Statement in Support of Settlement of Distribution

Appendix C – Statement in Support of Settlement of the Bureau of Investigation &
Enforcement

Appendix D – Statement in Support of Settlement of the Office of Consumer Advocate

Appendix E – Statement in Support of Settlement of the Office of Small Business
Advocate

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.

Copies of this correspondence will be provided as indicated on the Certificate of Service.

Rosemary Chiavetta, Secretary
April 19, 2023
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Respectfully submitted,



Nicholas A. Stobbe

NAS/kl
Attachments

cc: The Honorable Charece Collins (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 19, 2023



Nicholas A. Stobbe

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
Office of Small Business Advocate	:	Docket Nos. R-2023-3037428
Office of Consumer Advocate	:	C-2023-3037705
	:	C-2023-3037866
v.	:	
	:	
National Fuel Gas Distribution Corporation	:	

**JOINT PETITION FOR SETTLEMENT OF
THE SECTION 1307(f) RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE CHARECE Z. COLLINS:

I. INTRODUCTION

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and National Fuel Gas Distribution Corporation (“Distribution”), being all of the parties to the above-captioned proceeding (hereinafter collectively referred to as the “Parties”), hereby join in this “Joint Petition for Settlement of the Section 1307(f) Rate Investigation” (“Settlement”) and respectfully request that Administrative Law Judge Charece Z. Collins (the “ALJ”) and the Commission approve this Settlement, including the rates to become effective for service furnished on and after August 1, 2023, that are set forth in the form of a tariff supplement provided as Appendix “A” hereto. The Parties agree that such rates are subject to revision for actual over/under recoveries of purchased gas costs through June 30, 2023, and for updates related to the calculation of the Monthly Metered Transportation (“MMT”) balancing charge. In addition, the Parties request that the ALJ and the Commission make the findings required by the Public Utility Code as provided herein.

The terms and conditions of the Settlement are set forth in their entirety hereinafter. Distribution's, I&E's, OCA's, and OSBA's Statements in Support of the Settlement are provided as Appendices "B" through "E" hereto.

II. UPDATED RATE INFORMATION

In 1307(f) rate investigations and settlement thereof, Distribution typically gathers and compiles certain rate information, including:

- a. The agreed upon rates provided in the settlement.
- b. The current rates for each customer class as of the date of the filing by the Company.
- c. The requested and negotiated changes in gas costs for each customer class.
- d. The impact upon each customer class, (i.e., under the proposed rate each customer would have paid X, and under the agreed upon amount, each customer will pay Y) expressed in terms of a dollar amount and percentage, for each.

The information responsive to a-d is contained in the tables below:

PROJECTED AND CURRENT RETAIL GAS COSTS¹

PROJECTED GAS COSTS	Natural Gas Supply Charge (\$)	Gas Adjustment Charge (\$)	Distribution Charge (\$)	Total Gas Costs (\$)
Demand	\$1.4238	\$0.0260	\$0.2624	\$1.7122
Commodity	\$4.5467	\$(0.2940)	\$0.0000	\$4.2527
Total Projected Gas Costs	\$5.9705	\$(0.2680)	\$0.2624	\$5.9649
CURRENT GAS COSTS (02/2023)	\$6.3026	\$0.9772	\$0.3092	\$7.5890
Increase/(Decrease)	\$(0.3321)	\$(1.2452)	\$(0.0468)	\$(1.6241)
% change	(5.27%)	(127.43%)	(15.14%)	(21.40%)

¹ The rates in this table will be adjusted to reflect actual gas costs through June 30, 2023, as outlined in this Settlement and will be applicable to all retail classes.

MONTHLY METERED TRANSPORTATION (MMT) RATES²

MMT Rate (Proposed/Estimated)	\$0.3600
MMT Rate (Current)	\$0.3600
Increase/(Decrease)	\$0.0000
% Change	0.00%

RATE IMPACT PER INDIVIDUAL CUSTOMER CLASS

	Annual Amount (\$)	Difference (\$)	Difference (%)
Current Residential			
Total	\$1,228.33		
Proposed Residential			
Total	\$965.94	\$(262.39)	(21.36%)
Current Small Commercial UL			
Total	\$5,365.70		
Proposed Small Commercial UL			
Total	\$4,108.86	\$(1,256.84)	(23.42%)
Current Small VIS			
Total	\$4,777.68		
Proposed Small VIS			
Total	\$3,787.74	\$(989.94)	(20.72%)

III. BACKGROUND

In support of this Settlement, the Parties state the following:

1. Distribution provides retail natural gas sales and transportation services to customers in fourteen counties in northwestern Pennsylvania. Distribution is a public utility subject to the Commission’s regulatory jurisdiction with regard to its Pennsylvania operations.

² The MMT Rate will be adjusted to reflect actual gas delivery volumes through June 30, 2023, as outlined in the Stipulation in Settlement.

2. Distribution also provides natural gas services in western New York, subject to the regulatory jurisdiction of the New York Public Service Commission.

3. Because Distribution's annual operating revenues derived from providing gas services to customers in Pennsylvania exceed \$40 million, Distribution's recovery of purchased gas costs is governed by Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f), and the Commission's regulations at 52 Pa. Code §§ 53.61 — 53.65 and 53.68.

4. On December 30, 2022, Distribution filed data and exhibits supporting recovery of purchased gas costs in compliance with the Commission's regulations at 52 Pa. Code §§ 53.64 - 53.65.

5. On January 31, 2023, Distribution filed additional supporting data and exhibits as well as the prepared, written testimony of seven witnesses in support of Supplement No. 256 to Tariff Gas — Pa. P.U.C. No. 9, to be effective for service rendered on and after August 1, 2023. Distribution also submitted a Tariff Addendum. The Tariff Supplement and the Addendum set forth the specific rates proposed by Distribution for recovery of purchased gas costs effective on August 1, 2023.

6. On January 11, 2023, I&E filed a Notice of Appearance.

7. On January 19, 2023, OSBA filed a Notice of Appearance, Complaint, Public Statement, and Verification.

8. On January 26, 2023, OCA filed a Notice of Appearance, Complaint, and Public Statement.

9. On January 30, 2023, the ALJ issued a Prehearing Conference Order which, among other things, scheduled a telephonic prehearing conference for February 7, 2023, and set forth certain rules for the proceeding.

10. On February 2, 2023, I&E, OCA, OSBA, and Distribution submitted prehearing conference memoranda.

11. A prehearing conference was held on February 7, 2023, with the ALJ presiding. At the prehearing conference, the Parties and the ALJ established a litigation schedule for the proceeding, among other things.

12. On February 7, 2023, the ALJ issued a Prehearing Order.

13. During the discovery phase of this proceeding, the intervening parties propounded numerous discovery requests to Distribution. Distribution responded to all of these discovery requests.

14. On February 22, 2023, Distribution filed an unopposed Motion for Protective Order.

15. On February 23, 2023, the ALJ granted Distribution's Motion for Protective Order.

16. On March 9, 2023, OCA and I&E served Direct Testimony and Exhibits.

17. On March 23, 2023, Distribution served Rebuttal Testimony.

18. No party served Surrebuttal Testimony.

19. On March 30, 2023, the Parties informed the ALJ that they reached a settlement in principle of all issues in the proceeding and requested that the Evidentiary Hearings, scheduled for April 3-5, 2023, be cancelled and that evidence be admitted into the record via Joint Stipulation for the Admission of Evidence ("Joint Stipulation").

20. On March 31, 2023, the ALJ informed the Parties that the Evidentiary Hearings would be cancelled and directed the Parties to file a Joint Stipulation on or before April 4, 2023, and file the admitted evidence with the Commission on or before April 7, 2023. Additionally, the

ALJ stated that the Joint Petition for Settlement and accompanying Statements in Support of Settlement would be due for filing on or before April 19, 2023.

21. On April 4, 2023, Counsel for Distribution informed the ALJ that the Joint Stipulation would be filed as soon as Distribution received all parties' signatures.

22. On April 5, 2023, Distribution filed the Joint Stipulation.

23. Also on April 5, 2023, the ALJ entered an Order adopting the Joint Stipulation.

24. On April 6, 2023, OSBA filed its pre-served testimony and exhibit with the Commission.

25. On April 7, 2023, Distribution and OCA filed their respective pre-served testimony and exhibits with the Commission.

26. The terms and conditions of the Settlement are set forth in Sections IV – IX below.

IV. PROPOSED FINDINGS OF FACT

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

28. Distribution relies primarily upon gas supplies transported by Tennessee Gas Pipeline, LLC ("Tennessee"), Columbia Gas Transmission, LLC ("Columbia Transmission"), Texas Eastern Transmission, LP ("Texas Eastern" or "TETCO") and National Fuel Gas Supply Corporation ("Supply") to meet the requirements of its sales customers in Pennsylvania (Distribution PGC Exhibit No. 8, pp. 2-5).

29. In most instances, Tennessee, Columbia Transmission, and Texas Eastern transport Distribution's gas supplies to Distribution's pipeline capacity on Supply. Supply, in turn, either delivers such gas supplies to Distribution for use by Distribution's sales customers or injects such supplies into storage fields for later delivery to Distribution for use by its sales customers (Distribution PGC Exhibit No. 4, pp. 2-3, Distribution PGC Exhibit No. 8, pp. 4-5).

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

31. Distribution's capacity on Supply, Tennessee, Columbia Transmission, and Texas Eastern is critical for the operation of the system, the provision of reliable service to customers and Distribution's least cost fuel procurement policy (Distribution PGC Exhibit No. 8, pp. 2-4).

32. Locally produced gas delivered directly to Distribution or transported by Supply to Distribution made up approximately 0.99 percent of gas supplies purchased by Distribution to meet Distribution's Pennsylvania sales requirements during the 12 months ended November 30, 2022. The remaining roughly 99.01 percent of gas supplies for Distribution's sales customers was purchased from sources at Supply interconnects and sources upstream of Supply (Distribution PGC Exhibit No. 1, p. 1).

33. The availability of storage enhances Distribution's ability to buy gas and to utilize its firm upstream transportation capacity at high load factors (Distribution PGC Exhibit No. 8, pp. 3-5, 8-11).

34. At least through July 31, 2024, the end of the application period in this proceeding, Distribution will continue to rely principally upon gas supplies transported through facilities of Tennessee, Columbia Transmission, Texas Eastern and Supply, as well as storage (particularly on Supply), to meet the needs of its Pennsylvania sales customers (Distribution PGC Exhibit No. 8, pp. 2-5, PGC Exhibit No. 30).

35. Distribution has fully and vigorously represented the interests of its ratepayers in proceedings before the FERC. (Distribution PGC Exhibit No. 6; Distribution PGC Statement No. 3).

36. Distribution maintains capacity on interstate pipelines sufficient to meet the requirements of its firm customers on all days including Design Day and during peak season periods. Therefore, during a non-Design Day and non-peak season periods, if a portion of this capacity is not needed to serve firm customers, Distribution may attempt to release such capacity, pursuant to FERC Order 636, to other parties in order to mitigate the cost of maintaining such capacity to its PGC customers (Distribution PGC Exhibit No. 8, p. 14).

37. Distribution attempts to mitigate the cost of natural gas supplies to its PGC customers through net revenues resulting from off-system sales activities (Distribution PGC Exhibit No. 8, pp. 26-27).

38. Distribution attempts to enter into asset management arrangements, pursuant to FERC Order 712, in order to mitigate the cost of providing gas supplies to its PGC customers (Distribution PGC Exhibit No. 8, p. 28).

39. Distribution participates in a sharing mechanism under which it retains 25 percent of the net revenues from off-system sales, capacity releases and asset management arrangements, including storage fill contracts (Distribution PGC Exhibit No. 8, pp. 26-27).

40. The remainder of Distribution's system supply that is not transported by pipelines upstream of Supply consists of Appalachian supplies directly attached to the systems of Supply or Distribution and a small volume of gas from T.W. Phillips (Distribution PGC Exhibit No. 1, Schedule 1, Sheet 1).

41. During the twelve months ended November 30, 2022, Distribution purchased 206,175 Mcf of locally-produced gas to serve customers in Pennsylvania (Distribution PGC Exhibit No. 1, Schedule 1, Sheet 3).

42. Locally-produced gas continues to be a useful resource in meeting the requirements of Distribution's sales customers, and Distribution expects to continue to purchase local gas at prices that will not increase the weighted average cost of gas supplies that it sells to its customers (Distribution PGC Exhibit No. 8, p. 15).

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

b. Distribution purchases excess non-firm local production gas at 80 percent of the AI rate (Distribution PGC Exhibit No. 4, p. 13).

43. Distribution has implemented, with the Commission's approval, a system-wide customer choice program throughout its Pennsylvania service territory under which all customers, except those served under Distribution's Low Income Residential Assistance Program, may choose a natural gas supplier other than Distribution (Distribution PGC Statement No. 6, pp. 2-3; Distribution PGC Exhibit No. 13).

44. To maintain service to several remote pockets of customers without constructing additional or replacing pipeline facilities, Distribution has entered into various agreements or tariff sales purchase agreements. Distribution has two exchange agreements – one with UGI Central Penn Gas, Inc (formerly PPL Gas Utilities Corporation and North Penn Gas Company) and one with Columbia Gas of Pennsylvania, Inc. Under the agreements, each company takes from the other volumes of gas needed to provide service. The agreements do not contemplate purchases of gas; instead they contemplate that each company will receive approximately the same volumes of gas from the other over time. If needed, additional deliveries are arranged to eliminate any balance that has built up over time. The companies do not charge each other for this service. Distribution also serves some customers via two interconnects with People’s Natural Gas Company (“Peoples”) where Distribution is receiving firm gas supplies, subject to Peoples’ tariff provisions. (Distribution PGC Exhibit No. 4, pp. 4-5).

V. STANDARDS AND FINDINGS

A. Historic Reconciliation Period Standards.

45. With respect to Distribution’s gas purchases and gas purchasing practices during the twelve-month historic reconciliation period ended November 30, 2022, it is requested that the ALJ and the Commission find that Distribution has met the standards of Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318, as required by Section 1307(f)(5) of the Public Utility Code, 66 Pa.C.S. § 1307(f)(5), as to all actual purchased gas costs in the historic period. It is requested that the Commission find that, during the twelve months ended November 30, 2022:

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

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

B. Projected Period Findings.

46. With respect to the eight-month interim period beginning on December 1, 2022, and with respect to the twelve-month period beginning August 1, 2023, when rates established under this Settlement will be in effect, it is requested that the Commission find, based upon information presently available and based upon evidence of record in this proceeding concerning Distribution's projected purchases and purchasing policies, that the rates to be adopted by the Commission result from Distribution's compliance with the provisions of Section 1318 of the Public Utility Code, including Sections 1318(a)(1), 1318(a)(2), 1318(a)(3), 1318(a)(4), 1318(b)(1), 1318(b)(2) and 1318(b)(3), 66 Pa.C.S. §§ 1318(a)(1), 1318(a)(2), 1318(a)(3), 1318(a)(4), 1318(b)(1), 1318(b)(2) and 1318(b)(3).

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

2023, and ending on July 31, 2024, were challenged, the Commission's findings based upon Section IV of the Settlement shall not bar the examination of such purchases and practices, including, but not limited to, disallowance of, or reductions to, such costs during the eight-month interim period commencing December 1, 2022, and ending on July 31, 2023, and the twelve-month application period commencing August 1, 2023, and ending on July 31, 2024.

VI. OTHER TERMS AND CONDITIONS OF SETTLEMENT

A. PGC Rates.

48. The Parties request that the ALJ and the Commission approve the form of tariff supplement provided as Attachment "A" hereto, including the rates set forth therein. The rates in Attachment "A" are subject to further updates for actual over/under recoveries of purchased gas costs through June 30, 2023, for updates related to the calculation of the MMT balancing charge and for updates to the forecasts of wellhead prices.

B. Design Day Requirements

49. Rates established in this proceeding are based on a contracted-for level of pipeline and storage capacity of 350,774 Dth/day. (Distribution PGC St. No. 7, p. 14). The Parties agree to use the throughput and capacity amounts projected by the Company to calculate rates in this proceeding. The acceptance by the Parties of this level of throughput and capacity to calculate rates does not indicate their acceptance of, and the Commission's approval of the settlement will not indicate its approval of, the procedures or methodologies used to calculate these levels of throughput and capacity.

50. In Distribution's 2024 Section 1307(f) proceeding, any party may contend that Distribution should adjust its capacity to a different level. If the Commission makes a determination concerning the appropriate level of capacity for Distribution, Distribution will

undertake all reasonable and appropriate actions, after the determination becomes final, to adjust its level of capacity to the level determined to be appropriate.

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

C. Contract Renewals And Changes

52. The Parties agree that the Commission should approve the renewals, extensions and changes in pipeline and storage capacity contracts that are explained in PGC Exhibits 4 and 8 and in Distribution PGC Statement No. 7.

D. E-Factor Interest Rate Calculation

53. Distribution will use an interest rate of 7.0% for the purposes of calculating its E-Factor for the twelve-month period ending July 31, 2023, resulting in a Total Gas Cost Rate per Mcf of \$5.9649.

E. Summer Purchases

54. Distribution will purchase approximately 15% to 20% of its summer purchases at predetermined fixed prices during the summer period preceding the summer delivery period. For example, approximately 15% to 20% of the projected summer purchases for the delivery period from April 1, 2025, through October 31, 2025, will be purchased at fixed prices on predetermined trigger dates during the April 1, 2024, through October 31, 2024, summer period.

F. Tariff Changes.

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

G. Approval of Filing

56. Distribution's 2023 Section 1307(f) filing is approved as modified herein.

VII. PROPOSED CONCLUSIONS OF LAW

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

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

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

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

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

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

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

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

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

66. The Settlement is in the public interest.

VIII. PROPOSED ORDERING PARAGRAPHS

67. That the Settlement among Distribution, I&E, OCA, and OSBA in the above-captioned case is hereby approved and adopted without modification.

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

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

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

purchased gas rates established therein shall become effective for service rendered on and after August 1, 2023.

71. That the complaints filed by the OCA and OSBA in these proceedings at Docket Nos. C-2023-3037866 and C-2023-3037705, respectively, be marked closed.

72. That the investigation at Docket No. R-2023-3037487 be marked closed.

IX. CONDITIONS OF SETTLEMENT

73. The Parties acknowledge and agree that this Settlement shall have the same force and effect as if the Parties had fully litigated this proceeding with regard to the historic period ended November 30, 2022.

74. This Settlement is conditioned upon the Commission's approval of terms and conditions contained herein without modification. If the Commission modifies the Settlement, any of the Parties may elect to withdraw from this Settlement and may proceed with litigation. In such event, this 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.

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

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

77. The Commission's approval of this Settlement shall not be construed to represent approval of any Party's position on any issue, except to the extent required to effectuate the terms and agreements of this Settlement in this and future proceedings involving Distribution.

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

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

80. Distribution's, I&E's, OCA's, and OSBA's respective Statements in Support of the Settlement, setting forth the basis upon which they believe the Settlement is fair, just and reasonable and is, therefore, in the public interest are provided in Appendices "B" through "E" hereto.

X. CONCLUSION

WHEREFORE, the Parties, by their respective counsel, respectfully request that Administrative Law Judge Charece Z. Collins and the Pennsylvania Public Utility Commission:

- (1) approve this “Joint Petition for Settlement of the Section 1307(f) Rate Investigation; and
- (2) make the findings required by the Public Utility Code as provided herein.

Respectfully submitted,



Date: April 19, 2023

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*Counsel for National Fuel Gas
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Date: _____

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*Counsel for Bureau of Investigation &
Enforcement*

X. CONCLUSION

WHEREFORE, the Parties, by their respective counsel, respectfully request that Administrative Law Judge Charece Z. Collins and the Pennsylvania Public Utility Commission:

- (1) approve this "Joint Petition for Settlement of the Section 1307(f) Rate Investigation; and
- (2) make the findings required by the Public Utility Code as provided herein.

Respectfully submitted,

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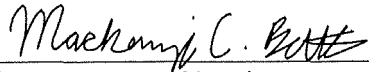
*Counsel for National Fuel Gas
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Date: 4/19/23

*Counsel for Bureau of Investigation &
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For Office of Consumer Advocate

Date: April 19, 2023

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For Office of Small Business Advocate

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Date: _____

For Office of Consumer Advocate

/s/ **Steven C. Gray**

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Date: April 19, 2023

For Office of Small Business Advocate

Appendix A

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
BUFFALO, NEW YORK
RATES, RULES AND REGULATIONS
GOVERNING THE FURNISHING
OF
NATURAL GAS SERVICE
IN
TERRITORY DESCRIBED HEREIN**

Issued:

Effective:

D. L. DeCAROLIS, PRESIDENT
BUFFALO, NEW YORK

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

See page 2.

LIST OF CHANGES MADE BY THIS TARIFF

CHANGE:

1. LIRA percentage discounts table changes.
Page 37A and 37B.

DECREASE:

2. The Natural Gas Supply Charge for Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial Service Classes decrease.
Pages 36A, 41, 41A, 42, 53, 55, 66 and 76A.
3. The rate for Rider A decreases.
Pages 36, 50, 62, 65, 73, 76, 80.
4. The rate for Rider G decreases.
Pages 36, 65, and 76.
5. Components of Natural Gas Vehicle rates decrease.
Pages 82, 83 and 84.
6. Priority Standby and Standby rates decrease.
Pages 93, 95 and 147.
7. The price for purchase of gas by Distribution from a transportation service customer in the event of a curtailment or interruption will decrease.
Pages 106, 117 and 146G.
8. Demand Transfer Recovery Rate ("DTR") decrease.
Page 127.
9. Purchased gas costs in Rider A decrease.
Page 147.
10. The State Tax Adjustment Surcharge percentage in Rider B decreases due to the changes in the Purchased Gas Cost November 1, 2022 quarterly filing rates.
Page 157.
11. The Merchant Function Charge in Rider G decreases.
Page 168.
12. The Price to Compare shown in Rider H decreases.
Page 169.
13. SATC rates decrease.
Pages 119A, 120, 121, 131, and 147.

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LIST OF CHANGES MADE BY THIS TARIFF

INCREASE (cont):

14. Demand Charges for Load Balancing Service increase.
Pages 48, 61, 72, 79, and 82.

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RESIDENTIAL SERVICE RATE SCHEDULE

RESIDENTIAL CLASSIFICATION

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

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

AVAILABILITY OF SERVICE

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

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

Basic Service Charge

\$12.00 per Month

Distribution Charges

31.770¢ per 100 cubic feet for the first 5,000 cubic feet (D)
22.619¢ per 100 cubic feet for all over 5,000 cubic feet (D)

Gas Adjustment Charge

(2.677)¢ per 100 cubic feet Purchased Gas Cost Component (D)
(Rider A)
(0.060)¢ per 100 cubic feet Merchant Function Charge (D)
(Rider G)
(2.737)¢ Per 100 cubic feet Total Gas Adjustment Charge (D)

(D) Indicates Decrease

(I) Indicates Increase

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RESIDENTIAL SERVICE RATE SCHEDULE (cont.)

Natural Gas Supply Charge			
59.705¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
1.332¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u>	per 100 cubic feet	Gas Procurement Charge (Rider H)	
62.087¢	per 100 cubic feet Charge	Total Natural Gas Supply	(D)

The Natural Gas Supply Charge shall include a Merchant Function Charge (Rider G) to recover uncollectible costs associated with purchase gas costs of 2.2301% and the Gas Procurement Charge (Rider H) to recover costs of procuring natural gas pursuant to 52 Pa. Code §62.223. The above rates shall be subject to surcharges in accordance with the provisions of Rider B - State Tax Adjustment Surcharge and Rider F - LIRA Discount Charge as set forth in this tariff.

RULES AND REGULATIONS

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

MONTHLY RATE

(C)

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

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

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

(C) Indicates Change

Issued:

Effective:

MONTHLY RATE (cont'd)

(C)

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

(C) Indicates Change

Issued:

Effective:

COMMERCIAL AND PUBLIC AUTHORITY SERVICE RATE SCHEDULE (cont.)

APPLICABILITY

Applicable in all areas served under this tariff.

MONTHLY RATE

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

Basic Service Charge			
\$19.89	per Month		
Distribution Charges			
26.773¢	per 100 cubic feet for the first 5,000 cubic feet		(D)
23.849¢	per 100 cubic feet for all over 5,000 cubic feet		(D)
Gas Adjustment Charge			
(2.677)¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
(0.006)¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
(2.683)¢	per 100 cubic feet	Total Gas Adjustment Charge	(D)
Natural Gas Supply Charge			
59.705¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
0.136¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
1.050¢	per 100 cubic feet	Gas Procurement Charge (Rider H)	
60.891¢	per 100 cubic feet	Total Natural Gas Supply Charge	(D)

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

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

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

Basic Service Charge			
\$27.53	per Month		
Distribution Charges			
20.968¢	per 100 cubic feet for the first 20,000 cubic feet		(D)
19.680¢	per 100 cubic feet for all over 20,000 cubic feet		(D)
Gas Adjustment Charge			
(2.677)¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
<u>(0.006)¢</u>	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
(2.683)¢	per 100 cubic feet	Total Gas Adjustment Charge	(D)
Natural Gas Supply Charge			
59.705¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
0.136¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u>	per 100 cubic feet	Gas Procurement Charge (Rider H)	(D)
60.891¢	per 100 cubic feet	Total Natural Gas Supply Charge	(D)

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

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

For "Large" Commercial/Public Authority Customers:

Basic Service Charge			
\$121.01	per Month		
Distribution Charges			
17.572¢	per 100 cubic feet	for the first 300,000 cubic feet	(D)
16.436¢	per 100 cubic feet	for the next 1,700,000 cubic feet	(D)
14.935¢	per 100 cubic feet	for all over 2,000,000 cubic feet	(D)
Gas Adjustment Charge			
(2.677)¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
<u>(0.006)¢</u>	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
(2.683)¢	per 100 cubic feet	Total Gas Adjustment Charge	(D)
Natural Gas Supply Charge			
59.705¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
0.136¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u>	per 100 cubic feet	Gas Procurement Charge (Rider H)	(D)
60.891¢	per 100 cubic feet	Total Natural Gas Supply Charge	(D)

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

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

APPLICATION PERIOD

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

RULES AND REGULATIONS

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

1. The purchased gas demand costs applicable to the Residential, Commercial and Public Authority, Small Volume Industrial, Intermediate Volume Industrial, Large Volume Industrial and Large Industrial classes, the "DC", shall be obtained from Rider "A" - Section 1307(f) Purchased Gas Costs.

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

3. The amount determined in Item 1 above shall be divided by the amount determined in Item 2 above to determine the amount included in the rate for recovery of purchased gas costs.

4. The rate per Gas BDU shall be the amount for purchased gas demand costs (Item 3).

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$0.7931/BDU	(I)
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Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2 and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-Fourth Revised Page No. 50
Canceling One-Hundred-Third Revised Page No. 50

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

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

The rate per Mcf shall be determined as follows and shall be \$4.8091 (D)
per Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity		
Costs, set forth in Rider "A"	\$4.2525/Mcf	(D)
Non Gas Costs	\$0.5566/Mcf	

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

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

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

2. Commodity Charge for Transportation Service

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

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

MONTHLY RATE

Basic Service Charge			
\$65.60	per Month		
Distribution Charges			
23.155¢	per 100 cubic feet		(D)
Gas Adjustment Charge			
(2.677)¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
<u>(0.006)¢</u>	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
(2.683)¢	per 100 cubic feet	Total Gas Adjustment Charge	(D)
Natural Gas Supply Charge			
59.705¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
0.136¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u>	per 100 cubic feet	Gas Procurement Charge (Rider H)	
60.891¢	per 100 cubic feet	Total Natural Gas Supply Charge	(D)

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

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

APPLICATION PERIOD

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

RULES AND REGULATIONS

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

IVIS

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

Basic Service Charge		
\$201.91	per Month	
Distribution Charges		
17.572¢	per 100 cubic feet	for the first 100,000 cubic feet (D)
13.623¢	per 100 cubic feet	for the next 1,900,000 cubic feet (D)
10.532¢	per 100 cubic feet	for all over 2,000,000 cubic feet (D)
Gas Adjustment Charge		
(2.677)¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A) (D)
(0.006)¢	per 100 cubic feet	Merchant Function Charge (Rider G) (D)
(2.683)¢	per 100 cubic feet	Total Gas Adjustment Charge (D)
Natural Gas Supply Charge		
59.705¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A) (D)
0.136¢	per 100 cubic feet	Merchant Function Charge (Rider G) (D)
1.050¢	per 100 cubic feet	Gas Procurement Charge (Rider H)
60.891¢	per 100 cubic feet	Total Natural Gas Supply Charge (D)

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

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

APPLICATION PERIOD

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

RULES AND REGULATIONS

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

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

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$0.7931/BDU	(I)
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Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2 and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

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

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

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

2. Margin Demand Charge

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

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

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

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

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

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

The rate per Mcf shall be determined as follows and shall be \$4.6333 per (D) Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity		
Costs, set forth in Rider "A"	\$4.2525/Mcf	(D)
Non Gas Costs	\$0.3808/Mcf	

a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

LVIS

Large Volume Industrial Service (Cont'd)

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

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

MONTHLY RATE

Basic Service Charge			
\$809.00	per Month		
Distribution Charges			
13.143¢	per 100 cubic feet	for the first 100,000 cubic feet	(D)
11.399¢	per 100 cubic feet	for the next 1,900,000 cubic feet	(D)
9.396¢	per 100 cubic feet	for the next 18,000,000 cubic feet	(D)
8.081¢	per 100 cubic feet	for all over 20,000,000 cubic feet	(D)
Gas Adjustment Charge			
(2.677)¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
(0.006)¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
(2.683)¢	Per 100 cubic feet	Total Gas Adjustment Charge	(D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

LVIS
Large Volume Industrial Service (Cont'd)

Natural Gas Supply Charge				
59.705¢	per 100 cubic feet	Purchased Gas Cost Component	(D)	
		(Rider A)		
0.136¢	per 100 cubic feet	Merchant Function Charge	(D)	
		(Rider G)		
<u>1.050¢</u>	per 100 cubic feet	Gas Procurement		
		Charge (Rider H)		
60.891¢	per 100 cubic feet	Total Natural Gas Supply	(D)	
	Charge			

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

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

RULES AND REGULATIONS

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

APPLICABLE PERIOD

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

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

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$0.7931/BDU	(I)
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Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2 and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

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

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

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

2. Margin Demand Charge

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

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

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

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

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

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

The rate per Mcf shall be determined as follows and shall be \$4.4998 per (D) Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity		
Costs, set forth in Rider "A"	\$4.2525/Mcf	(D)
Non Gas Costs	\$0.2473/Mcf	

- a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

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

D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

LIS

Large Industrial Service (Cont'd)

- C. An Industrial Customer, for which the Company estimates that the total volumes of gas purchased from the Company or transported by the Company during the next succeeding twelve months will be not less than 200,000 Mcf, if the Industrial Customer has used total volumes of gas in at least one billing month of not less than 17,000 Mcf, even if the Customer disagrees with the Company's estimate.

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

MONTHLY RATE

Basic Service Charge

\$1,029.00 per Month

Distribution Charges

11.158¢	per 100 cubic feet for the first 100,000 cubic feet	(D)
9.384¢	per 100 cubic feet for the next 1,900,000 cubic feet	(D)
7.344¢	per 100 cubic feet for the next 18,000,000 cubic feet	(D)
6.005¢	per 100 cubic feet for all over 20,000,000 cubic feet	(D)

Gas Adjustment Charge

(2.677)¢	per 100 cubic feet	Purchased Gas Cost Component (Rider A)	(D)
(0.006)¢	per 100 cubic feet	Merchant Function Charge (Rider G)	(D)
(2.683)¢	per 100 cubic feet	Total Gas Adjustment Charge	(D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

LIS
Large Industrial Service (Cont'd)

Natural Gas Supply Charge			
59.705¢ per 100 cubic feet		Purchased Gas Cost Component (Rider A)	(D)
0.136¢ per 100 cubic feet		Merchant Function Charge (Rider G)	(D)
<u>1.050¢</u> per 100 cubic feet		Gas Procurement Charge (Rider H)	
60.891¢ per 100 cubic feet		Total Natural Gas Supply Charge	(D)

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

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

GAS SHORTAGE CURTAILMENT

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

RULES AND REGULATIONS

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

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

The current rate per Gas BDU is as follows:

Purchased Gas Demand Cost	\$0.7931/BDU	(I)
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Each time there is a change in the provision for recovery of purchased gas costs pursuant to Rider "A" of this tariff, a recomputation shall be made, under Items 1, 2 and 3, above, of the component to be included in the rate for purchased gas demand costs and the rate per Gas BDU shall be changed accordingly.

b. Determination of Customer's Gas BDUs

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

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

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

2. Margin Demand Charge

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

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

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

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

B. COMMODITY CHARGES FOR SALES AND FOR TRANSPORTATION SERVICE

1. Commodity Charge for Sales Service

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

The rate per Mcf shall be determined as follows and shall be \$4.4449 per (D) Mcf, subject to revision as provided below:

The current components of the rate are as follows:

Purchased Gas Commodity		
Costs, set forth in Rider "A"	\$4.2525/Mcf	(D)
Non Gas Costs	\$0.1924/Mcf	

- a. Determination of Rate per Mcf

The rate per Mcf shall be the sum of:

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

RATE SCHEDULE - NGV

NATURAL GAS VEHICLE SERVICE

I. APPLICABILITY

Throughout the territory served under this tariff.

II. AVAILABILITY

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

III. NATURE OF SERVICE

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

IV. RATE

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

The 100% load factor base cost of gas shall be \$0.50456 per 100 cu. ft. (D)
(as calculated by adding the purchase gas components of the Load Balancing Service Rates).

Purchased Gas 100% Load Factor Demand Cost	\$0.07931/Ccf	(I)
plus Purchased Gas Commodity Cost	<u>\$0.42525/Ccf</u>	(D)
Equals 100% Load Factor Base Cost of Gas	\$0.50456/Ccf	(D)

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

APPENDIX A

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

Supplement No. to
Gas - Pa. P.U.C. No. 9
One-Hundred-Twentieth Revised Page No. 83
Canceling One-Hundred-Nineteenth Revised Page No. 83

Natural gas vehicle customers are classified into the following categories:

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

The minimum NGV(1) rate shall be: \$0.64684/Ccf (D)

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

100% load factor base cost of gas:	\$0.50456/Ccf	(D)
Incremental operating cost of Company owned NGV compression equipment:	\$0.13436/Ccf	
Transition Cost Surcharge	\$0.00000/Ccf	
State Tax Adjustment Surcharge	(\$0.00208)/Ccf	(I)
Minimum allowable Non-Gas cost	\$0.01000/Ccf	

The maximum NGV(1) rate shall be: \$0.86302/Ccf (D)

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

Tailblock rate of the Commercial and Public Authority Service Rate schedule:	\$0.73143/Ccf	(D)
Incremental operating cost of Company owned NGV compression equipment:	\$0.13436/Ccf	
State Tax Adjustment Surcharge	(\$0.00277)/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: \$0.51291/Ccf (D)

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

100% load factor base cost of gas:	\$0.50456/Ccf	(D)
Transition Cost Surcharge	\$0.00000/Ccf	
State Tax Adjustment Surcharge	(\$0.00165)/Ccf	(I)
Minimum allowable Non-Gas cost	\$0.01000/Ccf	

The maximum NGV(2) rate shall be: \$0.72909/Ccf (D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

Tailblock rate of the Commercial and Public Authority	
Service Rate schedule:	\$0.73143 /Ccf (D)
State Tax Adjustment Surcharge	(\$0.00234)/Ccf (I)

V. SURCHARGE

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

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

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

VII. RULES AND REGULATIONS

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

RATE SCHEDULE PSB

PRIORITY STANDBY SERVICE

APPLICABILITY

Throughout the territory served under this tariff.

AVAILABILITY OF SERVICE

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

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

NATURE OF SERVICE

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

MONTHLY RATE

The monthly rate shall be \$1.0955 per Mcf, which shall be applied to the total monthly volumes transported by the customer during the month. (D)

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

MONTHLY RATE

The monthly rate shall be \$0.5084 per Mcf, which shall be applied to the (D) Monthly Volume, as defined below.

MONTHLY VOLUME

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

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

E. In the event of interruption or curtailment of transportation service, pursuant to items C and D, above, and during such period of interruption or curtailment, the MMT Customer must sell to the Company all or a portion of the MMT Customer's supply of gas at the higher of (1) the Transportation Service Customer's cost of purchased gas at the point of delivery to the Company or (2) the Company's average cost of purchased gas per Mcf, as determined based upon the Company's Section 1307(f) Rate, which is \$6.2444. (D)

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

E. In the event of interruption or curtailment of transportation service, pursuant to items C and D, above, and during such period of interruption or curtailment, the DMT Service Customer must sell to the Company all or a portion of the DMT Service Customer's supply of gas at the higher of (1) the Transportation Service Customer's cost of purchased gas at the point of delivery to the Company or (2) the Company's average cost of purchased gas per Mcf, as determined based upon the Company's Section 1307(f) Rate, which is \$6.2444.

(D)

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

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

RATES AND CHARGES

A. Customer Transportation Service Rates

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

The SATC Customer shall pay the following transportation charges for the transportation of gas. The commodity rates set forth below contain a component, presently \$0.02624 per Ccf, for the recovery of purchased gas demand costs and shall be adjusted pursuant to Rider A of the tariff. Such purchased gas costs collected through these rates shall be included as revenues for the recovery of purchased gas costs as specified in Rider A of this tariff. (D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

1. Residential Transportation Rates

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

Rates per Residential SATC Customer per Month:

\$12.00	Basic Service Charge	
\$0.31770	per 100 cubic feet for the first 5,000 cubic feet	(D)
\$0.22619	per 100 cubic feet for all over 5,000 cubic feet	(D)

2. Commercial and Public Authority Transportation Rates

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

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

\$19.89	Basic Service Charge	
\$0.26773	per 100 cubic feet for the first 5,000 cubic feet	(D)
\$0.23849	per 100 cubic feet for all over 5,000 cubic feet	(D)

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

\$27.53	Basic Service Charge	
\$0.20968	per 100 cubic feet for the first 20,000 cubic feet	(D)
\$0.19680	per 100 cubic feet for all over 20,000 cubic feet	(D)

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

\$121.01	Basic Service Charge	
\$0.17572	per 100 cubic feet for the first 300,000 cubic feet	(D)
\$0.16436	per 100 cubic feet for the next 1,700,000 cubic feet	(D)
\$0.14935	per 100 cubic feet for all over 2,000,000 cubic feet	(D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

3. Small Volume Industrial Service Transportation Rates

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

Rates per Small Volume Industrial Service SATC Customer per Month:

\$65.60	Basic Service Charge	
\$0.23155	per 100 cubic feet	(D)

4. Intermediate Volume Industrial Service Transportation Rates

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

Rates per Intermediate Volume Industrial Service SATC Customer per Month:

\$201.91	Basic Service Charge	
\$0.17572	per 100 cubic feet for the first 100,000 cubic feet	(D)
\$0.13623	per 100 cubic feet for the next 1,900,000 cubic feet	(D)
\$0.10532	per 100 cubic feet for all over 2,000,000 cubic feet	(D)

B. Miscellaneous Customer Surcharges

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

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

(C) Indicates Change

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

c. Additional Assignments of ESS Storage Capacity

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

The DTR by month shall be as follows:

Capacity Transfer Month	DTR \$/Mcf	
April	\$0.00	
May	\$0.00	
June	\$0.00	
July	\$0.00	
August	\$0.00	
September	\$0.00	(D)
October	\$0.00	(D)
November	\$0.48	(D)
December	\$0.76	(D)
January	\$0.73	(D)
February	\$0.43	(D)
March	\$0.00	

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

2. Released Transmission Capacity Not Included in SATC
Transportation Rates

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

As an alternative to the above, the Company may designate an alternative capacity path(s) from its available capacity. The capacity release rate for the pipeline capacity path released to the Supplier shall be \$7.9450/Dth which equals the weighted average demand cost of upstream capacity, however, capacity released on NFGSC will be released at the maximum rate under NFGSC's FERC gas tariff. The Company will post a listing of the alternative capacity path(s) designated, including the associated quantity of capacity, on its web site. (D)

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

E. In the event of interruption or curtailment of transportation service, pursuant to items C and D, above, and during such period of interruption or curtailment, the DMLMT Service customer must sell to the Company all or a portion of the DMLMT Service Customer's supply of gas at the higher of (1) the Transportation Service Customer's cost of purchased gas at the point of delivery to the Company or (2) the Company's average cost of purchased gas per Mcf, as determined based upon the Company's Section 1307(f) Rate which is \$6.2444.

(D)

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

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

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

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

Rates for each Mcf (1,000 cubic feet) of gas supplied under Residential, Low Income Residential Assistance Service, Commercial and Public Authority, Commercial and Public Authority Load Balancing Service ("LBS"), Small Volume Industrial, Intermediate Volume Industrial, Intermediate Volume Industrial LBS, Large Industrial, Large Industrial LBS, Large Volume Industrial, Large Volume Industrial LBS and Natural Gas Vehicle Service rate schedules of this tariff, shall include \$4.2525 per Mcf for recovery of purchased gas commodity costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. (D)

Rates for each Mcf (1,000 cubic feet) of gas supplied under Residential, Commercial and Public Authority, Small Volume Industrial Service, Intermediate Volume Industrial, Large Volume Industrial Service, Large Industrial Service and Standby Service rate schedules of this tariff, shall include \$1.4503 per Mcf for recovery of purchased gas demand costs, calculated in the manner set forth below, pursuant to Section 1307(f) of the Public Utility Code. (I)

Rates for each Mcf (1,000 cubic feet) of gas transported under the Small Aggregation Transportation Customer Rate Schedule shall include \$0.2624 per Mcf for the recovery of purchased gas demand costs. (D)

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

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

	Distribution		Gas Adjustment	Natural Gas	
	Total	Charges	Charge	Supply Charge	
Residential	\$5.9652	\$0.2624	\$(0.2677)	\$5.9705	(D)
Low Income Residential Assistance Service	\$5.9652	\$0.2624	\$(0.2677)	\$5.9705	(D)
Commercial/Public Authority	\$5.9652	\$0.2624	\$(0.2677)	\$5.9705	(D)
Small Volume Industrial	\$5.9652	\$0.2624	\$(0.2677)	\$5.9705	(D)
Intermediate Volume Industrial	\$5.9652	\$0.2624	\$(0.2677)	\$5.9705	(D)
Large Volume Industrial	\$5.9652	\$0.2624	\$(0.2677)	\$5.9705	(D)
Large Industrial	\$5.9652	\$0.2624	\$(0.2677)	\$5.9705	(D)
Standby	\$0.5084				(D)
Priority Standby	\$1.0955				(D)
Small Aggregation Transportation Customer Rate Schedule	\$0.2624	\$0.2624			(D)

(I) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

RIDER B

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, a surcharge of (0.32%) will apply to all charges for service rendered on or after November 1, 2022. (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, and
- c. On March 31, 1971, and each year thereafter.

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

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

(C) Indicates Change

(D) Indicates Decrease

Issued:

Effective:

Rider G
Merchant Function Charge (MFC) Rider

Applicability:

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

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

Calculation of Rate:

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

The current Residential MFC Charge is:

Natural Gas Supply Charge per Mcf	\$0.1332	(D)
Gas Adjustment clause (E-Factor) per Mcf	\$(0.0060)	(D)
Total Residential MFC per Mcf	\$0.1272	(D)

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

The current Non-Residential MFC Charge is:

Natural Gas Supply Charge per Mcf	\$0.0136	(D)
Gas Adjustment clause (E-Factor) per Mcf	\$(0.0006)	(D)
Total Non-Residential MFC per Mcf	\$0.0130	(D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

Rider H
Gas Procurement Charge (GPC)

APPLICABILITY

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

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

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

	Residential (¢ per 100 cubic feet)	Non Residential (¢ per 100 cubic feet)	
Price To Compare Component			
Natural Gas Supply Charge			
Purchased Gas Cost Component (Rider A)	59.705	59.705	(D)
Merchant Function Charge associated with Natural Gas Supply Charge (Rider G)	1.332	0.136	(D)
Gas Procurement Charge (Rider H)	<u>1.050</u>	<u>1.050</u>	
Subtotal Natural Gas Supply Charge	62.087	60.891	(D)
Gas Adjustment Charge			
Purchased Gas Cost Component (Rider A)	(2.677)	(2.677)	(D)
Merchant Function Charge associated with Gas Adjustment Charge (Rider G)	<u>(0.060)</u>	<u>(0.006)</u>	(D)
Subtotal Gas Adjustment Charge	(2.737)	(2.683)	(D)
Total Price To Compare	<u>59.350</u>	<u>58.208</u>	(D)

(D) Indicates Decrease

(I) Indicates Increase

Issued:

Effective:

Appendix B

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
Office of Small Business Advocate	:	Docket Nos. R-2023-3037428
Office of Consumer Advocate	:	C-2023-3037705
	:	C-2023-3037866
v.	:	
	:	
National Fuel Gas Distribution	:	
Corporation	:	

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

TO ADMINISTRATIVE LAW JUDGE CHARECE Z. COLLINS:

I. INTRODUCTION

National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) files this Statement in Support of the Joint Petition for Settlement of the Section 1307(f) Rate Investigation (“Settlement”) entered into by Distribution, the Bureau of Investigation & Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (hereinafter, collectively “Parties”) in the above-captioned purchased gas cost (“PGC”) proceeding. Distribution respectfully requests that Administrative Law Judge Charece Z. Collins (“ALJ”) recommend approval of, and the Commission approve, the Settlement, including the terms and conditions thereof, without modification.

The Settlement, if approved, will resolve all of the issues in this proceeding, including whether Distribution’s historic natural gas costs were and projected natural gas costs will be incurred under a least cost fuel procurement policy. The Settlement is in the interests of Distribution, its customers, and the other Parties and is otherwise in the public interest. It should accordingly be approved without modification.

The Settlement was achieved after a comprehensive investigation of Distribution's natural gas procurement policies and operations. Distribution responded to numerous formal discovery requests. The Statutory Parties (*i.e.*, I&E, OCA, and OSBA) have years of experience in evaluating Distribution's annual PGC filings and thoroughly evaluated the Company's 2023 filing. Moreover, both OCA and I&E submitted Direct Testimony in this proceeding.

For the reasons set forth herein, the Settlement is just and reasonable and Distribution's 2023 1307(f) Filing, as modified by the Settlement, should be approved.

II. COMMISSION POLICY FAVORS SETTLEMENT

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

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. PGC RATES

The Settlement rates that Distribution proposes to place into effect on August 1, 2023 are supported by record evidence. Distribution explained in detail the development of its natural gas supply rates utilizing cost projections, sales projections, and the reconciliation process.

Distribution's testimony and exhibits provided full support for the rates and their underlying calculations. See Distribution PGC St. No. 5, PGC Exhibit No. 21.

In Distribution's pre-filing, filed on December 30, 2022, it provided 27 exhibits detailing its gas purchases, gas contracts, peak day requirements and other information required by the Commission's regulations.¹ In its annual filing made on January 30, 2023, Distribution offered the testimony of 7 witnesses explaining the filing and why it was reasonable, along with additional exhibits supporting the filing. Additional detail regarding the Company's gas purchasing practices is also provided in the Proposed Findings of Fact set forth in Paragraphs 27-44 of the Settlement.

The Settlement rates also reflect the adjustments that were agreed to by the Parties in this proceeding. Accordingly, under the terms of the Settlement, the Parties agree that, on August 1, 2023, Distribution will place into effect the natural gas rates set forth in **Appendix A** of the Settlement, as modified by the Settlement, and subject to updates for actual over/under recoveries of purchased gas costs through June 30, 2023, for updates related to the calculation of the Monthly Metered Transportation ("MMT") balancing charge and for updates to the forecasts of wellhead prices. Settlement ¶ 48.

B. DESIGN DAY REQUIREMENTS

In this proceeding, no party disputed Distribution's overall design day forecasting model or requirements. Through Direct Testimony, Company witness Lisa A. Petko detailed Distribution's forecasted design day model, noting that "Distribution expects its design day capacity for the winter of 2023-2024 to be 350,774 Dth/day. Distribution St. No. 7, p. 14. Moreover, Ms. Petko confirmed that Distribution will "review its design day firm capacity

¹ On January 10, 2023, Distribution filed and served PGC Exhibit Nos. 12, 21, and 22, which were unintentionally omitted from the December 30, 2023, 30-day pre-filing materials.

requirements again after analyzing its system usage during this winter of 2023.” Distribution St. No. 7, p. 11.

As noted previously, no party disputed the Company’s overall design day forecasting model or requirements, as presented by Ms. Petko. Indeed, under the Settlement, the Parties agreed that:

1. Rates established in this proceeding are based on a contracted-for level of pipeline and storage capacity of 350,774 Dth/day. *See* Distribution PGC St. No. 7, p. 14. The Parties agree to use the throughput and capacity amounts projected by the Company to calculate rates in this proceeding. The acceptance by the Parties of this level of throughput and capacity to calculate rates does not indicate their acceptance of, and the Commission’s approval of the settlement will not indicate its approval of, the procedures or methodologies used to calculate these levels of throughput and capacity.
2. In Distribution’s 2024 Section 1307(f) proceeding, any party may contend that Distribution should adjust its capacity to a different level. If the Commission makes a determination concerning the appropriate level of capacity for Distribution, Distribution will undertake all reasonable and appropriate actions, after the determination becomes final, to adjust its level of capacity to the level determined to be appropriate.
3. No party to this Settlement may contend that there should be a disallowance of recovery by Distribution of its cost of capacity for any period prior to Distribution’s first reasonable opportunity to adjust its capacity after the determination of the appropriate level of capacity has become final.

Settlement ¶¶ 49-51.

The Settlement on issues related to the Company’s Design Day forecasting model reflects the Company’s position in this proceeding. However, the Settlement does not prohibit Parties from challenging Distribution’s Design Day forecasting model in future PGC proceedings. As such, these settlement provisions are in the public interest and should be approved.

C. CONTRACT RENEWALS AND CHANGES

The Settlement requests that the Commission approve the renewals, extensions and changes in pipeline and storage capacity contracts that are explained in Distribution’s PGC

Statement No. 7 and in Distribution's PGC Exhibits 4 and 8. Settlement ¶ 52. These contracts are in the public interest for the reasons explained in the Company's testimony and exhibits, and these contracts should be approved.

D. E-FACTOR INTEREST RATE CALCULATION

In this proceeding, Distribution witness Nicholas J. Hewa presented Direct Testimony regarding the Company's use of the prime interest rate for the purposes of calculating refunds to and recoveries from customers. Specifically, Mr. Hewa explained:

The interest rate to be applied to the over/undercollection of purchases gas costs and storage injections/withdrawals is based on Act 47 of the Public Utility Code [...] Under this methodology, refunds to customers shall be made with an recoveries from customers shall include interest at the prime rate for commercial borrowing in effect 60 days prior to the tariff filing and as reported in a publicly available sources identified by the Commission or at an interest rate which may be established by the Commission or regulation.

Distribution PGC St. No. 5, p. 9.

For the purposes of the January 31, 2023, Main Filing, Mr. Hewa used a prime interest rate of 7.5% for the twelve month period ending July 31, 2023, when calculating the interest component of its E-Factor. *See* Distribution PGC Exhibit 21, Schedules 3 and 6.

I&E witness Vanessa Okum disputed the Company's E-Factor interest rate calculation. Specifically, Ms. Okum argued that the prime interest rate for commercial borrowing in effect 60 days prior to the tariff filing was 7.0%, rather than 7.5% as was used by Distribution. I&E St. No. 1, pp. 2-3. Indeed, Ms. Okum noted that "[t]he prime interest rate for commercial borrowing in effect 60 days prior to the [January 31, 2023] filing, or December 2, 2022, was 7.0%..." I&E St. No. 1, p. 3. Therefore, applying an interest rate of 7.0%, Ms. Okum recommended that the E-Factor be modified to reflect a Total Gas Cost Rate per Mcf of \$5.9649, rather than \$5.9652, as calculated by Distribution. I&E St. No. 1, p. 3.

In Rebuttal, Distribution witness Hewa acknowledged that the 7.0% interest rate recommended by I&E witness Okum was correct and followed the methodology mandated by 66 Pa. C.S. § 1307(f)(5). PGC Distribution St. No. 5R, p. 1. Additionally, Mr. Hewa agreed that, by implementing Ms. Okum’s recommendation of “using the 7.0% primate interest rate for commercial borrowing instead of the 7.5% rate results in a Total Gas Cost Rate change from \$5.9652 per Mcf to \$5.9649 per Mcf.” Distribution PGC St. No. 5R, p. 2.

The Settlement reflects I&E’s position on this issue, however, Distribution is in agreement that the interest rate used for the purposes of calculating the Total Gas Cost Rate in its Main Filing should have been 7.0%. Settlement ¶ 53. Under the Settlement, Distribution will use an interest rate of 7.0% for the purposes of calculating its E-Factor for the twelve-month period ending July 31, 2023, resulting in a Total Gas Cost Rate per Mcf of \$5.9649. Settlement ¶ 53. No other party presented testimony on this issue, and, therefore, Distribution’s interest rate application for calculating its E-Factor should be approved, as modified by the Settlement, as being in the public interest.

E. SUMMER PURCHASES

As part of its December 30, 2022, Prefiling in this proceeding, Distribution included an evaluation of potential modifications to its Gas Cost Management Plan (“Plan”). Under the partial settlement reached in the Company’s 2022 1307(f) proceeding, Distribution agreed to:

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

See Joint Petition for Partial Settlement, Docket Nos. R-2022-3030235, et al, (Order approving Partial Settlement Entered July 25, 2022).

In compliance with last year's settlement, in the prefiling for this year's proceeding, Distribution presented its evaluation regarding whether its 12% purchasing target for winter supplies remained appropriate, reviewed its timing and layering of purchases to assess whether distributing cost changes over multiple quarters may benefit customers. Distribution PGC Exhibit No. 8, pp. 17-24. Ultimately, through the prefiling, the Company did not propose any changes to the Plan. This proposal was reached after an in-depth analysis of the Plan, wherein Distribution reallocated 25% of its forward priced purchases from the current summer to the previous winters. Specifically, that practice "would have resulted in net savings for each of the three years." Distribution PGC Exhibit No. 8, p. 22. Distribution PGC Exhibit No. 8 also explained that:

The 25% reallocation would represent approximately 515,000 Dth over the five winter months. The cost savings for Winter 2020-2021 when taking the average winter strip from the previous Winter 2019-2020 versus the Summer 2020 would have been approximately \$200,000. For Winter 2021-2022 it is approximately \$540,000 and Winter 2022-2023 would be approximately \$1,500,000. The Company also projected pricing for Winter 2023-2024 at the time that forward deals were triggered for Winter 2022-2023 to see the impact of extending the time periods.

Distribution PGC Exhibit No. 8, pp. 22-23.

Importantly, the Company also evaluated the effects of hedging winter purchases for the projected winter year, *i.e.*, winter 2022-2023. Under that evaluation, the result of the increased hedging was estimated at an increased cost to Distribution's customers of approximately \$1,100,000. Distribution PGC Exhibit No. 8, pp. 20-21. Additionally, the Company explained that "[i]n today's current pricing environment that is trading in the \$5 to \$7 range, it is unclear in which direction pricing will ultimately settle. Therefore, the Company believe its diversified approach with 52% of winter supplies with predetermined prices will allow for a hedge to the majority of supplies, and it will allow the Company to handle operational requirements while still

maintaining price diversification to daily and monthly indices with the other 48% of supplies.” Distribution PGC Exhibit No. 8, pp. 23-24.

In response, the OCA presented the Direct Testimony of Jerome D. Mierzwa. Mr. Mierzwa recognized the Company’s study of its Plan, however, argued that “[t]he Plan currently provides for no price diversification for the Company’s summer gas supply purchases.” OCA St. No. 1, p. 13. As a result, Mr. Mierzwa recommended that “the Company consider purchasing 25 to 50% of the purchases it currently conducts in the summer months at predetermined fixed prices one year prior to the month of delivery.” OCA St. No. 1, pp. 13-14. According to Mr. Mierzwa, “if enough gas purchasing is spread through various times of the year, short term market price volatility will have a reduced impact on rates, while consumers will pay market prices spread throughout the year.” OCA St. No. 1, p. 14.

In response to Mr. Mierzwa’s recommendations, Distribution witness Marc T. Cuthbertson presented Rebuttal Testimony. Mr. Cuthbertson acknowledged that the Company agreed “that purchasing summer gas a year prior to delivery would be a way to provide for price diversification and a hedge to the Company’s summer gas supply purchases predominantly injected into storage.” Distribution PGC St. No. 2R, pp. 1-2. However, Mr. Cuthbertson also explained that the Company did not entirely agree with Mr. Mierzwa’s recommendation and instead proposed that the Company “enter into two physical fixed priced hedge between 15%-20% of its total summer purchase quantity.” Distribution PGC St. No. 2R, p. 2. Mr. Cuthbertson explained that the ratio would be calculated off of two main factors that determine Distribution’s summer purchase requirements: (1) the projected summer retail demand requirements; and (2) the Company’s storage fill requirements. Distribution PGC St. No. 2R, p. 2. Moreover, Mr. Cuthbertson proposed

two fixed price triggers that would occur in the months of April and June prior to the delivery during the subsequent summer season. Distribution PGC St. no. 2R, p. 3.

Under the Settlement, the Parties agreed that:

Distribution will purchase approximately 15% to 20% of its summer purchases at predetermined fixed prices during the summer period preceding the summer delivery period. For example, approximately 15% to 20% of the projected summer purchases for the delivery period from April 1, 2025, through October 31, 2025, will be purchased at fixed prices on predetermined trigger dates during the April 1, 2024, through October 31, 2024, summer period.
Settlement ¶ 54.

The Settlement regarding Distribution's summer purchases reflects a middle-ground between the Company's initial proposal and the OCA's recommendation. OCA and Distribution were the only Parties to present testimony on this issue; each side traded alternative recommendations until a compromise was reached. As such, the Company's Plan, particularly as it relates to Distribution's summer purchases, should be approved as modified by the Settlement as being in the public interest.

F. TARIFF CHANGES

In its main filing made on January 30, 2023, Distribution identified the tariff changes that it was proposing to make in this proceeding. The majority of the proposed tariff changes related to changes in rates associated with changes in purchased gas costs. No party in this proceeding objected to the changes, however, issues were raised relating to the calculation of Distribution's E-Factor by I&E. Issues related to the Company's calculation of E-Factor, and the interest rate used in that calculation, are previously discussed and addressed in preceding Section (III)(D).

As such, the Settlement approves Distribution's Tariff, as filed, with the exception of the E-Factor calculation and interest rate used in that calculation, which has been modified consistent with the Settlement. *See* Settlement ¶ 53.

G. APPROVAL OF FILING

Under the Settlement, the Parties have agreed that Distribution's 2023 Section 1307(f) filing is approved except as modified by the Settlement. Partial Settlement ¶ 56. The Parties have thoroughly investigated Distribution's PGC filing through discovery and submission of testimony. Distribution has addressed the contested issues through the specific provisions of the Settlement and requests that the ALJs and the Commission approve the Company's 2023 PGC filing.

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

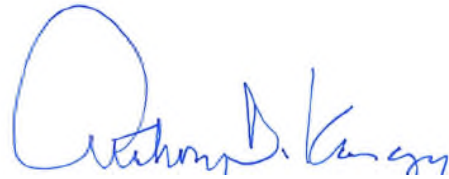
Under the Settlement, the Parties recommend that the ALJ and the Commission make specific findings on certain matters which the Commission is required to address in order to determine whether Distribution is following a "least cost" gas procurement program, consistent with its obligation to provide safe, adequate and reliable service, as required under Section 1318(a) of the Public Utility Code, 66 Pa.C.S. § 1318(a). After investigation of Distribution's filing including substantial discovery, all Parties agree that Distribution is meeting its statutory obligations.

IV. CONCLUSION

Through cooperative efforts and the open exchange of information, the Parties have arrived at a Settlement that resolves all issues in the proceeding in a fair and equitable manner. The Settlement is the result of detailed examination of Distribution's natural gas procurement policies through numerous discovery responses, testimony and accompanying exhibits. A fair and reasonable compromise has been achieved in this case, as is evident by the fact that all Parties, including Distribution, I&E, OCA, and OSBA, have agreed to resolution of all of the issues.

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

Respectfully submitted,



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Of Counsel:
Post & Schell, P.C.

Date: April 19, 2023

Counsel for National Fuel Gas
Distribution Corporation

Appendix C

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2023-3037428
	:	
National Fuel Gas Distribution Corporation 1307(f) Filing	:	

**BUREAU OF INVESTIGATION AND ENFORCEMENT’S
STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT OF
THE SECTION 1307(f) RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE CHARECE Z. COLLINS:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through its Prosecutor, Carrie B. Wright, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Partial Settlement (“Settlement”) are in the public interest and represent a fair, just and reasonable balance of the interests of National Fuel Gas Distribution Corporation (“NFG,” “Distribution,” or “Company”) and its customers. The parties to this Settlement conducted extensive discovery, settlement discussions, and exchanging of testimony and, as a result, the Joint Petitioners have agreed upon the terms embodied in the foregoing Settlement which settles all issues with the exception of the Renewable Natural Gas (“RNG”) Pilot Program which was reserved for briefing. This request is based upon I&E’s conclusion that the Settlement is in the public interest as supported by the following factors:

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

2. On December 30, 2022 NFG submitted its purchased gas cost ("PGC") pre-filing projecting decrease to the PGC rate of \$2.28253 per Mcf. On January 31, 2023, NFG filed with the Commission Supplement No. 256 to Tariff Gas - Pa. P.U.C. No. 9 and a Tariff Addendum. In accordance with Section 1307(f)(1) of the Public Utility Code, Supplement No. 236 was issued to become effective on August 1, 2023.

3. I&E filed a Notice of Appearance on January 11, 2023.

4. A telephonic Prehearing Conference was held on February 7, 2023, which resulted in the establishment of a procedural schedule.

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

6. I&E presented the I&E Statement No. 1, the Direct Testimony of Vanessa Okum with its accompanying exhibit, I&E Exhibit No. 1.

7. In accordance with the Commission's policy favoring settlements over costly and time consuming litigation, 52 Pa. Code § 5.231, the Settling Parties were successful in achieving a settlement of all issues.

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

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

Specifically, I&E analyzed the Company's E-factor and in testimony recommended that NFG use an interest rate of 7% to calculate its E-factor for the twelve month period ending July 31, 2023.¹ This resulted in a total gas cost rate per Mcf of \$5.9649.² As explained by I&E witness Okum, NFG used an interest rate of 7.5% for the twelve-month period ending July 31, 2023 when calculating the interest component of its E-factor; however, the prime interest rate for commercial borrowing in effect 60 days prior to the current filing, or December 2, 2022, was 7.0%.³ 66 Pa. C.S. § 1307(f)(5) requires use of the prime interest rate for commercial borrowing in effect 60 days prior to its tariff filing. As a result, 7% was the correct interest rate to use to calculate the E-factor for the twelve months ending July 31, 2023. Per the settlement, NFG has agreed to use 7% for the purposes of calculating its E-factor for the twelve month period ending July 31, 2023.

¹ I&E St. No. 1, p. 3.

² I&E St. No. 1, p. 3.

³ I&E St. No. 1, pp. 2-3.

An E-factor is the experienced over/under collections, it reconciles variations between the projected gas costs and actual gas costs as well as variances between projected and actual sales. The E-factor also serves as the vehicle to pass through miscellaneous revenues and to calculate interest. This review is critical because the proper calculation of the E-factor ensures that rates are adjusted appropriately. With the correction to the interest rate as agreed to in the settlement, I&E is satisfied that the Company's E-factor calculation is appropriate and accurate. Additionally, I&E believes the Company's projected gas costs are consistent with a least cost fuel procurement policy. While those costs are subject to review in a future PGC proceeding, I&E maintains that ratepayers are protected in that NFG gains no unwarranted financial advantages through its projected gas purchases and projected gas purchasing policies. Accordingly, I&E represents that the Settlement maintains the proper balance of the interests of all parties.

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

b. Based upon I&E's analysis of the filing, acceptance of this proposed Settlement is in the public interest because it appropriately resolves the issue raised by I&E in testimony in a way that is mutually agreeable to the Company and I&E. Further, resolution of this case by settlement rather than litigation will avoid the substantial time

and effort involved in continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense.

9. I&E further submits that the acceptance of the foregoing settlement will eliminate the need for briefs and direct and cross-examination of witnesses, the preparation of Main Briefs, Reply Briefs, Exceptions and Reply Exceptions, and the filing of possible appeals as it settles all issues raised in this proceeding.

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

11. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event that the Partial Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

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

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Partial Settlement as being in the public interest and

respectfully requests that Administrative Law Judge Charece C. Collins recommend, and the Commission subsequently approve, the foregoing Joint Petition for Partial Settlement, including all terms and conditions contained therein.

Respectfully submitted,

Carrie B Wright

Carrie B. Wright
Prosecutor

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
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Harrisburg, Pennsylvania 17120
(717) 783-6156
Dated: April 19, 2023

Appendix D

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2023-3037428
Office of Consumer Advocate	:	C-2023-3037705
Office of Small Business Advocate	:	C-2023-3037866
	:	
	:	
v.	:	
	:	
National Fuel Gas Distribution Corporation	:	

STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF SETTLEMENT

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

I. INTRODUCTION

On December 30, 2022, National Fuel Gas Distribution Corporation (NFGD or Company) submitted its purchased gas cost (PGC) pre-filing information in support of its annual reconciliation of PGC rates pursuant to Section 1307(f) of the Public Utility Code. *See* 52 Pa. Code §§ 53.64, 53.65; *see also* 66 Pa. C.S. § 1307(f). On January 31, 2023, NFGD filed additional supporting data and exhibits as well as the written testimony of seven witnesses in support of Supplement No. 256 to Tariff Gas — Pa. P.U.C. No. 9 (Supplement No. 236), to be effective for service rendered on and after August 1, 2023. NFGD also submitted a Tariff Addendum. Together Supplement No. 256 and the Addendum set forth the specific rates proposed by the Company for recovery of purchased gas costs effective on August 1, 2023. The Company’s filing proposed a

decrease of \$2.8253 per Mcf in its rate for recovery of purchased gas costs for sales service, as compared to rates in effect as of November 1, 2022. NFGD St. 5 at 7. The Company also evaluated whether its current 12% purchasing target for winter supplies remains appropriate and reviewed whether distributing cost changes over multiple quarters may benefit customers. NFGD Exh. 8 at 17-24.

The Company's 1307(f) filing was assigned to the Office of Administrative Law Judge and was further assigned to the Honorable Administrative Law Judge (ALJ) Charece Z. Collins for investigation and scheduling of hearings to determine whether NFGD's gas costs comply with the standards set forth in the Public Utility Code. The OCA filed a Formal Complaint in this proceeding on January 26, 2023 to evaluate the reasonableness of the Company's proposed PGC rates and to review the findings of the volatility study that the Company had conducted on its Gas Cost Management Plan pursuant to the Settlement from NFGD's 2022 1307(f) proceeding, docketed at R-2022-3030235. The OCA submitted the Direct Testimony of Jerome D. Mierzwa in this proceeding recommending that NFGD further diversify its Gas Cost Management Plan.¹ A complete procedural history of this proceeding can be found in the Joint Petition for Settlement at Section III.

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

II. SETTLEMENT

The Commission encourages parties in contested, on-the-record proceedings to settle cases. *See* 52 Pa. Code § 5.231. A settlement, by definition, reflects a compromise of the parties' positions. When active parties in a proceeding reach a settlement, the principal issue for

¹ *See* OCA Statement 1, the Direct Testimony of Jerome D. Mierzwa.

Commission consideration is whether the settlement suits the public interest. *Pa. Public Utility Commission v. CS Water and Sewer Associates*, 74 Pa. PUC 767, 711 (1991); *see also Pa. Public Utility Commission v. Philadelphia Electric Company*, 60 Pa. PUC 1, 21 (1985).

The OCA submits that this proposed Settlement is in the public interest and should be approved. The OCA, with Mr. Mierzwa's assistance, conducted discovery in this proceeding through four sets of interrogatories and informal discovery requests. As part of his review, Mr. Mierzwa reviewed the timing of the Company's purchasing in order to determine if the Company could reduce price volatility. In his Direct Testimony, Mr. Mierzwa recommended that NFGD diversify its summer purchases by locking in 25% to 50% of those purchases at fixed prices to be set one year prior to the month of delivery. OCA St. 1 at 13-14. Mr. Mierzwa noted that natural gas prices had been particularly volatile in recent years. Specifically, they increased in 2022 more than had been expected at the time of NFGD's 2022 PGC proceeding, and prices in 2023 were lower than expected at the same time last year. *Id.* at 10. Mr. Mierzwa also noted that residential customers had seen tremendous volatility in their PGC rates in recent years, with rates in early autumn of 2022 being approximately 80% higher than rates in autumn 2021. *Id.* at 11. Mr. Mierzwa's proposal for NFGD to diversify its summer prices would help address this volatility and provide customers with greater stability by capturing market prices over a longer period of time.

Mr. Mierzwa also observed that the Company's own volatility study of its Gas Cost Management Plan (Plan) provided support for diversifying its summer purchases. *Id.* at 11-14. Under the current Plan, the Company locks in a portion of its winter gas supplies at prices fixed prior to the winter season but does not diversify its summer purchases. In its volatility study, NFGD evaluated the impact of modifying its current layering of purchases to assess whether distributing

cost changes over multiple quarters would benefit customers. Specifically, NFGD evaluated the impact of reallocating 25% of its predetermined price summer purchases to the previous winter period for each of the two previous and the current winter season and found that for the winter of 2020-2021 the reallocation would have resulted in savings of approximately \$200,000 to customers. OCA St. 1 at 12. For the winter of 2021-2022, the savings would have been approximately \$540,000, and for the winter of 2022-2023, the savings would have been approximately \$1,600,000. *Id.* NFGD also found that the savings that NFGD's customers saw in winter 2022-2023 were attributable to the avoidance of a portion of the Company's predetermined price summer purchases for the winter of 2022-2023 at the high prices which existed during the summer of 2022. *Id.* Based on these findings, OCA witness Mierzwa argued that NFGD should diversify its summer purchases to help account for potential future volatility in summer gas prices and help stabilize prices for its customers.

The Settlement provides that NFGD will purchase approximately 15% to 20% of its summer purchases at predetermined prices to be fixed during the summer period preceding the summer delivery period. Settlement ¶ 54. Although this is a lower portion of the summer purchases to be fixed than what the OCA had recommended in testimony, it helps to address the OCA's concerns about continuing gas price volatility in the summer months. As the Company pointed out in rebuttal testimony, typically summer gas prices and volatility do not increase to the rates that they did in summer of 2022, and fixing a lower percentage of summer purchases will help provide customers with greater stability while allowing NFGD to maintain sufficient operational delivery flexibility and preserve price diversity. NFGD St. 2R at 3.

While gas price increases such as those seen in summer 2022 are not unprecedented, and gas prices may remain volatile as the climate becomes increasingly unpredictable, the Company's

agreement to fix 15% to 20% of its summer purchases at prices to be locked-in approximately a year beforehand represents a reasonable compromise in this proceeding. *Id.* at 13. This compromise will allow the OCA and NFGD to evaluate how much this price-fixing helps stabilize prices for customers, and it will provide flexibility for the parties to determine whether the Company should increase the fixed portion of its summer purchases at its next PGC proceeding or in later years. This settlement term represents a reasonable compromise of the parties' positions in this proceeding and is in the public interest, thus, it should be approved.

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

III. CONCLUSION

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

Respectfully Submitted,

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/s/Mackenzie C. Battle
Mackenzie C. Battle
Assistant Consumer Advocate
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Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625

DATE: April 19, 2023

Counsel for:
Patrick M. Cicero
Consumer Advocate

Appendix E

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2023-3037428
	:	
National Fuel Gas Distribution Corporation 1307(f)	:	

**STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT OF
THE SECTION 1307(f) RATE INVESTIGATION**

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 in the above-captioned proceeding, which was initiated by National Fuel Gas Distribution Corporation (“NFG” or the “Company”) on January 31, 2023.

The OSBA participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Settlement of the Section 1307(f) Rate Investigation (“*Joint Petition*”). The OSBA submits this statement in support of the *Joint Petition*.

The Joint Petition

The *Joint Petition* sets forth a comprehensive 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 the small business customers of NFG.

The OSBA did not submit testimony in this proceeding. However, the OSBA has reviewed the filing, discovery responses, and other party testimony. As set forth in the OSBA's prehearing memo, the OSBA specifically focused on the following issues.

Lost and Unaccounted-For Gas

The OSBA reviewed the Company's sixty-month average lost and unaccounted for gas ("LUFG") rate for the period ending August 2022. NFG Statement No. 4, at 14. The Company's LUFG historically has been low, while the average LUFG ending August 2022 was 0.12%. The OSBA is satisfied that this low rate for LUFG is just and reasonable.

Retainage Rates

Retainage rates for transportation customers remains at the historical rate of 0.15%, which includes company use. NFG Statement No. 4, at 17. The OSBA is satisfied that this retainage rate is just and reasonable.

Design Day Forecasting / Peak Day Capacity Requirements

The OSBA observed that the Company proposed no design day forecasting methodology changes in this proceeding. Furthermore, NFG continues to use 74 heating degree days as its design peak day requirements. The OSBA believes both issues are just and reasonable results for purposes of this proceeding.

Natural Gas Supply Mix

The OSBA reviewed NFG’s gas supply mix and strategy for basin diversification. The OSBA noted that NFG continues to purchase 100% of supply from the northeast market area (Marcellus and Utica Shale). While not particularly diverse, such purchases are local and comparatively cheap. Thus, OSBA finds NFG’s supply mix to be just and reasonable.

MMT Transportation Rate

The rate for these monthly metered customers includes a purchased gas cost component designed to recover the costs of balancing daily deliveries and usage. NFG proposed to keep the proposed rate the same as the current rate, or \$0.36/mcf. NFG Statement No. 6, at 16. The *Joint Petition* adopts this rate. *Joint Petition*, at 3. The OSBA submits that this is an acceptable result.

DMT Customer Imbalances

NFG proposed no changes from prior practice. NFG Statement No. 6, at 21. The OSBA submits that this is an acceptable result for this proceeding.

NFG’s Strategy for Capacity Release and Off-System Sales

The Company has not proposed any changes to its sharing mechanism for off-system sales and capacity release (75% ratepayer, 25% shareholder) in this proceeding. The OSBA supports the continuation of this mix of 75%/25% in favor of NFG ratepayers.

NFG’s use of Renewal Natural Gas (“RNG”)

The Company continues to pursue and review potential RNG procurement opportunities, but discussions have not yet evolved into a specific proposal. NFG Statement No. 1, at 3. In addition, NFG observed that it cannot yet claim any credit for Responsibly Sourced Natural Gas (“RSNG”) purchases. NFG Statement No. 1, at 4.

Therefore, neither RNG nor RSNG are an issue in this proceeding.

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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