



September 29, 2025

*VIA ELECTRONIC FILING*

Matthew L. Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor North  
Harrisburg, Pennsylvania 17105-3265

**Re: National Fuel Gas Distribution Corporation – Service Agreement  
with National Fuel Gas Company and Subsidiary Companies  
Docket No. G-2025-**

Dear Secretary Homsher:

Enclosed for filing on behalf of National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) is a revised Service Agreement between Distribution and National Fuel Gas Company (“National”), including certain subsidiaries of National. This Service Agreement is being filed pursuant to Chapter 21 of the Public Utility Code, 66 Pa. C.S. Ch. 21, governing relationships with affiliates.

The Company’s currently existing Service Agreement was approved by the Pennsylvania Public Utility Commission (“Commission”) on September 21, 2018, at Docket No. G-2018-3002838. Distribution is proposing to make changes to its existing Service Agreement as recommended in the Management and Operations Audit Docket No. D-2023-3040107. The proposed changes are to: (1) update the Service Agreement to include a description of permitted transfers of assets (new Article II of the proposed Service Agreement); and (2) revise the Service Agreement to add detail and terms consistent with National’s Cost Assignment and Allocation Manual (the “Manual”).

Regarding the addition of detail and terms consistent with the Manual, the Company proposes to replace the description of services found in Exhibit B of the existing Service Agreement with the description found in Section II of the Manual (entitled “Affiliate Services”). The Company also proposes to add a new Exhibit C to the Service Agreement consisting of Section VIII of the Manual (entitled “Other Allocation Methods”), which sets forth factors and methodologies used for the allocation of indirect costs.

The proposed Service Agreement expands, consistent with the Manual, the terms governing assignment of costs (Article III of the proposed Service Agreement) and determination of cost (Article IV of the proposed Service Agreement). The proposed Service Agreement adds terms governing billing practices and, consistent with the Manual, addresses convenience payments

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(Article V of the proposed Service Agreement). Finally, the proposed Service Agreement provides that the Company shall re-file the agreement with the Commission when subsidiaries are added as parties (Article VI of the proposed Service Agreement).

Clean and red-lined versions of the Service Agreement are provided in Attachment 1 hereto.

Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,



James P. Baetzhold

Associate General Counsel

Enclosure

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL

Allison Kaster, Esquire  
Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
Harrisburg, PA 17105-3265

NazAarah Sabree  
Office of Small Business Advocate  
555 Walnut Street  
Forum Place, 1st Floor  
Harrisburg, PA 17101-1923

Daryl Lawrence, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923

Dated this 29th day of September 2025.

  
James P. Baetzhold

# Attachment 1

## **SERVICE AGREEMENT**

AGREEMENT, dated as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, among National Fuel Gas Company, a New Jersey corporation ("National"), and the undersigned subsidiaries of National.

### WITNESSETH:

WHEREAS, National is a holding company that owns, directly or indirectly, voting securities of the undersigned subsidiary companies;

WHEREAS, National and the undersigned subsidiary companies are referred to herein as the National Fuel Gas System ("System"), which is organized for, and presently engaged primarily in, the business of exploring for, producing, storing, transporting, gathering, and distributing natural gas; and

WHEREAS, System companies desire, need and require from time to time the administrative, engineering and technical aid, assistance and advice of personnel experienced in the operation and management of natural gas and other properties who are employed by members of the System, and have agreed concerning the nature and extent of the assistance and service required, and the amounts to be paid as compensation therefor, and do hereby desire to evidence their agreement in writing;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings herein contained, the parties hereto agree as follows:

### ARTICLE I

#### SERVICES TO BE FURNISHED

National Fuel Gas Distribution Corporation ("Distribution Corporation") or any of the other affiliated members of the System may from time to time perform, on a regular

or temporary basis, administrative, engineering, accounting, maintenance, management or other services, for one or more of the other companies in the System. Distribution Corporation and companies in the System that receive services from, or provide services to, Distribution Corporation are listed in Exhibit A to this Agreement. Descriptions of services are included in Section II of National's Cost Assignment and Allocation Manual, which section is filed as Exhibit B to this Agreement. In addition to the services listed in Exhibit B, National leases office space at its corporate headquarters, 6363 Main Street, Williamsville, NY (the "Main Office") to certain affiliates, and affiliates lease space to each other at various other offices, service centers and field locations.

Notwithstanding anything to the contrary in this Agreement, no System company may perform any service for any other System company in contravention of any applicable law, regulation, rule, order, judgment or decision of any governmental entity ("Applicable Laws"), including, without limitation, any Applicable Laws governing transactions or communications between utility companies and their affiliates or natural gas companies and their affiliates.

## ARTICLE II

### CERTAIN ASSET TRANSFERS

Distribution Corporation's Pennsylvania operating division (the "PA Division") may from time to time wish to transfer assets to, or receive assets from, Distribution Corporation's New York operating division (the "NY Division") or other affiliated members of the System. The PA Division may, pursuant to this agreement, participate in the following types of asset transfers: (i) emergency transfers, and (ii) non-

emergency transfers where the amount of consideration involved is not in excess of \$10,000. Emergency transfers may occur, for example, to address breakdowns in vehicles, equipment, tools, systems or other assets, or to restore or ensure safe, reliable service in response to disruptions or other incidents or circumstances impacting service. With respect to non-emergency transfers permitted under this agreement, regularly recurring payments under a general or continuing arrangement which aggregate a greater annual amount shall not be broken down into a series of transactions each within the \$10,000 limit.

The PA Division and its counterparties to transfers permitted under this agreement shall adjust their books in an appropriate manner to reflect such transfers.

Asset transfers in which the PA Division wishes to participate, other than those permitted under this agreement, require the prior written approval of the Pennsylvania Public Utility Commission, under Section 2102 of the Pennsylvania Public Utility Code.

### ARTICLE III

#### ASSIGNMENT OF COSTS

In consideration of services rendered, the companies receiving such services agree to reimburse their share of the costs thereof, as it is the intention of this Agreement that the reimbursement for services rendered to System companies shall cover the costs of providing said services, including overhead expenses. Costs are assigned pursuant to the following guidelines:

1. To the maximum extent practical, costs that can be specifically attributed to a business unit are directly charged to that business unit. For example, labor costs,

inventory costs and vendor invoices that pertain to a specific business unit are charged to that unit.

2. Costs that cannot be directly charged are allocated to business units on the basis of a causal relationship where applicable, such as the level of activity within various business units, the level of output for each business unit, or the resources consumed by each business unit. The indirect costs are accumulated into clearing accounts or homogeneous pools and are allocated to various business units on the basis of such causal relationships. For example, for costs driven by the number of employees, the factor used to allocate the costs among affiliates is relative number of employees. As another example, for costs driven by computer connectivity to various systems through the System's intranet or mainframe, the factor used to allocate the costs among affiliates is relative number of computers. Factors and methodologies employed for the allocation of indirect costs are included in Section VIII of National's Cost Assignment and Allocation Manual, which section is filed as Exhibit C to this Agreement.

3. Remaining costs that are not associated with a specific, identifiable, causal relationship are pooled and allocated to business units on the basis of "common" factors. This allocation method is used for administrative and general costs related to common departments (those departments whose services benefit some or all affiliates). The costs are allocated across the affiliates based on a three-factor common expense formula. The three factors included in the formula are: net plant, operation and maintenance expense, and total throughput. The formula is updated annually on a fiscal basis using the prior year's fiscal results in the computation.

## ARTICLE IV

### DETERMINATION OF COST

In determining the cost to be assessed as provided in Article III, there shall be added to the salaries of all employees for whom service charges are to be made, a percentage sufficient to cover the general overhead associated with such personnel which will include an allowance for vacation and holiday pay, payroll taxes and all employee benefits. Unit hourly equipment costs shall be developed based on operating expenses, insurance, maintenance and depreciation costs attributable to each individual class of equipment. Costs of materials shall be computed based on the cost of the item as shown on the books of account of the individual company supplying the item plus the standard inventory overhead charge.

In making the foregoing calculations, no overhead shall be charged by National, and no general overhead of any System company shall be added to costs incurred for services of nonaffiliated consultants employed by such company.

For National's regulated utility affiliates, transactions with other regulated affiliates and payments of interest to National constitute a great majority of total affiliate transactions. For example, for the PA Division in calendar year 2024, transactions with the NY Division, transactions with National's regulated pipeline subsidiaries, and payments of interest to National collectively accounted for approximately 96% of total affiliate transactions. Interest payments by the PA Division and NY Division to National are made pursuant to (i) long-term notes issued by Distribution Corporation to National in accordance with orders of the Pennsylvania Public Utility Commission and New York Public Service Commission, and (ii) the corporate money pool agreement, which

provides that borrowers of short-term funds from the money pool pay interest to National in its capacity as administrator of the money pool.

Given the very high percentage of utility affiliate transactions that involve other regulated affiliates or payments of interest to National, National has, across all affiliate transactions, generally applied a fully distributed cost allocation methodology.

National's use of fully distributed costs promotes efficiency in accounting for affiliate transactions and seeks to ensure that all parties to affiliate transactions receive fair treatment.

In consideration of the application of an asymmetric pricing principle to transactions between utility affiliates and non-regulated affiliates, common departments will periodically evaluate their services and consider the feasibility of market alternatives. These assessments will review various service aspects, including, for example, service descriptions and associated budgets; cost competitiveness for the services provided; metrics, goals and results related to the provision of service; agreed-upon service level expectations; service level performance in comparison to agreed-upon service levels; and consequences for not meeting service level expectations.

## ARTICLE V

### BILLING PRACTICES

As soon as practical after the last day of each month, or such other period as may be agreed upon by the respective companies, a billing shall be rendered for all amounts due for services and expenses for such period, computed pursuant to this Agreement. Bills shall identify services and expenses in reasonable detail and include itemized charges. Amounts billed shall be due and payable upon receipt. If an invoice

remains outstanding after 30 days, the service provider may assess interest upon the unpaid amount at a rate equal to 2% per annum above the Daily Rate, as calculated pursuant to National's then effective money pool agreement. The System companies shall keep their books and records available for inspection by representatives of the other companies and, upon request by any System company, shall furnish information required by such System company with respect to services rendered, the costs thereof and the allocation of such costs among the System companies.

Payments to third parties made by one affiliate on behalf of another affiliate are considered convenience or accommodation payments. Not to be confused with actual transactions between affiliates where a good, service or product is provided, convenience or accommodation payments occur when a single payment is made to a vendor that includes amounts for multiple entities. Affiliates on whose behalf a convenience or accommodation payment is made shall, within 30 days of receipt of an invoice with respect to such payment, reimburse the affiliate that made the payment.

## ARTICLE VI

### MISCELLANEOUS

This Agreement sets forth the System's general principles relating to the determination and allocation of costs among System companies.

This Agreement shall be in full force and effect as of the date first mentioned above, subject to any necessary approval of governmental agencies having jurisdiction over this matter.

National may from time to time consent to the addition of other subsidiaries as parties to this Agreement, including without limitation subsidiaries that may be formed or

acquired after the date hereof. With such consent, any such additional subsidiary shall become a party to this Agreement by executing a signature page hereto. Distribution Corporation shall re-file this Agreement with the PUC when subsidiaries are added.

This Agreement shall terminate with regard to any System company upon not less than ninety days written notice of termination from such company to the other System companies; provided, however, this Agreement shall terminate immediately with regard to any company as of the date such company ceases to be an affiliated member of the System.

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one instrument.

IN WITNESS WHEREOF, the parties have hereunto executed this Agreement as of the date first written above.

NATIONAL FUEL GAS COMPANY

By: \_\_\_\_\_  
D. P. Bauer, President and Chief Executive Officer

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

By: \_\_\_\_\_  
M. D. Colpoys, President

NATIONAL FUEL GAS SUPPLY CORPORATION

By: \_\_\_\_\_  
J. N. Del Vecchio, President

EMPIRE PIPELINE, INC.

By: \_\_\_\_\_  
J. N. Del Vecchio, President

PENNSYLVANIA GAS HOLDINGS CORPORATION

By: \_\_\_\_\_  
J. I. Loweth, Vice President

SENECA RESOURCES COMPANY, LLC

By: \_\_\_\_\_  
J. I. Loweth, President

HIGHLAND FIELD SERVICES, LLC

By: \_\_\_\_\_  
J. I. Loweth, President

NATIONAL FUEL GAS MIDSTREAM COMPANY, LLC

By: \_\_\_\_\_  
J. I. Loweth, President

NFG MIDSTREAM COVINGTON, LLC

By: \_\_\_\_\_  
J. M. Morris, Manager

NFG MIDSTREAM PROCESSING, LLC

By: \_\_\_\_\_  
J. M. Morris, Manager

NFG MIDSTREAM TROUT RUN, LLC

By: \_\_\_\_\_  
J. M. Morris, Manager

NFG MIDSTREAM TIONESTA, LLC

By: \_\_\_\_\_  
J. M. Morris, Manager

NFG MIDSTREAM CLERMONT, LLC

By: \_\_\_\_\_  
J. M. Morris, Manager

LEIDY HUB, INC.

By: \_\_\_\_\_  
\_\_\_\_\_, Senior Vice President

NATIONAL FUEL RESOURCES, INC.

By: \_\_\_\_\_  
J. N. Del Vecchio, Vice President

EXHIBIT A  
NATIONAL FUEL GAS SYSTEM COMPANIES

National Fuel Gas Company

National Fuel Gas Distribution Corporation

National Fuel Gas Supply Corporation

Empire Pipeline, Inc.

Pennsylvania Gas Holdings Corporation

Seneca Resources Company, LLC

Highland Field Services, LLC

National Fuel Gas Midstream Company, LLC

NFG Midstream Covington, LLC

NFG Midstream Processing, LLC

NFG Midstream Trout Run, LLC

NFG Midstream Tionesta, LLC

NFG Midstream Clermont, LLC

Leidy Hub, Inc.

National Fuel Resources, Inc.

**EXHIBIT B**  
**COST ASSIGNMENT AND ALLOCATION MANUAL**  
**SECTION II AFFILIATE SERVICES**

**A. Affiliate Services Provided**

NFG and its affiliated subsidiaries provide a variety of service amongst and between each other. Some services are directly related to the individual company’s line of business, such as providing transportation or gas storage services. Other services take advantage of synergies such as operating employees maintaining closely located facilities of other companies. Additionally, there are administrative and general services, which are performed that benefit some or all of the affiliates. This would be true of Accounting, Human Resources, Audit Services, Finance and Corporate Communications.

REGULATED SERVICES:

Service	Provider	Recipient
Administrative	Distribution, Supply	All affiliates
Finance	Distribution	All affiliates
Human Resources	Distribution	All affiliates
Legal	Distribution, Supply	All affiliates
Gas Distribution	Distribution	3 <sup>rd</sup> Party
Gas Measurement	Distribution, Supply	Distribution, Supply, Empire
Gas Transmission	Supply, Empire	Distribution, 3 <sup>rd</sup> Party
Gas Storage	Supply, Empire	Distribution, Empire, 3 <sup>rd</sup> Party
Gas Transportation	Distribution, Supply, Empire	3 <sup>rd</sup> Party
Gas Gathering	Supply	Seneca
Gas Dispatch	Supply	Distribution, Supply, Empire
Operating & Maintenance	Distribution, Supply	All Affiliates

NON-REGULATED SERVICES:

Service	Provider	Recipient
Gas Gathering	Midstream	Seneca, 3 <sup>rd</sup> Party
Gas Processing	Midstream	Seneca
Office Space rental	NFG Co.	Distribution, Supply, Midstream, Empire

## B. Services Provided By NFG Co

DEPARTMENT	DESCRIPTION
Executive	Provide management services for all aspects of the business.
Financing	Provides financing for affiliates through issuance of commercial paper, bank lines of credit and equity. Additionally, monitors corporate credit rating and bank relationships.

## C. Services Provided By NFGDC – NYD

DEPARTMENT	DESCRIPTION
Accounting	Provide accounting services to maintain the books and records of the company, provide financial reports and analysis, prepare statutory reports, provide accounting research, set accounting policy, maintain allocations and inter-company billings. Maintain the general ledger (GL) system.
Accounts Payable	Provide non-payroll disbursement processing and analysis including account distribution to the general ledger. Resolve problems associated with invoice processing and maintain the accounts payable system.
Asset Management	Provide services to maintain and manage plant accounting and depreciation for affiliate assets.
Audit Services	Perform audit services for management and the Board of Directors, assist external auditors, provide analysis and safeguard company assets.
Benefit Administration	Provide services to design, implement and administer employee benefit programs.
Budget	Develop and maintain an operating budget, provide management with variance reports and analysis. Provide training and instruction to budget preparers.
Cash Management	Provide services to plan, manage and maintain corporate cash flow, maintain the 'money pool', track miscellaneous billings and cash related items.
Corporate Communications	Provides services related to public and media relations, as well as communicating company information to employees and retirees.
Credit, Collections & Receivables Management	Provide services to maximize customer collections and reduce bad debt write-offs. Additionally, provide credit risk analysis of customers and marketers.
Engineering	Provide engineering service and support functions for pipelines and construction projects.
Executive	Provides management and administrative services related to the overall operation and direction of the affiliates.

DEPARTMENT	DESCRIPTION
Executive – Distribution	Provides management and administrative services related to the overall operation and direction of NFGDC.
Finance - General	Provides services to analyze, maintain and monitor corporate financing activities.
Financial Planning	Provide services to prepare, analyze and maintain the corporate earnings forecast, cash and financing needs.
Government Affairs	Provides services to monitor the political arena and maintain relationships with governmental institutions on a state and federal level.
Human Resources	Provide services to manage and maintain employee compensation policies, recruiting and training programs and worker's compensation and disability programs. Additionally, implement and maintain employee programs and statutory programs.
Information Technology	Provide services to manage, design, develop, implement, monitor and maintain information technologies, application systems, networks, mainframe, software, data security, data recovery and data backup.
Investor Relations	Develop and implement programs to educate and inform potential investors, and communicate information to current investors.
Land	Provide service related to facilities management and land support for operations and construction.
Legal	Provide service related to labor and employment law, litigation, contracts, environmental matters, financial reporting and advice on other legal matters.
Materials Management	Manage and maintain material inventories and material logistics. Additionally, monitor material requirements planning (MRP) activity and project material planning.
Payroll	Provide services related to wage distribution, including the distribution of accounting charges to the GL. Manage withholding liabilities and coordinate filing of statutory reports.
Purchasing	Provide services to procure material, equipment and services, analyze corporate spending and support the materials management function. Provide services to manage and maintain leasing activities and disposition of leased materials.
Rates & Regulatory Affairs	Provide services to manage regulatory activities and relationships for NFGDC. Manage, monitor and implement regulatory programs, provide direct support for customer pricing and billing, and develop sales and load forecasts.
Risk	Provide service related to Risk mitigation, Insurance, Environmental issues and compensation and damage claims.

DEPARTMENT	DESCRIPTION
Safety	Provides services to strengthen our safety culture and promote continuous improvement throughout the organization.
Security	Provide security services for company buildings, structures, work sites and personnel.
Tax	Provide services related to tax filing compliance requirements and perform research and consulting on tax issues.
Telecommunications	Provide services to design, implement, monitor and maintain telecommunication networks throughout the affiliates for voice, data, cellular and satellite communication.
Operating & Maintenance – Distribution	Provides service to operate and maintain lines, including changing charts, servicing valves and meters, and other routine maintenance.
Operating & Maintenance – Transmission	Performs routine maintenance and operating functions on transmission lines of affiliates.

**D. Services Provided By NFGDC - PAD**

DEPARTMENT	DESCRIPTION
Corporate Communications	Provides services related to public and media relations, as well as communicating company information to employees and retirees.
Engineering	Provide engineering service and support functions for pipelines and construction projects.
Executive – Distribution	Provides management and administrative services related to the overall operation and direction of NFGDC.
Government Affairs	Provides services to monitor the political arena and maintain relationships with governmental institutions on a state and federal level.
Human Resources	Provide services to manage and maintain employee compensation policies, recruiting and training programs and worker’s compensation and disability programs. Additionally, implement and maintain employee programs and statutory programs.
Land	Provide service related to facilities management and land support for operations and construction.
Legal	Provide service related to labor and employment law, litigation, contracts and advice on other legal matters.
Risk	Provide service related to Risk mitigation, Insurance, Environmental issues and compensation and damage claims.

Safety	Provides services to strengthen our safety culture and promote continuous improvement throughout the organization.
Security	Provide security services for company buildings, structures, work sites and personnel.
Operating & Maintenance – Distribution	Provides service to operate and maintain distribution lines for NYD, including changing charts, servicing valves and meters, and other routine maintenance.
Operating & Maintenance – Gathering	Performs routine maintenance and operating functions on gathering lines of affiliates.
Operating & Maintenance – Transmission	Performs routine maintenance and operating functions on transmission lines of affiliates.

**E. Services Provided By NFGSC**

DEPARTMENT	DESCRIPTION
Commercial Services	Provides marketing services for pipeline affiliates.
Engineering	Provide engineering service and support functions for pipelines and construction projects.
Executive – Supply	Provides management and administrative services related to the overall operation and direction of NFGSC.
Land	Provide service related to facilities management and land support for operations and construction.
Legal	Provides legal services for NFGSC and Empire.
Regulatory	Provides regulatory services for Empire.
Operating & Maintenance – Distribution	Provides service to operate and maintain distribution lines of affiliates, including changing charts, servicing valves and meters, and other routine maintenance.
Operating & Maintenance – Gathering	Performs routine maintenance and operating functions on gathering lines of affiliates.
Operating & Maintenance – Transmission	Performs routine maintenance and operating functions on transmission lines of Empire.

**F. Services Provided By Midstream**

SERVICE	DESCRIPTION
Gathering Service	Provides natural gas gathering services for Seneca Resources.
Gas Processing	Provides natural gas processing services for Seneca Resources.

Note: Leidy Hub and NFR do not provide services to the other affiliates at this time. As previously mentioned, the August 1, 2020 sale of NFR’s commercial and industrial contracts and certain other assets combined with the turn back of NFR’s residential customers to Distribution Corporation has effectively ended NFR’s operations.

EXHIBIT C  
 COST ASSIGNMENT AND ALLOCATION MANUAL  
 SECTION VIII OTHER ALLOCATION METHODS

**A. Allocation Factors**

When costs cannot be directly charged to an affiliate company, an allocation is used to apply the accounting charges. Since many costs are shared between the affiliates, it is important to ensure that the costs are applied fairly.

While the Common Cost Allocation Methodology is used for more of the administrative and general or governance costs, NFG employs various other methods to allocate costs between and among affiliates. These allocations are based on factors that are more causative in nature. The following is a list of the various factors employed:

A	Number of customers	For costs driven by the number of Utility Customers, the ratio of customers between NYD and PAD is used.
B	Number of customer bills	For costs driven by the number of Utility Bills, the ratio of bills between NYD and PAD is used.
C	Ratio of Throughput	For gas supply administration costs between NYD and PAD.
D	Ratio of Transportation Sales	For costs related to transportation activities, the ratio of transportation sales between NYD and PAD will be used.
E	Ratio of Meters – Small	For costs related to the maintenance of small and large meters, the factor is based on the number of meters worked on by state.
F	Ratio of Meters – Large	For costs related to the maintenance of small and large meters, the factor is based on the number of meters worked on by state.
G	Percentage of IS Analyst Time Used	For IS labor costs, time is collected and then a percentage is calculated based on the work performed.
H	Number of Temperature Correctors	For costs related to the maintenance of pressure and temperature correctors, the allocation is based on the percentage of pressure and temperature correctors in the field.
I	Number of Pressure Relief Valves	For costs related to the maintenance of regulators and pressure reliefs, the factor is based on the percentage of regulators and pressure reliefs in the field.

J	Number of Employees	For costs driven by number of employees receiving the services or benefits of the department's activities.
K	Number of Messenger Stops	For messenger service costs, a ratio based on the number of messenger stops is used.
L	Number of Computers	For costs driven by computer connectivity to various systems through the NFG intranet.
M	Number of Telecommunication Basic Licenses	For telecom costs driven by connectivity to the telecom system.
N	Number of Internet connection ports.	For costs driven by computer connectivity to various systems through the NFG intranet.
O	Square footage	For costs driven by the square footage by department at the Main Office making use of the service or equipment, or costs driven by square footage occupied by affiliates at other shared locations.
P	Placement after Training	For costs related to HR rotators during their rotation.
Q	Time study, meter study, invoice analysis and shipper volume schedules for throughput	For gas measurement expense for Supply and Empire.

## B. Methodology Application

The following table contains information regarding the current clearing accounts, their home business unit (BU) and the methodology used to allocate the costs:

### 1. Information Technology:

These are the costs to operate and maintain the Information Technology department and the various computer networks and systems. In the case of account 184150, the costs are related to capital additions and will be charged to capital accounts in the various subsidiaries.

Account	BU	Cost To Be Allocated	Allocation Methodology
184140	DNYG1	Information Technology expenses, which includes labor and benefits.	Costs are allocated based on analyst hours charged to various IT time reporting groups.
184170	DNYG1	Information Technology Network costs, which include labor, benefits, professional service provider (PCI), equipment leases, maintenance agreements, telecommunication costs, utilities and other miscellaneous costs.	Costs are allocated based on a percentage of system connections, including PCs and Tough books.
184150	DNYG1	Information Technology costs primarily related to the roll-out of new computer equipment or software (such as a new firewall) that will be capitalized across the subsidiaries.	Costs are allocated based on a percentage of system connections for each subsidiary.

## 2. Telecommunications:

These are the various costs of operating and maintaining the Company's telecommunication and data network. Costs include labor, contractor charges, maintenance agreements, leased lines and equipment and various other charges related to providing service.

Account	BU	Cost To Be Allocated	Allocation Methodology
184430	DNYG1	Telecom Costs for Phone Usage & Equipment	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.
184435	DNYG1	Telecom - Tie Lines & Wats	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.
184445	DNYG1	Telecom - Remote Terminal Usage	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.

Account	BU	Cost To Be Allocated	Allocation Methodology
184450	DNYG1	Telecom - Pa Phone Use & Equipment	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.
184455	DNYG1	Telecom - MSW	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.
184460	DNYG1	Telecom - Erie SC	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.

### 3. Messenger Expense:

These are costs related to the delivery of material and mail between NFG locations.

Account	BU	Cost To Be Allocated	Allocation Methodology
184300	DNYG1	Messenger Expense	Costs are allocated on the basis of number of messenger stops.
184300	DPAG1	Messenger Expense	Costs are allocated on the basis of number of messenger stops.
184300	SUPG1	Messenger Expense	Costs are allocated on the basis of number of messenger stops.

### 4. Meter Shop:

These are the costs related to maintaining the various meters and metering equipment used by affiliates.

Account	BU	Cost To Be Allocated	Allocation Methodology
184700	DNYG1	Meter Shop expenses – Regulators and Pressure Relief, includes labor, benefits, materials, repair parts	Costs are allocated based on the percentage of regulators and pressure reliefs in the field.
184705	DNYG1	Meter Shop expenses – Temperature corrector, includes labor, benefits, materials, repair parts	Costs are allocated based on the percentage of pressure and temperature connectors in the field.
184707	DNYG1	Meter Shop expenses – general shop / warehousing, includes labor, benefits, materials, repair parts	Costs are allocated based on the average of the percentages of the small and large meter programs plus temperature correction and meter regulators.
184710	DNYG1	Meter Shop expenses – small meter, includes labor, benefits, materials, repair parts	Costs are allocated based on the meters worked on by state in prior 12 months.
184720	DNYG1	Meter Shop expenses – large meter, includes labor, benefits, materials, repair parts	Costs are allocated based on the meters worked on by state in prior 12 months.

## 5. Miscellaneous Customer Services:

These are costs related to producing and mailing bills to customers.

Account	BU	Cost To Be Allocated	Allocation Methodology
184240	DNYG1	Customer Billing	Costs are allocated based on the ratio of customer bills between NYD & PAD.
184245	DNYG1	Customer Postage	Costs are allocated based on postage usage.

## 6. Supply Services:

The following are costs related to the movement of gas through the pipeline network.

Account	BU	Cost To Be Allocated	Allocation Methodology
184220	SUPG1	Gas Measurement Expenses, including labor, benefits, and contractor and office expenses.	Costs are allocated based on departmental labor hours. Study performed by department.
184250	SUPG1	Gas Supply Administration, including labor, benefits, and contractor and office expenses.	Costs are allocated based on a rolling three-year average of the throughput of Distribution NY and Distribution PA.
184270	SUPG1	Gas Control including labor, benefits, and contractor and office expenses.	Costs are allocated based on departmental labor hours. Study performed by department.

## 7. Miscellaneous Services:

These are costs related to the shared use of the mail, print and copy rooms throughout the main office, and also the cost of confidential document destruction.

Account	BU	Cost To Be Allocated	Allocation Methodology
184617	DNYG1	MPC Room Clearing	Costs are allocated based on the number of employees at 6363 Main St
184618	DNYG1	Certified Document Destruction	Costs are allocated based on the number of employees at 6363 Main St

## 8. Human Resources Management Trainees

These costs are related to the labor, benefits loads, and office supplies for the employees participating in the Management Trainee program. The employees use one home department but work in various departments throughout the company. At the end of the two years, employees are assigned a permanent work location and begin recording expense under that department ID.

Department	BU	Cost To Be Allocated	Allocation Methodology
1457	DNYG1	HR Management Trainees	Costs are allocated based on historical placement of employees upon completion of two-year program

## Attachment 2

## SERVICE AGREEMENT

AGREEMENT, dated as of the 21st day of September, 2018, among National Fuel Gas Company, a New Jersey corporation ("National"), and the undersigned subsidiaries of National.

### WITNESSETH:

WHEREAS, National is a holding company that owns, directly or indirectly, voting securities of the undersigned subsidiary companies;

WHEREAS, National and the undersigned subsidiary companies are referred to herein as the National Fuel Gas System ("System"), which is organized for, and presently engaged primarily in, the business of exploring for, producing, storing, transporting, gathering, ~~marketing~~ and distributing natural gas; and

WHEREAS, System companies desire, need and require from time to time the administrative, engineering and technical aid, assistance and advice of personnel experienced in the operation and management of natural gas and other properties who are employed by members of the System, and have agreed concerning the nature and extent of the assistance and service required, and the amounts to be paid as compensation therefor, and do hereby desire to evidence their agreement in writing;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings herein contained, the parties hereto agree as follows:

### ARTICLE I

#### SERVICES TO BE FURNISHED

National Fuel Gas Distribution Corporation ("Distribution Corporation") or any of the other affiliated members of the System may from time to time perform, on a regular

or temporary basis, administrative, engineering, accounting, maintenance, management or other services, ~~including the leasing of property~~, for one or more of the other companies in the System. Distribution Corporation and companies in the System that receive services from, or provide services to, Distribution Corporation are listed in Exhibit A to this Agreement. Descriptions of services are included in ~~Exhibit B to this Agreement. Section II of National's Cost Assignment and Allocation Manual, which section is filed as Exhibit B to this Agreement. In addition to the services listed in Exhibit B, National leases office space at its corporate headquarters, 6363 Main Street, Williamsville, NY (the "Main Office") to certain affiliates, and affiliates lease space to each other at various other offices, service centers and field locations.~~

\_\_\_\_ Notwithstanding anything to the contrary in this Agreement, no System company may perform any service for any other System company in contravention of any applicable law, regulation, rule, order, judgment or decision of any governmental entity ("Applicable Laws"), including, without limitation, any Applicable Laws governing transactions or communications between utility companies and their affiliates or natural gas companies and their affiliates.

## ARTICLE II

### CERTAIN ASSET TRANSFERS

\_\_\_\_ Distribution Corporation's Pennsylvania operating division (the "PA Division") may from time to time wish to transfer assets to, or receive assets from, Distribution Corporation's New York operating division (the "NY Division") or other affiliated members of the System. The PA Division may, pursuant to this agreement, participate in the following types of asset transfers: (i) emergency transfers, and (ii) non-

emergency transfers where the amount of consideration involved is not in excess of \$10,000. Emergency transfers may occur, for example, to address breakdowns in vehicles, equipment, tools, systems or other assets, or to restore or ensure safe, reliable service in response to disruptions or other incidents or circumstances impacting service. With respect to non-emergency transfers permitted under this agreement, regularly recurring payments under a general or continuing arrangement which aggregate a greater annual amount shall not be broken down into a series of transactions each within the \$10,000 limit.

The PA Division and its counterparties to transfers permitted under this agreement shall adjust their books in an appropriate manner to reflect such transfers.

Asset transfers in which the PA Division wishes to participate, other than those permitted under this agreement, require the prior written approval of the Pennsylvania Public Utility Commission, under Section 2102 of the Pennsylvania Public Utility Code.

### ARTICLE III

#### ASSIGNMENT OF COSTS

In consideration of services rendered, the companies receiving such services agree to reimburse their share of the costs thereof, as it is the intention of this Agreement that the reimbursement for services rendered to System companies shall cover the costs of providing said services, including overhead expenses. Costs are assigned pursuant to the following guidelines:

1. Directly assign as manyTo the maximum extent practical, costs as possible.that can be specifically attributed to a business unit are directly charged to that

business unit. For example, labor costs, inventory costs and vendor invoices that pertain to a specific affiliatebusiness unit are charged to that affiliateunit.

2. Allocate based on cost causative factors. Costs that cannot be directly charged are allocated to business units on the basis of a causal relationship where applicable, such as the level of activity within various business units, the level of output for each business unit, or the resources consumed by each business unit. The indirect costs are accumulated into clearing accounts or homogeneous pools and are allocated to various business units on the basis of such causal relationships. For example, for costs driven by the number of employees, the factor used to allocate the costs among affiliates is relative number of employees. As another example, for costs driven by computer connectivity to various systems through the System's intranet or mainframe, the factor used to allocate the costs among affiliates is relative number of computers. Factors and methodologies employed for the allocation of indirect costs are included in Section VIII of National's Cost Assignment and Allocation Manual, which section is filed as Exhibit C to this Agreement.

3. Use a general allocation when Remaining costs cannot be directly assigned or that are not associated with a specific, identifiable, causal relationship are pooled and allocated based to business units on cost causative the basis of "common" factors. The generalThis allocation method is used for administrative and general costs related to common departments (those departments whose services benefit some or all affiliates). The costs are allocated across the affiliates based on a three-factor common expense formula. The three factors included in the formula are: net plant, operation and

maintenance expense, and total throughput. The formula is updated annually on a fiscal basis using the prior year's fiscal results in the computation.

ARTICLE ~~III~~IV

DETERMINATION OF COST

In determining the cost to be assessed as provided in Article ~~III~~I, there shall be added to the salaries of all employees for whom service charges are to be made, a percentage sufficient to cover the general overhead associated with such personnel which will include an allowance for vacation and holiday pay, payroll taxes and all employee benefits. Unit hourly equipment costs shall be developed based on operating expenses, insurance, maintenance and depreciation costs attributable to each individual class of equipment. Costs of materials shall be computed based on the cost of the item as shown on the books of account of the individual company supplying the item plus the standard inventory overhead charge.

In making the foregoing calculations, no overhead shall be charged by National, and no general overhead of any System company shall be added to costs incurred for services of nonaffiliated consultants employed by such company.

ARTICLE IV

For National's regulated utility affiliates, transactions with other regulated affiliates and payments of interest to National constitute a great majority of total affiliate transactions. For example, for the PA Division in calendar year 2024, transactions with the NY Division, transactions with National's regulated pipeline subsidiaries, and payments of interest to National collectively accounted for approximately 96% of total affiliate transactions. Interest payments by the PA Division and NY Division to National

are made pursuant to (i) long-term notes issued by Distribution Corporation to National in accordance with orders of the Pennsylvania Public Utility Commission and New York Public Service Commission, and (ii) the corporate money pool agreement, which provides that borrowers of short-term funds from the money pool pay interest to National in its capacity as administrator of the money pool.

Given the very high percentage of utility affiliate transactions that involve other regulated affiliates or payments of interest to National, National has, across all affiliate transactions, generally applied a fully distributed cost allocation methodology. National's use of fully distributed costs promotes efficiency in accounting for affiliate transactions and seeks to ensure that all parties to affiliate transactions receive fair treatment.

In consideration of the application of an asymmetric pricing principle to transactions between utility affiliates and non-regulated affiliates, common departments will periodically evaluate their services and consider the feasibility of market alternatives. These assessments will review various service aspects, including, for example, service descriptions and associated budgets; cost competitiveness for the services provided; metrics, goals and results related to the provision of service; agreed-upon service level expectations; service level performance in comparison to agreed-upon service levels; and consequences for not meeting service level expectations.

#### ARTICLE V

##### BILLING PRACTICES

As soon as practical after the last day of each month, or such other period as may be agreed upon by the respective companies, a billing shall be rendered for all

amounts due for services and expenses for such period, computed pursuant to this Agreement. Bills shall ~~be identify services and expenses~~ in reasonable detail and ~~amounts include itemized charges. Amounts~~ billed shall be ~~paid within a reasonable time after due and payable upon~~ receipt. ~~If an invoice remains outstanding after 30 days, the service provider may assess interest upon the unpaid amount at a rate equal to 2% per annum above the Daily Rate, as calculated pursuant to National's then effective money pool agreement.~~ The System companies shall keep their books and records available for inspection by representatives of the other companies and, upon request by any System company, shall furnish information required by such System company with respect to services rendered, the costs thereof and the allocation of such costs among the System companies.

~~Payments to third parties made by one affiliate on behalf of another affiliate are considered convenience or accommodation payments. Not to be confused with actual transactions between affiliates where a good, service or product is provided, convenience or accommodation payments occur when a single payment is made to a vendor that includes amounts for multiple entities. Affiliates on whose behalf a convenience or accommodation payment is made shall, within 30 days of receipt of an invoice with respect to such payment, reimburse the affiliate that made the payment.~~

#### ARTICLE VI

#### ~~ARTICLE V~~

#### MISCELLANEOUS

This Agreement sets forth the System's general principles relating to the determination and allocation of costs among System companies.

This Agreement shall be in full force and effect as of the date first mentioned above, subject to any necessary approval of governmental agencies having jurisdiction over this matter.

National may from time to time consent to the addition of other subsidiaries as parties to this Agreement, including without limitation subsidiaries that may be formed or acquired after the date hereof. With such consent, any such additional subsidiary shall become a party to this Agreement by executing a signature page hereto. Distribution Corporation shall re-file this Agreement with the PUC when subsidiaries are added.

This Agreement shall terminate with regard to any System company upon not less than ninety days written notice of termination from such company to the other System companies; provided, however, this Agreement shall terminate immediately with regard to any company as of the date such company ceases to be an affiliated member of the System.

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one instrument.



NATIONAL FUEL RESOURCES, INC.

By: \_\_\_\_\_

HIGHLAND FIELD SERVICES, LLC

By: \_\_\_\_\_  
J. F. Hart, Vice. Loweth, President

NATIONAL FUEL GAS MIDSTREAM COMPANY, LLC

By: \_\_\_\_\_  
M. P. Kasprzak J. I. Loweth, President

NFG MIDSTREAM COVINGTON, LLC

By: \_\_\_\_\_  
J. M. P. Kasprzak Morris, Manager

NFG MIDSTREAM PROCESSING, LLC

By: \_\_\_\_\_  
J. M. P. Kasprzak Morris, Manager

NFG MIDSTREAM TROUT RUN, LLC

By: \_\_\_\_\_  
J. M. P. Kasprzak Morris, Manager

NFG MIDSTREAM TIONESTA, LLC

By: \_\_\_\_\_

~~J. M. P. Kasprzak~~Morris, Manager

NFG MIDSTREAM CLERMONT, LLC

By: \_\_\_\_\_  
~~J. M. P. Kasprzak~~Morris, Manager

~~NFG MIDSTREAM WELLSBORO, LLC~~

By: \_\_\_\_\_  
~~\_\_\_\_\_~~M. P. Kasprzak, Manager

LEIDY HUB, INC.

By: \_\_\_\_\_  
~~\_\_\_\_\_~~J. R. Pustulka, Senior Vice President

NATIONAL FUEL RESOURCES, INC.

By: \_\_\_\_\_

~~NATIONAL FUEL GAS SUPPLY HOLDINGS CORPORATION~~

By: \_\_\_\_\_  
~~\_\_\_\_\_~~J. R. Pustulka, ~~\_\_\_\_\_~~J. N. Del Vecchio, Vice President

~~NATIONAL FUEL GAS SUPPLY, LLC~~

By: \_\_\_\_\_  
~~\_\_\_\_\_~~J. R. Pustulka, President

EXHIBIT A  
NATIONAL FUEL GAS SYSTEM COMPANIES

National Fuel Gas Company

National Fuel Gas Distribution Corporation

National Fuel Gas Supply Corporation

Empire Pipeline, Inc.

Pennsylvania Gas Holdings Corporation

Seneca Resources Company, LLC

~~Highland Field Services, LLC~~

~~National Fuel Resources, Inc.~~

National Fuel Gas Midstream Company, LLC

NFG Midstream Covington, LLC

NFG Midstream Processing, LLC

NFG Midstream Trout Run, LLC

NFG Midstream Tionesta, LLC

NFG Midstream Clermont, LLC

~~NFG Midstream Wellsboro, LLC~~

Leidy Hub, Inc.

~~National Fuel Resources, Inc.~~

~~National Fuel Gas Supply Holdings Corporation~~

~~National Fuel Gas Supply, LLC~~

EXHIBIT B

DESCRIPTION OF SERVICES

COST ASSIGNMENT AND ALLOCATION MANUAL

SECTION II AFFILIATE SERVICES

**A. Affiliate Services Provided By National Fuel Gas Company**

NFG and its affiliated subsidiaries provide a variety of service amongst and between each other. Some services are directly related to the individual company's line of business, such as providing transportation or gas storage services. Other services take advantage of synergies such as operating employees maintaining closely located facilities of other companies. Additionally, there are administrative and general services, which are performed that benefit some or all of the affiliates. This would be true of Accounting, Human Resources, Audit Services, Finance and Corporate Communications.

REGULATED SERVICES:

Service	DESCRIPTION Provider	Recipient
<u>Administrative</u>	<u>Distribution, Supply</u>	<u>All affiliates</u>
<u>Finance</u>	<u>Distribution</u>	<u>All affiliates</u>
<u>Human Resources</u>	<u>Distribution</u>	<u>All affiliates</u>
<u>Legal</u>	<u>Distribution, Supply</u>	<u>All affiliates</u>
<u>Gas Distribution</u>	<u>Distribution</u>	<u>3<sup>rd</sup> Party</u>
<u>Gas Measurement</u>	<u>Distribution, Supply</u>	<u>Distribution, Supply, Empire</u>
<u>Gas Transmission</u>	<u>Supply, Empire</u>	<u>Distribution, 3<sup>rd</sup> Party</u>
<u>Gas Storage</u>	<u>Supply, Empire</u>	<u>Distribution, Empire, 3<sup>rd</sup> Party</u>
<u>Gas Transportation</u>	<u>Distribution, Supply, Empire</u>	<u>3<sup>rd</sup> Party</u>
<u>Gas Gathering</u>	<u>Supply</u>	<u>Seneca</u>
<u>Gas Dispatch</u>	<u>Supply</u>	<u>Distribution, Supply, Empire</u>
<u>Operating &amp; Maintenance</u>	<u>Distribution, Supply</u>	<u>All Affiliates</u>

Inserted Cells

NON-REGULATED SERVICES:

Service	Provider	Recipient
<u>Gas Gathering</u>	<u>Midstream</u>	<u>Seneca, 3<sup>rd</sup> Party</u>
<u>Gas Processing</u>	<u>Midstream</u>	<u>Seneca</u>
<u>Office Space rental</u>	<u>NFG Co.</u>	<u>Distribution, Supply, Midstream, Empire</u>



**B. Services Provided By NFG Co**

<u>DEPARTMENT</u>	<u>DESCRIPTION</u>
Executive	Provide management services for all aspects of the business.
Financing	Provides financing for affiliates through issuance of commercial paper, bank lines of credit and equity. Additionally, monitors corporate credit rating and bank relationships.

**C. Services Provided By NFGDC – NYD**

<u>Office Space Rental</u> <u>DEPARTMENT</u>	<u>Provides office space at the headquarters building to certain affiliates.</u> <u>DESCRIPTION</u>
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**Services Provided By National Fuel Gas Distribution Corporation**

<u>SERVICE</u>	<u>DESCRIPTION</u>
Accounting	Provide accounting services to maintain the books and records of the company, provide financial reports and analysis, prepare statutory reports, provide accounting research, set accounting policy, maintain allocations and inter-company billings. Maintain the general ledger (GL) system.
Accounts Payable	Provide non-payroll disbursement processing and analysis including account distribution to the general ledger. Resolve problems associated with invoice processing and maintain the accounts payable system.
Asset Management	Provide services to maintain and manage plant accounting and depreciation for affiliate assets.
Audit Services	Perform audit services for management and the Board of Directors, assist external auditors, provide analysis and safeguard company assets.
Benefit Administration	Provide services to design, implement and administer employee benefit programs.
Budget	Develop and maintain an operating budget, provide management with variance reports and analysis. Provide training and instruction to budget preparers.
Cash Management	Provide services to plan, manage and maintain corporate cash flow, maintain the 'money pool', track miscellaneous billings and cash related items.
Corporate Communications	Provides services related to public and media relations, as well as communicating company information to employees and retirees.

SERVICE	DESCRIPTION
Credit, Collections & Receivables Management	Provide services to maximize customer collections and reduce bad debt write-offs. Additionally, provide credit risk analysis of customers and marketers.
Engineering	Provide engineering service and support functions for pipelines and construction projects.
Executive	Provides management and administrative services related to the overall operation and direction of the affiliates.
<del>Executive – Distribution</del>	<del>Provides management and administrative services related to the overall operation and direction of NFGDC.</del>
Finance - General	Provides services to analyze, maintain and monitor corporate financing activities.
Financial Planning	Provide services to prepare, analyze and maintain the corporate earnings forecast, cash and financing needs.
Government Affairs	Provides services to monitor the political arena and maintain relationships with governmental institutions on a state and federal level.
Human Resources	Provide services to manage and maintain employee compensation policies, recruiting and training programs and worker's compensation and disability programs. Additionally, implement and maintain employee programs and statutory programs.
Information <del>Services Technology</del>	Provide services to manage, design, develop, implement, monitor and maintain information technologies, application systems, networks, mainframe, software, data security, data recovery and data backup.
Investor Relations	Develop and implement programs to educate and inform potential investors, and communicate information to current investors.
Land	Provide service related to facilities management and land support for operations and construction.
<del>Leasing</del>	<del>Lease property to affiliates and provide services to manage and maintain leasing activities and disposition of leased materials.</del>
Legal	Provide service related to labor and employment law, litigation, contracts, environmental matters, financial reporting and/or advice on other legal matters.
Materials Management	Manage and maintain material inventories and material logistics. Additionally, monitor material requirements planning (MRP) activity and project material planning.
<del>Operating &amp; Maintenance – Distribution</del>	<del>Provides service to operate and maintain lines, including changing charts, servicing valves and meters, and other routine maintenance.</del>
<del>Operating &amp; Maintenance – Gathering</del>	<del>Performs routine maintenance and operating functions on gathering lines of affiliates.</del>
<del>Operating &amp; Maintenance – Transmission</del>	<del>Performs routine maintenance and operating functions on transmission lines of affiliates.</del>

<u>SERVICE</u>	<u>DESCRIPTION</u>
Payroll	Provide services related to wage distribution, including the distribution of accounting charges to the GL. Manage withholding liabilities and coordinate filing of statutory reports.
Purchasing	Provide services to procure material, equipment and services, analyze corporate spending and support the materials management function. <u>Provide services to manage and maintain leasing activities and disposition of leased materials.</u>
<u>Rates &amp; Regulatory Affairs</u>	<u>Provide services to manage regulatory activities and relationships for NFGDC. Manage, monitor and implement regulatory programs, provide direct support for customer pricing and billing, and develop sales and load forecasts.</u>
Risk	Provide service related to Risk mitigation, Insurance, Environmental issues and compensation and damage claims.
<u>Safety</u>	<u>Provides services to strengthen our safety culture and promote continuous improvement throughout the organization.</u>
Security	Provide security services for company buildings, structures, work sites and personnel.
Tax	Provide services related to tax filing compliance requirements and perform research and consulting on tax issues.
Telecommunications	Provide services to design, implement, monitor and maintain telecommunication networks throughout the affiliates for voice, data, cellular and satellite communication.

Services Provided By National Fuel Gas Supply Corporation or Empire Pipeline, Inc.

<u>SERVICE</u> <u>Operating &amp; Maintenance – Distribution</u>	<u>DESCRIPTION</u> <u>Provides service to operate and maintain lines, including changing charts, servicing valves and meters, and other routine maintenance.</u>
<u>Operating &amp; Maintenance – Transmission</u>	<u>Performs routine maintenance and operating functions on transmission lines of affiliates.</u>

D. Services Provided By NFGDC - PAD

<u>DEPARTMENT</u>	<u>DESCRIPTION</u>
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<u>Corporate Communications</u>	<u>Provides services related to public and media relations, as well as communicating company information to employees and retirees.</u>
<u>Engineering</u>	<u>Provide engineering service and support functions for pipelines and construction projects.</u>
<u>Leasing Executive – Distribution</u>	<u>Lease property to affiliates Provides management and administrative services related to the overall operation and direction of NFGDC.</u>
<u>Government Affairs</u>	<u>Provides services to monitor the political arena and maintain relationships with governmental institutions on a state and federal level.</u>
<u>Human Resources</u>	<u>Provide services to manage and maintain employee compensation policies, recruiting and training programs and worker’s compensation and disability programs. Additionally, implement and maintain employee programs and statutory programs.</u>
<u>Land</u>	<u>Provide service related to facilities management and land support for operations and construction.</u>
<u>Legal</u>	<u>Provide service related to labor and employment law, litigation, contracts, environmental matters, financial reporting and/or advice on other legal matters.</u>
<u>Risk</u>	<u>Provide service related to Risk mitigation, Insurance, Environmental issues and compensation and damage claims.</u>
<u>Safety</u>	<u>Provides services to strengthen our safety culture and promote continuous improvement throughout the organization.</u>
<u>Security</u>	<u>Provide security services for company buildings, structures, work sites and personnel.</u>
<u>Operating &amp; Maintenance – Distribution</u>	<u>Provides service to operate and maintain distribution lines for NYD, including changing charts, servicing valves and meters, and other routine maintenance.</u>
<u>Operating &amp; Maintenance – Gathering</u>	<u>Performs routine maintenance and operating functions on gathering lines of affiliates.</u>
<u>Operating &amp; Maintenance – Transmission</u>	<u>Performs routine maintenance and operating functions on transmission lines of affiliates.</u>

**E. Services Provided By NFGSC**

<u>DEPARTMENT</u>	<u>DESCRIPTION</u>
<u>Commercial Services</u>	<u>Provides marketing services for pipeline affiliates.</u>
<u>Engineering</u>	<u>Provide engineering service and support functions for pipelines and construction projects.</u>
<u>Executive – Supply</u>	<u>Provides management and administrative services related to the overall operation and direction of NFGSC.</u>

<u>DEPARTMENT</u>	<u>DESCRIPTION</u>
<u>Commercial Services</u>	<u>Provides marketing services for pipeline affiliates.</u>
<u>Land</u>	<u>Provide service related to facilities management and land support for operations and construction.</u>
<u>Legal</u>	<u>Provides legal services for NFGSC and Empire.</u>
<u>Regulatory</u>	<u>Provides regulatory services for Empire.</u>
<u>Operating &amp; Maintenance – Distribution</u>	<u>Provides service to operate and maintain distribution lines of affiliates, including changing charts, servicing valves and meters, and other routine maintenance.</u>
<u>Operating &amp; Maintenance – Gathering</u>	<u>Performs routine maintenance and operating functions on gathering lines of affiliates.</u>
<u>Operating &amp; Maintenance – Transmission</u>	<u>Performs routine maintenance and operating functions on transmission lines of Empire.</u>

**F. Services Provided By Midstream**

<u>SERVICE</u>	<u>DESCRIPTION</u>
<u>Gathering Service</u>	<u>Provides natural gas gathering services for Seneca Resources.</u>
<u>Gas Processing</u>	<u>Provides natural gas processing services for Seneca Resources.</u>

Note: Leidy Hub and NFR do not provide services to the other affiliates at this time. As previously mentioned, the August 1, 2020 sale of NFR's commercial and industrial contracts and certain other assets combined with the turn back of NFR's residential customers to Distribution Corporation has effectively ended NFR's operations.

EXHIBIT C

COST ASSIGNMENT AND ALLOCATION MANUAL

SECTION VIII OTHER ALLOCATION METHODS

**A. Allocation Factors**

When costs cannot be directly charged to an affiliate company, an allocation is used to apply the accounting charges. Since many costs are shared between the affiliates, it is important to ensure that the costs are applied fairly.

While the Common Cost Allocation Methodology is used for more of the administrative and general or governance costs, NFG employs various other methods to allocate costs between and among affiliates. These allocations are based on factors that are more causative in nature. The following is a list of the various factors employed:

<u>A</u>	<u>Number of customers</u>	<u>For costs driven by the number of Utility Customers, the ratio of customers between NYD and PAD is used.</u>
<u>B</u>	<u>Number of customer bills</u>	<u>For costs driven by the number of Utility Bills, the ratio of bills between NYD and PAD is used.</u>
<u>C</u>	<u>Ratio of Throughput</u>	<u>For gas supply administration costs between NYD and PAD.</u>
<u>D</u>	<u>Ratio of Transportation Sales</u>	<u>For costs related to transportation activities, the ratio of transportation sales between NYD and PAD will be used.</u>
<u>E</u>	<u>Ratio of Meters – Small</u>	<u>For costs related to the maintenance of small and large meters, the factor is based on the number of meters worked on by state.</u>
<u>F</u>	<u>Ratio of Meters – Large</u>	<u>For costs related to the maintenance of small and large meters, the factor is based on the number of meters worked on by state.</u>
<u>G</u>	<u>Percentage of IS Analyst Time Used</u>	<u>For IS labor costs, time is collected and then a percentage is calculated based on the work performed.</u>
<u>H</u>	<u>Number of Temperature Correctors</u>	<u>For costs related to the maintenance of pressure and temperature correctors, the allocation is based on the percentage of pressure and temperature correctors in the field.</u>
<u>I</u>	<u>Number of Pressure Relief Valves</u>	<u>For costs related to the maintenance of regulators and pressure reliefs, the factor is based on the percentage of regulators and pressure reliefs in the field.</u>

<u>J</u>	<u>Number of Employees</u>	<u>For costs driven by number of employees receiving the services or benefits of the department's activities.</u>
<u>K</u>	<u>Number of Messenger Stops</u>	<u>For messenger service costs, a ratio based on the number of messenger stops is used.</u>
<u>L</u>	<u>Number of Computers</u>	<u>For costs driven by computer connectivity to various systems through the NFG intranet.</u>
<u>M</u>	<u>Number of Telecommunication Basic Licenses</u>	<u>For telecom costs driven by connectivity to the telecom system.</u>
<u>N</u>	<u>Number of Internet connection ports.</u>	<u>For costs driven by computer connectivity to various systems through the NFG intranet.</u>
<u>O</u>	<u>Square footage</u>	<u>For costs driven by the square footage by department at the Main Office making use of the service or equipment, or costs driven by square footage occupied by affiliates at other shared locations.</u>
<u>P</u>	<u>Placement after Training</u>	<u>For costs related to HR rotators during their rotation.</u>
<u>Q</u>	<u>Time study, meter study, invoice analysis and shipper volume schedules for throughput</u>	<u>For gas measurement expense for Supply and Empire.</u>

**B. Methodology Application**

The following table contains information regarding the current clearing accounts, their home business unit (BU) and the methodology used to allocate the costs:

**1. Information Technology:**

These are the costs to operate and maintain the Information Technology department and the various computer networks and systems. In the case of account 184150, the costs are related to capital additions and will be charged to capital accounts in the various subsidiaries.

<u>Account</u>	<u>BU</u>	<u>Cost To Be Allocated</u>	<u>Allocation Methodology</u>
<u>184140</u>	<u>DNYG1</u>	<u>Information Technology expenses, which includes labor and benefits.</u>	<u>Costs are allocated based on analyst hours charged to various IT time reporting groups.</u>
<u>184170</u>	<u>DNYG1</u>	<u>Information Technology Network costs, which include labor, benefits, professional service provider (PCI), equipment leases, maintenance agreements, telecommunication costs, utilities and other miscellaneous costs.</u>	<u>Costs are allocated based on a percentage of system connections, including PCs and Tough books.</u>
<u>184150</u>	<u>DNYG1</u>	<u>Information Technology costs primarily related to the roll-out of new computer equipment or software (such as a new firewall) that will be capitalized across the subsidiaries.</u>	<u>Costs are allocated based on a percentage of system connections for each subsidiary.</u>

**2. Telecommunications:**

These are the various costs of operating and maintaining the Company's telecommunication and data network. Costs include labor, contractor charges, maintenance agreements, leased lines and equipment and various other charges related to providing service.

<u>Account</u>	<u>BU</u>	<u>Cost To Be Allocated</u>	<u>Allocation Methodology</u>
184430	DNYG1	Telecom Costs for Phone Usage & Equipment	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.
184435	DNYG1	Telecom - Tie Lines & Wats	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.
184445	DNYG1	Telecom - Remote Terminal Usage	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.

<u>Account</u>	<u>BU</u>	<u>Cost To Be Allocated</u>	<u>Allocation Methodology</u>
<u>184450</u>	<u>DNYG1</u>	<u>Telecom - Pa Phone Use &amp; Equipment</u>	<u>Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.</u>
<u>184455</u>	<u>DNYG1</u>	<u>Telecom - MSW</u>	<u>Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.</u>
<u>184460</u>	<u>DNYG1</u>	<u>Telecom - Erie SC</u>	<u>Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.</u>

### 3. Messenger Expense:

These are costs related to the delivery of material and mail between NFG locations.

<u>Account</u>	<u>BU</u>	<u>Cost To Be Allocated</u>	<u>Allocation Methodology</u>
184300	DNYG1	Messenger Expense	Costs are allocated on the basis of number of messenger stops.
184300	DPAG1	Messenger Expense	Costs are allocated on the basis of number of messenger stops.
184300	SUPG1	Messenger Expense	Costs are allocated on the basis of number of messenger stops.

### 4. Meter Shop:

These are the costs related to maintaining the various meters and metering equipment used by affiliates.

<u>Account</u>	<u>BU</u>	<u>Cost To Be Allocated</u>	<u>Allocation Methodology</u>
184700	DNYG1	Meter Shop expenses – Regulators and Pressure Relief, includes labor, benefits, materials, repair parts	Costs are allocated based on the percentage of regulators and pressure reliefs in the field.
184705	DNYG1	Meter Shop expenses – Temperature corrector, includes labor, benefits, materials, repair parts	Costs are allocated based on the percentage of pressure and temperature connectors in the field.
184707	DNYG1	Meter Shop expenses – general shop / warehousing, includes labor, benefits, materials, repair parts	Costs are allocated based on the average of the percentages of the small and large meter programs plus temperature correction and meter regulators.
184710	DNYG1	Meter Shop expenses – small meter, includes labor, benefits, materials, repair parts	Costs are allocated based on the meters worked on by state in prior 12 months.
184720	DNYG1	Meter Shop expenses – large meter, includes labor, benefits, materials, repair parts	Costs are allocated based on the meters worked on by state in prior 12 months.

**5. Miscellaneous Customer Services:**

These are costs related to producing and mailing bills to customers.

<u>Account</u>	<u>BU</u>	<u>Cost To Be Allocated</u>	<u>Allocation Methodology</u>
<u>184240</u>	<u>DNYG1</u>	<u>Customer Billing</u>	<u>Costs are allocated based on the ratio of customer bills between NYD &amp; PAD.</u>
<u>184245</u>	<u>DNYG1</u>	<u>Customer Postage</u>	<u>Costs are allocated based on postage usage.</u>

**6. Supply Services:**

The following are costs related to the movement of gas through the pipeline network.

<u>Account</u>	<u>BU</u>	<u>Cost To Be Allocated</u>	<u>Allocation Methodology</u>
<u>184220</u>	<u>SUPG1</u>	<u>Gas Measurement Expenses, including labor, benefits, and contractor and office expenses.</u>	<u>Costs are allocated based on departmental labor hours. Study performed by department.</u>
<u>184250</u>	<u>SUPG1</u>	<u>Gas Supply Administration, including labor, benefits, and contractor and office expenses.</u>	<u>Costs are allocated based on a rolling three-year average of the throughput of Distribution NY and Distribution PA.</u>
<u>184270</u>	<u>SUPG1</u>	<u>Gas Control including labor, benefits, and contractor and office expenses.</u>	<u>Costs are allocated based on departmental labor hours. Study performed by department.</u>

**7. Miscellaneous Services:**

These are costs related to the shared use of the mail, print and copy rooms throughout the main office, and also the cost of confidential document destruction.

<u>Account</u>	<u>BU</u>	<u>Cost To Be Allocated</u>	<u>Allocation Methodology</u>
<u>184617</u>	<u>DNYG1</u>	<u>MPC Room Clearing</u>	<u>Costs are allocated based on the number of employees at 6363 Main St</u>
<u>184618</u>	<u>DNYG1</u>	<u>Certified Document Destruction</u>	<u>Costs are allocated based on the number of employees at 6363 Main St</u>

**8. Human Resources Management Trainees**

These costs are related to the labor, benefits loads, and office supplies for the employees participating in the Management Trainee program. The employees use one home department but work in various departments throughout the company. At the end of the two years, employees are assigned a permanent work location and begin recording expense under that department ID.

<u>Department</u>	<u>BU</u>	<u>Cost To Be Allocated</u>	<u>Allocation Methodology</u>
<u>1457</u>	<u>DNYG1</u>	<u>HR Management Trainees</u>	<u>Costs are allocated based on historical placement of employees upon completion of two-year program</u>