

PSC NO: 9 GAS SECTION: 3 LEAF: 1
NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 1
INITIAL EFFECTIVE DATE: 05/01/2017 SUPERSEDING REVISION: 0
ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 16-G-0257 DATED 04/20/17

SERVICE CLASSIFICATION No. 3

GENERAL

A. APPLICABLE TO USE OF SERVICE FOR:

All purposes except as provided in SC 1.

B. CHARACTER OF SERVICE:

(1) Customers Purchasing Gas Supply from Company

Continuous, primarily natural gas, minimum B.T.U. content 1,000, normal pressure not less than four inches.

(2) Customers Purchasing Gas Supply from a Marketer

Transportation of Customer-owned gas from a Supplier that has met the qualifications of service under SC 19, Transportation, Balancing and Aggregation Service. Transportation will be on a firm basis from a Company receipt point to the Customer's delivery point.

C. MONTHLY DELIVERY SERVICE RATES:

(1) Base Rates

The rates for this Service Classification are provided in General Information Section 38.A.

(2) Delivery Adjustment Charge

All gas delivered under this Service Classification shall be subject to surcharges, refunds or adjustments as set forth in General Information Section 38.B.(2).

(3) Weather Normalization Adjustment

All gas delivered under this Service Classification shall be subject to a refund/surcharge per 100 cubic feet as set forth in General Information Section 36.

D. MONTHLY COST OF GAS:

In addition to the above delivery service charges Customers purchasing their gas supply service from the Company will pay the Monthly Gas Supply Charges per 100 cubic feet of gas supplied by the Company which shall be the sum of the Monthly Gas Supply Cost as explained in General Information Section 19.B.(1).b, plus the Merchant Function Charge as specified in General Information Section 46.

E. INCREMENTAL MONTHLY COST OF GAS:

Under special circumstances when transportation Customers return from Marketers to sales service under periods of rising prices the Company may, at its discretion, establish a incremental Monthly Gas Supply Charge to be billed to the returning Customers. Notice of such rate shall be published in a monthly statement as appropriate.

Issued by C. M. Carlotti, President, 6363 Main Street, Williamsville, NY 14221
(Name of Officer, Title, Address)

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SERVICE CLASSIFICATION No. 3 (Cont'd)

GENERAL - Cont'd

F. INCREASE IN RATES WHERE SERVICE IS SUPPLIED:

The rates and charges under this Service Classification including charges specified under Special Provisions of this Service Classification, Base Rates, Delivery Adjustment Charge, Weather Normalization Adjustment, and Monthly Cost of Gas, shall be increased pursuant to General Information Section 35, to reflect the tax rates applicable within the municipality where the Customer is taking service.

G. MINIMUM CHARGE:

The rates for this Service Classification are provided in General Information Section 38.A. The minimum charge is subject to exceptions as set forth in General Information Section 3, entitled Mains and Service Lines, applicable to this schedule.

H. TERMS OF PAYMENT:

All bills are due and are subject to a late payment charge in accordance with the provisions of General Information Section 8.E.

Payment for gas service may also be made in the manner prescribed in General Information Section 16 as hereinbefore set forth.

I. SPECIAL PROVISIONS:

- (1) Applicable to both delivery service only and Customers also purchasing gas supply from the Company.

Service is subject to the pertinent provisions of General Information Section 20 as hereinbefore set forth.

- (2) Applicable to delivery service only Customers.

The Customer or its Supplier shall be subject to all Special Provisions included in the SC 18 Rate Schedule included herein.

J. TERM:

Terminable by the Customer on two (2) days' notice to the Company and by the Company in the manner prescribed by law and the Rules and Regulations herein set forth.

K. UNAUTHORIZED OVERRUN PENALTY:

If any Customer should take during any year a volume of gas in excess of the amount allowable under General Information Section 20 as hereinbefore set forth, the Customer shall pay to the Company a penalty of \$3 for each MCF of gas of such excess, which penalty shall be paid in addition to all other

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SERVICE CLASSIFICATION No.3 (Cont'd)

GENERAL - Cont'd

charges payable by the Customer hereunder.

The payment of a penalty for unauthorized deficiency imbalance shall not under any circumstances be considered as giving any such customer the right to take unauthorized deficiency imbalance, nor shall payment be considered as a substitute for any other remedies available to the Company against the offending customer for failure to respect its obligation to adhere to the provisions of its agreement with the Company.

If any customer should take a volume of gas in contravention of curtailments imposed by the Company as contemplated in General Information Section 20.D., the customer shall pay to the Company an additional penalty of \$7 for each Mcf of such gas taken in violation of such curtailment.

L. RIDER (to Service Classification No. 3)

Business Development Rate

Available upon written application to an existing or new customer who meets the necessary qualifications as listed below:

TERM -

To become effective on the first day of the next billing cycle following qualification and acceptance by the Company and to continue during the qualification period for a maximum of five (5) years.

QUALIFICATIONS -

1. Facility

The following shall be considered a "qualifying facility:"

- a. a newly constructed facility;
- b. an existing facility that has been purchased or leased and has been vacant for at least six (6) months; or
- c. an expansion of an existing facility.

2. Gas Usage

a. New Customers

The gas consumed by an applicant at a qualifying facility shall be eligible for this rate if it is demonstrated that the facility will have gas consumption in excess of

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SERVICE CLASSIFICATION No. 3 (Cont'd)

GENERAL - Cont'd

2,400 Mcf Per year.

b. Existing Customers

Incremental gas consumed by an applicant at a qualifying facility shall be eligible for this rate provided that the incremental load is 20% greater than the applicant's prior year's normalized load or 2,400 Mcf per year, whichever is less. However, such incremental gas usage will not qualify unless the incremental load totals at least 1,200 Mcf per year. To determine qualifying gas usage the incremental load will be measured against the gas consumed by the applicant normalized over the prior 12-month period.

3. Classification

Applicants who qualify for one of the following classifications pursuant to the North American Industry Classification System (NAICS) will be eligible for this rate:

	<u>Sectors</u>	<u>Codes</u>
a.	Agriculture, Forestry, Fishing and Hunting Industry	11
b.	Mining, Quarrying, and Oil and Gas Extraction Industry	21
c.	Manufacturing Industry	31 - 33
d.	Wholesale Trade Industry	42
e.	Finance and Insurance Industry	52
f.	Real Estate	53

provided that the Customer meets the following requirements:

- (i) the Customer must demonstrate to the Company's satisfaction that at least 75% of the leasable space at the premises where the qualifying facility is located is leased to tenants within the NAICS Sectors set forth in subparagraphs a. through d.;
- (ii) the Customer can demonstrate to the Company's satisfaction that the tenants are ultimately responsible for paying for the natural gas consumed at the premises; and
- (iii) the Customer's leases with its tenants have a term exceeding five years or the customer files an annual statement on the anniversary date of the commencement of service under this Rider, that the leasable space at the premises continues to be occupied by tenants satisfying clauses (i) and (ii) of this paragraph; or

g. Business Services 54, 56 & 81

4. Application

Applications for this rate must be received by the Company thirty (30) days prior to start up of the new or expanded facility.

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SERVICE CLASSIFICATION No. 3 (Cont'd)

GENERAL - Cont'd

5. Rate

The Business Development Rate Discount is provided in General Information Section 38.A.

M. RIDER (to Service Classification no. 3)

Economic Development Zone and Excelsior Program Rate

Economic Development Zone rates are available to Customers qualified to receive such rates before implementation of the Excelsior Program. Economic Development Zone rates are closed to new Customers, however, existing certificates will be honored if the Customer's usage is non-residential in nature, meets qualifications 1.d., as certified by the state and local economic zone administrators, and 2.b below. Excelsior Program rates are available to an existing or new customer upon notification of the customer certification of eligibility to the Company. Such applicant shall meet the necessary qualifications listed below:

TERM -

To become effective on the first day of the next billing cycle following qualification and acceptance by the Company and to continue during the qualification period for a maximum of ten (10) years. Excelsior Program customers shall require an annual certification of eligibility as defined in Article 17 of the Economic Development Law and such certification will end no later than fifteen months after receipt of such notification.

QUALIFICATIONS -

1. Facility

The following shall be considered a "qualified facility":

- a. a newly constructed facility;
- b. an existing facility that has been purchased or leased and has been vacant for at least six (6) months; or
- c. an expansion of an existing facility; AND
- d. the facility is located within an area that has been certified under the New York State Economic Development Zones Act as an economic development zone and the customer is certified by New York State and continues to be certified as being eligible for this rate pursuant to Article 18 - B of the New York State General Municipal Law. The Excelsior program participation is subject to conditions defined in Article 17 of the Economic Development Law and provisions under

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SERVICE CLASSIFICATION No. 3 (Cont'd)

GENERAL - Cont'd

Section 31 of the tax law provisions for the excelsior jobs program.

2. Gas Usage

a. New Customers

The gas consumed by an applicant at a qualifying facility shall be eligible for this rate if it is demonstrated that the facility will have gas consumption in excess of 1,200 Mcf per year.

b. Existing Customers

Incremental gas consumed by an applicant at a qualifying facility shall be eligible for this rate provided that the incremental load is 20% greater than the applicant's prior year's normalized load or 1,200 Mcf per year, whichever is less. However, such incremental gas usage shall not qualify unless the incremental load totals at least 600 Mcf per year. To determine qualifying gas usage, the incremental load will be measured against the gas consumed by the applicant normalized over the prior 12-month period. In addition, actual gas usage will be normalized for weather sensitive customers to determine if the qualifying threshold is reached.

3. Classification

Applicants who qualify for one of the following classifications pursuant to the North American Industry Classification System (NAICS) will be eligible for this rate:

	<u>Sectors</u>	<u>Codes</u>
a.	Agriculture, Forestry, Fishing and Hunting Industry	11
b.	Mining, Quarrying, and Oil and Gas Extraction Industry	21
c.	Construction Industry	23
d.	Manufacturing Industry	31 - 33
e.	Transportation, Communications, Electric, Gas and Sanitary Services	22, 48, 49 & 51
f.	Wholesale Trade Industry	42
g.	Retail Trade Industry	44 & 45
h.	Finance and Insurance Industry	52
i.	Real Estate	53
j.	Business Services	54 - 81

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GENERAL - Cont'd

4. Application

Applications for this rate discount must be received by the Company thirty (30) days prior to start up of the new or expanded facility.

5. Rate

The Economic Development Zone and Excelsior Program Rate Discounts are provided in General Information Section 38.A.