

PSC NO: 9 GAS
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 05/31/2016

SECTION: 0 LEAF: 69
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION (Cont'd)

II.19.H. - Cont'd

the Company's Customers during each subsequent five-month period beginning in November and ending in March through the monthly gas supply charge. The remaining 15% of any such credits and/or net revenues plus 15% of non-gas revenues from sales under SC 11 shall be retained by the Company. The gross profit will be difference between the effective weighted average commodity cost of gas, plus variable transportation costs to deliver the gas to the off-system Customer, and the sale price. The monthly average commodity cost of gas shall be defined as the monthly average commodity cost of gas purchases for all supplies scheduled at the beginning of the month; provided, however that, if an additional unscheduled purchase is made during the month specifically for an off-system sale, such purchase shall be considered to be the gas used to make the off-system sale and the commodity cost of such purchase will be assigned to off-system sales up to the volume of the purchase. The prices charged for off-system sales will not reflect the price attributable to gas withdrawn from storage. Any difference between the amount of gross profit to be credited and the amount actually credited will be applied as an adjustment after the difference is known.

I. Credit for Transportation Sales and Transportation Service Benefits

The monthly gas supply charge as computed shall be adjusted to reflect the benefits available to Customers subject to the monthly gas supply charge from transportation sales (SC 12, SC 14), transportation service (SC 13, SC 16, and SC 18) as follows:

- (1) The Determination Period to be used in the computation shall be the twelve month period beginning on the first day of April and ending on the thirty-first day of the following March.
- (2) The Refund/Surcharge Period shall refer to the twelve month period beginning three months following a given Determination Period (July 1st through June 30th).
- (3) The credits or surcharges for the 6 month period from October 1, 2016 through March 31, 2017 associated with the sharing approved in Case 13-G-0136 shall be calculated on a prorated basis.
- (4) At the conclusion of each determination period, net transportation sales and transportation service benefits will be computed by adding (i) transportation sales (SC 12 and SC 14) gas revenues derived during the Determination Period net of gas costs and revenue tax revenues; (ii) revenues derived during the Determination Period from base rates under SC 13, SC 16, and SC 18 during the Determination Period net of gas costs, reserve capacity costs, R&D surcharge and revenue tax less \$30,839,769. The amount will be further reduced by revenues associated with sales volume shortfalls caused by migration of customers from SC 3 to SC 13, SC 16 and SC 18 (Transportation Service). Such sales volume shortfalls shall be determined for each SC 13, SC 16, and SC 18 transportation customer as the lesser of (a) the volume by which the sales forecast for that customer, as adopted by the Commission in Case 16-G-xxxx exceeds actual sales to that customer during the Determination Period, and (b) the volume by which the volumes transported for that customer during the Determination Period exceed the transportation forecast for that customer, as adopted by the Commission in Case 16-G-xxxx. A negative difference derived in (a) or (b) shall be presumed equal to zero.

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