

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

SECTION: 0 LEAF: 145  
REVISION: 0  
SUPERSEDING REVISION:

### GENERAL INFORMATION (Cont'd)

#### II.46. MERCHANT FUNCTION CHARGE

##### A. Applicable Service Classifications

Merchant Function Charges ("MFC") shall be included in the Monthly Gas Supply Rates of Service Classifications designated in General Information Section 38.B.(1).

##### B. Calculation of Monthly MFC

- (1) For Customers receiving service in the Residential Service Classifications specified in General Information Section 38.B.(1)., the Monthly MFC per Ccf shall equal:
  - a. 1.8369% of the Monthly Gas Supply Charge as calculated in General Information Section 19.B.(1).b. This Uncollectible component is not reconcilable.
  - b. \$0.031777/Ccf (\$0.31777/Mcf) for the Record and Collection-Procurement of Commodity ("RCPC") component. This RCPC component will be reconciled annually.
  - c. (\$0.001506)/Ccf ((\$0.01506)/Mcf) for the Storage Inventory Carrying Cost component. The amount included in the DAC is (\$0.000753/Ccf ((\$0.00753)/Mcf)). This Storage Inventory Carrying Cost component will be reconciled annually.
- (2) For Customers receiving service in the Non-Residential Service Classifications specified in General Information Section 38.B.(1)., the Monthly MFC shall equal:
  - a. 0.4413% of the Monthly Gas Supply Charge as calculated in General Information Section 19.B.(1).b. for the Uncollectible component. The Uncollectible component is not reconcilable.
  - b. \$0.031777/Ccf (\$0.131777/Mcf) for the RCPC component. This RCPC component will be reconciled annually.
  - c. (\$0.001506)/Ccf ((\$0.01506)/Mcf) for the Storage Inventory Carrying Cost component. The amount in the DAC and SC 18 service rates is (\$0.000753)/Ccf ((\$0.00753/Mcf)). This Storage Inventory Carrying Cost component will be reconciled annually.

The annual reconciliation target is \$14,157,812 for the RCPC component. POR discounts associated with records and collection cost recovery shall be included in the annual reconciliation. The Storage Inventory Carrying Cost component reconciliation target is (\$1,417,369). The Storage Inventory Carrying Cost component annual reconciliation will also include actual storage inventory balances and actual monthly Other Customer Capital Rate. The annual reconciliation period for the MFC shall be the 12 months ended March 31 of each year. Over and under recovery of reconciled MFC components shall be refunded or surcharged to Customers for a 12-month period beginning each July 1 after the reconciliation period.

The RCPC component for the 3 months ended March 31, 2017 associated with the MFC approved in Case 07-G-0141 shall be calculated on a prorated basis.

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