

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

SECTION: 0 LEAF: 25
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION (Cont'd)

II.4. INSPECTION, MAINTENANCE AND REPLACEMENT OF FACILITIES

A. The Company shall be responsible for the inspection, testing, operation, maintenance, replacement and reconstruction of all mains, service lines, service connections and appurtenant facilities which it uses to supply gas to Customers.

B. The Company will bear the cost of inspecting, testing and operating all facilities, along with the cost of maintaining, replacing or reconstructing all main and appurtenant facilities. Subject to Section D. below, it will also bear the cost of maintaining, replacing or reconstructing the service line and appurtenant facilities necessary to serve each as if such Customer were an applicant for service, unless an act or omission of the Customer necessitates the replacement or reconstruction.

C. If an act or omission of any Customer who had installed facilities necessitates the replacement or reconstruction of such facilities, the Customer will pay to the Company the cost of replacement or reconstruction.

D. For a specific section of Company facilities needed to be replaced in order to continue providing safe and reliable service where the length of such facilities is greater than 650 feet and where the cost of facility replacement is above the current revenue credit amount (as determined below), the Company shall either: 1) apply the following Facility Replacement Surcharge ("FRS") to those Customers served from that section of facilities who elect to continue receiving natural gas service from the Company; or 2) provide Transitional Propane Service under Service Classification 10 to Customers not choosing to continue receiving natural gas service from the Company. The FRS shall be applied for a term of ten (10) years.

The FRS, as calculated below, shall be for each such qualifying facility replacement as follows:

$$\text{FRS} = ((\text{TRC} - \text{CRC}) \div \text{LJI}) \div (\text{C} \times 12)$$

Where:

FRS = Monthly Facility Replacement Surcharge, which shall not be less than \$0/per month, and shall be added to the Customer's monthly minimum charge.

TRC = Total cost of Company facilities required to be replaced in order to continue providing safe and reliable service to the customer.

CRC = Current Revenue Credit amount, equal to three times the most recent annual bill received from Customers served from the facilities being replaced plus the product of \$3,000 for conversion costs times the number of Customers.

LJI = Load Justified Investment factor = 3.3

C = Number of Customers being served by the replacement facilities.

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