



June 4, 2018

VIA ELECTRONIC FILING

Hon. Kathleen H. Burgess
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

**Re: Case 18-M-_____ – Verified Petition of National Fuel Gas Distribution Corporation
for Disposition of Income Tax Savings
Case 17-M-0815 – Proceeding on Motion of the Commission on Changes in Law that
May Affect Rates**

Dear Secretary Burgess:

Enclosed for filing is the Verified Petition of National Fuel Gas Distribution Corporation (“National Fuel” or the “Company”) regarding the Company’s proposed disposition of net federal income tax savings resulting from the federal Tax Cuts and Job Act of 2017 (“Tax Act”) and requesting authorization to:

- (i) implement a customer refund program (“Customer Refund Program”) to return the net effect of the recent federal income tax rate reduction under the Tax Act, estimated at approximately \$7.8 million for 2018 and \$10.8 million for 2019, to the Company’s customers as soon as possible;
- (ii) allow the Company recovery for the improvements to the Company’s equity ratio directly resulting from the recent federal tax rate reduction under the Tax Act; and
- (iii) amend Tariff Section 0, Leaf 150 of the Company’s existing Tariff No. 9 to permit the Company to implement the Customer Refund Program.

The Company respectfully requests that the Commission grant the relief requested in this Petition on an expedited basis to enable the Company to promptly institute the Customer Refund Program before the onset of the 2018-2019 winter heating season.

Also enclosed is a draft notice of proposed rulemaking pursuant to 16 NYCRR §3.5(i) and the State Administrative Procedure Act for publication in the New York State Register. Please do not hesitate to contact me at (716) 857-7797 or DelvecchioJ@natfuel.com if you have any questions regarding this filing. Thank you.

Respectfully submitted,



Joseph N. Del Vecchio
Vice President and Chief Regulatory Counsel

cc: DMM Active Party List in Case 17-M-0815 (via e-mail)
Bruce V. Miller, Esq., Cullen and Dykman LLP (via e-mail)
Gregory G. Nickson, Esq., Cullen and Dykman LLP (via e-mail)



National Fuel

***VERIFIED
PETITION***

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

	X	
	:	
National Fuel Gas Distribution Corporation	:	
Verified Petition for Disposition of Income	:	Case 18-M-
Tax Savings	:	
	:	
	X	
	:	
Proceeding on Motion of the Commission on	:	
Changes in Law that May Affect Rates	:	Case 17-M-0815
	:	
	X	

**VERIFIED PETITION ON BEHALF OF
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
REGARDING THE PROPOSED DISPOSITION OF NET
FEDERAL INCOME TAX SAVINGS**

INTRODUCTION

1. This Petition, duly verified by Eric H. Meinl, General Manager, Rates and Regulatory Affairs Department, is submitted by National Fuel Gas Distribution Corporation (“National Fuel” or “the Company”) to respectfully request authorization to (i) implement a customer refund program (“Customer Refund Program”) to return the net effect of the recent federal income tax rate reduction estimated at approximately \$7.8 million for 2018 and \$10.8 million for 2019 to the Company’s customers as soon as possible, and (ii) allow the Company recovery for the improvements to the Company’s equity ratio directly resulting from the recent federal tax rate reduction, as described herein. The recent federal income tax rate reduction impacts the Company’s cost of providing service to customers in a number of ways. These impacts generally include: (1) a reduction in the overall cost of providing service to customers due to a lower statutory federal income tax rate and (2) to a lesser degree, an increase in the overall cost of

providing service due to lower depreciation deductions included in the federal income tax return and an improvement in the equity ratio resulting from the federal income tax rate change.

Contemporaneously with the filing of this Petition, the Company is filing a proposed amendment to existing Tariff No. 9, Section 0, Leaf 150 (“Leaf 0-150”) in order to implement the Customer Refund Program. As further described herein, the Customer Refund Program would reduce customer bills and would promptly reduce rates to customers before the onset of the 2018-2019 winter heating season.

2. The federal Tax Cuts and Jobs Act of 2017 (“TCJA” or “the Tax Act”) was enacted on December 22, 2017. The Tax Act creates substantial changes to the federal income tax structure, including, most notably, the reduction of the corporate federal income tax rate from 35% to 21%.

3. The Public Service Commission of the State of New York (“Commission”) has instituted a proceeding to investigate and determine the rate impacts of the TCJA and how those impacts should be reflected in rates. Case 17-M-0815, Proceeding on Motion of the Commission on Changes in Law that May Affect Rates, *Order Instituting Proceeding*, December 29, 2017.

4. One important element of the Tax Act for New York utilities, including National Fuel, is a significant reduction in federal income tax expense attributable to lowering the federal income tax rate from 35% to 21%. As a result, the rate effect of this component of the Tax Act has been known and measureable since January 1, 2018 and this Petition seeks to return the net effect of that tax rate reduction to the Company’s customers as soon as possible.

5. The Company is proposing deferred accounting treatment and annual reconciliation of actual refunds provided to customers and the actual net benefits achieved from the Tax Act.

6. Under its Customer Refund Program, the Company proposes to refund the net effect of the TCJA’s income tax rate reduction via rate credits (aka sur-credits), with a higher weighting of

credits directed to residential customers for reasons explained herein. The Company proposes that such rate credits take effect before the start of the 2018-2019 heating season. Accordingly, the Company respectfully requests that the Commission grant expedited review of this Petition, and issue an order granting the relief requested herein on or before the Commission's September 13, 2018 session so that the Company's proposed rate credits take effect in October 2018.

BACKGROUND

7. National Fuel is a natural gas-only utility, headquartered in Williamsville, New York and providing service to approximately 532,000 customers in western New York, approximately 496,000 of whom are residential gas customers. The Company's rates for gas service were last set by the Commission pursuant to its Order dated April 20, 2017 in Case 16-G-0257 ("Rate Order").

8. On December 29, 2017, the Commission issued an order ("Order") in Case 17-M-0815¹ initiating a proceeding to study the potential effects of the enactment of the TCJA on the tax expenses and liabilities of New York utilities, and the regulatory treatment of any tax savings resulting from such act in order to ensure that net benefits accruing from the Tax Act are preserved for ratepayers. In the Order, the Commission directed New York Department of Public Service Staff ("Staff") to file a recommendation within 90 days of the issuance of the Order for the accounting and ratemaking treatment of the Tax Act's effects. The Order further directed that, upon filing of Staff's recommendations, interested parties shall have 90 days to comment.

9. On March 29, 2018, Staff filed in that proceeding, and pursuant to the Order, its "Staff Proposal to Address the Accounting and Ratemaking of the Tax Cuts and Jobs Act of 2017" ("Staff Proposal"). Also related to the Tax Act, on April 18, 2018, Staff published a Notice of

¹ Case 17-M-0815 – Proceeding on Motion of the Commission on Changes in Law that May Affect Rates.

Proposed Rulemaking (“Notice”) in the New York State Register titled Regulatory Treatment of Utilities Regarding Recent Changes in Federal Tax Law, which stated that the Commission is considering a Staff Proposal filed on March 29, 2018 on whether and how to incorporate into utility rates the modifications necessary to reflect recent changes in federal tax law affecting utilities.² The Notice indicated that public comments will be received until 60 days after publication of the Notice.

10. The Company understands that while companies regulated by the Commission are all affected in some fashion by the Tax Act, the unique facts and circumstances of each utility are important and should be carefully considered by the Commission in evaluating the accounting and ratemaking treatment of the effects of the Tax Act. In the Staff Proposal, Staff encouraged the utilities to collaborate on issues common to them and separately address any concerns unique to their individual situations. The Company has participated in collaborative discussions with other utilities (“Joint Utilities”) in an effort to provide common comments on particular issues in the Staff Proposal, and the Company anticipates that the Joint Utilities will be filing comments on the Staff Proposal in the near future. National Fuel, nevertheless, has determined that, for the reasons described below, its own circumstances dictate taking a different path than is being followed in the rulemaking procedure for the other gas and electric distribution companies in the state regarding refunds of the net tax benefit related to the tax rate change. Therefore, although the Company will continue to participate in the rulemaking process, National Fuel is also filing this Petition in order to accelerate the provision for refunds of the net tax benefits to its customers.

² I.D. No. PSC-16-18-00007-P

NATIONAL FUEL'S STRUCTURE AND BENEFITS OF THE TAX LAW CHANGE

11. National Fuel is well aware of the financial stresses that the Tax Act will impose on other gas and electric distribution companies relating to the negative cash flow impacts of the Tax Act. All else being equal, this likely reduction in future cash flows has led to negative credit rating actions for many of these utilities, and their corporate families. Fortunately, this is not the case for National Fuel. Although, as a distribution utility, National Fuel will be similarly affected by the negative cash flow impacts, the Company is fortunate to be part of the National Fuel Gas Company ("NFGC" or the "Parent") system, which, with its complement of non-rate-regulated businesses, has seen its long-term financial outlook strengthened by passage of the TCJA. Due to the Parent's integrated structure, the Tax Act is immediately earnings accretive and long-term cash flow positive. Thus, the continuing benefits provided by the Parent's integrated structure, further enhanced by the passage of the TCJA, places the Company in a very different situation than most other New York utilities, and overall, the Tax Act has a favorable impact on the financial position of the Parent. Moody's and S&P have not indicated any changes to the Parent's bond rating or outlook. Moody's did recently issue an industry-wide update that lowered the outlook on 25 regulated utilities (but notably did not include NFGC) on an expected negative impact from the Tax Act. In fact, one of NFGC's non-rate-regulated subsidiaries actually had its industry outlook revised from Stable to Positive by Moody's, further demonstrating the benefits of its integrated structure. Although S&P has not made any changes to industry ratings, they provided guidance that they expect the Tax Act to be negative for regulated utilities, but are waiting to see the reaction of regulators and/or companies to determine any possible ratings changes. For NFGC, the potential negative impact of the Tax Act on regulated subsidiary cash flows should be more than offset by the ongoing benefits received in its non-rate regulated

subsidiaries. This is expected to keep the NFGC's credit ratings at their current level and presents a unique set of circumstances for National Fuel in comparison to its peer utilities in New York, as well as an excellent opportunity for its customers to realize immediate savings.

12. Accordingly, National Fuel does not believe that the best course for the Company and its customers would be to defer the benefits of the Tax Act for some future distribution. Rather, the Company believes, and proposes in this Petition, that such benefits should be provided to its customers as expeditiously as is feasible, and certainly before the start of the next heating season. The Company is concerned that the schedule proposed in the rulemaking proceeding may not permit such a rapid flow back as the Company deems desirable, given the complexity of structuring a resolution from a generic proceeding that may impact each utility in a unique way.

THE NET TAX BENEFITS

13. National Fuel, like its parent, is on a fiscal year basis for financial reporting purposes. The Company's fiscal year commences every October 1st. As a result of the Company's fiscal year, a one-time blended federal income tax rate of 24.5% will apply to Fiscal Year ("FY") 2018 and the statutory federal income tax rate of 21% will apply to FY2019 and later.

14. The Company is proposing to include in the annual refund the three general categories of cost recognized in the Staff Proposal: (1) the revenue requirement impacts of the net benefits as measured by using the last Commission approved rate year revenue requirement forecast, (2) the amortization of excess accumulated deferred federal income taxes ("ADFIT") associated with accelerated tax depreciation ("Protected ADFIT"), and (3) the ADFIT impact associated with the deferred income tax balances other than tax depreciation ("Unprotected ADFIT") amortized over 5 years. The calculations supporting the tax law changes and the associated rate effects are contained in Exhibit A to this Petition and are summarized in the table below.

	Revenue Requirement	Protected ADFIT	Unprotected ADFIT	Total Impact³
2018	(\$5,544,000)	(\$3,749,000)	\$1,310,000	(\$7,983,000)
2019	(\$7,125,000)	(\$5,226,000)	\$1,310,000	(\$11,040,000)

15. In National Fuel's unique situation, the Company's earnings are based upon a 42.9% equity ratio ("16-G-0257 Equity Ratio") established in the Commission's Rate Order dated April 20, 2017.⁴ The Commission, in setting such equity ratio, imputed the-then equity ratio of the Parent to the Company instead of using the Company's actual equity ratio which was approximately 60% at the time. As of March 31, 2018, the Parent's actual equity ratio was 47.9%, or 500 basis points higher than set in the Rate Order. While the Parent's financial prudence and operational successes over the past twelve months have delivered the expected improvement in its equity ratio, the adoption of the Tax Act also played a prominent role in that increase. The Tax Act had the immediate effect of reducing the ADFIT of non-rate-regulated affiliates of National Fuel with an associated reduction in its GAAP income tax provision, immediately benefitting retained earnings. Additionally, these same affiliates will see larger ongoing retained earnings as a result of the lower federal statutory income tax rate. Consequently, these impacts increased the 16-G-0257 Equity Ratio by 1.91% through March 31, 2018, solely as a result of the passage of the Tax Act. The Parent projects further improvement in its equity ratio due to the Tax Act, with projected total increases translating to an increase in the 16-G-0257 Equity Ratio of 2.11% and 2.81% at the end of its FY2018 and FY2019, respectively, solely as a

³ Inclusive of Gross Receipts Tax and uncollectibles impacts.

⁴ Case 16-G-0257 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corp. for Gas Service.

result of the passage of the Tax Act. Thus, for purposes of an imputed equity for ratemaking purposes, the 16-G-0257 Equity Ratio is projected to rise from 42.9% to 45.01%⁵ as of September 30, 2018, and hence the imputed equity ratio of the Company will rise similarly. This equity ratio improvement is the natural consequence of the Tax Act. Accordingly, just as a lower income tax rate is now the proper income tax rate for the Commission to use to reset rates due to the TCJA, it is proper for the Commission to use a higher equity ratio to reset rates due to the TCJA. Both items have their genesis in the passage of the Tax Act and are now inextricably interwoven as a result. The additional return associated with an increased equity ratio resulting from the Tax Act thus must be netted against any tax savings to ratepayers.

16. National Fuel believes that any action taken by the Commission regarding the TCJA must fully embrace all of the TCJA's impacts upon a particular utility. The Commission should not focus solely on tax savings and any associated refund to ratepayers, without regard to the other effects the Tax Act has on the utility that offset such savings, such as the associated increase to the consolidated equity ratio flowing from the Tax Act. Ignoring the Tax Act's impact to the Company's equity ratio and focusing only on customer refunds would be tantamount to single issue ratemaking (*i.e.*, considering one cost or revenue item without considering other factors, costs or revenue items) which is inappropriate. *See* Case 13-W-0246, United Water New York Inc., *Order Denying Surcharge And Making Determinations Regarding The Treatment Of Certain Long-Term Water Supply Development Costs*, 2014 WL 6603186, at *19 (Nov. 14, 2014). Failing to recognize the Tax Act's impact on National Fuel's equity ratio would also run counter to the

⁵ The actual equity ratio of the Parent, as reported in the Form 10-Q filed with the U.S. Securities and Exchange Commission for the period ending 3/31/18, now stands at 47.9%, an amount actually higher than referenced above. This higher ratio reflects, in addition to the benefits of the Tax Act, improvements to the equity ratio associated with ongoing increases to retained earnings since the Rate Order. For purposes of this Petition, however, the Company has isolated improvements to its equity ratio solely due to the Tax Act, and is only seeking to offset the customer refunds by that limited amount.

tenets that proscribe retroactive ratemaking in New York. *Mtr. of Niagara Mohawk Power Corp. v Pub. Serv. Comm'n.*, 54 A.D. 2d 255, 257 (3d Dept 1976) (“Rate-making is a prospective and not a retrospective process.”). These well-established legal and rate making principles are particularly relevant in light of the unique situation of the Company.

THE PROPOSED CUSTOMER REFUND

17. National Fuel believes the refund should be returned to customers as expeditiously as possible, and hence the Company respectfully requests expedited treatment of this Petition. This is especially the case given that the new, lower federal income tax rate became effective on January 1, 2018, and the Company has no need or desire to hold on to the net effects of that tax rate change.

18. The Company, therefore, proposes to return the tax rate savings to customers through a refund in the form of reduced rates effective before the start of the 2018-2019 winter heating season. The refund will be calculated annually and updated with rates effective each October until such time as the impacts of the TCJA can be reflected in a Company base rate filing or until such other time as may be ordered by the Commission. The Company proposes to provide Staff with work papers demonstrating an update of the refund rate on or before June 1st of each year that calculates the RTC in compliance with the Commission’s Order to this petition. The Company also proposes to annually reconcile annual revenue requirements and refunds provided to customers associated with the TCJA. The reconciled cost and total refunds will then be included in the annual refund update effective each October 1. The first sur-credit reconciliation would be included in the October 1, 2020 RTC calculation. The refund calculation would include:

- a. All net benefits associated with the TCJA including: (1) impacts for changes in the

statutory income tax rates, (2) the impact of the loss of bonus depreciation and MACRS tax rate reductions, and (3) impact on the equity ratio as calculated based on the method ordered by the Commission to be used in Case 16-G-0257.

- b. The annual amount associated with Protected ADFIT.
- c. Net Unprotected ADFIT to be amortized over a five year time period beginning October 1, 2018.
- d. The associated gross ups for revenue taxes and uncollectibles.
- e. Carrying costs on the net deferred balances equal to the pre tax rate of return included in the Case 16-G-0257 adjusted for the tax rate changes implemented by the Tax Act.

19. National Fuel also proposes that the return of the net tax rate benefit be made primarily to the residential class, and has weighted the refund accordingly. The Company's proposal utilizes the revenue requirement increase allocation percentages approved by the Commission in the Company's last base rate case. The Company's commercial and industrial customers largely will enjoy the benefit of the dramatic reduction of the corporate income tax rate, while residential customers will continue to pay income taxes based on, in many cases, higher, personal tax rates. Moreover, many New York residential customers are now faced with limitations on state and local income tax deductions when filing their federal income tax returns; thus the benefits of the Tax Act have been unfortunately muted for these people. The Company's proposal would enhance the net benefits that residential New Yorkers would obtain from federal tax reform by flowing back the majority of the Company's tax savings to those residential customers. Furthermore, commercial and industrial customers can still deduct their utility expenses on their federal and state income tax returns while residential customers cannot. For all these reasons, the

Company believes that it is just and reasonable that the net benefits of the Company's proposed Customer Refund Program resulting from the Tax Act flow primarily to its residential customers, but would defer to the Commission's discretion on such allocation. The table below summarizes the Company's refund proposal by rate class beginning with rates in effect October 1, 2018. ⁶

	Allocation %	Total Refund before GRT	Volumes (Mcf)	Refund Rate per Mcf
SC 1 Residential	83.49%	(\$6,507,272)	52,813,255	(\$0.12321)
SC 3 Non Residential	9.87%	(\$769,283)	15,793,731	(\$0.04871)
TC 1.1	2.94%	(\$228,832)	7,399,515	(\$0.03093)
TC 2.0	1.09%	(\$85,037)	3,876,901	(\$0.02193)
TC 3.0	1.16%	(\$90,055)	5,977,720	(\$0.01507)
TC 4.0	1.07%	(\$83,594)	12,300,812	(\$0.00680)
TC 4.1	0.39%	(\$30,219)	2,777,813	(\$0.01088)
Total	100.00%	(\$7,794,292)	100,939,747	

The table below summarizes the Company's refund proposal by rate class beginning with rates in effect October 1, 2019.

	Allocation %	Total Refund before GRT	Volumes (Mcf)	Refund Rate per Mcf
SC 1 Residential	83.49%	(\$8,999,607)	52,813,255	(\$0.17040)
SC 3 Non Residential	9.87%	(\$1,063,924)	15,793,731	(\$0.06736)
TC 1.1	2.94%	(\$316,476)	7,399,515	(\$0.04277)
TC 2.0	1.09%	(\$117,607)	3,876,901	(\$0.03034)
TC 3.0	1.16%	(\$124,547)	5,977,720	(\$0.02084)
TC 4.0	1.07%	(\$115,612)	12,300,812	(\$0.00940)
TC 4.1	0.39%	(\$41,794)	2,777,813	(\$0.01505)
Total	100.00%	(\$10,779,556)	100,939,747	

⁶ Total Refund and unit Refund Rates exclude impact of gross receipts tax which is automatically calculated on a customer's bill.

20. Thus, should the Commission approve the Company's proposed Customer Refund Program, an average residential customer consuming 107 Mcf per year would see an approximate tax savings refund of \$13.00 a year for the annual period starting in October 2018 and ending in September 2019 and \$18.00 a year for the annual period starting in October 2019 and ending in September 2020. The specific tariff changes to accomplish the Company's proposal are contained in Exhibit B to this Petition.

CONCLUSION

WHEREFORE, for the reasons expressed above, the Company respectfully petitions the Commission to grant the relief sought in this Petition on an expedited basis, as well as such other and further relief as may be required.

Respectfully submitted,

Dated June 4, 2018

/s/ Joseph N. Del Vecchio

Joseph N. Del Vecchio
Vice President and Chief Regulatory Counsel
Rates and Regulatory Affairs
National Fuel Gas Distribution Corporation
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/s/ Tinya Holt

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National Fuel

VERIFICATION

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

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National Fuel Gas Distribution Corporation	:	Case 18-M-
Verified Petition for Disposition of Income	:	
Tax Savings	:	
-----	X	
	:	
Proceeding on Motion of the Commission on	:	
Changes in Law that May Affect Rates	:	Case 17-M-0815
-----	X	

VERIFICATION

STATE OF NEW YORK)
) SS:
COUNTY OF ERIE)

Eric H. Meinl, being duly sworn, deposes and says:

1. My name is Eric H. Meinl. My business address is 6363 Main Street, Williamsville, New York 14221-5887.

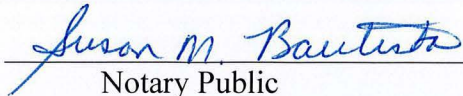
2. I am employed as General Manager of the Rates and Regulatory Affairs Department at National Fuel Gas Distribution Corporation ("National Fuel" or "the Company").

3. I am familiar with the content of the foregoing Verified Petition being filed in the above captioned proceeding(s).

4. I hereby verify that the content of the foregoing Petition is true to the best of my information and belief based on my understanding of rate matters as respects the Company, and my discussions with employees in the Finance and Tax Departments at National Fuel.


Eric H. Meinel

Sworn to before me this 4th day of June, 2018


Notary Public

SUSAN M. BAUTISTA
Notary Public, State of New York
Qualified in Erie County
My Commission Expires January 31, 2022



National Fuel

EXHIBIT A

***QUANTITATIVE
SUPPORT***

National Fuel Gas Distribution Corporation
New York Division
(\$000)
Proposed Estimated Surcredit Effective October 1, 2018

Monthly	Revenue Requirement Impact			ARAM			Unprotected			Total Estimated Refund Provision		
	Allo %	Monthly	Refund Qtrly	Pro-Rata Allo %	Monthly	Refund Qtrly	Allo %	Monthly	Refund Qtrly	Monthly	Qtrly	Cum
Oct	5.16%	(286)		8.33%	(312)		8.33%	109		(489)		
Nov	7.58%	(420)		8.33%	(312)		8.33%	109		(624)		
Dec	11.76%	(652)	(1,358)	8.33%	(312)	(937)	8.33%	109	328	(855)	(1,968)	(1,968)
Jan	15.10%	(837)		8.33%	(312)		8.33%	109		(1,040)		
Feb	15.12%	(838)		8.33%	(312)		8.33%	109		(1,041)		
Mar	13.67%	(758)	(2,433)	8.33%	(312)	(937)	8.33%	109	328	(961)	(3,043)	(5,011)
Apr	10.68%	(592)		8.33%	(312)		8.33%	109		(795)		
May	6.76%	(375)		8.33%	(312)		8.33%	109		(578)		
Jun	4.15%	(230)	(1,197)	8.33%	(312)	(937)	8.33%	109	328	(433)	(1,806)	(6,817)
July	3.22%	(179)		8.33%	(312)		8.33%	109		(382)		
Aug	3.21%	(178)		8.33%	(312)		8.33%	109		(381)		
Sept	3.59%	(199)	(556)	8.33%	(312)	(937)	8.33%	109	328	(402)	(1,165)	(7,983)
Total	100.00%	(5,544)	(5,544)	100.00%	(3,749)	(3,749)	100.00%	1,310	1,310	(7,983)	(7,983)	
Total		\$ (5,544)			\$ (3,749)			\$ 1,310			\$ (7,983)	
							Total	\$ 6,552		GRT Factor		0.02363
							Amortization Period	5 Years		GRT Amount	\$ (189)	
							Annual	\$ 1,310		Surcharge Amount	\$ (7,794)	

National Fuel Gas Distribution Corporation
New York Division
(\$000)
Proposed Estimated Surcredit Effective October 1, 2019

Monthly	Revenue Requirement Impact			ARAM			Unprotected			Total Estimated Refund Provision		
	Allo %	Monthly	Refund	Pro-Rata	Monthly	Refund	Allo %	Monthly	Refund	Monthly	Qtrly	Qtrly Cum
Oct	5.16%	(367)	(367)	8.33%	(435)	(435)	8.33%	109	(694)	(694)		
Nov	7.58%	(540)	(540)	8.33%	(435)	(435)	8.33%	109	(867)	(867)		
Dec	11.76%	(838)	(838)	8.33%	(435)	(435)	8.33%	109	(1,164)	(1,164)	(2,725)	(2,725)
Jan	15.10%	(1,076)	(1,076)	8.33%	(435)	(435)	8.33%	109	(1,402)	(1,402)		
Feb	15.12%	(1,077)	(1,077)	8.33%	(435)	(435)	8.33%	109	(1,403)	(1,403)		
Mar	13.67%	(974)	(974)	8.33%	(435)	(435)	8.33%	109	(1,301)	(1,301)	(4,106)	(6,831)
Apr	10.68%	(761)	(761)	8.33%	(435)	(435)	8.33%	109	(1,087)	(1,087)		
May	6.76%	(481)	(481)	8.33%	(435)	(435)	8.33%	109	(808)	(808)		
Jun	4.15%	(296)	(296)	8.33%	(435)	(435)	8.33%	109	(622)	(622)	(2,517)	(9,347)
July	3.22%	(230)	(230)	8.33%	(435)	(435)	8.33%	109	(556)	(556)		
Aug	3.21%	(229)	(229)	8.33%	(435)	(435)	8.33%	109	(555)	(555)		
Sept	3.59%	(256)	(256)	8.33%	(435)	(435)	8.33%	109	(582)	(582)	(1,693)	(11,040)
Total	100.00%	(7,125)	(7,125)	100.00%	(5,226)	(5,226)	100.00%	1,310	(11,040)	(11,040)		
Total		\$ (7,125)			\$ (5,226)		Total	\$ 1,310			\$ (11,040)	
							Total	\$ 6,552	GRT Factor		0.02363	
							Amortizati on Period	5 Years				
							Annual	\$ 1,310	GRT Amount	\$ (261)		
									Surcharge Amount	\$ (10,780)		

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION

Surcredit associated with Tax Cuts and Jobs Act of 2017

Proposed Estimated Surcredit Effective October 1, 2018 by Rate Class

	Allocation Factor	Revenue Allocation	Imputed Rate Case Volumes (Mcf)	Base Delivery Surcredit (\$/Mcf)	Base Case Increase Allocation
SC 1	83.49%	(\$6,507,272)	52,813,255	(\$0.12321)	\$4,803,479
SC 3	9.87%	(\$769,283)	15,793,731	(\$0.04871)	\$567,862
SC 13 TC 1.1	2.94%	(\$228,832)	7,399,515	(\$0.03093)	\$168,917
SC 13 TC 2	1.09%	(\$85,037)	3,876,901	(\$0.02193)	\$62,772
SC 13 TC 3	1.16%	(\$90,055)	5,977,720	(\$0.01507)	\$66,476
SC 13 TC 4	1.07%	(\$83,594)	12,300,812	(\$0.00680)	\$61,707
SC 13 TC 4.1	0.39%	(\$30,219)	2,777,813	(\$0.01088)	\$22,307
	100.00%	(\$7,794,292)	100,939,747		\$5,753,520
		(\$7,794,292)			

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION

Surcredit associated with Tax Cuts and Jobs Act of 2017

Proposed Estimated Surcredit Effective October 1, 2019 by Rate Class

	Allocation Factor	Revenue Allocation	Imputed Rate Case Volumes (Mcf)	Base Delivery Surcharge (\$/Mcf)	Base Case Increase Allocation
SC 1	83.49%	(\$8,999,607)	52,813,255	(\$0.17040)	\$4,803,479
SC 3	9.87%	(\$1,063,924)	15,793,731	(\$0.06736)	\$567,862
SC 13 TC 1.1	2.94%	(\$316,476)	7,399,515	(\$0.04277)	\$168,917
SC 13 TC 2	1.09%	(\$117,607)	3,876,901	(\$0.03034)	\$62,772
SC 13 TC 3	1.16%	(\$124,547)	5,977,720	(\$0.02084)	\$66,476
SC 13 TC 4	1.07%	(\$115,612)	12,300,812	(\$0.00940)	\$61,707
SC 13 TC 4.1	0.39%	(\$41,794)	2,777,813	(\$0.01505)	\$22,307
	100.00%	(\$10,779,566)	100,939,747		\$5,753,520
		(\$10,779,566)			

Page 1

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
INCOME STATEMENT
(\$000)

16-G-0257 Final Order w/ 24.5% Tax changes for 6/4/2018 Refund Petition

	Column 1 Final Order 3/31/2018	Column 2 Col. 2 - Col. 1 Adjustments	Column 2 Tax changes 3/31/2018	Column 3 Col. 3 - Col. 2 Adjustments	Column 3 Col. 3 - Col. 1 Adjustments	Column 3 adjusted 3/31/2018	Revenue Requirement	As Adjusted
Operating Revenues								
Gas Revenues	\$429,421	\$0	\$429,421	\$0	\$0	\$429,421	\$402	\$429,823
Transportation Revenues	115,480	0	115,480	0	0	115,480	0	115,480
Purchased Gas Cost	262,311	0	262,311	0	0	262,311	0	262,311
Revenue Taxes	9,861	0	9,861	0	0	9,861	9	9,870
Other Operating Revenues and Reconciliations	272,729	0	272,729	0	0	272,729	393	273,122
Total Operating Revenues	969	0	969	0	0	969	0	969
	273,698	0	273,698	0	0	273,698	393	274,091
Operating Revenue Deductions								
Operations & Maintenance Expenses	141,181	0	141,181	0	0	141,181	5	141,186
Depreciation Expense	41,110	0	41,110	0	0	41,110	0	41,110
Taxes Other Than Income Taxes	31,007	(0)	31,007	0	(0)	31,007	0	31,007
Total Operating Revenue Deductions	213,298	(0)	213,298	0	(0)	213,298	5	213,303
Operating Income Before Income Taxes	60,400	0	60,400	0	0	60,400	388	60,788
Current Federal Income Taxes Payable	2,492	2,024	4,516	0	2,024	4,516	89	4,605
Current State Income Taxes Payable	(188)	54	(134)	0	54	(134)	25	(109)
Investment Tax Credit Adjustment	0	0	0	0	0	0	0	0
Deferred Income Taxes - Net	12,845	(5,770)	7,075	0	(5,770)	7,075	0	7,075
Net Income Taxes	15,149	(3,692)	11,457	0	(3,692)	11,457	114	11,571
Utility Operating Income	\$45,251	\$3,692	\$48,943	\$0	\$3,692	\$48,943	\$274	\$49,217
Rate Base	\$704,011	\$351	\$704,362	\$0	\$351	\$704,362	\$0	\$704,362
Rate Of Return	6.43%		6.95%			6.95%		6.99%
Cost of Equity	7.55%		8.61%			8.61%		8.70%
Revenue Requirement	\$5,946		\$402			\$402		
Change in Revenue Requirement from Final Order	\$5,946	Less	\$402		(\$5,544)			

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATION AND MAINTENANCE EXPENSE
(\$000)

Page 2

16-G-0257 Final Order w/ 24.5% Tax changes for 6/4/2018 Refund Petition	Column 1		Column 2		Column 3		As Adjusted
	Final Order	Col. 2 - Col. 1	Tax changes	Col. 3 - Col. 2	Col. 3 - Col. 1	Revenue Requirement	
Inflation Rate = 3.9091%	3/31/2018	Adjustments	3/31/2018	Adjustments	Adjustments		
Labor	\$50,088	\$0	\$50,088	\$0	\$0	\$0	\$50,088
Employee Benefits	21,903	0	21,903	0	0	0	21,903
Uncollectibles	6,920	0	6,920	0	0	5	6,925
Area Development Program	1,250	0	1,250	0	0	0	1,250
EBD HERR	420	0	420	0	0	0	420
LICAAP/Low Income Program	13,430	0	13,430	0	0	0	13,430
Meter Maintenance Fees	(448)	0	(448)	0	0	0	(448)
PSC Audits & Assessment	1,435	0	1,435	0	0	0	1,435
Rate Case	185	0	185	0	0	0	185
Research and Development	700	0	700	0	0	0	700
Site Remediation Costs	5,000	0	5,000	0	0	0	5,000
Billing	3,591	0	3,591	0	0	0	3,591
Contract/Gas Supply Administration	12	0	12	0	0	0	12
Control Group Clearing	0	0	0	0	0	0	0
Transportation Services	0	0	0	0	0	0	0
Information Services	7,348	0	7,348	0	0	0	7,348
Messenger Expense	74	0	74	0	0	0	74
Meter Shop	734	0	734	0	0	0	734
Remittance Clearing	0	0	0	0	0	0	0
Telephone Clearing	628	0	628	0	0	0	628
Transportation & Tools Clearing	2,054	0	2,054	0	0	0	2,054
Contractors & Outside Services	12,171	0	12,171	0	0	0	12,171
Dues & Memberships	565	0	565	0	0	0	565
Environmental Costs	60	0	60	0	0	0	60
Equipment Rentals	31	0	31	0	0	0	31
Injuries & Damages	1,572	0	1,572	0	0	0	1,572
Material	5,009	0	5,009	0	0	0	5,009
Office Employee Expense	2,164	0	2,164	0	0	0	2,164
Other Expense	(1,654)	0	(1,654)	0	0	0	(1,654)
Other Insurance	1,437	0	1,437	0	0	0	1,437
Postage	84	0	84	0	0	0	84
Promotional Expense	1,253	0	1,253	0	0	0	1,253
Rents	2,525	0	2,525	0	0	0	2,525
Revenue - Income	(1,410)	0	(1,410)	0	0	0	(1,410)
Transportation	279	0	279	0	0	0	279
UNICAP	(1,197)	0	(1,197)	0	0	0	(1,197)
Utilities	1,210	0	1,210	0	0	0	1,210
Settlement Deferrals	0	0	0	0	0	0	0
Barcelona Post Install Expenses	2,520	0	2,520	0	0	0	2,520
NRG Amortization	0	0	0	0	0	0	0
Productivity	(762)	0	(762)	0	0	0	(762)
Inflation adjustment	0	0	0	0	0	0	0
Missed Appointment Credit	0	0	0	0	0	0	0
Total Operating & Maintenance	\$141,181	\$0	\$141,181	\$0	\$0	\$5	\$141,186

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
TAXES - OTHER THAN INCOME
(\$000)

Page 3

16-G-0257 Final Order w/ 24.5% Tax changes for 6/4/2018 R	Column 1 Final Order 3/31/2018	Column 2 Tax changes 3/31/2018	Column 3 adjusted 3/31/2018	Revenue Requirement	As Adjusted
FICA	\$3,403	\$0	\$3,403	\$0	\$3,403
Federal Unemployment Compensation	39	0	39	0	39
New York Unemployment Compensation	147	0	147	0	147
Property Tax	27,392	0	27,392	0	27,392
Sales & Use Tax	11	(0)	11	0	11
PCORI	3	(0)	3	0	3
Miscellaneous	12	0	12	0	12
Total	\$31,007	\$0	\$31,007	\$0	\$31,007

EMPLOYEE BENEFITS
(\$000)

	Column 1 Final Order 3/31/2018	Column 2 Tax changes 3/31/2018	Column 3 adjusted 3/31/2018	Revenue Requirement	As Adjusted
Group Life Insurance	\$176	\$0	\$176	\$0	\$176
Health Care	4,203	0	4,203	0	4,203
Annuity (FAS 87)	13,544	0	13,544	0	13,544
Amortization of Pension	1,199	0	1,199	0	1,199
Amortization of 182353 Pension Interest	(806)	0	(806)	0	(806)
Total Pension Amortizations	393	0	393	0	393
401(k) Plan	1,552	0	1,552	0	1,552
Dental Plan	272	0	272	0	272
LTD	94	0	94	0	94
Other Benefits	(907)	0	(907)	0	(907)
Benefits from Other Jurisdictions	1,519	0	1,519	0	1,519
OPEBs (FAS 106)	2,588	0	2,588	0	2,588
Amortization of OPEBs	(1,531)	0	(1,531)	0	(1,531)
SARS	0	0	0	0	0
Total	\$21,903	\$0	\$21,903	\$0	\$21,903

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
FEDERAL AND STATE INCOME TAXES
(\$000)

Page 4

16-G-0257 Final Order w/ 24.5% Tax changes for 6/4/2018 R	Column 1 Final Order 3/31/2018 \$60,400	Column 2 Col.2 - Col.1 Adjustments \$0	Column 2 Tax changes 3/31/2018 \$60,400	Column 3 Col.3 - Col.2 Adjustments \$0	Column 3 Col.3 - Col.1 Adjustments \$0	Column 3 adjusted 3/31/2018 \$60,400	Revenue Requirement \$388	As Adjusted \$60,788
Operating Income Before Income Taxes								
Adjustments:								
Interest Expense	(22,432)	835	(21,597)	0	835	(21,597)	0	(21,597)
Cost of Removal	(3,339)	0	(3,339)	0	0	(3,339)	0	(3,339)
AFUDC	0	0	0	0	0	0	0	0
Permanent Book Depreciation - FT	4,800	0	4,800	0	0	4,800	0	4,800
Book Depreciation (per book does not include Vehicle Dep)	41,110	0	41,110	0	0	41,110	0	41,110
Income Tax Depreciation	(58,848)	10,530	(48,318)	0	10,530	(48,318)	0	(48,318)
Meals/Entertainment	86	0	86	0	0	86	0	86
Contributions in Aid of Construction (CIAC)	3,652	0	3,652	0	0	3,652	0	3,652
Bad Debts - Net	(1,668)	0	(1,668)	0	0	(1,668)	0	(1,668)
Capitalized Overheads (UNICAP)	2,075	0	2,075	0	0	2,075	0	2,075
Medicare Subsidiaries Received	0	0	0	0	0	0	0	0
Repairs & Maintenance	(18,903)	0	(18,903)	0	0	(18,903)	0	(18,903)
Misc. other Permanent differences	0	0	0	0	0	0	0	0
Misc. other Temporary differences	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Misc.	0	0	0	0	0	0	0	0
Total Adjustments	(53,467)	11,365	(42,102)	0	11,365	(42,102)	0	(42,102)
Federal Taxable Income before State Tax Deduction	6,933	11,365	18,298	0	11,365	18,298	388	18,686
adjust: Federal Permanent Depreciation	(4,800)	0	(4,800)	0	0	(4,800)	0	(4,800)
adjust: Federal Temporary Depreciation	58,848	(10,530)	48,318	0	(10,530)	48,318	0	48,318
adjust: NYS Depreciation	(63,878)	0	(63,878)	0	0	(63,878)	0	(63,878)
State Taxable Income	(2,897)	835	(2,062)	0	835	(2,062)	388	(1,674)
State Income Tax Applicable Rate	6.50%		6.50%			6.50%		6.50%
State Income Taxes @ 6.50%	(188)	54	(134)	0	54	(134)	25	(109)
adjust: Other Book Adjustments	0	0	0	0	0	0	0	0
State Tax Deduction	(188)	54	(134)	0	54	(134)	25	(109)
adjust: Prior Year Adjustments	0	0	0	0	0	0	0	0
Total State Income Taxes	(\$188)	\$54	(\$134)	\$0	\$54	(\$134)	\$25	(\$109)
Federal Taxable Income before State Tax Deduction	6,933	11,365	18,298	0	11,365	18,298	388	18,686
adjust: State Tax Deduction	188	(54)	134	0	(54)	134	(25)	109
Income Subject to Federal Income Tax	7,121	11,311	18,432	0	11,311	18,432	363	18,795
Federal Income Taxes @ 24.50%	2,492	2,024	4,516	0	2,024	4,516	89	4,605
adjust: Other Book Adjustments	0	0	0	0	0	0	0	0
Total Federal Income Taxes	\$2,492	\$2,024	\$4,516	\$0	\$2,024	\$4,516	\$89	\$4,605

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
FEDERAL AND STATE DEFERRED INCOME TAXES

Page 5

16-G-0257 Final Order w/ 24.5% Tax changes for 6/4/2018 R	Column 1 Final Order 3/31/2018	Column 2 Tax changes 3/31/2018	Column 3 adjusted 3/31/2018	Revenue Requirement	As Adjusted
	Col. 1 - Col. 2 Adjustments	Col. 2 - Col. 1 Adjustments	Col. 3 - Col. 2 Adjustments	Col. 3 - Col. 1 Adjustments	
DSIT Capitalized Overheads (UNICAP)	(\$135)	\$0	\$0	\$0	(\$135)
DSIT Contributions in Aid of Construction (CIAC)	(237)	0	0	0	(237)
DSIT Bad Debts	108	0	0	0	108
DSIT Accelerated Depreciation	1,480	0	0	0	1,480
DSIT Repair & Maintenance	1,229	0	0	0	1,229
DSIT Refund Provision - Medicare Subsidy	0	0	0	0	0
DSIT Other (Excess DSIT 3 yr amort)	(234)	0	0	0	(234)
DSIT Misc.	0	0	0	0	0
Rounding	1	(1)	(1)	0	1
Subtotal State Deferred Income Taxes	2,212	(1)	(1)	0	2,212
DFIT Capitalized Overheads (UNICAP)	(\$679)	\$204	\$0	\$0	(\$475)
DFIT Contributions in Aid of Construction (CIAC)	(1,195)	358	0	0	(837)
DFIT Bad Debts	546	(164)	0	0	382
DFIT Accelerated Depreciation	5,690	(4,287)	0	0	1,403
DFIT Repair & Maintenance	6,186	(1,856)	0	0	4,330
DFIT Refund Provision - Medicare Subsidy	0	0	0	0	0
DFIT Other	82	(25)	0	0	57
DFIT Misc.	0	0	0	0	0
Rounding	3	(3)	(3)	0	0
Subtotal Federal Deferred Income Taxes	10,633	(5,773)	(3)	0	4,863
Total Deferred Income Taxes	\$12,845	(\$5,774)	(\$4)	\$0	\$7,075
Total Income Taxes	\$15,149	(\$3,696)	(\$4)	\$114	\$11,571

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CALCULATION OF INTEREST DEDUCTION
(\$000)

Page 6

16-G-0257 Final Order w/ 24.5% Tax changes for 6/4/2018 Refund Petition

	Column 2 Tax changes 3/31/2018	Column 3 Final Order adjusted 3/31/2018	As Adjusted
Rate Base			
Debt Component Interest Rate	\$704,011 3.19%	\$704,362 3.07%	\$704,362 3.07%
Total	<u>22,432</u>	<u>21,597</u>	<u>21,624</u>
Debt Component Interest Rate	3.19%	3.07%	3.07%
Long Term Debt Weighted Rate	3.19%	3.07%	3.07%
Short Term Debt Weighted Rate	0.00%	0.00%	0.00%
Customer Deposits Weighted Rate	0.00%	0.00%	0.00%

NATIONAL FUEL GAS DISTRIBUTION CORPORATION										00-Jan-00
NEW YORK DIVISION										
RATE BASE										
(\$000)										
16-G-0257 Final Order w/ 24.5% Tax changes for 6/4/2018 R										Page 7
	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	
	Final Order	Tax changes	Col.2 - Col.1	Col.3 - Col.2	Col.3 - Col.1	Col.3 - Col.2	Col.3 - Col.1	Revenue	As	
	3/31/2018	3/31/2018	Adjustments	Adjustments	Adjustments	Adjustments	Adjustments	Requirement	Adjusted	
	\$902,462	\$902,462	\$0	\$0	\$0	\$0	\$0	\$0	\$902,462	
Net Plant										
Working Capital										
Cash Allowance	17,648	17,648	0	0	0	0	0	17,648	17,648	
Earnings Base in Excess of Capitalization	4,897	4,897	0	0	0	0	0	4,897	4,897	
Total Cash Allowance	22,545	22,545	0	0	0	0	0	22,545	22,545	
Prepayments	9,424	9,424	0	0	0	0	0	9,424	9,424	
Materials And Supplies	10,459	10,459	0	0	0	0	0	10,459	10,459	
Gas Storage Inventory	0	0	0	0	0	0	0	0	0	
Total Working Capital	42,428	42,428	0	0	0	0	0	42,428	42,428	
Deferred Income Taxes										
Liberalized Depreciation	(256,810)	(256,459)	351	0	351	0	351	(256,459)	(256,459)	
Other Adjustment	0	0	0	0	0	0	0	0	0	
Investment Tax Credit	(113)	(113)	0	0	0	0	0	(113)	(113)	
Deferred NY PSC Assessment	216	216	0	0	0	0	0	216	216	
Deferred R,D & D	136	136	0	0	0	0	0	136	136	
Deferred Site Remediation Costs	8,056	8,056	0	0	0	0	0	8,056	8,056	
TRA Impacts - Uncollectibles	7,729	7,729	0	0	0	0	0	7,729	7,729	
Elimination of Reorganization Costs per C 27934	(93)	(93)	0	0	0	0	0	(93)	(93)	
NRG Amortization	0	0	0	0	0	0	0	0	0	
Unamortized Rate Case Expense	0	0	0	0	0	0	0	0	0	
Rate Base	\$704,011	\$704,362	\$351	\$0	\$351	\$0	\$351	\$704,362	\$704,362	

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
REVENUE REQUIREMENT
(\$000)

Page 8

	Column 1	Column 2	Column 3
	Final Order 3/31/2018	Tax changes 3/31/2018	Final Order adjusted 3/31/2018
16-G-0257 Final Order w/ 24.5% Tax changes for 6/4/2018 R			
Projected Rate Base	\$704,011	\$704,362	\$704,362
Rate of Return	6.92%	6.99%	6.99%
Required Utility Operating Income	48,733	49,216	49,216
Projected Utility Operating Income	45,251	48,943	48,943
Additional Operating Income Required	\$3,482	\$273	\$273
Retention Factor *	0.5856704	0.6802787	0.6802787
Additional Revenue Requirement	\$5,946	\$402	\$402
Increase in Rates	\$5,946	\$402	\$402
Less: Revenue Taxes	141	9	9
Uncollectibles	76	5	5
	0	0	0
	0	0	0
Taxable Income	5,729	388	388
State Income Taxes at applicable rate	\$372	\$25	\$25
Federal Income Taxes (24.50%)	\$1,875	\$89	\$89
* Retention Factor Calculation			
Revenue	100.00000	100.00000	100.00000
Less: Revenue Tax	2.36300	2.36300	2.36300
Uncollectibles	1.27000	1.27000	1.27000
	0.00000	0.00000	0.00000
	0.00000	0.00000	0.00000
Reciprocal of State Tax Rate	96.36700	96.36700	96.36700
	0.93500	0.93500	0.93500
Reciprocal of Federal Tax Rate	90.10315	90.10315	90.10315
	0.65000	0.75500	0.75500
Retention Factor	58.56704	68.02787	68.02787

Page 9

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CAPITAL STRUCTURE

16-G-0257 Final Order w/ 24.5% Tax changes for 6/4/2018 Refund Petition

<u>Final Order</u>		<u>3/31/2018</u>			
		Capital Structure		Debt Component	
Capital Matrix	Ratios	Cost Rates	Weighted Rate	Interest Rate	
Long Term Debt	56.70%	5.62%	3.19%		
Short Term Debt	0.00%	0.00%	0.00%		
Customer Deposits	0.40%	0.85%	0.00%		
Common Equity	42.90%	8.70%	3.73%	3.19%	
	<u>100.00%</u>		<u>6.92%</u>		
NYS		6.50%			
Reciprocal State		93.50%			
FIT		35.00%			
Effective Tax Rate		39.23%			
				Interest + ROE	
				Interest	
					9.33%
					3.19%
					=
					2.92
					Times

Weighted Rate	Gross Up For Taxes	Pre-Tax Interest
3.19%	0.00%	3.19%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%
3.73%	2.41%	6.14%
<u>6.92%</u>	<u>2.41%</u>	<u>9.33%</u>

<u>Tax changes</u>		<u>3/31/2018</u>			
		Capital Structure		Debt Component	
Capital Matrix	Ratios	Cost Rates	Weighted Rate	Interest Rate	
Long Term Debt	54.59%	5.62%	3.07%		
Short Term Debt	0.00%	0.00%	0.00%		
Customer Deposits	0.40%	0.85%	0.00%		
Common Equity	45.01%	8.70%	3.92%	3.07%	
	<u>100.00%</u>		<u>6.99%</u>		
NYS		6.50%			
Reciprocal State		93.50%			
FIT		24.50%			
Effective Tax Rate		29.41%			
				Interest + ROE	
				Interest	
					8.62%
					3.07%
					=
					2.81
					Times

Weighted Rate	Gross Up For Taxes	Pre-Tax Interest
3.07%	0.00%	3.07%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%
3.92%	1.63%	5.55%
<u>6.99%</u>	<u>1.63%</u>	<u>8.62%</u>

<u>Final Order adjusted</u>		<u>3/31/2018</u>			
		Capital Structure		Debt Component	
Capital Matrix	Ratios	Cost Rates	Weighted Rate	Interest Rate	
Long Term Debt	54.59%	5.62%	3.07%		
Short Term Debt	0.00%	0.00%	0.00%		
Customer Deposits	0.40%	0.85%	0.00%		
Common Equity	45.01%	8.70%	3.92%	3.07%	
	<u>100.00%</u>		<u>6.99%</u>		
NYS		6.50%			
Reciprocal State		93.50%			
FIT		24.50%			
Effective Tax Rate		29.41%			
				Interest + ROE	
				Interest	
					8.62%
					3.07%
					=
					2.81
					Times

Weighted Rate	Gross Up For Taxes	Pre-Tax Interest
3.07%	0.00%	3.07%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%
3.92%	1.63%	5.55%
<u>6.99%</u>	<u>1.63%</u>	<u>8.62%</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
INCOME STATEMENT
(\$000)

16-G-0257 Final Order w/ 21% Tax changes for 6/4/2018 Refund Petition

	Column 1 Final Order 3/31/2018	Column 2 Tax changes 3/31/2018	Column 3 - Col.1 Adjustments	Column 3 - Col.2 Adjustments	Column 3 - Col.1 Adjustments	Column 3 adjusted 3/31/2018	Revenue Requirement	As Adjusted
<u>Operating Revenues</u>								
Gas Revenues	\$429,421	\$0	\$0	\$0	\$0	\$429,421	(\$1,179)	\$428,242
Transportation Revenues	115,480	0	0	0	0	115,480	0	115,480
Purchased Gas Cost	262,311	0	0	0	0	262,311	0	262,311
Revenue Taxes	9,861	0	0	0	0	9,861	(28)	9,833
	272,729	0	0	0	0	272,729	(1,151)	271,578
Other Operating Revenues and Reconciliations	969	0	0	0	0	969	0	969
Total Operating Revenues	273,698	0	0	0	0	273,698	(1,151)	272,547
<u>Operating Revenue Deductions</u>								
Operations & Maintenance Expenses	141,181	0	0	0	0	141,181	(15)	141,166
Depreciation Expense	41,110	0	0	0	0	41,110	0	41,110
Taxes Other Than Income Taxes	31,007	(0)	0	0	(0)	31,007	0	31,007
Total Operating Revenue Deductions	213,298	(0)	0	0	(0)	213,298	(15)	213,283
Operating Income Before Income Taxes	60,400	0	0	0	0	60,400	(1,136)	59,264
Current Federal Income Taxes Payable	2,492	1,434	0	0	1,434	3,926	(223)	3,703
Current State Income Taxes Payable	(186)	72	0	0	72	(116)	(74)	(190)
Investment Tax Credit Adjustment	0	0	0	0	0	0	0	0
Deferred Income Taxes - Net	12,845	(6,462)	0	0	(6,462)	6,383	0	6,383
Net Income Taxes	15,149	(4,956)	0	0	(4,956)	10,193	(297)	9,896
Utility Operating Income	\$45,251	\$4,956	\$0	\$0	\$4,956	\$50,207	(\$839)	\$49,368
Rate Base	\$704,011	\$351	\$0	\$0	\$351	\$704,362	\$0	\$704,362
Rate Of Return	6.43%					7.13%		7.01%
Cost of Equity	7.55%					8.96%		8.70%
Revenue Requirement	\$5,946						(\$1,179)	
Change in Revenue Requirement from Final Order	\$5,946	Less	(\$1,179)	(\$7,125)				

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATION AND MAINTENANCE EXPENSE
(\$000)

Page 2

16-G-0257 Final Order w/ 21% Tax changes for 6/4/2018 Refund Petition

	Column 1 Final Order 3/31/2018	Column 2 Tax changes 3/31/2018	Column 3 adjusted 3/31/2018	Revenue Requirement	As Adjusted
Inflation Rate = 3.9091%					
Labor	\$50,088	\$50,088	\$50,088	\$0	\$50,088
Employee Benefits	21,903	21,903	21,903	0	21,903
Uncollectibles	6,920	6,920	6,920	(15)	6,905
Area Development Program	1,250	1,250	1,250	0	1,250
EBD HERR	420	420	420	0	420
LICAAPI/Low Income Program	13,430	13,430	13,430	0	13,430
Meter Maintenance Fees	(448)	(448)	(448)	0	(448)
PSC Audits & Assessment	1,435	1,435	1,435	0	1,435
Rate Case	185	185	185	0	185
Research and Development	700	700	700	0	700
Site Remediation Costs	5,000	5,000	5,000	0	5,000
Billing	3,591	3,591	3,591	0	3,591
Contract/Gas Supply Administration	12	12	12	0	12
Control Group Cleaning	0	0	0	0	0
Transportation Services	0	0	0	0	0
Information Services	7,348	7,348	7,348	0	7,348
Messenger Expense	74	74	74	0	74
Meter Shop	734	734	734	0	734
Remittance Clearing	0	0	0	0	0
Telephone Clearing	628	628	628	0	628
Transportation & Tools Clearing	2,054	2,054	2,054	0	2,054
Contractors & Outside Services	12,171	12,171	12,171	0	12,171
Dues & Memberships	565	565	565	0	565
Environmental Costs	60	60	60	0	60
Equipment Rentals	31	31	31	0	31
Injuries & Damages	1,572	1,572	1,572	0	1,572
Material	5,009	5,009	5,009	0	5,009
Office Employee Expense	2,164	2,164	2,164	0	2,164
Other Expense	(1,654)	(1,654)	(1,654)	0	(1,654)
Other Insurance	1,437	1,437	1,437	0	1,437
Postage	84	84	84	0	84
Promotional Expense	1,253	1,253	1,253	0	1,253
Rents	2,525	2,525	2,525	0	2,525
Revenue - Income	(1,410)	(1,410)	(1,410)	0	(1,410)
Transportation	279	279	279	0	279
UNICAP	(1,197)	(1,197)	(1,197)	0	(1,197)
Utilities	1,210	1,210	1,210	0	1,210
Settlement Deferrals	0	0	0	0	0
Barcelona Post Install Expenses	2,520	2,520	2,520	0	2,520
NRG Amortization	0	0	0	0	0
Productivity	(762)	(762)	(762)	0	(762)
Inflation adjustment	0	0	0	0	0
Missed Appointment Credit	0	0	0	0	0
Total Operating & Maintenance	\$141,181	\$141,181	\$141,181	(\$15)	\$141,166

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
TAXES - OTHER THAN INCOME
(\$000)

Page 3

16-G-0257 Final Order w/ 21% Tax changes for 6/4/2018 Ref	Column 1 Final Order 3/31/2018	Column 2 Tax changes 3/31/2018	Column 3 adjusted 3/31/2018	Revenue Requirement	As Adjusted
FICA	\$3,403	\$0	\$3,403	\$0	\$3,403
Federal Unemployment Compensation	39	0	39	0	39
New York Unemployment Compensation	147	0	147	0	147
Property Tax	27,392	0	27,392	0	27,392
Sales & Use Tax	11	(0)	11	0	11
PCORI	3	(0)	3	0	3
Miscellaneous	12	0	12	0	12
Total	\$31,007	\$0	\$31,007	\$0	\$31,007

EMPLOYEE BENEFITS
(\$000)

	Column 1 Final Order 3/31/2018	Column 2 Tax changes 3/31/2018	Column 3 adjusted 3/31/2018	Revenue Requirement	As Adjusted
Group Life Insurance	\$176	\$0	\$176	\$0	\$176
Health Care	4,203	0	4,203	0	4,203
Annuity (FAS 87)	13,544	0	13,544	0	13,544
Amortization of 182353 Pension Interest	1,199	0	1,199	0	1,199
Amortization of Pension	(806)	0	(806)	0	(806)
Total Pension Amortizations	393	0	393	0	393
401(k) Plan	1,552	0	1,552	0	1,552
Dental Plan	272	0	272	0	272
LTD	94	0	94	0	94
Other Benefits	(907)	0	(907)	0	(907)
Benefits from Other Jurisdictions	1,519	0	1,519	0	1,519
OPEBs (FAS 106)	2,588	0	2,588	0	2,588
Amortization of OPEBs	(1,531)	0	(1,531)	0	(1,531)
SARS	0	0	0	0	0
Total	\$21,903	\$0	\$21,903	\$0	\$21,903

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
FEDERAL AND STATE INCOME TAXES

Page 4

16-G-0257 Final Order w/ 21% Tax changes for 6/4/2018 Ref	Column 1 Final Order 3/31/2018 \$60,400	Column 2 Tax changes 3/31/2018 \$60,400	Column 3 Col.2 - Col.1 Adjustments \$0	Column 3 Col.3 - Col.2 Adjustments \$0	Column 3 Col.3 - Col.1 Adjustments \$0	Column 3 adjusted 3/31/2018 \$60,400	Revenue Requirement (\$1,136)	As Adjusted \$59,264
Operating Income Before Income Taxes								
Adjustments:								
Interest Expense	(22,432)	1,117	0	0	0	(21,315)	0	(21,315)
Cost of Removal	(3,339)	0	0	0	0	(3,339)	0	(3,339)
AFUDC	0	0	0	0	0	0	0	0
Permanent Book Depreciation - FT	4,800	0	0	0	0	4,800	0	4,800
Book Depreciation (per book does not include Vehicle Dep)	41,110	0	0	0	0	41,110	0	41,110
Income Tax Depreciation	(58,848)	10,530	0	0	10,530	(48,318)	0	(48,318)
Meals/Entertainment	86	0	0	0	0	86	0	86
Contributions in Aid of Construction (CIAC)	3,652	0	0	0	0	3,652	0	3,652
Bad Debts - Net	(1,668)	0	0	0	0	(1,668)	0	(1,668)
Capitalized Overheads (UNICAP)	2,075	0	0	0	0	2,075	0	2,075
Medicare Subsidaries Received	0	0	0	0	0	0	0	0
Repairs & Maintenance	(18,903)	0	0	0	0	(18,903)	0	(18,903)
Misc. other Permanent differences	0	0	0	0	0	0	0	0
Misc. other Temporary differences	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Misc.	0	0	0	0	0	0	0	0
Total Adjustments	(53,467)	11,647	0	0	11,647	(41,820)	0	(41,820)
Federal Taxable Income before State Tax Deduction	6,933	11,647	0	0	11,647	18,580	(1,136)	17,444
adjust: Federal Permanent Depreciation	(4,800)	0	0	0	0	(4,800)	0	(4,800)
adjust: Federal Temporary Depreciation	58,848	(10,530)	0	0	(10,530)	48,318	0	48,318
adjust: NYS Depreciation	(63,878)	0	0	0	0	(63,878)	0	(63,878)
State Taxable Income	(2,897)	1,117	0	0	1,117	(1,780)	(1,136)	(2,916)
State Income Tax Applicable Rate	6.50%					6.50%		6.50%
State Income Taxes @ 6.50%	(188)	72	0	0	72	(116)	(74)	(190)
adjust: Other Book Adjustments	0	0	0	0	0	0	0	0
State Tax Deduction	(188)	72	0	0	72	(116)	(74)	(190)
adjust: Prior Year Adjustments	0	0	0	0	0	0	0	0
Total State Income Taxes	(\$188)	\$72	\$0	\$0	\$72	(\$116)	(\$74)	(\$190)
Federal Taxable Income before State Tax Deduction	6,933	11,647	0	0	11,647	18,580	(1,136)	17,444
adjust: State Tax Deduction	188	(72)	0	0	(72)	116	74	190
Income Subject to Federal Income Tax	7,121	11,575	0	0	11,575	18,696	(1,062)	17,634
Federal Income Taxes @ 21.00%	2,492	1,434	0	0	1,434	3,926	(223)	3,703
adjust: Other Book Adjustments	0	0	0	0	0	0	0	0
Total Federal Income Taxes	\$2,492	\$1,434	\$0	\$0	\$1,434	\$3,926	(\$223)	\$3,703

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
FEDERAL AND STATE DEFERRED INCOME TAXES
(\$000)

Page 5

16-G-0257 Final Order w/ 21% Tax changes for 6/4/2018 Ref	Column 1 Final Order 3/31/2018	Column 2 Tax changes 3/31/2018	Column 3 adjusted 3/31/2018	Revenue Requirement	As Adjusted
	Col. 2 - Col. 1 Adjustments	Col. 3 - Col. 1 Adjustments	Col. 3 - Col. 2 Adjustments	Col. 3 - Col. 1 Adjustments	
DSIT Capitalized Overheads (UNICAP)	(\$135)	\$0	\$0	(\$135)	\$0
DSIT Contributions in Aid of Construction (CIAC)	(237)	0	0	(237)	0
DSIT Bad Debts	108	0	0	108	0
DSIT Accelerated Depreciation	1,480	0	0	1,480	0
DSIT Repair & Maintenance	1,229	0	0	1,229	0
DSIT Refund Provision - Medicare Subsidy	0	0	0	0	0
DSIT Other (Excess DSIT 3 yr amort)	(234)	0	0	(234)	0
DSIT Misc.	0	0	0	0	0
Rounding	1	(1)	(1)	1	1
Subtotal State Deferred Income Taxes	2,212	(1)	2,212	2,212	2,212
DFIT Capitalized Overheads (UNICAP)	(\$679)	\$272	\$0	(\$407)	\$0
DFIT Contributions in Aid of Construction (CIAC)	(1,195)	478	0	(717)	0
DFIT Bad Debts	546	(218)	0	328	0
DFIT Accelerated Depreciation	5,690	(4,487)	0	1,203	0
DFIT Repair & Maintenance	6,186	(2,474)	0	3,712	0
DFIT Refund Provision - Medicare Subsidy	0	0	0	0	0
DFIT Other	82	(33)	0	49	0
DFIT Misc.	0	0	0	0	0
Rounding	3	(3)	(3)	3	3
Subtotal Federal Deferred Income Taxes	10,633	(6,465)	4,171	4,171	4,171
Total Deferred Income Taxes	\$12,845	(\$6,466)	\$6,383	\$0	\$6,383
Total Income Taxes	\$15,149	(\$4,960)	\$10,193	(\$297)	\$9,896

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CALCULATION OF INTEREST DEDUCTION
(\$000)

Page 6

16-G-0257 Final Order w/ 21% Tax changes for 6/4/2018 Refund Petition

	Column 2 Tax changes <u>3/31/2018</u>	Column 3 Final Order adjusted <u>3/31/2018</u>	As Adjusted
Rate Base			
Debt Component Interest Rate	\$704,011	\$704,362	\$704,362
Total	<u>3.19%</u> 22,432	<u>3.03%</u> 21,315	<u>3.03%</u> 21,342
Debt Component Interest Rate	3.19%	3.03%	3.03%
Long Term Debt Weighted Rate	3.19%	3.03%	3.03%
Short Term Debt Weighted Rate	0.00%	0.00%	0.00%
Customer Deposits Weighted Rate	0.00%	0.00%	0.00%

NATIONAL FUEL GAS DISTRIBUTION CORPORATION NEW YORK DIVISION RATE BASE (\$000)							00-Jan-00	Page 7
16-G-0257 Final Order w/ 21% Tax changes for 6/4/2018 Ref								
	Column 1 Final Order 3/31/2018 \$902,462	Column 2 - Col.1 Adjustments \$0	Column 2 Tax changes 3/31/2018 \$902,462	Column 3 - Col.2 Adjustments \$0	Column 3 - Col.1 Adjustments \$0	Column 3 adjusted 3/31/2018 \$902,462	Revenue Requirement \$0	As Adjusted \$902,462
Net Plant								
Working Capital								
Cash Allowance	17,648	0	17,648	0	0	17,648	0	17,648
Earnings Base in Excess of Capitalization	4,897	0	4,897	0	0	4,897	0	4,897
Total Cash Allowance	22,545	0	22,545	0	0	22,545	0	22,545
Prepayments	9,424	0	9,424	0	0	9,424	0	9,424
Materials And Supplies	10,459	0	10,459	0	0	10,459	0	10,459
Gas Storage Inventory	0	0	0	0	0	0	0	0
Total Working Capital	42,428	0	42,428	0	0	42,428	0	42,428
Deferred Income Taxes								
Liberalized Depreciation	(256,810)	351	(256,459)	0	351	(256,459)	0	(256,459)
Other Adjustment	0	0	0	0	0	0	0	0
Investment Tax Credit	(113)	0	(113)	0	0	(113)	0	(113)
Deferred NY PSC Assessment	216	0	216	0	0	216	0	216
Deferred R.D & D	136	0	136	0	0	136	0	136
Deferred Site Remediation Costs	8,056	0	8,056	0	0	8,056	0	8,056
TRA Impacts - Uncollectibles	7,729	0	7,729	0	0	7,729	0	7,729
Elimination of Reorganization Costs per C 27934	(93)	0	(93)	0	0	(93)	0	(93)
NRG Amortization	0	0	0	0	0	0	0	0
Unamortized Rate Case Expense	0	0	0	0	0	0	0	0
Rate Base	\$704,011	\$351	\$704,362	\$0	\$351	\$704,362	\$0	\$704,362

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
REVENUE REQUIREMENT
(\$000)

Page 8

	Column 1 Final Order 3/31/2018	Column 2 Tax changes 3/31/2018	Column 3 Final Order adjusted 3/31/2018
16-G-0257 Final Order w/ 21% Tax changes for 6/4/2018 Ref			
Projected Rate Base	\$704,011	\$704,362	\$704,362
Rate of Return	6.92%	7.01%	7.01%
Required Utility Operating Income	48,733	49,367	49,367
Projected Utility Operating Income	45,251	50,207	50,207
Additional Operating Income Required	\$3,482	(\$840)	(\$840)
Retention Factor *	0.5856704	0.7118148	0.7118148
Additional Revenue Requirement	\$5,946	(\$1,179)	(\$1,179)
Increase in Rates	\$5,946	(\$1,179)	(\$1,179)
Less: Revenue Taxes	141	(28)	(28)
Uncollectibles	76	(15)	(15)
	0	0	0
	0	0	0
Taxable Income	5,729	(1,136)	(1,136)
State Income Taxes at applicable rate	\$372	(\$74)	(\$74)
Federal Income Taxes (21.00%)	\$1,875	(\$223)	(\$223)
* Retention Factor Calculation			
Revenue	100.00000	100.00000	100.00000
Less: Revenue Tax	2.36300	2.36300	2.36300
Uncollectibles	1.27000	1.27000	1.27000
	0.00000	0.00000	0.00000
	0.00000	0.00000	0.00000
Reciprocal of State Tax Rate	96.36700	96.36700	96.36700
	0.93500	0.93500	0.93500
Reciprocal of Federal Tax Rate	90.10315	90.10315	90.10315
	0.65000	0.79000	0.79000
Retention Factor	58.56704	71.18148	71.18148

Page 9

Final Order

Tax changes

Final Order adjusted[illegible]

National Fuel Gas Distribution Corporation
New York Division
Tax Reform Summary
(\$000)

	YR 1 <u>2018</u>	YR 2 <u>2019</u>
ANNUAL ARAM AMORTIZATION	<u>(2,643)</u>	<u>(4,047)</u>
 ACCUM. ARAM AMORTIZATION	 (2,643)	 (6,690)
AVERAGE INCREASE TO RATE BASE - ADIT	1,322	4,667
ROR %	6.99%	7.01%
ADDITIONAL ROR - ARAM	<u>92</u>	<u>327</u>
 NET IMPACT ON EARNINGS - ARAM	 (2,551)	 (3,720)
 Regulatory Retention Factor	 1.46999	 1.40486
DECREASE TO REVENUE REQUIREMENT - ARAM	<u>(3,749)</u>	<u>(5,226)</u>

Revenue Requirement - factor	1.46999	1.40486
 NY Statutory Rate	 6.50%	 6.50%
Federal Benefit	-1.59%	-1.37%
Fed Statutory Rate	<u>24.50%</u>	<u>21.00%</u>
	29.41%	26.14%
<hr/> * Retention Factor Calculation		
Revenue	100	100
Less: Revenue Tax	2.363	2.363
Uncollectibles	1.27	1.27
 Revenue After Adjustments	 96.367	 96.367
 Reciprocal of State Tax Rate	 93.50%	 93.50%
	90.10	90.10
Reciprocal of Federal Tax Rate	75.50%	79.00%
 Retention Factor	 68.02787448	 71.18148455
Retention Factor Multiplier	1.469985661	1.404859714

National Fuel Gas Distribution - NYD
Accumulated Deferred Income Taxes
As of September 30, 2017

	Net Excess (Def)	Recoverable	Non- Recoverable	Amort Yrs	2018 Year 1 Amort	2019 Year 2 Amort	2020 Year 3 Amort	2021 Year 4 Amort	2022 Year 5 Amort
Unrecovered Purchased Gas Costs	435,631	435,631		5	87,126	87,126	87,126	87,126	87,126
Sec. 263A - Inventory Adjustment	1,859	1,859		5	372	372	372	372	372
RSP - Compensation	(252,135)	-	(252,135)						
NQSO / SARS	(331,672)	-	(331,672)						
Deferred Compensation	(537,447)	(537,447)		5	(107,489)	(107,489)	(107,489)	(107,489)	(107,489)
Accrued Bonus	(211,397)	(211,397)		5	(42,279)	(42,279)	(42,279)	(42,279)	(42,279)
Bad Debts	(2,277,151)	(2,277,151)		5	(455,430)	(455,430)	(455,430)	(455,430)	(455,430)
Injuries and Damages	(26,250)	(26,250)		5	(5,250)	(5,250)	(5,250)	(5,250)	(5,250)
Negative Revenue Adjustment	(22,750)	-	(22,750)						
Deferred CIP	(1,376,808)	(1,376,808)		5	(275,362)	(275,362)	(275,362)	(275,362)	(275,362)
LIRA	(895,085)	(895,085)		5	(179,617)	(179,617)	(179,617)	(179,617)	(179,617)
Deferred Area Develop Grants	(497,553)	(497,553)		5	(99,511)	(99,511)	(99,511)	(99,511)	(99,511)
Prepaid Membership Dues	1,406	1,406		5	281	281	281	281	281
Deferred Gas Expansion	(273,134)	(273,134)		5	(54,627)	(54,627)	(54,627)	(54,627)	(54,627)
Refund Margin	(1,529,437)	(1,529,437)		5	(305,887)	(305,887)	(305,887)	(305,887)	(305,887)
Deferred PSC Assessment	486,635	486,635		5	97,327	97,327	97,327	97,327	97,327
Deferred R D & D	(32,235)	(32,235)		5	(6,447)	(6,447)	(6,447)	(6,447)	(6,447)
Site Cleanup	2,175,018	2,175,018		5	435,004	435,004	435,004	435,004	435,004
Deferred Regulatory Unbundling	790,436	790,436		5	158,087	158,087	158,087	158,087	158,087
Other Deferred Costs	(5,477)	(5,477)		5	(1,095)	(1,095)	(1,095)	(1,095)	(1,095)
Debtenture Premium - Net	97,532	97,532		5	19,506	19,506	19,506	19,506	19,506
Deferred OPEB	995,756	995,756		5	199,151	199,151	199,151	199,151	199,151
Pension	1,328,201	1,328,201		5	265,640	265,640	265,640	265,640	265,640
Other	(1,115)	(1,115)		5	(223)	(223)	(223)	(223)	(223)
TOTAL	(1,960,172)	(1,353,615)	(606,557)		(270,723)	(270,723)	(270,723)	(270,723)	(270,723)
Federal Net Operating Loss	(3,356,936)	(3,356,936)		5	(671,387)	(671,387)	(671,387)	(671,387)	(671,387)
Total (Deficiency)/Excess - Unprotected	(5,317,108)	(4,710,551)	(606,557)		(942,110)	(942,110)	(942,110)	(942,110)	(942,110)
Revenue Requirement - factor					1.46999	1.37124	1.37124	1.37124	1.37124
Revenue Requirement					(1,384,888)	(1,291,855)	(1,291,855)	(1,291,855)	(1,291,855)
Total (Deficiency)/Excess - Unprotected Rev Req 2018 - 2022	(6,552,308)				(6,552,308)				
Amortization of Unprotected Impac	5 Years	(1,310,461.65)							
Fed Stat Rate					0.24500	0.21000	0.21000	0.21000	0.21000
NYS Eff Tax rate					0.06500	0.06500	0.06500	0.06500	0.06500
Fed Benefit					(0.01593)	(0.01365)	(0.01365)	(0.01365)	(0.01365)
Combined					0.29408	0.26135	0.26135	0.26135	0.26135
Revenue Requirement - multiplier factor					1.46999	1.37124	1.37124	1.37124	1.37124
* Retention Factor Calculation									
Revenue					100	100	100	100	100
Less: Revenue Tax					2.363	2.363	2.363	2.363	2.363
Uncollectibles					1.27	1.27	1.27	1.27	1.27
Revenue After Adjustments					96.367	98.73	98.73	98.73	98.73
Reciprocal of State Tax Rate					0.94	0.94	0.94	0.94	0.94
Reciprocal of Federal Tax Rate					90.10	92.31	92.31	92.31	92.31
Retention Factor					0.76	0.79	0.79	0.79	0.79
Retention Factor Multiplier					68.02787448	72.9269145	72.9269145	72.9269145	72.9269145
					1.469985661	1.371235856	1.371235856	1.371235856	1.371235856



National Fuel

***NOTICE OF
PROPOSED
RULEMAKING***

For Department of State use only.

Notice of Proposed Rule Making (Rate Making only)

Public Service Commission
(SUBMITTING AGENCY)

NOTE: Typing and submission instructions are at the end of this form. Please be sure to COMPLETE ALL ITEMS. Incomplete forms will be cause for rejection of this notice change in text.

1. Proposed action:

The Commission is considering a tariff filing made by National Fuel Gas Distribution Corporation ("Distribution") reducing customer rates effective on October 1, 2018 that result from the federal Tax Cuts and Job Act of 2017 ("TCJA").

2. Statutory authority under which the rule is proposed:

Public Service Law §66.

3. Subject of the rule:

A change to Section 0 Leaf 150 of Distribution's Tariff No. 9 and associated accounting changes due to rate impacts of the TCJA.

4. Purpose of the rule:

Determine if Distribution's tariff filing to establish a method for unit rate changes due to the TCJA should be approved.

5. Public hearings (check box and complete as applicable):

☒ A public hearing is not scheduled. (SKIP TO ITEM 8)

☐ A public hearing is required by law and is scheduled below. (**Note:** first hearing date must be at least 60 days after publication of this notice unless a different time is specified in statute.)

☐ A public hearing is not required by law, but is scheduled below.

Time:

Date:

Location:

6. Interpreter services (check only if a public hearing is scheduled):

☐ Interpreter services will be made available to hearing impaired persons, at no charge, upon written request to the agency contact designated in this notice.

NOTICE OF PROPOSED RULE MAKING (Rate Making) (1/18)

PAGE 2 OF 3

7. Accessibility (check appropriate box only if a public hearing is scheduled):

All public hearings have been scheduled at places reasonably accessible to persons with a mobility impairment.

Attached is a list of public hearing locations that are **not** reasonably accessible to persons with a mobility impairment. An explanation is submitted regarding diligent efforts made to provide accessible hearing sites.



8. Terms of rule (SELECT ONE SECTION):

- A. ☐ The full text of the rule is attached because it does not exceed 2,000 words.
- B. ☐ A summary of the rule is attached because the full text of the rule exceeds 2,000 words. Web posting of full text of such rule is not required [SAPA §202(1)(a)].
- C. ☒ Pursuant to SAPA §202(7)(b), the agency elects to print a description of the subject, purpose and substance of the rule as defined in SAPA §102(2)(a)(ii) [Rate Making]. Web posting of full text of such rule is not required [SAPA §202(1)(a)].

9. The text of the rule and any required statements and analyses may be obtained from:

Agency contact _____

Agency Name Central Operations, Public Service Commission

Office address 3 Empire State Plaza, Albany, NY 12223-1350

Telephone (518) 474-6530 E-mail: _____

10. Submit data, views or arguments to (complete only if different than previously named agency contact):

Agency contact Honorable Kathleen Burgess, Secretary

Agency name New York State Public Service Commission

Office address 3 Empire State Plaza
Albany, NY 12223-1350

Telephone (518) 474-6530 E-mail: secretary@dps.ny.gov

11. Public comment will be received until:

- ☒ 60 days after publication of this notice (MINIMUM public comment period).
- ☐ 5 days after the last scheduled public hearing required by statute (MINIMUM, with required hearing).
- ☐ Other: (specify) _____.

12. A prior emergency rule making for this action was previously published in the _____
issue of the *Register*; I.D. No. _____.

13. Additional matter required by statute:

- ☐ Yes (include below material required by statute).

☒ No additional material required by statute.

NOTICE OF PROPOSED RULE MAKING (Rate Making) (1/18)

PAGE 3 OF 3

14. Regulatory Agenda [See SAPA §202-d(1)]:

- ☐ This action was a Regulatory Agenda item in the following issue of the *State Register*. _____ .
- ☐ This action was not under consideration at the time this agency's Regulatory Agenda was submitted for publication in the *Register*.
- ☒ Not applicable.

15. Regulatory Impact Statement, Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement

- ☒ Statements and analyses are not submitted with this notice because the proposed rule is within the definition contained in section 102(2)(a)(ii) of the State Administrative Procedure Act.

16. PUBLIC SERVICE COMMISSION ONLY:

SAPA NO. _____

AGENCY CERTIFICATION (To be completed by the person who PREPARED the notice.)

I have reviewed this form and the information submitted with it. The information contained in this notice is correct to the best of my knowledge.

I have reviewed Article 2 of SAPA and Parts 260 through 263 of 19 NYCRR, and I hereby certify that this notice complies with all applicable provisions.

Name _____ Signature _____

Address _____

Telephone _____ E-Mail _____

Date _____

Please read before submitting this notice:

1. Except for this form itself, all text must be typed in the prescribed format as described in the Department of State's Register procedures manual, *Rule Making in New York*.
2. Rule making notices, with any necessary attachments (in MS Word), should be e-filed via the Department of State website.



National Fuel

***SUBSTANCE
OF PROPOSED
RULE***

Substance of proposed rule

On June 4, 2018 National Fuel Gas Distribution Corporation ("Distribution") filed proposed Revision 1 to Section 0, Leaf 150 of Tariff No. 9 that would implement a method to modify rates due to the federal Tax Cuts and Job Act of 2017 ("TCJA"). If the tariff change is approved as filed, Distribution will reduce rates as a result of the TCJA effective on October 1, 2018.



National Fuel

METHOD OF SERVICE

Method of Service

Name:	Joseph N. Del Vecchio
Company/Organization:	National Fuel Gas Distribution Corporation
Mailing Address:	6363 Main St., Williamsville, NY 14221
Company/Organization you represent, if different from above:	
E-Mail Address:	delveccchioj@natfuel.com
Case/Matter Number:	18- ____; 17-M-0815

Request Type

- ☒ New Petition/Application - I am filing a new petition/application which requires action by the Commission.
- ☐ Service List request – I request to be on the service list for the matter/case.
- ☐ Other – Type of request _____

Service Information (Select one option below)

- ☒ Electronic Service and Waiver – Consent in Case/Matter Identified Above
 As duly authorized by the Participant identified above that I represent, I knowingly waive on behalf of that Participant any right under PSL §23(1) to be served personally or by regular mail with Commission orders that affect that Participant and will receive all orders by electronic means in the above Case. If participating individually, I knowingly waive any PSL §23(1) right to service of orders personally or by regular mail and will receive all orders by electronic means in the above Case. This consent remains in effect until revoked.
- ☐ Electronic Service and Waiver – Global Consent in All Cases/Matters
 As duly authorized by the Participant identified above that I represent, I knowingly waive on behalf of that Participant any right under PSL §23(1) to be served personally or by regular mail with Commission orders that affect that Participant and will receive all orders by electronic means in all Cases where it participates. If participating individually, I knowingly waive any PSL §23(1) right to service of orders personally or by regular mail, and will receive all orders by electronic means in all Cases where I participate. This consent remains in effect until revoked.
***Note:** Due to the design of our system, this consent attaches to the individual named here and not to the party that may be represented by that individual. Therefore, individuals who represent multiple parties should be aware that a global consent will affect all matters in which they appear on behalf of any party.*
- ☐ I do **not** consent to receive orders electronically

E-Mail Preference (Select one option below) – For Case specific request

E-Mail notifications include a link to filed and issued documents.

- ☐ Notify me of Commission Issued Documents in this case/matter.
- ☒ Notify me of Both Commission Issued Documents and Filings in this case/matter
- ☐ Do not send me any notifications of filed or issued documents

Submitted by: Joseph N. Del Vecchio	Date: 06-04-18
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