

# Rate Request Filed With the New York State Public Service Commission

On April 28, 2016, National Fuel Gas Distribution Corporation made a filing with the New York State Public Service Commission (Commission) that included a request to increase Base Rates by approximately \$41.7 million or 7.89 percent.

- If approved, the monthly bill of the typical residential customer on the Budget Plan with normalized usage will increase by approximately \$5.75.
- Rates will not go into effect until on or about April 1, 2017, assuming the typical Commission review period. Current rates, approved in 2007, will remain in effect until that time.
- The Commission may approve, modify or reject any or all of the proposed tariff changes. Among other things, the Commission's determination may require revisions of the proposed amount of the increases applicable to particular classifications of service, or changes in rates applicable to those classifications for which no increase is proposed by the Company.
- This filing initiates the process for the Commission to review and make a determination on the request. Typically, this process takes about 11 months and will include public hearings, to be scheduled by the Commission.

## Here's a Breakdown of the Proposed Increase (Compared to Year Ending December 2015)

Operating Expenses and Revenues (Such as labor and benefits, bad debts, computer processing, postage, and other general costs of doing business)	\$ 19.3 million
Construction Program, including System Modernization, and Depreciation	\$ 17.7 million
Rate of Return	\$ 3.9 million
Taxes (Property and other taxes)	\$ 0.8 million
<b>Total Base Rate Revenue Requirement</b>	<b>\$ 41.7 million</b>



***National Fuel***  
[www.nationalfuelgas.com](http://www.nationalfuelgas.com)

*Por favor, llame al  
1-800-365-3234 para pedir  
este folleto en español.*

NY 05/2016-NY

# NOTICE OF PROPOSED RATE CHANGES

Dear Customer:

On April 28, 2016, National Fuel Gas Distribution Corporation (National Fuel) announced that it filed a request with the New York State Public Service Commission (the Commission) to increase utility customer base rates for the first time since early 2007. If approved, the request would, for an average residential customer on the Budget Plan, increase monthly natural gas bills by approximately \$5.75 per month, assuming normal weather.

Since our 2007 increase, with diligent cost management and careful planning, we have held base delivery rates stable while providing safe, reliable service to customers and consistently investing in pipeline safety and system modernization. The proposed rate increase is needed in order to make critical infrastructure and technology enhancements to meet the requirements of a 21st century economy. It is designed to bring our revenues in line with our costs while minimizing the impact to our customers. National Fuel is proud of our long-standing record of keeping our prices down, resulting in some of the lowest delivery rates of utilities in the state.

The increase will be applied to the Delivery Service Charge portion of the bill and, if approved, will go into effect on or about April 1, 2017, assuming the typical Commission review period. Until then, National Fuel's customer delivery rates will continue unchanged. Delivery rates have not increased for nearly 10 years.

The revenue support provided through this rate proposal will allow the Company to continue to provide Western New York residents with the benefits of access to low-priced clean-burning natural gas supplies. This access delivers economic benefits to the homes and businesses of Western New York as customer bills have decreased significantly. Since the last time National Fuel's delivery rates changed, the average customer bill, including gas costs and based on normal weather, decreased approximately 51 percent when comparing average residential bills from 2008 to 2015.

Typically, the review process takes about 11 months and will include public hearings, to be scheduled by the Commission.

Customers who are having difficulty paying bills should contact National Fuel, at **1-800-365-3234**, to discuss available payment plans and assistance programs.

Thank you for taking the time to learn more about our rate request.

Sincerely,  
Carl M. Carlotti  
President, National Fuel Gas Distribution Corporation

