

decrease requested by the utility for each customer class. As a result, the rate charged to you may be different than the rate requested by the Company and shown above.

There are three ways to challenge a Company's request to change its rates:

1. You can file a formal complaint. If you want a hearing before a judge, you must file a formal complaint. By filing a formal complaint, you assure yourself the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC as soon as possible. If no formal complaints are filed, the Commission may grant all, some or none of the request without holding a hearing before a judge.

2. You can send the PUC a letter telling why you object to the requested rate increase. Sometimes there is information in these letters that makes the PUC aware of problems with the Company's service or management. This information can be helpful when the PUC investigates the rate request.

Send your letter or request for a formal complaint form to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.

3. You can be a witness at a public input hearing. Public input hearings are held if the Commission opens an investigation of the Company's rate increase request and if there is a large number of customers interested in the case. At these hearings you have the opportunity to present your views in person to the PUC judge hearing the case and the Company representatives. All testimony given "under oath" becomes part of the official rate case record. These hearings are held in the service area of the Company.

For more information call the PUC at 1-800-782-1110. You may leave your name and address so you can be notified of any public input hearings that may be scheduled in this case.

— National Fuel

*To request this brochure in Spanish, please call 1-800 365-3234.
Por favor llame at 1-800-365-3234 para pedir este folleto en espanol.*



National Fuel

www.nationalfuelgas.com

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Notice of Proposed Rate Changes

National Fuel Submits its Annual Purchased Gas Cost Filing

Dear Customer:

Each January, National Fuel is required by law to file a forecast with the Pennsylvania Public Utility Commission (PUC) of the projected gas cost rates for August 1st through July 31st of the next year. This filing will be reviewed by the PUC over the next several months. Because market conditions and transmission charges can cause the cost of gas to go either up or down, we must request a change in the rates we charge you. We are required to bill you for the gas costs, which we incur on your behalf, on a dollar-for-dollar basis. Additionally, we may have to make an adjustment for the previous year in order to assure that we charge you no markup or discount.

This notice outlines the projected change to gas costs for the period August 1, 2017 through July 31, 2018. At this time, the company is forecasting an increase in the gas cost rate for next year. The primary reason for this increase is that costs associated with the purchase and transmission of natural gas to be effective beginning in August 2017 are projected to be higher than those reflected in current rates.

We are required by law to shop for the most reasonably priced gas while still maintaining an adequate supply for our more than 200,000 customers in even the most severe weather. Our success in finding reasonably priced gas is evidenced by the fact that we consistently have had among the lowest natural gas prices in Pennsylvania. However, when market prices change, either up or down, we are required to pass those changes along to you.

Please know that we remain committed to doing everything we can to continue to provide the low cost, uninterrupted gas service upon which you have come to rely.

— National Fuel

Notice of Proposed Rate Changes

To Our Customers:

National Fuel Gas Distribution Corporation ("National Fuel" or the "Company") has filed a request with the Pennsylvania Public Utility Commission (PUC) to increase your gas rates as of August 1, 2017. This notice describes the Company's rate request, the PUC's role, and what actions you can take.

The Company has requested an overall rate increase of \$8,468,407 per year. If the Company's request is approved, the total bill for a residential customer using 979 Ccf annually would increase from \$69.00 to \$72.58 per month or by 5.20%.

The total bill for a small commercial customer using 3,848 Ccf annually would increase from \$220.23 to \$234.04 per month or by 6.27%.

Rates for a small industrial customer using 4,940 Ccf annually would increase from \$323.33 to \$341.05 per month or by 5.48%.

Pursuant to the PUC's regulations, the Company makes quarterly filings 3 months, 6 months, 9 months, and 12 months after the effective date of this proposed change (August 1, 2017). Each quarterly filing contains a recalculated rate based on actual gas costs and sales for a three-month period ended one month prior to the filing date and more recent projections of gas prices. If the recalculated rate is more than 2% different from the rate effective at that time and a quarterly filing is made, the recalculated rate will become effective. Quarterly rate adjustments will be investigated by the PUC with the next annual filing.

To find out your customer class or how the requested increase may affect your gas bill, contact National Fuel at 1-800-365-3234. The rates requested by the Company may be found in Supplement No. 180 to Tariff Gas Pa. P.U.C. No. 9. You may examine the material filed with the PUC which explains the requested increase and the reasons for it. A copy of this material is kept at each of National Fuel's Consumer Assistance Centers. Upon request, the Company will send you the statement of reasons for Supplement No. 180 explaining why the rate increase has been requested.

The state agency which approves rates for public utilities is the PUC. The PUC will examine the requested rate increase and can prevent existing rates from changing until it investigates and/or holds hearings on the request. The Company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates.

The PUC may change the amount of the rate increase or