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www.dps.ny.gov

October 7, 2016

Dear Community Leader/Elected Official:

The New York State Public Service Commission is sponsoring public statement hearings regarding proposed increases for National Fuel Gas Distribution Corporation's (NFG) gas delivery rates. In April 2016, the Company filed for new gas delivery rates to be effective beginning April 1, 2017.

To ensure full public participation, the Commission will hold the public statement hearings to solicit input and comments from your community regarding the proposed increases. These hearings are open to the public who wish to participate and comment on the rate case proceeding. Information received at the public statement hearings will be transcribed and will be included in the case record. The public comments will be considered by the Commission in deciding this case.

The enclosed fact sheet provides detailed information on how to participate in the public statement hearings and available options to submit comments on the proceeding. Information about the proceeding can be found at the Commission's www.dps.ny.gov web site. From the homepage, click on "Search," and enter the associated case number (16-G-0257) in the "Search by Case Number" field.

I would appreciate your assistance with informing your constituents about the public statement hearings and encouraging them to provide comments. It is the Commission's intent to facilitate and encourage active and meaningful participation throughout all of its proceedings. We hope you will consider joining us at one of these hearings.

Sincerely,

Michael Corso

Michael Corso
Chief Consumer Advocate

Enc.

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Factsheet and Notice of Public Hearing

National Fuel Gas Distribution Corporation Proposed Rate Increase

Case 16-G-0257

In April 2016, National Fuel Gas Distribution Corporation (NFG) requested that the New York State Public Service Commission approve an increase in its gas delivery rates. NFG serves approximately 527,000 customers in parts of ten counties in Western New York.

Upon receipt of the rate filing, Department of Public Service (DPS) Staff began an analysis of the Company's request to evaluate whether – or to what extent – a rate increase is justified. DPS represents the public interest in rate proceedings and evaluates such requests with the goal of ensuring safe and reliable service at just and reasonable rates. Other parties to the proceeding have also undertaken a review of the NFG filing.

Public Statement Hearings

The Commission is seeking comment on the proposed increase to gas delivery rates. An Administrative Law Judge will preside over the gathering of public comments and all evidence relating to the rate request. The comments made at the hearings will become part of the formal record in these proceedings and will be presented to the Commission for consideration. Under New York State Law, the Commission must consider a utility's proposal and may adopt or reject it in whole or in part, or modify it by adopting changes proposed by participating parties, the general public or the Commission.

Interested members of the public are invited to attend the public statement hearings and provide comments regarding the proposal. It is not necessary to make an appointment in advance or present written material in order to speak at the hearings*.

Please join us at the following location:

Date:	October 26, 2016	
Time:	Afternoon session	3:00pm
	Evening session	6:00pm
Location:	Buffalo & Erie County Public Library Central Branch - Central Meeting Room 1 Lafayette Square Buffalo, NY 14203	

*Disabled persons requiring special accommodations may place a collect call to the DPS's Human Resources Management Office at 518-474-2520. TDD users may request a sign language interpreter by placing a call through the New York Relay Service at 711 to reach the Human Resource Office at the previously mentioned number. If you have difficulty understanding English, please call DPS at 1-800-342-3377 for free language assistance services.

SUMMARY OF THE RATE CASE

On April 28, 2016, NFG filed for new gas rates to be effective beginning April 1, 2017. This is the first rate increase sought by NFG since 2007. According to the filing, the Company's proposed increase is needed to enable NFG to provide safe and reliable gas service through continued modernization of its pipeline infrastructure and customer information technology systems. NFG asserts that the rate request will also allow the Company to provide enhanced low income customer programs and continue economic area development and possible gas expansion initiatives.

Overview of the Company Proposal:

Proposed Rates: Under NFG's proposal, gas delivery rates would increase by approximately $41.7 million (a 15.27% delivery revenue increase). If the proposed rate request were to be approved, the Company estimates that the annualized monthly bill for gas service to a residential heating customer using 83 therms per month will increase by approximately $5.75 (or 7.2% on the total bill). The projected residential heating customer's total bill impact is based on estimated supply costs.

System Modernization: Funding is included in NFG's proposal to modernize pipeline infrastructure, including implementing a cost recovery mechanism that will permit the Company to accelerate its replacement of aging pipes. The proposal calls for increasing the current target of 95 miles of main replaced annually to a target of 110 miles in 2018. The Company is also seeking to recover costs associated with the replacement of its outdated customer information system with current technology, which is expected to increase reliability and provide customers with the most up to date and accurate information.

Low Income Programs: NFG proposes to enhance its low income programs, including expanding eligibility and waiving initial reconnection fees for eligible customers.

Economic Development: As part of the rate request, the Company will continue economic area development and possible gas expansion initiatives.

Current Status of the Rate Filling:

On August 26, 2016, DPS Staff and several intervenors submitted testimony describing and supporting their positions regarding the claims put forth by the Company. NFG and other parties filed rebuttal testimony three weeks later.

As part of a rate case, matters may be litigated, in which hearings are conducted like a trial with testimony, cross-examination and written briefs. Parties have begun the litigation process and the ALJ held evidentiary hearings during the first week of October 2016. The litigation process is currently on-going. DPS, the utility and other parties may also enter into settlement negotiations in an attempt to resolve some or all matters related to the proceeding.

Rate case documents may be viewed online at DPS's www.dps.ny.gov website. From the homepage, click on "Search," and enter the case number (16-G-0257) in the "Search by Case Number" field.

PUBLIC INVOLVEMENT

Some individuals or groups participate in rate cases by becoming a party in the case. Instructions on how to request party status in the NFG case may be found in the Commission's Notice of Technical and Procedural Conference issued on June 2, 2016. The notice is available at DPS's www.dps.ny.gov website. From the homepage, click on "Search," and enter the case number (16-G-0257) in the "Search by Case Number" field.

There are also several other ways to participate in the rate case process, including:

- **Join the Service List**: Interested persons who wish to monitor the proceedings of a particular case can do so without the formal commitment to become a party to the proceeding. The persons who subscribe to the service list of a case will receive an e-mail with a direct link to the documents issued by the Commission, such as orders, notices, and rulings. Persons unable or unwilling to receive such electronic notification will receive hard copies of Commission-issued documents by regular mail.

  To register online, click on the "Subscribe to Service List" link at the top of the dedicated page for Case 16-G-0257. A "Service List and Mail Service List Request Form" can be downloaded from the site and the completed form sent by e-mail to Hon. Kathleen H. Burgess, Secretary at secretary@dps.ny.gov or by mail to: Secretary, Public Service Commission, Three Empire State Plaza, Albany, NY 12223-1350.

- **Monitor the Case on the Commission Website**: Interested persons who choose not to sign up to receive e-mail notifications can view our website at their convenience to check on the status of a case. All documents filed by parties, correspondence, hearing transcripts, and Commission issued documents in a given case are posted on the website. All comments submitted by the public are posted under the 'public comments' tab for the case.

- **Provide Comments**: There are opportunities to attend public outreach events to learn about the proposals and provide comments. All comments can be submitted at the public statement hearing held on October 26, 2016 or through the methods below:

  - **Via the Department's Website:** Comments may also be entered directly into the case by locating the case via the home page of the Commission's website, www.dps.ny.gov, by clicking on "Search," and entering the associated case number (noted above) in the "Search by Case Number" field. After clicking to open the case, enter comments in the "Post Comments" section located at the top of the page.

  - **Via Mail/E-Mail:** Submit comments electronically to Kathleen H. Burgess, Secretary, at secretary@dps.ny.gov or by mail or delivery to Secretary Burgess at the Department of Public Service, Three Empire State Plaza, Albany, New York 12223-1350. Comments delivered in these manners should reference "National Fuel Distribution Corp. Rate Case" (16-G-0257).

- **Via Toll-Free Opinion Line**: Individuals may choose to submit comments by calling the Commission's toll-free Opinion Line at 1-800-335-2120. This line is set up to receive in-state calls 24-hours a day. Callers should press "1" to leave comments about Case 16-G-0257 "National Fuel Gas Distribution Corp." Comments received via the Opinion Line are not transcribed, but a summary is provided to the Commission for their consideration.

Comments submitted via these alternative means will be accepted at any point while this proceeding is pending, but are requested by November 30, 2016 to ensure full consideration. All comments will become part of the record considered by the Commission.