

PSC NO: 9 GAS SECTION: 15 LEAF: 1
NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 1
INITIAL EFFECTIVE DATE: 05/01/2017 SUPERSEDING REVISION: 0
ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 16-G-0257 DATED 04/20/17

SERVICE CLASSIFICATION No. 15

DISTRIBUTED GENERATION SERVICE

A. APPLICABLE TO USE OF SERVICE FOR:

Consumption of natural gas by a non-residential Customer where the gas is used directly for distributed generation ("DG") less than 50 megawatts, and the Customer is anticipated to maintain a load factor of 50% or greater for the DG facilities receiving service under this rate. The Company shall calculate the load factor for the DG facilities under this Rate Schedule at the Customer's annual contract anniversary date. If the Customer's annual load factor falls below 50 percent, the Customer shall be placed on the otherwise applicable Rate Schedule for consumption at the DG facility for a period of at least one (1) year. Provided, however, that the Customer may remain on this Rate Schedule when its annual load factor is below 50 percent if the Customer can provide mitigating circumstances why the load factor has fallen below 50 percent and the Customer can provide a reasonable demonstration that the future annual load factor will be above 50 percent.

B. CHARACTER OF SERVICE:

(1) Customers Purchasing Gas Supply from Company

Continuous, primarily natural gas, minimum B.T.U. content 1,000, normal pressure not less than four (4) inches.

(2) Customers Purchasing Gas Supply from a Marketer

Transportation of Customer-owned gas from a Supplier that has met the qualifications of service under SC 19 - Transportation, Balancing and Aggregation Service. Transportation will be on a firm basis from a Company receipt point to the Customer's delivery point.

C. MONTHLY DELIVERY SERVICE RATES: (per month)

(1) Base Rates:

a. Volumetric Rate Structure

Customers with DG units less than one (1) megawatt and Customers with DG units between one (1) and five (5) megawatts may elect to receive under a volumetric rate structure or a three part demand/commodity rate structure. The default level of service for these Customers will be the volumetric rate structure. The rates for this Service Classification are provided in General Information Section 38.A.

b. Three Part Demand/Commodity Rate Structure

Customers with DG units greater than five (5) megawatts shall receive service under the three part demand/commodity rate structure. Customers with DG units less than one (1) megawatt and Customers with DG units between one (1) and five (5) megawatts may elect to receive service under a three part demand/commodity rate structure. The rates

Issued by C. M. Carlotti, President, 6363 Main Street, Williamsville, NY 14221
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SERVICE CLASSIFICATION No. 15 (Cont'd)

DISTRUBUTED GENERATION SERVICE – Cont'd

for this Service Classification are provided in General Information Section 38.A.

D. DELIVERY ADJUSTMENT CHARGE:

All gas delivered under this Service Classification shall be subject to surcharges, refunds or adjustments as set forth in General Information Section 38.B.(2).

E. MONTHLY COST OF GAS:

(1) For Customers billed under the Volumetric Rate Structure.

In addition to the above monthly delivery service charges, Customers purchasing gas supply service from the Company will pay the 70% load factor Monthly Gas Supply Charges per 100 cu. ft. of gas supplied by the Company as calculated in General Information Section 19.B.(2).f.

(2) For Customers billed under the Three Part Demand Commodity Rate Structure.

a. Natural Gas Supply Commodity Charges

In addition to the above monthly delivery service charges, Customers purchasing Gas supply service from the Company will pay the Monthly Average Commodity Cost Of Gas per 100 cu. ft. of gas supplied by the Company as calculated in General Information Section 19.B.(2).g.

b. Monthly Natural Gas Supply Demand Charges

In addition to the above monthly delivery service charges, Customers purchasing Gas supply service from the Company will pay the Monthly Natural Gas Supply Demand Charge per 100 cu. ft. as calculated in General Information Section 19.B.(2).g. of Maximum Daily Supply Contracted Demand as calculated in the Special Provisions section of this service.

F. INCREASE IN RATES IN MUNICIPALITY WHERE SERVICE IS SUPPLIED:

The rates and charges under this Service Classification including charges specified under Special Provisions of this service shall be increased pursuant to General Information Section 35, to reflect the tax rates applicable within the municipality where the Customer is taking service.

G. TERMS OF PAYMENT:

All bills are due and are subject to a late payment charge in accordance with the provisions of General Information Section 8.E.

Payment for gas service may also be made in the manner prescribed in General Information Section 16 as hereinbefore set forth.

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SERVICE CLASSIFICATION No. 15 (Cont'd)

DISTRIBUTED GENERATION SERVICE - Cont'd

H. SPECIAL PROVISIONS:

- (1) Applicable to both delivery service only and Customers also purchasing gas supply from the Company.
- a. Customers served under this Service Classification receive firm service and shall have the same curtailment priority as all other firm commercial and industrial Customers. Service is subject to the pertinent provisions of General Information Section 20 as hereinbefore set forth.
 - b. Service under this Service Classification shall be separately metered. Metering requirements shall be subject to the pertinent provisions of General Information Section 7 as hereinbefore set forth.
 - c. The authorized agents of the Company shall, at all reasonable times, have such free access to the premises of the Customers receiving service under this Service Classification as may be necessary to confirm that gas supplied under this Service Classification is used only in DG equipment.
 - d. Adjustment of the Maximum Daily Delivery Contracted Demand ("MDDCD")
The MDDCD shall be established in the service agreement with the Customer receiving service under the three-part rate structure. Once the MDDCD is established, it shall remain in effect for a 12-month period. In the event that the Customer subsequently exceeds the MDDCD during the calendar months of December, January or February, the MDDCD shall be reestablished at the higher volume. The reestablished MDDCD shall remain in effect and shall be used for billing the Customer, for a 12-month period starting with the billing month following the day it was established.
 - e. Adjustment of the Maximum Daily Natural Gas Supply Contracted Demand ("MDSCD")
The MDSCD shall be established in the service agreement with the Customer receiving service under the three-part rate structure. Once the MDSCD is established, it shall remain in effect for a 12-month period. In the event that the Customer subsequently exceeds the MDSCD during the calendar months of December, January or February, the MDSCD shall be reestablished at the higher volume. The reestablished MDSCD shall remain in effect, and shall be used for billing the Customer, for a 12-month period starting with the billing month following the day it was established.
- (2) Applicable to delivery service only Customers.
- a. The Customer or Supplier shall be subject to all Special Provisions included in the SC 18 Rate Schedule included herein.
 - b. City Gate balancing requirements are governed by the terms of SC 19.

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DISTRIBUTED GENERATION SERVICE - Cont'd

c. Burner tip imbalances are governed by the terms of SC 19.

I. TERM:

The Company and Customer shall enter into a service agreement for a term not less than one (1) year.

J. UNAUTHORIZED DEFICIENCY IMBALANCE PENALTY:

If any Customer should take during any year a volume of gas in excess of the amount allowable under General Information Section 20 as hereinbefore set forth, the Customer shall pay to the Company a penalty of \$3 for each Mcf of gas of such excess, which penalty shall be paid in addition to all other charges payable by the Customer hereunder.

The payment of a penalty for authorized deficiency imbalance shall not under any circumstances be considered as giving any such Customer the right to take unauthorized deficiency imbalance, nor shall such payment be considered as a substitute for any other remedies available to the Company against the offending Customer for failure to respect its obligation to adhere to the provisions of its agreement with the Company.

If any Customer should take a volume of gas in contravention of curtailments imposed by the Company as contemplated in General Information Section 20.D., the Customer shall pay to the Company an additional penalty of \$7 for each Mcf of such gas taken in violation of such curtailment.

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