

PSC NO: 9 GAS SECTION: 17 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. 17

BASIC GAS-FOR-ELECTRIC-GENERATION-SERVICE TARIFF

A. APPLICABLE TO USE OF SERVICE FOR:

All Customer-owned gas transported by the Company pursuant to a valid Transportation Agreement between the Customer and the Company. The gas will be transported for the Customer's exclusive use in a dual fueled electric generation facility having capacity of at least 50 Mega Watts.

B. CHARACTER OF SERVICE:

Interruptible transportation of Customer-owned gas. Service may be interrupted for a maximum of thirty (30) days during the calendar year at the discretion of the Company. The level of interruptibility may be higher than thirty (30) days where the Company has determined that the system cannot reliably provide 335 days of uninterrupted service to the Customer. Except insofar as the Customer reserves firm sales status with respect to the electric generation facility, the Company has no obligation to secure gas supplies on behalf of the Customer or make gas supplies available to the Customer, and the Customer will be permitted to draw upon the Company's system supply only to the extent that firm service to Customers under other Service Classifications is not jeopardized or impaired. The Customer's ability to resume firm sales service upon termination of the Transportation Service Agreement will be subject to the availability of sufficient system supplies and to General Information Section 20.

C. QUALIFYING CUSTOMERS:

Customers qualifying for this rate must meet the following requirements:

- (1) The Customer must own or operate an electric generation facility having a capacity of at least 50 Mega Watts;
- (2) The Customer must totally revoke its right to firm service under the Company's tariff for all consumption by the electric generation facility;
- (3) The Customer must have equipment installed capable of providing a suitable back-up energy supply or the electric generation facility must have alternate fuel capacity;
- (4) The Customer must have installed the necessary electronic equipment, acceptable to the Company, which allows the Company to monitor the Customer's daily usage of gas.

D. BASE RATE:

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

Base rates and terms different from the rates and terms shown in this Schedule may be negotiated with the Company when competitive and operational circumstances warrant.

Issued by C. M. Carlotti, President, 6363 Main Street, Williamsville, NY 14221
(Name of Officer, Title, Address)

PSC NO: 9 GAS SECTION: 17 LEAF: 2
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SERVICE CLASSIFICATION No. 17 (Cont'd)

BASIC GAS-FOR-ELECTRIC-GENERATION-SERVICE TARIFF - Cont'd

E. ADJUSTMENT OF THE RATE:

The base rate per Mcf transported shall be adjusted each month by the currently effective Value-Added Charge ("VAC") for the month as determined below. The VAC shall be updated annually and will be in effect each May 1 for an annual 12-month time period. In no circumstances shall the level of adjustment lead to a unit rate for the month of less than the base rate per Mcf. The VAC shall be determined annually for each Customer based on historical and projected usage for each customer and the appropriate heat rate for the Customer's facility. Annual filings recalculating a Customer's VAC shall be made 60 days after the VAC year. The VAC year shall be the 12 months ended December 31. The equations for determining the VAC and the definition of the variables included in the equations are provided below.

VAC = TYVAC + VACREC

BYSS = Base year spark spread. Average hourly spark spread for the first full year of operation of the New York Independent System Operator ("NYISO"). A single BYSS per MWH shall be established for each of four proxy heat rate tiers as defined below. The hourly electric prices used in calculating the BYSS shall be the real time electric prices for the Western Zone of the NYISO. The gas prices used in calculating the BYSS shall be based on the daily market price of gas reported in SNL for Dominion S. The market price of gas shall be the average of the mid-point price and high price. The daily market price of gas shall be converted to a MWH equivalent for each heat rate defined below. The BYSS shall be the average for the year of each hourly difference between market price of electricity and the market price of natural gas.

TYVAC = Test Year Value Added Charge. The TYVAC shall be the sum of the positive monthly VAC values calculated for the test year divided by the total consumption of the Customer during the test year. The monthly VAC values for the test year shall be the sum of the multiplication for each hour of the month of the MWH produced based on the assumed heat rate and the Customer's metered hourly consumption by 5% of the differences between the hourly spark spreads and the BYSS. The test year shall be the most recent 12 month ended December period that the Customer received service under this rate schedule. If the Customer's facility was not fully operational at the start of the test year, the Customer will be assigned a TYVAC equal to the average TYVAC for all Customers whose facilities were operational for the 12 months within the applicable heat rate tier level.

VACREC = VAC Reconciliation. The VAC REC shall be the result of dividing the difference between the actual TYVAC charges collected from the Customer during the test year and the sum of the positive monthly VAC values calculated for the test year by the total consumption of the Customer during the test year. The VACREC may be positive or negative.

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SERVICE CLASSIFICATION No. 17 (Cont'd)

BASIC GAS-FOR-ELECTRIC-GENERATION-SERVICE TARIFF - Cont'd

The following heat rate tiers will be used for purposes of calculating the VAC. Customers will be assigned the most appropriate heat rate tier based on the operational characteristics of the electric generation equipment of their facility. The four heat rate tiers shall be:

TIER 1:	17.5 mm	BTU/kW-hour for older simple cycle peaking units
TIER 2:	11.0 mm	BTU/kW-hour for Rankine cycle steam units
TIER 3:	10.0 mm	BTU/kW-hour for new, simple cycle peaking units
TIER 4:	7.4 mm	BTU/kW-hour for combined cycle plants

Rate adjustment terms different from the terms shown in this Section may be negotiated with the Company when competitive and operational circumstances warrant.

F. TERM OF TRANSPORTATION AGREEMENT:

The Company and Customer shall enter into a Transportation Agreement for a term not less than five (5) years. The term of each contract shall be the subject of negotiation between the parties, except that the rate shall not change, but for adjustments, during the five (5) year term.

G. DELIVERY COSTS INCURRED BY THE COMPANY:

In the event that the provision of transportation service to the Customer requires the Company to engage the services of other transporters of gas, an amount reflecting the costs incurred by the Company will be added to the applicable rate.

H. APPLICATION OF CONSUMPTION:

The Customer's daily consumption will be applied first to the Customer's nominated daily firm transportation sales requirement, second to excess Customer deliveries from the prior month (the Company may limit deliveries of previous month's excess if in the Company's sole judgment, service to firm Customers would be jeopardized), third to current daily third party transportation deliveries and fourth volumes up to contracted monthly stand-by service. Volumes consumed in excess of the above on any day will be billed pursuant to the Section entitled "Deficiency Imbalance Volumes."

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

All rates and charges under this Service Classification, including charges specified under the Special Provisions of this Service Classification and the Transportation Service Agreement shall be increased pursuant to General Information Section 35 to reflect the tax rates applicable within the municipality where the Customer is taking service. This Section shall not apply to any delivery costs incurred by the Company to have other parties transport gas on the Customer's behalf.

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SERVICE CLASSIFICATION No. 17 (Cont'd)

BASIC GAS-FOR-ELECTRIC-GENERATION-SERVICE TARIFF - Cont'd

J. 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.

K. MINIMUM MONTHLY BILL:

As specified in the Transportation Service Agreement between the Customer and the Company.

L. MINIMUM CONTRACT VOLUME:

No less than fifty percent (50%) of the electric generator's maximum annual quantity.

M. BALANCING REQUIREMENTS:

Customers receiving service under this rate schedule are required to balance their deliveries of natural gas to the system for their account and the actual daily usage of gas by their account on a daily basis. Subject to system requirements and the projected operation of the electric generation facility, the Company may require deliveries to match facility usage on an hourly basis.

Balancing requirements shall be the responsibility of the party that nominates supply deliveries on behalf of the Customer (the "Supplier"). If the Supplier is not the Customer hereunder, service under this Service Classification shall be contingent on the Company's receipt of the Supplier's signed acknowledgment of the rules and regulations governing balancing as set forth below.

Daily imbalances greater than 2%, except as set forth below, are subject to cash out. The Index for the cash out of daily imbalances is the Daily Index set forth in General Information Section 29.

N. DAILY SURPLUS IMBALANCES:

As used in this rate schedule, Daily Surplus Imbalances shall be defined as daily deliveries for the Customer's account in excess of daily usage.

For daily surplus imbalances greater than 2% of actual daily usage the Customer's surplus in excess of 2% will be purchased by the Company ("cashed-out") according to the following price schedule:

2% to 15% at 90% of Index
15% to 20% at 85% of Index
> than 20% at 60% of Index

When operationally feasible, and only if, in the sole judgment of the Company, such transaction will not jeopardize or impair service to firm Customers, the Company may allow surplus imbalances associated with the Customer's account under this Service Classification to be nominated and delivered for the Customer's usage under this account.

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SERVICE CLASSIFICATION No. 17 (Cont'd)

BASIC GAS-FOR-ELECTRIC-GENERATION-SERVICE TARIFF - Cont'd

O. DAILY DEFICIENCY IMBALANCES:

As used in this rate schedule, Daily Deficiency Imbalances shall be defined as daily deliveries for the Customer's account that is less than daily usage. For daily deficiency imbalances greater than 2% for the actual usage the Customer shall purchase gas from the Company. The deficiency in excess of 2% will be cashed-out according to the following price schedule:

2% to 15% at 110% of Index
15% to 20% at 115% of Index
> than 20% at 140% of Index

When operationally feasible, and only if, in the sole judgment of the Company, such transaction will not jeopardize or impair service to firm Customers, the Company may allow the Customer to deliver surplus gas supplies at later dates in order to balance any daily burner tip imbalances less than 2% incurred in the current month.

P. MONTH END BURNER TIP BALANCING, IMBALANCE EXCHANGE AND CASH OUT:

At the end of the month, a Customer's Daily Surplus Imbalances and Daily Deficiency Imbalances that were not cashed-out will be summed into a net imbalance volume for the Customer. A Month End Deficiency Imbalance occurs when the net imbalance volume is a quantity less than zero (imbalance due to the Company) and a Month End Surplus Imbalance occurs when the net imbalance volume is a quantity greater than zero (imbalance due from the Company).

A Customer may exchange a net imbalance volume under its SC 17 Service Agreement as set forth in General Information Section 30. Month End Surplus Imbalances not resolved via Exchange of Net Imbalances and Month End Deficiency Imbalances will be cashed-out as set forth in General Information Section 30.

Q. OPERATIONAL FLOW ORDER ("OFO"):

The Company reserves the right to declare Operational Flow Orders as described in General Information Section 20.E.

R. MAXIMUM DAILY QUANTITY:

The "Maximum Daily Quantity," as set forth in the Transportation Service Agreement, shall be the maximum quantity of natural gas in Mcf which the Company shall receive on any day from the Customer.

Upon request of the Customer, the Company may, at the Company's sole discretion, receive on any day, volumes of gas in excess of the Maximum Daily Quantity. The Company shall not be obligated to receive during any single hour more than 1/24 of the Maximum Daily Quantity.

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SERVICE CLASSIFICATION No. 17 (Cont'd)

BASIC GAS-FOR-ELECTRIC-GENERATION-SERVICE TARIFF - Cont'd

S. SPECIAL PROVISIONS:

- (1) The expense of installing facilities necessary to receive and meter gas delivered by or for the account of the Customer shall be borne by the Customer.
- (2) Deliveries by or for the account of the Customer will be subject to the availability of sufficient pipeline capacity and will be made against line pressure at a maximum pressure to be designated by the Company from time to time in its sole discretion. Gas to be delivered to the Company shall not be compressed except where specifically permitted by the Company.
- (3) Gas delivered by the Customer must satisfy the quality specifications set forth in the Transportation Service Agreement. Deliveries must be made at an appropriate Company facility located within the territory at point or points acceptable to the Company.
- (4) As allowance for losses incurred in the process of delivery, the Customer shall provide the Company with a volume of gas equal to the lesser of one percent (1.00%) or the system average loss factor percentage applied to the amount delivered to the Company on behalf of the Customer.

The Company reserves the right to suspend its receipt of gas on behalf of the Customer at any location if it believes that such action is required by its obligation to provide safe and adequate service to its Customers.

- (6) The Customer may receive sales service or transportation service from the Company for other gas burning equipment or appliances at the premises. The electric generation facilities and all other facilities must be separately metered. The expense of installing facilities necessary to accomplish such separate metering, along with the electronic equipment necessary to monitor the Customer's daily usage of gas, shall be borne by the Customer.
- (7) The Company shall provide four (4) hours notice that service to the Customer will be interrupted. The notice will be provided to the individual designated by the Customer to receive such notice. The Customer is required to provide the Company with the name and phone numbers of the individual the Company shall contact to inform the Customer of an interruption of service. During a period of interruption, the Customer is prohibited from using gas service for the electric generation facility. If the Customer takes gas service during a period of interruption, the Customer shall pay to the Company an additional seven dollars (\$7) per Mcf for such gas taken during the interruption period.
- (8) The Customer is required to provide the Company such information and documentation that the Company reasonably requests to calculate the adjustments to the rate. Such information and documentation shall be provided to the Company, in writing, within thirty (30) days of when the Company makes said request. The Company will provide written notice to the Customer of any adjustment to the rate.

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SERVICE CLASSIFICATION No. 17 (Cont'd)

BASIC GAS-FOR-ELECTRIC-GENERATION-SERVICE TARIFF - Cont'd

S. SPECIAL PROVISIONS: Cont'd

- (9) For Customers that utilize distillate fuel oil as their alternate fuel source or are human needs Customers, on or before November 1 of each year, the Customer is required to:
- a. be contractually and physically capable and ready to withstand an interruption of utility-provided natural gas sales or delivery service to its facility; or
 - b. maintain alternative fuel supply necessary to meet its operating requirements in the event of interruption hereunder. For purposes of this subsection, alternate fuel supply necessary to meet its operating requirements" shall be provable storage capacity and alternate fuel on hand to withstand interruptions of service for at least ten (10) consecutive days. If a Customer's on-site storage capacity is less than ten (10) days' supply, a full tank will be required plus a showing that firm arrangements have been made to replenish the fuel during winter periods as it nears depletion. Customers will be responsible for subsequent refills from any alternate fuel source not dependent upon spot market purchases.

The Customer shall demonstrate its compliance with this requirement upon the request of the Company. If, as determined by the Company, the Customer is not in compliance with this requirement, the Company shall charge the Customer, in addition to the charges previously specified in this tariff (including any penalty charges for failure to interrupt), a rate equal to 110% of the oil gas equivalent price (as published in the Journal of Commerce) for all usage beginning on November 1 and until the Customer demonstrates compliance. Upon such a demonstration, the additional charge shall end.

- (10) To permit the Company to ascertain compliance with periods of interruption, Customers shall install and pay for remotely operated valves or other equipment that is functionally equivalent to a remotely operated valve, including the cost of installing telemetric equipment for monitoring purposes.

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