

National Fuel Gas Distribution Corporation  
6363 Main Street  
Williamsville, NY 14221

February 24, 2017

Hon. Kathleen Burgess, Secretary  
New York State Department of Public Service  
Three Empire State Plaza  
Albany, NY 12223-1350

Dear Secretary Burgess:

Enclosed is an electronic version of Monthly Gas Supply Charge Statement No. 187 applicable to Service Classification Nos. 1, 2, and 3, and Delivery Adjustment Charge Statement No. 181 applicable to Service Classification Nos. 1, 2, 3, 5, 7, 8, and 9 of our Rate Schedule P.S.C. No. 8 – Gas. The Monthly Gas Supply Charge Statement No. 187 and the Delivery Adjustment Charge Statement No. 181 will be effective commencing with gas used on or after March 1, 2017.

The estimated amount related to surcharges and credits included in Statements No. 181 & 187 is \$995,000 based on estimated sales of 70,900,000 Ccf. The estimated effect on revenue, exclusive of surcharges and credits, is a decrease of \$1,239,800 on a monthly basis.

The surcharge calculation for March 2017 Intermediate Pipeline Stranded Capacity Surcharge pursuant to General Leaf No. 148.2 of P.S.C. No 8 – Gas results in a unit surcharge of \$0.00000/Mcf is applicable for March 1, 2017 through March 31, 2017.

The surcharge calculation for March 2017 Upstream Pipeline Stranded Capacity Surcharge pursuant to General Leaf No. 148.1 of P.S.C. No 8 – Gas results in a unit surcharge of \$0.00000/Mcf is applicable for March 1, 2017 through March 31, 2017.

Included as workpapers are the reconciliation filings associated with the Merchant Function Charge for Procurement, Records and Collection, Purchase of Receivables, Storage Inventory and Lost Revenues. The reconciliation period is TME 12/31/16, to be applicable for the period March 1, 2017 through February 28, 2018.

The Company has updated the Interim Annual Reconciliation filing for the twelve months ended August 31, 2017 pursuant to General Information Leaf No. 81 of P.S.C. No. 8 – Gas and it is included as a workpaper. The unit surcharge of \$0.5253/Mcf is applicable for the period March 1 2017 through August 31, 2017. This updated interim reflects a surcharge of an additional \$8.5 million. Without this additional surcharge, current market price projections indicate a projected undercollection in gas costs of \$16.9 million for the period ending August 31, 2017. The Company will continue to monitor

its projection of gas under and over recovery on a monthly basis and may adjust this interim reconciliation surcharge as needed.

In addition, Deficiency Imbalance Sales Service Rate Statement No. 238, Demand Transfer Recovery Rate Statement No. 232, Gas Transportation Statement No. 232, Natural Gas Vehicle Statement No. 238, Standby Sales Service Rate Statement No. 238, Transportation Sales Service Rate Statement No. 240, Reserve Capacity Cost Statement No. 197, Weather Normalization Clause Multipliers Statement No. 180, Distributed Generation Statement No. 166, LICAAP Minimum Charge Statement No. 32, Merchant Function Charge Statement No. 147, Incremental Monthly Gas Supply Charge Statement No. 143, Low Income Customer Affordability Assistance Program Statement No. 132, State Income Tax Credits Statement No. 112, Mandatory Upstream Transmission Capacity ("MUTC") Statement No. 95, Temporary State Assessment Charge ("TSA") Statement No. 93 and Conservation Incentive Programs Cost Recovery ("CIPs") Statement No. 84.

In connection with this filing, the Company is also required to submit information that contains trade secrets. Accordingly, the Company has filed the required information with the Department Records Access Officer, together with a request for trade secret protection under the Commission's regulation.

Very truly yours,

Eric H. Meinel  
General Manager  
Rates & Regulatory Affairs

Encl.