

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

December 29, 2016

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. 185 applicable to Service Classification Nos. 1, 2, and 3, and Delivery Adjustment Charge Statement No. 179 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. 185 and the Delivery Adjustment Charge Statement No. 179 will be effective commencing with gas used on or after January 1, 2017.

The estimated amount related to surcharges and credits included in Statements No. 179 & 185 is \$3,167,000 based on estimated sales of 81,740,000 Ccf. The estimated effect on revenue, exclusive of surcharges and credits, is an increase of \$4,831,400 on a monthly basis.

The surcharge calculation for January 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 January 1, 2017 through January 31, 2017.

The surcharge calculation for January 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 January 1, 2017 through January 31, 2017.

The CIPS Statement No. 82 has been updated to include rates effective January 1, 2017 pursuant to General Leaf No. 148.9 of P.S.C. No. 8-Gas.

The Company's Annual Reconciliation Filing for the twelve month ended August 31, 2016 pursuant to General Leaf Nos. 78 and 81 of P.S.C. No. 8-Gas is included. The unit credit of \$0.2161/Mcf is applicable for the period January 1, 2017 through December 31, 2017.

The calculation for the System Performance Adjustment Mechanism pursuant to General Leaf No. 147 is included as a workpaper. The unit refund of \$0.0030/Mcf (current and reconciliation combined) is applicable for the period January 1, 2017 through December 31, 2017.

The calculation for the Research and Development Funding Mechanism pursuant to Commission Order in Case 04-G-1047 is included as a workpaper. The unit surcharge of \$0.0101/Mcf is applicable for the period January 1, 2017 through December 31, 2017.

The Company's 90/10 Symmetrical Sharing filing for the twelve months ended September 30, 2016 is included. The calculation results in a surcharge of \$0.0177/Mcf to be recovered during the period January 1, 2017 through December 31, 2017.

Also included is a unit credit of \$0.0077/Mcf for the Revenue Decoupling Mechanism applicable for the period January 1, 2017 through December 31, 2017. The reconciliation period is for the twelve months ended September 30, 2016 pursuant to Case 13-G-0136.

Included as workpapers are two pipeline refund filing calculations. The first is a calculation of a refund passback for two revenue sharing refunds received from TGP on the August 2015 and January 2016 invoice in the amounts of \$328,970 and \$154,742, respectively. This refund calculation also includes the reconciliation of a prior reconciliation of refunds associated with TGP and Transco Rate case refunds that was recovered during the period October 1, 2015 through September 30, 2016. This calculation results in a refund factor of \$0.0074/Mcf to be effective January 1, 2017 through December 31, 2017 to be passed back to DAC customers. The second filing is a reconciliation of a prior reconciliation of a refund filing associated with the TGP/PCB refund that was recovered over the period October 1, 2015 through September 30, 2016. This final reconciliation results in a surcharge of \$0.0002/Mcf to be effective January 1, 2017 through December 31, 2017 to be recovered from all customers.

In addition, Deficiency Imbalance Sales Service Rate Statement No. 236, Demand Transfer Recovery Rate Statement No. 230, Gas Transportation Statement No. 230, Natural Gas Vehicle Statement No. 236, Standby Sales Service Rate Statement No. 236, Transportation Sales Service Rate Statement No. 238, Reserve Capacity Cost Statement No. 195, Weather Normalization Clause Multipliers Statement No. 178, Distributed Generation Statement No. 164, LICAAP Minimum Charge Statement No. 30, Merchant Function Charge Statement No. 145, Incremental Monthly Gas Supply Charge Statement No. 141, Low Income Customer Affordability Assistance Program Statement No. 130, State Income Tax Credits Statement No. 110, Mandatory Upstream Transmission Capacity ("MUTC") Statement No. 93, Temporary State Assessment Charge ("TSA") Statement No. 91 and Conservation Incentive Programs Cost Recovery ("CIPs") Statement No. 82.

This statement is filed in compliance with 16 NYCRR, Section 270.55. Information pertaining to section 270.55d(7) will be delivered under separate cover letter.

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.