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June 24, 2022

VIA ELECTRONIC FILING

Honorable Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, NY 12223-1350

Re: Pension and OPEB Surcredit Tariff Filing

Dear Secretary Phillips:

National Fuel Gas Distribution Corporation ("Distribution" or the "Company") hereby submits the following revisions to its tariff, P.S.C. No. 9 – GAS ("Tariff Revisions"):

Section No.	Leaf No.	Revision No.	Superseding Revision No.
0	3	10	8
0	117	4	3
0	130	7	5
0	131	5	4
0	132	4	2
0	153	2	1
0	154	2	1
0	156	0	-
19	19	3	2

The Tariff Revisions have a proposed effective date of October 1, 2022. The revisions to Section 0, Leaf Nos. 3, 130, 132 and 156 are being made to implement a Pension and OPEB surcredit to customers (the "Pension/OPEB Surcredit Tariff Revisions"). The revisions to the remaining tariff leaves identified above are general housekeeping corrections (the "Housekeeping Tariff Revisions").

Reason for Pension/OPEB Surcredit Tariff Revisions

Distribution's rates for gas service were last set by the New York State Public Service Commission ("Commission") in its Order Establishing Rates for Gas Service issued on April 20,

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2017 in Case 16-G-0257. [1] The Rate Order authorizes the Company to recover $14,994,000 for pension and other-post employment benefits ("OPEB") expense per year from customers. The Company is subject to the Commission's Pension Policy Statement,[2] under which it must account for all pension and OPEB expenses by deferring any difference between the amount of the pension and OPEB costs it experiences and the pension and OPEB expense it is allowed to recover in rates.

The Company's pension, Voluntary Employee Beneficiary Association ("VEBA") accounts and 401(h) accounts (accounts maintained within the Master Retirement Plan Trust that are set aside for OPEBs) are currently in an overfunded state as they presently exceed the Company's Pension and OPEB obligations. As a result, the Company is currently deferring the Pension and OPEB expenses collected in rates and such amounts are accumulating in the Company's Pension and OPEB reserve ("Reserve").

The Company's future OPEB and Pension obligations are not projected to increase significantly due to the Company's continuing prudent management of retiree pension and medical costs.[3] As a result, the Company's future Pension and OPEB costs are projected to be satisfied with existing funds held in the Reserve.

Based on the current state of the Company's Pension and OPEB obligations, there is no need to continue to grow its Reserve where, pursuant to the Commission's Pension Policy Statement, such funds must be used for pension and/or OPEB purposes. Instead, the Company is submitting this tariff filing to effectuate a Pension and OPEB surcredit to customers (the "Surcredit"), which will offset the current Pension and OPEB amounts presently being collected in base rates.

Specifically, following implementation of the Tariff Revisions, the Company will be passing back to customers through the Surcredit the amounts it is authorized to collect for pension and OPEB expense under the Rate Order and will therefore no longer be funding its Reserve. Since the Company's Reserve currently is sufficiently funded to cover its Pension and OPEB obligations, continued funding of the Reserve is not required at this time. The Reserve will continue to be deferred as a regulatory liability and will be addressed in the Company's next rate case.[4]

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1 Case 16-G-0257 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corp. for Gas Service, Order Establishing Rates for Gas Service (Apr. 20, 2017) (the "Rate Order").

2 Case 91-M-0890 - In the Matter of the Development of a Statement of Policy Concerning the Accounting and Ratemaking Treatment for Pensions and Post Retirement Benefits Other than Pensions, Statement of Policy Concerning the Accounting and Ratemaking Treatment for Pensions and Post Retirement Benefits Other than Pensions (Sept. 7, 1993) (the "Pension Policy Statement").

3 Moreover, the Company's pension plan has been closed to new employees since 2003.

4 Typically, the Company would bring its Reserve to zero as part of its next rate case filing by including the balances of the deferral accounts in the future rate allowance.

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Description of Tariff Revisions

Pension/OPEB Surcredit Tariff Revisions

Pursuant to the Pension/OPEB Surcredit Tariff Revisions, the Credit would be included as a per unit rate in the Company's Delivery Adjustment Charge ("DAC") applicable to customers in Service Classifications 1, 2, 3, 4, 5, 6, 7, 8, 10, 13, 15 and 18. The amount available for surcredit for each Service Classification will be based on the Service Classification's share of total delivery revenues as determined in the Company's last rate case (16-G-0257).

The actual amount surcredited to customers will depend on customer usage. The Company anticipates the Pension/OPEB Surcredit Tariff Revisions will result in the average residential customer (106 Mcf /year) receiving an annual surcredit of $23.00.

Any difference between the $14,994,000 to be surcredited annually and the actual amount surcredited to customers will be deferred as a regulatory asset or liability. Ratemaking treatment of the deferral will be determined in the Company's next base rate case. If the Surcredit is effective for less than a twelve-month period, the amount to be surcredited will be prorated on a volumetric basis.

The Pension and OPEB Surcredit will remain in effect until modified in a base rate proceeding or other proceeding, or until December 31, 2024, whichever is earlier.

Housekeeping Tariff Revisions

The proposed revision to Leaf 117 is to clarify that a surcharge calculated on the basis of an equal percentage of transportation charges for all applicable service classifications shall be deferred for ratepayer benefit for Partnership to Revitalize the Industrial Manufacturing Economy of Western New York ("PRIME-WNY") participants with contracts executed between December 1, 2018 and November 30, 2024 (instead of November 30, 2021). This revision is necessary to make Leaf 117 consistent with Leaf 116 and the Commission's Order Approving Tariff Amendment issued on November 18, 2021, in Case 21-G-0423, which authorized the Company to continue the PRIME-WNY pilot for an additional three years, through November 30, 2024.

The proposed revision to Leaf 131 is to remove reference to the PSC Audits and Assessment Charge as a reconcilable item within the Company's DAC. Pursuant to the Commission's Order Approving Temporary State Assessment Tariff Amendments, issued on December 19, 2017 in Case 09-M-0311 ("Temporary Assessment Order"), the PSC Audits and Assessment Charge is no longer reconcilable. In compliance with the Temporary Assessment Order, on October 30, 2018, the Company removed language from Leaf 118 associated with reconciling the PSC Audits and Assessment Charge. The reference to the PSC Audits and Assessment Charge on Leaf 131 was overlooked at the time of that filing, and the proposed revision corrects that oversight.

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The proposed revisions to Leaves 153 and 154 in Section 0 and Leaf 19 in Section 19 are being made to reflect that the Community Choice Aggregation tariff is set forth in General Rules, Regulations, Terms and Conditions at II.52 (instead of II.53).

Conclusion and Notice

This filing is proposed to become effective on October 1, 2022. Notice of this tariff filing will be published in newspapers having general circulation in the Company's service territory in accordance with the 16 NYCRR § 720-8.

Please contact the undersigned if you have any questions regarding this filing.

Respectfully submitted,

/s/ *Randy C. Rucinski*

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Enclosure