



national fuel

January 14, 2013

Hon. Jaclyn A. Brillling
Secretary
Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Proposed Tariff Revisions
National Fuel Gas Distribution Corporation

Dear Secretary Brillling:

National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) submits the following revisions to its tariff, P.S.C. No. 8 – GAS:

Leaf No. 183	Revision 6
Leaf No. 184	Revision 10
Leaf No. 185	Revision 6

The proposed revisions are submitted as of the date hereof for an effective date of May 1, 2013.

Description of Proposed Revisions

Purpose of Proposed Changes:

The proposed revisions are intended to modernize Distribution’s Service Classification No. 7 (“SC 7”) tariff such that it is better suited to serve increased demand for natural gas vehicle service. This modernization is designed to evolve the service classification from one in which the customer is required to pre-establish an account with the Company to receive service to one in which any person seeking to fuel an NGV can pay for service at the point of sale (i.e., a “drive-up” customer). Additionally, the Company is requesting approval for market-based and negotiated rate authority as more fully described below.

The Company’s NGV service classification currently treats any NGV station user as a “customer” under the Company’s tariff. As a result, NGV customers, or any NGV owners who purchases fuel at a National Fuel NGV station are subject to the same tariff rules and regulations that govern service to fixed business and residential facilities, including application requirements, termination procedures and other protections. This has proven burdensome on customers and the Company, to the detriment of easing access to NGV service. By allowing payment by credit or debit card (which the Company believes is permitted under existing authority insofar as cash payment is allowed), and ending traditional utility

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billing for drive-up users, the Company's NGV facilities will be utilized in the same manner, and with the same payment conveniences, as a gasoline station. Traditional utility billing will be retained for fleet customers.

Leaf No. 183:

Language defining a NGV User as an entity that takes delivery of natural gas at a Company-Owned NGV fueling station without having previously established a customer account under SC 7 is proposed to be added to the tariff. A "user" is not a customer receiving utility services. As a result, the standard tariff terms and conditions that apply to customers – including application, billing and termination procedures – would not apply to the "drive-up" customer who purchases compressed natural gas at the pump and no additional services. Additionally, the monthly established rate computation is proposed to be streamlined and negotiated rate authority is sought. The purpose of this change is to enable the Company to charge a market-based or negotiated rate for NGV service. Currently the rate is capped at the ceiling rate for the Service Classification No. 3 sales service rate. Converted to a gasoline/diesel equivalent, National Fuel's NGV rate is currently far lower than market. The Company is concerned that charging a below-market rate for NGV service will discourage development of the retail NGV market in National Fuel's service territory.

Leaf No. 184:

Conforming language is proposed to be added to the NOTIFICATION OF RATE section of the SC 7 tariff to reflect an exception for negotiated rate customers and to include NGV Users. Notification to the latter category would be provided through the Company's web site and at the point-of-sale.

Leaf No. 185:

The Company anticipates that equipment to process credit/debit card payments will be installed and fully tested sometime during calendar 2013. While the installation could take place in a timeframe that would allow credit/debit card processing to begin by the effective date, the length the testing period has not been determined as of yet. The proposed language is designed to allow the Company to continue to bill its existing Customers under the current means during this testing period. Once testing has been completed, the Company would begin a process to convert these customers into NGV Users.

Revenues

The Company anticipates that it will receive additional revenues as a result of the transition from cost-based to market-based rates. Revenues in excess of the cost-based rate equivalent¹ will be set aside in a deferral account for future disposition as determined by the Commission.

Newspaper Publication

The Company will publish notice of the proposed tariff revisions in accordance with Public Service Law §66(12) and applicable regulations.

¹ The Company considers costs associated with its NGV partnership to be part of the calculation of the cost based rate equivalent for such customers.

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Conclusion

For all of the foregoing reasons, Distribution respectfully requests that the Public Service Commission approve the proposed tariff revisions for an effective date of May 1, 2013. If you have any questions regarding this filing, please me at (716) 857-7884.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael E. Novak", is written over a faint yellow rectangular background.

Michael E. Novak
Asst. General Manager,
Rates & Regulatory Affairs