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Gregg C. Sayre, Interim Chairman

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**PSC Lowers Rates Requested by National Fuel Gas
— Decision Reduces \$41.7 Million Request by 86% to \$5.9 Million; Accelerates Leak-Prone
Pipe Replacement; Increases Funding to Assist Low-Income Customers —**

ALBANY — The New York State Public Service Commission (Commission) today announced it had lowered National Fuel Gas Distribution Corporation’s (NFG) requested rate hike of \$41.7 million, and opted instead to give the natural gas utility a one-time rate increase of \$5.9 million — a substantial reduction from what NFG had initially requested.

“Today’s decision lowers rates from what the company initially sought,” said **Commission Interim Chairman Gregg C. Sayre**. “Furthermore, this decision will provide NFG with sufficient revenues for it to supply safe and adequate service at just and reasonable rates, and it will increase funding for assistance to low-income customers at a time when other low-income funding assistance sources are significantly threatened.”

Had NFG’s proposed rate increase been approved, the average residential heating customer would have seen their annual bill increase by \$69, a rise of nearly 7.2 percent. Now, the average residential heating customer will see an annual bill increase of \$13, or 1.4 percent. With today’s decision, the average monthly residential bill will go to \$80.66 a month, up from \$79.55 a month. The rate increase is effective May 1, 2017.

In addition to lowering the rate increase, key elements of the Commission’s decision includes authorization of recovery for costs to update NFG’s customer information systems, increasing funding for accelerated leak prone pipe replacement, and providing additional funding for the company’s low-income program.

The Commission was able to substantially reduce NFG’s request by reducing the company’s expected expenses for the coming year, including \$12 million less related to the overall rate of return which includes a reduction for the allowed return on shareholder equity. In addition, reductions were made to the company’s forecasted operation and maintenance costs, for items such as labor costs, pension costs, uncollectible debt, property tax, and depreciation expense, to name a few.

The Commission held a series of public statement hearings in NFG’s service territory, including in the City of Buffalo. From those efforts to collect public comments, approximately 540 NFG customers responded, many of whom were opposed to the proposed substantial rate increase. These comments were important in helping the Commission make its determination. NFG serves about 527,000 residential and commercial customers in 14 Western New York counties.

The Commission directed that additional funding for NFG's low-income programs will be made available for a revised low-income program that will be phased in and fully implemented by December 2018. Once the new funding becomes available, low-income customers will see an additional \$7.07 million in funding, a 111 percent increase. The low-income program will provide \$13.43 million in assistance in total.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 16-G-0257 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.