

STATE OF NEW YORK

Public Service Commission

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14015/13-G-0136

PSC HEARING ON NATIONAL FUEL GAS RATE REQUEST

— Public Comment Sought on Joint Proposal —

Albany, NY – 02/20/14 – The New York State Public Service Commission (Commission) announced today that it will hold public statement hearings to seek comment on a joint proposal concerning the rates of National Fuel Gas Distribution Corporation (National Fuel).

On December 6, 2013, National Fuel, Department of Public Service Staff, Multiple Intervenors, People United for Sustainable Housing (PUSH) Buffalo, and the Utility Intervention Unit of the NYS Department of State, filed a joint proposal intended to resolve all issues related to National Fuel's earnings arising from a proceeding instituted by the Commission on April 19, 2013, to examine the company's rates and the need to provide customers with appropriate and associated adjustments to the company's deferred accounts.

The issues addressed in the joint proposal include, among other items, establishment of an earnings sharing mechanism; gas safety performance, emergency response and service quality performance mechanism metrics; and a low income discount program.

On June 13, 2013, the Commission made National Fuel's rates temporary and subject to refund after an analysis determined that the company might be earning more money than was needed to provide safe and adequate service to customers. The Commission's decision also allowed for a more detailed and extensive investigation of future permanent rates; the joint proposal that is the subject of the public statement hearing is a result of this investigation.

Under the terms of the joint proposal, the rates charged by National Fuel would be frozen at current levels through September 30, 2015. In addition, National Fuel will:

- Refund \$3.73 million to residential customers and \$1.77 million to non-residential customers.
- Provide \$1.75 million in additional funding for weatherization projects for low income customers, and \$250,000 for furnace replacements for Home Energy Assistance Program (HEAP) customers.
- Reduce accumulated deferrals by \$3.7 million, to the benefit of customers.

The joint proposal would set a return on equity for National Fuel of 9.1 percent, with a common equity ratio of 48 percent, and establish an earnings-sharing mechanism that will allocate 50 percent of any earnings above 9.5 percent, and 80 percent of any earnings above 10.5 percent to customers. In addition, the joint proposal would:

- Establish a gas safety performance mechanism with a reduction in the authorized return on equity for failure to meet targets;
- Continue an existing service quality performance mechanism;
- Increase funding for low income programs and establish a monthly bill discount for HEAP customers of \$12.50 per month from January through May;
- Fund an Area Development Program at an annual level of \$1.25 million;
- Require National Fuel to develop a pilot gas expansion plan to bring gas service to new customers; and
- Have National Fuel convene a collaborative to explore the viability of expanding the Public Assistance for Cooperative Energy program to include more heating assistance customers.

The Commission may approve, modify, or reject the proposal in whole or in part. A complete copy of the joint proposal may be viewed, printed or downloaded from the Commission's website or by following this link: <http://tinyurl.com/NFGD-JP-2013>

The public statement hearings will be held as follows:

MONDAY, FEBRUARY 24, 2014

Buffalo & Erie County Public Library
Central Library Auditorium

1 Lafayette Square (Use Clinton Street entrance for access to the auditorium.)
Buffalo, NY 14203

3:00 p.m. and 6:00 p.m. – Public Statement Hearing

TUESDAY, FEBRUARY 25, 2014

Niagara Falls Public Library
Auditorium

1425 Main Street
Niagara Falls, NY 14305

Public Statement Hearings

The public will have an opportunity to present their comments at the hearing before an Administrative Law Judge assigned by the Commission to hear this case. A verbatim transcript of the hearing will be made for inclusion in the record of the proceeding.

It is not necessary to make an appointment in advance or to present written material in order to speak at the public statement hearings. Speakers will be called after completing a card requesting time to speak. Disabled persons requiring special accommodations may place a collect call to the Department of Public Service's Human Resources Management Office at (518) 474-2520 as soon as possible. TDD users may request a sign language interpreter by placing a call through the New York Relay Service at 711 to reach the Department of Public Service's Human Resource Office at the previously mentioned number.

Other Ways to Comment

Internet or Mail: In addition to the formal hearings, comments may be sent electronically to the Secretary, at secretary@dps.ny.gov, or mailed or delivered to Hon. Kathleen H. Burgess, Secretary, Public Service Commission, Three Empire State Plaza, Albany, New York 12223-1350. Your comments should refer to "Case 13-G-0136 – National Fuel Gas Rates."

Toll-free Opinion Line: Comments may also be submitted through the Commission’s Opinion Line at 1-800-335-2120. This number is designed to take comments about pending cases from in-state callers, 24 hours a day. Callers should press “1” to leave comments.

Comments will be accepted throughout the pendency of this proceeding. Comments will become part of the record considered by the Commission. Written comments may be accessed on the Commission’s website by searching Case 13-G-0136 (at www.dps.ny.gov, enter Case Number 13-G-0136 in the input box labeled "Search for Case/Matter Number") and clicking on the “Public Comments” tab. Many libraries offer free Internet access.

The Commission’s decision in this case, when issued, may be obtained on the Commission’s website by searching for Case 13-G-0136 as described above. Commission orders 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.