NEW YORK STATE | Department of Public Service

National Fuel Gas Rate Case Summary

Public Service Law Section 66(12)(l) requires the Public Service Commission (PSC) to publish certain information after a major electric or gas utility rate change order is issued.

On Oct. 31, 2023, **National Fuel Gas Distribution Corporation** (NFG) submitted a rate filing to the PSC (**Case 23-G-0627**). The active parties to the proceeding entered negotiations on April 11, 2024, which resulted in a Joint Proposal (JP), filed for public comment on September 9, 2024. The PSC adopted the terms of the JP on Dec. 19, 2024, granting NFG a levelized increase in annual gas revenues of $37.1 million in Rate Year (RY) 1, $35.7 million in RY 2, and $36.5 million in RY 3. The increase in revenues equates to a 13.34%, 11.53%, and 11.01% increase in delivery revenues, and a 4.42%, 4.42%, and 4.42% increase in total revenues for RY 1 through 3 respectively.

Typical delivery and total bill increase by customer type:

	Company Request		Commission Approved					
			RY 1		RY 2		RY 3	
Delivery Bill Increase	($)	(%)	($)	(%)	($)	(%)	($)	(%)
Residential 85 Ccf	11.69	29.3	6.99	17.5	4.19	9.0	5.17	10.2
Commercial 250 Ccf	18.39	24.2	6.75	8.9	1.21	1.5	3.88	4.7
Industrial 500,000 Ccf	4,479.91	22.3	1,219.63	6.1	219.19	1.0	963.07	4.5
	Company Request		Commission Approved					
			RY1		RY2		RY3	
Total Bill Increase	($)	(%)	($)	(%)	($)	(%)	($)	(%)
Residential 85 Ccf	11.31	13.7	6.57	8.0	4.19	4.7	5.17	5.6
Commercial 250 Ccf	16.57	8.3	4.79	2.4	1.21	0.6	3.88	1.9
Industrial 500,000 Ccf	4,479.91	1.9	1219.63	0.5	219.19	0.1	963.07	0.4

How the Revenue Will Be Spent: The JP offers multi-year rate certainty for NFG and its customers, it includes gas safety performance incentives and an earnings sharing mechanism, and it provides enhanced customer benefits such as (i) the reopening of three walk-in customer assistance centers, (ii) expanded language access of outreach print and digital materials related to customer rights, safety and bill assistance, into the five top non-English spoken languages in the Company's service territory, (iii) the implementation of negative revenue adjustments related to customer service performance indicators, (iv) continuation and further enhancement of the Company's energy affordability program, and (v) the formal inclusion of certain cold weather protection provisions.

The drivers of the gas revenue increase include increases related to capital investment mainly associated with the replacement of aging infrastructure (57.8 percent), operation and maintenance expense (26.3 percent), amortization of regulatory deferrals (17.7 percent), and depreciation expense (26.7 percent). These increases are offset by decreases in taxes other than income taxes (-5.3 percent), income taxes (-8.2 percent), and rate of return (-6.2 percent), as well as an increase in forecast revenues (-8.8 percent).

Return on Equity: In its original filing, the Company proposed a return on equity (ROE) of 9.80 percent, which equates to approximately $8.6 million, or 9.70 percent of its requested increase. The Commission approved a ROE of 9.70 percent for all three rate years. This equates to approximately $7.1 million, or 19.24 percent of the approved increase for RY1. There will be no further increase in RY2 or RY3 as a result of ROE. *Return on equity is the percentage of return that shareholders' investment in a company earns. It is a measurement of the profits made relative to the amount of investment (equity) shareholders have made.*