



September 26, 2018

Hon. Kathleen H. Burgess
Secretary
Public Service Commission
Three Empire State Plaza
Albany, NY 12123-1350

**Re: Case No. 17-M-0815 – Tariff Compliance Filing (“Compliance Filing”)
Proceeding on Motion of the Commission on Changes in Law that May
Affect Rates**

Dear Secretary Burgess:

In compliance with Ordering Clause 4 of *Order Determining Rate Treatment of Tax Changes* (“the Order”) issued and effective on August 9, 2018 in the above referenced case, National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) submits a revised Tariff Section 0, Leaf 150 of the Company’s existing P.S.C. No. 9 – GAS, and the Company’s Tax Cuts and Jobs Act of 2017 Sur-Credit filing. The tariff leaf submitted in the instant filing is issued as of today on not less than five day’s notice and has an effective date of October 1, 2018.

This Compliance Filing provides additional documentation supporting the derivation of rates included in the Company’s Regulatory Tracking Charge (“RTC”) Statement, which will be filed today in the Department of Public Service Electronic Tariff System (“ETS”).

Pursuant to updated IRS regulations, this Compliance Filing reflects the continuation of bonus tax depreciation for the Company’s fiscal year 2018.

Consistent with Ordering Clause 10 of the Order, the requirements of Section 66(12)(b) of the Public Service Law and 16 NYCRR Section 720-8.1 that newspaper publication be completed prior to the effective date of the proposed supplement was waived, and the Company will be completing newspaper publication in accordance with Ordering Clause 10.

The Company fully reserves any and all of its legal rights and waives no such rights through its participation in this proceeding or its filing of this Compliance Filing and any related tariff or other changes made pursuant to the Order.

Please do not hesitate to contact me at (716) 857-7954 or KochD@natfuel.com if you have any questions regarding this filing.

Respectfully submitted,

A handwritten signature in blue ink that reads "Donald N. Koch".

Donald N. Koch
Rate Analyst II

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
Surcredit associated with Tax Cuts and Jobs Act of 2017
Proposed Estimated Surcredit Effective October 1, 2019 by Rate Class

	Delivery Revenues 16-G-0257	Allocation Factor	Revenue Allocation	Imputed Rate Case Volumes (Mcf)	Base Delivery Surcharge (\$/Mcf)
SC 1	\$206,855,611	75.80%	(\$11,537,790)	52,813,255	(\$0.21846)
SC 3	39,177,540	14.36%	(\$2,185,206)	15,793,731	(\$0.13836)
SC 13 TC 1.1	12,020,962	4.41%	(\$670,493)	7,399,515	(\$0.09061)
SC 13 TC 2	4,442,566	1.63%	(\$247,793)	3,876,901	(\$0.06392)
SC 13 TC 3	4,663,867	1.71%	(\$260,137)	5,977,720	(\$0.04352)
SC 13 TC 4	4,181,764	1.53%	(\$233,246)	12,300,812	(\$0.01896)
SC 13 TC 4.1	1,548,165	0.57%	(\$86,352)	2,777,813	(\$0.03109)
	<u>\$272,890,475</u>	<u>100.00%</u>	<u>(\$15,221,018)</u>	<u>100,939,747</u>	
			(\$15,221,018)		
2018 Refund	(8,862,793)				
2018 Refund Amortization over 3 Years			(2,954,264)		
2019 Refund			(12,266,753)		
Total Annual Rate Refund			(15,221,018)		

National Fuel Gas Distribution Corporation
 New York Division
 (\$000)
 Proposed Estimated Surcredit Effective October 1, 2018

	Revenue Requirement Impact			ARAM			Unprotected			Total Estimated Refund Provision		
Monthly	Allo %	Refund		Pro-Rata	Refund		Allo %	Refund		Refund		Qtrly Cum
		Monthly	Qtrly		Monthly	Qtrly		Monthly	Qtrly	Monthly	Qtrly	
Oct	5.16%	(342)		8.33%	(313)		8.33%	109		(546)		
Nov	7.58%	(503)		8.33%	(313)		8.33%	109		(707)		
Dec	11.76%	(780)	(1,626)	8.33%	(313)	(938)	8.33%	109	328	(984)	(2,236)	(2,236)
Jan	15.10%	(1,002)		8.33%	(313)		8.33%	109		(1,206)		
Feb	15.12%	(1,003)		8.33%	(313)		8.33%	109		(1,207)		
Mar	13.67%	(908)	(2,913)	8.33%	(313)	(938)	8.33%	109	328	(1,111)	(3,523)	(5,759)
Apr	10.68%	(709)		8.33%	(313)		8.33%	109		(912)		
May	6.76%	(448)		8.33%	(313)		8.33%	109		(652)		
Jun	4.15%	(275)	(1,433)	8.33%	(313)	(938)	8.33%	109	328	(479)	(2,043)	(7,802)
July	3.22%	(214)		8.33%	(313)		8.33%	109		(417)		
Aug	3.21%	(213)		8.33%	(313)		8.33%	109		(417)		
Sept	3.59%	(238)	(665)	8.33%	(313)	(938)	8.33%	109	328	(441)	(1,275)	(9,077)
Total	100.00%	(6,637)	(6,637)	100.00%	(3,751)	(3,751)	100.00%	1,310	1,310	(9,077)	(9,077)	
Total		\$ (6,637)			\$ (3,751)			\$ 1,310				\$ (9,077)
							Total	\$ 6,552		GRT Factor		0.02363
							Amortization					
							Period	5 Years		GRT Amount	\$ (214)	
							Annual	\$ 1,310		Surcharge Amount	\$ (8,863)	

National Fuel Gas Distribution Corporation
New York Division
(\$000)
Proposed Estimated Surcredit Effective October 1, 2019

	Revenue Requirement Impact			ARAM			Unprotected			Total Estimated Refund Provision		
<u>Monthly</u>	<u>Allo %</u>	<u>Monthly</u>	<u>Qtrly</u>	<u>Pro-Rata</u>	<u>Refund</u>	<u>Qtrly</u>	<u>Allo %</u>	<u>Monthly</u>	<u>Qtrly</u>	<u>Monthly</u>	<u>Qtrly</u>	<u>Qtrly</u>
				<u>Allo %</u>	<u>Monthly</u>	<u>Qtrly</u>						<u>Cum</u>
Oct	5.16%	(446)		8.33%	(436)		8.33%	109		(772)		
Nov	7.58%	(656)		8.33%	(436)		8.33%	109		(982)		
Dec	11.76%	(1,017)	(2,118)	8.33%	(436)	(1,307)	8.33%	109	328	(1,343)	(3,098)	(3,098)
Jan	15.10%	(1,305)		8.33%	(436)		8.33%	109		(1,632)		
Feb	15.12%	(1,307)		8.33%	(436)		8.33%	109		(1,633)		
Mar	13.67%	(1,182)	(3,794)	8.33%	(436)	(1,307)	8.33%	109	328	(1,509)	(4,774)	(7,872)
Apr	10.68%	(923)		8.33%	(436)		8.33%	109		(1,250)		
May	6.76%	(584)		8.33%	(436)		8.33%	109		(911)		
Jun	4.15%	(359)	(1,866)	8.33%	(436)	(1,307)	8.33%	109	328	(685)	(2,846)	(10,717)
July	3.22%	(279)		8.33%	(436)		8.33%	109		(605)		
Aug	3.21%	(278)		8.33%	(436)		8.33%	109		(604)		
Sept	3.59%	(310)	(867)	8.33%	(436)	(1,307)	8.33%	109	328	(637)	(1,846)	(12,564)
Total	100.00%	(8,645)	(8,645)	100.00%	(5,229)	(5,229)	100.00%	1,310	1,310	(12,564)	(12,564)	
Total		\$ (8,645)			\$ (5,229)			\$ 1,310				\$ (12,564)
							Total	\$ 6,552		GRT Factor		0.02363
							Amortizati					
							on Period	5 Years		GRT Amount	\$	(297)
							Annual	\$ 1,310		Surcharge Amount	\$	(12,267)

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
INCOME STATEMENT
(\$000)

16-G-0257 Final Order w/ 24.5% Tax changes

	Column 1		Column 2		Column 3		PROJECTED INCOME STATEMENT		
	Final Order 3/31/2018	Col.2 - Col.1 Adjustments	Tax changes 3/31/2018	Col.3 - Col.2 Adjustments	Col.3 - Col.1 Adjustments	adjusted 3/31/2018	Revenue Requirement	As Adjusted	
<u>Operating Revenues</u>									
Gas Revenues	\$429,421	\$0	\$429,421	\$0	\$0	\$429,421	(\$691)	\$428,730	
Transportation Revenues	115,480	0	115,480	0	0	115,480	0	115,480	
Purchased Gas Cost	262,311	0	262,311	0	0	262,311	0	262,311	
Revenue Taxes	9,861	0	9,861	0	0	9,861	(16)	9,845	
	<u>272,729</u>	<u>0</u>	<u>272,729</u>	<u>0</u>	<u>0</u>	<u>272,729</u>	<u>(675)</u>	<u>272,054</u>	
Other Operating Revenues and Reconciliations	969	0	969	0	0	969	0	969	
Total Operating Revenues	<u>273,698</u>	<u>0</u>	<u>273,698</u>	<u>0</u>	<u>0</u>	<u>273,698</u>	<u>(675)</u>	<u>273,023</u>	
<u>Operating Revenue Deductions</u>									
Operations & Maintenance Expenses	141,181	0	141,181	0	0	141,181	(9)	141,172	
Depreciation Expense	41,110	0	41,110	0	0	41,110	0	41,110	
Taxes Other Than Income Taxes	31,007	(0)	31,007	0	(0)	31,007	0	31,007	
Total Operating Revenue Deductions	<u>213,298</u>	<u>(0)</u>	<u>213,298</u>	<u>0</u>	<u>(0)</u>	<u>213,298</u>	<u>(9)</u>	<u>213,289</u>	
Operating Income Before Income Taxes	60,400	0	60,400	0	0	60,400	(666)	59,734	
Current Federal Income Taxes Payable	2,492	(4,299)	(1,807)	0	(4,299)	(1,807)	(153)	(1,960)	
Current State Income Taxes Payable	(188)	0	(188)	0	0	(188)	(43)	(231)	
Investment Tax Credit Adjustment	0	0	0	0	0	0	0	0	
Deferred Income Taxes - Net	12,845	365	13,210	0	365	13,210	0	13,210	
Net Income Taxes	<u>15,149</u>	<u>(3,934)</u>	<u>11,215</u>	<u>0</u>	<u>(3,934)</u>	<u>11,215</u>	<u>(196)</u>	<u>11,019</u>	
Utility Operating Income	<u>\$45,251</u>	<u>\$3,934</u>	<u>\$49,185</u>	<u>\$0</u>	<u>\$3,934</u>	<u>\$49,185</u>	<u>(\$470)</u>	<u>\$48,715</u>	
Rate Base	<u>\$704,011</u>	<u>(\$270)</u>	<u>\$703,741</u>	<u>\$0</u>	<u>(\$270)</u>	<u>\$703,741</u>	<u>\$0</u>	<u>\$703,741</u>	
Rate Of Return	<u>6.43%</u>		<u>6.99%</u>			<u>6.99%</u>		<u>6.92%</u>	
Cost of Equity	<u>7.55%</u>		<u>8.86%</u>			<u>8.86%</u>		<u>8.70%</u>	
Revenue Requirement	\$5,946		(\$691)			(\$691)			
Change in Revenue Requirement from Final Order	\$5,946	Less	(\$691) =	(\$6,637)					

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 NEW YORK DIVISION
 OPERATION AND MAINTENANCE EXPENSE
 (\$000)

16-G-0257 Final Order w/ 24.5% Tax changes

	Column 1		Column 2			Column 3		Revenue Requirement	As Adjusted
	Final Order	Col.2 - Col.1	Tax changes	Col.3 - Col.2	Col.3 - Col.1	adjusted			
	<u>3/31/2018</u>	<u>Adjustments</u>	<u>3/31/2018</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>3/31/2018</u>			
Inflation Rate = 3.9091%									
Labor	\$50,088	\$0	\$50,088	\$0	\$0	\$50,088	\$0	\$50,088	
Employee Benefits	21,903	0	21,903	0	0	21,903	0	21,903	
Uncollectibles	6,920	0	6,920	0	0	6,920	(9)	6,911	
Area Development Program	1,250	0	1,250	0	0	1,250	0	1,250	
EBD HERR	420	0	420	0	0	420	0	420	
LICAAP/Low Income Program	13,430	0	13,430	0	0	13,430	0	13,430	
Meter Maintenance Fees	(448)	0	(448)	0	0	(448)	0	(448)	
PSC Audits & Assessment	1,435	0	1,435	0	0	1,435	0	1,435	
Rate Case	185	0	185	0	0	185	0	185	
Research and Development	700	0	700	0	0	700	0	700	
Site Remediation Costs	5,000	0	5,000	0	0	5,000	0	5,000	
Billing	3,591	0	3,591	0	0	3,591	0	3,591	
Contract/Gas Supply Administration	12	0	12	0	0	12	0	12	
Control Group Clearing	0	0	0	0	0	0	0	0	
Transportation Services	0	0	0	0	0	0	0	0	
Information Services	7,348	0	7,348	0	0	7,348	0	7,348	
Messenger Expense	74	0	74	0	0	74	0	74	
Meter Shop	734	0	734	0	0	734	0	734	
Remittance Clearing	0	0	0	0	0	0	0	0	
Telephone Clearing	628	0	628	0	0	628	0	628	
Transportation & Tools Clearing	2,054	0	2,054	0	0	2,054	0	2,054	
Contractors & Outside Services	12,171	0	12,171	0	0	12,171	0	12,171	
Dues & Memberships	565	0	565	0	0	565	0	565	
Environmental Costs	60	0	60	0	0	60	0	60	
Equipment Rentals	31	0	31	0	0	31	0	31	
Injuries & Damages	1,572	0	1,572	0	0	1,572	0	1,572	
Material	5,009	0	5,009	0	0	5,009	0	5,009	
Office Employee Expense	2,164	0	2,164	0	0	2,164	0	2,164	
Other Expense	(1,654)	0	(1,654)	0	0	(1,654)	0	(1,654)	
Other Insurance	1,437	0	1,437	0	0	1,437	0	1,437	
Postage	84	0	84	0	0	84	0	84	
Promotional Expense	1,253	0	1,253	0	0	1,253	0	1,253	
Rents	2,525	0	2,525	0	0	2,525	0	2,525	
Revenue - Income	(1,410)	0	(1,410)	0	0	(1,410)	0	(1,410)	
Transportation	279	0	279	0	0	279	0	279	
UNICAP	(1,197)	0	(1,197)	0	0	(1,197)	0	(1,197)	
Utilities	1,210	0	1,210	0	0	1,210	0	1,210	
Settlement Deferrals	0	0	0	0	0	0	0	0	
Barcelona Post Install Expenses	2,520	0	2,520	0	0	2,520	0	2,520	
NRG Amortization	0	0	0	0	0	0	0	0	
Productivity	(762)	0	(762)	0	0	(762)	0	(762)	
Inflation adjustment	0	0	0	0	0	0	0	0	
Missed Appointment Credit	0	0	0	0	0	0	0	0	
Total Operating & Maintenance	<u>\$141,181</u>	<u>\$0</u>	<u>\$141,181</u>	<u>\$0</u>	<u>\$0</u>	<u>\$141,181</u>	<u>(\$9)</u>	<u>\$141,172</u>	

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
TAXES - OTHER THAN INCOME
(\$000)

16-G-0257 Final Order w/ 24.5% Tax changes

	Column 1		Column 2			Column 3		Revenue	As
	Final Order	Col.2 - Col.1	Tax changes	Col.3 - Col.2	Col.3 - Col.1	adjusted	Requirement		
	<u>3/31/2018</u>	<u>Adjustments</u>	<u>3/31/2018</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>3/31/2018</u>		<u>Adjusted</u>	
FICA	\$3,403	\$0	\$3,403	\$0	\$0	\$3,403	\$0	\$3,403	
Federal Unemployment Compensation	39	0	39	0	0	39	0	39	
New York Unemployment Compensation	147	0	147	0	0	147	0	147	
Property Tax	27,392	0	27,392	0	0	27,392	0	27,392	
Sales & Use Tax	11	(0)	11	0	(0)	11	0	11	
PCORI	3	(0)	3	0	(0)	3	0	3	
Miscellaneous	12	0	12	0	0	12	0	12	
Total	\$31,007	(\$0)	\$31,007	\$0	(\$0)	\$31,007	\$0	\$31,007	

EMPLOYEE BENEFITS
(\$000)

	Column 1		Column 2			Column 3		Revenue	As
	Final Order	Col.2 - Col.1	Tax changes	Col.3 - Col.2	Col.3 - Col.1	adjusted	Requirement		
	<u>3/31/2018</u>	<u>Adjustments</u>	<u>3/31/2018</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>3/31/2018</u>		<u>Adjusted</u>	
Group Life Insurance	\$176	\$0	\$176	\$0	\$0	\$176	\$0	\$176	
Health Care	4,203	0	4,203	0	0	4,203	0	4,203	
Annuity (FAS 87)	13,544	0	13,544	0	0	13,544	0	13,544	
Amortization of 182353 Pension Interest	1,199	0	1,199	0	0	1,199	0	1,199	
Amortization of Pension	<u>(806)</u>	<u>0</u>	<u>(806)</u>	<u>0</u>	<u>0</u>	<u>(806)</u>	<u>0</u>	<u>(806)</u>	
Total Pension Amortizations	393	0	393	0	0	393	0	393	
401(k) Plan	1,552	0	1,552	0	0	1,552	0	1,552	
Dental Plan	272	0	272	0	0	272	0	272	
LTD	94	0	94	0	0	94	0	94	
Other Benefits	(907)	0	(907)	0	0	(907)	0	(907)	
Benefits from Other Jurisdictions	1,519	0	1,519	0	0	1,519	0	1,519	
OPEBs (FAS 106)	2,588	0	2,588	0	0	2,588	0	2,588	
Amortization of OPEBs	(1,531)	0	(1,531)	0	0	(1,531)	0	(1,531)	
SARS	0	0	0	0	0	0	0	0	
Total	\$21,903	\$0	\$21,903	\$0	\$0	\$21,903	\$0	\$21,903	

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
FEDERAL AND STATE INCOME TAXES
(\$000)

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16-G-0257 Final Order w/ 24.5% Tax changes

	Column 1 Final Order	Col.2 - Col.1 Adjustments	Column 2 Tax changes	Col.3 - Col.2 Adjustments	Col.3 - Col.1 Adjustments	Column 3 adjusted	Revenue	As
	3/31/2018		3/31/2018			3/31/2018	Requirement	Adjusted
	\$60,400	\$0	\$60,400	\$0	\$0	\$60,400	(\$666)	\$59,734
Operating Income Before Income Taxes								
Adjustments:								
Interest Expense	(22,432)	10	(22,422)	0	10	(22,422)	0	(22,422)
Cost of Removal	(3,339)	0	(3,339)	0	0	(3,339)	0	(3,339)
AFUDC	0	0	0	0	0	0	0	0
Permanent Book Depreciation - FT	4,800	0	4,800	0	0	4,800	0	4,800
Book Depreciation (per book does not include Vehicle Depr)	41,110	0	41,110	0	0	41,110	0	41,110
Income Tax Depreciation	(58,848)	(14,508)	(73,356)	0	(14,508)	(73,356)	0	(73,356)
Meals/Entertainment	86	0	86	0	0	86	0	86
Contributions in Aid of Construction (CIAC)	3,652	0	3,652	0	0	3,652	0	3,652
Bad Debts - Net	(1,668)	0	(1,668)	0	0	(1,668)	0	(1,668)
Capitalized Overheads (UNICAP)	2,075	0	2,075	0	0	2,075	0	2,075
Medicare Subsidaries Received	0	0	0	0	0	0	0	0
Repairs & Maintenance	(18,903)	0	(18,903)	0	0	(18,903)	0	(18,903)
Misc. other Permanent differences	0	0	0	0	0	0	0	0
Misc. other Temporary differences	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Misc.	0	0	0	0	0	0	0	0
Total Adjustments	(53,467)	(14,498)	(67,965)	0	(14,498)	(67,965)	0	(67,965)
Federal Taxable Income before State Tax Deduction	6,933	(14,498)	(7,565)	0	(14,498)	(7,565)	(666)	(8,231)
adjust: Federal Permanent Depreciation	(4,800)	0	(4,800)	0	0	(4,800)	0	(4,800)
adjust: Federal Temporary Depreciation	58,848	14,508	73,356	0	14,508	73,356	0	73,356
adjust: NYS Depreciation	(63,878)	0	(63,878)	0	0	(63,878)	0	(63,878)
State Taxable Income	(2,897)	10	(2,887)	0	10	(2,887)	(666)	(3,553)
State Income Tax Applicable Rate	6.50%		6.50%			6.50%		6.50%
State Income Taxes @ 6.50%	(188)	0	(188)	0	0	(188)	(43)	(231)
adjust: Other Book Adjustments	0	0	0	0	0	0	0	0
State Tax Deduction	(188)	0	(188)	0	0	(188)	(43)	(231)
adjust: Prior Year Adjustments	0	0	0	0	0	0	0	0
Total State Income Taxes	(\$188)	\$0	(\$188)	\$0	\$0	(\$188)	(\$43)	(\$231)
Federal Taxable Income before State Tax Deduction	6,933	(14,498)	(7,565)	0	(14,498)	(7,565)	(666)	(8,231)
adjust: State Tax Deduction	188	0	188	0	0	188	43	231
Income Subject to Federal Income Tax	7,121	(14,498)	(7,377)	0	(14,498)	(7,377)	(623)	(8,000)
Federal Income Taxes @ 24.50%	2,492	(4,299)	(1,807)	0	(4,299)	(1,807)	(153)	(1,960)
adjust: Other Book Adjustments	0	0	0	0	0	0	0	0
Total Federal Income Taxes	\$2,492	(\$4,299)	(\$1,807)	\$0	(\$4,299)	(\$1,807)	(\$153)	(\$1,960)

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 NEW YORK DIVISION
 FEDERAL AND STATE DEFERRED INCOME TAXES
 (\$000)

16-G-0257 Final Order w/ 24.5% Tax changes

	Column 1 Final Order <u>3/31/2018</u>	Col.2 - Col.1 Adjustments	Column 2 Tax changes <u>3/31/2018</u>	Col.3 - Col.2 Adjustments	Col.3 - Col.1 Adjustments	Column 3 adjusted <u>3/31/2018</u>	Revenue Requirement	As Adjusted
DSIT Capitalized Overheads (UNICAP)								
DSIT Contributions in Aid of Construction (CIAC)	(\$135)	\$0	(\$135)	\$0	\$0	(\$135)	\$0	(\$135)
DSIT Bad Debts	(237)	0	(237)	0	0	(237)	0	(237)
DSIT Accelerated Depreciation	108	0	108	0	0	108	0	108
DSIT Repair & Maintenance	1,480	0	1,480	0	0	1,480	0	1,480
DSIT Refund Provision - Medicare Subsidy	1,229	0	1,229	0	0	1,229	0	1,229
DSIT Other (Excess DSIT 3 yr amort)	0	0	0	0	0	0	0	0
DSIT Misc.	(234)	0	(234)	0	0	(234)	0	(234)
Rounding	0	0	0	0	0	0	0	0
Subtotal State Deferred Income Taxes	<u>1</u>	<u>(1)</u>	<u>1</u>	<u>(1)</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
	2,212	(1)	2,212	(1)	0	2,212	0	2,212
DFIT Capitalized Overheads (UNICAP)								
DFIT Contributions in Aid of Construction (CIAC)	(\$679)	\$204	(\$475)	\$0	\$204	(\$475)	\$0	(\$475)
DFIT Bad Debts	(1,195)	358	(837)	0	358	(837)	0	(837)
DFIT Accelerated Depreciation	546	(164)	382	0	(164)	382	0	382
DFIT Repair & Maintenance	5,690	1,848	7,538	0	1,848	7,538	0	7,538
DFIT Refund Provision - Medicare Subsidy	6,186	(1,856)	4,330	0	(1,856)	4,330	0	4,330
DFIT Other	0	0	0	0	0	0	0	0
DFIT Misc.	82	(25)	57	0	(25)	57	0	57
Rounding	0	0	0	0	0	0	0	0
Subtotal Federal Deferred Income Taxes	<u>3</u>	<u>(3)</u>	<u>3</u>	<u>(3)</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>3</u>
	10,633	362	10,998	(3)	365	10,998	0	10,998
Total Deferred Income Taxes	<u>\$12,845</u>	<u>\$361</u>	<u>\$13,210</u>	<u>(\$4)</u>	<u>\$365</u>	<u>\$13,210</u>	<u>\$0</u>	<u>\$13,210</u>
Total Income Taxes	<u>\$15,149</u>	<u>(\$3,938)</u>	<u>\$11,215</u>	<u>(\$4)</u>	<u>(\$3,934)</u>	<u>\$11,215</u>	<u>(\$196)</u>	<u>\$11,019</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 NEW YORK DIVISION
 CALCULATION OF INTEREST DEDUCTION
 (\$000)

16-G-0257 Final Order w/ 24.5% Tax changes

		Column 2 Tax changes <u>3/31/2018</u>	Column 3 Final Order adjusted <u>3/31/2018</u>	As <u>Adjusted</u>
Rate Base	\$704,011	\$703,741	\$703,741	\$703,741
Debt Component Interest Rate	<u>3.19%</u>	<u>3.19%</u>	<u>3.19%</u>	<u>3.19%</u>
Total	<u>22,432</u>	<u>22,422</u>	<u>22,422</u>	<u>22,449</u>
Debt Component Interest Rate	3.19%	3.19%	3.19%	3.19%
Long Term Debt Weighted Rate	3.19%	3.19%	3.19%	3.19%
Short Term Debt Weighted Rate	0.00%	0.00%	0.00%	0.00%
Customer Deposits Weighted Rate	0.00%	0.00%	0.00%	0.00%

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
RATE BASE
(\$000)

16-G-0257 Final Order w/ 24.5% Tax changes

	Column 1 Final Order <u>3/31/2018</u>	Col.2 - Col.1 <u>Adjustments</u>	Column 2 Tax changes <u>3/31/2018</u>	Col.3 - Col.2 <u>Adjustments</u>	Col.3 - Col.1 <u>Adjustments</u>	Column 3 adjusted <u>3/31/2018</u>	Revenue <u>Requirement</u>	As <u>Adjusted</u>
Net Plant	\$902,462	\$0	\$902,462	\$0	\$0	\$902,462	\$0	\$902,462
Working Capital								
Cash Allowance	17,648	0	17,648	0	0	17,648	0	17,648
Earnings Base in Excess of Capitalization	4,897	0	4,897	0	0	4,897	0	4,897
Total Cash Allowance	<u>22,545</u>	<u>0</u>	<u>22,545</u>	<u>0</u>	<u>0</u>	<u>22,545</u>	<u>0</u>	<u>22,545</u>
Prepayments	9,424	0	9,424	0	0	9,424	0	9,424
Materials And Supplies	10,459	0	10,459	0	0	10,459	0	10,459
Gas Storage Inventory	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Working Capital	<u>42,428</u>	<u>0</u>	<u>42,428</u>	<u>0</u>	<u>0</u>	<u>42,428</u>	<u>0</u>	<u>42,428</u>
Deferred Income Taxes								
Liberalized Depreciation	(256,810)	(270)	(257,080)	0	(270)	(257,080)	0	(257,080)
Other Adjustment	0	0	0	0	0	0	0	0
Investment Tax Credit	(113)	0	(113)	0	0	(113)	0	(113)
Deferred NY PSC Assessment	216	0	216	0	0	216	0	216
Deferred R,D & D	136	0	136	0	0	136	0	136
Deferred Site Remediation Costs	8,056	0	8,056	0	0	8,056	0	8,056
TRA Impacts - Uncollectibles	7,729	0	7,729	0	0	7,729	0	7,729
Elimination of Reorganization Costs per C 27934	(93)	0	(93)	0	0	(93)	0	(93)
NRG Amortization	0	0	0	0	0	0	0	0
Unamortized Rate Case Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Rate Base	<u>\$704,011</u>	<u>(\$270)</u>	<u>\$703,741</u>	<u>\$0</u>	<u>(\$270)</u>	<u>\$703,741</u>	<u>\$0</u>	<u>\$703,741</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 NEW YORK DIVISION
 REVENUE REQUIREMENT
 (\$000)

	Column 1 Final Order	Column 2 Tax changes	Column 3 Final Order adjusted
16-G-0257 Final Order w/ 24.5% Tax changes	<u>3/31/2018</u>	<u>3/31/2018</u>	<u>3/31/2018</u>
Projected Rate Base	\$704,011	\$703,741	\$703,741
Rate of Return			
Required Utility Operating Income	<u>6.92%</u> 48,733	<u>6.92%</u> 48,714	<u>6.92%</u> 48,714
Projected Utility Operating Income			
Additional Operating Income Required	<u>45,251</u> \$3,482	<u>49,185</u> (\$471)	<u>49,185</u> (\$471)
Retention Factor *	0.5856704	0.6802787	0.6802787
Additional Revenue Requirement	<u>\$5,946</u>	<u>(\$691)</u>	<u>(\$691)</u>
Increase in Rates			
Less: Revenue Taxes	\$5,946	(\$691)	(\$691)
Uncollectibles	141	(16)	(16)
	76	(9)	(9)
	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Taxable Income	5,729	(666)	(666)
State Income Taxes at applicable rate	\$372	(\$43)	(\$43)
Federal Income Taxes (24.50%)	\$1,875	(\$153)	(\$153)
<hr/>			
* Retention Factor Calculation			
Revenue	100.00000	100.00000	100.00000
Less: Revenue Tax	2.36300	2.36300	2.36300
Uncollectibles	1.27000	1.27000	1.27000
	0.00000	0.00000	0.00000
	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
	96.36700	96.36700	96.36700
Reciprocal of State Tax Rate	<u>0.93500</u>	<u>0.93500</u>	<u>0.93500</u>
	90.10315	90.10315	90.10315
Reciprocal of Federal Tax Rate	<u>0.65000</u>	<u>0.75500</u>	<u>0.75500</u>
Retention Factor	<u>58.56704</u>	<u>68.02787</u>	<u>68.02787</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CAPITAL STRUCTURE

16-G-0257 Final Order w/ 24.5% Tax changes

Final Order		3/31/2018					
Capital Structure				Debt Component	Weighted	Gross Up	
<u>Capital Matrix</u>	<u>Ratios</u>	<u>Cost Rates</u>	<u>Weighted Rate</u>	<u>Interest Rate</u>	<u>Rate</u>	<u>For Taxes</u>	
Long Term Debt	56.70%	5.62%	3.19%		3.19%	0.00%	
Short Term Debt	0.00%	0.00%	0.00%		0.00%	0.00%	
Customer Deposits	0.40%	0.85%	0.00%		0.00%	0.00%	
Common Equity	<u>42.90%</u>	8.70%	<u>3.73%</u>		<u>3.73%</u>	<u>2.41%</u>	
	<u>100.00%</u>		<u>6.92%</u>	3.19%	<u>6.92%</u>	<u>2.41%</u>	
NYS		6.50%			Interest + ROE	<u>9.33%</u>	=
Reciprocal State		93.50%			Interest	3.19%	
FIT		35.00%					
Effective Tax Rate		39.23%					

Tax changes		3/31/2018					
Capital Structure				Debt Component	Weighted	Gross Up	
<u>Capital Matrix</u>	<u>Ratios</u>	<u>Cost Rates</u>	<u>Weighted Rate</u>	<u>Interest Rate</u>	<u>Rate</u>	<u>For Taxes</u>	
Long Term Debt	56.70%	5.62%	3.19%		3.19%	0.00%	
Short Term Debt	0.00%	0.00%	0.00%		0.00%	0.00%	
Customer Deposits	0.40%	0.85%	0.00%		0.00%	0.00%	
Common Equity	<u>42.90%</u>	8.70%	<u>3.73%</u>		<u>3.73%</u>	<u>1.56%</u>	
	<u>100.00%</u>		<u>6.92%</u>	3.19%	<u>6.92%</u>	<u>1.56%</u>	
NYS		6.50%			Interest + ROE	<u>8.48%</u>	=
Reciprocal State		93.50%			Interest	3.19%	
FIT		24.50%					
Effective Tax Rate		29.41%					

Final Order adjusted		3/31/2018					
Capital Structure				Debt Component	Weighted	Gross Up	
<u>Capital Matrix</u>	<u>Ratios</u>	<u>Cost Rates</u>	<u>Weighted Rate</u>	<u>Interest Rate</u>	<u>Rate</u>	<u>For Taxes</u>	
Long Term Debt	56.70%	5.62%	3.19%		3.19%	0.00%	
Short Term Debt	0.00%	0.00%	0.00%		0.00%	0.00%	
Customer Deposits	0.40%	0.85%	0.00%		0.00%	0.00%	
Common Equity	<u>42.90%</u>	8.70%	<u>3.73%</u>		<u>3.73%</u>	<u>1.56%</u>	
	<u>100.00%</u>		<u>6.92%</u>	3.19%	<u>6.92%</u>	<u>1.56%</u>	
NYS		6.50%			Interest + ROE	<u>8.48%</u>	=
Reciprocal State		93.50%			Interest	3.19%	
FIT		24.50%					

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
INCOME STATEMENT
(\$000)

16-G-0257 Final Order w/ 21% Tax changes

	Column 1		Column 2		Column 3		PROJECTED INCOME STATEMENT		
	Final Order 3/31/2018	Col.2 - Col.1 Adjustments	Tax changes 3/31/2018	Col.3 - Col.2 Adjustments	Col.3 - Col.1 Adjustments	adjusted 3/31/2018	Revenue Requirement	As Adjusted	
<u>Operating Revenues</u>									
Gas Revenues	\$429,421	\$0	\$429,421	\$0	\$0	\$429,421	(\$2,699)	\$426,722	
Transportation Revenues	115,480	0	115,480	0	0	115,480	0	115,480	
Purchased Gas Cost	262,311	0	262,311	0	0	262,311	0	262,311	
Revenue Taxes	9,861	0	9,861	0	0	9,861	(64)	9,797	
	<u>272,729</u>	<u>0</u>	<u>272,729</u>	<u>0</u>	<u>0</u>	<u>272,729</u>	<u>(2,635)</u>	<u>270,094</u>	
Other Operating Revenues and Reconciliations	969	0	969	0	0	969	0	969	
Total Operating Revenues	<u>273,698</u>	<u>0</u>	<u>273,698</u>	<u>0</u>	<u>0</u>	<u>273,698</u>	<u>(2,635)</u>	<u>271,063</u>	
<u>Operating Revenue Deductions</u>									
Operations & Maintenance Expenses	141,181	0	141,181	0	0	141,181	(34)	141,147	
Depreciation Expense	41,110	0	41,110	0	0	41,110	0	41,110	
Taxes Other Than Income Taxes	31,007	(0)	31,007	0	(0)	31,007	0	31,007	
Total Operating Revenue Deductions	<u>213,298</u>	<u>(0)</u>	<u>213,298</u>	<u>0</u>	<u>(0)</u>	<u>213,298</u>	<u>(34)</u>	<u>213,264</u>	
Operating Income Before Income Taxes	60,400	0	60,400	0	0	60,400	(2,601)	57,799	
Current Federal Income Taxes Payable	2,492	(2,593)	(101)	0	(2,593)	(101)	(511)	(612)	
Current State Income Taxes Payable	(188)	5	(183)	0	5	(183)	(169)	(352)	
Investment Tax Credit Adjustment	0	0	0	0	0	0	0	0	
Deferred Income Taxes - Net	12,845	(2,641)	10,204	3	(2,638)	10,207	0	10,207	
Net Income Taxes	<u>15,149</u>	<u>(5,229)</u>	<u>9,920</u>	<u>3</u>	<u>(5,226)</u>	<u>9,923</u>	<u>(680)</u>	<u>9,243</u>	
Utility Operating Income	<u>\$45,251</u>	<u>\$5,229</u>	<u>\$50,480</u>	<u>(\$3)</u>	<u>\$5,226</u>	<u>\$50,477</u>	<u>(\$1,921)</u>	<u>\$48,556</u>	
Rate Base	<u>\$704,011</u>	<u>(\$2,568)</u>	<u>\$701,443</u>	<u>\$0</u>	<u>(\$2,568)</u>	<u>\$701,443</u>	<u>\$0</u>	<u>\$701,443</u>	
Rate Of Return	<u>6.43%</u>		<u>7.20%</u>			<u>7.20%</u>		<u>6.92%</u>	
Cost of Equity	<u>7.55%</u>		<u>9.34%</u>			<u>9.34%</u>		<u>8.70%</u>	
Revenue Requirement	\$5,946		(\$2,703)			(\$2,699)			
Change in Revenue Requirement from Final Order	\$5,946	Less	(\$2,699)	=	(\$8,645)				

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 NEW YORK DIVISION
 OPERATION AND MAINTENANCE EXPENSE
 (\$000)

16-G-0257 Final Order w/ 21% Tax changes

	Column 1	Col.2 - Col.1	Column 2	Col.3 - Col.2		Column 3	Revenue Requirement	As Adjusted
	Final Order		Tax changes	Col.3 - Col.2	Col.3 - Col.1	adjusted		
	<u>3/31/2018</u>	<u>Adjustments</u>	<u>3/31/2018</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>3/31/2018</u>		
Inflation Rate = 3.9091%								
Labor	\$50,088	\$0	\$50,088	\$0	\$0	\$50,088	\$0	\$50,088
Employee Benefits	21,903	0	21,903	0	0	21,903	0	21,903
Uncollectibles	6,920	0	6,920	0	0	6,920	(34)	6,886
Area Development Program	1,250	0	1,250	0	0	1,250	0	1,250
EBD HERR	420	0	420	0	0	420	0	420
LICAAP/Low Income Program	13,430	0	13,430	0	0	13,430	0	13,430
Meter Maintenance Fees	(448)	0	(448)	0	0	(448)	0	(448)
PSC Audits & Assessment	1,435	0	1,435	0	0	1,435	0	1,435
Rate Case	185	0	185	0	0	185	0	185
Research and Development	700	0	700	0	0	700	0	700
Site Remediation Costs	5,000	0	5,000	0	0	5,000	0	5,000
Billing	3,591	0	3,591	0	0	3,591	0	3,591
Contract/Gas Supply Administration	12	0	12	0	0	12	0	12
Control Group Clearing	0	0	0	0	0	0	0	0
Transportation Services	0	0	0	0	0	0	0	0
Information Services	7,348	0	7,348	0	0	7,348	0	7,348
Messenger Expense	74	0	74	0	0	74	0	74
Meter Shop	734	0	734	0	0	734	0	734
Remittance Clearing	0	0	0	0	0	0	0	0
Telephone Clearing	628	0	628	0	0	628	0	628
Transportation & Tools Clearing	2,054	0	2,054	0	0	2,054	0	2,054
Contractors & Outside Services	12,171	0	12,171	0	0	12,171	0	12,171
Dues & Memberships	565	0	565	0	0	565	0	565
Environmental Costs	60	0	60	0	0	60	0	60
Equipment Rentals	31	0	31	0	0	31	0	31
Injuries & Damages	1,572	0	1,572	0	0	1,572	0	1,572
Material	5,009	0	5,009	0	0	5,009	0	5,009
Office Employee Expense	2,164	0	2,164	0	0	2,164	0	2,164
Other Expense	(1,654)	0	(1,654)	0	0	(1,654)	0	(1,654)
Other Insurance	1,437	0	1,437	0	0	1,437	0	1,437
Postage	84	0	84	0	0	84	0	84
Promotional Expense	1,253	0	1,253	0	0	1,253	0	1,253
Rents	2,525	0	2,525	0	0	2,525	0	2,525
Revenue - Income	(1,410)	0	(1,410)	0	0	(1,410)	0	(1,410)
Transportation	279	0	279	0	0	279	0	279
UNICAP	(1,197)	0	(1,197)	0	0	(1,197)	0	(1,197)
Utilities	1,210	0	1,210	0	0	1,210	0	1,210
Settlement Deferrals	0	0	0	0	0	0	0	0
Barcelona Post Install Expenses	2,520	0	2,520	0	0	2,520	0	2,520
NRG Amortization	0	0	0	0	0	0	0	0
Productivity	(762)	0	(762)	0	0	(762)	0	(762)
Inflation adjustment	0	0	0	0	0	0	0	0
Missed Appointment Credit	0	0	0	0	0	0	0	0
Total Operating & Maintenance	<u>\$141,181</u>	<u>\$0</u>	<u>\$141,181</u>	<u>\$0</u>	<u>\$0</u>	<u>\$141,181</u>	<u>(\$34)</u>	<u>\$141,147</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
TAXES - OTHER THAN INCOME
(\$000)

16-G-0257 Final Order w/ 21% Tax changes

	Column 1		Column 2			Column 3		
	Final Order	Col.2 - Col.1	Tax changes	Col.3 - Col.2	Col.3 - Col.1	adjusted	Revenue	As
	<u>3/31/2018</u>	<u>Adjustments</u>	<u>3/31/2018</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>3/31/2018</u>	<u>Requirement</u>	<u>Adjusted</u>
FICA	\$3,403	\$0	\$3,403	\$0	\$0	\$3,403	\$0	\$3,403
Federal Unemployment Compensation	39	0	39	0	0	39	0	39
New York Unemployment Compensation	147	0	147	0	0	147	0	147
Property Tax	27,392	0	27,392	0	0	27,392	0	27,392
Sales & Use Tax	11	(0)	11	0	(0)	11	0	11
PCORI	3	(0)	3	0	(0)	3	0	3
Miscellaneous	12	0	12	0	0	12	0	12
Total	\$31,007	(\$0)	\$31,007	\$0	(\$0)	\$31,007	\$0	\$31,007

EMPLOYEE BENEFITS
(\$000)

	Column 1		Column 2			Column 3		
	Final Order	Col.2 - Col.1	Tax changes	Col.3 - Col.2	Col.3 - Col.1	adjusted	Revenue	As
	<u>3/31/2018</u>	<u>Adjustments</u>	<u>3/31/2018</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>3/31/2018</u>	<u>Requirement</u>	<u>Adjusted</u>
Group Life Insurance	\$176	\$0	\$176	\$0	\$0	\$176	\$0	\$176
Health Care	4,203	0	4,203	0	0	4,203	0	4,203
Annuity (FAS 87)	13,544	0	13,544	0	0	13,544	0	13,544
Amortization of 182353 Pension Interest	1,199	0	1,199	0	0	1,199	0	1,199
Amortization of Pension	<u>(806)</u>	<u>0</u>	<u>(806)</u>	<u>0</u>	<u>0</u>	<u>(806)</u>	<u>0</u>	<u>(806)</u>
Total Pension Amortizations	393	0	393	0	0	393	0	393
401(k) Plan	1,552	0	1,552	0	0	1,552	0	1,552
Dental Plan	272	0	272	0	0	272	0	272
LTD	94	0	94	0	0	94	0	94
Other Benefits	(907)	0	(907)	0	0	(907)	0	(907)
Benefits from Other Jurisdictions	1,519	0	1,519	0	0	1,519	0	1,519
OPEBs (FAS 106)	2,588	0	2,588	0	0	2,588	0	2,588
Amortization of OPEBs	(1,531)	0	(1,531)	0	0	(1,531)	0	(1,531)
SARS	0	0	0	0	0	0	0	0
Total	\$21,903	\$0	\$21,903	\$0	\$0	\$21,903	\$0	\$21,903

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
FEDERAL AND STATE INCOME TAXES
(\$000)

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16-G-0257 Final Order w/ 21% Tax changes

	Column 1 Final Order <u>3/31/2018</u>	Col.2 - Col.1 <u>Adjustments</u>	Column 2 Tax changes <u>3/31/2018</u>	Col.3 - Col.2 <u>Adjustments</u>	Col.3 - Col.1 <u>Adjustments</u>	Column 3 adjusted <u>3/31/2018</u>	Revenue <u>Requirement</u>	As <u>Adjusted</u>
Operating Income Before Income Taxes	\$60,400	\$0	\$60,400	\$0	\$0	\$60,400	(\$2,601)	\$57,799
Adjustments:								
Interest Expense	(22,432)	83	(22,349)	0	83	(22,349)	0	(22,349)
Cost of Removal	(3,339)	0	(3,339)	0	0	(3,339)	0	(3,339)
AFUDC	0	0	0	0	0	0	0	0
Permanent Book Depreciation - FT	4,800	0	4,800	0	0	4,800	0	4,800
Book Depreciation (per book does not include Vehicle Depr)	41,110	0	41,110	0	0	41,110	0	41,110
Income Tax Depreciation	(58,848)	(7,680)	(66,528)	0	(7,680)	(66,528)	0	(66,528)
Meals/Entertainment	86	0	86	0	0	86	0	86
Contributions in Aid of Construction (CIAC)	3,652	0	3,652	0	0	3,652	0	3,652
Bad Debts - Net	(1,668)	0	(1,668)	0	0	(1,668)	0	(1,668)
Capitalized Overheads (UNICAP)	2,075	0	2,075	0	0	2,075	0	2,075
Medicare Subsidiaries Received	0	0	0	0	0	0	0	0
Repairs & Maintenance	(18,903)	0	(18,903)	0	0	(18,903)	0	(18,903)
Misc. other Permanent differences	0	0	0	0	0	0	0	0
Misc. other Temporary differences	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Misc.	0	0	0	0	0	0	0	0
Total Adjustments	(53,467)	(7,597)	(61,064)	0	(7,597)	(61,064)	0	(61,064)
Federal Taxable Income before State Tax Deduction	6,933	(7,597)	(664)	0	(7,597)	(664)	(2,601)	(3,265)
adjust: Federal Permanent Depreciation	(4,800)	0	(4,800)	0	0	(4,800)	0	(4,800)
adjust: Federal Temporary Depreciation	58,848	7,680	66,528	0	7,680	66,528	0	66,528
adjust: NYS Depreciation	(63,878)	0	(63,878)	0	0	(63,878)	0	(63,878)
State Taxable Income	(2,897)	83	(2,814)	0	83	(2,814)	(2,601)	(5,415)
State Income Tax Applicable Rate	6.50%		6.50%			6.50%		6.50%
State Income Taxes @ 6.50%	(188)	5	(183)	0	5	(183)	(169)	(352)
adjust: Other Book Adjustments	0	0	0	0	0	0	0	0
State Tax Deduction	(188)	5	(183)	0	5	(183)	(169)	(352)
adjust: Prior Year Adjustments	0	0	0	0	0	0	0	0
Total State Income Taxes	(\$188)	\$5	(\$183)	\$0	\$5	(\$183)	(\$169)	(\$352)
Federal Taxable Income before State Tax Deduction	6,933	(7,597)	(664)	0	(7,597)	(664)	(2,601)	(3,265)
adjust: State Tax Deduction	188	(5)	183	0	(5)	183	169	352
Income Subject to Federal Income Tax	7,121	(7,602)	(481)	0	(7,602)	(481)	(2,432)	(2,913)
Federal Income Taxes @ 21.00%	2,492	(2,593)	(101)	0	(2,593)	(101)	(511)	(612)
adjust: Other Book Adjustments	0	0	0	0	0	0	0	0
Total Federal Income Taxes	\$2,492	(\$2,593)	(\$101)	\$0	(\$2,593)	(\$101)	(\$511)	(\$612)

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 NEW YORK DIVISION
 FEDERAL AND STATE DEFERRED INCOME TAXES
 (\$000)

16-G-0257 Final Order w/ 21% Tax changes

	Column 1 Final Order 3/31/2018	Col.2 - Col.1 Adjustments	Column 2 Tax changes 3/31/2018	Col.3 - Col.2 Adjustments	Col.3 - Col.1 Adjustments	Column 3 adjusted 3/31/2018	Revenue Requirement	As Adjusted
DSIT Capitalized Overheads (UNICAP)								
DSIT Contributions in Aid of Construction (CIAC)	(\$135)	\$0	(\$135)	\$0	\$0	(\$135)	\$0	(\$135)
DSIT Bad Debts	(237)	0	(237)	0	0	(237)	0	(237)
DSIT Accelerated Depreciation	108	0	108	0	0	108	0	108
DSIT Repair & Maintenance	1,480	0	1,480	0	0	1,480	0	1,480
DSIT Refund Provision - Medicare Subsidy	1,229	0	1,229	0	0	1,229	0	1,229
DSIT Other (Excess DSIT 3 yr amort)	0	0	0	0	0	0	0	0
DSIT Misc.	(234)	0	(234)	0	0	(234)	0	(234)
Rounding	0	0	0	0	0	0	0	0
Subtotal State Deferred Income Taxes	<u>1</u>	<u>(1)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
	2,212	(1)	2,211	0	0	2,212	0	2,212
DFIT Capitalized Overheads (UNICAP)								
DFIT Contributions in Aid of Construction (CIAC)	(\$679)	\$272	(\$407)	\$0	\$272	(\$407)	\$0	(\$407)
DFIT Bad Debts	(1,195)	478	(717)	0	478	(717)	0	(717)
DFIT Accelerated Depreciation	546	(218)	328	0	(218)	328	0	328
DFIT Repair & Maintenance	5,690	(663)	5,027	0	(663)	5,027	0	5,027
DFIT Refund Provision - Medicare Subsidy	6,186	(2,474)	3,712	0	(2,474)	3,712	0	3,712
DFIT Other	0	0	0	0	0	0	0	0
DFIT Misc.	82	(33)	49	0	(33)	49	0	49
Rounding	0	0	0	0	0	0	0	0
Subtotal Federal Deferred Income Taxes	<u>3</u>	<u>(3)</u>	<u>1</u>	<u>(1)</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>3</u>
	10,633	(2,641)	7,993	(1)	(2,638)	7,995	0	7,995
Total Deferred Income Taxes	<u>\$12,845</u>	<u>(\$2,642)</u>	<u>\$10,204</u>	<u>(\$1)</u>	<u>(\$2,638)</u>	<u>\$10,207</u>	<u>\$0</u>	<u>\$10,207</u>
Total Income Taxes	<u>\$15,149</u>	<u>(\$5,230)</u>	<u>\$9,920</u>	<u>(\$1)</u>	<u>(\$5,226)</u>	<u>\$9,923</u>	<u>(\$680)</u>	<u>\$9,243</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 NEW YORK DIVISION
 CALCULATION OF INTEREST DEDUCTION
 (\$000)

16-G-0257 Final Order w/ 21% Tax changes

		Column 2 Tax changes <u>3/31/2018</u>	Column 3 Final Order adjusted <u>3/31/2018</u>	As <u>Adjusted</u>
Rate Base	\$704,011	\$701,443	\$701,443	\$701,443
Debt Component Interest Rate	<u>3.19%</u>	<u>3.19%</u>	<u>3.19%</u>	<u>3.19%</u>
Total	<u>22,432</u>	<u>22,349</u>	<u>22,349</u>	<u>22,376</u>
Debt Component Interest Rate	3.19%	3.19%	3.19%	3.19%
Long Term Debt Weighted Rate	3.19%	3.19%	3.19%	3.19%
Short Term Debt Weighted Rate	0.00%	0.00%	0.00%	0.00%
Customer Deposits Weighted Rate	0.00%	0.00%	0.00%	0.00%

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
RATE BASE
(\$000)

16-G-0257 Final Order w/ 21% Tax changes

	Column 1 Final Order <u>3/31/2018</u>	Col.2 - Col.1 <u>Adjustments</u>	Column 2 Tax changes <u>3/31/2018</u>	Col.3 - Col.2 <u>Adjustments</u>	Col.3 - Col.1 <u>Adjustments</u>	Column 3 adjusted <u>3/31/2018</u>	Revenue <u>Requirement</u>	As <u>Adjusted</u>
Net Plant	\$902,462	\$0	\$902,462	\$0	\$0	\$902,462	\$0	\$902,462
Working Capital								
Cash Allowance	17,648	0	17,648	0	0	17,648	0	17,648
Earnings Base in Excess of Capitalization	4,897	0	4,897	0	0	4,897	0	4,897
Total Cash Allowance	22,545	0	22,545	0	0	22,545	0	22,545
Prepayments	9,424	0	9,424	0	0	9,424	0	9,424
Materials And Supplies	10,459	0	10,459	0	0	10,459	0	10,459
Gas Storage Inventory	0	0	0	0	0	0	0	0
Total Working Capital	42,428	0	42,428	0	0	42,428	0	42,428
Deferred Income Taxes								
Liberalized Depreciation	(256,810)	(2,568)	(259,378)	0	(2,568)	(259,378)	0	(259,378)
Other Adjustment	0	0	0	0	0	0	0	0
Investment Tax Credit	(113)	0	(113)	0	0	(113)	0	(113)
Deferred NY PSC Assessment	216	0	216	0	0	216	0	216
Deferred R,D & D	136	0	136	0	0	136	0	136
Deferred Site Remediation Costs	8,056	0	8,056	0	0	8,056	0	8,056
TRA Impacts - Uncollectibles	7,729	0	7,729	0	0	7,729	0	7,729
Elimination of Reorganization Costs per C 27934	(93)	0	(93)	0	0	(93)	0	(93)
NRG Amortization	0	0	0	0	0	0	0	0
Unamortized Rate Case Expense	0	0	0	0	0	0	0	0
Rate Base	\$704,011	(\$2,568)	\$701,443	\$0	(\$2,568)	\$701,443	\$0	\$701,443

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
REVENUE REQUIREMENT
(\$000)

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	Column 1	Column 2	Column 3
	Final Order	Tax changes	Final Order adjusted
	<u>3/31/2018</u>	<u>3/31/2018</u>	<u>3/31/2018</u>
16-G-0257 Final Order w/ 21% Tax changes			
Projected Rate Base	\$704,011	\$701,443	\$701,443
Rate of Return			
Required Utility Operating Income	<u>6.92%</u> 48,733	<u>6.92%</u> 48,555	<u>6.92%</u> 48,555
Projected Utility Operating Income			
Additional Operating Income Required	<u>45,251</u> \$3,482	<u>50,480</u> (\$1,925)	<u>50,477</u> (\$1,922)
Retention Factor *	0.5856704	0.7118148	0.7118148
Additional Revenue Requirement	<u>\$5,946</u>	<u>(\$2,703)</u>	<u>(\$2,699)</u>
Increase in Rates			
Less: Revenue Taxes	\$5,946	(\$2,703)	(\$2,699)
Uncollectibles	141	(64)	(64)
	76	(34)	(34)
	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Taxable Income	5,729	(2,605)	(2,601)
State Income Taxes at applicable rate	\$372	(\$169)	(\$169)
Federal Income Taxes (21.00%)	\$1,875	(\$512)	(\$511)
<hr/>			
* Retention Factor Calculation			
Revenue	100.00000	100.00000	100.00000
Less: Revenue Tax	2.36300	2.36300	2.36300
Uncollectibles	1.27000	1.27000	1.27000
	0.00000	0.00000	0.00000
	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
	96.36700	96.36700	96.36700
Reciprocal of State Tax Rate	<u>0.93500</u>	<u>0.93500</u>	<u>0.93500</u>
	90.10315	90.10315	90.10315
Reciprocal of Federal Tax Rate	<u>0.65000</u>	<u>0.79000</u>	<u>0.79000</u>
Retention Factor	<u>58.56704</u>	<u>71.18148</u>	<u>71.18148</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CAPITAL STRUCTURE

16-G-0257 Final Order w/ 21% Tax changes

Final Order		3/31/2018					
Capital Structure				Debt Component	Weighted	Gross Up	
<u>Capital Matrix</u>	<u>Ratios</u>	<u>Cost Rates</u>	<u>Weighted Rate</u>	<u>Interest Rate</u>	<u>Rate</u>	<u>For Taxes</u>	
Long Term Debt	56.70%	5.62%	3.19%		3.19%	0.00%	
Short Term Debt	0.00%	0.00%	0.00%		0.00%	0.00%	
Customer Deposits	0.40%	0.85%	0.00%		0.00%	0.00%	
Common Equity	<u>42.90%</u>	8.70%	<u>3.73%</u>		<u>3.73%</u>	<u>2.41%</u>	
	<u>100.00%</u>		<u>6.92%</u>	3.19%	<u>6.92%</u>	<u>2.41%</u>	
NYS		6.50%			Interest + ROE	<u>9.33%</u>	=
Reciprical State		93.50%			Interest	3.19%	
FIT		35.00%					
Effective Tax Rate		39.23%					

Tax changes		3/31/2018					
Capital Structure				Debt Component	Weighted	Gross Up	
<u>Capital Matrix</u>	<u>Ratios</u>	<u>Cost Rates</u>	<u>Weighted Rate</u>	<u>Interest Rate</u>	<u>Rate</u>	<u>For Taxes</u>	
Long Term Debt	56.70%	5.62%	3.19%		3.19%	0.00%	
Short Term Debt	0.00%	0.00%	0.00%		0.00%	0.00%	
Customer Deposits	0.40%	0.85%	0.00%		0.00%	0.00%	
Common Equity	<u>42.90%</u>	8.70%	<u>3.73%</u>		<u>3.73%</u>	<u>1.32%</u>	
	<u>100.00%</u>		<u>6.92%</u>	3.19%	<u>6.92%</u>	<u>1.32%</u>	
NYS		6.50%			Interest + ROE	<u>8.24%</u>	=
Reciprical State		93.50%			Interest	3.19%	
FIT		21.00%					
Effective Tax Rate		26.14%					

Final Order adjusted		3/31/2018					
Capital Structure				Debt Component	Weighted	Gross Up	
<u>Capital Matrix</u>	<u>Ratios</u>	<u>Cost Rates</u>	<u>Weighted Rate</u>	<u>Interest Rate</u>	<u>Rate</u>	<u>For Taxes</u>	
Long Term Debt	56.70%	5.62%	3.19%		3.19%	0.00%	
Short Term Debt	0.00%	0.00%	0.00%		0.00%	0.00%	
Customer Deposits	0.40%	0.85%	0.00%		0.00%	0.00%	
Common Equity	<u>42.90%</u>	8.70%	<u>3.73%</u>		<u>3.73%</u>	<u>1.32%</u>	
	<u>100.00%</u>		<u>6.92%</u>	3.19%	<u>6.92%</u>	<u>1.32%</u>	
NYS		6.50%			Interest + ROE	<u>8.24%</u>	=
Reciprical State		93.50%			Interest	3.19%	
FIT		21.00%					

National Fuel Gas Distribution - NYD
 Protected ADFIT
 DPS-01-001, 002
 (\$000)

Revised for 100% Bonus

	<u>YR 1</u> <u>2018</u>	<u>YR 2</u> <u>2019</u>
-		
ANNUAL ARAM AMORTIZATION - Per Original	(2,643)	(4,047)
Adjustment Due to 100% Bonus in FY18	-	(56)
ANNUAL ARAM AMORTIZATION - Revised	<u>(2,643)</u>	<u>(4,103)</u>
ACCUMULATED ARAM AMORTIZATION	(2,643)	(6,746)
AVERAGE INCREASE TO RATE BASE - ADIT	1,322	4,695
ROR %	6.92%	6.92%
ADDITIONAL ROE - ARAM	<u>91</u>	<u>325</u>
NET IMPACT ON EARNINGS - ARAM	(2,552)	(3,722)
Regulatory Retention Factor-See Below	1.46999	1.40486
DECREASE TO REVENUE REQUIREMENT - ARAM	<u>(3,751)</u>	<u>(5,229)</u>
Revenue Requirement - factor	1.46999	1.40486
NY Statutory Rate	6.50%	6.50%
Federal Benefit	-1.59%	-1.37%
Fed Statutory Rate	<u>24.50%</u>	<u>21.00%</u>
	29.41%	26.14%
<hr/>		
* Retention Factor Calculation		
Revenue	100	100
Less: Revenue Tax	2.363	2.363
Uncollectibles	1.27	1.27
Revenue After Adjustments	96.367	96.367
Reciprocal of State Tax Rate	93.50%	93.50%
	90.10	90.10
Reciprocal of Federal Tax Rate	75.50%	79.00%
Retention Factor	68.02787448	71.18148455
Retention Factor Multiplier	1.469985661	1.404859714

ARAM=Average Rate Assumption Method

National Fuel Gas Distribution - NYD
Accumulated Deferred Income Taxes
As of September 30, 2017

	Net Excess/(Def)	Recoverable	Non- Recoverable	Amort Yrs	2018	2019	2020	2021	2022
					Year 1 Amort	Year 2 Amort	Year 3 Amort	Year 4 Amort	Year 5 Amort
Unrecovered Purchased Gas Costs	435,631	435,631		5	87,126	87,126	87,126	87,126	87,126
Sec. 263A - Inventory Adjustment	1,859	1,859		5	372	372	372	372	372
RSP - Compensation	(252,135)	-	(252,135)						
NQSO / SARS	(331,672)	-	(331,672)						
Deferred Compensation	(537,447)	(537,447)		5	(107,489)	(107,489)	(107,489)	(107,489)	(107,489)
Accrued Bonus	(211,397)	(211,397)		5	(42,279)	(42,279)	(42,279)	(42,279)	(42,279)
Bad Debts	(2,277,151)	(2,277,151)		5	(455,430)	(455,430)	(455,430)	(455,430)	(455,430)
Injuries and Damages	(26,250)	(26,250)		5	(5,250)	(5,250)	(5,250)	(5,250)	(5,250)
Negative Revenue Adjustment	(22,750)	-	(22,750)						
Deferred CIP	(1,376,808)	(1,376,808)		5	(275,362)	(275,362)	(275,362)	(275,362)	(275,362)
LIRA	(898,085)	(898,085)		5	(179,617)	(179,617)	(179,617)	(179,617)	(179,617)
Deferred Area Develop Grants	(497,553)	(497,553)		5	(99,511)	(99,511)	(99,511)	(99,511)	(99,511)
Prepaid Membership Dues	1,406	1,406		5	281	281	281	281	281
Deferred Gas Expansion	(273,134)	(273,134)		5	(54,627)	(54,627)	(54,627)	(54,627)	(54,627)
Refund Margin	(1,529,437)	(1,529,437)		5	(305,887)	(305,887)	(305,887)	(305,887)	(305,887)
Deferred PSC Assessment	486,635	486,635		5	97,327	97,327	97,327	97,327	97,327
Deferred R D & D	(32,235)	(32,235)		5	(6,447)	(6,447)	(6,447)	(6,447)	(6,447)
Site Cleanup	2,175,018	2,175,018		5	435,004	435,004	435,004	435,004	435,004
Deferred Regulatory Unbundling	790,436	790,436		5	158,087	158,087	158,087	158,087	158,087
Other Deferred Costs	(5,477)	(5,477)		5	(1,095)	(1,095)	(1,095)	(1,095)	(1,095)
Debenture Premium - Net	97,532	97,532		5	19,506	19,506	19,506	19,506	19,506
Deferred OPEB	995,756	995,756		5	199,151	199,151	199,151	199,151	199,151
Pension	1,328,201	1,328,201		5	265,640	265,640	265,640	265,640	265,640
Other	(1,115)	(1,115)		5	(223)	(223)	(223)	(223)	(223)
TOTAL	(1,960,172)	(1,353,615)	(606,557)		(270,723)	(270,723)	(270,723)	(270,723)	(270,723)
Federal Net Operating Loss	(3,356,936)	(3,356,936)		5	(671,387)	(671,387)	(671,387)	(671,387)	(671,387)
Total (Deficiency)/Excess - Unprotected	(5,317,108)	(4,710,551)	(606,557)		(942,110)	(942,110)	(942,110)	(942,110)	(942,110)
Revenue Requirement - factor					1.46999	1.37124	1.37124	1.37124	1.37124
Revenue Requirement					(1,384,888)	(1,291,855)	(1,291,855)	(1,291,855)	(1,291,855)
Total (Deficiency)/Excess - Unprotected Rev Req					(6,552,308)				
Amortization of Unprotected Impact 5 Years					(1,310,461.65)				
Fed Stat Rate					0.24500	0.21000	0.21000	0.21000	0.21000
NYS Eff Tax rate					0.06500	0.06500	0.06500	0.06500	0.06500
Fed Benefit					(0.01593)	(0.01365)	(0.01365)	(0.01365)	(0.01365)
Combined					0.29408	0.26135	0.26135	0.26135	0.26135
Revenue Requirement - multiplier factor					1.46999	1.37124	1.37124	1.37124	1.37124
* Retention Factor Calculation									
Revenue					100	100	100	100	100
Less: Revenue Tax					2.363	2.363	2.363	2.363	2.363
Uncollectibles					1.27	1.27	1.27	1.27	1.27
Revenue After Adjustments					96.367	98.73	98.73	98.73	98.73
Reciprocal of State Tax Rate					0.94	0.94	0.94	0.94	0.94
Reciprocal of Federal Tax Rate					90.10	92.31	92.31	92.31	92.31
Retention Factor					68.02787448	72.9269145	72.9269145	72.9269145	72.9269145
Retention Factor Multiplier					1.469985661	1.371235856	1.371235856	1.371235856	1.371235856