

Requesting Party: National Fuel Gas Distribution Corporation
Set No.: 9
Request No.: 257
Responding Witness: Staff Gas Rates Panel
Date of Response: September 20, 2016

Question: Please refer to the Panel's Exhibit SGRP-9.

1. Staff allocated a revenue decrease to the TC 1.1, 2, 3, 4 and 4.1 customers, where the Company held the rates for negotiated customers flat. Was this Staff's intent or should negotiated customers have been excluded from Staff's volume allocation method?
2. It appears "TC 4 MMT - N" only used 11 months in the calculation. Why weren't 12 months used in the calculation?
3. A summary of the Company's allocation process was provided in COSRD-13. The Company took the negotiated customers out, then made sure the margin for DMT and MMT customers was the exact same, and then added in the base cost of gas. The only difference between DMT and MMT, in the base cost of gas, is a difference in imbalance charges. We think Staff was trying to replicate this exact same method, but the math in SGRP-9 doesn't exactly replicate such method. Was Staff's intent to replicate the Company's method?

Response:

1. It was not Staff's intent to allocate revenue increases/decreases to negotiated customers, they should have been excluded.
2. I believe the Company meant to identify Staff's adjustment to "TC 4 DMT – N," where the customer is charged a flex rate of \$0.2897 for all months excluding June, where the customer is charged \$0.00. Staff removed the month of June because it does not contribute to the "Block 2" rate as denoted in our Exhibit__(SGRP-9). Upon second review, however, it appears that Staff accidentally set calculated only 11 months of customer charges, where it should have still charged the customer a customer charge for June. With that being said, a correction should be made to update the number of customers to 12 (Cell D200 on our workpaper). Doing this will bridge the difference observed between our Exhibit and the Company's Priceout model for TC 4 DMT – N customers. Please see updated workpaper, NFG-DPS-257 Attachment 1.
3. Yes.