

# **Exhibit 1**

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## Jessica Azulay

### Core skillset

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- Energy policy analysis
- Research and writing
- Community organizing, nonprofit administration and nonprofit governance
- Public speaking, popular education, and teaching
- Technology: word processing, spreadsheets/databases, PowerPoint, and website development
- Self-motivated, responsible, flexible and collaborative
- Fluent in conversational Spanish

### Recent Professional Experience

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November 2011-present      Alliance for a Green Economy (AGREE)      Syracuse, NY

#### Executive Director

- Responsible for coordinating all activities, including development of strategic campaigns, local and statewide energy policy analysis, advocacy, communications, and community organizing and programs
- Manage and oversee staff and contract organizers
- Develop and maintain relationships with allies across the state
- Write press releases and manage media relationships
- Develop literature, flyers, banners, and displays
- Grant writing and donor development
- Organize visits to lawmakers/policy makers
- Develop outreach activities such as educational events, demonstration, petitions, tabling, social media, and website
- Manage all administrative responsibilities, including finances and compliance

July 2007-2011      WebRoot Solutions      Syracuse, NY

#### Owner, Website Developer

- Design, develop, and manage dynamic user-friendly websites for grassroots organizations, nonprofits, and small businesses
- Help organizations articulate their ideas and organize their information to further their missions through their website
- HTML/CSS and PHP programming
- Content management systems (WordPress and Drupal) and contact management (CiviCRM) setup, customization & management

June 2003-May 2007      *The NewStandard*      Syracuse, NY

#### Co-founder, Managing Editor, Journalist, Manager

- Co-founded and managed daily, award-winning online news publication, focused on U.S. politics and issues
- Developed and worked within a highly structured, efficient and collaborative non-hierarchical workplace
- Co-managed all aspects of the organization, including fundraising, workplace policy, journalistic policy, promotion, meeting facilitation and budgeting
- Edited and fact checked multiple articles daily
- Investigated and wrote several articles monthly
- Hired and co-coordinated a staff of six; recruited and managed dozens of freelance journalists and artists
- Served as the organization's bookkeeper and compliance officer and payroll manager

### Education

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1997-2001      Bachelor of Liberal Arts - Sarah Lawrence College      Bronxville, NY

2000      School for International Training      Managua, Nicaragua  
Oaxaca, Mexico

### Other Relevant Information

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- 2017 & 2018 Faculty at Rocky Mountain Institute E-Lab Forge
- 2016 Recipient of the Judi and Lou Friedman Legacy Award
- 1997 Trainer on radical reporting at the Z Media Institute

## **Exhibit 2**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

Page 25 of the Revenue Requirements Panel states that employee salaries, except for executive employee incentive compensation, are included in the Company's operations and maintenance expenses.

- a. Please describe in detail the system that Company employees use to track time spent on activities that are considered below the line under the Federal Energy Regulatory Commission's Uniform System of Accounts.
- b. On December 27, 2022, National Fuel Gas's President Donna DeCarolis published a piece in the Buffalo News titled "Another Voice: Scoping Plan for state's energy transition falls short."<sup>1</sup> Was the time that she and/or other Company employees spent preparing that piece recorded below the line?
- c. On January 17, 2023, National Fuel Gas's President and Chief Executive Office David P. Bauer published a piece in the Buffalo News titled "Viewpoints: Energy transition plan must work for Western New York."<sup>2</sup> Was the time that he and/or other Company employees spent preparing that piece recorded below the line?
- d. On October 17, 2023, National Fuel Gas's President and Chief Executive Office David P. Bauer published a piece in the Buffalo News titled "Another Voice: Safeguard our state's energy reliability and affordability." Was the time that he and/or other Company employees spent preparing that piece recorded below the line?
- e. On April 14, 2022, National Fuel Gas's Deputy General Counsel and Chief Regulatory Counsel Randy Rucinski submitted a comment letter on the New York State Climate Scoping Plan. Was the time that he and/or other Company employees spent preparing that letter recorded below the line?
- f. A number of other Company employees submitted comments on the New York State Climate Scoping Plan including: Diane Winicki, Paul Evans, Brandon Haspett, Eric J. Hauser, Ken Lawton, Kristina Leibring, Matthew Dubowski, and Michael Anderson. Was the time they spent preparing those letters recorded below the line?
- g. Please refer to the webpage <https://betterplannobans.com/>.
  - i. Was the webpage created by Company employees? If so, how much time did they spend creating it and was that time recorded below the line?
  - ii. Is the webpage maintained by Company employees? If so, how much time do they spend maintaining it and is that time recorded below the line?
- h. Please refer to the webpage <https://fuelingtomorrowtoday.com/>.
  - i. Was the webpage created by Company employees? If so, how much time did they spend creating it and was that time recorded below the line?

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- ii. Is the webpage maintained by Company employees? If so, how much time do they spend maintaining it and is that time recorded below the line?
- i. Is National Fuel's Facebook account managed by Company employees? If so, is their time recorded below the line?
- j. Is National Fuel's Twitter/X account managed by Company employees? If so, is their time recorded below the line?
- k. Is the Fueling Tomorrow Today Facebook account managed by Company employees? If so, is their time recorded below the line?
- l. Is the Fueling Tomorrow Today Twitter/X account managed by Company employees? If so, is their time recorded below the line?

Response

- a) Employees are advised to direct charge in the Company's payroll system to accounts below the line when working on activities that are considered below the line under the FERC Uniform System of Accounts. Additionally, employees who work on initiatives that fall beyond the scope of an individual NFG subsidiary charge their time to the parent company which is not a recoverable expense in ratemaking and thus is funded by shareholders.
- b) Karen Merkel, National Fuel's General Manager of Corporate Communications and Utility President Donna DeCarolis together prepared the Another Voice article piece that ran in the Buffalo News on Dec. 27, 2022. Karen Merkel and Donna DeCarolis have a portion of their compensated time allocated to the parent company for projects that fall beyond the scope of subsidiary work for the Company.
- c) The Buffalo News Viewpoints piece that was authored by CEO David Bauer was a collective effort between he and Karen Merkel. Both David Bauer and Karen Merkel have a portion of their compensated time allocated to the parent company for projects that fall beyond the scope of subsidiary work for the Company.
- d) The Another Voice piece that was authored by CEO David Bauer and ran in the Buffalo News on Oct. 23, 2023, was again a collective effort by Mr. Bauer and Karen Merkel. As stated, a portion of both their compensated time is allocated to the parent company for projects that fall beyond the scope of subsidiary work for the Company.

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- e) A portion of Randy Rucinski's time is allocated to the parent company for activities that fall beyond the scope of subsidiary work for the Company.
- f) Upon information and belief, the comment letters for the NY Scoping Plan that were submitted by National Fuel employees were done on their own accord and time based on concerns and opinions they personally share and not representative of an official Company statement. As part of the public comment process for the Scoping Plan, anyone from the general public was encouraged to provide opinions, concerns and remarks.
- g) The betterplannobans.com website was conceived, designed, created and maintained by National Fuel's marketing communications agency, The Martin Group, upon the direction and approval of Karen Merkel, National Fuel's General Manager of Corporate Communications. As noted above, a portion of Karen's time is allocated to the parent company for projects that fall beyond the scope of subsidiary work for the Company.
- h) In regards to fuelingtomorrowtoday.com:
  - i. This webpage was created by National Fuel's communications agency, The Martin Group.
  - ii. This website is maintained by National Fuel's communications agency, The Martin Group.
- i) National Fuel's Facebook account is managed by Company employees. A portion of their time is charged to each affiliate, including the parent company which is not recoverable for ratemaking purposes. r.
- j) National Fuel's Twitter/X account is managed by Company employees. A portion of their time is charged to each affiliate, including the parent company which is not recoverable for ratemaking expenses..
- k) National Fuel's Fueling Tomorrow Today Facebook account, which existed from November 2020 through August 2023, was managed by The Martin Group. The platforms were closed as customer engagement and interaction was minimal. While the platforms still can be viewed, posts are no longer provided. Messaging is now incorporated into National Fuel's corporately branded social media platforms and managed by Company employees. As previously mentioned, a portion of their time is charged to each affiliate, including the parent company which is not recoverable for ratemaking expenses..
- l) National Fuel's Fueling Tomorrow Today Twitter/X account, which existed from November 2020 through August 2023, was managed by The Martin Group. The platforms were closed as customer engagement and interaction was minimal. While the platforms still can be viewed, posts are no longer provided. Messaging is now incorporated into National Fuel's

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corporately branded social media platforms and managed by Company employees. As previously mentioned, a portion of their time is charged to each affiliate, including the parent company which is not recoverable for ratemaking expenses..

# **Exhibit 3**



NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

Please refer to Response to AGREE-7(b), in which the Company stated that “Karen Merkel and Donna DeCarolis have a portion of their compensated time allocated to the parent company for projects that fall beyond the scope of subsidiary work for the Company.”

- a. What portion of Karen Merkel’s compensated time is allocated to the parent company for projects that fall beyond the scope of subsidiary work for the Company?
- b. How does the Company determine that portion?
  - i. Please explain the breakdown of her time between National Fuel and the Parent Company.
  - ii. Please provide any documentation that explains the breakdown.
- c. Was the time spent preparing the Another Voice article piece that ran in the Buffalo News on December 27, 2022 included in that portion of Ms. Merkel’s time?
  - i. If so, how and where did she record her time?
- d. Was the time that Ms. Merkel spent preparing the Another Voice article piece that ran in the Buffalo News on December 27, 2022 recorded below the line?
- e. Was the time spent preparing the Buffalo News Viewpoints Piece that ran on October 17, 2023 included in that portion of Ms. Merkel’s time?
  - i. If so, how and where did she record her time?
- f. Was the portion of Ms. Merkel’s time spent on work related to the betterplannobans.com website included in that portion of Ms. Merkel’s time?
  - i. If so, how and where did she record her time?
- g. Was the portion of Ms. Merkel’s time spent on work related to the betterplannobans.com website reported below the line?
- h. Was the portion of Ms. Merkel’s time spent related to the February 2023 robocall campaign included in that portion of her time?
  - i. If so, how and where did she record her time?
- i. Was the portion of Ms. Merkel’s time spent related to the February 2023 robocall campaign recorded below the line?
- j. What portion of Donna DeCarolis’s compensated time is allocated to the parent company for projects that fall beyond the scope of subsidiary work for the Company?
- k. How does the Company determine that portion?
- l. Was the time spent preparing the Another Voice article piece that ran in the Buffalo News on December 27, 2022 included in that portion of Ms. DeCarolis’s time?

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m. Was the time spent that Ms. DeCarolis spent serving on the Climate Action Council and engaged in activities related to the Climate Action Council included in that portion of her time?

i. If so, how and where did she record her time?

Was the time spent that Ms. DeCarolis spent serving on the Climate Action Council and engaged in activities related to the Climate Action Council recorded below the line?

Response

- a) 10% of Karen Merkel's compensated time was charged to the Parent Company in the Historic Test Year.
- b) The percentage is determined at the departmental level based on the specific responsibilities of each employee within the department. The percentages are reviewed annually, and the cost allocations are presented to and reviewed with Senior Management annually as part of the formal O&M Budget Presentation.
  - I. As mentioned in part (a), 10% of Karen's time is charged to the Parent company, with another 27% hitting New York Distribution. The remaining 63% is charged to other affiliates of National Fuel.
  - II. See AGREE-11 Attachment 1 which is an excerpt from the Corporate Communications O&M Budget Presentation.
- c) Yes, this time is included in the portion of work that falls outside of the scope of subsidiary work.
  - I. Her time was charged to the Parent Company.
- d) The time was not charged below the line on New York Distribution's books, but rather to the Parent Company. Time charged to the Parent Company is not a part of revenue requirement.
- e) Yes, this time is included in the portion of work that falls outside of the scope of subsidiary work.
  - I. Her time was charged to the Parent Company.
- f) The betterplannobans.com website was concepted, designed, created and maintained by the Martin Group. Ms. Merkel spent limited time on the campaign, simply in an administrative oversight role. This time was considered out of scope for subsidiary work.
  - I. This time was charged to the Parent Company.

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- g) The time was not charged below the line on New York Distribution's books, but rather to the Parent Company. Time charged to the Parent Company is not a part of revenue requirement.
- h) As stated in the response to AGREE-19, the robocall campaign was managed by the Martin Group and utilized a third-party firm that specializes in robocall activities. Ms. Merkel's only involvement was in an administrative oversight role. This time was considered out of scope for subsidiary work.
  - l. This time was charged to the Parent Company.
- i) The time was not charged below the line on New York Distribution's books, but rather to the Parent Company. Time charged to the Parent Company is not a part of revenue requirement.
- j) 10% of Donna DeCarolis's compensated time is allocated to the Parent Company.
- k) The percentage is determined on an officer-by-officer basis based on the specific responsibilities of each executive officer of the Company. The percentages are reviewed annually as well as any time a change in responsibility occurs within the officer group.
- l) Yes, this time is included in the portion of work that falls outside of the scope of subsidiary work and thus is charged to the Parent Company.
- m) No, Ms. DeCarolis was nominated by the Senate Minority leader to serve on the council due to her expertise as the President of a Western New York Utility. Her position and knowledge were what earned her the spot on the Council. Therefore, this time is not considered out of scope for subsidiary work. Her time related to the Council was charged to NYD O&M and was not recorded below the line or to the Parent Company.

# **Exhibit 4**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

Please refer to Response to AGREE-7(j), in which the Company stated that National Fuel's Twitter/X account is managed by Company employees, and a portion of their time is charged to the parent company and not recoverable for ratemaking purposes.

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- a. Does the portion of their time charged to the parent company and not recoverable for ratemaking purposes include the time spent managing National Fuel's Twitter/ X account?
- b. How does the Company determine what portion of their time is charged to the parent company and not recoverable for ratemaking purposes?

Response

- a) National Fuel's Twitter/X account is a consolidated account for all National Fuel Gas subsidiaries. The content shared on the platform may one day apply to New York Distribution, such as safety messaging during winter storms, and the next day apply to the Pipeline and Storage components of the organization. Additionally, content shared on the platform may fall outside of the scope of an individual subsidiary and relate more to Parent Company level messaging. As such, the time spent managing the account is spread across the various business segments of National Fuel including New York Distribution and the Parent Company.
- b) For members of the Company's Corporate Communications department, who manage the Twitter/X account, the Company determines the portion of time that is charged to each subsidiary, including the Parent Company by reviewing the responsibilities of employees and assigning appropriate allocations based on workload. These allocations are reviewed on an annual basis.

# **Exhibit 5**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

Please refer to Response to AGREE-17(b), in which the Company stated that the Company determines the portion of employee time spent managing National Fuel's Twitter/X account that is charged to each subsidiary.

- a. Is the time charged to the subsidiaries recorded below the line?
- b. Is the time charged to New York Distribution recorded below the line?

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- c. Please provide an employment agreement and/or documentation that supports and explains the allocations of employee time among each subsidiary for the Corporate Communications Department.
- d. Response to AGREE-17(b) further states that the allocations are reviewed on an annual basis. Who reviews the time allocations?

Response

- a) The amount charged to the various subsidiaries is not recorded below the line but rather to O&M expense. The only amount that is included in the revenue requirement is the portion charged to New York Distribution O&M. The portions charged to the other subsidiaries and the Parent Company are not part of the New York Distribution revenue requirement.
- b) The amount charged to New York Distribution is not recorded below the line but rather to O&M expense and is included in the revenue requirement.
- c) Refer to DPS-352, Attachment 1 for a copy of the Company's Cost Assignment and Allocation Manual which explains the allocation procedures for the Company including those of the Corporate Communications department.
- d) Allocations are reviewed annually at the departmental level by management within the department and then are presented to Senior Management formally each year as part of the annual O&M budget process as the allocations are a key input into the subsidiary level budgets.

# **Exhibit 6**





**Cost Assignment  
And  
Allocation Manual**

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## **INTRODUCTION**

### **A. Purpose**

This Cost Assignment and Allocation Manual (“CAAM”) was developed to identify the procedures that National Fuel Gas Company, (“NFG”) and its affiliates follow in assigning and allocating costs among business units, among regulated services and non-regulated business activities and among jurisdictions.

### **B. Definitions of Terms and Concepts**

**Affiliate** – within this manual, an affiliate may include a subsidiary or division within a business unit.

**Affiliate Transaction** – refers to the purchase, trade or lease of a good, service, cost or asset between or among affiliates.

**Business Unit** – within the PeopleSoft Financial System, a business unit refers to a business entity. The business entity may be a company or division within a company.

**Common Cost** – a cost incurred by one affiliate that benefits one or more affiliates and the nature of which is more general than costs that are directly assigned or that use a cost causative assignment.

**Common Department** – a department within the New York Division of NFG Distribution Corporation that has been specifically identified as performing work of a general nature which benefits one or more affiliates and whose costs are allocated based on a general multi-factor formula.

**Cost Allocation** – a process of assigning costs between and among affiliates based on a pre-determined methodology.

**Cost Causative Factors** – assignment of costs affecting more than one affiliate based on an identified unit of measure.

**Direct Costs** - costs that are specifically incurred on behalf of one or more affiliates that require no assignment or allocation factor.

**FERC Accounts** – the Uniform System of Accounts prescribed for natural gas companies subject to the provisions of the Natural Gas Act, published at Title 18 of the Code of Federal Regulations, Subchapter F, Part 201

Non-Regulated Affiliate – an affiliate that is not a regulated utility or pipeline.

Regulated Affiliate – an affiliate that is regulated by the FERC, NY PSC or PA PUC or any other regulatory body.

### **C. Acronyms and Abbreviations**

FERC – Federal Energy Regulatory Commission

GAAP – Generally Accepted Accounting Principles

NFG – National Fuel Gas Company (Parent Company)

NFGDC – National Fuel Gas Distribution Corporation

NY PSC – New York Public Service Commission

NYD – National Fuel Gas Distribution Corporation – New York Division

PA PUC – Pennsylvania Public Utility Commission

PAD – National Fuel Gas Distribution Corporation – Pennsylvania Division

SEC – United States Securities and Exchange Commission

### **D. Cost Allocation Philosophy**

Cost allocations are premised on the use of a fully distributed cost allocation methodology. A fully distributed cost allocation is based on the concept of distributing all costs to business activities, either through direct charges or allocations, based on a consistent method of determining cost causation from period to period so that reasonable cost attribution occurs. Under a fully distributed cost allocation, all direct and indirect expenses such as labor, materials, and other related expenses are included in the cost of the various business activities performed.

In addition, overhead charges, which include fringe benefits, department overhead, and corporate overhead, are applied to the direct and indirect labor charges captured to arrive at the fully distributed cost for each business activity performed. All resultant cost allocations are predicated on some relevant measure of cost causation for that business activity. This overall approach to cost allocation is followed to the extent it is administratively efficient, i.e., following the procedures does not result in incurring a cost that is uneconomical in relation to the benefits achieved.

## **E. Three-Step Approach**

The “three-step” allocation process begins with the premise that to the maximum extent practical, all costs that can be specifically attributed to a business unit are directly charged to that business unit. Secondly, indirect costs that cannot be directly charged are allocated to business units on the basis of a causal relationship such as the level of activity within various business units, the level of output for each business unit, or the resources consumed by each business unit. The indirect costs are accumulated into clearing accounts or homogeneous pools and are allocated to various business units on the basis of such causal relationships. In the third step, any remaining costs, which cannot be associated with a specific, identifiable, causal relationship, are pooled and allocated to business units on the basis of “common” factors.

This philosophy avoids cross-subsidization between the regulated entities and the non-regulated business activities of NFG, because using this process ensures that all operations are charged for their appropriate share of costs.

## SECTION I. CORPORATE ORGANIZATION

### A. Corporate Overview

NFG was incorporated in 1902 under the laws of New Jersey and was established as a registered holding company under the Public Utility Holding Company Act of 1935 (“PUHCA 1935”), with oversight by the Securities and Exchange Commission (“SEC”).

On August 8, 2005, the Energy Policy Act of 2005 was signed into law. This repealed PUHCA 1935 and enacted the Public Utility Holding Company Act of 2005 (“PUHCA 2005”), which became effective on February 8, 2006. Responsibility for oversight of public utility holding companies was transferred from the SEC to the Federal Energy Regulatory Commission (“FERC”) as a result of the Energy Policy Act of 2005.

NFG owns the following direct subsidiaries:

Subsidiary	Abbreviation	Business Type	Regulator
National Fuel Gas Distribution Corporation	NFGDC	Regulated	NYPSC PAPUC
National Fuel Gas Supply Corporation	NFGSC	Regulated	FERC
Empire Pipeline, Inc	Empire	Regulated	FERC
National Fuel Resources, Inc	NFR	Non-Regulated	
Leidy Hub, Inc	Leidy	Non-Regulated	
Pennsylvania Gas Holdings Corporation	PGHC	Non-Regulated	

PGHC owns the following direct subsidiaries:

Subsidiary	Abbreviation	Business Type	Regulator
Seneca Resources Company, LLC	Seneca	Non-Regulated	
National Fuel Gas Midstream Company, LLC	Midstream	Non-Regulated	



## **B. Description of System Subsidiaries:**

### National Fuel Gas Distribution Corporation

National Fuel Gas Distribution Corporation is a regulated natural gas utility that operates in both Western New York and Northwestern Pennsylvania. NFGDC is regulated in the New York jurisdiction by the NY Public Service Commission, while the PA Public Utility Commission regulates the Pennsylvania jurisdiction.

### National Fuel Gas Supply Corporation

National Fuel Gas Supply Corporation (NFGSC) provides affiliated and non-affiliated companies with transportation and storage services through the operation of an integrated interstate natural gas pipeline system and underground storage fields. NFGSC is regulated by the Federal Energy Regulatory Commission (FERC).

### Empire Pipeline, Inc.

Empire Pipeline, Inc. (Empire) operates a natural gas pipeline and provides affiliated and non-affiliated companies with gas transportation and storage services. Empire is regulated by the Federal Energy Regulatory Commission (FERC).

### Seneca Resources Company, LLC

Seneca Resources Company, LLC (Seneca) explores for, develops and produces natural gas in the Appalachian region of the United States. Seneca is a wholly owned subsidiary of Pennsylvania Gas Holdings Corporation, which in turn is a wholly owned subsidiary of NFG.

### National Fuel Resources, Inc.

National Fuel Resources, Inc. (NFR) marketed gas to industrial, wholesale, commercial, public authority and residential customers in western and central New York and northwestern Pennsylvania. On August 1, 2020, NFR completed the sale of its commercial and industrial contracts and certain other assets. This sale, in conjunction with the turn back of NFR's residential customers to Distribution Corporation, effectively ended NFR's operations.

National Fuel Gas Midstream Company, LLC

National Fuel Gas Midstream Company, LLC (Midstream) operates natural gas gathering and processing facilities in the Marcellus Shale production region of Pennsylvania. Midstream is a wholly owned subsidiary of Pennsylvania Gas Holdings Corporation which in turn is a wholly owned subsidiary of NFG.

Leidy Hub, Inc.

Leidy Hub, Inc. has a limited partnership interest in Inter-Atlantic Energy Capital Ventures, L.P., which makes capital investments in technology-based businesses focused on the natural gas industry and gas distribution companies as well as the broader energy sector.

## SECTION II. AFFILIATE SERVICES

### A. Affiliate Services Provided

NFG and its affiliated subsidiaries provide a variety of service amongst and between each other. Some services are directly related to the individual company's line of business, such as providing transportation or gas storage services. Other services take advantage of synergies such as operating employees maintaining closely located facilities of other companies. Additionally, there are administrative and general services, which are performed that benefit some or all of the affiliates. This would be true of Accounting, Human Resources, Audit Services, Finance and Corporate Communications.

#### REGULATED SERVICES:

Service	Provider	Benefactor
Administrative	Distribution, Supply	All affiliates
Finance	Distribution	All affiliates
Human Resources	Distribution	All affiliates
Legal	Distribution, Supply	All affiliates
Gas Distribution	Distribution	3 <sup>rd</sup> Party
Gas Measurement	Distribution, Supply	Distribution, Supply, Empire
Gas Transmission	Supply, Empire	Distribution, 3 <sup>rd</sup> Party
Gas Storage	Supply, Empire	Distribution, Empire, 3 <sup>rd</sup> Party
Gas Transportation	Distribution, Supply, Empire	3 <sup>rd</sup> Party
Gas Gathering	Supply	Seneca
Gas Dispatch	Supply	Distribution, Supply, Empire
Operating & Maintenance	Distribution, Supply	All Affiliates

#### NON-REGULATED SERVICES:

Service	Provider	Benefactor
Gas Gathering	Midstream	Seneca, 3 <sup>rd</sup> Party
Gas Processing	Midstream	Seneca
Office Space rental	NFG Co.	Distribution, Supply, Midstream, Empire

## B. Services Provided By NFG Co

DEPARTMENT	DESCRIPTION
Executive	Provide management services for all aspects of the business.
Financing	Provides financing for affiliates through issuance of commercial paper, bank lines of credit and equity. Additionally, monitors corporate credit rating and bank relationships.

## C. Services Provided By NFGDC - NYD

DEPARTMENT	DESCRIPTION
Accounting	Provide accounting services to maintain the books and records of the company, provide financial reports and analysis, prepare statutory reports, provide accounting research, set accounting policy, maintain allocations and inter-company billings. Maintain the general ledger (GL) system.
Accounts Payable	Provide non-payroll disbursement processing and analysis including account distribution to the general ledger. Resolve problems associated with invoice processing and maintain the accounts payable system.
Asset Management	Provide services to maintain and manage plant accounting and depreciation for affiliate assets.
Audit Services	Perform audit services for management and the Board of Directors, assist external auditors, provide analysis and safeguard company assets.
Benefit Administration	Provide services to design, implement and administer employee benefit programs.
Budget	Develop and maintain an operating budget, provide management with variance reports and analysis. Provide training and instruction to budget preparers.
Cash Management	Provide services to plan, manage and maintain corporate cash flow, maintain the 'money pool', track miscellaneous billings and cash related items.
Corporate Communications	Provides services related to public and media relations, as well as communicating company information to employees and retirees.
Credit, Collections & Receivables Management	Provide services to maximize customer collections and reduce bad debt write-offs. Additionally, provide credit risk analysis of customers and marketers.
Engineering	Provide engineering service and support functions for pipelines and construction projects.

DEPARTMENT	DESCRIPTION
Executive	Provides management and administrative services related to the overall operation and direction of the affiliates.
Executive – Distribution	Provides management and administrative services related to the overall operation and direction of NFGDC.
Finance - General	Provides services to analyze, maintain and monitor corporate financing activities.
Financial Planning	Provide services to prepare, analyze and maintain the corporate earnings forecast, cash and financing needs.
Government Affairs	Provides services to monitor the political arena and maintain relationships with governmental institutions on a state and federal level.
Human Resources	Provide services to manage and maintain employee compensation policies, recruiting and training programs and worker’s compensation and disability programs. Additionally, implement and maintain employee programs and statutory programs.
Information Technology	Provide services to manage, design, develop, implement, monitor and maintain information technologies, application systems, networks, mainframe, software, data security, data recovery and data backup.
Investor Relations	Develop and implement programs to educate and inform potential investors, and communicate information to current investors.
Land	Provide service related to facilities management and land support for operations and construction.
Legal	Provide service related to labor and employment law, litigation, contracts, environmental matters, financial reporting and advice on other legal matters.
Materials Management	Manage and maintain material inventories and material logistics. Additionally, monitor material requirements planning (MRP) activity and project material planning.
Payroll	Provide services related to wage distribution, including the distribution of accounting charges to the GL. Manage withholding liabilities and coordinate filing of statutory reports.
Purchasing	Provide services to procure material, equipment and services, analyze corporate spending and support the materials management function. Provide services to manage and maintain leasing activities and disposition of leased materials.
Rates & Regulatory Affairs	Provide services to manage regulatory activities and relationships for NFGDC. Manage, monitor and implement regulatory programs, provide direct support for customer pricing and billing, and develop sales and load forecasts.

DEPARTMENT	DESCRIPTION
Risk	Provide service related to Risk mitigation, Insurance, Environmental issues and compensation and damage claims.
Safety	Provides services to strengthen our safety culture and promote continuous improvement throughout the organization.
Security	Provide security services for company buildings, structures, work sites and personnel.
Tax	Provide services related to tax filing compliance requirements and perform research and consulting on tax issues.
Telecommunications	Provide services to design, implement, monitor and maintain telecommunication networks throughout the affiliates for voice, data, cellular and satellite communication.
Operating & Maintenance – Distribution	Provides service to operate and maintain lines, including changing charts, servicing valves and meters, and other routine maintenance.
Operating & Maintenance – Transmission	Performs routine maintenance and operating functions on transmission lines of affiliates.

#### D. Services Provided By NFGDC - PAD

DEPARTMENT	DESCRIPTION
Corporate Communications	Provides services related to public and media relations, as well as communicating company information to employees and retirees.
Engineering	Provide engineering service and support functions for pipelines and construction projects.
Executive – Distribution	Provides management and administrative services related to the overall operation and direction of NFGDC.
Government Affairs	Provides services to monitor the political arena and maintain relationships with governmental institutions on a state and federal level.
Human Resources	Provide services to manage and maintain employee compensation policies, recruiting and training programs and worker’s compensation and disability programs. Additionally, implement and maintain employee programs and statutory programs.
Land	Provide service related to facilities management and land support for operations and construction.
Legal	Provide service related to labor and employment law,

	litigation, contracts and advice on other legal matters.
Risk	Provide service related to Risk mitigation, Insurance, Environmental issues and compensation and damage claims.
Safety	Provides services to strengthen our safety culture and promote continuous improvement throughout the organization.
Security	Provide security services for company buildings, structures, work sites and personnel.
Operating & Maintenance – Distribution	Provides service to operate and maintain distribution lines for NYD, including changing charts, servicing valves and meters, and other routine maintenance.
Operating & Maintenance – Gathering	Performs routine maintenance and operating functions on gathering lines of affiliates.
Operating & Maintenance – Transmission	Performs routine maintenance and operating functions on transmission lines of affiliates.

#### E. Services Provided By NFGSC

DEPARTMENT	DESCRIPTION
Commercial Services	Provides marketing services for pipeline affiliates.
Engineering	Provide engineering service and support functions for pipelines and construction projects.
Executive – Supply	Provides management and administrative services related to the overall operation and direction of NFGSC.
Land	Provide service related to facilities management and land support for operations and construction.
Legal	Provides legal services for NFGSC and Empire.
Regulatory	Provides regulatory services for Empire.
Operating & Maintenance – Distribution	Provides service to operate and maintain distribution lines of affiliates, including changing charts, servicing valves and meters, and other routine maintenance.
Operating & Maintenance – Gathering	Performs routine maintenance and operating functions on gathering lines of affiliates.
Operating & Maintenance – Transmission	Performs routine maintenance and operating functions on transmission lines of Empire.

#### F. Services Provided By Midstream

SERVICE	DESCRIPTION
Gathering Service	Provides natural gas gathering services for Seneca Resources.

Gas Processing	Provides natural gas processing services for Seneca Resources.
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Note: Leidy Hub and NFR do not provide services to the other affiliates at this time. As previously mentioned, the August 1, 2020 sale of NFR's commercial and industrial contracts and certain other assets combined with the turn back of NFR's residential customers to Distribution Corporation has effectively ended NFR's operations.



## SECTION III. TRANSACTIONS WITH AFFILIATES

### A. Overview

As a diversified energy company with an integrated product and service line, transactions between affiliates take place and must be accounted for properly. Each affiliate must be sure to accurately record the transaction in accordance with the rules and regulations set forth by the various regulatory bodies, SEC and GAAP.

The following are typical transactions between the affiliates.

TRANSACTION	DESCRIPTION
Money Pool	Invest in or borrow funds from the corporate money pool - includes the receipt or payment of interest.
Pay Dividends to Affiliates or NFG Co.	Individual affiliates pay dividends to parent entities.
Purchase Gas Transportation Services	Certain affiliates will purchase gas transportation services from affiliates.
Purchase Gas Storage Service	Certain affiliates will purchase gas storage services from affiliates.
Purchase Gas Gathering Services	Certain affiliates will purchase gas gathering services from affiliates.
Purchase Gas Processing Services	Certain affiliates will purchase gas processing services from affiliates.
Gas Used By Company	Under certain circumstances, provide gas to affiliates to heat or operate facilities.

## SECTION IV. ACCOUNTING CHARGE APPLICATION

### A. Accounting Charges

National Fuel Gas and most of its affiliates employs a responsibility based accounting charge methodology. This means that every charge is tied back to an individual responsibility center so someone is responsible for the cost. Seneca Resources, being a self-contained entity, employs a system driven by the account number.

Here we will focus on the responsibility-based system used by NFG and the regulated affiliates. In this system, the responsibility center is identified as a department.

Accounting charges are made up of four items – business unit, account number, department ID and product. All four pieces are required for every financial transaction.

In addition, if the charges are related to capital expenditures, a project and activity ID are also needed by the project costing system. The project costing system is used to track and analyze project expenditures, while the general ledger system only records the expenditures going into the appropriate ledger account associated with the project.

#### 1. Business Unit:

The business unit (BU) is a code that indicates which affiliate is associated with the charges. Each affiliate has a unique BU.

Affiliate	BU	Affiliate	BU
National Fuel Gas Co	NFGG1	NFG Midstream – Covington	M01G1
NFG Distribution – NY	DNYG1	NFG Midstream – Processing	M02G1
NFG Distribution – PA	DPAG1	NFG Midstream – Trout Run	M03G1
Empire Pipeline, Inc	EMPG1	NFG Midstream – Tionesta	M06G1
NFG Supply	SUPG1	NFG Midstream - Clermont	M07G1
NFG Midstream Co LLC	MIDG1	NFG Midstream – Wellsboro	M08G1

The Organization Chart in Appendix B will display the structure and most current affiliate listing.

## 2. Account Number:

NFG’s regulated affiliates follow the FERC Chart of Accounts – also known as the Uniform System of Accounts (USoA). The USoA account numbers group the costs at a level of detail that can be used by all utility and pipeline companies and are then comparative from a regulatory standpoint. For our purposes at NFG, we have expanded the chart of accounts to include much more detail to provide us with the ability to budget and analyze our costs in greater detail.

For instance, while the USoA specifies the use of account 816 – Storage Well Expenses, NFG adds another layer of accounts below that to provide detail for analysis of the storage well costs.

FERC 816	Storage Well Expense
NFG 520200	Sonolog Well
520240	Bail / Swab Well
520260	Flow Testing
520390	Storage Well – Water Sampling

NFG’s non-regulated affiliates follow a separate chart of accounts that parallels the FERC chart of accounts, but is more in line with their business.

Both the regulated and non-regulated charts of account are available on the Infonet under the E-Docs heading.

## 3. Department ID:

NFG’s PeopleSoft entities use a Department ID to indicate the department or area that is responsible for the charges that were incurred. Each department is unique to a business unit as a control to make sure that costs are charged to the proper affiliate.

For analysis, this provides an audit trail to the source of the charges and is the key to determine the proper department for budgeting purposes.

The Department listing is available on the Infonet under the E-Docs heading.

#### **4. Product:**

NFG's PeopleSoft entities use a Product code to classify the type of cost being incurred. It categorizes the costs for analysis purposes.

For instance, while an overall cost might be considered as an Outside Service, the product will classify that Outside Service as an engineering service, legal service, computer consultant or construction contractor.

The product is valuable for budgeting, rate case analysis for the regulated companies and financial statement analysis.

A list of the products is available on the Infonet under the E-Docs heading.

#### **5. Project ID**

Project ID is used in NFG's PeopleSoft entities to group and analyze costs related to work being performed on a project. It is used to track the project costs at a detailed level, whereas the general ledger will only keep summarized information. Each project is assigned an individual project id to keep the costs separate.

The detailed information is necessary for the unitization process, which is the process that moves the costs from the in-progress construction phase into a completed asset. It is also used for analysis purposes for project management and capital budgeting.

#### **6. Activity ID**

Activity ID goes together with the Project ID and is used in NFG's PeopleSoft entities. It is a code that is the link between the general ledger account number and the project. Each project can only have one activity ID and therefore one account number. Generally speaking, a construction project will be charged to account 107000 – Construction Work in Progress.

## **SECTION V. COST COLLECTION AND COST ASSIGNMENT**

### **A. Cost Collection**

Costs are collected by the various accounting sub-systems and general ledger systems employed by the various affiliates. The majority of the business units use the PeopleSoft general ledger system while Seneca uses the Quorum system. The sub-systems used to collect accounting charges would include Accounts Payable, Accounts Receivable, Payroll, Inventory, Plant Accounting, Asset Management, Customer Information System, Supply Billing System, Empire Billing System, Cash Management and the Local Production System.

Within each system, specific accounts or account and department combinations are applied to transactions to assign the costs to the proper affiliate and financial line item. In most cases, these would be direct charges to O&M expenses or capital expenditures. In other cases, a specific account or groups of accounts are used to gather the costs that are to be allocated.

### **B. Cost Assignment**

Individuals familiar with the various transactions or under the guidance of those individuals perform cost assignment following established guidelines.

The basic guideline for cost assignment can be summarized as follows:

- (1) Directly assign as many costs as possible;
- (2) Allocate based on cost causative factors; or
- (3) Use a general allocation when costs cannot be assigned based on a cost causative factor. Costs related to common departments are allocated across the affiliates based on the pre-determined common cost allocation.

#### **1. Direct Charging of Costs**

Whenever possible, costs are directly assigned to specific affiliates. This is true for all transactions including labor, inventory, vendor invoices and any others.

A major portion of the directly assigned costs will be labor and labor-related items. For example, when a Supply employee works on a Supply storage well, the costs are charged to an account in the FERC detail range for storage expense with the proper Supply department ID for the storage field where the well is located. If that Supply field person performed work for Distribution, the individual's time will be charged to a FERC account for distribution expense with an associated Distribution department ID which will then generate a loaned and borrowed labor transaction and create a receivable and payable transaction between the two companies.

The same is true for vehicle charges, accounts payable invoices, and inventory transactions. When the costs pertain to a specific affiliate, they should be charged to that affiliate.

## **2. Indirect Charging of Costs**

Where direct charging is not feasible, costs should be assigned to affiliates based on pre-determined or causal factors. There should be solid rationale for the assigning of the costs.

One example of indirect charging would be when paying sales tax and freight on an invoice. If the invoice was paying for the purchase of four items with two going to Supply and two going to DNY, the tax and freight could be charged 50% to each affiliate based on the fact that the material was split 50/50.

Another example would be labor that was used to build a report for use by DNY, Supply, and NFG. In a case where the work is being done and will benefit multiple affiliates, the charges should be split among the affiliates. The question to ask is should it be 1/3 each or is there some other mitigating factor that should be considered. If it is an equal effort, the charges should be split 1/3 each.

A third example of indirect charging is through the use of clearing accounts. In the general ledger, these are a series of accounts used to accumulate costs and then, on a monthly basis and using a causal relationship, the costs are allocated to appropriate business units and/or departments. These accounts are in the 184xxx series.

Assignment of charges should not be based on the budget; rather budgets should reflect the reality of the charges. When possible, documented surveys or studies should be used to back up the decision.

## **3. General (Common) Allocation**

In cases where the department charging the costs is considered a “common department”, the accounting charges will be accumulated and then allocated to affiliates based on the Common Expense Formula. Common charges occur when the costs are generic in nature and benefit all or some of the affiliates. In this case, the charges are allocated based on a formula with multiple factors that attempts to provide a relative weighting that is fair to each affiliate.

As an example, an Accounting department employee working on the consolidated financial statements would need to charge all the affiliates. Unless the work could somehow be divided up by individual affiliate, an overall allocation would be used to spread the costs to each one.

The common cost should be used as a last resort method to apply accounting charges, as it applies a generic methodology to cost assignment. Costs should only be charged to the pool for those expenses that are not directly or indirectly assignable.

#### **4. Convenience or Accommodation Payments**

Payments made by one affiliate on behalf of another affiliate are considered convenience or accommodation payments. Not to be confused with actual transactions between affiliates where a good, service or product is provided, convenience or accommodation payments occur when a single payment is made to a vendor that includes amounts for multiple entities.

For example, an invoice from a legal firm is paid by NFG Co. The invoice may have amounts that relate to services provided to NFG Co., Dist-NY, and Supply. The legal service was not provided by NFG Co., but the affiliates would still book an Inter-company payable to NFG Co. and then reimburse NFG Co. for the payment.

While this is convenient, we encourage employees and vendors to identify the individual affiliates and bill them directly.

## **SECTION VI. LABOR CHARGES**

### **A. Overview**

Labor is generally reported to the Payroll Department through the use of a timesheet or entered directly into the Time & Labor system. In some cases, the timesheet is used to report the number of hours worked, the accounting charges, plus any exception time. This would be considered positive time reporting and is mainly used by hourly field personnel. The other method, considered exception reporting, is used mainly to report exception hours, plus any accounting charge exceptions. This is typically used for salaried employees and administrative hourly employees. Labor is reported weekly for hourly employees and monthly for salaried employees.

Within the payroll system, every employee is assigned to a home company and a home department. When time is recorded, the system compares the employee's information to the recorded company and department to determine if the labor is regular labor or loaned and borrowed labor.

Regular labor generates accounting charges within the employee's home company only. The employee's hourly pay rate is multiplied by the hours and applied to the accounting charges that were indicated. In addition, vacation & holiday load is added to the same accounting charges as the labor. If the employee indicated the use of a vehicle, the vehicle & tool load is also applied and charged to follow the labor. Fringe benefits would also be added if required.

Fringe benefits are not added on to regular labor charged to O&M. The fringe benefits related to that labor remains in the home company's fringe benefit expense accounts. Fringe benefits are loaded on to labor that is charged to a capital account, clearing account, inter-company account, and other accounts as specified. (See fringe benefit load chapter for more details).

### **B. Accounting Charges**

Labor can be charged to O&M expense, capital accounts, undistributed accounts, clearing accounts, inter-company accounts or OID or "below the line" accounts for specific costs such as lobbying.

O&M charges are determined based on the type of work being performed. This is especially important for field personnel, as administrative employees will usually charge a more generic A&G account.

Capital work is charged by the use of a project number. Each project number has an associated capital account – CWIP, RWIP or Preliminary Survey based on the nature of the project.



Undistributed accounts are used by a small group of employees performing work that has been specifically identified as requiring special treatment based on regulatory requirements.

Clearing accounts are used by specific departments whose costs are allocated after the costs for the month have been collected.

Inter-company accounts are used when direct charging labor to the non-regulated affiliates not included in the PeopleSoft accounting system. The charges are accumulated and then billed to those companies manually each month.

Other Income and Deduction accounts are used when the charges are not to be included in the cost of service. These would specifically relate to time charged for lobbying by identified employees.

### **C. Direct Labor**

When work is performed relating to a specific task within a specific affiliate, the labor hours and accounting charges should be directly charged. There would be no need for any breakdown or allocation of the charges or costs. This would be considered direct charging of labor.

Direct labor can be charged to any of the accounts indicated in section B.

### **D. Loaned & Borrowed Labor**

When an employee from one affiliate performs work for another affiliate, the time spent is charged to the affiliate for which the work was performed. The charging is accomplished by indicating to payroll that a number of hours in the pay period were worked outside of the employee's home department.

Within the payroll system, the above action triggers the generation of multiple entries to record the loaned and borrowed labor. Included in the entries are: the recording of the inter-company payable and receivable, the recording of the proper accounting charges, and the loading of vacation & holiday and fringe benefits. Additionally, vehicle and tool usage would be applied as required.

## **SECTION VII. COMMON COST ALLOCATION**

### **A. Background**

The Common Cost Allocation is a monthly allocation of “common” administrative and general department costs. The common costs represent costs incurred in New York Distribution departments that have a benefit to the Pennsylvania jurisdiction and/or to other NFG subsidiaries. While some costs may be direct charged to the subsidiaries receiving the benefits, others are more generic in nature and cannot be specifically charged. The common cost allocation seeks to allocate these charges using a three factor formula in a fair manner.

The common cost formula was developed as part of a NYD rate proceeding and has been consistently used in PAD rate proceedings and Supply FERC proceedings. The three factors included in the formula are: Net Plant, O&M expense, and Total Throughput. The formula is updated at the beginning of each fiscal year using the prior year’s fiscal results in the computation. The formula will be updated during the fiscal year if there is a significant acquisition or disposition that materially impacts the three factors in the formula. See the attached Common Cost Allocation Summary for a listing of the Departments included in the Common Cost allocation.

### **B. Application**

On a monthly basis, just prior to the O&M close, the allocation is run. The specific Department and Account combinations’ charges are gathered and then allocated based on the predetermined allocation percentages. The system generates the appropriate journal entries to book the expense credit in NYD and off-setting receivable from the companies being charged. For PAD, Supply, and Empire Corporation, the system also generates the appropriate expense charges and offsetting payable to NYD. For the non-regulated companies, the system generates a receivable on NYD’s books and then a manual bill is prepared for the subsidiaries. The subsidiaries record the charges and remit payment to NYD for services rendered.

The allocation is done in total. Allocations are not generated on individual invoices or separate source transactions. The audit trail is the allocation summary and the various feeder system audit trail reports.

Notes:

The common cost allocation is a last resort type of allocation.

## SECTION VIII. OTHER ALLOCATION METHODS

### A. Allocation Factors

When costs cannot be directly charged to an affiliate company, an allocation is used to apply the accounting charges. Since many costs are shared between the affiliates, it is important to insure that the costs are applied fairly.

While the Common Cost Allocation Methodology is used for more of the administrative and general or governance costs, NFG employs various other methods to allocate costs between and among affiliates. These allocations are based on factors that are more causative in nature. The following is a list of the various factors employed:

A	Number of customers	For costs driven by the number of Utility Customers, the ratio of customers between NYD and PAD is used.
B	Number of customer bills	For costs driven by the number of Utility Bills, the ratio of bills between NYD and PAD is used.
C	Ratio of Throughput	For gas supply administration costs between NYD and PAD.
D	Ratio of Transportation Sales	For costs related to transportation activities, the ratio of transportation sales between NYD and PAD will be used.
E	Ratio of Meters – Small	For costs related to the maintenance of small and large meters, the factor is based on the number of meters worked on by state.
F	Ratio of Meters – Large	For costs related to the maintenance of small and large meters, the factor is based on the number of meters worked on by state.
G	Percentage of IS Analyst Time Used	For IS labor costs, time is collected and then a percentage is calculated based on the work performed.
H	Number of Temperature Correctors	For costs related to the maintenance of pressure and temperature correctors, the allocation is based on the percentage of pressure and temperature correctors in the field.
I	Number of Pressure Relief Valves	For costs related to the maintenance of regulators and pressure reliefs, the factor is based on the percentage of regulators and pressure reliefs in the field.
J	Number of Employees	For costs driven by number of employees receiving the services or benefits of the department's activities.

K	Number of Messenger Stops	For messenger service costs, a ratio based on the number of messenger stops is used.
L	Number of Computers	For costs driven by computer connectivity to various systems through the NFG intranet.
M	Number of Telecommunication Basic Licenses	For telecom costs driven by connectivity to the telecom system.
N	Number of Internet connection ports.	For costs driven by computer connectivity to various systems through the NFG intranet.
O	Square footage by department at 6363 Main St	For costs driven by the square footage by department at the Main Office making use of the service or equipment.
P	Placement after Training	For costs related to HR rotators during their rotation.
Q	Time study, meter study, invoice analysis and shipper volume schedules for throughput	For gas measurement expense for Supply and Empire.

## B. Methodology Application

The following table contains information regarding the current clearing accounts, their home business unit (BU) and the methodology used to allocate the costs:

### 1. Information Technology:

These are the costs to operate and maintain the Information Technology department and the various computer networks and systems. In the case of account 184150, the costs are related to capital additions and will be charged to capital accounts in the various subsidiaries.

Account	BU	Cost To Be Allocated	Allocation Methodology
184140	DNYG1	Information Technology expenses, which includes labor and benefits.	Costs are allocated based on analyst hours charged to various IT time reporting groups.
184170	DNYG1	Information Technology Network costs, which include labor, benefits, professional service provider (PCI), equipment leases, maintenance agreements, telecommunication costs, utilities and other miscellaneous costs.	Costs are allocated based on a percentage of system connections, including PCs and Tough books.
184150	DNYG1	Information Technology costs primarily related to the roll-out of new computer equipment or software (such as a new firewall) that will be capitalized across the subsidiaries.	Costs are allocated based on a percentage of system connections for each subsidiary.

**2. Telecommunications:**

These are the various costs of operating and maintaining the Company’s telecommunication and data network. Costs include labor, contractor charges, maintenance agreements, leased lines and equipment and various other charges related to providing service.

Account	BU	Cost To Be Allocated	Allocation Methodology
184430	DNYG1	Telecom Costs for Phone Usage & Equipment	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC’s, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.
184435	DNYG1	Telecom - Tie Lines & Wats	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC’s, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.
184445	DNYG1	Telecom - Remote Terminal Usage	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC’s, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.

184450	DNYG1	Telecom - Pa Phone Use & Equipment	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.
184455	DNYG1	Telecom - MSW	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.
184460	DNYG1	Telecom - Erie SC	Costs are allocated based on a count of all computing devices used for telecom purposes. That is PC hardware (including PC's, laptops tablets, etc.), cellular devices, and desk phones. All device counts were applied to the companies that use them. The totals for each company then determine the new percentage allocation when compared to the overall count.

**3. Messenger Expense:**

These are costs related to the delivery of material and mail between NFG locations.

Account	BU	Cost To Be Allocated	Allocation Methodology
184300	DNYG1	Messenger Expense	Costs are allocated on the basis of number of messenger stops.
184300	DPAG1	Messenger Expense	Costs are allocated on the basis of number of messenger stops.
184300	SUPG1	Messenger Expense	Costs are allocated on the basis of number of messenger stops.

**4. Meter Shop:**

These are the costs related to maintaining the various meters and metering equipment used by affiliates.

Account	BU	Cost To Be Allocated	Allocation Methodology
184700	DNYG1	Meter Shop expenses – Regulators and Pressure Relief, includes labor, benefits, materials, repair parts	Costs are allocated based on the percentage of regulators and pressure reliefs in the field.
184705	DNYG1	Meter Shop expenses – Temperature corrector, includes labor, benefits, materials, repair parts	Costs are allocated based on the percentage of pressure and temperature connectors in the field.
184707	DNYG1	Meter Shop expenses – general shop / warehousing, includes labor, benefits, materials, repair parts	Costs are allocated based on the average of the percentages of the small and large meter programs plus temperature correction and meter regulators.
184710	DNYG1	Meter Shop expenses – small meter, includes labor, benefits, materials, repair parts	Costs are allocated based on the meters worked on by state in prior 12 months.
184720	DNYG1	Meter Shop expenses – large meter, includes labor, benefits, materials, repair parts	Costs are allocated based on the meters worked on by state in prior 12 months.



**5. Miscellaneous Customer Services:**

These are costs related to producing and mailing bills to customers.

Account	BU	Cost To Be Allocated	Allocation Methodology
184240	DNYG1	Customer Billing	Costs are allocated based on the ratio of customer bills between NYD & PAD.
184245	DNYG1	Customer Postage	Costs are allocated based on postage usage.

**6. Supply Services:**

The following are costs related to the movement of gas through the pipeline network.

Account	BU	Cost To Be Allocated	Allocation Methodology
184220	SUPG1	Gas Measurement Expenses, including labor, benefits, and contractor and office expenses.	Costs are allocated based on departmental labor hours. Study performed by department.
184250	SUPG1	Gas Supply Administration, including labor, benefits, and contractor and office expenses.	Costs are allocated based on a rolling three-year average of the throughput of Distribution NY and Distribution PA.
184270	SUPG1	Gas Control including labor, benefits, and contractor and office expenses.	Costs are allocated based on departmental labor hours. Study performed by department.

**7. Miscellaneous Services:**

These are costs related to the shared use of the mail, print and copy rooms throughout the main office, and also the cost of confidential document destruction.

Account	BU	Cost To Be Allocated	Allocation Methodology
184617	DNYG1	MPC Room Clearing	Costs are allocated based on the number of employees at 6363 Main St
184618	DNYG1	Certified Document Destruction	Costs are allocated based on the number of employees at 6363 Main St

**8. Human Resources Management Trainees**

These costs are related to the labor, benefits loads, and office supplies for the employees participating in the Management Trainee program. The employees use one home department but work in various departments throughout the company. At the end of the two years, employees are assigned a permanent work location and begin recording expense under that department ID.

Department	BU	Cost To Be Allocated	Allocation Methodology
1457	DNYG1	HR Management Trainees	Costs are allocated based on historical placement of employees upon completion of two-year program

## **SECTION IX. NON-REGULATED ACTIVITY ALLOCATIONS**

### **A. Overview**

There is one transaction that begins in the non-regulated affiliates that includes costs that are allocated to both regulated and other non-regulated affiliates. The one allocation based transaction is the rent for 6363 Main St.

### **B. Main Office Rent**

NFG Co. owns the leasehold for the office building at 6363 Main St. in Williamsville, NY and leases space in the building to Distribution, Supply, Empire, and Midstream. The lease costs are based on an allocation related to the square footage of office space for each entity.

The lease affiliates also allocate the charges to individual departments using the square footage basis, so that the charges can be allocated across affiliates based on the work performed by the individual departments.

For instance: In NFGDC, DNY is allocated rent based on the square footage of space used. DNY then further allocates the cost to each of its departments located in the building. The individual departments then charge or allocate their costs based on the work they perform across the affiliates. So while DNY may be allocated 80% of the lease costs, they may end up with only 55% of the total costs once the allocation cycle is complete.

## SECTION X. OVERHEADS

Many transactions between affiliates can be directly measured and priced out based on contracted rates or tariff rates. In these transactions, multiplying a quantity and price results in the cost. Many other transactions, however, involve indirect costs.

For example, when borrowing an employee the cost includes not only the employee's labor rate, but also their fringe benefits, vacation & holiday load, and possibly vehicle charges. Constructing a pipeline results in engineering overhead being added to the costs, and requesting material from a warehouse or stockroom includes an inventory overhead.

These overheads are calculated and reviewed on a regular basis, usually annually, to insure that the transactions between affiliates are equitable.

### A. Employee Benefits

Labor transactions between affiliates are charged not only the actual labor cost, but also an amount for fringe benefits and vacation & holiday load. The purpose of loading the labor with these costs is to insure that the total cost of labor follows the accounting charges. In addition to labor between affiliates, benefits are also included on all capitalized labor and all labor charged to clearing accounts. From a regulatory standpoint, benefits are not just expensed, but follow all labor.

There are two benefit loads within our employee benefits –Vacation & Holidays and Fringe Benefits:

**Vacation & Holidays Load (V&H)** is a means of spreading the cost of vacation time and holiday time across the actual work performed by the employee. Employees may spend a majority of their time performing capital work or loaning their labor to another affiliate. By adding the V&H to the labor, the actual employee labor costs directly follow the labor.

V&H is calculated annually and is the cost of vacation and holidays divided by total labor.

**Fringe Benefit Load (FB)** is the method of burdening the labor costs with the cost of fringe benefits when the labor is not charged to home company O&M expense. The fringe benefits represent the cost of non-labor benefits, such as medical insurance, pension, dental care, post-employment benefits, and life insurance.

Fringe benefits are added to all non-home company O&M labor, including affiliate labor, clearing account labor, capital labor and labor charged below the line. Once again, from a regulatory standpoint, fringe benefits are not just expensed, but follow the labor charges.

Fringe benefit loading is calculated based on the total fringe benefits divided by total labor. (See appendix for a sample fringe benefit and vacation & holiday calculation.)

## B. Vehicle & Tools

Vehicle & Tool load (VT) is the method of distributing the costs related to operating and maintaining a fleet of vehicles and construction tools. Direct costs such as lease payments, depreciation, fuel, maintenance and repairs are coupled with indirect costs such as garage costs, fuel tank maintenance and back office expenses to determine a fair hourly rate to charge when the vehicles are used.

Vehicle costs are accumulated in clearing accounts and subsequently cleared using an hourly usage rate. The rates are calculated annually, then reviewed and adjusted throughout the fiscal year as required. The rates are calculated by taking the total cost of the vehicles divided by the number of working hours in the fiscal year. (See appendix for an example of the calculation methodology and sample rate schedule.)

Separate vehicle fleets are kept by Dist-NY, Dist-PA, Supply, and Midstream, and separate rates are determined for each entity. In cases where employees are loaned to an affiliate, the vehicle cost is also loaned using the rates of the employee's home company.

The vehicle usage is recorded through the payroll time reporting system. Employees include the Vehicle ID that they used along with their payroll hours. The system then charges the vehicle to the same accounting charges that were used for the labor. The rate is applied and charged along with other payroll overheads using a transportation product to identify the charges.

### Vehicle & Tool Accounts:

Account	Tools - Description	Account	Vehicles - Description
184015	Main Line Trucks	184510	Transport Vehicles for Repair/Maint.
184020	Main Line Trucks - Leased	184515	Transportation Equipment
184025	Excavating Equipment	184520	Auto Compact
184030	Excavating Equipment - Leased	184530	Meter Reading Vehicle
184035	Miscellaneous Equipment	184532	Meter Reading Vehicle - Electric
184038	Other Construction Equipment	184535	Meter Reading Vehicle - Leased
184040	Miscellaneous Equipment - Leased	184540	Auto - Non-Compact
184050	Cranes	184545	Auto - Non-Compact - Leased
184055	Welding Equipment	184550	Trucks - 1/2 & 3/4 Ton
184060	Welding Equipment - Leased	184555	Trucks - 1/2 & 3/4 Ton - Leased
184065	General Construction Equipment	184560	Trucks - 1 Ton and Larger
184070	Construction Equipment - credit	184565	Trucks - 1 Ton and Larger - Leased
		184570	General Transportation Equipment
		184575	Transportation Vehicle - Credit
		184580	Transportation Expense Split
		184585	Vehicle Breakdown

### **C. Engineering (Unicap)**

The Engineering Department provides many services which can be directly and indirectly related to work performed by the operations and construction groups. In cases where an engineer is directly assigned to a large project, their labor and benefit costs can be easily charged to the project. However, when the work being done provides benefits to many projects, it is much more difficult to directly assign the costs. For this reason, an engineering overhead factor is used to allocate a portion of the Engineering Department's costs across all on-going construction projects.

Each Engineering Department accumulates its own A&G costs. On a periodic basis, the department reviews the work being performed by its employees to determine the percentage to be charged to the capital projects. This percentage is then used to apply the Engineering Overhead or Unicap (IRS Sec 263 Uniform Capitalization) amount to the various projects.

The amounts are applied to the projects via an allocation in the PeopleSoft system. First an amount is determined from the department's actual expenses, then that amount is spread across the open projects.

### **D. Inventory**

Inventory overheads are collected in account 163 as directed by the FERC instructions. Inventory and warehousing costs such as labor, rent, utilities and maintenance of the warehouse facilities, as well as freight charges, sales tax, inventory price adjustments and other inventory overheads are accumulated and form the basis for the inventory overhead.

The Inventory Overhead is added to each inventory issue by the PeopleSoft Inventory Module. The item price is multiplied by the number of units issued to determine the inventory issue value. That value is then multiplied by the overhead rate to determine the amount of inventory overhead to add to the transaction. The issue and the overhead are accounted for separately for auditing purposes, but are charged to the same accounting charges. Overhead is added to all inventory transactions whether in the home company or inter-company.

### **E. AFUDC**

AFUDC or Allowance for Funds Used During Construction is a construction overhead related to the cost of borrowed funds or other funds used for utility construction projects. Since the construction costs aren't included in "rate base" during the construction period, the company does not earn a return on such costs. AFUDC can be viewed as a means of making us whole during the construction period.

By official definition, it is a component of the construction of Property, Plant and Equipment ("PP&E") defined in the applicable regulatory system of accounts as

including “the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used.” AFUDC is capitalized in those instances in which the related construction work in progress is not afforded rate base treatment and is reflected in the Statements of Income as a reduction to “Interest expense” and “Other income and expense, net” to the extent it represents borrowed funds and other funds used in construction, respectively.

## **SECTION XI. ALLOCATION PROCESS**

### **A. Overview**

Costs collected during the accounting month are aggregated and allocated as part of the month end closing process. The majority of the allocations are processed automatically through the PeopleSoft allocation module, while the three Information Services allocations are processed using a spreadsheet.

### **B. Processing**

Allocations are performed once a month during the monthly closing process. They can be run once the feeder system journal entries are received and posted, as well as all manual journal entries that contain O&M or clearing accounts.

There is a specific order in which the allocations are run, which is detailed in the monthly processing checklist. The order is important as one allocation may generate charges that are further allocated in a later step. In most cases, the previous allocation must also be posted before continuing.

Once the allocation process is completed, report GL1601 is run to verify the allocations. This report shows the activity or balance in the accounts. If the process ran correctly, the balances in the accounts should be zero.



## **SECTION XII. BILLING AND PAYMENT**

Once the closing cycle is complete and all the affiliate charges are identified, an inter-company billing process takes place to provide an invoice for the affiliates so that payments can be made.

### **A. Procedures**

#### **1. Billing:**

Services and shared costs between affiliates are generated throughout the accounting month and accounting close cycle. As near as possible to the end of the monthly closing, the affiliate charges are reconciled and a detailed invoice is prepared. The invoice includes detail and references back to the transactions that generated the entries.

The review and analysis of the costs is managed through the budgetary process. Each department receives reports outlining the costs charged to them on a monthly basis. As many administrative departments within NFGDC and NFGSC perform functions that cross affiliates, the department heads review the detail costs and manage the expenditures. Variances from budget are analyzed and reported during the budget review meetings held monthly.

Additionally, an accountant reviews the inter-company reports and makes sure that the Inter-Company Receivables and Payables reconcile. Two reports are used in this process, GL1650 and GL10610.

#### **2. Payment:**

Once the invoice is reviewed and approved for payment by the Controller, monies are wired between affiliates (checks are cut for the smaller amounts).

## APPENDICES

Available on InfoNet (<https://infonet.natfuel.com/accounting/default.asp>)

- Common Expense Documentation
- Fringe Benefit Load Rates
- Current Allocation Rates
- Vacation Holiday Load Rates
- Vehicle & Tool Load Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
JURISDICTIONAL ACCOUNTING  
COMMON COST ALLOCATION  
FISCAL YEAR 2024  
EFFECTIVE OCTOBER 1, 2023

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General Notes:

While the common expense allocation is one of the methods available to facilitate the expenses in specific departments being distributed to other subsidiaries of National Fuel Gas Corp., every effort should be made to charge those subsidiaries directly when such expenses are identifiable and known to be related to a specific subsidiary. The use of common expense allocations should not be the default method for distribution of expense; rather, direct charging – either through payroll or accounts payable – should be utilized first.

Purpose:

The Common Cost Allocation is an allocation of administrative and general costs for certain “common” departments that affect the operations of subsidiary companies of National Fuel Gas Company.

The Administrative and General costs are comprised of salaries, office supplies, rents, utilities, and other office expenses of a general nature.

The common departments are identified as departments within the New York jurisdiction of National Fuel Gas Distribution Corporation (Distribution) that perform work that benefits or affects multiple subsidiaries within National Fuel Gas Company. The subsidiaries would include Distribution Corporation, Supply Corporation, Seneca Resources LLC, Empire Pipeline, Inc. and NFG Midstream Company LLC. (See Department IDs Subject to Common Cost Allocations.)

Procedure:

Amounts charged to accounts 580010, 581010, 581015, 581040, and 584000 for the “common” departments are accumulated for the month and then internally allocated to the appropriate service areas within Distribution Corporation as well as establishing the Accounts Receivable from the subsidiary companies. In some cases, accounts 580000, 581000, 580027, 580030, 581030, 581050, 581090, 581110, 581600, 581610, 581800, 582340, 582390, 583140, 583420, and 163000 are also allocated. Department costs are allocated to all or some subsidiaries depending on the work performed by the department. The amounts are allocated on Product 1054 (Allocated Labor), Product 1008 (NYD Labor), Product 2935 (Office Supplies and Expenses) and Product 2111 (Employee Benefits).

Generally, the allocation used to allocate the expenses among Distribution, Supply, Empire, Midstream and Non-regulated Subsidiaries is based on the average of three factors:

- Total Net Plant
- Total Throughput
- Total Operating and Maintenance Expenses exclusive of Purchased Gas Costs, Inter-Company Transmission/Gathering/Storage Costs, Administrative and General Expenses and Account 858 in Supply Corporation and Empire Pipeline, Inc.

These allocation factors are based on the actual results of the prior 12 months ending September 30<sup>th</sup> and are effective October 1 of the new fiscal year. The allocation factors are reviewed quarterly or when a significant event occurs and adjusted if necessary.

The allocation procedures will be executed prior to the final Trial Balance run so that all the charges have been accumulated in the appropriate accounts and departments.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
JURISDICTIONAL ACCOUNTING  
COMMON COST ALLOCATION  
FISCAL YEAR 2024  
EFFECTIVE OCTOBER 1, 2023

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**General Rules for Generating Charges:**

1. Common Cost Allocation will be performed only on charges to a predetermined group of “common” Department IDs with one of the following account numbers: 580000, 580010, 580027, 580030, 581000, 581010, 581015, 581030, 581040, 581050, 581090, 581110, 581600, 581610, 581800, 582340, 582390, 583140, 583420, 584000, or 163000.
2. Allocation percentages are dependent upon the combination of Department ID and Account.
3. Accounts 580000, 580010, 580027, and 580030 are used for labor only (products 1004, 1005, 1034, 1006, 1007, 1036). Product 1008 is used to make the NYD entries and product 1054 is used to make the entries to the other subsidiaries. For the Materials Management Department, account 163000 is used for both labor and other charges. Account 583140 in the Rates and Regulatory Department and account 581800 in the Risk Department are used for labor charges as well.
4. Accounts 581000, 581010, 581015, 581030, 581040, 581050, 581090, 581110, 581600, 581610, 582340, 582390, 583420, and 584000 are used for all other charges except labor. Product 2935 is used to make the allocation. For the Materials Management Department, account 163000 is used for labor and other charges. Account 583140 in the Rates and Regulatory Department is used for other charges.
5. A monthly “Common Expense” report will be reviewed to determine if charges were correctly applied against common departments or accounts. Any inconsistencies will be corrected by way of the original transaction process (payroll or accounts payable). A manual accounting entry can also be done, when necessary, but typically as a last resort.
6. After the labor costs are allocated using the 1008 & 1054 products, employee benefit allocations are run to apply fringe benefits and payroll taxes to the labor allocated out of NYD using product 2111. In NYD, benefits allocated to PAD, Supply, Midstream, Empire and the non-regulated subsidiaries are charged to the appropriate Accounts Receivable and the credit is distributed to the various employee benefit and payroll tax accounts (based upon the NYD rates).
7. The allocation generates accounting entries on products 1054, 2111 and 2935 for Pennsylvania Distribution, Supply Corporation, Midstream and Empire Pipeline along with the appropriate payable to NYD. Product 1054 (Allocated labor) establishes the receivable for Administrative and General Salaries. Product 2111 (Fringe Benefits) establishes the receivable for Administrative and General Employee Benefits. Product 2935 (Other Expense) establishes the receivable for the Administrative and General Office Supplies and Expense.
8. The system also generates the NYD Accounts Receivable entries for the non-regulated subsidiaries. Product 1054 establishes the receivable for Administrative and General Salaries. Product 2111 establishes the receivable for Administrative and General Employee Benefits. Product 2935 establishes the receivable for the Administrative and General Office Supplies and Expense.
9. Any revisions to the Common Cost Allocation system or procedures will have to be documented and changes made to the system by the Accounting Department.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
JURISDICTIONAL ACCOUNTING  
COMMON COST ALLOCATION  
FISCAL YEAR 2024  
EFFECTIVE OCTOBER 1, 2023

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**NATURAL GAS PRODUCTION EXPENSE**

**Purpose:**

The purpose of the allocation is to allocate the Natural Gas Production expenses of a general nature, which affect the operations of the corporation as a whole, to the appropriate service areas based upon MCF's of sales for the prior fiscal year.

**Procedure:**

The amounts charged to Control 401200 and Control 402200 are accumulated for the month and then internally allocated to the appropriate service areas within the Distribution Corporation. Amounts charged to Natural Gas Production expenses are allocated on Product 2111 (Employee Benefit), Product 1008 (NYD Labor), Product 1054 (Labor allocated to PAD) and Product 2935 (Other).

The factor used to allocate the expenses within Distribution Corporation is based upon the relationship of MCF's of sales between NYD and PAD.

This allocation factor is based upon the actual results of the prior 12 months ending September 30 and is effective on October 1 of the current fiscal year. The allocation factors are reviewed annually and adjusted, as necessary.

The allocation procedures will be executed prior to the final Trial Balance run so that all the charges have been accumulated in the appropriate activities.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
JURISDICTIONAL ACCOUNTING  
COMMON COST ALLOCATION  
FISCAL YEAR 2024  
EFFECTIVE OCTOBER 1, 2023

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**General Rules for Generating Charges:**

1. Common Cost allocation will be performed on all charges to a predetermined group of account numbers. These numbers fall under Control Accounts 401200 and 402200 (Operation & Maintenance Expense Natural Gas Production).
2. The allocation percentage is solely dependent upon the nature of the activity numbers. The basis of the allocation factor will be MCF's of sales for the prior fiscal year.
3. Labor Products will be allocated on product 1008 for NYD labor and product 1054 for labor allocated to PAD.
4. Product 2935 is used to make the allocations of all other charges except labor.
5. After the system generates the product 1008 & 1054, it generates employee benefit and payroll tax allocations for PAD, which goes into product 2111. The allocations within Distribution Corporation are debited/credited to the specific account numbers for the payroll NYD taxes. It sets up the receivable from PAD and credits the specific account numbers for the payroll taxes on NYD books. On PAD books, it sets up the payable to NYD and records the charges to 582375.
6. The common Responsibility Center numbers to be used are as follows:

Debit	1921	New York Service Area
	4921	Pennsylvania Service Area
Credit	1952	New York Service Area
	4922	Pennsylvania Service Area
7. Any revisions to the Common Cost Allocation system or procedures will be documented and changes made to the system by the Accounting Department.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
JURISDICTIONAL ACCOUNTING  
COMMON COST ALLOCATION  
FISCAL YEAR 2024  
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**NATURAL GAS PRODUCTION**

COMMON COST ALLOCATION FACTORS - FISCAL YEAR 2024

<u>DISTRIBUTION CORPORATION</u>	<u>RESPONSIBILITY CENTER</u>	<u>PERCENTAGES</u>
New York Division	1921	61.78
Pennsylvania Division	4921	<u>38.22</u>
		<u>100.00</u>



**FRINGE BENEFIT LOADING FACTORS**  
**For The Period Ended September 30, 2023**

Business Unit: NFG Distribution Co - NY  
Report Number: GL2664

Run Date: 10/16/2023  
Run Time: 22:32:24

TOTAL PAYROLL - 12 MONTHS ENDED September 30, 2023	105,475,170
LESS: SICKNESS & INJURY	1,868,491
OTHER APPROVED ABSENCES	77,683
MEDICARE	0
OTHER - (INCLUDES 582235, 582320, 582340 & 582390)	81,120
MILITARY DUTY	2,998
JURY DUTY	29,435
NET PAYROLL	<u>103,415,444</u>
LESS LABOR THAT IS NOT ALLOCATED FRINGE***	6,671,085
RETIREMENT LABOR ADJUSTMENT	577,429
TOTAL	<u><u>96,166,931</u></u>

**DNYG1**  
**Effective 10/1/2023**  
**Distributed 10/27/2023**

TITLE	GROSS AMOUNT	% OF PAYROLL	% OF LOADING	CLEARED THROUGH ACCOUNT
<b>EMPLOYEE BENEFITS - 12 MONTHS ENDED September 30, 2023</b>				
GROUP LIFE INSURANCE	126,762	0.1	15.5	582100
MEDICAL & HOSPITALIZATION**	10,007,375	10.4	1225.4	582110
MEDICARE	0	0.0	0.0	582120
RETIREMENT SAVINGS ACCT COST*	-	0.0	0.0	582125
PENSION PLAN * - Service Cost	-	0.0	0.0	582130
PENSION PLAN * - Non-Service Cost	-	0.0	0.0	582130
THRIFT PLAN	0	0.0	0.0	582140
HEALTHCARE OPT OUT REIMBURSEMENT	84,375	0.1	10.3	582145
401K PLAN	3,466,572	3.6	424.4	582150
TUITION AID	40,781	0.0	5.0	582160
OTHER(less SARS & Restricted Stock)	458,923	0.5	56.2	582170
DENTAL PLAN	471,900	0.5	57.8	582180
LONG TERM DISABILITY INSURANCE	80,067	0.1	9.8	582190
NYS STATUTORY DISABILITY	93,000	0.1	11.4	582191
VISION	69,700	0.1	8.5	582192
TRUST PLAN ADMINISTRATION EXPENSE	63,826	0.1	7.8	582300
MILITARY DUTY	2,998	0.0	0.4	582360
JURY DUTY	28,199	0.0	3.5	582370
EMPLOYEE NEWS PUBLICATIONS	0	0.0	0.0	582390
OTHER POST RETIREMENT BENEFITS* - Service Cost	-	0.0	0.0	582420
OTHER POST RETIREMENT BENEFITS* - Non-Service Cost	-	0.0	0.0	582420
SICKNESS & INJURY	1,868,491	1.9	228.8	582460
OTHER APPROVED ABSENCES	77,683	0.1	9.5	582460
TOTAL	<u>16,940,652</u>	<u>17.6</u>	<u>2074.3</u>	
<b>NON-O&amp;M BENEFITS - 12 MONTHS ENDED September 30, 2023</b>				
DFD CONT PLAN UNION - NON O&M	508,691	1.7	197.1	186016
DFD CONT PLAN SUPV - NON O&M	498,241	1.6	193.1	186017
OPEB & PENSION FAS DEFERRAL****	1,085,349	3.6	420.6	186054
OPEB & PENSION FAS DEFERRAL - NSC	(9,564,870)	-31.5	-3706.9	186058
TOTAL	<u>(7,472,589)</u>	<u>-24.6</u>	<u>-2896.1</u>	
<b>PAYROLL TAXES - 12 MONTHS ENDED September 30, 2023</b>				
FICA	7,139,111	7.4	874.1	408120
FED. UNEMPLOYMENT COMPENSATION	74,755	0.1	9.2	408122
NY UNEMPLOYMENT COMPENSATION	310,371	0.3	38.0	408123
PA UNEMPLOYMENT COMPENSATION	194	0.0	0.0	408124
PATIENT CENTERED OUTCOMES RESEARCH INSTITUTE (PCORI)	4,361	0.0	0.5	408126
TOTAL	<u>7,528,793</u>	<u>7.8</u>	<u>921.8</u>	
TOTAL BENEFITS	<u><u>16,996,856</u></u>	<u><u>0.8</u></u>	<u><u>100.0</u></u>	





**FRINGE BENEFIT LOADING FACTORS**  
**For The Period Ended September 30, 2023**

**Business Unit: NFG Distribution Co - PA**  
**Report Number: GL3664**

**Run Date: 10/16/2023**  
**Run Time: 22:32:29**

TOTAL PAYROLL - 12 Months Ended September 30, 2023	34,202,092
LESS: SICKNESS & INJURY	598,132
OTHER APPROVED ABSENCES	61,790
MEDICARE	
OTHER- (includes 582235, 582320, 582340 & 582390)	19,242
MILITARY DUTY	(6,674)
JURY DUTY	5,672
NET PAYROLL	<u>33,523,929</u>
Less labor that is not allocated fringe***	860,633
Retirement Labor Adjustment	257,130
Total	<u><u>32,406,166</u></u>

**DPAG1**  
**Effective 10/1/2023**  
**Distributed 10/27/2023**

TITLE	GROSS	% OF	% OF	CLEARED THROUGH
EMPLOYEE BENEFITS - 12 Months Ended September 30, 2023	AMOUNT	PAYROLL	LOADING	ACCOUNT
GROUP LIFE INSURANCE	30,712	0.1	-0.1	582100
MEDICAL & HOSPITALIZATION**	4,185,771	12.9	-20.0	582110
MEDICARE	0	0.0	0.0	582120
RETIREMENT SAVINGS ACCT COST *	995,000	3.1	-4.6	582125
PENSION PLAN * - Service Cost	443,344	1.4	-2.1	582130
PENSION PLAN * - Non-Service Cost	(443,344)	-1.4	2.1	582130
THRIFT PLAN	0	0.0	0.0	582140
HEALTHCARE OPT OUT REIMBURSEMENT	31,250	0.1	-0.1	582145
401K PLAN	1,022,833	3.2	-4.8	582150
TUITION AID	37,659	0.1	-0.2	582160
OTHER(less SARS & Restricted Stock)	28,712	0.1	-0.1	582170
DENTAL PLAN	183,500	0.6	-0.9	582180
LONG TERM DISABILITY INSURANCE	19,520	0.1	-0.1	582190
NYS STATUTORY DISABILITY	0	0.0	0.0	582191
VISION	26,700	0.1	-0.1	582192
TRUST PLAN ADMINISTRATION EXPENSE	20,481	0.1	-0.1	582300
MILITARY DUTY	(6,674)	0.0	0.0	582360
JURY DUTY	5,672	0.0	0.0	582370
EMPLOYEE NEWS PUBLICATIONS	0	0.0	0.0	582390
OTHER POST RETIREMENT BENEFITS* - Service Cost	26,631	0.1	-0.1	582420
OTHER POST RETIREMENT BENEFITS* - Non-Service Cost	(2,497,486)	-7.7	11.7	582420
SICKNESS & INJURY	598,132	1.8	-2.8	582460
OTHER APPROVED ABSENCES	61,790	0.2	-0.3	582460
TOTAL	<u>4,770,204</u>	14.9	-22.6	
<b>NON-O&amp;M BENEFITS</b>				
DEFERRED FRINGE BENEFIT - OPEB	<u>(28,750,000)</u>	-88.7	134.2	182934
<b>PAYROLL TAXES - 12 Months Ended September 30, 2023</b>				
FICA	2,357,971	7.3	-11.0	408120
FED. UNEMPLOYMENT COMPENSATION	20,348	0.1	-0.1	408122
NY UNEMPLOYMENT COMPENSATION	0	0.0	0.0	408123
PA UNEMPLOYMENT COMPENSATION	109,070	0.3	-0.5	408124
PATIENT CENTERED OUTCOMES RESEARCH INSTITUTE (PCORI)	1,744	0.0	0.0	408126
TOTAL	<u>2,489,133</u>	7.7	-11.6	
TOTAL BENEFITS	<u><u>(21,490,664)</u></u>	-66.1	100.0	



**FRINGE BENEFIT LOADING FACTORS**  
**For The Period Ended September 30, 2023**

Business Unit: National Fuel Gas Supply Corp.  
Report Number: GL4664

Run Date: 10/16/2023  
Run Time: 22:32:33

TOTAL PAYROLL - 12 Months Ended September 30, 2023	63,811,678
LESS: SICKNESS & INJURY	570,856
OTHER APPROVED ABSENCES	46,417
MEDICARE	
OTHER- (includes 582235, 582320, 582340 & 582390)	(3,477)
MILITARY DUTY	1,418
JURY DUTY	11,935
NET PAYROLL	<u>63,184,529</u>
Less labor that is not allocated fringe***	7,917,097
Retirement Labor Adjustment	351,520
Total	<u><u>54,915,913</u></u>

**SUPG1**  
**Effective 10/1/2023**  
**Distributed 10/27/2023**

TITLE	GROSS AMOUNT	% OF PAYROLL	% OF LOADING	CLEARED THROUGH ACCOUNT
<b>EMPLOYEE BENEFITS - 12 Months Ended September 30, 2023</b>				
GROUP LIFE INSURANCE	66,610	0.1	0.6	582100
MEDICAL & HOSPITALIZATION**	4,776,351	8.7	42.4	582110
MEDICARE	0	0.0	0.0	582120
RETIREMENT SAVINGS ACCT COST *	1,335,000.0	2.4	12.0	582125
PENSION PLAN * - Service Cost	1,123,402.0	2.0	10.1	582130
PENSION PLAN * - Non-Service Cost	(1,123,402.0)	-2.0	-10.1	582130
THRIFT PLAN	0	0.0	0.0	582140
HEALTHCARE OPT OUT REIMBURSEMENT	24,063	0.0	0.2	582145
401K PLAN	1,926,044	3.5	17.3	582150
TUITION AID	(2,907)	0.0	0.0	582160
OTHER(less SARS & Restricted Stock)	42,658	0.1	0.4	582170
DENTAL PLAN	273,000	0.5	2.5	582180
LONG TERM DISABILITY INSURANCE	45,394	0.1	0.4	582190
NYS STATUTORY DISABILITY	17,300	0.0	0.2	582191
VISION	33,600	0.1	0.3	582192
TRUST PLAN ADMINISTRATION EXPENSE	32,083	0.1	0.3	582300
MILITARY DUTY	1,418	0.0	0.0	582360
JURY DUTY	11,935	0.0	0.1	582370
EMPLOYEE NEWS PUBLICATIONS	0	0.0	0.0	582390
OTHER POST RETIREMENT BENEFITS* - Service Cost	134,078.0	0.2	1.2	582420
OTHER POST RETIREMENT BENEFITS* - Non-Service Cost	(2,071,674.0)	-3.8	-18.6	582420
SICKNESS & INJURY	570,856	1.0	5.1	582460
OTHER APPROVED ABSENCES	46,417	0.1	0.4	582460
TOTAL	<u>7,262,225</u>	<u>13.1</u>	<u>64.8</u>	
<b>PAYROLL TAXES - 12 Months Ended September 30, 2023</b>				
FICA	3,763,277	6.9	33.9	408120
FED. UNEMPLOYMENT COMPENSATION	25,969	0.0	0.2	408122
NY UNEMPLOYMENT COMPENSATION	61,510	0.1	0.6	408123
PA UNEMPLOYMENT COMPENSATION	52,689	0.1	0.5	408124
PATIENT CENTERED OUTCOMES RESEARCH INSTITUTE (PCORI)	2,203	0.0	0.0	408126
TOTAL	<u>3,905,648</u>	<u>7.1</u>	<u>35.2</u>	
TOTAL BENEFITS	<u><u>11,167,872</u></u>	<u><u>20.2</u></u>	<u><u>100.0</u></u>	



**FRINGE BENEFIT LOADING FACTORS**  
**For The Period Ended September 30, 2023**

**Business Unit: NFG Midstream Company, LLC**  
**Report Number: GL18664**

**Run Date: 10/16/2023**  
**Run Time: 22:32:37**

TOTAL PAYROLL - 12 Months Ended September 30, 2023	2,760,437
LESS: SICKNESS & INJURY	0
OTHER APPROVED ABSENCES	2,278
MEDICARE	
OTHER- (includes 582235, 582320, 582340 & 582390)	0
MILITARY DUTY	3,427
JURY DUTY	0
NET PAYROLL	<u>2,754,732</u>
Less labor that is not allocated fringe***	389,368
Retirement Labor Adjustment	0
Total	<u><u>2,365,364</u></u>

**MIDG1**  
**Effective 10/1/2023**  
**Distributed 10/27/2023**

TITLE	GROSS AMOUNT	% OF PAYROLL	% OF LOADING	CLEARED THROUGH ACCOUNT
<b>EMPLOYEE BENEFITS - 12 Months Ended September 30, 2023</b>				
GROUP LIFE INSURANCE	6,049	0.3	2.2	582100
MEDICAL & HOSPITALIZATION**	145,453	6.1	52.3	582110
MEDICARE	-	0.0	0.0	582120
RETIREMENT SAVINGS ACCT COST *	80,000	3.4	29.6	582125
PENSION PLAN * - Service Cost	65,903	2.8	24.4	582130
PENSION PLAN * - Non-Service Cost	(288,469)	-12.2	-106.9	582130
THRIFT PLAN	-	0.0	0.0	582140
HEALTHCARE OPT OUT REIMBURSEMENT	2,250	0.1	0.8	582145
401K PLAN	115,412	4.9	42.8	582150
TUITION AID	5,080	0.2	1.9	582160
OTHER(less SARS & Restricted Stock)	1,152	0.0	0.4	582170
DENTAL PLAN	11,200	0.5	4.1	582180
LONG TERM DISABILITY INSURANCE	5,127	0.2	1.9	582190
NYS STATUTORY DISABILITY	300	0.0	0.1	582191
VISION	2,700	0.1	1.0	582192
TRUST PLAN ADMINISTRATION EXPENSE	1,766	0.1	0.7	582300
MILITARY DUTY	3,427	0.1	1.3	582360
JURY DUTY	-	0.0	0.0	582370
EMPLOYEE NEWS PUBLICATIONS	-	0.0	0.0	582390
OTHER POST RETIREMENT BENEFITS* - Service Cost	5,390	0.2	2.0	582420
OTHER POST RETIREMENT BENEFITS* - Non-Service Cost	(84,195)	-3.6	-31.2	582420
SICKNESS & INJURY	-	0.0	0.0	582460
OTHER APPROVED ABSENCES	2,278	0.1	0.8	582460
TOTAL	<u>80,824</u>	3.3	28.2	
<b>PAYROLL TAXES - 12 Months Ended September 30, 2023</b>				
FICA	187,973	7.9	69.6	408120
FED. UNEMPLOYMENT COMPENSATION	1,008	0.0	0.4	408122
NY UNEMPLOYMENT COMPENSATION	1,285	0.1	0.5	408123
PA UNEMPLOYMENT COMPENSATION	3,526	0.1	1.3	408124
PATIENT CENTERED OUTCOMES RESEARCH INSTITUTE (PCORI)	79	0.0	0.0	408126
TOTAL	<u>193,871</u>	8.1	71.8	
TOTAL BENEFITS	<u><u>274,695</u></u>	11.4	100.0	

**National Fuel Gas - Misc Allocations**  
**Fiscal Year 2024**

<b>Account</b>	<b>Acct Description</b>	<b>Product</b>	<b>Alloc Mask</b>	<b>NYD</b>	<b>PAD</b>	<b>Supply</b>	<b>Empire</b>	<b>Midstream</b>	<b>Total</b>
184220	Gas Measurement Expense	3901	GM			89.00%	11.00%		100.00%
184240	Customer Billing Clearing	2932	CB	71.70%	28.30%				100.00%
184245	Customer Postage Clearing	2932	CP	71.70%	28.30%				100.00%
184250	Contract Administration - Supply	4303	GSA	66.97%	33.03%				100.00%
184270	Gas Control Clearing	4201	TSS	12.20%	8.90%	64.50%	14.40%		100.00%
184300	Messenger Expense - from NYD	4001	ME	59.09%	9.09%	31.82%			100.00%
184300	Messenger Expense - from PAD	4001	ME		66.67%	33.33%			100.00%
184700	Meter Shop Clearing - Regulator Work	2933	MS	46.87%	40.60%	11.44%	0.00%	1.09%	100.00%
184705	Meter Shop Clearing - Temperature Corrector Work	2933	MS	50.89%	35.94%	12.46%	0.00%	0.71%	100.00%
184707	Meter Shop Clearing - General Shop Work / Warehousing	2933	MS	57.10%	36.26%	6.00%	0.03%	0.61%	100.00%
184710	Small Meter Expense Clearing	2933	MS	68.22%	31.78%				100.00%
184720	Large Meter Expense Clearing	2933	MS	62.44%	36.72%	0.10%	0.10%	0.64%	100.00%
	Dept 1457 - Rotating MBA's		RT	50.00%		50.00%			100.00%
	Dept 4457 - Rotating MBA's		RT		30.00%	70.00%			100.00%

updated for FY2024

**National Fuel Gas Company**  
**Developed from 12 Months Ending December 31, 2022**  
**Vacation & Holiday Loading Rate**

	2023 Loading <u>Rate</u>
New York Distribution	12.85%
Pennsylvania Distribution	11.50%
Supply Corporation	13.20%
Midstream Corporation	14.00%

Distributed 11/1/23

To: Audrey Nguyen  
Amie Rykaczewski-Terry

From: Becky Pope

Re: Vehicle & Tool rates for FY 2024 - Effective October 2023

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Vehicle Class	NFG Distribution Corp.		NFG Supply Corp.	Midstream
	NY	PA		
C	5.00	5.00	5.00	-
E	6.00	7.00	8.50	7.50
F	1.00	-	-	-
G	12.00	11.50	9.00	-

Tool Class	NFG Distribution Corp.		NFG Supply Corp.	Midstream
	NY	PA		
J	14.00	13.00	5.75	-
L	5.50	4.00	4.00	2.00
N	3.00	1.50	2.00	0.50

# **Exhibit 7**

## Time Study

Both NY & PA Corporate Communications employees charge their time to the various NFG business units utilizing payroll defaults, which are reviewed on an annual basis in order to ensure the defaults align with current job responsibilities. To the extent an employee is working on an assignment for a specified business unit for a prolonged duration, they would direct charge the business unit.



# **Exhibit 8**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

Please refer to Response to DPS-431(2), in which the Company stated that “[t]he Company’s advertising policies are performed in accordance with the Commission’s Statement of Policy on Advertising and Promotional Practices of Public Utilities as the Company does not use bill inserts which contain any reference to political statements.”

a. Please describe in detail how the Company tracks advertising spending to ensure compliance with the Commission’s decision in the “Statement of Policy on Advertising and Promotional Practices of Public Utilities” that ratepayers must not pay for “advertising which seeks to sway opinion - legislative, environmental, governmental, consumer or any other kind - to the industry’s position of policy disputes.”

b. Please describe in detail how the Company tracks advertising spending to ensure compliance with the Commission’s decision in the “Statement of Policy on Advertising and Promotional Practices of Public Utilities” that utilities may only spend “a very small pool of dollars in rates to cover both informational and the intermediate category of ‘other institutional’ advertising,” and specifically, with the percentage of operating revenues that the Commission has determined that the Company may spend on such advertising.

Response

- a. Advertising spending is exclusively administered by the Company’s General Manager of Corporate Communications, Karen Merkel. For over thirteen years, Ms. Merkel has been responsible for overseeing the conception and implementation of each campaign and approving, tracking and allocating the invoice spending. The Company has very specific advertising campaigns within its O & M budget, which run annually, focusing on customer payment assistance programs, programs and safety (e.g., HEAP/Neighbor for Neighbor Heat Fund/Energy Affordability Program/Special Protections) and natural gas safety (Call Before You Dig/811 Day-Know What’s Below/Smell Gas? Leave Fast!/Carbon Monoxide Awareness). These multi-media outreach campaigns have no element of advocacy or lobbying contained within their materials; they are purely informational/educational. Each year the Company publicly files its Outreach & Education Plan with its regulator, the NYS Public Service

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Commission, with all of its advertising campaign materials available to the public to view.

Distinct from these multi-media campaigns, the utility's parent, National Fuel Gas Company, in the past year exercised its Constitutional rights to speech and engaged in advocacy in accordance with the New York State Lobbying Act. National Fuel Gas Company ran its *Better Plan No Bans* campaign from February 2023 through early May 2023 and filed required lobbying reports. The campaign's expenditures were paid from National Fuel Gas Company shareholder dollars.

- b. The Company does not engage in brand advertising that would be considered 'institutional advertising.' The annual campaigns that utilize Company ratepayer dollars include customer payment assistance programs and plans as well as natural gas safety campaigns. These campaigns are identified every year in the Company's Outreach & Education Plan that is publicly filed with the NYS Public Service Commission.

# **Exhibit 9**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

1. Provide a breakdown of the Company's budget and expenditures for informational and institutional advertising for the last three (3) Rate Years.
2. Explain in detail whether the Company's advertising activities are performed in accordance with the Commission's Statement of Policy on Advertising and Promotional Practices of Public Utilities, issued on February 25, 1977.

Response

1. Refer to DPS-431, Attachment 1 for a breakdown of the O&M expense related to informational/institutional advertising for the last three fiscal years.
2. The Company's advertising policies are performed in accordance with the Commission's Statement of Policy on Advertising and Promotional Practices of Public Utilities as the Company does not use bill inserts which contain any reference to political statements.

# **Exhibit 10**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

In response to DPS-432, Question 3(b)(ii), the Company referenced Company Exhibit\_\_(RRP-2), Schedule 3 (advertising expenses) to locate the Outreach operations and maintenance expenses.

1. Identify the line item(s) and amount(s) in Company Exhibit\_\_(RRP-2), Schedule 3 that pertain to advertising expenses.
2. Reconcile the advertising costs the Company listed in Company Exhibit\_\_(RRP-2), Schedule 3, and those the Company included in its response to DPS-432, Attachment 6.

Response

1. The Company's advertising expenses are presented on Company Exhibit\_(RRP-2), Schedule 3 as Promotional Expense. For the historic test year, \$1,114,171 of the \$1,126,924 of Promotional Expense (advertising) was associated with the Corporate Communications department.
2. The amounts provided in DPS-432, Attachment 6 represent the total advertising (promotional) expense by fiscal year while the figures included above in response (1) and Company Exhibit\_(RRP-2), Schedule 3 are for the historic test year.

# **Exhibit 11**



NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

Please refer to Response to AGREE-21(a) in which the Company states that “[t]he Company has provided limited cooperative advertising dollars to assist gas appliance dealers, contractors, and builders in the sale of natural gas equipment and services.”

- a. Are those dollars included in the HTY?
- b. Are any costs associated with the Company’s Co-Op Advertising plan’s included in the HTY?
- c. Are any costs associated with the Company’s Co-Op Advertising plan’s included in the revenue requirement?
- d. Are any costs associated with the NGA’s public awareness natural gas safety campaign included in the HTY?
- e. Are any costs associated with the NGA’s public awareness natural gas safety campaign included in the revenue requirement?

Response

AGREE-21(a) was a follow-up on DPS-431, Attachment 1 which was a fiscal year rather than a HTY schedule. The below answers speak to how the Company presented Co-Op Advertising and other informational advertising in its rate filing:

- a) Yes, there are Co-Op Advertising costs in the HTY.
- b) See response to part (a) above.
- c) Yes, the Company’s revenue requirement includes Co-Op Advertising expenses.
- d) Yes, the HTY includes costs associated with NGA’s public awareness natural gas safety campaign.
- e) Yes, these are in the revenue requirement on the Promotional Expense line item as they relate to educational/informational advertising.

# **Exhibit 12**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

Please refer to Attachment 1 to DPS-431.

- a. Please describe in detail the communications described in Line 14, labeled "Co-Op Advertising/Other." Please provide an example of those communications.
- b. Please describe in detail the communications described in Line 28, labeled "Co-Op Advertising/Other." Please provide an example of those communications.
- c. Please describe in detail the communications described in Line 42, labeled "Co-Op Advertising/Other." Please provide an example of those communications.

Response

- a) This line refers to the remainder of the advertising costs which include the Company's Co-Op Advertising plan and other promotional advertising such as NGA's public awareness natural gas safety campaign. The Company has provided limited cooperative advertising dollars to assist gas appliance dealers, contractors, and builders in the sale of natural gas equipment and services. The program is applicable to most media selections as well as home shows and trade shows. The purpose is to develop sales strategies that address the key buying concerns of consumers and to encourage trade ally promotions to effectively sell natural gas products and services. The program also allows for substantial flexibility and individuality to maintain individual business recognition. The program currently has 73 active participants. Refer to AGREE-21 Attachment 1 for details on the Co-Op advertising program and AGREE-21 Attachment 2 for an example of an actual advertisement.
- b) Refer to response (a) above.
- c) Refer to response (a) above.

# **Exhibit 13**

9/26/22

**Vacinek - National Fuel - General Program :15 TV Script**



**Woman on-camera VO:**

**I've had gas for years.  
And I couldn't be happier.  
My husband loves it too.**

**Off-camera announcer:**

**Let Vacinek install your natural  
gas furnace and water heater,  
and turn you into a gas lover.**

**Natural Gas, Realistic costs.**

**Reliable performance.**



**VACINEK**

*There when you need us.*

**vacinek.net (716) 592-2727**

**PLUMBING | HVAC | ROOFING**

# **Exhibit 14**

Better Plan, No Bans- the future of energy in NY is at stake!

---

From: National Fuel (info@crm.nationalfuel.com)

To: [REDACTED]

Date: Wednesday, March 29, 2023 at 01:30 PM EDT

---



**Governor Hochul's Executive Budget Proposal includes drastic measures to eliminate most natural gas use across New York State and mandate electrification as quickly and comprehensively as possible. But these mandatory deadlines are not tied to grid reliability and will be imposed without regard for customer affordability. The proposal seeks to:**

**Ban the installation of natural gas equipment  
in new construction:**

Smaller residential homes on or after Dec. 31, 2025



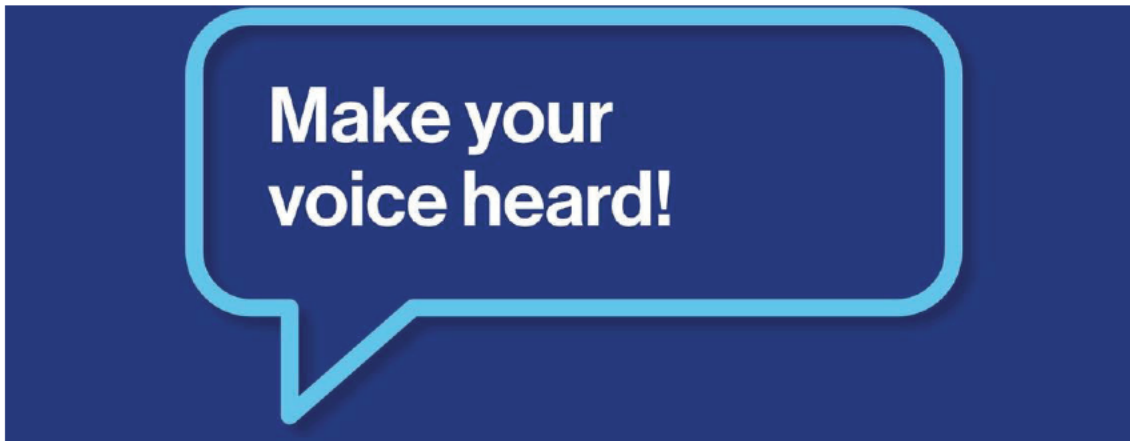
Commercial and larger residential buildings on or  
after Dec. 31, 2028

**Ban the sale of natural gas furnaces and water heaters:**

For existing smaller residential buildings on  
or after Jan. 1, 2030



For existing commercial and larger residential buildings  
on or after Jan. 1, 2035



**Join us in urging Albany lawmakers to reject any  
plan that fails to ensure energy affordability,  
reliability and safety.**



This campaign is not paid for by National Fuel utility customers.

[Unsubscribe From This List](#) | [Manage Email Preferences](#)



# **Exhibit 15**

Fueling  
tomorrow  
today 



[Rebates](#) ▾ [Programs](#) ▾ [Tips and Resources](#) ▾ [Facts](#) [NYS Climate Act](#) ▾ [Contact](#)

## The Future of Energy in New York State

When New York's Climate Leadership and Community Protection Act (the Climate Act) was signed into law in 2019, it established a mandate for the most aggressive greenhouse gas reductions of any major economy. It also called for the formation of a Climate Action Council (CAC) to create a scoping plan outlining specific actions the State must take to comply with the law.

The [Scoping Plan](#) was released on December 19, 2022, and its recommendations, if approved and implemented, promise a complete overhaul of the State's energy economy – with major impacts on transportation, buildings, electricity, industry, agriculture and more – **including a near-total ban on the use of natural gas by residents and businesses.**

The 2024 NYS Budget approved on May 2, 2023, a ban on fossil fuel equipment and building systems in new construction. The ban creates major concerns about energy affordability and reliability.

# **Exhibit 16**

## Overwhelming Public Opposition to Gas Bans

According to a Siena poll fielded in January 2023:

- 87% of WNYers believe that NYS should create an energy mix that uses both natural gas and low or no carbon fuels.
- 77% of WNYers oppose moving away from natural gas and prefer the continued use of natural gas as one part of NYS's energy plan.
- 77% of WNYers believe that natural gas is a cleaner fossil fuel which we should continue to use to heat our homes and water as we gradually transition to zero carbon emissions.

# **Exhibit 17**

## Learn the facts about natural gas

### Environmental

Discover why natural gas is able to drive emissions reductions more quickly and comprehensively than any other energy source.

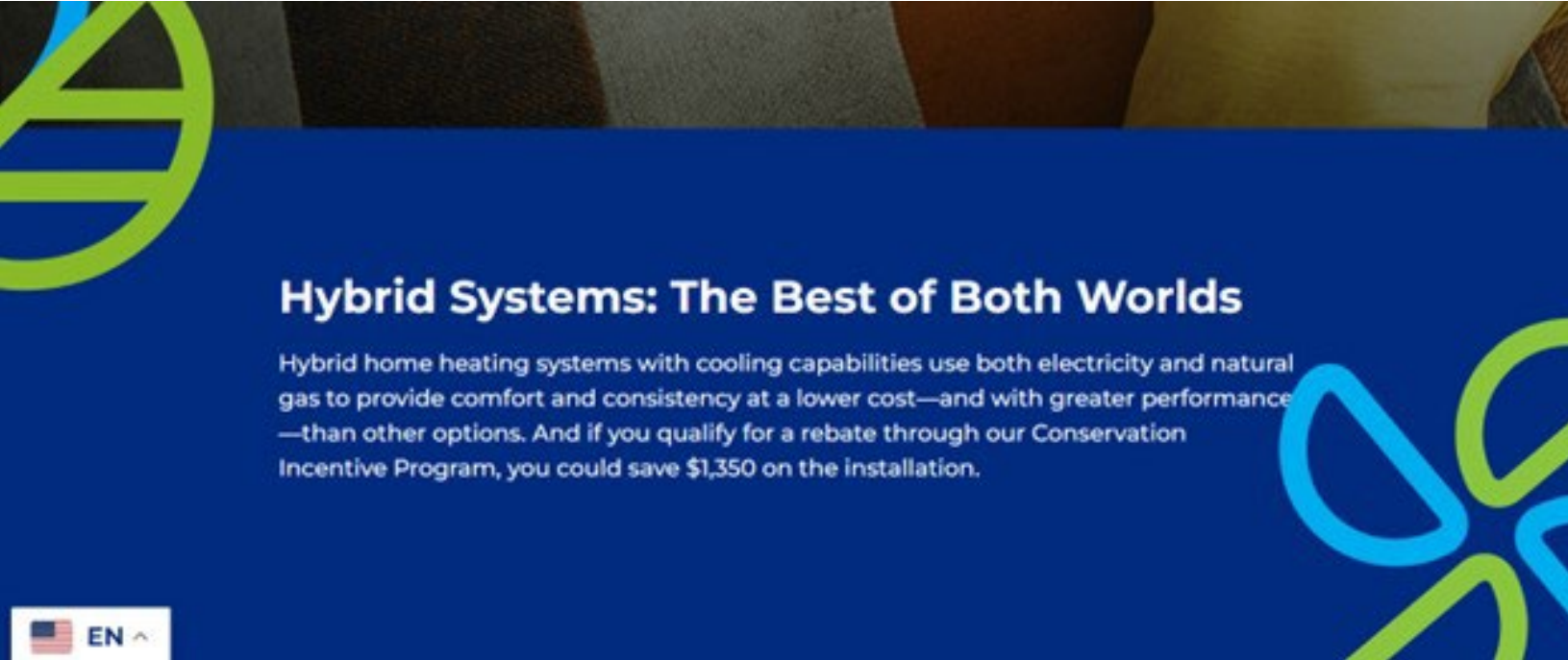
### Economic

Learn about the unique affordability of natural gas, and the positive economic impact it has on New York State's residents, businesses and overall economy.

### Social


See why an overwhelming majority of families and small businesses across New York State depend on natural gas to maintain health, safety and quality of life.

# **Exhibit 18**



## Hybrid Systems: The Best of Both Worlds

Hybrid home heating systems with cooling capabilities use both electricity and natural gas to provide comfort and consistency at a lower cost—and with greater performance—than other options. And if you qualify for a rebate through our Conservation Incentive Program, you could save \$1,350 on the installation.





# **Exhibit 19**



@natfuelgas

@natfuelgas



Read President & CEO David Bauer's Letter to the Editor published in today's Buffalo News.



buffalonews.com

National Fuel commits to responsible NY decarbonization

National Fuel supports New York's ambitious

decarbonization efforts and demonstrates that natural ga...

# **Exhibit 20**



**@natfuelgas**

@natfuelgas



Unreasonable proposals—like the NY HEAT Act—are being pursued in Albany that push electrification for homes & businesses. Tell Gov. Hochul to reject any plan that seeks to electrify homes & businesses without assuring readiness of the electric grid. Visit [betterplannobans.com](https://betterplannobans.com)

# **Exhibit 21**

@natfuelgas reposted

**AGA**  @aga\_naturalgas · Feb 14

We often talk about how [#naturalgas](#) fuels our communities, our homes and many of the things we enjoy in life. Your [#ValentinesDay](#) is fueled by [#natgas](#), too. So after you thank your sweetheart for the roses and chocolates, thank natural gas.



## **Exhibit 22**

@natfuelgas reposted

**New Yorkers for Affordable Energy** @NY4energy · Jun 8, 2023

...

NY's ban on natural gas will burden small-business owners already struggling to survive.

Contact your legislator now!

[ny4affordableenergy.com/wp-content/upl...](https://ny4affordableenergy.com/wp-content/upl...)

#CleanEnergy #AffordableEnergy #CleanNaturalGas #CostCounts





# **Exhibit 23**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

Please refer to page 44 of National Fuel’s 2023 Annual Report filed in Case No. 17-M-0475,<sup>1</sup> which shows information provided to customers through National Fuel’s “energy efficiency homepage.”

- a. Please clarify if the “energy efficiency homepage” refers to the [fuelingtomorrowtoday.com](http://fuelingtomorrowtoday.com) webpage
- b. If not, please provide the URL for the “energy efficiency homepage.”
  - i. Are the expenses associated with that webpage recorded below the line or charged to the parent company?

Response

- a) Yes, the energy efficiency homepage is referring to the [fuelingtomorrowtoday.com](http://fuelingtomorrowtoday.com) webpage.
- b) N/A – see response to (a) above
  - i. Expenses associated with the webpage are recorded to separate New York Distribution clearing accounts associated with the Company’s energy efficiency program. Specifically, these costs are part of the annual Conservation Incentive Program which is funded by ratepayers through a surcharge mechanism. It is not part of the Company’s revenue requirement or base rate recovery.

# **Exhibit 24**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

Please describe how a new residential customer would open an account for gas service with National Fuel Gas Distribution Corporation.

- a. To open an account for gas service, does a residential customer need to provide a phone number?
- b. To open an account for gas service, does a residential customer need to provide an email address?

Response

1. To establish service, an applicant for residential service contacts the Company by calling either 716-686-6123 or 1-800-365-3234.
  - a. During the telephone call to obtain residential gas service, the Company asks applicants to provide a telephone number as a means of contacting them. The applicant does not need to provide a phone number to open an account.
  - b. The applicant is asked if they would like to provide an email address but is not required to provide one in order to initiate service.

# **Exhibit 25**



@natfuelgas  
@natfuelgas



Natural gas is affordable, reliable and safe. That's why millions of Americans and businesses make natural gas their energy choice. Get the facts here: [playbook.aga.org](https://playbook.aga.org) #naturalgas

**Fast Facts**

- \$1,068**  
Households that use natural gas for heating, cooking and clothes drying **save an average of \$1,068 per year** compared to homes using electricity for those applications.
- \$32B**  
America's natural gas utilities **invest \$32 billion each year** in enhancing the safety of natural gas distribution and transmission systems.
- ↓69%**  
Emissions from the natural gas distribution system have **declined 69% since 1990**.
- 1/minute**  
**More than one new residential customer** signs up for natural gas service every minute, and approximately 80 businesses begin new natural gas service every day.
- Net-0**  
Natural gas and its delivery systems will play a crucial role in helping the U.S. reach a **net-zero emissions future**.

2:23 PM · Dec 14, 2023 · 126 Views

# **Exhibit 26**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

National Fuel Gas's spokesperson Karen Merkel confirmed in March 2023 that National Fuel had conducted a robocall campaign in February. See Colin Kinniburgh, Fossil Fuel Companies Enlist Customers to Fight New York's Climate Law, NY Focus (March 7, 2023)<sup>1</sup>.

- a. Did National Fuel Gas employees participate in the campaign? If so, was the time they spent on the campaign recorded below the line?
- b. Were any other costs associated with the campaign included in the revenue requirement?

Response

- a) The robocall campaign that was done in February 2023 was administered by National Fuel's marketing communications agency, The Martin Group. Karen Merkel oversaw and approved the concepting and scripting provided by The Martin Group. Karen Merkel has a portion of her compensated time allocated to the parent company for projects that fall beyond the scope of subsidiary work for the Company.
- b) No expenses related to the robocall campaign are included in the revenue requirement.



## **Exhibit 27**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

Please refer to Response to AGREE-7(g), in which the Company stated that “[t]he betterplannobans.com website was conceived, designed, created and maintained by National Fuel’s marketing communications agency, The Martin Group.”

- a. Are any payments to The Martin Group included in the Historic Test Year?
- b. If so, in what amount?
- c. Are any payments to The Martin Group included in the Revenue Requirement?
- d. If so, in what amount?

Response

- a. The Historic test year includes payments to the Martin Group for media training and printing costs, however the costs related to the Better Plan No Bans Campaign were not included as these were not charged to New York Distribution O&M expense.
- b. The HTY includes \$7,801.21 of Martin Group O&M expense related to media training and printing.
- c. The revenue requirement includes the media training and printing costs referenced above.
- d. The revenue requirement includes \$8,234.96 of Martin Group O&M expense.

# **Exhibit 28**

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
NEW YORK DIVISION  
RESPONSE TO REQUEST FOR INFORMATION  
CASE 23-G-0627

Question

Please refer to Response to AGREE 7(h), in which the Company stated that the webpage [fuelingtomorrowtoday.com](http://fuelingtomorrowtoday.com) was created by and is maintained by National Fuel's communications agency, the Martin Group.

- a. Please provide the name of any National Fuel employees who oversee, manage, coordinate, or do any work related to the Martin Group's work on [fuelingtomorrowtoday.com](http://fuelingtomorrowtoday.com)?
  - i. How do those employees record or track their time?
  - ii. Are those employees' time recorded below the line or charged to the parent company?
  - iii. Is the time those employees spend related to the Martin Group's work on [fuelingtomorrowtoday.com](http://fuelingtomorrowtoday.com) recorded below the line or charged to the parent company?
- b. Are payments to the Martin Group for work on [fuelingtomorrowtoday.com](http://fuelingtomorrowtoday.com) recorded below the line?
- c. Are any payments to the Martin Group for work on [fuelingtomorrowtoday.com](http://fuelingtomorrowtoday.com) included in the historic test year?
- d. Are any payments to the Martin Group for work on [fuelingtomorrowtoday.com](http://fuelingtomorrowtoday.com) included in the revenue requirement?
- e. How does the Company track payments to the Martin Group that should be recorded below the line?

Response

- a) Karen Merkel oversees, manages, and coordinates the work the Martin Group performs on [fuelingtomorrowtoday.com](http://fuelingtomorrowtoday.com).
  - I. Refer to the Company's response to AGREE-11.
  - II. Refer to the Company's response to AGREE-11.
  - III. The time that Karen Merkel spends on the oversight, management, and coordination of the [fuelingtomorrowtoday.com](http://fuelingtomorrowtoday.com) website generally is part of her New York Distribution O&M charges
- b) Refer to the Company's response to AGREE-39.
- c) Refer to the Company's response to AGREE-39.
- d) No, as described in AGREE-39, these costs are not part of the revenue requirement.

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- e) The Company reviews each invoice and charges the expense to the appropriate account/business unit based on the Company's accounting policies and guidelines.

Supplemental Response:

- a) III. The time that Karen Merkel spends on the oversight, management, and coordination of the fuelingtomorrowtoday.com website generally is not recorded below the line and is part of her New York Distribution O&M charges

# **Exhibit 29**

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Question

Please refer to page 266 of Part 3 of Appendix B of National Fuel's 2023 Annual Outreach Report filed in Case No. 17-M-0475,3 which shows a document related to rising gas costs.

- a. Please clarify if expenses related to this document were included in the historic test year.
- b. Please clarify if expenses related to this document were recorded below the line or charged to the parent company.

Response

- a) Yes, the costs associated with the rising gas costs bill insert was part of the HTY O&M expense. The insert was designed as part of a request by the NYS PSC for customer outreach and education on anticipated high winter heating bills from November 2022 – March 2023. This expense is an example of the education and outreach advertising that the Company performs.
- b) See response to part (a) above, these expenses were charged to New York Distribution O&M. They were not charged below the line or to the Parent Company.