

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Clearing Account 184350
 Remittance Expense

Budget Item Distribution Co.	Adjustments			Annualized TME 1/31/07				
	Specific	6.50%	Other 2.63%	NYD 184350	PAD 184350		Total Distribution	
Labor	\$7,532.84		(1)	\$299,495.37		\$0.00	\$299,495.37	
Material				0.00		0.00	0.00	
Rents				0.00		0.00	0.00	
Transportation				12.72		0.00	12.72	
Utilities				0.00		0.00	0.00	
Contractors	308.21			12,049.46		0.00	12,049.46	
Equipment Rents				0.00		0.00	0.00	
Benefits - Distribution	7,404.59		(2)	294,403.95		0.00	294,403.95	
Benefits - SUP	0.00		(2)	0.00		0.00	0.00	
Office Employee				39,984.91		0.00	39,984.91	
Dues				0.00		0.00	0.00	
Other Expense				(1,146.32)		0.00	(1,146.32)	
Postage				336.75		0.00	336.75	
Information Services	0.00			0.00		0.00	0.00	
Labor L&B - Distribution	0.00		(1)	0.00		0.00	0.00	
Labor L&B - Supply	0.00		(1)	0.00		0.00	0.00	
Acct Adj & Accrual				0.00		0.00	0.00	
Total Account 184350	\$15,245.44			\$645,136.84		\$0.00	\$645,136.84	
Charges Distributed								
				P.1502	P.1503	P.1502	P.1503	Total Distribution
146000 Accounts Receivable	\$0.00			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
184220 Gas Measurement Clearing	0.00			0.00	0.00	0.00	0.00	0.00
184260 Gas Planning Clearing	0.00			0.00	0.00	0.00	0.00	0.00
184350 Remittance Clearing	(16,259.76)			(645,136.84)	0.00	0.00	0.00	(645,136.84)
184235 Gas Transportation Clearing	0.00			0.00	0.00	0.00	0.00	0.00
234000 Accounts Payable Assoc. Companies	0.00			0.00	0.00	0.00	0.00	0.00
283100 Def. Fed. Income Tax OT	0.00			0.00	0.00	0.00	0.00	0.00
411101 Def. Fed. Income Tax-OP IN	0.00			0.00	0.00	0.00	0.00	0.00
Subtotal P.1501,1502,1503	(\$16,259.76)			(\$645,136.84)	\$0.00	\$0.00	\$0.00	(\$645,136.84)
401300 Oper - Other Gas Supply Expense	\$0.00			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
401500 Oper - Transmission Expenses	0.00			0.00	0.00	0.00	0.00	0.00
401600 Oper - Distribution Expenses	0.00			0.00	0.00	0.00	0.00	0.00
401700 Oper - Customer Account Expenses	16,259.76		(3),(4)	458,047.16	0.00	187,089.68	0.00	645,136.84
401800 Oper - Customer Service & Info Expenses	0.00			0.00	0.00	0.00	0.00	0.00
402600 Maint - Distribution Expenses	0.00			0.00	0.00	0.00	0.00	0.00
Subtotal P.1501,1502,1503 Expense	\$16,259.76			\$458,047.16	\$0.00	\$187,089.68	\$0.00	\$645,136.84
Total P.1501,1502,1503	\$0.00			(\$187,089.68)	\$0.00	\$187,089.68	\$0.00	\$0.00
Clearing P. 1501,1502,1503	(\$16,259.76)			(\$645,136.84)	\$0.00	\$0.00	\$0.00	(\$645,136.84)
(Over)/Under Clearing	\$0.00			\$0.00		\$0.00		\$0.00

- (1) NYD Labor x effective labor increase of 2.58%
 PAD Labor x effective labor increase of 2.69%
 SUP Labor x effective labor increase of 2.5%
- (2) Calculation is NYD Labor x NYD Labor loading factor of 98.3%
 Calculation is PAD Labor x PAD Labor loading factor of 123.7%
 Calculation is SUP Labor x SUP Labor loading factor of 88.9%
- (3) The Total Clearing Account x 71% - the New York Allocation.
- (4) The Total Clearing Account x 29% - the Pennsylvania Allocation.

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Clearing Accounts 184220, 184225, 184235, 184236
 Gas Transportation Expense

Budget Item Distribution Co.	Adjustments			Annualized TME 1/31/07						
	Specific	Other		NYD			PAD			Total Dist.
		8.50%	2.63%	184220	184225	184235	184220	184225	184235	
Labor	\$29,287.98	(1)	\$0.00	\$293,589.71	\$870,891.55	\$0.00	\$0.00	\$0.00	\$1,164,481.26	
Material		22.13	0.00	482.26	402.99	0.00	0.00	0.00	865.25	
Rents		1.50	0.00	0.00	0.00	0.00	58.50	0.00	58.50	
Transportation		348.04	0.00	5,392.93	7,761.41	0.00	452.37	0.00	13,606.71	
Utilities		501.47	0.00	6,256.91	10,613.63	0.00	2,734.72	0.00	19,605.26	
Contractors	1,515.90		0.00	51,729.17	7,433.51	0.00	101.70	0.00	59,264.38	
Equipment Rents		184.57	0.00	1,169.16	5,264.51	0.00	0.00	0.00	6,433.67	
Benefits - Distribution	28,790.08	(2)	0.00	288,598.68	856,086.39	0.00	0.00	0.00	1,144,685.07	
Benefits - SUP	2,213.19	(2)	0.00	0.00	90,740.93	0.00	0.00	0.00	90,740.93	
Office Employee		815.24	0.00	14,098.00	17,723.96	0.00	50.54	0.00	31,872.10	
Dues		19.96	0.00	824.99	82.10	0.00	73.12	0.00	780.21	
Other Expense		(0.31)	0.00	0.00	0.00	0.00	(12.25)	0.00	(12.25)	
Postage		398.90	0.00	0.00	6,237.32	0.00	298.57	0.00	6,535.89	
Information Services	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Labor L&B - Distribution	0.00	(1)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Labor L&B - Supply	2,489.53	(1)	0.00	0.00	102,070.79	0.00	0.00	0.00	102,070.79	
Acct Adj & Accrual		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Accounts 184220, 184260, 184225, 184235	\$64,296.68	\$2,271.50	\$0.00	\$661,921.61	\$1,975,308.69	\$0.00	\$3,757.27	\$0.00	\$2,640,987.77	
Charges Distributed				P. 3901,3902,4701	P. 4702		P. 3901,3902,4701	P. 4702	Total Dist.	
146000 Accounts Receivable	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
184220 Gas Measurement Clearing	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
184236 Transportation Billing and Printing	(257.38)		0.00	(10,211.27)	0.00	0.00	0.00	0.00	(10,211.27)	
184225 Gas Transportation Clearing	(16,803.82)		(662,598.49)	0.00	0.00	(4,068.47)	0.00	0.00	(666,664.96)	
184235 Gas Transportation Clearing	(49,506.98)		(1,964,111.53)	0.00	0.00	0.00	0.00	0.00	(1,964,111.53)	
184240 Customer Billing Clearing	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
234000 Accounts Payable Assoc. Companies	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
283100 Def. Fed. Income Tax OT	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
411101 Def. Fed. Income Tax-OP IN	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Subtotal P. 3901,3902, 4701,4401,4702	(\$66,568.18)		(\$2,626,710.02)	(\$10,211.27)	0.00	(\$4,068.47)	\$0.00	0.00	(\$2,640,987.76)	
401300 Oper - Other Gas Supply Expense	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
401500 Oper - Transmission Expenses	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
401600 Oper - Distribution Expenses	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
401700 Oper - Customer Account Expenses	257.38		0.00	7,103.20	0.00	0.00	3,106.07	0.00	10,211.27	
401800 Oper - Customer Service & Info Expenses	66,310.80		1,830,028.48	0.00	0.00	800,748.02	0.00	0.00	2,630,776.50	
402500 Maint - Transmission Expense	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
402600 Maint - Distribution Expense	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Subtotal P.3901,3902,4701,4401,4702 Expense	\$66,568.18		\$1,830,028.48	\$7,103.20	0.00	\$800,748.02	\$3,106.07	0.00	\$2,640,987.77	
Total P. 3901,3902,4701,4401,4702	(\$0.00)		(\$796,681.54)	(\$3,108.07)	0.00	\$796,681.55	\$3,108.07	\$0.01	\$0.01	
Clearing P. 3901,3902,4701,4401,4702	(\$66,568.18)		(\$2,626,710.02)	(\$10,211.27)	0.00	(\$4,068.47)	\$0.00	0.00	(\$2,640,987.77)	
(Over)/Under Clearing	\$0.00			\$309.21	0.00		(\$309.20)	0.00	\$0.01	

- (1) NYD Labor x effective labor increase of 2.58%
 PAD Labor x effective labor increase of 2.69%
 SUP Labor x effective labor increase of 2.5%
- (2) Calculation is NYD Labor x NYD Labor loading factor of 98.3%
 Calculation is PAD Labor x PAD Labor loading factor of 123.7%
 Calculation is SUP Labor x SUP Labor loading factor of 88.9%

National Fuel Gas Distribution Corporation
Pennsylvania Division
Adjustment to Kaylor Gas Expense
Twelve Months Ending January 31, 2007

1. Remainder of Deferral allowed in R-00049656

Amount to be expense February - October 2006 Note 1	14,644	
Remaining to be expensed after October 2006	<u>2,585</u>	
Amount to be expensed twelve months ending January 31, 2007 Note 2	\$17,230	
less: per book twelve months ended January 31, 2006	<u>13,345</u>	
Adjustment due to continuation of amortization		\$3,885

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Total Operation and Maintenance Expense

\$70,723

Note 1: Per R-00049656

Note 2: See Exhibit No. 104 Schedule 2 Page 33.

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Summary of Kaylor Gas Amortization In R-00049656 Base Rate Case

(1). Annual Normalized Volumes per R-00049656 Exhibit No. 110 Schedule 9

Month	Volumes	Percent
Jan	6,760,311	15.03%
Feb	6,944,478	15.45%
Mar	6,057,053	13.47%
Apr	4,855,846	10.80%
May	3,137,455	6.98%
Jun	1,931,306	4.30%
Jul	1,496,839	3.33%
Aug	1,493,347	3.32%
Sep	1,666,479	3.71%
Oct	2,149,926	4.78%
Nov	3,346,147	7.44%
Dec	5,120,186	11.39%
	<u>44,959,373</u>	<u>100.00%</u>

(2). Amount to be amortized = \$27,991 per R-00049656 Settlement paragraph 45.

(3). Monthly Entry for Amortization

	Volumes	Proration	Prorated Volumes	Adjusted Volumes	Dr. Account 544040 P. 4803 Dept. Id. 4672	Cr. Account 182339 P. 4803 Dept. Id. 4672	
April old	10.59%	88.23%					
April 2005 new	10.80%	11.77%	1.27%	1.00%	\$281	\$281	
May old	6.99%	14.91%					
May 2005 new	6.98%	85.09%	5.71%	4.52%	1,264	1,264	
June 2005	4.30%		4.30%	3.40%	952	952	
July 2005	3.33%		3.33%	2.63%	737	737	
August 2005	3.32%		3.32%	2.63%	735	735	
September 2005	3.71%		3.71%	2.93%	821	821	
October 2005	4.78%		4.78%	3.78%	1,058	1,058	
November 2005	7.44%		7.44%	5.89%	1,647	1,647	
December 2005	11.39%		11.39%	9.01%	2,522	2,522	
January 2006	15.03%		15.03%	11.89%	3,328	3,328	\$13,347
February 2006	15.45%		15.45%	12.22%	3,421	3,421	
March 2006	13.47%		13.47%	10.66%	2,982	2,982	
April 2006	10.80%		10.80%	8.54%	2,391	2,391	
May 2006	6.98%		6.98%	5.52%	1,545	1,545	
June 2006	4.30%		4.30%	3.40%	952	952	
July 2006	3.33%		3.33%	2.63%	737	737	
August 2006	3.32%		3.32%	2.63%	735	735	
September 2006	3.71%		3.71%	2.93%	821	821	
October 2006	4.78%		<u>4.78%</u>	<u>3.78%</u>	<u>1,058</u>	<u>1,058</u>	14,644
			126.42%	100.00%	\$27,991	\$27,991	
Total Allowed				\$27,991			

(4). Amortization effective April 15, 2005 per R-00049656 Settlement.

(5). Calculation of Amortization for the twelve months ending January 2007.

Balance in A. 182339 at January 31, 2006	\$17,229.59
Amount to be expense February - October 2006	<u>14,644.30</u>
Remaining to be expensed after October 2006	2,585.29
November 2006 amortization	1,647.30
December 2006 amortization to achieve \$0 balance	<u>937.99</u>
	2,585.29

Summary

February 2006 - October 2006	14,644.30
November 2006 - January 2007	<u>2,585.29</u>
	<u>\$17,229.59</u>

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Adjustment to GTI Expense
 Twelve Months Ending January 31, 2007

Annualized Amortization per R-00049656 Note 1	\$526,466
Incremental to achieve full GTI funding	<u>\$350,476</u>
Full GTI Funding at Twelve Months Ending January 31, 2007	<u><u>\$876,942</u></u>

GTI Calculation

	<u>Volumes</u>	<u>Full Rate Note 2</u>	
Demand	4,052,580	\$0.1600	\$648,413
Commodity	25,969,159	\$0.0088	<u>\$228,529</u>
Total			\$876,942

Note 1: Reference R-00049656 Settlement paragraph 44.

Note 2: GRI surcharge at 1999 rate before FERC Order

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Operations and Maintenance Adjustments to Pipeline Integrity Expenditures
 Twelve Months Ending January 31, 2007

1. Transmission Component - Pipeline Safety Act of 2000

Line Q Hydro Test	\$300,000	
Line S-M77 Hydro Test	<u>150,000</u>	
Total Incremental Transmission Component O&M Expenditures		\$450,000

See Exhibit No. 108 Schedule 1 Page 1 for
 increment to Rate Base of \$125,000.

2. Distribution Component - Implementation of Phase I

A. Expenses associated with Transmission Plant
 Operations

Mains	\$1,901	
Maintenance		
Mains	<u>97</u>	
Total Transmission Plant O&M Expenses		\$1,999

B. Expenses associated with Distribution Plant
 Operations

Operations Supervision	\$52,923	
Mains and Services	421,004	
Other Expense	164,842	
Maintenance		
Mains	117,119	
Services	<u>(17,390)</u>	
Total Distribution Plant O&M Expenses		\$738,499

See Exhibit No. 108 Schedule 1 Page 1 for
 increment to Rate Base of \$828,611.

C. Public Education and Documentation \$300,000

Total Incremental Distribution Component O&M Expenditures		<u>\$1,040,497</u>
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Total Pipeline Integrity O&M Expense		<u>\$1,490,497</u>
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National Fuel Gas Distribution Corporation
Pennsylvania Division
Operations and Maintenance Adjustments to FERC 2004 Expenditures
Twelve Months Ending January 31, 2007

Estimated Incremental Expenditures for Dispatch Site		\$1,300,000
Pennsylvania Division	31.36%	<u>407,680</u>

Allocation Percentage			
Total Distribution Throughput	136,994,033		
Pennsylvania Division Throughput	42,968,040	31.36%	

See Exhibit No. 108 Schedule 1 Page 1 for increment to
Rate Base of \$313,600.

Estimated Capital Expenditures for new Dispatch Site		\$1,000,000
Pennsylvania Division	31.36%	<u>313,600</u>

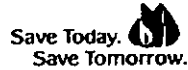
National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Adjustment To Cost Elements
 Inflation Estimate
 Twelve Months Ending January 31, 2007

	<u>Year</u>	<u>Calendar Quarter</u>	<u>GDP Deflator</u>
Forecast	2006	I	2.90%
Forecast	2006	II	2.80%
Forecast	2006	III	2.50%
Forecast	2006	IV	2.30%
Annual Inflation Rate =			2.6250%
Quarterly:	$(1.026250)^{1/4} - 1.00 =$		0.6499%
Monthly:	$(1.006499)^{1/3} - 1.00 =$		0.2162%
Escalation Factor for 12 Months	$(1.002162)^{12} - 1.00 =$		2.6250%

Calendar Quarter I = January 1 - March 31
 Calendar Quarter II = April 1 - June 30
 Calendar Quarter III = July 1 - September 30
 Calendar Quarter IV = October 1 - December 31

Source: Blue Chip Economic Indicators, March 10, 2006

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Operations and Maintenance Adjustments to Energy Efficiency Expenditures
 Twelve Months Ending January 31, 2007



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Media		
Television (Network & Cable)	244,000	
Radio	160,000	
Radio Remotes	15,000	
Newspaper 32" Advertorial	231,000	
Newspaper FSI	85,000	
Direct Mail/Energy Card	60,000	
Outdoor/Bus	<u>260,000</u>	
Media Total		\$1,055,000
Media-Related Production		
Television Production (6-10 Film Spots)	100,000	
Radio Production (8-10 Spots)	25,000	
Newspaper Production (8-10 Ads)	30,000	
Outdoor Production (4-6 Designs)	15,000	
Outdoor Posters	<u>10,000</u>	
Media-Related Production Total		\$180,000
Other Production		
Energy Audit Program	250,000	
Website	50,000	
Weatherization Kits for distribution (1,000 @ \$20)	20,000	
Energy Walls (15)	180,000	
Brochures:	30,000	
Conservation Checklist		
Others		
Children's Materials	75,000	
Public Relations	<u>35,000</u>	
Other Production Total		<u>\$640,000</u>
Total to Operation and Maintenance Expense		<u>\$1,875,000</u>

53.53 III Balance Sheet and Operating Statement
 E. Gas Utilities

34. Prepare a 3 column schedule of expenses, as described below for the following period
 a. Col 1 - Test Year
 b. Col 2 and 3 - the two previous years

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Statement of Rate Making Operations and Maintenance Expense by Cost Element
 Twelve Months Ended January 31, 2005 and January 31, 2006 before Normalization
 and Forecasted Twelve Months Ending January 31, 2007

Cost Element	Twelve Months Ended		Exhibit 104
	January 2005	January 2006	Twelve Months Ending January 2007
Labor	\$17,889,916	\$18,668,324	\$19,545,231
Material	874,259	842,559	864,676
Rent	621,567	621,909	673,873
Transportation	2,205,870	2,414,154	2,508,171
Utilities	874,489	993,491	1,026,494
Outside Services	2,490,754	2,517,528	2,583,613
Rate Case Expense	182,085	207,586	841,192
Equipment Rentals	468,285	385,046	395,153
Employee Benefits	17,934,592	17,466,655	21,199,369
Office Employee Expense	449,828	379,109	393,428
Advertising	450,201	589,685	605,164
Research & Development	80,197	33,977	34,869
Dues	123,413	220,649	204,263
Other Expense	954,598	1,001,130	1,092,091
Customer Billing	1,044,685	1,028,328	1,131,140
Uncollectibles	6,298,164	14,727,687	8,437,000
PPUC Assessment	730,327	840,466	1,166,262
Other Insurance	512,188	507,628	569,046
Injuries & Damages	1,845,883	573,884	1,299,254
UNICAP	(393,548)	(466,463)	(478,708)
Postage	74,817	84,859	94,948
Information Services Clearing	2,562,572	2,749,229	3,042,011
Gas Transportation	868,923	803,960	891,247
Messenger Expense	90,339	97,164	99,715
Reconnection Charge	(221,628)	(600,049)	(367,519)
Contract Admin. Clearing	567,269	555,556	614,806
Remittance Clearing	221,610	166,305	187,090
LIURP	1,040,528	1,595,693	1,183,566
Other Gas Purchase Expense	(66,860)	(62,181)	(63,813)
Customer Education	9	4,133	0
Kaylor Gas deferral	0	13,345	70,723
GTI Deferral	0	317,354	876,942
Pipeline Integrity Expenditures	0	0	1,490,497
FERC 2004 Compliance	0	0	407,680
Energy Efficiency Expenditures	0	0	1,800,000
Total	\$60,775,332	\$69,278,700	\$74,419,474

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.53 III. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

20. Supply detailed calculations of amortization of rate case expense including supporting data for Outside Services rendered. Provide the items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense), the items comprising the actual expenses of prior rate cases and the unamortized balances.

National Fuel Gas Distribution Corporation - Pennsylvania Division proposes to recover rate case expense over a twelve month period. Refer to Exhibit No. 104 Schedule 2 for an adjustment to Operations and Maintenance expenses for the anticipated detailed costs of this current rate case presentation.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.53 III. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

21. Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (union and non-union merit, progression, promotion and general) granted during the test year and six months subsequent to the test year. Supply data showing for the test year:
- a. Actual payroll expenses (regular and overtime separately) by categories of operating expenses, i.e. maintenance, operating transmission, distribution, other.
 - b. Date, percentage increase, and annual amount of each general payroll increase during the test year.
 - c. Dates and annual amounts of merit increases or management salary adjustments
 - d. Total annual payroll increases in the test year.
 - e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses).
 - f. Detailed list of employee benefits and costs thereof for union and non-union personnel. Any specific benefits for executives and officers should also be included, and cost thereof.
 - g. Support the annualized pension cost figures.
 - (i) State whether these figures include any unfunded pension costs. Explain
 - (ii) Provide latest actuarial study used for determining pension accrual rates.
 - h. Submit a schedule showing any deferred income and consultant fee to corporate officers or employees.

Refer to Exhibit No. 4 Schedule 5, Schedule 6 and Schedule 7.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

PENNSYLVANIA DIVISION

53.53 III. BALANCE SHEET AND OPERATING STATEMENT

A. ALL UTILITIES

25. Submit details of expenditures for advertising (National and Institutional and Local Media). Provide a schedule of advertising expense by major media categories for the test year and the prior two comparable years with respect to:
- a. Public health and safety.
 - b. Conservation of energy.
 - c. Explanation of billing practices, rates, etc.
 - d. Provision of factual and objective data programs in educational institutions.
 - e. Other advertising programs.
 - f. Total advertising expense.

For a schedule of advertising expense by major media categories for the twelve months ended January 31, 2004, 2005, and 2006, refer to Exhibit 4 Schedule 8.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.53 III. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

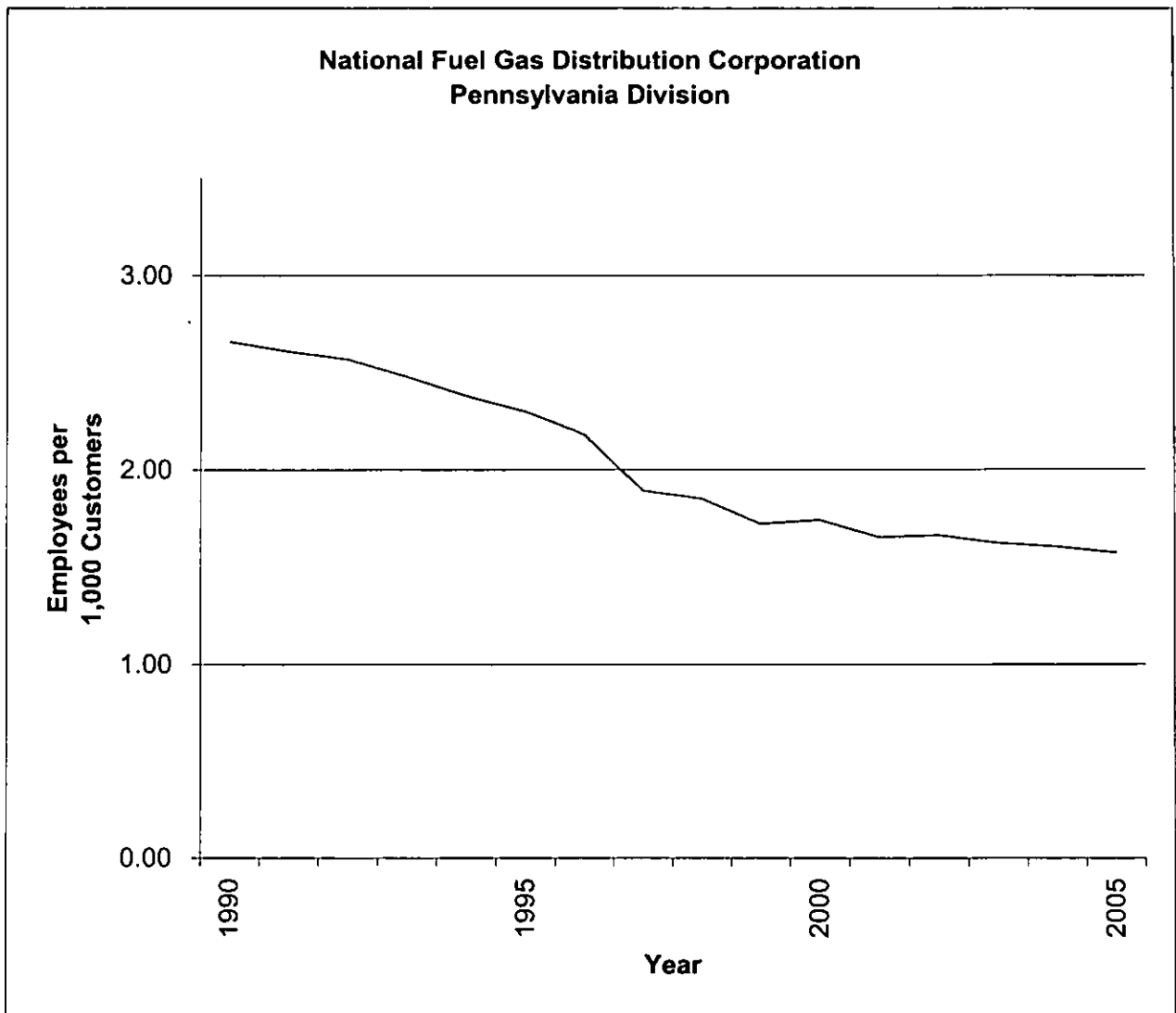
29. Submit details of information covering research and development expenditures, including major projects within the company and forecasted company programs.

National Fuel Gas Distribution Corporation – Pennsylvania Division has incurred Research and Development expenditures as described in Statement No. 14 and as shown in Exhibit No. 104. Schedule 2.

National Fuel Gas Distribution Corporation
Pennsylvania Division

53.53 III. Balance Sheet and Operating Statement
A. All Utilities

33. Provide a Labor Productivity Schedule



NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION

53.53 III. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

22. Supply an exhibit showing an analysis, by functional accounts of the charges by affiliates (Service Corporation, etc.) for services rendered included in the operating expenses of the filing company for the test year and for the 12-month period ended prior to the test year:
- a. Supply a copy of contracts, if applicable.
 - b. Explain the nature of the services provided.
 - c. Explain basis on which charges are made.
 - d. If charges allocated, identify allocation factors used.
 - e. Supply the components and amounts comprising the expense in this account.
 - f. Provide details of initial source of charge and reason thereof.

.....

Refer to Exhibit No. 4, Schedule 11.

23. Describe costs relative to leasing equipment, computer rental, and office space, including terms and conditions of the lease. State the method of calculating monthly or annual payments.

.....

Refer to Exhibit No. 4, Schedule 12.

24. Submit detailed calculations (or best estimates) of the cost resulting from major storm damages.

.....

Refer to Exhibit No. 4, Schedule 13.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION

53.53 III. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

27. Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for by the Company and the cost thereof.

.....

Refer to Exhibit No. 4, Schedule 14.

28. Submit a schedule showing, by major components, the expenditures associated with Outside Services Employed, Regulatory Commission Expenses and Miscellaneous General Expense, for the test year and prior two comparable years.

.....

See Exhibit 4, Schedule 14, pages 2-4, for an analysis of Account 923 - Outside Services Employed ; Account 928 - Regulatory Commission Expense and Account 930.2 - Miscellaneous General Expenses for the twelve months ended January 31, 2006, 2005 and 2004.

29. Provide intrastate operations percentages by expense categories for two years prior to the test year.

.....

Refer to Exhibit 4, Schedule 17, for intrastate operations percentages for the twelve months ended January 31, 2006, 2005 and 2004.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION

53.53 III. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

30. Provide a detailed schedule of all charitable and civic contributions by recipient and amount for the test year.

.....

See Exhibit 4, Schedule 15, for a detailed schedule of Account 426.1 - Contributions for the Pennsylvania Division for the Twelve Months Ended January 31, 2006.

31. Provide a detailed analysis of Special Services - Account 795.

.....

The system of Accounts does not include Account 795 as special services; See Exhibit 4, Schedule 14, for Analysis of Outside Services Employed - Account 923.

32. Provide a detailed analysis of Miscellaneous General Expenses - Account No. 801.

.....

The system of accounts does not include Account 801 as Miscellaneous General Expense; See Exhibit 4, Schedule 14, for an Analysis of Account 930 - Miscellaneous General Expense.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION

53.53 III. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

33. Submit a schedule showing maintenance expenses, gross plant and the relation of maintenance expenses thereto as follows:

- (i) Gas Production Maintenance Expenses per Mcf production, per \$1,000 Mcf production, and per \$1,000 of Gross Production Plant;
- (ii) Transmission Maintenance Expenses per Mmcf mile and per \$1,000 of Gross Transmission Plant;
- (iii) Distribution Maintenance Expenses per customer and per \$1,000 of Gross Distribution Plant;
- (iv) Storage Maintenance Expenses per Mmcf of Storage Capacity and per \$1,000 of Gross Storage Plant. This schedule shall include three years prior to the test year, the test year and one year's projection beyond the test year.

.....

Refer to Exhibit 4, Schedule 18.

34. List and explain all non-recurring, abnormal or extraordinary expenses incurred in the test year which will not be present in future years.

.....

There were no non-recurring, abnormal or extraordinary expenses during the twelve months ended January 31, 2006.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION

53.53 III. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

35. List and explain all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years. (e.g. Non-yearly maintenance programs, etc.)

.....

There were no expenses for the twelve months ended January 31, 2006, which do not occur yearly but are of a nature that they do occur over an extended period of years. See Exhibit 4, Schedule 16.

36. Using the adjusted year's expenses under present rates as a base, give detail necessary for clarification of all expense adjustments. Give clarifying detail for any such adjustments that occur due to changes in accounting procedure such as charging a particular expense to a different account than was used previously. Explain any extraordinary declines in expense due to such change of account use.

.....

Refer to Exhibit 4, Schedule 16.

37. Indicate the expenses that are recorded in the test year, which are due to the placement in operating service of major plant additions or the removal of major plant from operating service, and estimate the expense that will be incurred on a full-year's operation.

.....

During the twelve months ended January 31, 2006, no expenses recorded on the books of the Company were due to the placement of major plant additions in service, or removal of plant from operating service. Refer to Exhibit 4, Schedule 16.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION

53.53 III. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

38. Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures.

.....

There are no past or anticipated changes, since the previous rate case, in major accounting procedures. Refer to Exhibit 4, Schedule 16.

National Fuel Gas Distribution Corporation
Pennsylvania Division
Statement of Annual Depreciation Expense at Present Rates
Twelve Months Ending January 31, 2007

Annual Depreciation Accruals related to Gas Plant in Service at January 31, 2007	\$11,913,067
plus: 5 Year Amortization of Negative Net Salvage at January 31, 2007	<u>1,353,665</u>
Total	<u><u>\$13,266,732</u></u>

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION**

**TABLE 1. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AT JANUARY 31, 2007**

<u>Depreciable Group</u> (1)	<u>Survivor Curve</u> (2)	<u>Original Cost</u> (3)	<u>Book Reserve</u> (4)	<u>Future Accruals</u> (5)	<u>Annual Accrual Amount</u> (6)	<u>Composite Remaining Life</u> (7)	<u>Annual Accrual Rate, Percent</u> (8)	
DEPRECIABLE PLANT								
303	Miscellaneous Intangible Plant	10-SQ	2,182,260.46	1,305,568	876,694	222,143	3.9	10.18
Production Plant								
325.4	Rights of Way	60-R4	47,059.43	27,515	19,546	525	37.2	1.12
328	Measuring & Regulating Station Struct.	30-L2.5	10,095.84	8,872	1,222	100	12.2	0.99
329	Other Structures	40-SQ	2,650.00	128	2,522	67	37.6	2.53
332	Field Lines	45-R1.5	538,011.28	462,314	75,698	2,915	26.0	0.54
334	Measuring & Regulating Station Equip.	20-O1	<u>1,323,598.59</u>	<u>673,169</u>	<u>650,432</u>	<u>72,366</u>	9.0	5.47
Total Production Plant			1,921,416.14	1,171,998	749,420	76,973		
Transmission Plant								
365.2	Rights of Way	70-R4	956,914.78	261,699	695,218	14,145	49.1	1.48
366	Structures and Improvements	55-R2	163,151.73	98,883	64,269	2,348	27.4	1.44
367.1	Mains - Excl. Cathodic Protection	55-R2	26,207,013.38	11,063,369	15,143,643	467,811	32.4	1.79
367.2	Mains - Cathodic Protection	24-S2	2,670,336.43	755,254	1,915,081	150,635	12.7	5.64
369	Measuring and Regulating Station Equip.							
	1980 and Prior	28-R0.5	377,608.73	301,733	75,879	7,935	9.6	2.10
	1981 and Subsequent	21-R2	<u>3,708,550.80</u>	<u>2,537,369</u>	<u>1,171,181</u>	<u>123,551</u>	9.5	3.33
Total Account 369			4,086,159.53	2,839,102	1,247,060	131,486	9.5	3.22
Total Transmission Plant			34,083,575.86	16,018,307	19,066,271	766,425		

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION

**TABLE 1. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AT JANUARY 31, 2007**

Depreciable Group (1)	Survivor Curve (2)	Original Cost (3)	Book Reserve (4)	Future Accruals (5)	Annual Accrual Amount (6)	Composite Remaining Life (7)	Annual Accrual Rate, Percent (8)
Distribution Plant							
374.2	Rights of Way	70-R4	5,080,402.07	975,153	4,105,248	76,500	1.51
375.3	Structures and Improvements - Large	Various	6,835,405.43	3,381,971	3,453,435	263,589	3.86
375.4	Structures and Improvements - Small	40-R0.5	427,375.61	202,055	225,321	12,574	2.94
376.1	Mains - Excl. Cathodic Protection	57-L1.5	200,486,683.67	57,589,924	142,896,767	4,322,795	2.16
376.2	Mains - Cathodic Protection	24-S2	1,716,354.90	658,834	1,057,520	91,942	5.36
378	Measuring and Regulating Station Equip.	30-S0	6,014,108.61	3,294,506	2,719,606	176,217	2.93
380	Services	39-L0.5	131,802,426.12	44,467,775	87,334,650	4,143,048	3.14
381	Meters	36-R4	7,019,592.96	2,851,131	4,168,466	273,741	3.90
381.1	Meters - Automated Reading Equipment	14-S2	6,120,128.24	6,043,216	76,913	23,553	0.38
382	Meter Installations	39-L0.5	3,160,551.59	1,506,216	1,654,333	77,479	2.45
384	House Regulator Installations	39-L0.5	818,703.88	376,401	442,304	20,722	2.53
385	Industrial Meas and Reg Station Equip.	42-R1.5	9,169,269.52	3,112,938	6,056,336	240,183	2.62
387	Other Equipment	33-R2	742,697.08	602,500	140,200	11,754	1.58
Total Distribution Plant			379,393,699.68	125,062,620	254,331,099	9,734,097	
General Plant							
390.11	Other Small Structures	40-R0.5	91,010.19	(101,207)	192,218	9,112	10.01
391.1	Office Furniture and Equip. - Furniture	25-SQ	758,342.55	518,287	240,057	26,764	3.53
391.2	Office Furniture and Equip. - Equipment	15-SQ	588,030.10	207,866	380,164	32,631	5.55
391.3	Office Furniture and Equip. - Computers	5-SQ	2,564,544.21	1,517,457	1,047,087	411,879	16.06
392	Transportation Equipment	6.5-L3	1,328,833.87	233,110	1,095,724	244,851	18.43
393	Stores Equipment	30-SQ	8,705.24	7,365	1,341	324	3.72
394	Tools and Work Equipment	25-SQ	3,340,459.75	1,533,262	1,807,197	145,096	4.34
396	Power Operated Equipment and Tools						
	Unamortized	23-S1	1,566,340.65	88,017	1,478,323	87,594	5.59
	Amortized	15-SQ	127,313.46	4,175	123,138	8,653	6.80
Total Account 396			1,693,654.11	92,192	1,601,461	96,247	

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION

TABLE 1. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AT JANUARY 31, 2007

Depreciable Group (1)	Survivor Curve (2)	Original Cost (3)	Book Reserve (4)	Future Accruals (5)	Annual Accrual Amount (6)	Composite Remaining Life (7)	Annual Accrual Rate, Percent (8)
397	Communication Equipment	1,618,111.50	500,373	1,117,737	147,508	7.6	9.12
398	Miscellaneous Equipment	447.97	371	77	17	4.5	3.79
Total General Plant		11,992,139.49	4,509,076	7,483,083	1,114,429		
TOTAL DEPRECIABLE GAS PLANT		429,573,090.62	147,067,569	282,505,547	11,913,067		
Nondepreciable Plant							
INTANGIBLE PLANT	Nondepreciable	123,845.54					
PRODUCTION PLANT	Nondepreciable	2,840.80	(12,396)				
WEAVER PLANT	Fully Accrued	634,495.12	634,495				
TRANSMISSION PLANT	Nondepreciable	37,795.06					
DISTRIBUTION PLANT	Nondepreciable	948,957.04	(16,125)				
GENERAL PLANT	Nondepreciable	51,798.54	(16,289)				
Total Nondepreciable Plant		1,799,732.10	589,885				
TOTAL GAS PLANT IN SERVICE		431,372,822.72	147,657,254	282,505,547	11,913,067		
Total Gas Plant		431,372,822.72	147,657,254	282,505,547	11,913,067		

* Life Span Procedure was used. Interim Survivor Curves are 70-R1.5 and 65-O1.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

TABLE 4. SUMMARY OF COST OF REMOVAL AND GROSS SALVAGE
AND AMORTIZATION OF EXPERIENCED AND ESTIMATED NET SALVAGE

<u>YEAR</u>	<u>COST OF REMOVAL</u>	<u>GROSS SALVAGE</u>	<u>NET SALVAGE</u>
2002	1,158,997.87	25.00	(1,158,972.87)
2003	1,268,522.38	0.00	(1,268,522.38)
2004	1,521,959.84	0.00	(1,521,959.84)
2005	1,467,046.33	581.66	(1,466,464.67)
2006	<u>1,562,288.84</u>	<u>209,883.12</u>	<u>(1,352,405.72)</u>
TOTAL	6,978,815.26	210,489.78	(6,768,325.48)

5-YEAR AMORTIZATION OF NEGATIVE NET SALVAGE (1,353,665)

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.53 III. BALANCE SHEET AND OPERATING STATEMENT

A. ALL UTILITIES

50. Provide a schedule of federal and Pennsylvania taxes, other than income taxes, calculated on the basis of test year per books, pro forma at present rates, and pro forma at proposed rates, to include the following categories:
- a. Social Security
 - b. Unemployment.
 - c. Capital Stock.
 - d. Public Utility Realty.
 - e. P.U.C. Assessment.
 - f. Other Property.
 - g. Any Other Appropriate Categories.

Refer to Exhibit No. 106 Schedule 1.

E. GAS UTILITIES

35. Submit a schedule showing Gross Receipts Tax Base used in computing Pennsylvania Gross Receipts Tax Adjustment.

Not Applicable

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Statement of Projected Taxes Other Than Income Taxes at Present and Proposed Rates
 Twelve Months Ending January 2007

	Note 1 (1) Normalized Twelve Months Ended January 2006	(2) Adjustments	(3) Annualized Twelve Months Ending January 2007
FICA	\$1,036,030	\$24,914	\$1,060,944
Federal Unemployment	14,790	0	14,790
State Unemployment	48,917	0	48,917
Property Tax Note 2	32,133	843	32,976
Capital Stock	866,404	(144,642)	721,762
Public Utility Realty Tax	89,748	0	89,748
Misc.	3,957	0	3,957
Total Taxes Other Than Income Taxes	<u>\$2,091,978</u>	<u>(\$118,885)</u>	<u>\$1,973,094</u>

Note 1: See Exhibit No. 6 Schedule 1 Page 1

Note 2: Inflation = 2.6250%

National Fuel Gas Distribution Corporation
Pennsylvania Division
Taxes Other Than Income Taxes
To Annualize Increase In FICA Tax
Annualized Twelve Months Ending January 2007

	<u>Annualized January 2007</u>
<u>FICA Base and Medical</u>	
O&M Labor Dollars Forecasted Note 1	\$14,678,652
Rate	<u>7.2278%</u>
Total FICA Tax to O&M	\$1,060,944

Note 1: See Exhibit 104 Schedule 2 (PAD Labor)

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Taxes Other Than Income Taxes
 To Annualize Increase In State and Federal Unemployment Tax
 Annualized Twelve Months Ending January 2007

	<u>Normalized January 2006</u>	<u>Adjustment</u>	<u>Annualized January 2007</u>
<u>Pennsylvania State Unemployment</u>			
Base Labor Dollars Applicable			\$8,000
Number of Full Time Employees		332	
Number of Permanent Part Time		<u>11</u>	<u>343</u>
Gross Labor Applicable			\$2,744,000
Rate			<u>2.3152%</u>
State Unemployment Adjusted			\$63,529
Percent to O&M			77.00%
State Unemployment O&M Adjusted	<u>\$48,917</u>	<u>\$0</u>	<u>\$48,917</u>
<u>Federal Unemployment</u>			
Base Labor Dollars Applicable			\$7,000
Number of Full Time Employees		332	
Number of Permanent Part Time		<u>11</u>	<u>343</u>
Gross Labor Applicable			\$2,401,000
Rate			<u>0.8000%</u>
Federal Unemployment Adjusted			\$19,208
Percent to O&M			77.00%
Federal Unemployment O&M Adjusted	<u>\$14,790</u>	<u>\$0</u>	<u>\$14,790</u>

National Fuel Gas Distribution Corporation
Pennsylvania Division
Taxes Other Than Income Taxes
Pennsylvania Public Utility Realty Tax
and Capital Stock Tax
Twelve Months Ending January 2007

Public Utility Realty Tax

State Taxable Value at December 31, 2005	\$3,179,700	
Utility Realty Tax Rate	<u>2.82254%</u>	
Utility Realty Tax Liability Note (1)		\$89,748

Capital Stock Tax Liability

Value of Capital Stock (2004 Return)	\$495,045,036	
Allocating Percentage (2004 Return)	<u>29.2179%</u>	
Taxable Value allocated to Pennsylvania	144,641,764	
Tax Rate - 2006	<u>0.499%</u>	
Capital Stock Tax Liability Note (2)		<u>\$721,762</u>

Note (1) PURTA valuation due May 1, 2006.

Note (2) Capital Stock Tax Liability will be filed in July 2006.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.53 III. BALANCE SHEET AND OPERATING STATEMENT

A. ALL UTILITIES

48. Provide a copy of the latest capital stock tax report and the latest capital stock tax settlement.

See Exhibit 6 Schedule 2.

49. Submit details of calculations for Taxes, Other than Income where a company is assessed taxes for doing business in another state, or on its property located in another state.

See Exhibit 6 Schedule 2.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.53 JL BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

8. State amount of debt interest utilized for income tax calculations, and details of debt interest computations, under each of the following rate case bases:
- a. Actual test year
 - b. Annualized test year-end
 - c. Proposed test year-end

The debt interest utilized for income tax purposes are:

- a. Normalized for the twelve months ending January 31, 2006 is \$8,558,000
 - b. Annualized twelve months ending January 31, 2007 is \$9,413,000
 - c. Proposed for the twelve months ending January 31, 2007 is \$9,413,000
9. State amount of debt interest utilized for income tax calculations which has been allocated from the debt interest of an affiliate, and details of the allocation, under each of the following rate case bases:
- a. Actual test year
 - b. Annualized test year-end
 - c. Proposed test year-end

The amount of debt interest used for the income tax calculation is not allocated from an affiliate. Instead, interest is "synchronized" by application of the embedded debt cost rate used to determine the fair rate of return to the rate base of National Fuel Gas Distribution Corporation.

26. Provide the following income tax data:
- a. Consolidated income tax adjustment, if applicable.
 - b. Interest for tax purposes (basis.)

For the twelve months ending January 31, 2007

- a. See Exhibit 107 Schedule 2.
- b. Computation for the Interest Deduction for Tax Purposes

Net Measure of Value (Rate Base)	\$296,951,000
Total Debt Ratio	48.5%
Subtotal	\$144,021,235
Cost Rate	6.54%
Interest Expense	\$9,413,000

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.53 III. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

51. Submit a schedule showing for the last five years the income tax refunds, plus interest (net of taxes), received from the federal government due to prior years' claims.

There have been no forms filed for the last five years to claim federal refunds on behalf of the Pennsylvania Division of National Fuel Gas Distribution Corporation.

52. Provide detailed computations showing the deferred income taxes derived by using accelerated tax depreciation applicable to post-1969 utility property increases productive capacity and ADR rates on property. (Separate between state and federal; also, rate used).

- a. State whether tax depreciation is based on all rate base items claimed as of the end of the test year, and whether it is the annual tax depreciation at the end of the test year.
- b. Reconcile any difference between the deferred tax balance, as shown as a reduction to measures of value (rate base), and the deferred tax balance as shown on the balance sheet.

See Exhibit 107 Pages 3 through 17 for detailed computations showing the derivation of deferred income taxes.

- a. Tax depreciation is not based on all rate base items claimed at the end of the test year. Federal tax Depreciation of \$15,849,500 is the annual tax depreciation at the end of the test year.
- b. See Exhibit 108 Schedule 5.

NATIONAL FUEL GAS
 FY 2004 - Tax Return
 FORM 4562 REPORT

Tax Year:2007
 Tax Depreciation Type: FED

Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	Basis for Depreciation	Depreciation	Capitalized Depreciation	Net Depreciation	Amortization From Sales
Current Vintage					
MACRS 15	1,361,941.00	68,097.05	0.00	68,097.05	0.00
MACRS 20	14,842,870.00	556,607.63	0.00	556,607.63	0.00
MACRS 39	113,000.00	1,448.66	0.00	1,448.66	0.00
MACRS 7	1,774,334.00	253,552.33	0.00	253,552.33	0.00
NONE	0.00	0.00	0.00	0.00	0.00
SL 3YR	0.00	0.00	0.00	0.00	0.00
Current Vintage Total	18,092,145.00	879,705.67	0.00	879,705.67	0.00
Historical Vintages					
ACRS	59,928,290.00	13.23	0.00	13.23	0.00
ADR	80,188,164.54	30,726.16	0.00	30,726.16	0.00
BONUS	51,133,015.00	1,907,791.43	0.00	1,907,791.43	0.00
MACRS	288,447,333.29	13,031,305.69	0.00	13,031,305.69	0.00
NON DD&A	7,228.00	0.00	0.00	0.00	0.00
OTHER	0.00	0.00	0.00	0.00	0.00
Historical Vintages Total	479,704,030.83	14,969,836.51	0.00	14,969,836.51	0.00
FED Total	497,796,175.83	15,849,542.18	0.00	15,849,542.18	0.00

Tax Year: 2007
 Tax Depreciation Type: STATE W/O BONUS
 Tax Class Range: PA - DISTRIBUTION
 Vintage Range: All Vintages

	Basis for Depreciation	Depreciation	Capitalized Depreciation	Net Depreciation	Amortization From Sales
Current Vintage					
MACRS 15	1,361,941.00	68,097.05	0.00	68,097.05	0.00
MACRS 20	14,842,870.00	556,607.63	0.00	556,607.63	0.00
MACRS 39	113,000.00	1,448.66	0.00	1,448.66	0.00
MACRS 7	1,774,334.00	253,552.33	0.00	253,552.33	0.00
NONE	0.00	0.00	0.00	0.00	0.00
SL 3YR	0.00	0.00	0.00	0.00	0.00
Current Vintage Total	18,092,145.00	879,705.67	0.00	879,705.67	0.00
Historical Vintages					
ACRS	59,928,290.00	13.23	0.00	13.23	0.00
ADR	80,188,164.54	30,726.16	0.00	30,726.16	0.00
BONUS	51,144,025.00	2,809,582.76	0.00	2,809,582.76	0.00
MACRS	288,436,323.29	13,031,023.39	0.00	13,031,023.39	0.00
NON DD&A	7,228.00	0.00	0.00	0.00	0.00
OTHER	0.00	0.00	0.00	0.00	0.00
Historical Vintages Total	479,704,030.83	15,871,345.54	0.00	15,871,345.54	0.00
STATE W/O BONUS Total	497,796,175.83	16,751,051.21	0.00	16,751,051.21	0.00

Tax Year:2007
 Deferred Tax Type:FEDERAL
 Timing Difference:AFUDC

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Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	Initial Provision	AFUDC	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
PA DISTRIBUTION P V1999	0.00	209.24	(209.24)	0.00000	0.00	0.00	0.00
PA DISTRIBUTION P Total	0.00	209.24	(209.24)	0.00000	0.00	0.00	0.00
PA DISTRIBUTION U V1999	0.00	82.69	(82.69)	0.00000	0.00	0.00	0.00
PA DISTRIBUTION U Total	0.00	82.69	(82.69)	0.00000	0.00	0.00	0.00
PA GENERAL P V1999	0.00	104.40	(104.40)	0.00000	0.00	0.00	0.00
PA GENERAL P Total	0.00	104.40	(104.40)	0.00000	0.00	0.00	0.00
PA GENERAL U V1999	0.00	0.13	(0.13)	0.00000	0.00	0.00	0.00
PA GENERAL U Total	0.00	0.13	(0.13)	0.00000	0.00	0.00	0.00
PA PRODUCTION U V1999	0.00	0.07	(0.07)	0.00000	0.00	0.00	0.00
PA PRODUCTION U Total	0.00	0.07	(0.07)	0.00000	0.00	0.00	0.00
PA TRANSMISSION P V1999	0.00	93.45	(93.45)	0.00000	0.00	0.00	0.00
PA TRANSMISSION P Total	0.00	93.45	(93.45)	0.00000	0.00	0.00	0.00
PA TRANSMISSION U V1999	0.00	165.48	(165.48)	0.00000	0.00	0.00	0.00
PA TRANSMISSION U Total	0.00	165.48	(165.48)	0.00000	0.00	0.00	0.00
AFUDC Total	0.00	655.46	(655.46)	0.00000	0.00	0.00	0.00

Tax Year:2007
Deferred Tax Type:FEDERAL
Timing Difference:LIFE FED

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Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	SL Tax Life	SL Book Life	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
PA SU GROUP4 P V1978	20.67	20.67	0.00	0.00000	0.00	0.00	0.00
PA SU GROUP4 P Total	20.67	20.67	0.00	0.00000	0.00	0.00	0.00
LIFE FED Total	20.67	20.67	0.00	0.00000	0.00	0.00	0.00

Tax Year:2007
Deferred Tax Type:FEDERAL
Timing Difference:METHOD FED

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Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	FED	SL Tax Life	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
PA SU GROUP4 P V1978	0.00	20.67	(20.67)	0.00000	0.00	0.00	0.00
PA SU GROUP4 P Total	0.00	20.67	(20.67)	0.00000	0.00	0.00	0.00
METHOD FED Total	0.00	20.67	(20.67)	0.00000	0.00	0.00	0.00

NATIONAL FUEL GAS
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Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	FED	SL Book Life	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
PA CAPITALIZED SOFTWARE							
V19101	0.00	159,602.28	(159,602.28)	35.00000	(55,860.80)	0.00	55,860.80
PA CAPITALIZED SOFTWARE Total	0.00	159,602.28	(159,602.28)	35.00000	(55,860.80)	0.00	55,860.80
PA DISTRIBUTION P							
V1971	30.70	0.00	30.70	0.00000	0.00	0.00	0.00
V1972	142.79	53.37	89.42	0.00000	0.00	0.00	0.00
V1973	227.49	199.55	27.94	0.00000	0.00	0.00	0.00
V1974	72.02	63.18	8.84	0.00000	0.00	0.00	0.00
V1975	271.52	238.18	33.34	0.00000	0.00	0.00	0.00
V1976	41.13	36.08	5.05	0.00000	0.00	0.00	0.00
V1977	278.36	244.18	34.18	0.00000	0.00	0.00	0.00
V1978	555.86	487.60	68.26	0.00000	0.00	0.00	0.00
V1979	229.34	201.18	28.16	0.00000	0.00	0.00	0.00
V1980	512.60	449.65	62.95	0.00000	0.00	0.00	0.00
V1981	0.00	64,097.80	(64,097.80)	41.08422	(26,334.08)	0.00	26,334.08
V1982	0.00	52,097.33	(52,097.33)	40.53048	(21,115.30)	0.00	21,115.30
V1983	0.00	52,927.13	(52,927.13)	39.73435	(21,030.25)	0.00	21,030.25
V1984	0.00	56,997.83	(56,997.83)	38.90013	(22,172.23)	0.00	22,172.23
V1985	0.00	81,750.98	(81,750.98)	37.83235	(30,928.32)	0.00	30,928.32
V1986	0.00	66,579.55	(66,579.55)	36.52479	(24,318.04)	0.00	24,318.04
V1987	46,915.57	52,595.93	(5,680.36)	35.05693	(1,991.36)	0.00	1,991.36
V1987A	0.00	15,270.25	(15,270.25)	35.04180	(5,350.97)	0.00	5,350.97
V1988	135,914.71	76,185.38	59,729.33	35.00001	20,905.27	20,905.27	0.00
V1989	157,898.76	88,508.28	69,390.48	35.00000	24,286.67	24,286.67	0.00
V1990	198,213.64	111,106.30	87,107.34	35.00000	30,487.57	30,487.57	0.00
V1991	196,257.08	110,009.58	86,247.50	35.00001	30,186.63	30,186.63	0.00
V1992	180,664.83	101,269.53	79,395.30	35.00001	27,788.36	27,788.36	0.00
V1993	156,194.33	87,552.88	68,641.45	35.00000	24,024.51	24,024.51	0.00
V1994	138,334.35	77,541.68	60,792.67	34.99999	21,277.43	21,277.43	0.00
V1995	116,469.91	65,285.83	51,184.08	35.00000	17,914.43	17,914.43	0.00
V1996	136,287.34	76,394.25	59,893.09	35.00000	20,962.58	20,962.58	0.00
V1997	186,001.67	104,261.03	81,740.64	35.00000	28,609.22	28,609.22	0.00
V1998	151,391.58	84,860.75	66,530.83	35.00000	23,285.79	23,285.79	0.00
V1999	169,808.26	95,184.00	74,624.26	35.00000	26,118.49	26,118.49	0.00
PA DISTRIBUTION P Total	1,972,713.84	1,522,449.26	450,264.58	31.67169	142,606.40	295,846.95	153,240.55
PA DISTRIBUTION U							
V19100	511,143.67	282,712.21	228,431.46	35.00000	79,951.01	79,951.01	0.00
V19101	535,238.76	273,639.45	261,599.31	35.00000	91,559.76	91,559.76	0.00
V19102	447,864.55	302,663.28	145,201.27	35.00000	50,820.44	50,820.44	0.00
V19103	282,737.41	176,741.30	105,996.11	35.00000	37,098.64	37,098.64	0.00
V19104	432,999.45	350,550.08	82,449.37	35.00000	28,857.28	28,857.28	0.00
V1971	0.00	108.03	(108.03)	0.00000	0.00	0.00	0.00

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Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	FED	SL Book Life	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
V1972	152.33	170.73	(18.40)	0.00000	0.00	0.00	0.00
V1973	461.61	404.93	56.68	0.00000	0.00	0.00	0.00
V1974	13.28	11.65	1.63	0.00000	0.00	0.00	0.00
V1975	1,403.34	1,231.00	172.34	0.00000	0.00	0.00	0.00
V1976	115.48	101.30	14.18	0.00000	0.00	0.00	0.00
V1977	516.90	453.43	63.47	0.00000	0.00	0.00	0.00
V1978	437.67	383.93	53.74	0.00000	0.00	0.00	0.00
V1979	470.11	412.38	57.73	0.00000	0.00	0.00	0.00
V1980	780.62	684.75	95.87	0.00000	0.00	0.00	0.00
V1981	0.00	86,015.48	(86,015.48)	40.82528	(35,116.06)	0.00	35,116.06
V1982	0.00	119,629.40	(119,629.40)	40.23193	(48,129.22)	0.00	48,129.22
V1983	0.00	125,230.73	(125,230.73)	39.44809	(49,401.13)	0.00	49,401.13
V1984	0.00	132,188.88	(132,188.88)	38.62373	(51,056.28)	0.00	51,056.28
V1985	0.00	155,975.25	(155,975.25)	37.61346	(58,667.69)	0.00	58,667.69
V1986	0.00	236,032.75	(236,032.75)	36.39143	(85,895.69)	0.00	85,895.69
V1987	126,868.00	142,228.70	(15,360.70)	35.03460	(5,381.56)	0.00	5,381.56
V1987A	0.00	42,393.90	(42,393.90)	35.02719	(14,849.39)	0.00	14,849.39
V1988	461,464.92	258,668.68	202,796.24	35.00000	70,978.68	70,978.68	0.00
V1989	461,014.72	258,416.33	202,598.39	35.00000	70,909.44	70,909.44	0.00
V1990	523,159.69	293,250.95	229,908.74	35.00000	80,468.06	80,468.06	0.00
V1991	515,918.66	289,192.08	226,726.58	35.00000	79,354.30	79,354.30	0.00
V1992	504,324.09	282,692.88	221,631.21	35.00000	77,570.92	77,570.92	0.00
V1993	554,649.52	310,902.20	243,747.32	35.00000	85,311.56	85,311.56	0.00
V1994	515,349.52	288,873.05	226,476.47	35.00000	79,266.76	79,266.76	0.00
V1995	564,977.50	316,691.43	248,286.07	35.00000	86,900.12	86,900.12	0.00
V1996	480,113.34	269,121.83	210,991.51	35.00000	73,847.03	73,847.03	0.00
V1997	563,541.74	315,886.63	247,655.11	35.00000	86,679.29	86,679.29	0.00
V1998	414,475.03	232,329.05	182,145.98	35.00000	63,751.09	63,751.09	0.00
V1999	406,724.48	227,984.58	178,739.90	35.00000	62,558.97	62,558.97	0.00
V2001B	21,672.30	15,833.48	5,838.82	35.00005	2,043.59	2,043.59	0.00
V2003B5	121,977.36	106,735.53	15,241.83	35.00000	5,334.64	5,334.64	0.00
V2005	573,795.90	214,743.98	359,051.92	35.00000	125,668.17	125,668.17	0.00
V2005B	56,318.35	42,167.08	14,151.27	34.99997	4,952.94	4,952.94	0.00
v2006	955,855.80	330,975.00	624,880.80	35.00000	218,708.28	218,708.28	0.00
V2007	500,357.63	333,571.75	166,785.88	35.00000	58,375.06	58,375.06	0.00
PA DISTRIBUTION U Total	10,536,893.73	6,818,000.05	3,718,893.68	34.21633	1,272,469.01	1,620,966.03	348,497.02
PA GEN STR P							
V1969	12,638.70	11,375.97	1,262.73	0.00000	0.00	0.00	0.00
V1970	5,397.82	4,858.52	539.30	0.00000	0.00	0.00	0.00
V1982	0.00	187.54	(187.54)	44.00661	(82.53)	0.00	82.53
V1983	0.00	453.30	(453.30)	43.15685	(195.63)	0.00	195.63
V1984	0.00	18.82	(18.82)	41.23273	(7.76)	0.00	7.76

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 Witness: Malachowski
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Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	FED	SL Book Life	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
V1986	0.00	798.58	(798.58)	36.88547	(294.56)	0.00	294.56
V1987	1,794.13	1,130.16	663.97	42.99742	285.49	0.00	(285.49)
V1987A	0.00	1,446.84	(1,446.84)	35.33286	(511.21)	0.00	511.21
V1989	1,332.36	839.28	493.08	34.57654	170.49	0.00	(170.49)
V1990	(643.24)	(405.32)	(237.92)	34.99916	(83.27)	(83.27)	0.00
V1991	1,708.66	1,076.32	632.34	34.78983	219.99	18.30	(201.69)
V1992	(235.16)	(148.18)	(86.98)	34.99655	(30.44)	(30.44)	0.00
V1993	4,908.52	3,091.98	1,816.54	35.00006	635.79	635.79	0.00
V1994	63.74	49.72	14.02	35.02140	4.91	0.00	(4.91)
V1995	522.34	407.44	114.90	35.01305	40.23	0.00	(40.23)
V1996	604.82	471.78	133.04	34.99699	46.56	46.56	0.00
V1997	235.58	183.76	51.82	35.00579	18.14	18.14	0.00
PA GEN STR P Total	28,328.27	25,836.51	2,491.76	8.67660	216.20	605.08	388.88
PA GEN STR TR P							
V1984	0.00	620.84	(620.84)	40.36628	(250.61)	0.00	250.61
V1985	0.00	4.14	(4.14)	37.92271	(1.57)	0.00	1.57
PA GEN STR TR P Total	0.00	624.98	(624.98)	40.35009	(252.18)	0.00	252.18
PA GEN STR TR U							
V1984	0.00	247.04	(247.04)	39.99352	(98.80)	0.00	98.80
V1985	0.00	176.12	(176.12)	38.44538	(67.71)	0.00	67.71
PA GEN STR TR U Total	0.00	423.16	(423.16)	39.34918	(166.51)	0.00	166.51
PA GEN STR U							
V19100	3,568.09	2,783.22	784.87	34.99943	274.70	274.70	0.00
V19101	2,968.14	2,315.24	652.90	35.00077	228.52	228.52	0.00
V19102	463.42	361.48	101.94	35.00098	35.68	35.68	0.00
V19103	3,797.13	2,961.88	835.25	35.00030	292.34	292.34	0.00
V1970	1,541.17	1,387.19	153.98	0.00000	0.00	0.00	0.00
V1981	0.00	823.18	(823.18)	44.25278	(364.28)	0.00	364.28
V1983	0.00	105.56	(105.56)	42.96135	(45.35)	0.00	45.35
V1984	0.00	273.12	(273.12)	41.46163	(113.24)	0.00	113.24
V1986	0.00	272.62	(272.62)	36.77280	(100.25)	0.00	100.25
V1987	721.90	454.74	267.16	34.95284	93.38	0.00	(93.38)
V1987A	0.00	626.56	(626.56)	35.30707	(221.22)	0.00	221.22
V1988	879.77	554.36	325.41	34.59328	112.57	0.00	(112.57)
V1989	1,531.68	964.84	566.84	34.61294	196.20	0.00	(196.20)
V1990	2,830.54	1,783.58	1,046.96	34.68423	363.13	0.00	(363.13)
V1992	85.25	53.72	31.53	35.01427	11.04	10.85	(0.19)
V2003B5	282.30	220.20	62.10	35.00805	21.74	21.74	0.00
V2005	1,608.58	1,254.74	353.84	34.99887	123.84	90.03	(33.81)
V2005B	698.66	544.98	153.68	35.00130	53.79	39.10	(14.69)
v2006	2,897.32	2,260.00	637.32	34.99969	223.06	0.00	(223.06)

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V2007	1,448.66	2,260.00	(811.34)	35.00012	(283.97)	(283.97)	0.00
PA GEN STR U Total	25,322.61	22,261.21	3,061.40	29.45319	901.68	708.99	(192.69)
PA GENERAL P							
V1996	0.00	13,845.34	(13,845.34)	34.99950	(4,845.80)	0.00	4,845.80
V1997	0.00	(10,813.48)	10,813.48	34.99956	3,784.67	0.00	(3,784.67)
V1998	0.00	68,601.34	(68,601.34)	35.00000	(24,010.47)	0.00	24,010.47
V1999	5.23	2,175.95	(2,170.72)	34.99991	(759.75)	0.00	759.75
PA GENERAL P Total	5.23	73,809.15	(73,803.92)	34.99997	(25,831.35)	0.00	25,831.35
PA GENERAL U							
V19100	7,825.12	14,620.35	(6,795.23)	34.99999	(2,378.33)	0.00	2,378.33
V19101	7,855.93	7,338.96	516.97	35.00010	180.94	180.94	0.00
V19102	21,963.20	29,297.16	(7,333.96)	35.00005	(2,566.89)	0.00	2,566.89
V19103	70,171.93	93,603.76	(23,431.83)	35.00000	(8,201.14)	0.00	8,201.14
V19104	176,428.15	235,341.09	(58,912.94)	35.00000	(20,619.53)	0.00	20,619.53
V1996	0.00	1,338.01	(1,338.01)	34.99824	(468.28)	0.00	468.28
V1997	0.00	11,791.61	(11,791.61)	34.99972	(4,127.03)	0.00	4,127.03
V1998	0.00	26,386.03	(26,386.03)	35.00000	(9,235.11)	0.00	9,235.11
V1999	23.39	9,739.76	(9,716.37)	35.00001	(3,400.73)	0.00	3,400.73
V2001B	656.68	875.96	(219.28)	35.00091	(76.75)	0.00	76.75
V2003B5	1,326.55	2,477.40	(1,150.85)	35.00022	(402.80)	0.00	402.80
V2005	120,716.33	57,514.53	63,201.80	35.00000	22,120.63	22,120.63	0.00
V2005B	33,193.69	31,626.23	1,567.46	34.99994	548.61	548.61	0.00
v2006	396,003.30	134,744.61	261,258.69	35.00000	91,440.54	91,440.54	0.00
V2007	245,219.83	142,996.28	102,223.55	35.00000	35,778.24	35,778.24	0.00
PA GENERAL U Total	1,081,384.10	799,691.74	281,692.36	35.00002	98,592.37	150,068.96	51,476.59
PA GROUP4 P							
V1968	0.00	10,856.68	(10,856.68)	0.00000	0.00	0.00	0.00
V1969	0.00	18,352.00	(18,352.00)	0.00000	0.00	0.00	0.00
V1970	0.00	8,205.43	(8,205.43)	46.78816	(3,839.17)	0.00	3,839.17
V1971	0.00	17,000.82	(17,000.82)	46.68357	(7,936.59)	0.00	7,936.59
V1972	0.00	27,868.87	(27,868.87)	46.48420	(12,954.62)	0.00	12,954.62
V1973	0.00	25,215.74	(25,215.74)	46.13063	(11,632.18)	0.00	11,632.18
V1974	0.00	11,420.77	(11,420.77)	45.72678	(5,222.35)	0.00	5,222.35
V1975	0.00	31,143.32	(31,143.32)	45.36954	(14,129.58)	0.00	14,129.58
V1976	0.00	23,984.39	(23,984.39)	44.52037	(10,677.94)	0.00	10,677.94
V1977	0.00	54,462.13	(54,462.13)	44.14354	(24,041.51)	0.00	24,041.51
V1978	0.00	38,248.71	(38,248.71)	43.34949	(16,580.62)	0.00	16,580.62
V1979	0.00	41,842.24	(41,842.24)	42.59734	(17,823.68)	0.00	17,823.68
V1980	3,851.68	66,849.03	(62,997.35)	41.93418	(26,417.42)	0.00	26,417.42
V1981	12.46	77.88	(65.42)	41.42464	(27.10)	0.00	27.10
PA GROUP4 P Total	3,864.14	375,528.01	(371,663.87)	40.70419	(151,282.76)	0.00	151,282.76

Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	FED	SL Book Life	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
PA GROUP4 U							
V1968	0.00	19,714.27	(19,714.27)	0.00000	0.00	0.00	0.00
V1971	0.00	29,949.52	(29,949.52)	46.00007	(13,776.80)	0.00	13,776.80
V1972	0.00	32,051.38	(32,051.38)	46.62392	(14,943.61)	0.00	14,943.61
V1973	0.00	54,189.94	(54,189.94)	46.41138	(25,150.30)	0.00	25,150.30
V1974	0.00	6,272.39	(6,272.39)	45.47836	(2,852.58)	0.00	2,852.58
V1975	0.00	60,741.11	(60,741.11)	45.62694	(27,714.31)	0.00	27,714.31
V1976	0.00	32,695.98	(32,695.98)	45.06750	(14,735.26)	0.00	14,735.26
V1977	0.00	64,196.50	(64,196.50)	44.55073	(28,600.01)	0.00	28,600.01
V1978	0.00	73,635.47	(73,635.47)	43.82168	(32,268.30)	0.00	32,268.30
V1979	0.00	49,709.36	(49,709.36)	42.96762	(21,358.93)	0.00	21,358.93
V1980	0.00	84,653.90	(84,653.90)	42.19719	(35,721.57)	0.00	35,721.57
V1981	0.77	44.90	(44.13)	41.78563	(18.44)	0.00	18.44
PA GROUP4 U Total	0.77	507,854.72	(507,853.95)	42.75641	(217,140.11)	0.00	217,140.11
PA PRODUCTION P							
V1983	0.00	141.44	(141.44)	45.37613	(64.18)	0.00	64.18
V1984	0.00	168.56	(168.56)	42.93427	(72.37)	0.00	72.37
V1985	0.00	422.16	(422.16)	40.27383	(170.02)	0.00	170.02
V1986	0.00	4,231.20	(4,231.20)	37.73941	(1,596.83)	0.00	1,596.83
V1987	0.00	2,037.16	(2,037.16)	35.37719	(720.69)	0.00	720.69
V1987A	0.00	528.16	(528.16)	35.28855	(186.38)	0.00	186.38
V1988	0.00	1,211.52	(1,211.52)	34.17938	(414.09)	0.00	414.09
V1989	0.00	564.16	(564.16)	34.23674	(193.15)	0.00	193.15
V1990	0.00	1,376.60	(1,376.60)	34.32588	(472.53)	0.00	472.53
V1991	0.00	703.44	(703.44)	34.48624	(242.59)	0.00	242.59
V1992	0.00	(19.32)	19.32	34.57557	6.68	0.00	(6.68)
V1993	0.00	3,591.20	(3,591.20)	34.95238	(1,255.21)	0.00	1,255.21
V1994	0.00	1,152.00	(1,152.00)	35.00174	(403.22)	0.00	403.22
V1995	0.00	642.72	(642.72)	35.00280	(224.97)	0.00	224.97
V1996	0.00	24.40	(24.40)	35.04098	(8.55)	0.00	8.55
V1997	0.00	211.64	(211.64)	34.99811	(74.07)	0.00	74.07
V1998	0.00	52.80	(52.80)	35.00000	(18.48)	0.00	18.48
PA PRODUCTION P Total	0.00	17,039.84	(17,039.84)	35.86096	(6,110.65)	0.00	6,110.65
PA PRODUCTION U							
V19100	135.99	121.97	14.02	35.02140	4.91	4.91	0.00
V19101	6,229.10	2,793.32	3,435.78	34.99991	1,202.52	1,202.52	0.00
V19102	6,437.16	4,121.76	2,315.40	35.00000	810.39	810.39	0.00
V19103	1,081.17	692.28	388.89	34.99961	136.11	136.11	0.00
V19104	6,438.72	4,122.76	2,315.96	35.00017	810.59	810.59	0.00
V1983	0.00	130.32	(130.32)	45.38828	(59.15)	0.00	59.15
V1984	0.00	57.44	(57.44)	42.89694	(24.64)	0.00	24.64
V1986	0.00	2,795.80	(2,795.80)	37.94513	(1,060.87)	0.00	1,060.87

Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	FED	SL Book Life	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
V1987	0.00	2,155.08	(2,155.08)	35.45205	(764.02)	0.00	764.02
V1987A	0.00	(48.52)	48.52	35.40808	17.18	0.00	(17.18)
V1988	0.00	13,561.84	(13,561.84)	34.18128	(4,635.61)	0.00	4,635.61
V1989	0.00	3,205.32	(3,205.32)	34.23902	(1,097.47)	0.00	1,097.47
V1990	0.00	10,731.76	(10,731.76)	34.33174	(3,684.40)	0.00	3,684.40
V1991	0.00	1,945.16	(1,945.16)	34.49022	(670.89)	0.00	670.89
V1992	0.00	1,353.32	(1,353.32)	34.74418	(470.20)	0.00	470.20
V1993	0.00	2,218.68	(2,218.68)	34.95186	(775.47)	0.00	775.47
V1994	0.00	984.88	(984.88)	34.99716	(344.68)	0.00	344.68
V1995	0.00	579.44	(579.44)	34.99931	(202.80)	0.00	202.80
V1996	0.00	951.32	(951.32)	35.00189	(332.98)	0.00	332.98
V1997	0.00	860.92	(860.92)	34.99977	(301.32)	0.00	301.32
V1999	2.79	561.17	(558.38)	34.99946	(195.43)	0.00	195.43
V2003B5	122.97	110.24	12.73	35.03535	4.46	4.46	0.00
V2005	4,388.94	1,003.76	3,385.18	34.99991	1,184.81	1,184.81	0.00
V2005B	(3,408.67)	(1,558.96)	(1,849.71)	35.00008	(647.40)	(647.40)	0.00
v2006	12,245.00	2,000.00	10,245.00	35.00000	3,585.75	3,585.75	0.00
V2007	8,332.50	2,332.40	6,000.10	35.00008	2,100.04	2,100.04	0.00
PA PRODUCTION U Total	42,005.67	57,783.46	(15,777.79)	34.29232	(5,410.57)	9,192.18	14,602.75
PA SU PRODUCTION P							
V1984	0.00	775.36	(775.36)	42.91168	(332.72)	0.00	332.72
V1985	0.00	3,564.52	(3,564.52)	40.27190	(1,435.50)	0.00	1,435.50
V1986	0.00	893.96	(893.96)	37.74106	(337.39)	0.00	337.39
V1987	0.00	925.20	(925.20)	40.74362	(376.96)	0.00	376.96
V1988	0.00	817.08	(817.08)	34.12885	(278.86)	0.00	278.86
V1989	0.00	250.04	(250.04)	34.22652	(85.58)	0.00	85.58
V1990	0.00	115.08	(115.08)	34.31526	(39.49)	0.00	39.49
V1991	0.00	25.28	(25.28)	34.53323	(8.73)	0.00	8.73
V1993	0.00	3.68	(3.68)	35.32609	(1.30)	0.00	1.30
PA SU PRODUCTION P Total	0.00	7,370.20	(7,370.20)	39.30056	(2,896.53)	0.00	2,896.53
PA SU PRODUCTION U							
V1984	0.00	571.24	(571.24)	42.91366	(245.14)	0.00	245.14
V1985	0.00	2,093.44	(2,093.44)	40.27343	(843.10)	0.00	843.10
V1986	0.00	525.00	(525.00)	37.73333	(198.10)	0.00	198.10
V1987	0.00	543.36	(543.36)	40.65445	(220.90)	0.00	220.90
V1988	0.00	479.88	(479.88)	34.13562	(163.81)	0.00	163.81
V1989	0.00	146.88	(146.88)	34.21160	(50.25)	0.00	50.25
V1990	0.00	67.56	(67.56)	34.36945	(23.22)	0.00	23.22
V1991	0.00	14.84	(14.84)	34.56873	(5.13)	0.00	5.13
V1993	0.00	3,642.80	(3,642.80)	34.95882	(1,273.48)	0.00	1,273.48
PA SU PRODUCTION U Total	0.00	8,085.00	(8,085.00)	37.39184	(3,023.13)	0.00	3,023.13

Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	FED	SL Book Life	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
PA TRANS C&G P							
V1976	0.00	0.12	(0.12)	41.66667	(0.05)	0.00	0.05
PA TRANS C&G P Total	0.00	0.12	(0.12)	41.66667	(0.05)	0.00	0.05
PA TRANSMISSION P							
V1981	0.00	692.68	(692.68)	42.66617	(295.54)	0.00	295.54
V1982	0.00	528.93	(528.93)	41.73142	(220.73)	0.00	220.73
V1983	0.00	605.97	(605.97)	40.59607	(246.00)	0.00	246.00
V1984	0.00	209.97	(209.97)	39.50088	(82.94)	0.00	82.94
V1985	0.00	3,737.72	(3,737.72)	38.36965	(1,434.15)	0.00	1,434.15
V1986	0.00	4,576.71	(4,576.71)	36.92827	(1,690.10)	0.00	1,690.10
V1987	0.00	123.95	(123.95)	35.11093	(43.52)	0.00	43.52
V1987A	0.00	258.14	(258.14)	35.16696	(90.78)	0.00	90.78
V1988	0.00	3,850.90	(3,850.90)	34.51037	(1,328.96)	0.00	1,328.96
V1989	0.00	5,378.27	(5,378.27)	34.59068	(1,860.38)	0.00	1,860.38
V1990	0.00	1,023.86	(1,023.86)	34.68834	(355.16)	0.00	355.16
V1991	18.28	832.75	(814.47)	34.79563	(283.40)	0.00	283.40
V1992	788.30	621.55	166.75	34.99850	58.36	58.36	0.00
V1993	20,512.94	8,086.97	12,425.97	35.00000	4,349.09	4,349.09	0.00
V1994	24,651.44	9,718.52	14,932.92	34.99999	5,226.52	5,226.52	0.00
V1995	14,282.37	5,630.64	8,651.73	35.00005	3,028.11	3,028.11	0.00
V1996	2,192.09	864.20	1,327.89	34.99989	464.76	464.76	0.00
V1997	120.60	47.54	73.06	34.99863	25.57	25.57	0.00
V1998	30,120.92	11,874.79	18,246.13	35.00002	6,386.15	6,386.15	0.00
V1999	35,821.84	14,122.30	21,699.54	35.00000	7,594.84	7,594.84	0.00
PA TRANSMISSION P Total	128,508.78	72,786.36	55,722.42	34.45963	19,201.74	27,133.40	7,931.66
PA TRANSMISSION U							
V19100	42,767.39	16,860.50	25,906.89	34.99999	9,067.41	9,067.41	0.00
V19101	46,610.94	18,375.77	28,235.17	35.00000	9,882.31	9,882.31	0.00
V19102	(2,055.22)	(1,095.66)	(959.56)	35.00042	(335.85)	(335.85)	0.00
V19103	7,648.40	3,669.71	3,978.69	34.99996	1,392.54	1,392.54	0.00
V19104	26,472.97	16,002.11	10,470.86	34.99999	3,664.80	3,664.80	0.00
V1981	0.00	6,883.82	(6,883.82)	42.60062	(2,932.55)	0.00	2,932.55
V1982	0.00	12,036.52	(12,036.52)	41.59151	(5,006.17)	0.00	5,006.17
V1983	0.00	23,092.60	(23,092.60)	40.43837	(9,338.27)	0.00	9,338.27
V1984	0.00	11,428.64	(11,428.64)	39.26924	(4,487.94)	0.00	4,487.94
V1985	0.00	16,490.81	(16,490.81)	39.05133	(6,439.88)	0.00	6,439.88
V1986	0.00	24,911.99	(24,911.99)	37.17748	(9,261.65)	0.00	9,261.65
V1987	0.00	21,169.16	(21,169.16)	35.04627	(7,419.00)	0.00	7,419.00
V1987A	0.00	3,162.99	(3,162.99)	35.11772	(1,110.77)	0.00	1,110.77
V1988	0.00	93,390.25	(93,390.25)	34.51718	(32,235.68)	0.00	32,235.68
V1989	0.00	72,763.58	(72,763.58)	34.58920	(25,168.34)	0.00	25,168.34
V1990	0.00	64,886.47	(64,886.47)	34.67869	(22,501.78)	0.00	22,501.78

Tax Year:2007
 Deferred Tax Type:FEDERAL
 Timing Difference:METHOD LIFE FED

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Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	FED	SL Book Life	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
V1991	908.23	42,236.07	(41,327.84)	34.78442	(14,375.65)	0.00	14,375.65
V1992	59,937.89	47,259.51	12,678.38	34.99998	4,437.43	4,437.43	0.00
V1993	58,217.54	22,951.53	35,266.01	34.99999	12,343.10	12,343.10	0.00
V1994	47,295.76	18,645.75	28,650.01	34.99999	10,027.50	10,027.50	0.00
V1995	33,206.62	13,091.29	20,115.33	35.00002	7,040.37	7,040.37	0.00
V1996	16,518.47	6,512.20	10,006.27	34.99996	3,502.19	3,502.19	0.00
V1997	27,526.92	10,852.14	16,674.78	34.99998	5,836.17	5,836.17	0.00
V1998	10,269.84	4,048.75	6,221.09	34.99998	2,177.38	2,177.38	0.00
V1999	50,629.16	19,959.90	30,669.26	35.00000	10,734.24	10,734.24	0.00
V2003B5	6,138.72	4,123.21	2,015.51	35.00007	705.43	705.43	0.00
V2005	3,958.99	1,077.03	2,881.96	35.00014	1,008.69	1,008.69	0.00
V2005B	10,276.29	5,591.26	4,685.03	34.99999	1,639.76	1,639.76	0.00
v2006	137,750.00	33,727.00	104,023.00	35.00000	36,408.05	36,408.05	0.00
V2007	68,097.05	31,678.75	36,418.30	35.00001	12,746.41	12,746.41	0.00
PA TRANSMISSION U Total	652,175.96	665,783.65	(13,607.69)	58.78845	(7,999.75)	132,277.93	140,277.68
METHOD LIFE FED Total	14,471,203.10	11,134,929.70	3,336,273.40	31.71242	1,058,013.01	2,236,799.52	1,178,786.51

Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	FED	Initial Provision	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
PA CIAC							
V19100	8,579.68	0.00	8,579.68	35.00002	3,002.89	0.00	(3,002.89)
V19101	6,252.21	0.00	6,252.21	34.99994	2,188.27	0.00	(2,188.27)
V19102	5,967.74	0.00	5,967.74	35.00002	2,088.71	0.00	(2,088.71)
V19103	5,054.89	0.00	5,054.89	34.99997	1,769.21	0.00	(1,769.21)
V19104	5,280.36	0.00	5,280.36	35.00008	1,848.13	0.00	(1,848.13)
V1987	7,816.77	0.00	7,816.77	42.99973	3,361.19	0.00	(3,361.19)
V1988	18,076.42	0.00	18,076.42	33.99982	6,145.95	0.00	(6,145.95)
V1989	2,667.35	0.00	2,667.35	33.99891	906.87	0.00	(906.87)
V1990	496.67	0.00	496.67	34.00447	168.89	0.00	(168.89)
V1991	557.37	0.00	557.37	34.00255	189.52	0.00	(189.52)
V1992	222.15	0.00	222.15	34.00855	75.55	0.00	(75.55)
V1995	593.14	0.00	593.14	34.99848	207.59	0.00	(207.59)
V1996	5,021.34	0.00	5,021.34	34.99962	1,757.45	0.00	(1,757.45)
V1997	4,548.93	0.00	4,548.93	34.99988	1,592.12	0.00	(1,592.12)
V1998	9,917.08	0.00	9,917.08	35.00002	3,470.98	0.00	(3,470.98)
V1999	7,699.79	0.00	7,699.79	35.00005	2,694.93	0.00	(2,694.93)
V2003B5	1,880.19	0.00	1,880.19	35.00019	658.07	0.00	(658.07)
V2005	6,839.59	0.00	6,839.59	35.00005	2,393.86	0.00	(2,393.86)
PA CIAC Total	97,471.67	0.00	97,471.67	35.41560	34,520.18	0.00	(34,520.18)
PA SERVICE LINE RAR							
V1980	583.64	0.00	583.64	45.98383	268.38	0.29	(268.09)
PA SERVICE LINE RAR Total	583.64	0.00	583.64	45.98383	268.38	0.29	(268.09)
PA UNICAP							
V19100	66,358.03	0.00	66,358.03	35.00000	23,225.31	0.00	(23,225.31)
V19101	76,700.19	0.00	76,700.19	35.00000	26,845.07	0.00	(26,845.07)
V19102	59,783.08	0.00	59,783.08	35.00000	20,924.08	0.00	(20,924.08)
V19103	41,332.77	0.00	41,332.77	35.00000	14,466.47	0.00	(14,466.47)
V19104	46,656.47	0.00	46,656.47	34.99999	16,329.76	0.00	(16,329.76)
V1988	40,851.41	0.00	40,851.41	34.00003	13,889.49	0.00	(13,889.49)
V1989	30,708.66	0.00	30,708.66	34.00008	10,440.97	0.00	(10,440.97)
V1990	33,608.64	0.00	33,608.64	34.00001	11,426.94	0.00	(11,426.94)
V1991	37,075.98	0.00	37,075.98	34.00002	12,605.84	0.00	(12,605.84)
V1992	35,321.01	0.00	35,321.01	34.00002	12,009.15	0.00	(12,009.15)
V1993	35,486.26	0.00	35,486.26	34.74998	12,331.47	0.00	(12,331.47)
V1994	42,627.83	0.00	42,627.83	34.99995	14,919.72	0.00	(14,919.72)
V1995	67,239.50	0.00	67,239.50	34.99996	23,533.80	0.00	(23,533.80)
V1996	82,353.94	0.00	82,353.94	35.00000	28,823.88	0.00	(28,823.88)
V1997	124,390.74	0.00	124,390.74	34.99998	43,536.74	0.00	(43,536.74)
V1998	98,054.71	0.00	98,054.71	35.00000	34,319.15	0.00	(34,319.15)
V1999	72,730.56	0.00	72,730.56	35.00001	25,455.70	0.00	(25,455.70)
V2003B5	15,373.80	0.00	15,373.80	35.00000	5,380.83	0.00	(5,380.83)

Tax Year:2007
 Deferred Tax Type:FEDERAL
 Timing Difference:TAX DIFFS

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Tax Class Range:PA - DISTRIBUTION Vintage Range:All Vintages	FED	Initial Provision	Timing Difference	ARAM Rate	Deferred Tax	Provision	Amortization
V2005	109,080.19	0.00	109,080.19	35.00000	38,178.07	0.00	(38,178.07)
v2006	108,300.00	0.00	108,300.00	35.00000	37,905.00	0.00	(37,905.00)
V2007	56,250.00	1,500,000.00	(1,443,750.00)	35.00000	(505,312.50)	(525,000.00)	(19,687.50)
PA UNICAP Total	1,280,283.77	1,500,000.00	(219,716.23)	35.84854	(78,765.06)	(525,000.00)	(446,234.94)
TAX DIFFS Total	1,378,339.08	1,500,000.00	(121,660.92)	36.14678	(43,976.50)	(524,999.71)	(481,023.21)
FEDERAL Total	15,849,562.85	12,635,626.50	3,213,936.35	31.55123	1,014,036.51	1,711,799.81	697,763.30

Exhibit 107
 Witness: Malachowski
 Page 18

53. Submit a schedule showing a breakdown of the deferred income taxes by state and federal per books, proforma existing rates, and under proposed rates.

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Deferred Income Taxes
 Twelve Months Ending January 31, 2007
 \$000

	(1) Normalized Twelve Months Ended January 31, 2006	(2) Present Rates Adjustments	(3) Adjusted Twelve Months Ending January 31, 2007	(4) Proposed Rates Adjustments	(5) Adjusted Twelve Months Ending January 31, 2007
Liberalized Depreciation	\$1,411	\$128	\$1,539	\$0	\$1,539

54. Submit a schedule showing a breakdown of accumulated investment tax credits (3 percent, 4 percent, 7 percent, 10 percent and 11 percent), together with details of methods used to write-off the unamortized balances.

Exhibit 7 Pages 20 - 24 provides the breakdown of the accumulated investment tax credits.

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Former Pennsylvania Gas Company
 Option 2 Amortization of the Balance of
 Deferred Investment Tax Credit as of July 1, 1974

Eligible Property	Deferred Investment Credit	Amortization Percentage	Amortization for the Twelve Months Ended January 31, 2007
Gas Plant Additions	\$138,000	2.9%	\$4,000

55. Submit a schedule showing the adjustments for taxable net income per books (including below-the-line items) and pro forma under existing rates together with an explanation of any difference between the adjustments. Indicate charitable donations and contributions in the tax calculation for rate making purpose.

Exhibit 7 Page 26 shows the adjustments for taxable net income per books (including below the line items) and adjustments for taxable net income at proforma under existing rates with an explanation of any differences between adjustments.

56. Submit detailed calculations supporting taxable income before state and federal income taxes where the income tax is subject to allocation due to operations in another state, or due to operation of other taxable utility or non-utility business, or by operating divisions or areas.

Please see Exhibit 7 Page 27.

57. Submit detailed calculations showing the derivation of deferred income taxes for amortization of repair allowance if such policy is followed.

The company has not elected the repair allowance for federal tax purposes.

58. Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits and reserves by accounting areas.

Please see Exhibit 7 Page 28.

59. Provide details of the Federal Surtax Credit allocated to the Pennsylvania jurisdictional area, if applicable.

Not applicable.

60. Explain the reason for the use of cost of removal of any retired plant figures in the income tax calculations.

Costs of removal of any retired plant, which are charged to Reserve for Depreciation, are deductions for Income Tax purposes because the Internal Revenue Code permits the expensing of these costs on an incurred basis.

61. Submit the corresponding data applicable to Pennsylvania Corporate Income Tax deferral.
- Show the amounts of straight line tax depreciation and accelerated tax depreciation, the difference between which gave rise to the normalizing tax charged back to the test year operating statement.
 - Show normalization for both Federal and State Income Taxes.
 - Show tax rates used to calculate tax deferral amount.

The response to Regulation 53.53 III A.52 details the Deferred Federal Income Tax and applicable rates resulting from normalization of accelerated depreciation.

62. Provide the accelerated tax depreciation and the book depreciation used to calculate test year deferrals in amounts segregated as follows: For:
- Property installed prior to 1970.
 - Property installed subsequent to 1969 (indicate increasing capacity additions and nonincreasing capacity additions).

The company does not defer taxes on Tax Depreciation related to property installed prior to 1970. The response to Regulation 53.53 III A.52 details the property installed subsequent to 1969.

63. State whether all tax savings due to accelerated depreciation on property installed prior to 1970 have been passed through to income. (If not, explain).

All tax savings due to accelerated depreciation on property installed prior to 1970 have been passed through to income.

- 64 Show any income tax loss/gain carryovers from previous year that may effect test year income taxes or future year income taxes. Show loss/gain carryovers by years of origin and amounts remaining by years at the end of the test year.

The Pennsylvania Division of National Fuel Gas Distribution Corporation has no income tax loss or gain carryovers from previous years that may affect test year income taxes or future year income taxes.

65. State whether the company eliminates any tax savings by the payment of actual interest on construction work in progress not in rate base claim.
If response is affirmative:
- Set forth amount of construction claimed in the tax savings reduction. Explain the basis for this amount.
 - Explain the manner in which the debt portion of this construction is determined for purposes of the deferral calculation.
 - State the interest rate used to calculate interest on this construction debt portion, and the manner in which it is derived.
 - Provide details of calculation to determine tax savings reduction. State whether state taxes are increased to reflect the construction interest elimination.

The Company does not.

66. Provide a detailed analysis of Taxes Accrued per books as of the test year date. Also supply the basis for the accrual and the amount of taxes accrued monthly.

Exhibit 7 Page 31 – 32 details the Taxes Accrued per books for the twelve months ended January 31, 2006.

67. For the test year as recorded on test year operating statement:
- Supply the amount of Federal Income Taxes actually paid.
 - Supply the amount of the Federal Income Tax normalizing charge to tax expense due to excess of accelerated tax depreciation over book depreciation.
 - Supply the normalizing tax charge to Federal Income Taxes for the 10% Job Development Credit during test year.
 - Provide the amount of the credit of Federal Income Taxes due to the amortization or normalizing yearly debit to the reserve for the 10% Job Development Credit.
 - Provide the amount of the credit to Federal Income Taxes for the normalizing of any 3% Investment Tax Credit Reserve that may remain on the utility books.

- The amount of Federal Income paid for the twelve months ended January 31, 2006 was \$7,500,000
- The normalizing charge to tax expense for liberalized depreciation for the test year for the Pennsylvania Division is \$1,411,000. The response to Regulation

Number 58 of this section provides the detail of the deferred Federal Income Tax.

- c. For the twelve months ended January 31, 2007, the normalizing tax credit to Federal Income Taxes for the 10% Job Development Credit was \$0 for the Pennsylvania Division.
 - d. For the twelve months ended January 31, 2007, the amount of the credit of Federal Income Taxes due to the amortization or normalizing yearly debit to the reserve for the 10% Job Development Credit is \$234,000 for the Pennsylvania Division.
 - e. For the twelve months ended January 31, 2007, the amount of the credit to Federal Income Taxes for normalizing of any 3% Investment Tax credits that remains on the utility books is \$0 for the Pennsylvania Division.
68. Provide the debit and credit in the test year to the Deferred Taxes due to Accelerated Depreciation for federal income tax, and provide the debit and credit for the Job Development Credits (whatever account) for test year.

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Twelve Months Ended January 31, 2006 Per Books

To provide for Deferred Income Tax – Liberalized Depreciation

Dr. 410.1	Provision for Deferred Income Taxes – Liberalized Depreciation	\$1,430,000
Cr. 282.1	Accumulated Deferred Income Taxes – Liberalized Depreciation	\$1,430,000

To provide the Investment Tax Credit

Dr. 255	Investment Tax Credit	\$0
Cr. 411.1	Accumulated Deferred Investment Tax Credit	\$0

To amortize the Accumulated Deferred Investment Tax Credit Balance applicable to Option 2

Dr. 255	Accumulated Deferred Investment Tax Credit	\$4,000
Cr. 411.1	Investment Tax Credit	\$4,000

To amortize the Accumulated Deferred Investment Tax Credit Balance applicable to Option 1

Dr. 255	Accumulated Deferred Investment Tax Credit	\$234,000
Cr. 420	Investment Tax Credit	\$234,000

69. Reconcile all data given in answers to questions on income taxes charged on the test year operating statement with regard to income taxes paid, income taxes charged because of normalization and credits due to yearly write-offs of past years' income tax deferrals, and from normalization of investment tax and development credits. (Both state and federal income taxes.)

Exhibit 107 Schedule 1 details the complete income tax calculation along with the current income taxes payable, the adjustments for normalization and deferred income tax credits, and the normalization of the investment tax credit.

70. With respect to determination of income taxes, federal and state:
- a. Show income tax results of the annualizing and normalizing adjustments to the test year record before any rate increase.
 - b. Show income taxes for the annualized and normalized test year.
 - c. Show income tax effect of the rate increase requested.
 - d. Show income taxes for the normalized and annualized test year after application of the full rate increase.
- [It is imperative that continuity exists between the income tax calculations as recorded for the test year and the final income tax calculation under proposed rates. If the company has more than one accounting area, the additional separate worksheets must be provided in addition to those for total company.]

Exhibit 107 Schedule 1 reflects the Income Tax effect on the Income Statement after annualizations and adjustments are made for the twelve months ending January 31, 2007.

71. In adjusting the test year to an annualized year under present rates, explain any changes that may be due to book or tax depreciation change and to debits and credits to income tax expense due to accelerated depreciation, deferred taxes, job development credits, tax refunds or other items. (The above refers only to the adjustments going from recorded test year to annualized test year).

Refer to Exhibit 107 Schedule 1 for an explanation of adjustments to the twelve months ending January 31, 2007.

National Fuel Gas Distribution Corporation
Pennsylvania Division
Statement of Projected Income Taxes at Present and Proposed Rates
Twelve Months Ending January 31, 2007
\$000

	(1) Normalized Twelve Months Ended January 31, 2006	(2) Adjustments Present Rates	(3) Adjusted Twelve Months Ending January 31, 2007	(4) Adjustments Proposed Rates	(5) Adjusted Twelve Months Ending January 31, 2007
Federal Income Taxes	\$5,213	(\$4,439)	\$774	\$7,995	\$8,769
Consolidated Tax Adjustment	0	(82)	(82)	0	(82)
Pennsylvania State Income Taxes	1,540	(1,394)	146	2,535	2,681
Deferred Income Taxes					
Investment Tax Credit	(4)	0	(4)	0	(4)
Liberalized Depreciation	1,411	128	1,539	0	1,539
Other	0	0	0	0	0
Total Deferred Income Taxes	1,407	128	1,535	0	1,535
Total Income Taxes	<u>\$8,160</u>	<u>(\$5,787)</u>	<u>\$2,373</u>	<u>\$10,530</u>	<u>\$12,903</u>

National Fuel Gas Distribution Corporation
Pennsylvania Division
Statement of Projected Income Taxes at Present and Proposed Rates
Twelve Months Ending January 31, 2007
\$000

	(1) Normalized Twelve Months Ended January 31, 2006	(2) Adjustments under Present Rates	(3) Adjusted Twelve Months Ending January 31, 2007	(4) Adjustments under Proposed Rates	(5) Adjusted Twelve Months Ending January 31, 2007
Operating Income before Income Taxes	\$28,479	(\$12,802)	\$15,677	\$25,377	\$41,054
Adjustments					
Interest Expense	8,558	855	9,413	0	9,413
Meals/Entertainment Adjustment (TRA-86)	(31)	0	(31)	0	(31)
Additional Depreciation - State	4,532	306	4,838	0	4,838
Other	0	0	0	0	0
Total Adjustments	13,059	1,161	14,220	0	14,220
Income Subject to Pennsylvania State Income Tax	15,420	(13,963)	1,457	25,377	26,834
Pennsylvania Income Tax	1,540	(1,394)	146	2,535	2,681
Income before Federal Income Tax	13,880	(12,569)	1,311	22,842	24,153
Adjustments					
Additional Depreciation - Federal	(1,013)	112	(901)	0	(901)
Other	0	0	0	0	0
Total Adjustments	(1,013)	112	(901)	0	(901)
Income Subject to Federal Income Tax	14,893	(12,681)	2,212	22,842	25,054
Federal Income Taxes	\$5,213	(\$4,439)	\$774	\$7,995	\$8,769
Additional Depreciation Calculation					
State Calculation					
Tax Depreciation	16,019		16,751		16,751
Rate Case Depreciation	11,487		11,913		11,913
Additional Depreciation	4,532		4,838		4,838
Federal Calculation					
Tax Depreciation	15,006		15,850		15,850
Rate Case Depreciation	11,487		11,913		11,913
Additional Depreciation	3,519		3,937		3,937
Incremental above State	(1,013)		(901)		(901)
Interest Deduction Calculation					
Rate Base	282,438		296,951		296,951
Debt Rate	3.03%		3.17%		3.17%
Total Interest Expense	8,558		9,413		9,413

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.53 II. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES

10. Under Section 1552 of the Internal Revenue Code and Regulations 1.1552-1 thereunder, if applicable, Parent Company, in filing a consolidated income tax return for the group, must chose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the federal government. (If this interrogatory is not applicable, so state.)
- a. State what option has been chosen by the group.
 - b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return.
 - c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.
 - d. Provide annual income tax return for group, and if income tax return shows net operating loss, provide details of amount of net operating loss allocated to the income tax returns of each of the members of the consolidated group.

See attached Exhibit 107 Schedule 2.

National Fuel Gas Distribution Corporation
Pennsylvania Division

Calculation of Consolidated Tax Adjustment

<u>Line No.</u>		<u>Projected 09/30/2006</u>	<u>Estimated 09/30/2005</u>	<u>09/30/2004</u>
1	Tax effect of losses (at 35%) (page 2 of 4)			
2	National Fuel Gas Co.	(875,000)	(1,395,810)	(1,951,197)
3	Horizon Energy Development	(337,750)	3,612,344	(2,343,791)
4	Horizon Power	220,850	(198,267)	(279,731)
5	Horizon LFG	<u>(382,900)</u>	<u>(533,216)</u>	<u>229,914</u>
6	Net Tax Effect of loss generated by nonregulated affiliates	(1,374,800)	1,485,051	(4,344,805)
7	Distribution's percent of positive taxable income (page 3 of 4)	<u>41.1634%</u>	<u>22.5888%</u>	<u>24.0005%</u>
8	Amount applicable to Distribution on total company basis	(565,914)	335,453	(1,042,775)
9	Pennsylvania Division's percent of positive taxable income (page 4 of 4)	<u>29.7377%</u>	<u>77.0101%</u>	<u>32.1665%</u>
10	Amount applicable to Pennsylvania Division	<u>(168,290)</u>	<u>258,333</u>	<u>(335,424)</u>
11	Average consolidated tax adjustment for Pennsylvania Division of Distribution		<u>(82,000)</u>	

National Fuel Gas Distribution Corporation
 Pennsylvania Division

Calculation of Consolidated Tax Adjustment

<u>Line No.</u>		<u>Projected 09/30/2006</u>	<u>Estimated 09/30/2005</u>	<u>09/30/2004</u>
1	National Fuel Gas Company	(2,500,000)	(3,988,029)	(5,574,849)
2	Federal tax rate	<u>35%</u>	<u>35%</u>	<u>35%</u>
3	Federal tax	<u>(875,000)</u>	<u>(1,395,810)</u>	<u>(1,951,197)</u>
4	Horizon Energy Development	(965,000)	10,320,982	(6,696,545)
5	Federal tax rate	<u>35%</u>	<u>35%</u>	<u>35%</u>
6	Federal tax	<u>(337,750)</u>	<u>3,612,344</u>	<u>(2,343,791)</u>
7	Horizon Power	631,000	(566,477)	(799,232)
8	Federal tax rate	<u>35%</u>	<u>35%</u>	<u>35%</u>
9	Federal tax	<u>220,850</u>	<u>(198,267)</u>	<u>(279,731)</u>
10	Horizon LFG	(1,094,000)	(1,523,474)	656,896
11	Federal tax rate	<u>35%</u>	<u>35%</u>	<u>35%</u>
12	Federal tax	<u>(382,900)</u>	<u>(533,216)</u>	<u>229,914</u>

National Fuel Gas Distribution Corporation
 Pennsylvania Division

Calculation of Consolidated Tax Adjustment
 Allocation Factors for
 National Fuel Gas Distribution Corporation
 (Total Company Basis)

<u>Line No.</u>		<u>Projected 09/30/2006</u>	<u>Estimated 09/30/2005</u>	<u>09/30/2004</u>
1	Distribution taxable income	100,391,000	30,997,603	43,086,656
2	All other companies with positive taxable income	<u>143,493,000</u>	<u>106,228,040</u>	<u>136,437,666</u>
3	Total positive taxable income	243,884,000	137,225,643	179,524,322
4	Total negative taxable income	<u>(4,559,000)</u>	<u>(6,077,980)</u>	<u>(13,403,106)</u>
5	Total consolidation	<u>239,325,000</u>	<u>131,147,663</u>	<u>166,121,216</u>
6	Distribution's percent of positive taxable income on total company basis	<u>41.1634%</u>	<u>22.5888%</u>	<u>24.0005%</u>

National Fuel Gas Distribution Corporation
Pennsylvania Division

Calculation of Consolidated Tax Adjustment
Allocation Factors for
Pennsylvania Jurisdictional Basis

<u>Line No.</u>		<u>Projected 09/30/2006</u>	<u>Estimated 09/30/2005</u>	<u>09/30/2004</u>
1	Distribution - Pennsylvania Division taxable income (loss)	29,854,000	23,871,276	13,859,484
2	Distribution - total company taxable income	100,391,000	30,997,603	43,086,656
3	Distribution - Pennsylvania Division's percent of positive taxable income to total company (line 1 divided by line 2)	<u>29.7377%</u>	<u>77.0101%</u>	<u>32.1665%</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.52 C

If a public utility files a tariff, revision, or supplement which it is calculated will increase the bills of a customer or a group of customers by an amount, when projected to an annual basis, exceeding 3% of the operating revenues of the utility – subsection (b)(4) divided by the operating revenues of the utility for a 12-month period as defined in subsection (b)(2) – or which it is calculated will increase the bills of 5% or more of the number of customers served by the utility – subsection (b)(3) divided by subsection (a)(2) – it shall submit to the Commission with the tariff, revision, or supplement, in addition to the statements required by subsections (a) and (b), all of the following information:

1. A statement showing the utility's calculation of the rate of return earned in the 12-month period referred to in subsection (b)(2), and the anticipated rate of return to be earned when the tariff, revision, or supplement becomes effective. The rate base used in this calculation shall be supported by summaries of original cost for the rate of return calculation.

See response to 53.53 I.A.2 below.

3. A summary, by detailed plant accounts, of the book value of the property of the utility at the date of the balance sheet required by paragraph (a).

See Exhibit 8 Page 2 for the twelve months ended January 31, 2006.

See Exhibit 109 column (3) for the twelve months ending January 31, 2007.

4. A statement showing the amount of depreciation reserve, at the date of the balance sheet required by paragraph (2), applicable to the property, summarized as required by paragraph (3).

For the Depreciation Reserve used for rate making purposes, please see Exhibit 109.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.53 I. VALUATION
A. ALL UTILITIES

2. Provide a schedule showing the measures of value and rates of return at the original cost and trended original cost measures of value at the spot, three-year and five-year average price levels. All claims made on this exhibit should be cross-referenced to appropriate exhibits. Provide a schedule similar to the ones listed above, reflecting respondent's final claim in its previous rate case.

A schedule showing projected rates of return for the Pennsylvania Division at the future test year January 2007, proforma at present rates and proforma at proposed rates is found at Exhibit 102.

Projected Pennsylvania Division Rate Base at the Future Test Year.

	Original Cost (\$000)	Reference
Gas Plant in Service	436,704	Ex. 108 Schedule 1 Page 1
Customer Advances for Construction	(135)	
Gas Plant as Adjusted	436,569	
Accrued Depreciation	(147,657)	Ex. 109
Net Plant as Adjusted	288,912	
Working Capital		
Material and Supplies	1,136	Ex. 108 Schedule 3
Prepayments	631	Ex. 108 Schedule 3
Gas Storage	10,517	Ex. 108 Schedule 3
Cash Allowance	40,372	Ex. 108 Schedule 4
Total Working Capital	52,656	
Deferred Income Taxes		
Investment Tax Credit	(1,869)	Ex. 108 Schedule 5
Liberalized Depreciation	(40,939)	Ex. 108 Schedule 5
Total Deferred Income Taxes	(42,808)	
Customer Deposits	(3,174)	Ex. 8 Schedule 5 Page 1
Total Rate Base	<u>\$295,586</u>	
Pipeline Integrity Expenditures	954	Statement No. 102
FERC 2004 Compliance	314	Statement No. 102
Kaylor Gas	100	Statement No. 102
Total Rate Base	<u>\$296,954</u>	

National Fuel's last base rate case R-00049656 was a negotiated settlement. The Pennsylvania Division Rate Base final claim per R-000049656 at Rebuttal Phase (Exhibit No. 202 Schedule 8) was

	Original Cost (\$000)
Gas Plant as Adjusted	414,092
Accrued Depreciation	<u>(136,235)</u>
Net Plant as Adjusted	277,857
Working Capital	
Material and Supplies	620
Prepayments	493
Gas Storage	14,509
Cash Allowance	<u>27,572</u>
Total Working Capital	43,194
Deferred Income Taxes	
Investment Tax Credit	(2,261)
Liberalized Depreciation	<u>(38,268)</u>
Total Deferred Income Taxes	(40,529)
Customer Deposits	(1,623)
Total Rate Base	<u>\$278,899</u>

8. Provide a description of the trending methodology which was utilized. Identify all indexes which were used (include all back up workpapers) and the reasons particular indexes were chosen. If indexes were spliced, indicate which years were utilized in any splices. If indexes were composited, show all supporting calculations. Include any analysis made to "test" the applicability of any indexes.
- a. Supply a comprehensive statement of any changes made in the selection of trend factors or in the methodology used in the current filing compared to the most recent previous rate filing

See Pa.B. Doc. No. 81-1842 filed November 27, 1981, changing the Commission's Regulations with respect to the filing of trended original cost measures of value. (Refer to Pennsylvania Bulletin Vol. II, No. 48, Saturday November 28, 1981, pp. 4157 - 4158).

9. Provide and exhibit indicating spot trended original cost at test year end by vintage by account and include all applicable depreciation reserves. Include totals by account for all other trended measure of value.

See Pa.B. Doc. No. 81-1842 filed November 27, 1981, changing the Commission's Regulations with respect to the filing of trended original cost measures of value. (Refer to Pennsylvania Bulletin Vol. II, No. 48, Saturday November 28, 1981, pp. 4157 - 4158).

10. Supply an exhibit indicating the percentages of undepreciated original cost which were trended with the following indexes:
- a. Boeckh
b. Handy-Whitman

- c. Indexes developed from supplier's prices
- d. Indexes developed from company records and company price histories
- e. Construction equipment
- f. Government statistical releases.

See Pa.B. Doc. No. 81-1842 filed November 27, 1981, changing the Commission's Regulations with respect to the filing of trended original cost measures of value. (Refer to Pennsylvania Bulletin Vol. II, No. 48, Saturday November 28, 1981, pp. 4157 – 4158).

11. Provide a table, showing the cumulative trended depreciated original cost (at the spot price level) by year of installation for utility plant in service at the end of the test year (depreciable plant only) as claimed in the measures of value, in the following form:
- a. Year Installed
 - b. Trended original cost (at the spot price level) – the total surviving cost associated with each installation year from all plant accounts.
 - c. Trended calculated depreciation reserve – the calculated depreciation reserve associated with each installation year from all plant accounts.
 - d. Depreciated trended original cost – (Column B minus Column C)
 - e. Total – cumulative year by year of the figures from Column D
 - f. Column E divided by the total of the figures in Column D.

See Pa.B. Doc. No. 81-1842 filed November 27, 1981, changing the Commission's Regulations with respect to the filing of trended original cost measures of value. (Refer to Pennsylvania Bulletin Vol. II, No. 48, Saturday November 28, 1981, pp. 4157 – 4158).

12. If a claim is made for construction work in progress, include, in the form of an exhibit, the summary page for all work orders, amount expended at the end of the test year and anticipated in-service dates. Indicate if any of the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion dates and estimated total amounts to be spent on each project.

See response for 53.53 I. A. 13 below.

13. If a claim is made for non-revenue producing construction work in progress, include in the form of an exhibit, the summary page from all work orders, amount expended at the end of the Test Year and anticipated in-service dates. Indicate if any of the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion date and estimated total amounts to be spent on each project.

As shown in Exhibit 108 Schedule 2 Page 1, included in the future test year projections is \$5,330,925 for construction work in progress for projects completed within the first 6 months the new base rates will be in effect. The \$5,330,925 is the non-revenue producing non-expense reducing portion of the Fiscal 2007 Construction Program that will be expended and booked to plant account 107000 and then to 101000 from February 1, 2007 through June 30, 2007. The company experiences an average 30 day delay until construction expenditures are booked to Plant In Service. This delay has been reflected in the exhibit as \$0 incremental Plant In Service for July 2007 construction expenditures.

By projecting future construction expenditures, the company is actually projecting dollars that will be spent and charged to Plant In Service. The amount of expenditures that are forecasted to be expended but not booked to Plant In Service due to the average delay in closing expenditures to plant have not been included in the forecasted Plant In Service amounts.

14. If a claim is made for plant held for future use, supply the following:
- a. A description of the plant or land site and its costs.
 - b. Expected date of use for each item claimed.
 - c. Explanation as to why it is necessary to acquire each item in advance of its date of use.
 - d. Date when each item was acquired.
 - e. Date when each item was placed in plant held for future use.

National Fuel Gas Distribution Corporation - Pennsylvania Division has no plant held for future use.

15. If materials and supplies comprise part of cash working capital claim, provide an exhibit showing the actual book balances for materials and supplies by month for thirteen months prior to the end of the test year. Explain any abrupt changes in monthly balances. (Explain method of determining claim if other than that described above)

Exhibit 108 Schedule 3 outlines the thirteen monthly balances. A brief explanation of each is below:

Materials and Supplies is the summation of Account 154 (Materials and Supplies) and Account 163 (Stores Expense Undistributed). Account 154 includes the balance of the cost of materials and supplies in warehouse inventories. Account 163 includes the balance of related costs of supervision, labor and other expenses incurred in the operation of the general storeroom and for storage, handling and distribution of materials and supplies. The Materials and Supplies 13 month average has been increased by inflation to reflect the projected increases in the future test year balances.

PPUC Assessment – Each June, National Fuel Gas Distribution Corporation pays its annual general assessment to the Pennsylvania Public Utility Commission. Since this payment is for the following twelve months, it is charged to prepayments when paid and is then amortized over the twelve succeeding months. The PPUC Assessment 13 month average has been increased by inflation to reflect the projected increases in the future test year balances.

Other Insurance is the monthly balances of unamortized portions of various insurance premiums which are written-off over the period of the insurance coverage. The Other Insurance 13 month average has been increased by inflation to reflect the projected increases in the future test year balances.

AGA Dues is the unamortized portion of quarterly dues which are being written-off over a three month period. The AGA Dues 13 month average has been increased by inflation to reflect the projected increases in the future test year balances.

16. If fuel stocks comprise part of the cash working capital claim, provide an exhibit showing the actual book balances (quantity and price) for the fuel inventories by type of fuel for the thirteen months prior to the end of the test year by location, station, etc. (Explain the method of determining claim if other than that described above.)

National Fuel Gas Distribution Corporation – Pennsylvania Division has no fuel stocks (Accounts

151 and 152) however, Distribution does have Gas Storage Inventory (Account 164) within the cash working capital claim. Exhibit 108 Schedule 3 outlines the thirteen monthly balances and the twelve month average for gas storage inventory. A twelve month period is used because the Commission in its Opinion and Order in Case No. R-942991 adopted Distribution's proposal to use a twelve month average for gas stored underground working capital. Distribution proposed twelve months because gas storage balances are strongly affected by the seasons of the year and a thirteen month average can produce substantially different amounts depending on the time period used. The future test year balances are based on a forecast of gas storage inventory for fiscal 2006 and 2007.

18. Explain in detail by statement or exhibit the appropriateness of claiming any additional items, not previously mentioned, in the measure of value.

Exhibit 108 details projected adjustments to the rate base at January 31, 2007. Plant In Service has been projected through June 2007. Three additional adjustments have been made to Rate Base;

- (1) expenditures associated with the Pipeline Safety Act of 2000 and the Integrity Management for Gas Distribution, Report of Phase I (Pipeline Integrity Expenditures)
- (2) expenditures associated with FERC 2004 compliance
- (3) expenditures associated with the Kaylor Gas Settlement.

These are discussed in Statement No. 102.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.53 II. RATE IF RETURN
A. ALL UTILITIES

21. Provide Original Cost, Trended Original Cost and Fair Value rate base claim.

I.A.2. The rate base claim at original cost as of January 31, 2006 is found above under Regulation 53.53

National Fuel Gas Distribution Corporation
Pennsylvania Division
Statement of Projected Rate Base at Present Rates
Twelve Months Ending January 31, 2007

	Note 1 (1) Adjusted Twelve Months Ended January 31, 2006	(2) Adjustments	(3) Adjusted Twelve Months Ending January 31, 2007
Gas Plant in Service	418,692,521	12,680,302	431,372,823
Construction Work In Progress	0	5,330,925	5,330,925
Customer Advances For Construction	(135,033)	0	(135,033)
Subtotal	<u>418,557,488</u>	<u>18,011,227</u>	<u>436,568,715</u>
Reserve For Depreciation	(142,727,078)	(4,930,176)	(147,657,254)
Net Plant	<u>275,830,410</u>	<u>13,081,051</u>	<u>288,911,461</u>
Working Capital			
Cash Allowance	41,126,000	(754,000)	40,372,000
Gas Storage Inventory	9,042,940	1,474,169	10,517,109
Prepayments	535,508	95,111	630,619
Materials and Supplies	1,106,482	29,046	1,135,528
Total Working Capital	<u>51,810,930</u>	<u>844,326</u>	<u>52,655,256</u>
Deferred Income Taxes			
Investment Tax Credit	(2,103,449)	234,000	(1,869,449)
Liberalized Depreciation	(39,925,410)	(1,014,037)	(40,939,447)
Total Deferred Income Taxes	<u>(42,028,859)</u>	<u>(780,037)</u>	<u>(42,808,896)</u>
Customer Deposits	<u>(3,174,247)</u>	<u>0</u>	<u>(3,174,247)</u>
Total Rate Base	<u>\$282,438,234</u>	<u>\$13,145,340</u>	<u>\$295,583,574</u>
Pipeline Integrity Expenditures			
Transmission Pipelines		125,000	
Distribution Pipelines		828,611	
Total Estimated Pipeline Integrity Expenditures			953,611
FERC 2004 Compliance			313,600
Kaylor Gas			<u>100,000</u>
Total Rate Base			<u>\$296,950,785</u>

Note 1: See Exhibit 8 Schedule 1 Page 1

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Estimated Gross Plant
 For The Twelve Months Ending January 31, 2007

Adjusted Gross Plant in Service at January 31, 2006 Total Plant
\$418,692,521

Estimated Monthly Balances During Rate Year

Month	Estimated Expenditures						Estimated Retirements						Monthly Change to Plant In Service		
	Production	Transmission	Distribution	Dist. RP	General	Intangible	Total	Production	Transmission	Distribution	Dist. RP	General		Intangible	Total
	20.20%														
February 2006	3,202	92,848	878,089		104,246	0	1,078,385	(4,395)	(60,495)	(284,068)		0	0	(348,958)	\$729,427
March 2006	4,192	121,558	1,149,607		136,481	0	1,411,838	(3,382)	(46,559)	(218,626)		0	0	(268,567)	1,143,271
April 2006	3,147	91,253	863,005		102,455	0	1,059,860	(7,300)	(100,492)	(471,881)		0	0	(579,673)	480,187
May 2006	3,672	106,478	1,006,991		119,549	0	1,236,690	(3,310)	(45,559)	(213,931)		0	0	(262,800)	973,890
June 2006	4,832	140,118	1,325,133		157,319	0	1,627,402	(3,314)	(45,621)	(214,224)		0	0	(263,159)	1,364,243
July 2006	3,890	112,810	1,066,871		126,658	0	1,310,229	(2,188)	(30,123)	(141,447)		0	0	(173,758)	1,136,471
August 2006	4,613	133,787	1,265,253		150,210	0	1,553,863	(4,236)	(58,308)	(273,797)		0	0	(336,341)	1,217,522
September 2006	5,838	169,312	1,601,220		190,096	0	1,966,466	(2,951)	(40,622)	(190,748)		(383,588)	0	(617,909)	1,348,557
October 2006	7,205	113,839	1,301,415		185,024	0	1,607,483	(8,792)	(65,936)	(374,268)		0	0	(448,996)	1,158,487
November 2006	5,873	92,786	1,060,730		150,806	0	1,310,195	(940)	(7,048)	(40,007)		0	0	(47,995)	1,262,200
December 2006	6,008	94,919	1,085,115		154,273	0	1,340,315	(7,498)	(58,232)	(319,188)		0	0	(382,916)	957,399
January 2007	5,838	92,233	1,054,408	(212,967)	149,907	0	1,089,419	(4,256)	(31,921)	(181,191)	36,597	0	0	(180,771)	908,648
Total	\$58,310	\$1,361,941	\$13,657,837	(\$212,967)	\$1,727,024	\$0	\$16,592,145	(\$52,562)	(\$588,916)	(\$2,923,374)	\$36,597	(\$383,588)	\$0	(\$3,911,843)	\$12,680,302

Gross Plant in Service at January 31, 2007 \$431,372,823

Non-Revenue Producing Construction Work in Progress at January 31, 2007 Note 1

February 2007	4,803	75,880	867,460	(175,207)	123,328	0	896,264	0	0	0	0	0	0	0	896,264
March 2007	6,288	99,343	1,135,690	(229,384)	181,463	0	1,173,400	0	0	0	0	0	0	0	1,173,400
April 2007	4,720	74,578	852,558	(172,197)	121,210	0	880,867	0	0	0	0	0	0	0	880,867
May 2007	5,508	87,019	994,801	(200,927)	141,433	0	1,027,834	0	0	0	0	0	0	0	1,027,834
June 2007	7,248	114,511	1,309,092	(264,407)	186,116	0	1,352,560	0	0	0	0	0	0	0	1,352,560
Total	\$28,567	\$451,329	\$5,159,601	(\$1,042,122)	\$733,550	\$0	\$5,330,925	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,330,925

Gross Plant at January 31, 2007 plus Non-Revenue Producing Construction Work in Progress at January 31, 2007 \$436,703,748

Note 1: Construction Work in Progress for July 2007 expenditures assumes a 30 day delay.

National Fuel Gas
 Distribution Corporation
 Pennsylvania Division
 Construction Expenditures by Month

	Expenditure Percentage	Expenditures					Total
		Production	Transmission	Distribution	General	Intangible	
Fiscal 2006							
October	9.61%	4,803	139,297	1,317,362	156,397	0	1,617,859
November	7.83%	3,915	113,535	1,073,728	127,472	0	1,318,650
December	8.01%	4,005	116,145	1,098,411	130,403	0	1,348,964
January	7.78%	3,892	112,858	1,067,329	126,713	0	1,310,792
February	6.40%	3,202	92,848	878,089	104,246	0	1,078,385
March	8.38%	4,192	121,558	1,149,607	136,481	0	1,411,838
April	6.29%	3,147	91,253	863,005	102,455	0	1,059,860
May	7.34%	3,672	106,478	1,006,991	119,549	0	1,236,690
June	9.66%	4,832	140,118	1,325,133	157,319	0	1,627,402
July	7.78%	3,890	112,810	1,066,871	126,658	0	1,310,229
August	9.23%	4,613	133,787	1,265,253	150,210	0	1,553,863
September	11.68%	5,838	169,312	1,601,220	190,096	0	1,966,466
Fiscal 2007							
October	9.61%	7,205	113,839	1,301,415	185,024	0	1,607,483
November	7.83%	5,873	92,786	1,060,730	150,806	0	1,310,195
December	8.01%	6,008	94,919	1,085,115	154,273	0	1,340,315
January	7.78%	5,838	92,233	1,054,408	149,907	0	1,302,386
February	6.40%	4,803	75,880	867,460	123,328	0	1,071,471
March	8.38%	6,288	99,343	1,135,690	161,463	0	1,402,784
April	6.29%	4,720	74,576	852,558	121,210	0	1,053,064
May	7.34%	5,508	87,019	994,801	141,433	0	1,228,761
June	9.66%	7,248	114,511	1,309,092	186,116	0	1,616,967
July	7.78%	5,835	92,193	1,053,957	149,843	0	1,301,828
August	9.23%	6,920	109,336	1,249,937	177,706	0	1,543,899
September	11.68%	8,758	138,369	1,581,838	224,893	0	1,953,858
Fiscal 2006		50,000	1,450,000	13,713,000	1,628,000	0	16,841,000
Fiscal 2007		75,000	1,185,000	13,547,000	1,926,000	0	16,733,000

National Fuel Gas
 Distribution Corporation
 Pennsylvania Division
 Retirements by Month

	Retirement Percentage	Retirements						Total
		Production	Transmission	Distribution	General	Gen. 1time	Intangible	
Fiscal 2006								
October	12.91%	(5,861)	(80,681)	(378,855)	0	0	0	(465,397)
November	1.38%	(627)	(8,624)	(40,497)	0	0	0	(49,748)
December	11.01%	(4,999)	(68,807)	(323,097)	0	0	0	(396,903)
January	6.25%	(2,838)	(39,059)	(183,411)	0	0	0	(225,308)
February	9.68%	(4,395)	(60,495)	(284,068)	0	0	0	(348,958)
March	7.45%	(3,382)	(46,559)	(218,626)	0	0	0	(268,567)
April	16.08%	(7,300)	(100,492)	(471,881)	0	0	0	(579,673)
May	7.29%	(3,310)	(45,559)	(213,931)	0	0	0	(262,800)
June	7.30%	(3,314)	(45,621)	(214,224)	0	0	0	(263,159)
July	4.82%	(2,188)	(30,123)	(141,447)	0	0	0	(173,758)
August	9.33%	(4,236)	(58,308)	(273,797)	0	0	0	(336,341)
September	6.50%	(2,951)	(40,622)	(190,748)	0	(383,588)	0	(617,909)
Fiscal 2007								
October	12.91%	(8,792)	(65,936)	(374,268)	0	0	0	(448,996)
November	1.38%	(940)	(7,048)	(40,007)	0	0	0	(47,995)
December	11.01%	(7,498)	(56,232)	(319,186)	0	0	0	(382,916)
January	6.25%	(4,256)	(31,921)	(181,191)	0	0	0	(217,368)
February	9.68%	(6,592)	(49,439)	(280,629)	0	0	0	(336,660)
March	7.45%	(5,073)	(38,050)	(215,980)	0	0	0	(259,103)
April	16.08%	(10,950)	(82,126)	(466,169)	0	0	0	(559,245)
May	7.29%	(4,964)	(37,233)	(211,341)	0	0	0	(253,538)
June	7.30%	(4,971)	(37,284)	(211,631)	0	0	0	(253,886)
July	4.82%	(3,282)	(24,617)	(139,735)	0	0	0	(167,634)
August	9.33%	(6,354)	(47,652)	(270,482)	0	0	0	(324,488)
September	6.50%	(4,427)	(33,198)	(188,439)	0	(383,588)	0	(609,652)
Fiscal 2006		(45,400)	(624,950)	(2,934,582)	0	(383,588)	0	(3,988,520)
Fiscal 2007		(68,100)	(510,735)	(2,899,058)	0	(383,588)	0	(3,861,481)

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Construction Expenditures by Month

	Fiscal 2003		Fiscal 2004		Fiscal 2005		Monthly %	Cumulative
	Monthly %	Cum. %	Monthly %	Cum. %	Monthly %	Cum. %	3 Year Average	3 Year Average
October	11.10%	11.10%	10.69%	10.69%	7.03%	7.03%	9.61%	9.61%
November	8.08%	19.18%	7.14%	17.83%	8.27%	15.30%	7.83%	17.44%
December	5.77%	24.95%	9.57%	27.40%	8.69%	23.99%	8.01%	25.45%
January	7.06%	32.01%	7.97%	35.37%	8.32%	32.31%	7.78%	33.23%
February	6.31%	38.32%	6.39%	41.76%	6.51%	38.82%	6.40%	39.63%
March	7.10%	45.42%	9.26%	51.02%	8.79%	47.61%	8.38%	48.02%
April	7.00%	52.42%	5.20%	56.22%	6.68%	54.29%	6.29%	54.31%
May	8.22%	60.64%	7.42%	63.64%	6.39%	60.68%	7.34%	61.65%
June	8.75%	69.39%	9.88%	73.52%	10.36%	71.04%	9.66%	71.32%
July	9.24%	78.63%	7.37%	80.89%	6.73%	77.77%	7.78%	79.10%
August	8.43%	87.06%	8.60%	89.49%	10.65%	88.42%	9.23%	88.32%
September	12.94%	100.00%	10.51%	100.00%	11.58%	100.00%	11.68%	100.00%
	<u>100.00%</u>		<u>100.00%</u>		<u>100.00%</u>			

National Fuel Gas Distribution Corporation
Pennsylvania Division
Plant Retirements

	Fiscal 2005		
	<u>Monthly</u>	<u>Cumulative</u>	<u>Monthly %</u>
October	\$279,155		12.91%
November	29,763	\$308,918	1.38%
December	238,192	547,110	11.01%
January	135,756	682,866	6.25%
February	209,331	892,197	9.68%
March	161,020	1,053,217	7.45%
April	347,654	1,400,871	16.08%
May	157,556	1,558,427	7.29%
June	157,779	1,716,205	7.30%
July	104,301	1,820,506	4.82%
August	201,699	2,022,205	9.33%
September	140,491	2,162,696	6.50%
	<u>\$2,162,696</u>		<u>100.00%</u>

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Development of Relationship of Retirements To Additions

	<u>Additions</u>	<u>Retirements</u>	<u>% of Retirements To Additions</u>
<u>Production</u>			
Fiscal 2003	\$20,367	(\$47,798)	
Fiscal 2004	103,239	(52,282)	
Fiscal 2005	(12,988)	(378)	
Total	<u>\$110,618</u>	<u>(\$100,458)</u>	90.8%
<u>Transmission</u>			
Fiscal 2003	\$341,724	(\$179,439)	
Fiscal 2004	700,094	(378,476)	
Fiscal 2005	287,397	(14,502)	
Total	<u>\$1,329,215</u>	<u>(\$572,417)</u>	43.1%
<u>Distribution</u>			
Fiscal 2003	\$11,549,400	(\$3,410,045)	
Fiscal 2004	14,058,954	(2,162,178)	
Fiscal 2005	10,383,172	(2,147,816)	
Total	<u>\$35,991,526</u>	<u>(\$7,720,039)</u>	21.4%
<u>General</u>			
Fiscal 2003	\$1,173,941	(\$1,750)	
Fiscal 2004	2,880,322	(1)	
Fiscal 2005	1,119,147	0	
Total	<u>\$5,173,410</u>	<u>(\$1,751)</u>	0.0%

National Fuel Gas Distribution Corporation
 Pennsylvania Division
 Adjustment to Back Out Revenue Producing Construction Expenditures

		FY 2005 Spending	%
Transmission Plant			
Account 367	Transmission Lines		
	Extensions	315A \$0.00	0.00%
	Replacements	315B/316B \$105,349.95	54.40%
	Cathodic Protection	315E \$62,474.06	32.26%
	Certified Mains	315X \$25,851.22	13.35%
		<u>\$193,675.23</u>	<u>100.01%</u>
Account 369	Meas. & Reg. Stations		
	New Station	use 315A % \$0.00	0.00%
	All Other Work	\$3,616.52	100.01%
		325X \$3,616.16	100.01%
Distribution Plant			
Account 376	Mainlines		
	Customer Extension Mains	415A \$730,561.39	13.59%
	Replacements	415B \$3,520,917.37	65.47%
	System Improvement	415C \$222,448.99	4.14%
	Public Improvement	415D \$476,183.69	8.86%
	Cathodic Protection	415E \$13,865.59	0.26%
	Long Private Lines	415G \$0.00	0.00%
	Active Corrosion	415L \$0.00	0.00%
	Systematic Replacement	415S \$312,831.13	5.82%
	Customer Interruptions - Water	415W \$96,116.97	1.79%
	Mains	415X \$0.00	0.00%
	Dist. Mains Appropriation	415Z \$3,961.58	0.07%
	Dist. Main Flood Damage	640X \$0.00	0.00%
		<u>\$5,376,886.71</u>	<u>100.00%</u>
	GE New Mains	803D \$0.00	
Account 378	Meas. & Reg. Stations		
	New Stations	use 415A % \$28,012.42	13.59%
	All Other work	\$178,151.24	86.41%
		425X \$206,169.70	100.00%
	GE New Station	810D \$0.00	
Account 380	Services		
	New	452X \$1,559,492.65	25.20%
	Replacement	450X \$4,627,909.70	74.80%
		<u>\$6,187,402.35</u>	<u>100.00%</u>
Account 381	Meas. & Reg. Equipment		
	AMR renewed	\$319,190.50	74.80%
	AMR - new	\$107,553.20	25.20%
	use only 0.25204319 of 455X (use 452X 455A+455X)	\$426,725.27	100.00%
Account 385	Ind. Mea. & Reg. Stations		
	New Station	470X \$169,999.90	66.07%
	Equipment	470Z \$0.00	0.00%
	Boiler Fuel Metering	471X \$0.00	0.00%
	Renovate	475X \$87,294.86	33.93%
		<u>\$257,294.76</u>	<u>100.00%</u>
Total Transmission Plant Spending in Fiscal 2005		\$200,888.00	
Total Transmission Plant Revenue Producing Spent in Fiscal 2005		\$0.00	
% of Revenue Producing Transmission Plant		0.00%	
Total Distribution Plant Spending in Fiscal 2005		\$12,851,043.69	
Total Distribution Plant Revenue Producing Spent in Fiscal 2005		\$2,595,619.56	
% of Revenue Producing Distribution Plant		20.1977%	

National Fuel Gas Distribution Corporation
 Pennsylvania Division

53.53 III Balance Sheet and Operating Statement
 A. All Utilities

14. Provide schedules and data in support of the following working capital items:

- a. Prepayments - List and Identify all items
- b. Federal Excise Tax accrued and prepaid.
- c. Federal Income Tax accrued or prepaid.
- d. Pa. State Income Tax accrued or prepaid.
- e. Pa. Gross Receipts Tax accrued or prepaid.
- f. Pa. Capital Stock Tax accrued or prepaid.
- g. Pa. Public Utility Realty Tax accrued or prepaid.
- h. State sales tax accrued or prepaid
- i. Any adjustment related to the above items for ratemaking purposes.

Calculation of Working Capital Components

		<u>Prepayments</u>								
		<u>Materials and Supplies</u>	<u>Note 2</u>		<u>Note 3</u>		<u>AGA Dues</u>	<u>Total</u>	<u>Gas Storage Inventory</u>	
			<u>PPUC Assessment</u>		<u>Other Insurance</u>					
January 2006	Note 1	1,108,482		270,321		244,792		20,395	535,508	10,693,276
February										7,951,328
March										6,694,039
April										6,450,980
May										6,992,909
June										7,931,281
July										8,977,948
August										11,730,693
September										15,164,985
October										15,998,885
November										15,544,354
December										12,938,084
January 2007	2.625%	1,135,528	24.030%	335,279	12.099%	274,410	2.625%	20,930	630,619	8,966,364
12 Month Average										10,517,109

Note 1: See Exhibit 8 Schedule 3 for January 2006 calculation

Note 2: See Exhibit No. 104 Schedule 2 (PPUC)

Note 3: See Exhibit No. 4 Schedule 2 (Other Insurance) and Exhibit No. 104 Schedule 1.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION

53.53 III BALANCE SHEET AND OPERATING STATEMENT

A. ALL UTILITIES

15. Supply an Exhibit supporting the claim for working capital requirement based on a lead-lag method.
 - a. Pro forma expenses and revenues are to be used in lieu of book data for computing lead-lag days.
 - b. Respondent must either include sales for resale and related expenses in revenues and in expenses or exclude from revenues and expenses. Explain procedure followed.

National Fuel Gas Distribution Corporation submits a claim for working capital requirement, based on the lead/lag method, for the twelve months ended January 31, 2007 in the amount of \$40,372,000.

See Pages 2 through 7 for detailed calculations

A. ALL UTILITIES

16. Provide detailed calculations showing the derivation of the tax liability offset to gross cash working capital requirements

See Page 6 of this exhibit

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
SUMMARY OF CASH WORKING CAPITAL REQUIREMENT
AT PRESENT RATES
FOR THE YEAR ENDED JANUARY 31, 2007
(\$000)

Cash Working Capital	\$40,382
Less Adjustment for:	
Long-Term Interest Payments	297
Short-Term Interest Payments	<u>(286)</u>
	<u>11</u>
Total Cash Working Capital Requirement	<u><u>\$40,372</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
ADJUSTMENT TO CASH WORKING CAPITAL FOR
LONG-TERM DEBT INTEREST PAYMENTS
FOR THE YEAR ENDED JANUARY 31, 2007
(\$000)

<u>Line No.</u>			
1	Measure of Value		\$296,868
2	Weighted Cost of Long-Term Debt		
3	(\$296,868 X 2.66%)		\$7,897
4	Daily Interest Expense		
5	(\$7,897 divided by 365)		21.63
6	Days to Mid-Point of Long-Term Interest		
7	Payments	86.16	
8	Less: Revenue Lag	<u>72.45</u>	
9	Net Lag		<u>13.71</u>
10	Adjustment for Long-Term Interest Payments (Line 9 x Line 5)		<u><u>\$297</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
ADJUSTMENT TO CASH WORKING CAPITAL FOR
SHORT-TERM DEBT INTEREST PAYMENTS
FOR THE YEAR ENDED JANUARY 31, 2007
(\$000)

<u>Line No.</u>			
1	Measure of Value		\$296,868
2	Weighted Cost of Short-Term Debt		
3	(\$296,868 X 0.51%)		\$1,514
4	Daily Interest Expense		
5	(\$1514 divided by 365)		4.15
6	Days to Mid-Point of Short-Term Interest		
7	Payments	3.56	
8	Less: Revenue Lag	<u>72.45</u>	
9	Net Lag		<u>(68.89)</u>
10	Adjustment for Short-Term Interest Payments (Line 9 x Line 5)		<u><u>(\$286)</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
COMPUTATION OF CASH WORKING CAPITAL
FOR OPERATION AND MAINTENANCE EXPENSES
PRO FORMA STATEMENT OF INCOME AT PRESENT RATES
(\$000)

Line No.		Pro Forma January 31, 2007 Present Rates	Days Lag	Weighted Average
1	<u>Operating Revenues:</u>			
2	Sales and Transportation Service Customers	\$424,136	72.45	\$30,728,653
3	Other Revenues	<u>1,789</u>		<u>1,789</u>
4	Total Operating Revenue	<u>\$425,925</u>		<u>\$30,730,442</u>
5	<u>Operating Expenses:</u>			
6	Purchased Gas	<u>\$320,398</u>	<u>40.20</u>	<u>\$12,879,848</u>
7	Weekly Payroll			
	Net	7,555	14.00	105,776
	Federal Withholding	1,115	15.70	17,510
	State Withholding	290	38.45	11,160
	FICA	722	15.70	11,334
	Gross	<u>9,683</u>		<u>145,780</u>
8	Supervisory Payroll			
	Net	3,921	6.82	26,740
	Federal Withholding	549	6.75	3,702
	State Withholding	152	27.88	4,231
	FICA	375	6.76	2,537
	Gross	<u>4,996</u>		<u>37,209</u>
9	Hospitalization	2,687	8.36	22,466
10	Dental	206	(4.36)	(899)
11	Life Insurance	66	29.46	1,945
12	Prescription Drug	717	11.50	8,246
13	OPEB	8,653	30.72	265,785
14	Pension	3,623	(131.90)	(477,867)
15	Goods and Services	<u>33,412</u>	10.58	<u>353,391</u>
16	Total Operation and Maintenance Expense	<u>\$384,441</u>		<u>\$13,235,903</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
COMPUTATION OF CASH WORKING CAPITAL
FOR OPERATION AND MAINTENANCE EXPENSES
PRO FORMA STATEMENT OF INCOME AT PRESENT RATES
(\$000)

<u>Line No.</u>		Pro Forma January 31, 2007 <u>Present Rates</u>	<u>Days Lag</u>	<u>Weighted Average</u>
17	<u>Taxes - Other Than Income</u>			
18	Federal Unemployment Tax	\$15	76.00	\$1,140
19	State Unemployment Tax	49	76.00	3,724
20	FICA	1,061	12.86	13,647
21	Capital Stock Tax	722	53.49	38,619
22	Pennsylvania Property Tax	33	(113.61)	(3,749)
23	Public Utility Realty Tax (PURTA)	90	(36.53)	(3,288)
24	All Other	4	33.27	133
25	Total Taxes - Other Than Income	1,974		50,226
26	Total Operating Revenue Deductions	<u>386,415</u>		<u>13,286,130</u>
27	Operating Income Before Taxes	<u>39,510</u>		<u>17,444,312</u>
28	Federal Income Taxes	775	37.25	28,869
29	State Income Taxes	146	55.45	8,096
30	Total Expenses	<u>387,336</u>	34.40	<u>13,323,094</u>
31	Net Utility Operating Income Available For Cash Working Capital	<u>\$38,589</u>		<u>\$17,407,348</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
COMPUTATION OF CASH WORKING CAPITAL
FOR OPERATION AND MAINTENANCE EXPENSES
PRO FORMA STATEMENT OF INCOME AT PRESENT RATES
(\$000)

Line No.		
32	Average Days Lag in Receipt of Revenues	72.45
33	Average Days Lag in Payment of Expenses	<u>34.40</u>
34	Average Days Lag in Days Between Payment of Expenses and Receipt of Revenue	38.05
35	Daily Operating Expenses (Line 30, Page 6 / 365)	<u>\$1,061</u>
36	Cash Working Capital Requirement	<u><u>\$40,382</u></u>
	Reconciliation of Lead/Lag	
37	Operating Income Before Taxes	<u>\$39,510</u>
38	Less: Operation and Maintenance Expenses Excluded from Line 16	
39	Uncollectible Expense	8,437
40	PaPUC Assessment	1,166
41	Prepaid Insurance	569
42	Order 636 Amortization	0
43	Dues	204
44	Customer Deposits	190
45	Miscellaneous	0
46	Total	<u>10,566</u>
47	Less: Non-Cash Items	
48	Depreciation	13,267
49	Amortization	0
50	Take-or-Pay	0
51	Total	<u>13,267</u>
52	Operating Income Before Taxes (Per Exhibit 2)	<u><u>\$15,677</u></u>

National Fuel Gas Distribution Corporation
Pennsylvania Division
Deferred Income Taxes

Exhibit No. 108
Schedule 5
Witness: Malachowski
Page 1

Accumulated Deferred Investment Tax Credit

Adjusted Balance at January 31, 2006	\$2,103,449
Amortization for the period Feb 1, 2006 through Jan 31, 2007	(234,000)
Projected Balance at January 31, 2007	<u>\$1,869,449</u>

Liberalized Depreciation

Balance at January 31, 2006	\$39,925,410
Accruals for the period Feb 1, 2006 through Jan 31, 2007	1,014,037
Projected Balance at January 31, 2007	<u>\$40,939,447</u>