

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

5. Submit a schedule showing the sources of gas supply associated with annualized Mcf sales.

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Sources of Gas Supply Associated with Annualized Sales
For the Twelve Months Ending January 31, 2007
Pennsylvania Division

	<u>MMCF</u>
Annualized sales (Exhibit No. 103)	<u>24,473</u>
<u>Sources of Gas</u>	
Local Producers	1,791
Upstream Producers	24,014
Storage	(1,336)
Other	<u>4</u>
Total	24,473

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA RATE JURISDICTION
53.53 III. BALANCE SHEET AND OPERATING STATEMENT
E. GAS UTILITIES

18. If the utility has a Fuel Adjustment Clause:
- a. State the base fuel cost per Mcf chargeable against basic customers' rates during the test year. If there was any change in this basic fuel charge during the test year, give details and explanation thereof.
 - b. State the amount in which the fuel adjustment clause cost per Mcf exceeds the fuel cost per Mcf charged in the base rates at the end of the test year.
 - c. If fuel cost deferment is used at the end of the test year, give:
 - (i) The amount of deferred fuel cost contained in the operating statement that was deferred from the 12-month operating period immediately preceding the test year.
 - (ii) The amount of deferred fuel cost that was removed from the test period and deferred to the period immediately following the test year.
 - d. State the amount of Fuel Adjustment Clause revenues credited to the test year operating account.
 - e. State the amount of fuel cost charged to the operating expense account in the test year which is the basis of Fuel Adjustment Clause billings to customers in that year. Provide summary details of this charge.
 - f. From the recorded test year operating account, remove the Fuel Adjustment Clause Revenues. Also remove from the test year, recorded operating account, the excess of fuel cost over base rate fuel charges, which is the basis for the Fuel Adjustment charges. Explain any differences between FAC Revenues and excess fuel costs. (The above is intended to limit the operating account to existing customers' base rate revenues and expense deductions relative thereto).

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Refer to Exhibit No. 12, Schedule 2.

53.53 IV. RATE STRUCTURE
B. GAS UTILITIES

11. Supply the net Fuel Clause Adjustment by month for the test year.

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Refer to Exhibit No. 12, Schedule 6.

53.53 III BALANCE SHEET AND OPERATING STATEMENT
E. GAS UTILITIES

23. Submit a schedule showing fuel cost in excess of base compared to fuel cost recovery for the period two months prior to test year and the test year.

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Refer to Exhibit No. 12, Schedule 3.

24. Supply a detailed analysis of Purchased Gas for the test year and the twelve-month period prior to the test year.

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See Exhibit No. 12, Schedule 4 for details of Purchased Gas for the twelve months ended January 2005 and 2006.

25. Submit calculations supporting energy cost per Mcf and operating ratio used to determine increase in costs other than production to serve additional load.

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See Exhibit No. 12, Schedule 2 for calculations of the initial base cost of gas (energy cost). See Exhibit No. 3 for cost adjustments.

26. Submit detailed calculations for bulk gas transmission service costs under supply and/or interconnection agreements.

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National Fuel Gas Distribution Corporation has no bulk gas transmission supply

or interconnection agreements.

30. Provide a schedule showing suppliers, Mcf purchased, cost (small purchases from independent suppliers may be grouped); emergency purchases, listing same information; curtailments during the year; gas put into and taken out of storage; line loss, and any other gas input or output in the ordinary course of business.

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See response to 53.53 III E. 24 above for details of gas purchases for the twelve months ended January 2005 and 2006.

31. Provide a schedule showing the determination of the fuel costs included in the base cost of fuel.

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Refer to Exhibit No. 12, Schedule 5.

36. State the amount of gas, in Mcf, obtained through various suppliers in past years.

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See response to 53.53 III E 24 above.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 PENNSYLVANIA DIVISION
 OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
 TO THE TWELVE MONTHS ENDING JANUARY 31, 2007
 ADJUSTMENTS TO PURCHASED GAS EXPENSE
 (\$000)

To adjust the Cost of Purchased Gas Expense to the level being recovered through base tariff rates. The computation is made by multiplying the volumes for the Pennsylvania Division for the Twelve Months Ending January 2007, as adjusted, by the current base cost of gas included in Supplement No. 59 to Gas Pa. P.U.C. No. 9, tariff rates.

(1) Pennsylvania Division Purchased Gas Costs
 Normalized for the Twelve Months Ended
 January 31, 2006 (Exhibit No. 12, Sch. 7) \$332,569

(2) Pennsylvania Division Purchased Gas
 Cost to be Recovered in Base Tariff Rates:

	Total Rate	Adjusted Volumes	Gas Cost	
Residential	\$13.0432	18,587	\$242,439	
LIRA	13.0432	1,139	14,861	
Small Commercial < 250 Mcf	13.0432	967	12,609	
Small Commercial > 250 Mcf	13.0432	1,796	23,426	
Large Commercial	13.0432	1,680	21,916	
Small VIS	13.0432	78	1,012	
Intermediate VIS	13.0432	226	2,946	
LVIS	13.0432	0	0	
LIS	13.0432	0	0	
SATC	0.3078	84	26	
Transportation	0.1500	109	16	
Load Balancing				
Commodity	11.3271	0	0	
Transportation	0.1500	7,649	<u>1,147</u>	
Total				<u>\$320,398</u>
Adjustment				(\$12,171)

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
SECTION 53.62 RECOVERY OF FUEL COSTS BY GAS UTILITIES

"In addition to information otherwise required to be filed by a jurisdictional natural gas distributor with gross intrastate annual operating revenues in excess of \$40 million seeking a change in its base rates, each gas utility must also file updates to the information required by Section 53.64(b) (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million). In the case of a gas utility purchasing gas as defined at Section 53.61(a) (relating to purpose) from an affiliated interest, it shall also file updates to the information required at Section 53.65 (relating to special provisions relating to natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million with affiliated interests). These updates are to be made at the time the base rate case under 66 Pa. C.S. Section 1308 (relating to voluntary changes in rates) is originally filed. Deficiencies in filing will be treated as set forth at Section 53.51(c) (relating to general)."

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See Exhibit No. 12, Schedule 8.

National Fuel Gas Distribution Corporation
Pennsylvania Division
Statement to show Winter/Non-Winter Demand NGS rates

Sales	Winter	Non-winter	Total
	Mcf	Mcf	Mcf
Residential	12,310,551	6,276,809	18,587,360
LIRA	753,233	386,138	1,139,371
S/C/PA	654,163	312,562	966,725
S/C/PA	1,214,861	581,140	1,796,001
L/C/PA	1,133,395	546,876	1,680,271
SVIS	59,182	18,390	77,572
IVIS	144,059	81,775	225,834
Total	16,269,444	8,203,690	24,473,134

SATC			
Residential	16,576	8,692	25,268
LIRA	0	0	0
S/C/PA	290	231	521
S/C/PA	7,105	5,449	12,554
L/C/PA	23,188	17,623	40,811
SVIS	0	0	0
IVIS	2,450	2,721	5,171
Total	49,609	34,716	84,325

Total Sales & SATC 16,319,053 8,238,406 24,557,459

Gas cost	\$/Mcf	MCF	\$
Current Rates			
NGS - Demand	1.4488	24,473,134	35,456,677
NGS - Commodity	11.2925	24,473,134	276,362,866
GAC - Demand	(0.0405)	24,473,134	(991,162)
GAC - Commodity	0.0346	24,473,134	846,770
Demand- DC	0.3078	24,557,459	7,558,786
Total	13.0432		319,233,937

Winter Rates			
NGS - Demand	2.1793	16,269,444	35,455,999
NGS - Commodity	11.2925	16,269,444	183,722,696
GAC - Demand	-0.0609	16,269,444	(990,809)
GAC - Commodity	0.0346	16,269,444	562,923
Demand- DC	0.4632	16,319,053	7,558,985
Total	13.9087		226,309,795

Non-Winter Rates			
NGS - Demand	0	8,203,690	0
NGS - Commodity	11.2925	8,203,690	92,640,169
GAC - Demand	0	8,203,690	0
GAC - Commodity	0.0346	8,203,690	283,848
Demand- DC	0	8,238,406	0
Total	11.3271		92,924,017

Total Winter/Non-Winter 319,233,812

Gas Cost - Current \$/Mcf	NGS			Total	Change
	Charge	GAC	DC		
Demand - \$/Mcf	1.4488	(0.0405)	0.3078	1.7161	
Commodity \$/Mcf	11.2925	0.0346		11.3271	
Total Current Rates	12.7413	(0.0059)	0.3078	13.0432	

Gas Cost - Winter \$/Mcf					
Demand - \$/Mcf	2.1793	(0.0609)	0.4632	2.5816	
Commodity - \$/Mcf	11.2925	0.0346		11.3271	
Total Winter Rates	13.4718	-0.0263	0.4632	13.9087	0.8655

Gas Cost - Non-Winter \$/Mcf					
Demand - \$/Mcf	0.0000	0.0000	0	0	
Commodity - \$/Mcf	11.2925	0.0346		11.3271	
Total Non-Winter Rates	11.2925	0.0346	0	11.3271	(1.7161)

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.52

Applicability; public utilities other than canal, turnpike, tunnel bridge and wharf companies.

- (a) Whenever a public utility, other than a canal, turnpike, tunnel, bridge or wharf company files a tariff, revision or supplement effecting changes in the terms and conditions of service rendered or to be rendered, it shall submit to the Commission, with the tariff, revision or supplement, statements showing all of the following:
- 1) The specific reasons for each change.
 - 2) The total number of customers served by the utility.
 - 3) A calculation of the number of customers, by tariff subdivisions, whose bills will be affected by the change.
 - 4) The effect of the change on the utility's customers.
 - 5) The direct or indirect effect of the proposed change on the utility's revenues and expenses.
 - 6) The effect of the change on the service rendered by the utility.
 - 7) A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement about these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. C.S. §1308 (relating to voluntary changes in rates).
 - 8) Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. C.S. §1308.
 - 9) Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.
 - 10) Plans the utility has for introducing or implementing the changes with respect to its ratepayers.
 - 11) F.C.C., F.E.R.C. or Commission orders or rulings applicable to the filing.
- (b) Whenever a public utility, other than a canal, turnpike, tunnel, bridge or wharf company files a tariff, revision, or supplement which will increase or decrease the bills to its customers, it shall submit in addition to the

requirements of subsection (a), to the Commission, with the tariff, revision or supplement, statements showing all of the following:

- 1) The specific reason for each increase or decrease.
- 2) The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing.
- 3) A calculation of the number of customers, by tariff subdivision, whose bills will be increased.
- 4) A calculation of the total increase, in dollars, by tariff subdivision, projected to an annual basis.
- 5) A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.
- 6) A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.

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 The following responses to the Commission's data requirements at 52 Pa. Code 53.52(a) and 52 Pa. Code 53.52(b) pertain only to the portions of this tariff filing that seek a general rate increase.

- (a)1. National Fuel Gas Distribution Corporation (National Fuel) is filing Tariff Gas - Pa. P.U.C. No. 9 to become effective July 30, 2006 setting forth proposed rates for gas service in its Pennsylvania Division.

The specific reasons for the proposed rate increase are to provide revenues sufficient to recoup decreased sales, increased operating expenses, increases to rate base, and to provide an operating income which more nearly approaches an overall fair rate of return.

The proposed increases in base tariff rates under Tariff Gas - Pa. P.U.C. No. 9 are as follows:

	Gas Service Revenue <u>(\$000)</u>	Other Operating Revenues <u>(\$000)</u>	Total <u>(\$000)</u>
Base Tariff Revenues at Present Rates for the Projected Twelve Months Ending January 31, 2007	\$424,136	\$1,789	\$425,925
Increase in Operating Revenues	<u>25,793</u>	<u>98</u>	<u>25,891</u>
Total Proposed Base Tariff Revenues	<u>\$449,929</u>	<u>\$1,887</u>	<u>\$451,816</u>

- (a) 2 - Refer to Exhibit No. 103.
 - (a) 3 - Refer to Exhibit No. 103.
 - (a) 4 - Refer to Exhibit No. 103.
 - (a) 5 - Refer to Exhibit Nos. 103 and 104.
 - (a) 6 - The changes to rates will have no effect on the service currently rendered by Distribution.
 - (a) 7 - Not applicable.
 - (a) 8 - Not applicable.
 - (a) 9 - No customer polls or other documentation regarding customer acceptance or desire for the proposed change exists.
 - (a) 10 - The Company will notify its customers of the proposed increase by means of a billing insert in compliance with the Commission's Regulations as codified at 52 PA Code Section 53.45.
 - (a) 11 - There are no F.E.R.C. or Pennsylvania Public Utility rulings directly applicable to this change.
- (b) 1. National Fuel Gas Distribution Corporation (National Fuel) is filing Tariff Gas - Pa. P.U.C. No. 9 to become effective July 30, 2006 setting forth proposed rates for gas service in its Pennsylvania Division.

The specific reasons for the proposed rate increase are to provide revenues sufficient to recoup decreased sales, increased operating expenses, increases to rate base, and to provide an operating income which more nearly approaches an overall fair rate of return.

- (b) 2 Refer to Exhibit No. 102
- (b) 3 Refer to Exhibit No. 103
- (b) 4 Refer to Exhibit No. 103
- (b) 5 Refer to Exhibit No. 103
- (b) 6 Refer to Exhibit No. 103

53.53 II. RATE OF RETURN
A. ALL UTILITIES

13. Attach copies of the summaries of the projected two years' Company's budgets (revenues, expense, and capital).

Refer to Exhibit 13 Schedule 2.

39. *Identify the specific witness for all statements and schedules of revenues, expenses, taxes, property, valuation, etc.*

Refer to Exhibit 13 Schedule 3.

40. Adjustments which are estimated shall be fully supported by basic information reasonably necessary.

Refer to Exhibit 13 Schedule 4.

41. Submit a statement explaining the derivation of the amounts used for projecting future test year level of operations and submit appropriate schedules supporting the projected test year level of operation.

Refer to Exhibit 13 Schedule 4.

44. Ratios, percentages, allocations and averages used in adjustments must be fully supported and identified as to source.

Refer to Exhibit 13 Schedule 4.

45. Provide an explanation of any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate case.

Refer to Exhibit 13 Schedule 4.

46. Supply a copy of internal and independent audit reports of the test year and prior calendar year, noting any exceptions and recommendations and disposition thereof.

Refer to Exhibit 13 Schedule 4.

53.53 III. BALANCE SHEET AND OPERATING STATEMENT

A. ALL UTILITIES

19. List extraordinary property losses as a separate item, not included in operating expenses or depreciation and amortization. Sufficient supporting data must be provided.

See Exhibit No. 13 Schedule 5

53.53 III. BALANCE SHEET AND OPERATING STATEMENT

E. GAS UTILITIES

27. Submit a schedule for gas producing units retired or scheduled for retirements subsequent to the test year showing station, units, Mcf capacity, hours of operation during test year, net output produced and cents/Mcf of maintenance and fuel expenses.

See Exhibit No. 13 Schedule 6.

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

26. Provide a list of reports, data or statements requested by and submitted to the Commission during and subsequent to the test year.

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Refer to Exhibit No. 14, Schedule 1.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
53.53 IV. RATE STRUCTURE
B. GAS UTILITIES

6. Supply copies of all present and proposed gas tariffs.

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Refer to Exhibit No. 14, Schedule 2.

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

1. Provide a corporate history (include the dates of original incorporation, subsequent mergers and/or acquisitions). Indicate all counties and cities and other governmental subdivisions to which service is provided (including service areas outside the state), and the total population in the area served.

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See Exhibit No. 15 Schedule 1.

53.53 I. VALUATION
C. GAS UTILITIES

2. Provide an overall system map, including and labeling all measuring and regulating stations, storage facilities, production facilities, transmission and distribution mains, by size, and all interconnections with other utilities and pipelines.

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See Exhibit No. 15 Schedule 2.

53.53 II. RATE OF RETURN
A. ALL UTILITIES

24. Attach chart explaining Company's relationship to its affiliates (System Structure).

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See Exhibit 15 Schedule 3.

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

7. Provide details of respondent's attempts to recover uncollectible and delinquent accounts

Response: Refer to Exhibit Number 16.

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NATIONAL FUEL GAS DISTRIBUTION CORPORATION

PENNSYLVANIA RATE JURISDICTION

53.53 I. VALUATION

C. GAS UTILITIES

1. Provide, with respect to the scope of operations of the utility, a description of all property, including an explanation of the system's operation, and all plans for any significant future expansion, modification or other alteration of facilities.

This description should include, but not be limited to the following:

- a. If respondent has various gas services areas, indicate if they are integrated, such that the gas supply is available to all customers.
- b. Provide all pertinent data regarding company policy related to the addition of new consumers in the company's service area.
- c. Explain how respondent obtains its gas supply, as follows:
 - (i) Explain how respondent stores or manufactures gas; if applicable.
 - (ii) State whether the company has peak shaving facilities.
 - (iii) Provide details of coal-gasification programs, if any.
 - (iv) Describe the potential for emergency purchases of gas.
 - (v) Provide the amount of gas in MCF supplied by various suppliers in the test year (include a copy of all contracts).
 - (vi) Provide the amount of gas in MCF supplied from company-owned wells during the test year.

- d. Provide plans for future gas supply, as follows:
 - (i) Supply details of anticipated gas supply from respondent's near-term development of gas wells, if any.
 - (ii) Provide gas supply agreements and well development ventures and identify the parties thereto.

- e. Indicate any anticipated curtailments and explain the reasons for the curtailments.

- f. Provide current data on any Federal Power Commission action or programs that may affect, or tend to affect, the natural gas supply to the gas utility.

See Exhibit No. 17.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

PENNSYLVANIA DIVISION

53.53 III. BALANCE SHEET AND OPERATING STATEMENT

E. GAS UTILITIES

28. Provide a statement explaining the details of firm gas purchase (long-term) contracts with affiliated and nonaffiliated utilities, including determination of costs, terms of contract, and other pertinent information.

See Exhibit No. 17.