

**Exhibit IEC-3**  
**Comparison of Throughput and Customer Forecasts in NFGD Base Rates Cases**

	<i>Total</i>	<i>Residential</i>	<i>SC&amp;PA LE 250</i>	<i>SC&amp;PA GT 250</i>	<i>LC&amp;PA Service</i>	<i>SVIS</i>	<i>IVIS</i>	<i>LVIS</i>	<i>LIS</i>	<i>Sub-Total C&amp;PA</i>
<b>Test Year 01/07</b>										
Customers	209,975	193,982	8,974	4,144	2,270	187	366	39	13	15,388
Throughput	42,560,886	19,802,152	967,246	1,849,555	6,295,888	79,617	3,191,547	3,670,249	6,704,632	9,112,689
Mcf/Customer/Year	202.7	102.1	107.8	446.3	2,773.5	425.8	8,720.1	94,108.9	515,740.9	3,328
Reduction from 05/05		-7.8%	-15.1%	-10.4%	-3.8%	-7.2%	1.1%	3.0%	12.4%	-5.2%
Peak Demand	365,252	210,794	10,856	20,642	61,978	439	21,328	15,832	23,383	93,476
Load Factor	31.9%	25.7%	24.4%	24.5%	27.8%	49.7%	41.0%	63.5%	78.6%	26.7%
Usage Rate Decline	2,311,022	1,673,435	171,763	214,436	251,387					637,587
Tail Block Charge		\$ 1.95	\$ 2.30	\$ 1.83	\$ 1.19					\$ 1.70
Lost Revenue	4,341,131	3,255,834	394,952	391,797	298,548					1,085,296
<b>Test Year 05/05</b>										
Customers	211,582	195,590	9,117	4,018	2,238	189	377	38	15	15,373
Throughput	44,959,373	21,653,607	1,157,159	2,001,235	6,454,979	86,734	3,252,649	3,472,542	6,880,468	9,613,373
Mcf/Customer/Year	212.5	110.7	126.9	498.1	2,884.3	458.9	8,627.7	91,382.7	458,697.9	3,509
Reduction from 2003		-0.7%	-2.4%	-0.1%	1.4%	-10.6%	-4.4%	7.1%	-18.7%	1.1%
Peak Demand	388,803	228,194	12,218	21,013	61,232	1,141	21,938	15,464	27,603	94,463
Load Factor	31.7%	26.0%	25.9%	26.1%	28.9%	20.8%	40.6%	61.5%	68.3%	27.9%
<b>Test Year 09/03</b>										
Customers	216,373	200,020	9,163	4,281	2,288	175	388	43	15	15,732
Throughput	47,862,773	22,305,065	1,191,852	2,133,432	6,505,999	89,863	3,501,606	3,670,531	8,464,425	9,831,283
Mcf/Customer/Year	221.2	111.5	130.1	498.3	2,843.5	513.5	9,024.8	85,361.2	564,295.0	3,472
Peak Demand	415,674	237,565	14,365	26,414	69,856	1,234	21,707	16,943	27,590	110,635
Load Factor	31.5%	25.7%	22.7%	22.1%	25.5%	20.0%	44.2%	59.4%	84.1%	24.3%

**Exhibit IEc-3**  
**Implied Elasticities from NFGD Econometric Analyses**

	<i>Residential</i>	<i>Commercial</i>	<i>Public Authority</i>
<b>Coefficients</b>			
Heating Degree Days	0.0150	0.0497	0.1673
Real Price Lagged 10 Months	-1.3110	-8.1433	-33.1403
Trend	-0.1486	-0.2222	0.0000
<b>January 2006 Values -- 12 Month Moving Averages</b>			
Throughput per Customer	101.6	469.3	2040.1
Heating Degree Days	6243	6243	6243
Real Price Lagged 10 Months	11.11	10.79	10.97
<b>Elasticities</b>			
Heating Degree Days	92.5%	66.2%	51.2%
Real Price	-14.3%	-18.7%	-17.8%
Trend (% per Year)	-1.8%	-0.6%	0.0%

**Exhibit IEC-4**  
**Proposed First Dollar Relief for Commercial Customers (\$ millions)**

	(1) <u>NFGD Avg. Allocated Cost Proposed Rates</u>	(2) <u>Revenues at Present Rates</u>	(3) <u>NFGD Proposed Rate Revenue Increase</u>	(4) <u>NFGD Proposed Total Revenue Increase</u>	(5) <u>NFGD Proposed Class Revenues</u>	(6) <u>Revenue-Cost Ratios at NFGD Proposed Rates</u>	(7) <u>Reduced Cost Basis</u>	(8) <u>FDR for LC&amp;PA and SC&amp;PA GT 250</u>
Residential	100.808	74.938	20.161	20.237	95.175	94.4%	93.137	
SC&PA LE 250	4.871	4.232	1.141	1.145	5.377	110.4%	4.501	(0.530)
SC&PA GT 250	4.730	4.946	1.325	1.330	6.276	132.7%	4.370	(1.330)
LC&PA	11.253	11.703	3.168	3.180	14.883	132.3%	10.397	(3.180)
SVIS	0.235	0.310	(0.000)	(0.000)	0.310	131.8%	0.217	
IVIS	4.077	4.236	0.000	0.000	4.236	103.9%	3.767	
LVIS	3.158	3.076	(0.000)	(0.000)	3.076	97.4%	2.918	
LIS	2.287	2.086	0.000	0.000	2.086	91.2%	2.113	
<b>Total</b>	<b>131.419</b>	<b>105.528</b>	<b>25.794</b>	<b>25.892</b>	<b>131.419</b>	<b>100.0%</b>	<b>121.42</b>	<b>(5.040)</b>
<i>Non-Commercial</i>	<i>9.757</i>	<i>9.707</i>	<i>0.000</i>	<i>0.000</i>	<i>9.708</i>	<i>99.5%</i>	<i>9.014</i>	<i>0.000</i>

	(9) <u>NFGD Proposed Increase After FDR</u>	(10) <u>NFGD Proposed Revenues After FDR</u>	(11) <u>Revenue-Cost Ratio After FDR</u>	(12) <u>Proportional Scaleback of Cost Reduction</u>	(13) <u>Increase After FDR and Scaleback</u>	(14) <u>Class Revenues After FDR and Scaleback</u>	(15) <u>Revenue-Cost Ratio after FDR and Scaleback</u>	(16) <u>Percent Revenue Increase</u>
Residential	20.237	95.175	102.2%	(4.814)	15.423	90.362	97.0%	20.6%
SC&PA LE 250	0.615	4.847	107.7%	(0.146)	0.469	4.701	104.4%	11.1%
SC&PA GT 250	0.000	4.946	113.2%	0.000	0.000	4.946	113.2%	0.0%
LC&PA	0.000	11.703	112.6%	0.000	0.000	11.703	112.6%	0.0%
SVIS	(0.000)	0.310	142.6%	0.000	(0.000)	0.310	142.6%	0.0%
IVIS	0.000	4.236	112.5%	(0.000)	0.000	4.236	112.5%	0.0%
LVIS	(0.000)	3.076	105.4%	0.000	(0.000)	3.076	105.4%	0.0%
LIS	0.000	2.086	98.7%	0.000	0.000	2.086	98.7%	0.0%
<b>Total</b>	<b>20.852</b>	<b>126.380</b>	<b>104.1%</b>	<b>(4.960)</b>	<b>15.892</b>	<b>121.419</b>	<b>100.0%</b>	<b>15.1%</b>
<i>Non-Commercial</i>	<i>0.000</i>	<i>9.708</i>	<i>107.7%</i>	<i>(0.000)</i>	<i>0.000</i>	<i>9.708</i>	<i>107.7%</i>	<i>0.0%</i>

Notes:

- (1) Cost basis is the average of the four NFGD COSSs. Return and income taxes are allocated based on rate base.
- (2) Revenues at present rates include rate revenues and other revenues.
- (3) NFGD proposed rate increase is based on values in Exhibit 103 Schedule 1-A (non-seasonal) proof of revenues.
- (4) NFGD proposed increase in other revenues based on late charge allocation in NFGD COSS "A" and "B."
- (5) Sum of columns (2) and (4).
- (6) Ratio of column (5) to column (1).
- (7) Reduction of \$10.00 million in revenue requirement. Costs allocated in proportion to column (1).
- (8) FDR is lesser of the NFGD proposed increase and the difference between class R/C ratio and the non-commercial R/C ratio (from column (6)), multiplied by class allocated costs in column (1).
- (9) Equals column (4) plus column (8). That is, NFGD proposed increase less FDR.
- (10) Equals column (2) plus column (9). That is, present revenues plus increase after FDR (or NFGD proposed revenues less FDR).
- (11) Ratio of column (10) to column (1).
- (12) Total amount is total reduction from column (7) less FDR from column (8). That amount is allocated in proportion to column (9).
- (13) Equals column (9) plus column (12). That is, increase after FDR less proportional scaleback credit.
- (14) Equals column (2) plus column (13). That is, present revenues plus increase after FDR and after scaleback.
- (15) Ratio of column (14) to column (1).
- (16) Increase in column (14) divided by present rates in column (2).

RECEIVED  
 2006 OCT 30 PM 2:48  
 PA PUC  
 SECRETARY'S BUREAU

### IEc Cost of Capital Analysis

#### Summary of Capital Structure and Rate of Return Recommendations For Future Test Year Ending January 31, 2007

	<i>Capital Structure</i>	<i>Rate</i>	<i>Weighted Rate</i>
<b>NFGD Analysis</b>			
Short-Term Debt	8.46%	6.030%	0.510%
Long-Term Debt	40.04%	6.640%	2.659%
Common Equity	51.50%	12.250%	6.309%
<b>Total</b>	<b>100.00%</b>		<b>9.478%</b>
<b>IEc -- High End</b>			
Short-Term Debt	10.83%	6.030%	0.653%
Long-Term Debt	42.20%	6.640%	2.802%
Common Equity	46.97%	10.250%	4.815%
<b>Total</b>	<b>100.00%</b>		<b>8.27%</b>
<b>IEc -- Low End</b>			
Short-Term Debt	10.83%	6.030%	0.653%
Long-Term Debt	42.20%	6.640%	2.802%
Common Equity	46.97%	9.750%	4.580%
<b>Total</b>	<b>100.00%</b>		<b>8.03%</b>
<b>Impact on Revenue Requirement of IEc Recommendations</b>			
		<i>High End</i>	<i>Low End</i>
Rate Base	\$	279,252,070	279,252,070
Uncollectibles		2.00%	2.00%
Federal Tax Rate		35.00%	35.00%
Pa Tax Rate		9.99%	9.99%
Multiplier		57.3364%	57.3364%
Effective Tax Rate		41.4935%	41.4935%
Return Delta		-1.208%	-1.4427%
<b>Revenue Requirement Effect</b>		<b>(5,882,902)</b>	<b>(7,026,780)</b>

## IEc Cost of Capital Analysis

## Summary of Equity Cost Methodologies

	<i>Proxy Group of Five</i>	<i>Proxy Group of Thirteen</i>
<b>NFGD Analysis</b>		
DCF	9.69%	9.42%
Adjusted DCF	10.76%	10.30%
Practical DCF	10.72%	10.78%
Adjusted Practical DCF	12.05%	11.98%
Risk Premium	10.69%	10.62%
CAPM/ECAPM	10.37%	10.21%
Comparable Earnings	14.56%	14.48%
<b>Average</b>	<b>11.60%</b>	<b>11.40%</b>
<b>IEc Detailed Analysis</b>		
DCF	8.50%	8.57%
Market Risk Premium	8.29%	8.29%
Utility Risk Premium	8.48%	8.48%
CAPM/ECAPM	9.00%	9.00%
<b>Average</b>	<b>8.57%</b>	<b>8.59%</b>

## IEc Cost of Capital Analysis

## Proxy Company Average Capital Structure

	<i>Proxy Group of Four</i>	<i>Proxy Group of Nine</i>	<i>Average</i>
<b>Five-Year Average</b>			
LT Debt	41.45%	42.07%	41.76%
ST Debt	13.07%	12.21%	12.64%
Pref. Stock	0.23%	0.32%	0.28%
Common Stock	45.25%	45.40%	45.33%
	100.00%	100.00%	100.00%
NFGD Exh. Reference:	X400 S4 P3	X400 S5 P3	
<b>Five Quarter Average Ending 12/05</b>			
LT Debt	42.36%	42.92%	42.64%
ST Debt	8.76%	9.27%	9.02%
Pref. Stock	0.00%	0.21%	0.11%
Common Stock	48.88%	47.60%	48.24%
	100.00%	100.00%	100.00%
NFGD Exh. Reference:	X400 S6 P3	X400 S6 P4	
<b>Average of Two Methods</b>			
LT Debt	41.91%	42.50%	42.20%
ST Debt	10.92%	10.74%	10.83%
Pref. Stock	0.12%	0.27%	0.19%
Common Stock	47.07%	46.50%	46.78%
	100.00%	100.00%	100.00%

## IEC Cost of Capital Analysis

## NFGD Reported Dividend Yields

	<i>Spot</i> <i>(4/13/06)</i>	<i>Mar-06</i>	<i>Feb-06</i>	<i>Average</i>
<b>Proxy Group of Five</b>				
Cascade NG	4.86%	4.95%	4.84%	4.88%
NICOR	4.78%	4.53%	4.51%	4.61%
Northwest NG	4.03%	4.03%	4.02%	4.03%
Piedmont NG	4.05%	4.01%	3.80%	3.95%
<i>Average</i>	<i>4.43%</i>	<i>4.38%</i>	<i>4.29%</i>	<i>4.37%</i>
<b>Proxy Group of Nine</b>				
Atmos Energy	4.82%	4.76%	4.76%	4.78%
Cascade NG	4.86%	4.95%	4.84%	4.88%
Laclede	4.27%	4.21%	4.22%	4.23%
The NJ Resource Group	3.25%	3.27%	3.24%	3.25%
NICOR	4.78%	4.53%	4.51%	4.61%
Northwest NG	4.03%	4.03%	4.02%	4.03%
Peoples Energy	6.13%	5.95%	5.96%	6.01%
Piedmont NG	4.05%	4.01%	3.80%	3.95%
WGL Holdings	4.62%	4.38%	4.35%	4.45%
<i>Average</i>	<i>4.53%</i>	<i>4.45%</i>	<i>4.41%</i>	<i>4.47%</i>

Source: X400 S9 P1

## IEc Cost of Capital Analysis

## Discounted Cash Flow Equity Cost Analysis

	<i>Dividend Yield</i>	<i>Dividend Growth</i>	NFGD Calculations				IEc Calculations			
			<i>Adjusted Dividend Yield</i>	<i>Growth Rate</i>	<i>DCF Return</i>	<i>Practical DCF</i>	<i>Growth Rate</i>	<i>DCF Return</i>		
<b>Proxy Group of Five</b>										
Cascade NG	4.88%	0.153%	5.04%	5.04%	6.25%	6.25%	11.29%	11.29%	3.46%	8.49%
NICOR	4.61%	0.081%	4.69%		3.50%		8.19%		3.08%	7.77%
Northwest NG	4.03%	0.121%	4.15%	4.15%	6.00%	6.00%	10.15%	10.15%	4.08%	8.23%
Piedmont NG	3.95%	0.101%	4.05%		5.10%		9.15%		5.47%	9.52%
<i>Average</i>	<i>4.37%</i>	<i>0.11%</i>	<i>4.48%</i>	<i>4.59%</i>	<i>5.21%</i>	<i>6.13%</i>	<i>9.69%</i>	<i>10.72%</i>	<i>4.02%</i>	<i>8.50%</i>
<b>Proxy Group of Nine</b>										
Atmos Energy	4.78%	0.153%	4.93%	4.93%	6.40%	6.40%	11.33%	11.33%	5.45%	10.38%
Cascade NG	4.88%	0.153%	5.04%	5.04%	6.25%	6.25%	11.29%	11.29%	3.46%	8.49%
Laclede	4.23%	0.127%	4.36%	4.36%	6.00%	6.00%	10.36%	10.36%	4.08%	8.44%
The NJ Resource Group	3.25%	0.081%	3.33%		5.00%		8.33%		5.00%	8.33%
NICOR	4.61%	0.081%	4.69%		3.50%		8.19%		3.08%	7.77%
Northwest NG	4.03%	0.121%	4.15%	4.15%	6.00%	6.00%	10.15%	10.15%	4.08%	8.23%
Peoples Energy	6.01%	0.087%	6.10%		2.90%		9.00%		2.45%	8.55%
Piedmont NG	3.95%	0.101%	4.05%		5.10%		9.15%		5.47%	9.52%
WGL Holdings	4.45%	0.056%	4.51%		2.50%		7.01%		2.92%	7.42%
<i>Average</i>	<i>4.47%</i>	<i>0.11%</i>	<i>4.57%</i>	<i>4.62%</i>	<i>4.85%</i>	<i>6.16%</i>	<i>9.42%</i>	<i>10.78%</i>	<i>4.00%</i>	<i>8.57%</i>

## IEc Cost of Capital Analysis

## Growth Rates for DCF Calculation

	NFGD Assumptions				Historical Growth Rates				IEc Average	
	Value Line EPS		Thomson FNEPS		NFGD Average		Value Line 10-Year Historical Average			
	Sample	NFGD	Sample	NFGD	Sample	NFGD	Net Book	EPS	DPS	
<b>Proxy Group of Four</b>										
Cascade NG	8.50%	8.50%	4.00%	4.00%	6.25%	6.25%	0.50%	1.50%	0.00%	3.46%
NICOR	4.00%		3.00%		3.50%		3.00%	1.00%	4.00%	3.08%
Northwest NG	7.00%	7.00%	5.00%	5.00%	6.00%	6.00%	4.00%	1.50%	1.00%	4.08%
Piedmont NG	6.00%		4.20%		5.10%		6.50%	5.50%	5.50%	5.47%
<b>Average</b>	<b>6.38%</b>	<b>7.75%</b>	<b>4.05%</b>	<b>4.50%</b>	<b>5.21%</b>	<b>6.13%</b>	<b>3.50%</b>	<b>2.38%</b>	<b>2.63%</b>	<b>4.02%</b>
<b>Proxy Group of Nine</b>										
Atmos Energy	7.00%	7.00%	5.80%	5.80%	6.40%	6.40%	6.50%	4.00%	3.00%	5.45%
Cascade NG	8.50%	8.50%	4.00%	4.00%	6.25%	6.25%	0.50%	1.50%	0.00%	3.46%
Laclede	7.00%	7.00%	5.00%	5.00%	6.00%	6.00%	3.00%	2.50%	1.00%	4.08%
New Jersey Resources	4.50%		5.50%		5.00%		5.00%	7.50%	2.50%	5.00%
NICOR	4.00%		3.00%		3.50%		3.00%	1.00%	4.00%	3.08%
Northwest NG	7.00%	7.00%	5.00%	5.00%	6.00%	6.00%	4.00%	1.50%	1.00%	4.08%
Peoples Energy	0.50%		5.30%		2.90%		2.00%	2.00%	2.00%	2.45%
Piedmont NG	6.00%		4.20%		5.10%		6.50%	5.50%	5.50%	5.47%
WGL Holdings	2.00%		3.00%		2.50%		4.00%	4.50%	1.50%	2.92%
<b>Average</b>	<b>5.17%</b>	<b>7.38%</b>	<b>4.53%</b>	<b>4.95%</b>	<b>4.85%</b>	<b>6.16%</b>	<b>3.83%</b>	<b>3.33%</b>	<b>2.28%</b>	<b>4.00%</b>

Source: X400, S9, P1; Value Line Investment Survey June 16, 2006

## IEc Cost of Capital Analysis

## Risk Premium Methodology

NFGD Analysis	<i>Proxy Group of Four</i>		<i>Proxy Group of Nine</i>	
	<i>Market</i>	<i>Utility</i>	<i>Market</i>	<i>Utility</i>
Prospective Yield on Aaa Bonds	5.93%	5.93%	5.93%	5.93%
Adjustment to A Utility Bonds	0.47%	0.47%	0.47%	0.47%
A Utility Bond Yield	6.40%	6.40%	6.40%	6.40%
Bond Rating Difference	0.00%	0.00%	0.00%	0.00%
Adjusted A Utility Bond Yield	6.40%	6.40%	6.40%	6.40%
Equity Risk Premium over A Utility Bonds	4.44%	4.14%	4.28%	4.14%
<b>Equity Rate, Risk Premium Method</b>	<b>10.84%</b>	<b>10.54%</b>	<b>10.69%</b>	<b>10.54%</b>

IEc Analysis	Market Premium over Aaa Bonds	Market Premium over ST Rate	Utility Premium over Aaa Bonds
Prospective Yields on Treasuries (20 Year/3Month)	5.03%	5.10%	5.03%
Historical Premium: Aaa/TBills to Treasuries	0.85%	0.00%	0.85%
Forecast Premium: Aaa/TBills to Treasuries	0.93%	0.00%	0.93%
Average Premium	0.89%	0.00%	0.89%
Prospective Yield on Aaa/T-Bills	5.92%	5.10%	5.92%
Equity Risk Premium over Aaa/T-Bills	2.37%	4.23%	2.56%
<b>Equity Rate, Risk Premium Method</b>	<b>8.29%</b>	<b>9.33%</b>	<b>8.48%</b>

## IEc Cost of Capital Analysis

## Risk Premium Methodology: Equity Risk Premiums

	<i>Proxy Group of Four</i>	<i>Proxy Group of Nine</i>	<i>Public Utility Index Premium</i>	
<b>NFGD Analysis</b>				
S&P 500 Return (26-05)	12.30%	12.30%	S&P Public Utility Index (28-03)	10.77%
Salomon LT HG Bond Yield (26-05)	6.10%	6.10%	A-Rated Public Utility Bonds (28-03)	6.63%
Historical Equity Premium	6.20%	6.20%	Historical Equity Premium	4.14%
Forecasted 3-5 Year Market Return	10.18%	10.18%		
Prospective Yield on Aaa Bonds	5.93%	5.93%		
Forecast Equity Premium	4.25%	4.25%		
Average of Equity Premia	5.23%	5.23%		
Adjusted Valueline Betas	0.850	0.820		
<b>Adjusted Equity Premia</b>	<b>4.44%</b>	<b>4.28%</b>		<b>4.14%</b>

<b>IEc Analysis</b>	<b>Premium over Aaa Bonds</b>	<b>Premium over T-Bills</b>
S&P 500 Return (26-05)	12.30%	12.30%
LT Bonds/T-Bills (26-05)	6.20%	3.80%
Adjustment to Aaa	0.79%	
Aaa Historical Yield	6.99%	
Historical Equity Premium	5.31%	8.50%
Forecast Equity Premium	2.88%	6.07%
Average Equity Premium	4.09%	7.29%
Betas	0.580	0.580
<b>Adj. Market Equity Premiums</b>	<b>2.37%</b>	<b>4.23%</b>

*Public Utility Index Premium*

S&P Public Utility Index (28-03)	10.77%
Long-term Aaa Yield	6.99%
Historical Equity Premium	3.78%
Forecast Equity Premium	1.35%
<i>Average Equity Premium</i>	2.56%
<b>Public Utility Equity Premium to Aaa Bonds</b>	<b>2.56%</b>

**IEc Cost of Capital Analysis****CAPM Methodology**

	<i>Proxy Group of Four</i>	<i>Proxy Group of Nine</i>
<b>NFGD Analysis</b>		
Risk Free Rate	5.05%	5.05%
Risk Premium	6.12%	6.12%
Beta	0.85	0.82
CAPM	10.25%	10.07%
"Empirical CAPM"	10.48%	10.34%
Average	10.37%	10.21%

<b>IEc Analysis</b>	<b>Premium Over 20-Yr Treasuries</b>	<b>Premium over T-Bills</b>
Market Return (28-05)	12.30%	12.30%
Treasuries (28-05)	5.20%	3.80%
Historical Risk Premium	7.10%	8.50%
Mercer Equity Return	9.70%	9.70%
Current Risk-Free Rate	5.03%	5.10%
Mercer Equity Premium	4.67%	4.60%
Average Premium	5.89%	6.55%
Beta	0.58	0.58
Current Risk-Free Rate	5.03%	5.10%
CAPM Return	8.44%	8.90%
Empirical CAPM Return	9.06%	9.59%
Average CAPM Return	8.75%	9.24%

## IEC Cost of Capital Analysis

## Estimate of Equity Beta for NGDC's

	<i>Value Line Adjusted Betas</i>	<i>Value Line Unadjusted Betas</i>	<i>Quote.com Betas</i>
<b><i>Proxy Group of Four</i></b>			
Cascade NG	0.85	0.75	0.38
NICOR	1.20	1.27	0.84
Northwest NG	0.75	0.60	0.13
Piedmont NG	0.85	0.75	0.38
<b><i>Average</i></b>	<b><i>0.91</i></b>	<b><i>0.84</i></b>	<b><i>0.43</i></b>
<b><i>Proxy Group of 13</i></b>			
Atmos Energy	0.75	0.60	0.28
Cascade NG	0.85	0.75	0.38
Laclede	0.85	0.75	0.48
New Jersey Resources	0.80	0.67	0.07
NICOR	1.20	1.27	0.84
Northwest NG	0.75	0.60	0.13
Peoples Energy	0.90	0.82	0.46
Piedmont NG	0.85	0.75	0.38
WGL Holdings	0.80	0.67	0.26
<b><i>Average</i></b>	<b><i>0.86</i></b>	<b><i>0.76</i></b>	<b><i>0.36</i></b>
<b><i>Ibbotson Associates Adjusted Equity Beta</i></b>			
<b><i>SIC Code 4924 -- 10-Year Avg.</i></b>		<b><i>0.25</i></b>	
<b>Beta Estimate for Risk Premium/CAPM</b>		<b><i>0.58</i></b>	

## IEc Cost of Capital Analysis

## Authorized Returns by Regulatory Commissions

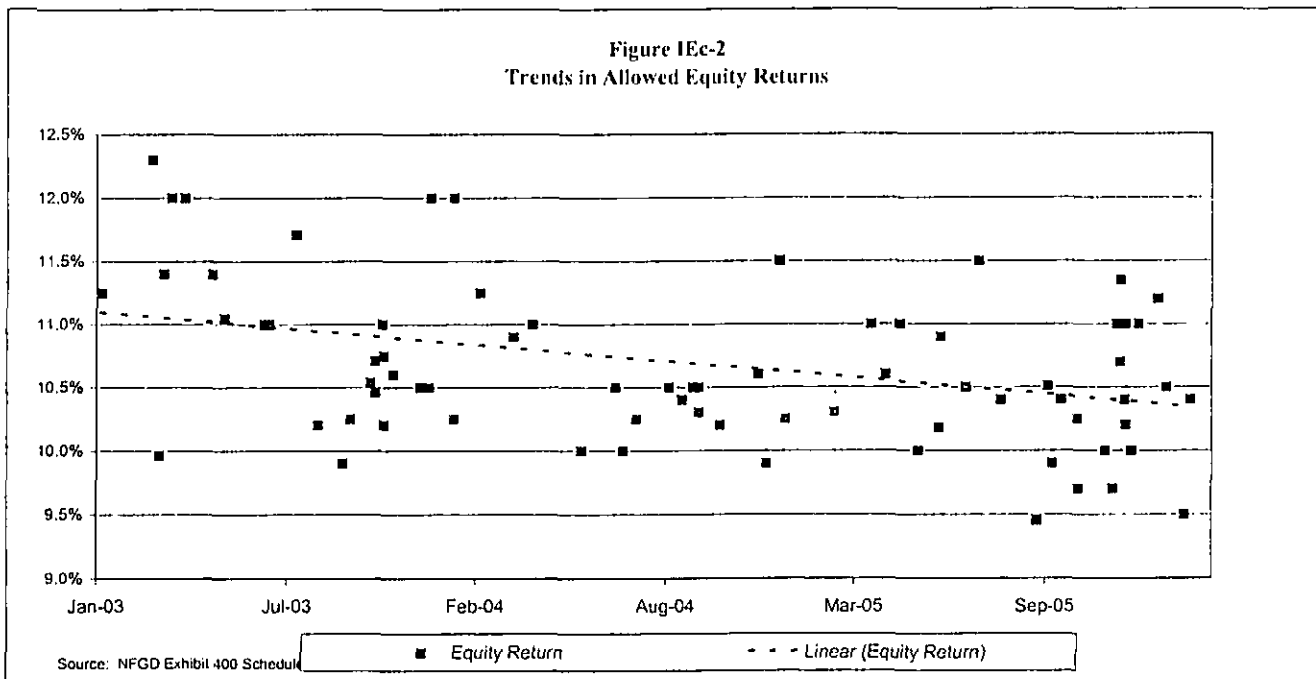
	<i>Date</i>	<i>Jurisdiction</i>	<i>Equity Return</i>	<i>Equity Ratio</i>	<i>Norm Equity Return 1</i>	<i>Std. Debt</i>
Peoples Gas System	6-Jan-03	FL	11.25%	50.92%	11.00%	50.97%
Madison G&E	28-Feb-03	WI	12.30%	55.42%	12.57%	
Rochester G&E	7-Mar-03	NY	9.96%	41.40%	9.04%	
Aquila Networks MGU	12-Mar-03	MI	11.40%	NA		
Wisconsin PS	20-Mar-03	WI	12.00%	55.00%	12.20%	
Wisconsin P&L	3-Apr-03	WI	12.00%	51.72%	11.84%	
SEMCO Energy Gas	2-May-03	MI	11.40%	NA		
Interstate P&L	15-May-03	IA	11.05%	47.84%	10.52%	
PS of Colorado	26-Jun-03	CO	11.00%	51.40%	10.79%	
Citizens Utilities	1-Jul-03	AZ	11.00%	NA		
Peoples NG	29-Jul-03	MN	11.71%	49.99%	11.36%	
Northwest NG	22-Aug-03	OR	10.20%	49.50%	9.85%	
Arkansas Western Gas	17-Sep-03	AR	9.90%	35.20%	8.57%	
Avista Corp	25-Sep-03	OR	10.25%	48.25%	9.80%	
AmerenCILCO	17-Oct-03	IL	10.54%	48.54%	10.10%	
AmerenCIPS	22-Oct-03	IL	10.71%	44.44%	9.91%	
AmerenUE	22-Oct-03	IL	10.46%	52.70%	10.35%	
North Carolina NG	30-Oct-03	NC	11.00%	51.14%	10.77%	
Boston Gas	31-Oct-03	MA	10.20%	50.00%	9.88%	
Washington Gas	31-Oct-03	MD	10.75%	51.49%	10.55%	
Washington Gas	10-Nov-03	DC	10.60%	50.30%	10.30%	
Delmarva P&L	9-Dec-03	DE	10.50%	45.87%	9.84%	
Washington Gas	18-Dec-03	VA	10.50%	50.96%	10.25%	
Wisconsin P&L	19-Dec-03	WI	12.00%	60.27%	12.78%	
Wisconsin PS	19-Dec-03	WI	12.00%	56.00%	12.31%	
Madison G&E	13-Jan-04	WI	12.00%	55.91%	12.30%	
PS of New Mexico	13-Jan-04	NM	10.25%	47.77%	9.76%	
City Gas of FL	9-Feb-04	FL	11.25%	36.77%	9.65%	
Southwest Gas	16-Mar-04	CA	10.90%	42.00%	9.86%	
Interstate P&L	5-Apr-04	MN	11.00%	47.15%	10.41%	
TXU - Gas	25-May-04	TX	10.00%	49.80%	9.67%	
Southern Indiana G&E	30-Jun-04	IN	10.50%	44.00%	9.69%	
South Jersey Gas	8-Jul-04	NJ	10.00%	46.00%	9.40%	
Centerpoint Energy Arkla	22-Jul-04	LA	10.25%	45.80%	9.61%	
Southwest Gas, Southern Div.	26-Aug-04	NV	10.50%	40.00%	9.37%	
Southern Gas, Northern Div.	26-Aug-04	NV	10.50%	40.00%	9.37%	
Avista Corp	9-Sep-04	ID	10.40%	42.59%	9.50%	
Missouri Gas Energy	21-Sep-04	MO	10.50%	29.99%	8.56%	
ConEd NY	27-Sep-04	NY	10.30%	48.00%	9.83%	
Washington Gas	27-Sep-04	VA	10.50%	50.96%	10.25%	
Chattanooga Gas	20-Oct-04	TN	10.20%	35.50%	8.80%	
Indiana Gas	30-Nov-04	IN	10.60%	50.06%	10.28%	
Yankee Gas Service	8-Dec-04	CT	9.90%	47.90%	9.44%	
Wisconsin PS	21-Dec-04	WI	11.50%	57.35%	11.90%	
Madison G&E	22-Dec-04	WI	11.50%	57.64%	11.92%	
Centerpoint Energy Arkla	28-Dec-04	OK	10.25%	49.86%	9.92%	
Puget Sound Energy	18-Feb-05	WA	10.30%	43.00%	9.44%	
SEMCO Energy Gas	29-Mar-05	MI	11.00%	NA		
Vectren Energy OH	13-Apr-05	OH	10.60%	48.10%	10.12%	
Michigan Consolidated Gas	28-Apr-05	MI	11.00%	39.31%	9.70%	
AmerenIP -- IL	17-May-05	IL	10.00%	53.09%	9.91%	
Centerpoint Energy Minn	8-Jun-05	MN	10.18%	50.27%	9.88%	
Atlanta Gas Light	10-Jun-05	GA	10.90%	NA		
Entergy Gulf States	6-Jul-05	LA	10.50%	47.52%	9.98%	
Wisconsin P&L	19-Jul-05	WI	11.50%	61.75%	12.34%	
Northern States Power	11-Aug-05	MN	10.40%	50.24%	10.10%	
Centerpoint Energy Ark.	19-Sep-05	AR	9.45%	31.80%	8.05%	
Northern Ill./Nicor	30-Sep-05	IL	10.51%	56.37%	10.70%	
Oklahoma NG	4-Oct-05	OK	9.90%	46.76%	9.37%	

IEC Cost of Capital Analysis

Authorized Returns by Regulatory Commissions

	Date	Jurisdiction	Equity Return	Equity Ratio	Norm Equity Return 1	Std. Debt
Interstate P&L	14-Oct-05	IA	10.40%	49.35%	10.03%	
South Carolina E&G	31-Oct-05	SC	10.25%	50.75%	9.99%	
Arkansas Western Gas	2-Nov-05	AR	9.70%	33.03%	8.29%	
Bay State Gas	30-Nov-05	MA	10.00%	53.95%	9.97%	
Arkansas Oklahoma Gas	9-Dec-05	AR	9.70%	41.04%	8.81%	
Madison G&E	12-Dec-05	WI	11.00%	56.65%	11.27%	
PG&E	16-Dec-05	CA	11.35%	52.00%	11.21%	
SDG&E	16-Dec-05	CA	10.70%	49.00%	10.29%	
BG&E	21-Dec-05	MD	11.00%	48.40%	10.52%	
Avista Corp	21-Dec-05	WA	10.40%	40.00%	9.29%	
Wisconsin PS	22-Dec-05	WI	11.00%	59.73%	11.55%	
Union Light, H&P	22-Dec-05	KY	10.20%	54.45%	10.22%	
Southern Connecticut Gas	28-Dec-05	CT	10.00%	51.28%	9.78%	
Northern States Power	5-Jan-06	WI	11.00%	53.66%	11.00%	
Wisconsin Electric Power	25-Jan-06	WI	11.20%	56.34%	11.46%	
Wisconsin Gas	25-Jan-06	WI	11.20%	50.20%	10.88%	
PS of Colorado	3-Feb-06	CO	10.50%	55.49%	10.62%	
Southwest Gas	23-Feb-06	AZ	9.50%	40.00%	8.59%	
Aquila	1-Mar-06	IA	10.40%	51.39%	10.19%	
<b>Average</b>			<b>10.68%</b>	<b>49.03%</b>	<b>10.55%</b>	
<b>Median</b>			<b>10.50%</b>	<b>49.99%</b>	<b>10.30%</b>	
<b>Std. Dev'n</b>			<b>0.63%</b>	<b>6.75%</b>	<b>1.04%</b>	
<b>Slope</b>			<b>-0.0007%</b>		<b>-0.0006%</b>	
<b>Intercept</b>			<b>35.6640%</b>		<b>31.8371%</b>	
Fitted at mid-test year	31-Jul-06		10.25%		9.87%	

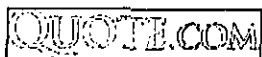
Figure IEC-2  
Trends in Allowed Equity Returns



## IEc Cost of Capital Analysis

## SIC Code 4924 Analysis from Ibbotson Associates Cost of Capital Yearbooks

	Cost of Capital Edition		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
	1994	1995												
<i>General</i>														
Market Premium												7.19%	7.17%	7.08%
LT Gov't Bond Risk Free Rate												4.74%	4.88%	5.07%
<i>SIC 4924: Gas Distribution</i>														
<i>Betas</i>														
Levered Adjusted Beta Median	34.00%	0.31	0.38	0.53	0.44	0.27	0.27	0.10	0.06	0.07	0.12	0.05	0.25	
Levered Adjusted Beta Comp	42.00%	0.45	0.55	0.61	0.53	0.33	0.37	0.16	0.08	0.12	0.19	0.35	0.41	
<i>CAPM Returns</i>														
CAPM Median	10.57%	7.68%	9.68%	11.15%	9.41%	7.93%	8.40%	6.39%	6.52%	5.35%	5.57%	5.23%	6.85%	
CAPM Composite	11.13%	8.29%	10.91%	11.76%	10.15%	8.55%	9.17%	6.84%	6.66%	5.72%	6.13%	7.36%	7.96%	
<i>DCF Returns</i>														
Single Stage DCF Median	12.24%	11.23%	10.53%	10.78%	9.90%	10.59%	10.43%	9.90%	9.54%	10.01%	8.91%	9.09%	8.13%	
Single Stage DCF Composite	11.82%	10.94%	10.23%	10.50%	10.17%	6.04%	NMF	5.82%	NMF	5.91%	NMF	5.96%	NMF	
Three Stage DCF Median	14.11%	13.38%	11.04%	12.32%	12.12%	11.35%	11.60%	10.25%	10.00%	9.85%	9.20%	8.95%	8.70%	
Three Stage DCF Composite	13.46%	NMF	NMF	11.63%	10.80%	10.20%	11.20%	10.40%	11.70%	11.30%	10.80%	10.30%	10.20%	
<i>3-Factor Fama-French Returns</i>														
3FF Median	N/A	10.65%	11.40%	14.61%	13.95%	11.43%	11.00%	7.31%	8.83%	6.72%	7.21%	6.72%	8.55%	
3FF Composite	N/A	11.59%	12.14%	15.25%	15.13%	13.90%	11.98%	7.74%	8.18%	7.20%	6.97%	9.72%	9.26%	
<i>Average of All Methods</i>														
Median	12.22%	10.50%	10.88%	12.25%	11.45%	10.00%	10.57%	8.08%	8.78%	7.76%	7.84%	7.92%	8.60%	
Composite	12.31%	10.74%	10.66%	12.22%	11.35%	10.33%	10.36%	8.46%	8.72%	7.98%	7.72%	7.50%	8.06%	
	12.14%	10.27%	11.09%	12.29%	11.56%	9.67%	10.78%	7.70%	8.85%	7.53%	7.97%	8.34%	9.14%	

Enter Symbol: 

Quote

Submit

Lookup symbol



Members: Login

- Get streaming charts
- My account
- Help

[Home](#)[LiveCharts](#)[News](#)[Most Actives](#)[Personal Finance](#)[Portfolios](#)

Visit The New Quote.com: [Futures](#) [FOREX](#) [ETFs](#) [WorldMarkets](#)

## **multex** Fundamentals **Atmos Energy Cp** NYSE: ATO

Per share data.

Per share data <small>USD</small>	\$Value	1 year change
Earnings (MRQ)	-0.22	-501.04%
Earnings (TTM)	1.54	-16.78%
Earnings growth rate - 5 year	8.62%	N/A

Other per share data.

Other per share data <small>USD</small>	\$Value
Revenue (TTM)	77.05
Book value (MRQ) <small>USD</small>	20.41
Cash (MRQ)	1.04

Dividend information

Dividend information	Value
Dividend per share (MRQ)	1.24
Indicated annual dividend	1.26
Dividend yield	4.40%
Record date	25 August 2006
Payable date	11 September 2006
Ex-date	23 August 2006
Dividend change - year over year	0.32%
Dividend growth rate - 5 year	1.20%

Short interest.

Short interest <small>USD</small>	Current	1 month change
Shares short	5.20	120.81%
Short interest ratio	20.88	181.99%
Percentage of float	6.57	120.83%

Institutional ownership.

Institutional ownership <small>USD</small>	Current	Change from previous quarter
Shares owned <small>USD</small>	47.12 M or 57.74%	1.16%
Net shares purchased (MRQ)	0.63 M	-79.18%

**Price statistics are calculated from close of 12 August 2006.** Hover your mouse over USD for more information on those data points that have an icon.

## Overview of the company

For the nine months ended 30 June 2006, Atmos

Energy Corp.'s, revenues rose 31% to \$5.18B. Net income fell 7% to \$141.7M. Revenues reflect increased sales from the Utility segment due to higher franchise fees and higher Natural Gas Marketing segment sales due to favorable arbitrage spreads. Net income was offset due to higher operation & maintenance expense, increased depreciation & amortization expense and higher taxes other than income.

Get ATO's [latest analyst recommendation](#).

This summary was updated 12 August 2006.

#### Insider trading.

Insider trading <small>USD</small>	Value
------------------------------------	-------

Percentage owned USD 3.06%

Insider net shares bought 0.00 M

[ATO insider trading activity](#) »

#### Trading statistics.

Trading statistics	Value
--------------------	-------

Last close \$28.67

52 week high  \$29.74

52 week low  \$25.00

Year to date price change (YTD) +9.59%

Change relative to S&P 500 (YTD) +4.35%

Beta USD 0.28

#### Share related.

Share-related	Value
---------------	-------

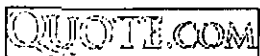
Market cap \$2,339 M

Total shares outstanding USD 81.60 M

Float 79.10 M

#### Valuation Ratios.

Valuation Ratios	\$ Value	1 year ago
P/E (TTM)	18.65	19.63%
P/E - 5 year average (monthly intervals) <small>USD</small>	15.20	N/A
Price/Sales (TTM)	0.38	-27.03%
Price/Book (MRQ)	1.40	-3.77%
Price/Cash Flow (TTM)	7.61	0.85%

Enter Symbol: 

Quote

Lookup symbol



Members: Login

- Get streaming charts
- My account
- Help

[Home](#)[LiveCharts](#)[News](#)[Most Actives](#)[Personal Finance](#)[Portfolios](#)[Visit The New Quote.com: Futures FOREX ETFs WorldMarkets](#)[RECENT QUOTES: CGC ATC](#)[multex Fundamentals](#)**Cascade Nat Gas Cp** NYSE: **CGC**

Per share data.

Per share data <small>USD</small>	\$Value	1 year change
Earnings (MRQ)	-0.05	53.73%
Earnings (TTM)	1.13	24.17%
Earnings growth rate - 5 year	-10.13%	N/A

Other per share data.

Other per share data <small>USD</small>	\$Value
Revenue (TTM)	38.94
Book value (MRQ) <small>USD</small>	11.14
Cash (MRQ)	3.09

Dividend information

Dividend information	Value
Dividend per share (MRQ)	0.96
Indicated annual dividend	0.96
Dividend yield	3.74%
Record date	31 July 2006
Payable date	15 August 2006
Ex-date	27 July 2006
Dividend change - year over year	0.24%
Dividend growth rate - 5 year	0.96%

Short interest.

Short interest <small>USD</small>	Current	1 month change
Shares short	0.46	-0.22%
Short interest ratio	5.06	12.94%
Percentage of float	4.04	-0.22%

Institutional ownership.

Institutional ownership <small>USD</small>	Current	Change from previous quarter
Shares owned <small>USD</small>	5.32 M or 46.25%	8.00%
Net shares purchased (MRQ)	0.40 M	-43.27%

Price statistics are calculated from close of 17 August 2006. Hover your mouse over USD for more information on those data points that have an icon.

**Overview of the company**

For the nine months ended 30 June 2006, Cascade Natural Gas Corporation's revenues increased 43% to \$397.8M. Net income increased 28% to \$16.5M.

Revenues reflect strong residential & commercial customer growth. Net income was partially offset by increased finance cost. The Company is a local distribution company serving customers in the States of Washington & Oregon and provides natural gas transmission and distribution.

Get CGC's [latest analyst recommendation](#).

This summary was updated 17 August 2006.

#### Insider trading.

Insider trading <small>urD</small>	Value
------------------------------------	-------

Percentage owned urD 0.92%

Insider net shares bought 0.00 M

[CGC insider trading activity](#) »

#### Trading statistics.

Trading statistics	Value
--------------------	-------

Last close \$25.68

52 week high urD \$26.30

52 week low urD \$18.95

Year to date price change (YTD) +31.62%

Change relative to S&P 500 (YTD) +25.33%

Beta urD 0.38

#### Share related.

Share-related	Value
---------------	-------

Market cap \$295 M

Total shares outstanding urD 11.51 M

Float 11.40 M

#### Valuation Ratios.

Valuation Ratios	\$ Value	1 year ago
------------------	----------	------------

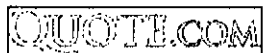
P/E (TTM) 22.82 0.89%

P/E - 5 year average (monthly intervals) urD 19.54 N/A

Price/Sales (TTM) 0.66 -8.93%

Price/Book (MRQ) 2.31 18.21%

Price/Cash Flow (TTM) 9.63 13.64%

Enter Symbol: 

Quote

Submit

Lookup symbol



Members: Login

- Get streaming charts
- My account
- Help

[Home](#)[LiveCharts](#)[News](#)[Most Actives](#)[Personal Finance](#)[Portfolios](#)

Visit The New Quote.com: [Futures](#) [FOREX](#) [ETFs](#) [WorldMarkets](#) RECENT QUOTES: [LG](#) [CGC](#)

## [multex Fundamentals](#) Laclede Group Inc NYSE: LG

Per share data.

Per share data <sup>USD</sup>	\$Value	1 year change
Earnings (MRQ)	0.13	-55.61%
Earnings (TTM)	2.11	12.89%
Earnings growth rate - 5 year	6.76%	N/A

Other per share data.

Other per share data <sup>USD</sup>	\$Value
Revenue (TTM)	94.04
Book value (MRQ) <sup>USD</sup>	19.11
Cash (MRQ)	1.50

Dividend information

Dividend information	Value
Dividend per share (MRQ)	1.38
Indicated annual dividend	1.42
Dividend yield	4.37%
Record date	11 September 2006
Payable date	2 October 2006
Ex-date	7 September 2006
Dividend change - year over year	0.36%
Dividend growth rate - 5 year	1.35%

Short interest.

Short interest <sup>USD</sup>	Current	1 month change
Shares short	1.45	-14.22%
Short interest ratio	11.36	-33.65%
Percentage of float	7.23	-14.22%

Institutional ownership.

Institutional ownership <sup>USD</sup>	Current	Change from previous quarter
Shares owned <sup>USD</sup>	10.20 M or 47.77%	7.42%
Net shares purchased (MRQ)	0.71 M	-29.31%

Price statistics are calculated from close of 3 August 2006. Hover your mouse over <sup>USD</sup> for more information on those data points that have an icon.

## Overview of the company

For the nine months ended 30 June 2006, The Laclede

Group Inc.'s revenues rose 30% to \$1.73B. Net income applicable to Common rose 10% to \$49.8M. Revenues reflect higher sales from regulated gas distribution, non regulated services and non regulated gas marketing divisions due to higher price volatility. Net income was partially offset by higher maintenance costs and increased depreciation & amortization expenses

Get LG's [latest analyst recommendation](#).

This summary was updated 3 August 2006.

#### Insider trading.

Insider trading <small>USD</small>	Value
------------------------------------	-------

Percentage owned USD 5.89%

Insider net shares bought 0.00 M

[LG insider trading activity](#) »

#### Trading statistics.

Trading statistics	Value
--------------------	-------

Last close \$32.50

52 week high  \$35.65

52 week low  \$28.60

Year to date price change (YTD) +11.26%

Change relative to S&P 500 (YTD) +5.94%

Beta USD 0.48

#### Share related.

Share-related	Value
---------------	-------

Market cap \$694 M

Total shares outstanding USD 21.36 M

Float 20.10 M

#### Valuation Ratios.

Valuation Ratios	\$ Value	1 year ago
------------------	----------	------------

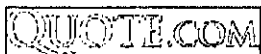
P/E (TTM) 15.43 -9.35%

P/E - 5 year average (monthly intervals) USD 16.33 N/A

Price/Sales (TTM) 0.35 -20.73%

Price/Book (MRQ) 1.70 -4.80%

Price/Cash Flow (TTM) 9.46 -13.18%



Enter Symbol:

Quote

Submit

Lookup symbol



Members: Login

- Get streaming charts
- My account
- Help

[Home](#)[LiveCharts](#)[News](#)[Most Actives](#)[Personal Finance](#)[Portfolios](#)[Visit The New Quote.com: Futures FOREX ETFs WorldMarkets](#)[RECENT QUOTES: NJR LG](#)**multexFundamentals** **N J Resources Cp** NYSE: NJR

Per share data.

Per share data <sup>MRQ</sup>	\$Value	1 year change
Earnings (MRQ)	-0.14	-314.20%
Earnings (TTM)	2.96	6.84%
Earnings growth rate - 5 year	8.65%	N/A

Other per share data.

Other per share data <sup>MRQ</sup>	\$Value
Revenue (TTM)	122.80
Book value (MRQ) <sup>MRQ</sup>	21.23
Cash (MRQ)	0.17

Dividend information

Dividend information	Value
Dividend per share (MRQ)	1.36
Indicated annual dividend	1.44
Dividend yield	2.91%
Record date	15 September 2006
Payable date	2 October 2006
Ex-date	13 September 2006
Dividend change - year over year	0.36%
Dividend growth rate - 5 year	1.25%

Short interest.

Short interest <sup>MRQ</sup>	Current	1 month change
Shares short	2.13	-1.48%
Short interest ratio	12.24	4.75%
Percentage of float	7.61	-1.48%

Institutional ownership.

Institutional ownership <sup>MRQ</sup>	Current	Change from previous quarter
Shares owned <sup>MRQ</sup>	16.56 M or 58.98%	10.31%
Net shares purchased (MRQ)	1.83 M	40.57%

**Price statistics are calculated from close of 14 August 2006.** Hover your mouse over <sup>MRQ</sup> for more information on those data points that have an icon.

## Overview of the company

For the nine months ended 30 June 2006, New Jersey



Resources Corporation's revenues increased 12% to \$2.77B. Net income increased 8% to \$90.5M. Revenues reflect an increase in contribution from NJRES Energy Services segments. Net income was partially offset by higher gas purchases expense, increase in energy and other taxes, higher operation & maintenance expense and increased interest charges. Get NJR's [latest analyst recommendation](#). This summary was updated 14 August 2006.

## Insider trading.

Insider trading <small>USD</small>	Value
Percentage owned <small>USD</small>	0.29%
Insider net shares bought	-0.22 M

[NJR insider trading activity](#) »

## Trading statistics.

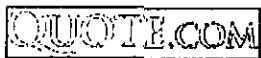
Trading statistics	Value
Last close	\$49.51
52 week high 	\$51.39
52 week low 	\$40.68
Year to date price change (YTD)	+18.19%
Change relative to S&P 500 (YTD)	+12.54%
Beta <small>USD</small>	0.07

## Share related.

Share-related	Value
Market cap	\$1,390 M
Total shares outstanding <small>USD</small>	28.08 M
Float	28.00 M

## Valuation Ratios.

Valuation Ratios	\$ Value	1 year ago
P/E (TTM)	16.73	-3.96%
P/E - 5 year average (monthly intervals) <small>USD</small>	15.83	N/A
Price/Sales (TTM)	0.40	-14.44%
Price/Book (MRQ)	2.33	-5.74%
Price/Cash Flow (TTM)	11.82	-2.92%

Enter Symbol: 

Quote

Lookup symbol



Members: Login

• Get streaming charts

• My account

• Help

[Home](#)[LiveCharts](#)[News](#)[Most Actives](#)[Personal Finance](#)[Portfolios](#)[Visit The New Quote.com: Futures FOREX ETFs WorldMarkets](#)[RECENT QUOTES: GAS NJF](#)**multex** **Fundamentals** **Nicor Inc** NYSE: **GAS**

Per share data.

Per share data <small>urD</small>	\$Value	1 year change
Earnings (MRQ)	0.19	-74.67%
Earnings (TTM)	2.51	-1.58%
Earnings growth rate - 5 year	31.98%	N/A

Other per share data.

Other per share data <small>urD</small>	\$Value
Revenue (TTM)	78.03
Book value (MRQ) <small>urD</small>	18.59
Cash (MRQ)	5.09

Dividend information

Dividend information	Value
Dividend per share (MRQ)	1.86
Indicated annual dividend	1.86
Dividend yield	4.27%
Record date	29 September 2006
Payable date	1 November 2006
Ex-date	27 September 2006
Dividend change - year over year	0.47%
Dividend growth rate - 5 year	1.84%

Short interest.

Short interest <small>urD</small>	Current	1 month change
Shares short	6.70	-3.82%
Short interest ratio	18.36	9.35%
Percentage of float	15.26	-3.82%

Institutional ownership.

Institutional ownership <small>urD</small>	Current	Change from previous quarter
Shares owned <small>urD</small>	32.56 M or 73.11%	-0.43%
Net shares purchased (MRQ)	-0.45 M	-110.16%

Price statistics are calculated from close of 3 August 2006. Hover your mouse over urD for more information on those data points that have an icon.

**Overview of the company**

For the six months ended 30 June 2006, Nicor Inc.'s revenues increased 6% to \$1.77B. Net income decreased 32% to \$52.4M. Revenues reflect higher average distribution rates due to new tariffs filed to implement a base rate increase. Net income was offset by higher cost of gas, an increase in operating & maintenance expense, higher depreciation expense and increased interest expense, net of amounts capitalized.

Get GAS's [latest analyst recommendation](#).

This summary was updated 3 August 2006.

#### Insider trading.

Insider trading <small>USD</small>	Value
Percentage owned <small>USD</small>	1.43%
Insider net shares bought	-0.14 M

#### [GAS insider trading activity](#) »

#### Trading statistics.

Trading statistics	Value
Last close	\$43.53
52 week high <input type="checkbox"/>	\$44.40
52 week low <input type="checkbox"/>	\$37.42
Year to date price change (YTD)	+10.74%
Change relative to S&P 500 (YTD)	+5.45%
Beta <small>USD</small>	0.84

#### Share related.

Share-related	Value
Market cap	\$1,939 M
Total shares outstanding <small>USD</small>	44.54 M
Float	43.90 M

#### Valuation Ratios.

Valuation Ratios	\$ Value	1 year ago
P/E (TTM)	17.34	7.43%
P/E - 5 year average (monthly intervals) <small>USD</small>	14.50	N/A
Price/Sales (TTM)	0.56	-12.36%
Price/Book (MRQ)	2.34	0.82%
Price/Cash Flow (TTM)	7.20	4.19%

Enter Symbol: 

Quote

Lookup symbol



Members: Login

- Get streaming charts
- My account
- Help

[Home](#)[LiveCharts](#)[News](#)[Most Actives](#)[Personal Finance](#)[Portfolios](#)[Visit The New Quote.com: Futures FOREX ETFs WorldMarkets](#)[RECENT QUOTES: NWN GA](#)[mulfex Fundamentals](#)

## Northwest Nat Gas NYSE: NWN

Per share data.

Per share data <small>USD</small>	\$Value	1 year change
Earnings (MRQ)	0.07	76.32%
Earnings (TTM)	2.18	1.64%
Earnings growth rate - 5 year	3.36%	N/A

Other per share data.

Other per share data <small>USD</small>	\$Value
Revenue (TTM)	36.57
Book value (MRQ) <small>USD</small>	22.18
Cash (MRQ)	0.24

Dividend information

Dividend information	Value
Dividend per share (MRQ)	1.32
Indicated annual dividend	1.38
Dividend yield	3.59%
Record date	31 July 2006
Payable date	15 August 2006
Ex-date	27 July 2006
Dividend change - year over year	0.35%
Dividend growth rate - 5 year	1.28%

Short interest.

Short interest <small>USD</small>	Current	1 month change
Shares short	1.32	-27.77%
Short interest ratio	10.53	-12.75%
Percentage of float	4.82	-27.76%

Institutional ownership.

Institutional ownership <small>USD</small>	Current	Change from previous quarter
Shares owned <small>USD</small>	14.37 M or 52.15%	9.46%
Net shares purchased (MRQ)	1.25 M	214.82%

Price statistics are calculated from close of 7 August 2006. Hover your mouse over USD for more information on those data points that have an icon.

## Overview of the company

For the six months ended 30 June 2006, Northwest

Natural Gas Company's, revenues increased 21% to \$561.4M. Net income increased 5% to \$43M. Revenues reflect increased sales due to higher billing rates as a result of increased gas costs and higher volumes delivered. Net income was partially offset by higher operational & maintenance expenses, increased depreciation & amortisation charges and higher general taxes.

Get NWN's [latest analyst recommendation](#).  
This summary was updated 7 August 2006.

#### Insider trading.

Insider trading <small>USD</small>	Value
Percentage owned <small>USD</small>	0.90%
Insider net shares bought	0.00 M

[NWN insider trading activity](#) »

#### Trading statistics.

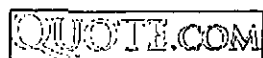
Trading statistics	Value
Last close	\$38.45
52 week high	\$38.55
52 week low	\$32.83
Year to date price change (YTD)	+12.49%
Change relative to S&P 500 (YTD)	+7.11%
Beta <small>USD</small>	0.13

#### Share related.

Share-related	Value
Market cap	\$1,059 M
Total shares outstanding <small>USD</small>	27.55 M
Float	27.30 M

#### Valuation Ratios.

Valuation Ratios	\$ Value	1 year ago
P/E (TTM)	17.66	-1.08%
P/E - 5 year average (monthly intervals) <small>USD</small>	16.39	N/A
Price/Sales (TTM)	1.05	-20.59%
Price/Book (MRQ)	1.73	1.11%
Price/Cash Flow (TTM)	8.61	-3.16%

Enter Symbol: 

Quote

Submit

Lookup symbol



Members: Login

- Get streaming charts
- My account
- Help

[Home](#)[LiveCharts](#)[News](#)[Most Actives](#)[Personal Finance](#)[Portfolios](#)[Visit The New Quote.com: Futures FOREX ETFs WorldMarkets](#)[RECENT QUOTES: PGL NW](#)[multex Fundamentals](#)**Peoples Energy Cp** NYSE: PGL

Per share data.

Per share data <sup>MRQ</sup>	\$Value	1 year change
Earnings (MRQ)	-0.36	-380.87%
Earnings (TTM)	-0.02	-101.25%
Earnings growth rate - 5 year	-2.64%	N/A

Other per share data.

Other per share data	\$Value
Revenue (TTM)	78.54
Book value (MRQ) <sup>MRQ</sup>	21.62
Cash (MRQ)	4.09

Dividend information

Dividend information	Value
Dividend per share (MRQ)	2.18
Indicated annual dividend	2.18
Dividend yield	5.17%
Record date	22 September 2006
Payable date	13 October 2006
Ex-date	20 September 2006
Dividend change - year over year	0.55%
Dividend growth rate - 5 year	2.11%

Short interest.

Short interest <sup>MRQ</sup>	Current	1 month change
Shares short	3.14	-29.40%
Short interest ratio	6.65	-16.99%
Percentage of float	8.26	-29.39%

Institutional ownership.

Institutional ownership <sup>MRQ</sup>	Current	Change from previous quarter
Shares owned <sup>MRQ</sup>	26.11 M or 67.87%	5.94%
Net shares purchased (MRQ)	1.47 M	-19.03%

**Price statistics are calculated from close of 10 August 2006.** Hover your mouse over <sup>MRQ</sup> for more information on those data points that have an icon.

## Overview of the company

For the nine months ended 30 June 2006, Peoples

Energy Corporation's revenues increased 19% to \$2.63B. Net income from continuing operations decreased 98% to \$1.5M. Revenues reflect increased earnings from Gas Distribution, Energy Marketing and Oil & Gas Production business segments. Net income was offset by the presence of gas charge settlement, increased operation & maintenance costs and higher interest expenses.

Get PGL's [latest analyst recommendation](#).

This summary was updated 10 August 2006.

#### Insider trading.

Insider trading <small>USD</small>	Value
Percentage owned <small>USD</small>	1.22%
Insider net shares bought	0.00 M

[PGL insider trading activity](#) »

#### Trading statistics.

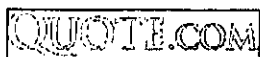
Trading statistics	Value
Last close	\$42.15
52 week high	\$43.87
52 week low	\$34.34
Year to date price change (YTD)	+20.19%
Change relative to S&P 500 (YTD)	+14.44%
Beta <small>USD</small>	0.46

#### Share related.

Share-related	Value
Market cap	\$1,622 M
Total shares outstanding <small>USD</small>	38.47 M
Float	38.00 M

#### Valuation Ratios.

Valuation Ratios	\$ Value	1 year ago
P/E (TTM)	N/A	N/A
P/E - 5 year average (monthly intervals) <small>USD</small>	15.87	N/A
Price/Sales (TTM)	0.54	-17.36%
Price/Book (MRQ)	1.95	7.79%
Price/Cash Flow (TTM)	14.05	57.70%

Enter Symbol: 

Quote

Lookup symbol



Members: Login

- Get streaming charts
- My account
- Help

[Home](#)[LiveCharts](#)[News](#)[Most Actives](#)[Personal Finance](#)[Portfolios](#)[Visit The New Quote.com: Futures FOREX ETFs WorldMarkets](#)[RECENT QUOTES: PNY PGI](#)**multexFundamentals** **Piedmont Nat Gas Co** NYSE: PNY

Per share data.

Per share data <small>USD</small>	\$Value	1 year change
Earnings (MRQ)	0.57	11.16%
Earnings (TTM)	1.38	18.10%
Earnings growth rate - 5 year	5.48%	N/A

Other per share data.

Other per share data <small>USD</small>	\$Value
Revenue (TTM)	25.72
Book value (MRQ) <small>USD</small>	12.37
Cash (MRQ)	0.27

Dividend information

Dividend information	Value
Dividend per share (MRQ)	0.91
Indicated annual dividend	0.96
Dividend yield	3.71%
Record date	22 September 2006
Payable date	13 October 2006
Ex-date	20 September 2006
Dividend change - year over year	0.24%
Dividend growth rate - 5 year	0.83%

Short interest.

Short interest <small>USD</small>	Current	1 month change
Shares short	6.51	-0.21%
Short interest ratio	25.53	111.70%
Percentage of float	8.74	-0.22%

Institutional ownership.

Institutional ownership <small>USD</small>	Current	Change from previous quarter
Shares owned <small>USD</small>	33.01 M or 43.85%	5.83%
Net shares purchased (MRQ)	1.98 M	-26.32%

Price statistics are calculated from close of 14 June 2006. Hover your mouse over USD for more information on those data points that have an icon.

**Overview of the company**

For the six months ended 30 April 2006, Piedmont

Natural Gas Co.'s revenues increased 18% to \$1.4B. Net income increased 4% to \$115.7M. Revenues reflect increased commodity gas costs passed through to customers. Net income was partially offset by increased operations & maintenance expenses due to higher restructuring costs associated with the early retirement program and increased depreciation expense due to higher plant in service. Get PNY's [latest analyst recommendation](#). This summary was updated 14 June 2006.

## Insider trading.

Insider trading <small>USD</small>	Value
Percentage owned <small>USD</small>	1.03%
Insider net shares bought	-0.02 M

[PNY insider trading activity](#) >

## Trading statistics.

Trading statistics	Value
Last close	\$25.89
52 week high <small>USD</small>	\$26.20
52 week low <small>USD</small>	\$21.26
Year to date price change (YTD)	+7.16%
Change relative to S&P 500 (YTD)	+2.04%
Beta <small>USD</small>	0.38

## Share related.

Share-related	Value
Market cap	\$1,949 M
Total shares outstanding <small>USD</small>	75.28 M
Float	74.50 M

## Valuation Ratios.

Valuation Ratios	\$ Value	1 year ago
P/E (TTM)	18.71	-4.48%
P/E - 5 year average (monthly intervals) <small>USD</small>	17.71	N/A
Price/Sales (TTM)	0.99	-9.71%
Price/Book (MRQ)	2.09	3.20%
Price/Cash Flow (TTM)	9.73	-4.32%

Enter Symbol: 

Quote

Lookup symbol



Members: Login  
 • Get streaming charts  
 • My account  
 • Help

[Home](#)[LiveCharts](#)[News](#)[Most Actives](#)[Personal Finance](#)[Portfolios](#)[Visit The New Quote.com: Futures FOREX ETFs WorldMarkets](#)[RECENT QUOTES: WGL PN](#)**WGL Holdings Inc** NYSE: WGL

Per share data.

Per share data	\$Value	1 year change
Earnings (MRQ)	-0.01	92.12%
Earnings (TTM)	1.85	-7.26%
Earnings growth rate - 5 year	3.37%	N/A

Other per share data.

Other per share data	\$Value
Revenue (TTM)	53.07
Book value (MRQ)	19.99
Cash (MRQ)	1.81

Dividend information

Dividend information	Value
Dividend per share (MRQ)	1.32
Indicated annual dividend	1.35
Dividend yield	4.38%
Record date	10 July 2006
Payable date	1 August 2006
Ex-date	6 July 2006
Dividend change - year over year	0.34%
Dividend growth rate - 5 year	1.28%

Short interest.

Short interest	Current	1 month change
Shares short	3.68	-29.48%
Short interest ratio	12.68	-29.48%
Percentage of float	7.61	-29.48%

Institutional ownership.

Institutional ownership	Current	Change from previous quarter
Shares owned	30.26 M or 62.04%	9.10%
Net shares purchased (MRQ)	2.51 M	-29.96%

**Price statistics are calculated from close of 10 August 2006.** Hover your mouse over for more information on those data points that have an icon.

## Overview of the company

For the nine months ended 30 June 2006, WGL

Holdings, Inc.'s revenues increased 23% to \$2.31B. Net income from continuing operations applicable to Common decreased 12% to \$101.9M. Revenues reflect a significant increase in revenues from Regulated Utility and Non-Utility operations. Net income was offset by a decrease in operating margins, an increase in other operating expenses, increased depreciation & amortization expenses and higher interest expenses. Get WGL's [latest analyst recommendation](#). This summary was updated 10 August 2006.

## Insider trading.

Insider trading <small>trD</small>	Value
Percentage owned <small>trD</small>	0.97%
Insider net shares bought	-0.08 M

## WGL insider trading activity »

## Trading statistics.

Trading statistics	Value
Last close	\$30.85
52 week high <input type="checkbox"/>	\$33.49
52 week low <input type="checkbox"/>	\$27.04
Year to date price change (YTD)	+2.63%
Change relative to S&P 500 (YTD)	+2.28%
Beta <small>trD</small>	0.26

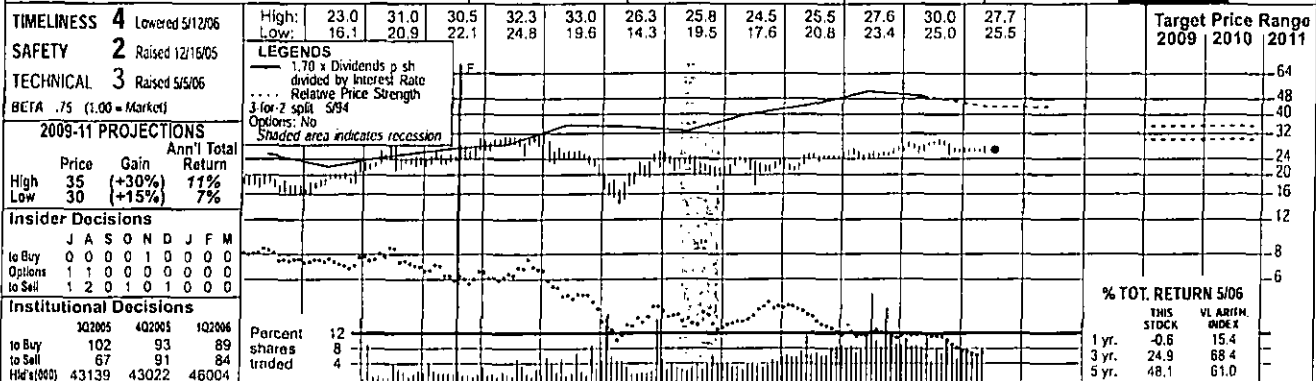
## Share related.

Share-related	Value
Market cap	\$1,505 M
Total shares outstanding <small>trD</small>	48.77 M
Float	48.30 M.

## Valuation Ratios.

Valuation Ratios	\$ Value	1 year ago
P/E (TTM)	16.71	-1.12%
P/E - 5 year average (monthly intervals) <small>trD</small>	15.51	N/A
Price/Sales (TTM)	0.58	-23.18%
Price/Book (MRQ)	1.59	-8.52%
Price/Cash Flow (TTM)	8.21	-6.27%

# ATMOS ENERGY CORP. NYSE-ATO



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	% VALUE LINE PUB. INC.	09-11
Price	30.19	30.59	27.90	22.09	26.61	35.36	22.82	54.39	46.50	61.75	85.00	88.10	Revenues per sh <sup>A</sup>	110.00
High	2.80	2.85	3.38	2.62	3.01	3.03	3.39	3.23	2.91	3.90	4.05	4.25	"Cash Flow" per sh	5.30
Low	1.51	1.34	1.84	.81	1.03	1.47	1.45	1.71	1.58	1.72	1.85	1.95	Earnings per sh <sup>A,B</sup>	2.50
Options to Buy	.96	1.01	1.06	1.10	1.14	1.16	1.18	1.20	1.22	1.24	1.26	1.28	Div'ds Decl'd per sh <sup>C,W</sup>	1.35
Options to Sell	4.84	4.13	4.44	3.53	2.36	2.77	3.17	3.10	3.03	4.14	5.00	5.90	Cap'l Spending per sh	7.30
Institutional Decisions	10.75	11.04	12.21	12.09	12.28	14.31	13.75	16.66	18.05	19.90	21.00	21.75	Book Value per sh	24.10
Insider Decisions	16.02	29.64	30.40	31.25	31.95	40.79	41.68	51.48	62.80	80.54	82.00	84.00	Common Shs Outst'g <sup>D</sup>	100.00
Percent shares traded	15.1	17.9	15.4	33.0	18.9	15.6	15.2	13.4	15.9	16.1	16.1	15.9	Avg Ann'l P/E Ratio	13.0
to Buy	.95	1.03	.80	1.88	1.23	.80	.83	.76	.84	.84	.84	.84	Relative P/E Ratio	.85
to Sell	4.2%	4.2%	3.7%	4.1%	5.9%	5.1%	5.4%	5.2%	4.9%	4.5%	4.5%	4.5%	Avg Ann'l Div'd Yield	4.2%
Mid's (M)	483.7	906.8	848.2	690.2	850.2	1442.3	950.8	2799.9	2920.0	4973.3	6970	7400	Revenues (\$mill) <sup>A</sup>	11000
to Buy	23.9	39.2	55.3	25.0	32.2	56.1	59.7	79.5	86.2	135.8	150	165	Net Profit (\$mill)	250
to Sell	35.7%	37.5%	36.5%	35.0%	36.1%	37.3%	37.1%	37.1%	37.4%	37.7%	37.5%	37.5%	Income Tax Rate	38.0%
Mid's (M)	5.0%	4.3%	6.5%	3.6%	3.8%	3.9%	6.3%	2.8%	3.0%	2.7%	2.2%	2.2%	Net Profit Margin	2.3%
to Buy	41.5%	48.1%	51.8%	50.0%	48.1%	54.3%	53.9%	50.2%	43.2%	57.7%	57.0%	57.0%	Long-Term Debt Ratio	55.0%
to Sell	58.5%	51.9%	48.2%	50.0%	51.9%	45.7%	46.1%	49.8%	56.8%	42.3%	43.0%	43.0%	Common Equity Ratio	45.0%
to Buy	294.6	630.2	769.7	755.1	755.7	1276.3	1243.7	1721.4	1994.8	3785.5	4000	4250	Total Capital (\$mill)	5350
to Sell	413.6	849.1	917.9	965.8	982.3	1335.4	1300.3	1516.0	1722.5	3374.4	3675	3975	Net Plant (\$mill)	5000
to Buy	10.6%	8.3%	9.0%	5.1%	6.5%	5.9%	6.8%	6.2%	5.8%	5.3%	5.5%	5.5%	Return on Total Cap'l	6.5%
to Sell	13.9%	12.0%	14.9%	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	8.5%	9.0%	Return on Shr. Equity	10.5%
to Buy	13.9%	12.0%	14.9%	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	8.5%	9.0%	Return on Com Equity	10.5%
to Sell	5.1%	3.9%	6.3%	NMF	NMF	2.1%	1.9%	2.8%	1.7%	2.3%	2.5%	3.0%	Retained to Com Eq	5.0%
to Buy	64%	67%	58%	NMF	112%	79%	82%	70%	77%	73%	69%	65%	All Div'ds to Net Prof	54%
to Sell	5.1%	3.9%	6.3%	NMF	NMF	2.1%	1.9%	2.8%	1.7%	2.3%	2.5%	3.0%		

Atmos Energy's history dates back to 1906 in the Texas Panhandle. Over the years, through various mergers, it became part of Pioneer Corporation, and, in 1981, Pioneer named its gas distribution division Energas. In 1983, Pioneer organized Energas as a separate subsidiary and distributed the outstanding shares of Energas to Pioneer shareholders. Energas changed its name to Atmos in 1988. Atmos acquired Trans Louisiana Gas in 1986, Western Kentucky Gas Utility in 1987, Greeley Gas in 1993, United Cities Gas in 1997, and others.

CAPITAL STRUCTURE as of 3/31/06	2004	2005	3/31/06
Total Debt \$2446.7 mill. Due in 5 Yrs \$860.0 mill.	201.9	40.1	48.9
LT Debt \$2181.1 mill. LT Interest \$135.0 mill.	475.2	1224.3	1442.9
(LT interest earned: 2.7x; total interest coverage: 2.6x)	677.1	1264.4	1491.8
Leases, Uncapitalized Annual rentals \$15.3 mill.	185.3	461.3	708.1
Pfd Stock None	5.9	148.1	265.6
Pension Assets-9/05 \$355.9 mill. Oblig. \$359.9 mill.	223.3	503.4	380.1
Common Stock 81,151,592 shs. as of 4/28/06	414.5	1112.8	1353.8
MARKET CAP: \$2.2 billion (Mid Cap)	384%	395%	390%

**BUSINESS:** Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to 3.2 million customers via seven regulated natural gas utility operations: Louisiana Division, Mid-States Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky Division. Combined 2005 gas volumes: 296 MMcf. Breakdown: 55%, residential; 31%, commercial; 10%, industrial; and 4% other. 2005 depreciation rate 3.7%. Has around 4,330 employees. Officers and directors own approximately 2.6% of common stock (12/05 Proxy). Chairman and Chief Executive Officer: Robert W. Best. Incorporated: Texas. Address: P.O. Box 650205, Dallas, Texas 75265. Telephone: 972-934-9227. Internet: www.atmosenergy.com.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 of change (per sh)	Est'd '03-'05
Revenues	6.0%	18.5%	12.5%	12.5%
"Cash Flow"	3.5%	2.0%	8.0%	8.0%
Earnings	4.0%	6.5%	7.0%	7.0%
Dividends	3.0%	2.0%	2.0%	2.0%
Book Value	6.5%	8.5%	5.0%	5.0%

**Fiscal 2006 earnings for Atmos Energy's core utility segment have been a bit lower than the previous year's figure.** (The fiscal year ends September 30th.) This can be attributed partially to warmer temperatures, which have particularly afflicted the Mid-Tex and Louisiana divisions because they do not have a weather-normalized rate structure. (Management argues that it is seeking rate-design changes in those areas, but such measures must be approved by regulators.) Also, we estimate that the after-effects of Hurricane Katrina will reduce this year's share net by roughly a dime. But the non-utility operations are performing well, overall. The marketing business is benefiting considerably from strategies to capture favorable arbitrage spreads created by rising natural gas volatility. Furthermore, the greatly expanded pipeline and storage unit is enjoying increased throughput on the Atmos Pipeline-Texas system, plus expanded margins for transportation and related services. That said, we think consolidated share earnings will advance roughly 8%, to \$1.85, in fiscal 2006. Further improvement in operating margins ought to enable the bottom line to reach \$1.95 a share next year.

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	680.4	1194.1	486.5	436.9	2799.9
2004	763.6	1117.5	546.1	492.8	2920.0
2005	1371.0	1687.8	909.9	1004.6	4973.3
2006	2283.8	2033.8	1300	1352.4	6970
2007	2000	2000	1700	1700	7400

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.60	1.24	..	d.05	1.71
2004	.57	1.12	.09	d.11	1.58
2005	.79	1.11	.06	d.21	1.72
2006	.88	1.10	.05	d.18	1.85
2007	.85	1.15	.08	d.13	1.95

**But long-term total-return potential is unspectacular.** That's partly because these shares are presently trading near our 3- to 5-year Target Price Range. Too, they are ranked 4 (Below Average) for Timeliness. Frederick L. Harris, III June 16, 2006

# CASCADE NAT'L GAS NYSE-CGC

RECENT PRICE **20.74** P/E RATIO **18.9** (Trailing: 19.6 Median: 18.0) RELATIVE P/E RATIO **1.07** DIV'D YLD **4.6%** VALUE LINE

<b>TIMELINESS</b> 4 Lowered 3/17/06	High: 17.5	17.5	19.0	18.7	19.8	20.9	22.8	24.2	22.0	23.0	22.8	21.2	Target Price Range	2009	2010	2011																																			
<b>SAFETY</b> 3 New 7/27/00	Low: 13.0	13.4	15.3	14.6	14.4	13.4	17.4	15.5	18.0	19.1	18.0	19.0																																							
<b>TECHNICAL</b> 3 Raised 6/9/06	<p><b>LEGENDS</b>                  --- 1.13 x Dividends p sh divided by Interest Rate                  ..... Relative Price Strength                  3 for 2 split 12/93                  Options: No                  Shaded area indicates recession</p>																																																		
<b>BETA</b> .85 (1.00 = Market)	<p><b>2009-11 PROJECTIONS</b></p> <table border="1"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total Return</th> </tr> <tr> <td>High 30</td> <td>(+45%)</td> <td>13%</td> </tr> <tr> <td>Low 20</td> <td>(-5%)</td> <td>4%</td> </tr> </table>															Price	Gain	Ann'l Total Return	High 30	(+45%)	13%	Low 20	(-5%)	4%																											
Price	Gain	Ann'l Total Return																																																	
High 30	(+45%)	13%																																																	
Low 20	(-5%)	4%																																																	
<b>Insider Decisions</b>	<table border="1"> <tr> <th>J</th><th>A</th><th>S</th><th>O</th><th>N</th><th>D</th><th>J</th><th>F</th><th>M</th> </tr> <tr> <td>to Buy</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td> </tr> <tr> <td>Options</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>1</td> </tr> <tr> <td>to Sell</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td> </tr> </table>															J	A	S	O	N	D	J	F	M	to Buy	0	0	0	0	0	0	0	0	Options	0	0	0	0	0	0	0	1	to Sell	0	0	0	0	0	0	0	0
J	A	S	O	N	D	J	F	M																																											
to Buy	0	0	0	0	0	0	0	0																																											
Options	0	0	0	0	0	0	0	1																																											
to Sell	0	0	0	0	0	0	0	0																																											
<b>Institutional Decisions</b>	<table border="1"> <tr> <th>3Q2005</th><th>4Q2005</th><th>1Q2006</th> </tr> <tr> <td>to Buy</td><td>44</td><td>38</td><td>47</td> </tr> <tr> <td>to Sell</td><td>28</td><td>34</td><td>31</td> </tr> <tr> <td>Hold's(1000)</td><td>4775</td><td>4695</td><td>4911</td> </tr> </table>															3Q2005	4Q2005	1Q2006	to Buy	44	38	47	to Sell	28	34	31	Hold's(1000)	4775	4695	4911																					
3Q2005	4Q2005	1Q2006																																																	
to Buy	44	38	47																																																
to Sell	28	34	31																																																
Hold's(1000)	4775	4695	4911																																																
	<p><b>% TOT. RETURN 5/06</b></p> <table border="1"> <tr> <th>THIS STOCK</th> <th>VL ARITH. INDEX</th> </tr> <tr> <td>1 yr. 14.5</td> <td>15.4</td> </tr> <tr> <td>3 yr. 22.1</td> <td>68.4</td> </tr> <tr> <td>5 yr. 40.3</td> <td>61.0</td> </tr> </table>															THIS STOCK	VL ARITH. INDEX	1 yr. 14.5	15.4	3 yr. 22.1	68.4	5 yr. 40.3	61.0																												
THIS STOCK	VL ARITH. INDEX																																																		
1 yr. 14.5	15.4																																																		
3 yr. 22.1	68.4																																																		
5 yr. 40.3	61.0																																																		

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	VALUE LINE PUB., INC.	09-11
24.45	23.27	20.03	21.88	21.59	19.98	11.84	17.85	17.17	18.89	21.90	30.40	29.06	27.20	28.23	28.61	44.35	49.55	Revenues per sh <sup>A</sup>	66.40
2.36	2.29	1.66	2.04	1.71	2.07	1.22	1.92	2.06	2.40	2.60	2.72	2.48	2.25	2.63	2.32	2.60	2.90	"Cash Flow" per sh	4.00
1.26	1.14	.63	1.05	.60	.80	.39	.93	.84	1.24	1.39	1.47	1.13	.87	1.19	.82	1.05	1.20	Earnings per sh <sup>AB</sup>	1.60
.87	.90	.93	.94	.96	.96	.72	.96	.96	.96	.96	.96	.96	.96	.96	.96	.96	.96	Div'ds Decl'd per sh <sup>C</sup>	.98
2.50	2.97	4.64	3.85	3.06	4.12	2.42	2.66	2.32	1.81	1.65	2.16	1.91	2.56	3.50	2.53	1.90	2.20	Cap'l Spending per sh	4.10
8.33	8.63	9.09	9.86	9.81	9.76	10.09	10.16	10.07	10.36	10.79	11.01	10.34	10.11	10.52	10.39	11.80	13.70	Book Value per sh <sup>D</sup>	18.05
6.56	6.63	7.51	8.57	8.91	9.14	10.79	10.97	11.05	11.05	11.05	11.05	11.05	11.13	11.27	11.41	11.50	11.50	Common Shs Outst'g <sup>E</sup>	12.50
8.9	12.2	23.7	16.6	25.7	18.2	40.0	17.6	19.4	13.7	11.7	13.4	18.2	22.0	17.5	25.1	Avg Ann'l P/E Ratio	16.5		
.66	.78	1.44	.98	1.69	1.22	2.51	1.01	1.01	.78	.76	.69	.99	1.25	.92	1.34	Relative P/E Ratio	1.10		
7.8%	6.4%	6.2%	5.4%	6.2%	6.6%	4.6%	5.9%	5.9%	5.7%	5.9%	4.9%	4.7%	5.0%	4.6%	4.7%	Avg Ann'l Div'd Yield	3.9%		

**CAPITAL STRUCTURE as of 3/31/06**

Total Debt \$173.6 mill. Duo in 5 Yrs \$20.5 mill.  
 LT Debt \$165.6 mill. LT Interest \$10.0 mill.  
 (LT interest earned: 2.3x; total interest coverage: 2.3x)

Pension Assets-9/05 \$58.5 mill. Oblig. \$71.7 mill.

P/d Stock None

Common Stock 11,481,486 shs.  
 as of 4/28/06

MARKET CAP: \$250 million (Small Cap)

127.7	195.8	189.7	208.6	241.9	335.8	321.0	302.8	318.1	326.5	510	570	Revenues (\$mill) <sup>A</sup>	830
4.2	10.6	9.8	14.2	15.4	16.2	12.5	9.7	13.3	9.2	12.1	13.8	Net Profit (\$mill)	20.0
34.8%	37.1%	37.4%	36.5%	37.1%	35.0%	34.9%	34.2%	36.2%	37.9%	37.0%	37.0%	Income Tax Rate	37.0%
3.3%	5.4%	5.2%	6.8%	6.4%	4.8%	3.9%	3.2%	4.2%	2.8%	2.4%	2.4%	Net Profit Margin	2.4%
46.8%	50.6%	48.4%	50.9%	51.2%	50.7%	59.1%	55.9%	52.1%	59.4%	57.0%	55.0%	Long-Term Debt Ratio	52.0%
50.0%	46.5%	48.7%	46.6%	48.8%	49.3%	40.9%	44.1%	47.9%	40.6%	43.0%	45.0%	Common Equity Ratio	48.0%
217.8	239.4	228.5	245.6	244.2	246.6	279.1	255.5	247.4	292.5	315	350	Total Capital (\$mill)	470
255.7	265.2	276.6	282.3	284.8	294.2	299.6	312.3	334.6	342.5	350	360	Net Plant (\$mill)	465
3.4%	6.2%	6.1%	7.5%	8.1%	8.5%	6.4%	6.0%	7.7%	5.0%	5.5%	5.5%	Return on Total Cap'l	6.0%
3.6%	9.0%	8.3%	11.7%	12.9%	13.3%	10.9%	8.6%	11.2%	7.8%	9.0%	9.0%	Return on Shr. Equity	9.0%
3.5%	9.1%	8.3%	12.0%	12.9%	13.3%	10.9%	8.6%	11.2%	7.8%	9.0%	9.0%	Return on Com Equity	9.0%
NMF	7%	NMF	2.7%	4.0%	4.6%	1.7%	NMF	2.1%	NMF	1.0%	2.0%	Retained to Com Eq	3.5%
NMF	93%	108%	78%	69%	65%	85%	110%	81%	118%	91%	80%	All Div'ds to Net Prof	61%

**CURRENT POSITION<sup>A</sup>**

	2004	2005	3/31/06
Cash Assets	5	1.1	6.7
Other	65.9	141.0	108.0
Current Assets	66.4	142.1	114.7
Accts Payable	12.9	17.8	35.9
Debt Due	47.5	12.5	8.0
Other	38.6	111.9	58.5
Current Liab.	99.0	142.2	102.4
Fix. Chg. Cov.	269%	225%	245%

**BUSINESS:** Cascade Natural Gas Corporation distributes natural gas to roughly 235,000 customers in Washington and Oregon. In 2005, total throughput was 108.2 billion cu. ft. Core customers: residential, commercial, firm industrial, interruptible (71% of oper. margin, 24% of gas deliveries); non-core: industrial, transportation service (29%, 76%). Serves pulp & paper, plywood, chem. fertilizers, oil refining, and food process. inds. Main connecting pipeline: Northwest Pipeline Corp. '05 deprec. rate: 2.9%. Est'd plant age: 12 yrs. Has around 375 employees. Officers and directors own 1.8% of com. (12/05 proxy). President and Chief Executive Officer: David W. Stevens, Inc.: WA. Address: 222 Fairview Ave. North, Seattle, WA 98109. Tel.: 206-624-3900. Internet: www.cngc.com.

Annual account hookups rose at a fairly steady clip in the past, thanks to generally favorable economic conditions in the Pacific Northwest, and it appears that this trend will continue. What's more, a decent portion of new business should come from conversions, given natural gas' environmental advantages and assuming that prices for this fuel source are competitive. Consequently, earnings per share has the potential to advance around 10% annually, on average, for the coming 3- to 5-year time period.

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '03-'05 of change (per sh) to '09-'11

Revenues	3.0%	7.5%	15.5%
"Cash Flow"	2.0%	.5%	9.0%
Earnings	1.5%	-3.5%	9.0%
Dividends	..	..	.5%
Book Value	.5%	..	10.0%

**Results for Cascade Natural Gas have shown significant improvement in fiscal 2006 (ends September 30th) compared to last year's figures.** The bread-and-butter residential and commercial business is performing nicely, thanks to steady growth in the customer base, plus increased consumption (reflecting colder temperatures). What's more, the company has been successful at keeping a tight lid on operating expenses, via such measures as effective management of overtime and outsourcing retiree medical obligations to an insurance firm. These factors ought to help share net jump about 28%, to \$1.05, in fiscal 2006. Further expansion in operating margins should enable Cascade's bottom line to advance another 14%, to \$1.20 a share, next year. Note that a request for a rate hike, intended to generate additional annual revenues of \$11.7 million, was filed with the Washington Utilities and Transportation Commission. (Our presentation will account for this when approval is granted, which cannot be determined at this time.)

**We are upbeat about the gas distributor's 2009-2011 prospects, as well.**

**Income-oriented accounts may find the dividend yield appealing.** But additional increases in the distribution will likely be slow in coming, as cash flows are used to accommodate an expanding customer base.

**Total-return possibilities are limited.** That's primarily because these shares are already trading within our 2009-2011 Target Price Range, and our presentation assumes only modest dividend growth. Furthermore, Cascade stock is ranked to underperform the market over the next six to 12 months.

**Fiscal Year Ends**

Fiscal Year Ends	QUARTERLY REVENUES (\$mill) <sup>A</sup>				Full Fiscal Year
	Dec.31	Mar.31	Jun.30	Sep.30	
2003	100.5	109.3	53.8	39.2	302.8
2004	104.9	119.4	52.1	41.7	318.1
2005	104.6	117.7	56.3	47.9	326.5
2006	158.6	162.8	100	88.6	510
2007	170	177	115	108	570

**Fiscal Year Ends**

Fiscal Year Ends	EARNINGS PER SHARE <sup>AB</sup>				Full Fiscal Year
	Dec.31	Mar.31	Jun.30	Sep.30	
2003	.60	.67	d.18	d.22	.87
2004	.72	.79	d.05	d.26	1.19
2005	.59	.65	d.10	d.32	.82
2006	.70	.78	d.12	d.31	1.05
2007	.75	.73	d.08	d.20	1.20

**Frederick L. Harris, III** June 16, 2006

(A) Cal. yr. thru, 12/95. Changed to 9/30 fiscal yr. in '96. (B) Primary eqs. thru '97, then diluted. Excl. nonrec. gains (losses): '91, 19¢; '93, 3¢; '96, (11¢); '98, (2¢); '99, (1¢); '01, 9¢; '02, (16¢); '03, (5¢). '04 eqs. don't add to total due to rounding. Next eqs. rpt. due late July. (C) Dividends historically paid in the middle of Feb., May, Aug., Nov. = Div'd reinvest. plan available. (D) Incl. deferred charges. In '05: \$68.0 mill., \$5.96/sh. (E) In mill., adj. for stk. split.

**Company's Financial Strength** B+  
**Stock's Price Stability** 80  
**Price Growth Persistence** 50  
**Earnings Predictability** 70

**To subscribe call 1-800-833-0046.**

# LACLEDE GROUP NYSE-LG

RECENT PRICE **32.99** P/E RATIO **14.9** (Trailing: 14.6 Median: 15.0) RELATIVE P/E RATIO **0.85** DIV'D YLD **4.3%** VALUE LINE

<b>TIMELINESS</b> 4 Lowered 5/12/06	High: 23.1 24.9 28.6 27.9 27.0 24.8 25.5 25.0 30.0 32.5 34.3 35.6	Target Price Range 2009   2010   2011
<b>SAFETY</b> 2 Raised 6/20/03	Low: 18.4 20.0 20.3 22.4 20.0 17.5 21.3 19.0 21.8 26.0 26.9 29.1	2009 64 2010 48 2011 40
<b>TECHNICAL</b> 3 Raised 5/26/06	<b>LEGENDS</b> --- 100% Dividends p sh divided by Interest Rate ..... Relative Price Strength 2-lor-1 spst 3/94 Options: No Shaded area indicates recession	
<b>BETA</b> .85 (1.00 = Market)	<b>2009-11 PROJECTIONS</b> Ann'l Total High Price Gain Return Low 30 40 (+20%) 9% 30 30 (-10%) 2%	
<b>Insider Decisions</b> J A S O N D J F M to Buy 0 0 0 0 0 0 0 0 0 0 Options 0 0 3 0 0 0 1 0 to Sell 0 0 3 0 0 0 1 0		
<b>Institutional Decisions</b> 3Q2005 4Q2005 1Q2006 to Buy 51 50 67 to Sell 35 37 30 Held (%) 67.4 85.2 94.7 Percent shares traded 7.5 2.5		

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	VALUE LINE PUB., INC.	09-11
30.21	28.10	26.83	32.33	33.43	24.79	31.03	34.33	31.04	26.04	29.99	53.08	39.84	54.95	59.59	75.43	108.35	111.65	Revenues per sh	125.00
2.13	2.37	2.32	2.81	2.65	2.55	3.29	3.32	3.02	2.56	2.68	3.00	2.56	3.15	2.79	2.98	3.85	3.90	"Cash Flow" per sh	4.70
1.08	1.28	1.17	1.61	1.42	1.27	1.87	1.84	1.58	1.47	1.37	1.61	1.18	1.82	1.82	1.90	2.30	2.25	Earnings per sh <sup>A,B</sup>	2.65
1.18	1.20	1.20	1.22	1.22	1.24	1.26	1.30	1.32	1.34	1.34	1.34	1.34	1.34	1.35	1.37	1.40	1.43	Div'ds Decl'd per sh <sup>C</sup>	1.50
1.87	2.46	2.87	2.62	2.50	2.63	2.35	2.44	2.68	2.58	2.77	2.51	2.80	2.67	2.45	2.84	3.15	3.40	Cap'l Spending per sh	4.40
11.75	11.83	11.79	12.19	12.44	13.05	13.72	14.26	14.57	14.96	14.99	15.26	15.07	15.65	16.96	17.31	19.20	20.20	Book Value per sh <sup>D</sup>	22.75
15.59	15.59	15.59	15.59	15.67	17.42	17.56	17.56	17.63	18.88	18.88	18.88	18.96	19.11	20.98	21.17	21.50	21.50	Common Shs Outst'g <sup>E</sup>	24.00
14.6	12.5	15.8	13.5	16.4	15.5	11.9	12.5	15.5	15.8	14.9	14.5	20.0	13.6	15.7	16.2	16.2	16.2	Avg Ann'l P/E Ratio	13.5
1.08	.80	.96	.80	1.08	1.04	.75	.72	.81	.90	.97	.74	1.09	.78	.83	.86	.86	.86	Relative P/E Ratio	.90
7.5%	7.5%	6.5%	5.6%	5.3%	6.3%	5.6%	5.6%	5.4%	5.8%	6.6%	5.7%	5.7%	5.4%	4.7%	4.4%	4.4%	4.4%	Avg Ann'l Div'd Yield	4.3%

**CAPITAL STRUCTURE as of 3/31/06**  
 Total Debt \$582.2 mill. Due in 5 Yrs \$175.0 mill.  
 LT Debt \$340.5 mill. LT Interest \$25.0 mill.  
 (Total interest coverage: 3.0x)

Loans, Uncapitalized Annual rentals \$1.7 mill.  
 Pension Assets-9/05 \$272.8 mill.

Oblig. \$327.2 mill.  
 Pfd Stock \$.8 mill. Pfd Div'd \$.05 mill.  
 Common Stock 21,326,724 shs.  
 as of 4/28/06

**MARKET CAP: \$700 million (Small Cap)**

CURRENT POSITION	2004	2005	3/31/06
(\$MILL.)			
Cash Assets	13.9	6.0	47.5
Other	323.7	418.1	414.7
Current Assets	337.6	424.1	462.2
Accts Payable	68.4	138.4	118.2
Debt Due	96.5	110.7	241.7
Other	97.7	116.5	96.5
Current Liab.	262.6	365.6	456.4
Fix. Chg. Cov.	279%	293%	285%

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	7.5%	17.0%	12.0%
"Cash Flow"	1.0%	1.5%	8.0%
Earnings	2.5%	4.5%	6.0%
Dividends	1.0%	.5%	2.0%
Book Value	3.0%	2.5%	5.5%

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	280.1	422.2	196.6	161.4	1050.3
2004	332.6	475.0	245.1	197.6	1250.3
2005	442.5	576.5	311.3	266.7	1597.0
2006	689.2	708.8	500	432	2330
2007	705	725	510	460	2400

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.80	1.14	.11	d.21	1.82
2004	.87	1.12	.19	d.28	1.82
2005	.79	1.06	.29	d.24	1.90
2006	1.23	1.05	.30	d.28	2.30
2007	1.15	1.05	.30	d.25	2.25

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.335	.335	.335	.335	1.34
2003	.335	.335	.335	.335	1.34
2004	.335	.34	.34	.34	1.36
2005	.34	.345	.345	.345	1.38
2006	.345	.355	.355		

**BUSINESS:** Laclede Group, Inc., is a holding company for Laclede Gas, which distributes natural gas in eastern Missouri, including the city of St. Louis, St. Louis County, and parts of 8 other counties. Has more than 630,000 customers. Purchased SM&P for \$43 million (1/02). Terms sold and transported in fiscal '05: 1.12 mill. Revenue mix for regulated operations: residential, 60%; commercial

**Laclede Group's core natural gas subsidiary has exhibited some earnings improvement thus far in fiscal 2006 (ends September 30th).** This can be attributed partially to a general rate increase effective since last October. What's more, sales to entities located outside the service territory have been higher. But a rise in operation and maintenance expenses, plus an increased provision for uncollectible accounts, continues to provide somewhat of an offset.

**The two main non-regulated units are performing nicely, as well.** SM&P Utility Resources is enjoying higher revenues, due to the attainment of business in both new and existing markets. Initiatives aimed at improving profitability, such as quality assurance programs and leadership development activities, have also been beneficial here. Meanwhile, margins for Laclede Energy Resources are being boosted, in large part, by a greater number of interstate pipeline wholesale transactions and supply/demand imbalances resulting from last year's Gulf Coast hurricanes.

and industrial, 23%; transportation, 2%; other, 15%. Has about 3,815 employees; 6,270 common stockholders. Officers and directors own about 6.0% of common shares (1/06 Proxy). Chairman, Chief Executive Officer, and President: Douglas H. Yaeger, Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.lacledegas.com.

**will jump 21%, to \$2.30, in fiscal 2006.** That's given the fast start Laclede got off to. But we expect the company's bottom line to be flat next year because of the tough comparison.

**Prospects for the next three to five years do not look very spectacular, though.** The natural gas distributor operates in a market where the customer base has been expanding roughly 1% a year. Also, there does not seem to be any major acquisitions on the horizon. As such, share net may rise only around 5% annually out to 2009-2011.

**These shares offer a healthy amount of dividend income,** which should be well covered by earnings in both fiscal 2006 and next year. But further hikes in the payout will likely be minimal, since the utility conducts business in a mature service area.

**The equity has only limited total-return potential,** given the unexciting appreciation potential and assuming moderate dividend growth. Furthermore, the shares of Laclede Group are ranked to underperform the year-ahead market.

Frederick L. Harris, III June 16, 2006

(A) Fiscal year ends Sept. 30th. (B) Based on average shares outstanding thru '97, then diluted. Excludes nonrecurring loss: Q2 '06, 7%. Next earnings report due late July. (C) Dividends historically paid in early January, April, July, and October. Dividend reinvestment plan available. (D) Incl. deferred charges. In '05: \$203.8 mill. (E) In millions. Adjusted for stock split. (F) Qly. egs. may not sum due to change in shares outstanding.

**Company's Financial Strength** B+  
**Stock's Price Stability** 95  
**Price Growth Persistence** 45  
**Earnings Predictability** 65

**To subscribe call 1-800-833-0046.**

# NEW JERSEY RES. NYSE-NJR

RECENT PRICE **44.77** P/E RATIO **16.6** (Trailing: 13.7 Median: 15.0) RELATIVE P/E RATIO **0.94** DIVD YLD **3.3%** VALUE LINE

<b>TIMELINESS</b> 4 Raised 2/17/06	High: 20.3	19.9	28.0	26.8	27.4	29.8	32.5	33.6	39.5	44.6	49.3	46.4	Target Price Range		
<b>SAFETY</b> 2 New 7/27/90	Low: 14.3	17.8	18.8	21.0	22.4	24.1	24.8	24.3	30.0	36.5	40.7	41.5	2009	2010	2011
<b>TECHNICAL</b> 3 Lowered 6/16/06	<b>LEGENDS</b> 1.18 x Dividends p sh divided by Interest Rate Relative Price Strength 3-for-2 split 3/02 Options: No Shaded area indicates recession														
<b>BETA</b> .80 (1.00 = Market)	<b>2009-11 PROJECTIONS</b> Ann'l Total Price Gain Return High 65 (+45%) 12% Low 50 (+10%) 6%														
<b>Insider Decisions</b> J A S O N D J F M to Buy 0 0 0 0 0 0 0 0 0 Options 0 0 0 1 4 0 0 0 0 to Sell 0 2 0 1 4 0 0 4 0													% TOT. RETURN 5/06 THIS STOCK VS. ARITH. INDEX 1 yr. 2.8 15.4 3 yr. 40.0 68.4 5 yr. 78.1 61.0		
<b>Institutional Decisions</b> 3Q2005 4Q2005 1Q2006 to Buy 64 64 71 to Sell 62 80 52 shrs(%) 13318 13455 14778 Percent shares traded 7.5 2.5															

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	VALUE LINE PUB., INC.	09-11
16.01	15.99	16.88	18.02	19.22	17.03	20.22	25.97	26.59	33.98	44.13	76.82	66.17	93.43	91.33	114.29	117.45	120.60	Revenues per sh <sup>A</sup>	129.80
1.54	1.58	1.95	2.14	2.31	2.13	2.22	2.45	2.60	2.79	2.99	3.18	3.21	3.58	3.75	3.92	4.05	4.20	"Cash Flow" per sh	4.70
.65	.55	1.09	1.15	1.26	1.29	1.37	1.48	1.55	1.66	1.79	1.95	2.09	2.38	2.55	2.65	2.80	2.90	Earnings per sh <sup>B</sup>	3.30
.96	1.00	1.01	1.01	1.01	1.01	1.03	1.07	1.09	1.12	1.15	1.17	1.20	1.24	1.30	1.36	1.46	1.52	Div's Decl'd per sh <sup>C</sup>	1.70
4.37	2.91	1.99	2.31	2.10	1.77	1.78	1.72	1.60	1.81	1.85	1.66	1.53	1.71	2.17	1.92	1.80	1.95	Cap'l Spending per sh	2.10
8.85	8.57	9.44	9.81	9.64	9.70	10.10	10.38	10.88	11.35	12.43	13.20	13.06	15.38	16.87	15.90	17.45	18.80	Book Value per sh	23.15
20.28	20.95	24.43	25.23	25.95	26.69	27.13	26.82	26.72	26.61	26.39	26.66	27.67	27.23	27.74	27.55	28.10	28.20	Common Shs Outst'g <sup>D</sup>	28.50
24.0	22.3	12.4	15.1	13.0	11.7	13.6	13.5	15.3	15.2	14.7	14.2	14.7	14.0	15.3	16.8	Avg Ann'l P/E Ratio	17.0		
1.78	1.42	.75	.89	.85	.78	.85	.78	.80	.87	.96	.73	.80	.80	.81	.90	Relative P/E Ratio	1.15		
6.2%	8.1%	7.5%	5.8%	6.2%	6.7%	5.6%	5.3%	4.6%	4.5%	4.4%	4.2%	3.9%	3.7%	3.3%	3.1%	Avg Ann'l Div'd Yield	3.0%		

**CAPITAL STRUCTURE** as of 3/31/06  
 Total Debt \$419.3 mill. Due in 5 Yrs \$245.0 mill.  
 LT Debt \$318.7 mill. LT Interest \$22.0 mill.  
 Incl. \$6.9 mill. capitalized leases.  
 (LT interest earned: 5.5x; total interest coverage: 4.8x)  
 Pension Assets-9/05 \$82.6 mill.  
 Pfd Stock None  
 Oblig. \$99.9 mill.  
 Common Stock 28,027,020 shs.  
 as of 5/1/06  
**MARKET CAP: \$1.3 billion (Mid Cap)**

2004	2005	3/31/06	2004	2005	3/31/06	2004	2005	3/31/06
5.0	25.0	8.6	32.6%	33.3%	30.4%	50.7%	49.3%	51.2%
681.0	927.8	687.0	7.1%	6.0%	6.1%	45.8%	47.1%	45.6%
686.0	952.8	695.6	59.2%	59.6%	63.8%	8.1%	8.6%	8.1%
			65.2%	65.9%	68.0%	13.1%	13.9%	13.9%
			76%	73%	71%	13.5%	14.3%	14.4%
			76%	73%	71%	3.4%	4.0%	4.4%
			76%	73%	71%	76%	73%	71%

**CURRENT POSITION** 2004 2005 3/31/06  
 (\$MILL.)  
 Cash Assets 5.0 25.0 8.6  
 Other 681.0 927.8 687.0  
 Current Assets 686.0 952.8 695.6  
 Accts Payable 42.9 54.7 36.4  
 Debt Due 287.4 177.4 100.6  
 Other 357.4 744.2 483.4  
 Current Liab. 687.7 976.3 620.4  
 Fix. Chg. Cov. 826% 660% 700%

**BUSINESS:** New Jersey Resources Corp. is the holding company for New Jersey Natural Gas Co., a natural gas utility (about 463,000 customers at 9/30/05) in Monmouth, Ocean, and parts of other N.J. counties. Fiscal 2005 volume: 124.7 bill. cu. ft. (50% firm, 8% interruptible industrial and electric utility, 42% off-system and capacity release). New Jersey Natural Energy subsid. provides unregulated

retail and wholesale natural gas and related energy services to customers in 17 states. 2005 deprec. rate: 2.8%. Est'd plant age: 8 years. Has 551 utility employees, 16,300 stockhldrs. Off. & dir. own about 3% of common stock (12/05 Proxy). Chairman and CEO: Laurence M. Downes, Inc.: N.J. Address: 1415 Wyckoff Road, Wall, NJ 07719. Tel.: 908-938-1480. Internet: www.njliving.com.

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '03-'05 of change (per sh)

Revenues	18.5%	23.5%	4.5%
"Cash Flow"	5.5%	6.0%	4.0%
Earnings	7.5%	8.5%	4.5%
Dividends	2.5%	3.0%	4.5%
Book Value	5.0%	7.0%	6.0%

**New Jersey Resources reported strong fiscal second-quarter results** (year ends September 30th). Share net advanced over 15%, to \$2.14, versus the year-ago period. The gain was primarily driven by improved performance at the company's Wholesale energy services business where earnings increased 75%, to \$27 million. Contributing to these results were higher gross margins generated from the segment's portfolio of pipeline and transportation contracts. These contracts become more valuable during periods of increased price volatility. However, it should be noted that gross margins are higher during the winter months since fixed costs are spread throughout the full year. We are also maintaining our fiscal 2006 earnings forecast at \$2.80, which is in the middle of management's guided range.

meters to rise at a rate of 2.3%. However, the benefits from customer growth are reduced slightly by high gas prices, as households conserve more. Meanwhile, the impact from the recent warm weather was offset somewhat by NJNG's weather normalization clause (WNC). The policy is supposed to eliminate both fluctuating gross margins and customers bills due to changing weather patterns. But the policy did not protect against reduced customer usage. Therefore, in December, the company filed with the New Jersey Board of Public Utilities to replace the current WNC with a conservation and adjustment clause that would capture variations due to both changing temperatures and usage. The plan is still in the evaluation phase, but NJNG is hopeful to have it in place for fiscal 2007.

**QUARTERLY REVENUES** (\$mill.) <sup>A</sup>

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	668.9	1152.7	369.7	353.1	2544.4
2004	643.0	1037.7	438.5	414.4	2533.6
2005	854.0	1065.1	544.3	684.9	3148.3
2006	1164.6	1064.4	555	516	3300
2007	1085	1150	610	555	3400

**The company's main subsidiary, New Jersey Natural Gas (NJNG), posted results over the first six months that were below last year's tally.** The disappointing performance was driven by lower customer usage and higher operating and maintenance costs. For 2006, NJNG expects the number of customer

**Risk-adjusted total return potential is good for a utility stock.** New Jersey Resources should maintain its steady profit growth due to customer growth and expansion of its Wholesale Energy unit. However, the stock's dividend yield is still below that of its utility counterparts.  
*Evan I. Blatter June 16, 2006*

**EARNINGS PER SHARE** <sup>A B E</sup>

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.85	1.50	.16	d.13	2.38
2004	.87	1.82	.06	d.20	2.55
2005	.91	1.84	.07	d.17	2.65
2006	1.23	2.14	d.08	d.49	2.80
2007	1.13	1.84	.10	d.17	2.90

**QUARTERLY DIVIDENDS PAID** <sup>C</sup>

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.30	.30	.30	.30	1.20
2003	.31	.31	.31	.31	1.24
2004	.325	.325	.325	.325	1.30
2005	.34	.34	.34	.34	1.36
2006	.36	.36			

(A) Fiscal year ends Sept. 30th. (B) Diluted earnings. Next earnings report due late July. (C) Dividends historically paid in early January. (D) In millions, adjusted for split. (E) Earnings may not sum due to changes in April, July, and October. \* Dividend reinvestment plan available. shares outstanding. Company's Financial Strength B++ Stock's Price Stability 100 Price Growth Persistence 90 Earnings Predictability 100

# NICOR, INC. NYSE-GAS

RECENT PRICE **40.54** P/E RATIO **16.5** (Trailing: 18.0) Median: 14.0 RELATIVE P/E RATIO **0.94** DIV'D YLD **4.6%** VALUE LINE

<b>TIMELINESS</b> 4 Lowered 5/13/05	High: 28.5 37.1 42.9 44.4 42.9 43.9 42.4 49.0 39.3 39.7 43.0 43.1	Low: 21.8 25.4 30.0 37.1 31.2 29.4 34.0 17.3 23.7 32.0 35.5 38.7	Target Price Range 2009 2010 2011 120 100 80 60 48 32 24 16 12 8
<b>SAFETY</b> 3 Lowered 6/17/05	<b>LEGENDS</b> 1.30 x Dividends p sh divided by Interest Rate ..... Relative Price Strength 2-lin-1 split 4/93 Options: Yes Shaded area indicates recession		
<b>TECHNICAL</b> 3 Raised 5/5/06	<b>2009-11 PROJECTIONS</b>		
<b>BETA</b> 1.20 (1.00 = Market)	Price 55 (+35%) Low 35 (-15%)	Gain 11% Return 1%	Ann'l Total
<b>Insider Decisions</b>			
J A S O N D J F M			
to Buy	1 0 0 1 0 0 1 0 0		
Options	0 0 1 0 0 0 0 0 2		
to Sell	0 0 0 0 0 0 0 0 2		
<b>Institutional Decisions</b>			
3Q2005 4Q2005 1Q2006			
to Buy	119 117 112	Percent shares traded	18 12 6
to Sell	81 97 94		
HD's (000)	30060 30966 32581		

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	% VALUE LINE PUB., INC.	09-11
26.52	26.46	28.90	31.02	31.23	29.42	37.39	41.33	30.84	34.45	50.52	57.30	43.11	60.46	62.12	76.00	76.50	74.00	Revenues per sh	71.25
3.86	3.92	4.14	3.80	4.11	4.19	4.97	5.29	5.21	5.59	6.16	6.41	6.03	5.37	6.00	6.19	6.40	6.40	"Cash Flow" per sh	6.90
1.93	1.86	1.92	1.97	2.07	1.96	2.42	2.55	2.31	2.57	2.94	3.01	2.88	2.11	2.22	2.27	2.45	2.50	Earnings per sh ^	2.80
1.06	1.12	1.18	1.22	1.25	1.28	1.32	1.40	1.48	1.54	1.66	1.76	1.84	1.86	1.86	1.86	1.86	1.88	Div'ds Decl'd per sh ^	2.02
3.00	3.65	3.12	2.62	3.34	3.12	2.42	2.34	2.87	3.28	3.48	4.18	4.37	4.12	4.32	4.57	4.50	4.50	Cap'l Spending per sh	4.50
11.67	12.28	12.76	13.05	13.26	13.67	14.74	15.43	15.97	16.80	15.56	16.39	16.55	17.13	16.99	18.36	18.85	19.40	Book Value per sh	20.70
57.93	57.30	55.77	53.96	51.54	50.30	49.49	48.22	47.51	46.89	45.49	44.40	44.01	44.04	44.10	44.18	44.50	44.60	Common Shs Outst'g ^	44.90
10.7	11.5	11.6	14.1	12.5	13.1	12.5	14.2	17.6	14.6	11.9	12.8	13.1	15.8	15.9	17.3	17.3	17.3	Avg Ann'l P/E Ratio	16.0
.79	.73	.70	.83	.82	.88	.78	.82	.92	.83	.77	.66	.72	.90	.84	.91	.91	.91	Relative P/E Ratio	1.05
5.1%	5.2%	5.3%	4.4%	4.8%	5.0%	4.4%	3.9%	3.6%	4.1%	4.7%	4.6%	4.9%	5.6%	4.7%	5.3%	4.7%	4.7%	Avg Ann'l Div'd Yield	4.5%

**CAPITAL STRUCTURE** as of 3/31/06  
 Total Debt \$618.2 mill. Due in 5 Yrs \$215.0 mill.  
 LT Debt \$480.2 mill. LT Interest \$20.0 mill.  
 (Total interest coverage: 4.0x)  
**Pension Assets**-12/05 \$424.0 mill Obl'g. \$284.4 mill  
**Pfd Stock** \$ 6 mill. **Pfd Div'd Nil**  
 11,681 shares of 4.48% redeemable preferred stock  
**Common Stock** 44,378,546 shares as of 4/28/06  
**MARKET CAP:** \$1.8 billion (Mid Cap)

1850.7	1992.6	1465.1	1615.2	2298.1	2544.1	1897.4	2662.7	2739.7	3357.8	3405	3300	Revenues (\$mill)	3200
121.2	124.3	111.1	121.9	136.4	136.3	128.0	93.1	98.1	101.1	110	110	Net Profit (\$mill)	125
35.8%	35.0%	34.4%	34.7%	34.8%	33.5%	31.0%	35.2%	31.8%	28.3%	27.0%	32.0%	Income Tax Rate	32.0%
6.5%	6.2%	7.6%	7.5%	5.9%	5.4%	6.7%	3.5%	3.6%	3.0%	3.3%	3.3%	Net Profit Margin	3.9%
41.3%	42.3%	42.1%	35.5%	32.7%	37.8%	35.1%	39.6%	39.8%	37.4%	36.5%	35.5%	Long-Term Debt Ratio	34.5%
58.1%	57.2%	57.4%	64.0%	66.7%	61.7%	64.5%	60.3%	60.1%	62.5%	63.5%	64.5%	Common Equity Ratio	65.5%
1255.1	1300.6	1322.6	1230.1	1061.2	1180.1	1128.9	1251.5	1246.0	1297.7	1320	1345	Total Capital (\$mill)	1425
1771.9	1735.8	1731.8	1735.2	1729.6	1768.6	1796.8	2484.2	2549.8	2659.1	2750	2850	Net Profit (\$mill)	3150
11.1%	11.1%	9.9%	10.9%	13.7%	12.3%	12.2%	8.3%	8.8%	9.4%	10.0%	9.5%	Return on Total Cap'l	10.0%
16.4%	16.6%	14.5%	15.4%	19.1%	18.6%	17.5%	12.3%	13.1%	12.5%	13.0%	12.5%	Return on Shr. Equity	13.5%
16.6%	16.7%	14.6%	15.4%	19.2%	18.7%	17.5%	12.3%	13.1%	12.5%	13.0%	12.5%	Return on Com Equity	13.5%
7.6%	7.6%	5.4%	6.2%	8.5%	7.9%	6.5%	1.5%	2.1%	2.3%	3.0%	3.0%	Retained to Com Eq	3.5%
54%	55%	63%	60%	56%	58%	63%	88%	84%	81%	75%	76%	All Div'ds to Net Prof	72%

**CURRENT POSITION** 2004 2005 3/31/06 (\$MILL.)

Cash Assets	83.2	126.9	119.2
Other	937.7	1218.8	800.8
Current Assets	1020.9	1345.7	920.0
Accts Payable	502.9	658.2	362.8
Debt Due	490.2	636.0	138.0
Other	178.3	328.7	1052.4
Current Liab.	1171.4	1622.9	1190.4
Fix. Chg. Cov.	428%	NMF	NMF

**BUSINESS:** Nicor Inc. is a holding company with gas distribution as its primary business. Serves over 2.1 million customers in northern and western Illinois. 2005 gas delivered: 470.6 Bcf, incl. 219.4 Bcf from transportation. 2005 gas sales (251.2 bcf): residential, 80%; commercial, 18%; industrial, 3%. Principal supplying pipelines: Natural Gas Pipeline, Horizon Pipeline, and TGPC. Current operations include Tropical Shipping subsidiary and several energy related ventures. Divested inland barging, 7/86; contract drilling, 9/86; oil and gas E&P, 6/93. Has about 3,700 employees, 22,300 stkhdrs. Off./dir. own about 2.8% of com. stk. (3/06 proxy). Chairman and CEO: Russ Strobel, Inc.: IL. Addr.: 1844 Ferry Road, Naperville, IL 60563. Tel.: 630-305-9500. Internet: www.nicor.com.

**Nicor's near-term earnings prospects are less tentative,** as a result of the latest rate decision handed down by the Illinois Commerce Commission (ICC). In late 2005, the ICC granted Nicor a \$54.2 million increase in base rates, but certain items within the rate order were subject to rehearing. Following the rehearing process, the ICC decided to lower the original base rate increase to \$49.7 million. This effectively reduced the amount of additional annual revenues from the rate order to \$30 million from \$35 million. Investors were disappointed with the outcome, given that there was a possibility of an even higher revenue hike. The case has been appealed to the state appellate courts, and we will discuss further developments in future reports. **Despite the setbacks on the regulatory front, the company should post bigger profits than previously expected in 2006.** That is partly because Nicor appears to be having greater success in controlling its operating and maintenance expenses. For example, the company is benefiting from the pullback in natural gas prices, helping to reduce bad debt expense, as well as storage-related gas costs. This trend is likely to continue through the balance of the year. Too, management noted that payroll and benefits expenses were running lower than anticipated. Separately, Nicor will probably enjoy a temporary tax break in 2006, owing to the transfer of certain operations within the shipping business to offshore subsidiaries. All told, we have raised our full-year earnings estimate by \$0.05 to \$2.45 per share. **Our long-term estimates assume a steady decline in operating expenses.** We are encouraged that the company was able to report lower-than-expected operating and maintenance expenses. However, it is difficult to predict the level of incremental cost savings beyond this year. Some of these costs have been recurring in nature. Pending rate hearings also add some uncertainty to our projections. **Untimely Nicor stock may be of interest for income-oriented accounts.** At the current quote, these shares offer a very competitive dividend yield versus other firms under review in the natural gas distribution industry. Charles W. Noh June 16, 2006

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '03-'05 of change (per sh)

Revenues	8.0%	11.5%	1.0%
"Cash Flow"	4.0%	0.5%	3.0%
Earnings	1.0%	-3.5%	4.0%
Dividends	4.0%	3.5%	1.5%
Book Value	3.0%	1.5%	3.0%

**Quarterly Revenues (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	171.3	452.8	294.8	743.8	2662.7
2004	115.7	429.5	299.9	894.6	2739.7
2005	179.9	484.4	336.0	1357.5	3357.8
2006	1319.4	535	350	1200.6	3405
2007	1280	510	340	1170	3300

**Earnings per Share ^**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1.11	.21	.01	.78	2.11
2004	.96	.44	d.26	1.08	2.22
2005	.98	.35	d.06	1.02	2.27
2006	.94	.43	d.02	1.10	2.45
2007	1.00	.40	d.05	1.15	2.50

**Quarterly Dividends Paid ^**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.46	.46	.46	.46	1.84
2003	.46	.465	.465	.465	1.86
2004	.465	.465	.465	.465	1.86
2005	.465	.465	.465	.465	1.86
2006	.465	.465			

**Quarterly Revenues (\$ mill.)**

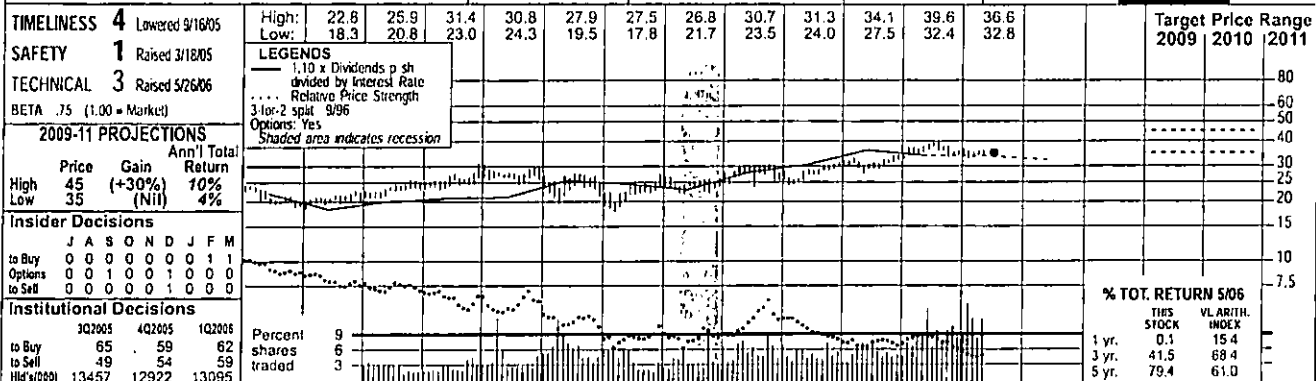
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	171.3	452.8	294.8	743.8	2662.7
2004	115.7	429.5	299.9	894.6	2739.7
2005	179.9	484.4	336.0	1357.5	3357.8
2006	1319.4	535	350	1200.6	3405
2007	1280	510	340	1170	3300

Company's Financial Strength	A
Stock's Price Stability	55
Price Growth Persistence	45
Earnings Predictability	75

(A) Based on primary earnings thru '96, then diluted. Excl. nonrecurring gains/loss: '89, 7¢; '97, 6¢; '98, 11¢; '99, 5¢; '00, (\$1.96); '01, 16¢; '03, (27¢); '04, (52¢); '05, 80¢; '06, 4¢. Excl. items from discontinued ops.: '93, 4¢; '96, 30¢. Quarterly earnings may not sum to total due to rounding. Next earnings report due late July. (B) Dividends historically paid early February, May, August, November. Dividend reinvestment plan available. (C) In millions, adjusted for stock split.  
 © 2006, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.  
 To subscribe call 1-800-833-0046.

# N.W. NAT'L GAS NYSE-NWN

RECENT PRICE **34.89** P/E RATIO **15.5** (Trailing: 16.3 Median: 15.0) RELATIVE P/E RATIO **0.88** DIV'D YLD **4.0%** VALUE LINE



Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	VALUE LINE PUB., INC. 09-11
Revenues per sh	17.02	16.74	14.10	18.15	18.30	16.02	16.86	15.82	16.77	18.17	21.09	25.78	25.07	23.57	25.69	33.01	39.65	42.25	51.80
"Cash Flow" per sh	3.22	2.57	3.25	3.74	3.50	3.41	3.86	3.72	3.24	3.72	3.68	3.86	3.65	3.85	3.92	4.34	4.60	4.75	5.10
Earnings per sh	1.62	.67	.74	1.74	1.63	1.61	1.97	1.76	1.02	1.70	1.79	1.88	1.62	1.76	1.86	2.11	2.25	2.40	2.85
Div'ds Decl'd per sh	1.10	1.13	1.15	1.17	1.17	1.18	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.30	1.32	1.38	1.42	1.70
Cap'l Spending per sh	3.85	3.58	3.73	3.61	4.23	3.02	3.70	5.07	4.02	4.78	3.46	3.23	3.11	4.90	5.52	3.48	3.70	3.60	3.60
Book Value per sh	12.61	12.23	12.41	13.08	13.63	14.55	15.37	16.02	16.59	17.12	17.93	18.56	18.88	19.52	20.64	21.28	22.10	22.95	25.55
Common Shs Outst'g	17.41	17.68	19.46	19.77	20.13	22.24	22.56	22.86	24.85	25.09	25.23	25.23	25.59	25.94	27.55	27.58	27.75	27.80	28.00
Avg Ann'l P/E Ratio	10.2	28.1	27.0	12.9	13.0	12.9	11.7	14.4	26.7	14.5	12.4	12.9	17.2	15.8	16.7	17.0	17.0	17.0	14.0
Relative P/E Ratio	.76	1.79	1.64	.76	.85	.86	.73	.83	1.39	.83	.81	.66	.94	.90	.88	.91	.91	.91	.95
Avg Ann'l Div'd Yield	6.7%	5.9%	5.7%	5.2%	5.5%	5.7%	5.2%	4.8%	4.5%	5.0%	5.6%	5.1%	4.5%	4.6%	4.2%	3.7%	3.7%	3.7%	4.3%

**2009-11 PROJECTIONS**  
 High: 45 (+30%)  
 Low: 35 (Nil)  
 Ann'l Total Return: 10%  
 Gain: 10%  
 Return: 4%

**Insider Decisions**  
 to Buy: 0 0 0 0 0 0 0 1 1  
 Options: 0 0 1 0 0 1 0 0 0  
 to Sell: 0 0 0 0 0 1 0 0 0

**Institutional Decisions**  
 3Q2005 4Q2005 1Q2006  
 to Buy: 65 59 62  
 to Sell: 49 54 59  
 Hd's (000): 13457 12922 13095

**CAPITAL STRUCTURE as of 3/31/06**  
 Total Debt \$579.9 mill. Due in 5 Yrs \$204.2 mill.  
 LT Debt \$501.5 mill. LT Interest \$31.0 mill.  
 (Total interest coverage: 3.4x)

**Pension Assets-12/05 \$218.6 mill.**  
 Oblig. \$267.9 mill.  
 Pfd Stock None

**Common Stock 27,576,846 shs.**  
 as of 4/23/06  
**MARKET CAP \$950 million (Small Cap)**

Year	2003	2004	2005	2006	2007
Revenues (\$mill)	380.3	361.8	416.7	455.8	532.1
Net Profit (\$mill)	46.8	43.1	27.3	44.9	47.8
Income Tax Rate	36.9%	32.9%	31.0%	35.4%	35.9%
Net Profit Margin	12.3%	11.9%	6.6%	9.9%	9.0%
Long-Term Debt Ratio	41.4%	46.0%	45.0%	46.0%	45.1%
Common Equity Ratio	52.8%	49.0%	50.6%	49.9%	50.9%
Total Capital (\$mill)	657.4	748.0	815.6	861.5	887.8
Net Plant (\$mill)	745.3	827.5	894.7	895.9	934.0
Return on Total Cap'l	8.9%	7.4%	5.0%	6.8%	6.7%
Return on Shr. Equity	12.1%	10.7%	6.1%	9.7%	9.8%
Return on Com Equity	12.7%	11.0%	6.0%	9.9%	10.0%
Retained to Com Eq	5.0%	3.6%	NMF	2.8%	3.1%
All Div'ds to Net Prof	63%	70%	118%	74%	70%

**BUSINESS:** Northwest Natural Gas Co. distributes natural gas at retail to 90 communities, 617,000 customers, in Oregon (90% of custs.) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.4 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system to bring gas to market. Owns local underground storage. Rev. breakdown: residential, 53%; comm'l, 27%; ind., transp. and other, 20%. Employs 1,305. Has abt 9,300 common shhldrs. Barclays owns 6.2% of shares; insiders, 1% (4/06 proxy). CEO: Mark S. Dodson. Inc.: OR. Addr.: 220 NW 2nd Ave., Portland, OR 97209. Tel.: 503-226-4211. Internet: www.nwnatural.com.

**CURRENT POSITION 2004 2005 3/31/06 (\$MILL.)**

Cash Assets	5.2	7.1	7.5
Other	231.9	316.6	244.2
Current Assets	237.1	323.7	251.7
Accts Payable	102.5	135.3	91.2
Debt Due	117.5	134.7	78.4
Other	47.3	56.6	76.2
Current Liab.	267.3	326.6	245.8
Fx. Chg. Cov.	316%	340%	NMF

**ANNUAL RATES of change (per sh)**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	4.5%	8.0%	11.0%
"Cash Flow"	1.5%	2.5%	4.5%
Earnings	1.5%	5.0%	7.0%
Dividends	1.0%	1.0%	4.0%
Book Value	4.0%	3.5%	3.5%

**QUARTERLY REVENUES (\$ mill.)**

Year	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	206.5	117.5	69.5	217.8	611.3
2004	254.5	109.7	81.4	262.0	707.6
2005	308.7	153.7	106.7	341.4	910.5
2006	390.4	209.6	150	350	1100
2007	400	215	160	400	1175

**EARNINGS PER SHARE**

Year	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1.01	.17	d.25	.83	1.76
2004	1.24	d.03	d.30	.95	1.86
2005	1.44	.04	d.31	.94	2.11
2006	1.48	.03	d.30	1.04	2.25
2007	1.55	.05	d.30	1.10	2.40

**QUARTERLY DIVIDENDS PAID**

Year	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.315	.315	.315	.315	1.26
2003	.315	.315	.315	.325	1.27
2004	.325	.325	.325	.325	1.30
2005	.325	.325	.325	.345	1.32
2006	.345	.345			

**Northwest Natural started 2006 on a decent note.** Total gas volume delivered rose 11% in the first quarter, and the customer count was up 3.5% in the last 12 months. Operating expenses were up 4% from the 2005 period, and earnings from storage operations rose to \$0.05 a share from \$0.03 last year. But Northwest's weather adjustment rate mechanism (WARM), contributed just \$0.8 million to gross profits in the 2006 quarter, down from \$8.1 million last year.

**We look for normal share-net growth in 2006 . . . coming largely in the fourth quarter.** Fourth-quarter 2005 earnings were hurt by several cents a share of unusual items, so our estimate for the final period of 2006 represents an average year-to-year gain. Northwest has enjoyed yearly customer growth of over 3% for many years, and, with a strong gain in the first quarter, we see no reason why that will not continue in 2006.

**. . . and that will likely continue through 2007.** Northwest is investing about \$25 million in automatic meter reading systems in 2006 and 2007, to automate reading about 40% of its meters.

That effort should contribute a few cents a share by the end of next year. Conversions of home heating from oil to gas could be reduced if recent high gas prices persist. But the customer count could still increase at its historical rate, helped by the beginning of high-density development of the area just east of the center of Portland. Northwest plans to install its mains in that area at the same time as power, water, and sewer lines are put in, and that should save some costs.

**We think earnings per share will grow faster than the industry average out to 2009-2011.** The area east of Portland should supply new customers for the foreseeable future, and the company estimates that there are over 150,000 potential conversion customers with gas mains on the same block. Liquid natural gas (LNG) will probably contribute, too, since there are five potential LNG terminal sites in Northwest's territory.

**These untimely shares have some appeal to conservative investors.** NWN's dividend yield is near the industry average, and its growth potential is greater.

*Sigourney B. Romaine, CFA June 16, 2006*

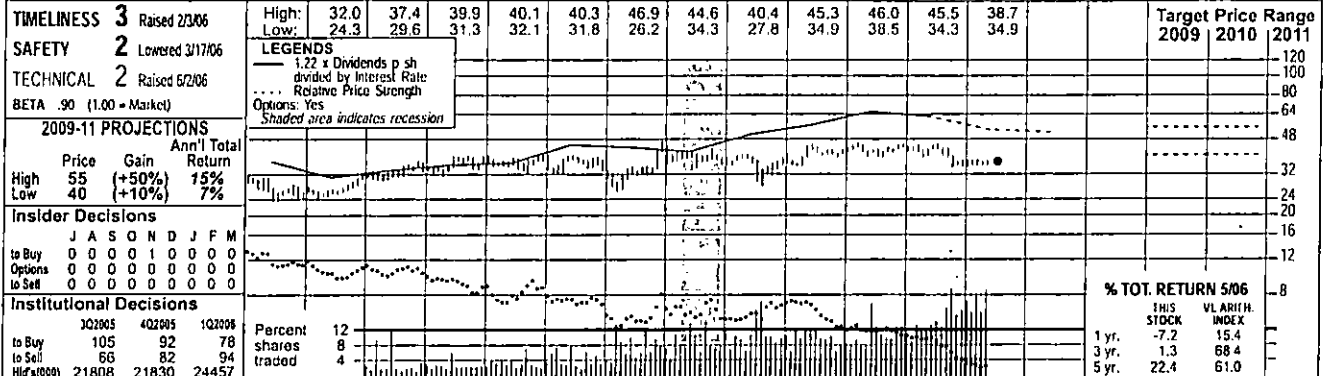
(A) Diluted earnings per share. Excludes non-recurring gain: '98, \$0.15; '00, \$0.11. Next earnings report due early August.  
 (B) Dividends historically paid in mid-February.  
 (C) In millions, adjusted for stock split.  
 mid-May, mid-August, and mid-November.  
 Div'd reinvestment plan available.

Company's Financial Strength: A  
 Stock's Price Stability: 100  
 Price Growth Persistence: 50  
 Earnings Predictability: 70

To subscribe call 1-800-833-0046.

# PEOPLES ENERGY NYSE-PGL

RECENT PRICE **37.11** P/E RATIO **19.8** (Trailing: 17.1; Median: 14.0) RELATIVE P/E RATIO **1.13** DIVD YLD **5.9%** VALUE LINE



Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	VALUE LINE PUB. INC.	09-11
Revenues per sh <sup>A</sup>	35.63	33.69	31.54	36.09	36.70	29.60	34.29	36.34	32.28	33.66	40.16	64.13	41.81	58.28	59.90	68.13	78.60	80.40	Revenues (\$mill) <sup>A</sup>	3700
"Cash Flow" per sh	3.74	3.73	3.67	3.85	3.99	3.68	4.98	4.92	4.44	4.74	5.58	5.84	5.59	5.88	5.32	5.31	4.85	4.90	"Cash Flow" (\$mill)	115
Earnings per sh <sup>B</sup>	2.07	2.05	2.06	2.11	2.13	1.78	2.96	2.81	2.25	2.39	2.71	3.16	2.80	2.88	2.18	2.26	1.85	1.90	Earnings (\$mill)	2550
Div'ds Decl'd per sh <sup>C</sup>	1.65	1.71	1.76	1.78	1.80	1.80	1.82	1.87	1.91	1.95	2.00	2.04	2.07	2.12	2.16	2.18	2.18	2.18	Div'ds Decl'd (\$mill)	3215
Cap'l Spending per sh	3.15	3.10	3.40	3.77	2.50	2.75	2.45	2.55	4.05	6.45	7.02	7.52	5.66	5.10	5.02	4.27	8.45	6.25	Cap'l Spending (\$mill)	1700
Book Value per sh <sup>D</sup>	16.61	16.95	17.72	18.02	18.39	18.38	19.49	20.43	21.03	21.66	22.02	22.76	22.74	23.11	23.06	20.97	20.15	19.40	Book Value (\$mill)	2550
Common Shs Outst'g <sup>E</sup>	32.70	32.76	34.77	34.88	34.87	34.91	34.96	35.07	35.26	35.49	35.30	35.40	35.46	36.69	37.73	38.16	39.00	40.00	Common Shs Outst'g	42.00
Avg Ann'l P/E Ratio	11.2	11.8	13.1	15.0	13.3	14.7	10.7	12.7	16.2	15.5	12.1	12.3	13.3	13.4	19.1	18.9	18.9	18.9	Avg Ann'l P/E Ratio	17.0
Relative P/E Ratio	0.83	0.75	0.79	0.89	0.87	0.98	0.67	0.73	0.84	0.88	0.79	0.83	0.73	0.76	1.01	1.01	1.01	1.01	Relative P/E Ratio	1.15
Avg Ann'l Div'd Yield	7.1%	7.0%	6.5%	5.6%	6.3%	6.9%	5.7%	5.2%	5.2%	5.3%	6.1%	5.2%	5.5%	5.5%	5.1%	5.1%	5.1%	5.1%	Avg Ann'l Div'd Yield	4.9%

**CAPITAL STRUCTURE** as of 3/31/06  
 Total Debt \$1060.5 mill. Due in 5 Yrs \$226.9 mill.  
 LT Debt \$894.3 mill. LT Interest \$52.0 mill.  
 (Total Interest coverage: 1.4x)

Pension Assets-9/05 \$520.4 mill.  
 Oblig. \$641.7 mill.

Pfd Stock None

Common Stock 38,409,036 shs.  
 as of 4/30/06

**MARKET CAP: \$1.4 billion (Mid Cap)**

**CURRENT POSITION** 2004 2005 3/31/06 (\$MILL.)

Cash Assets	21.1	43.5	107.3
Other	531.3	855.1	1026.3
Current Assets	552.4	898.6	1133.6
Accts Payable	144.7	236.2	237.9
Debt Due	55.6	8.1	166.2
Other	335.8	657.4	716.0
Current Liab.	536.1	901.7	1120.1
Fix. Chg. Gov.	304%	332%	128%

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		
Revenues (\$mill) <sup>A</sup>	1198.7	1274.4	1138.1	1194.4	1417.5	2270.2	1482.5	2138.4	2260.2	2599.6	3065	3215	3065	3215	3065	3215	3065	3215	Revenues (\$mill) <sup>A</sup>	3700
Net Profit (\$mill)	103.4	98.4	79.4	84.8	96.1	111.7	99.3	103.9	81.6	86.2	70.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	Net Profit (\$mill)	115
Income Tax Rate	37.6%	36.4%	36.2%	35.9%	34.1%	35.4%	34.2%	36.3%	31.7%	34.2%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	Income Tax Rate	35.0%
Net Profit Margin	8.6%	7.7%	7.0%	7.1%	6.8%	4.9%	6.7%	4.9%	3.6%	3.3%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	Net Profit Margin	3.1%
Long-Term Debt Ratio	43.6%	42.4%	41.1%	40.4%	35.1%	44.4%	40.7%	46.7%	50.8%	52.8%	53.3%	53.6%	53.6%	53.6%	53.6%	53.6%	53.6%	53.6%	Long-Term Debt Ratio	52.6%
Common Equity Ratio	56.4%	57.6%	58.9%	59.5%	64.9%	55.6%	59.3%	53.3%	49.2%	47.2%	46.7%	46.4%	46.4%	46.4%	46.4%	46.4%	46.4%	46.4%	Common Equity Ratio	47.4%
Total Capital (\$mill)	1208.3	1243.5	1258.0	1290.5	1196.7	1449.8	1360.3	1592.3	1767.5	1695.7	1680	1670	1670	1670	1670	1670	1670	1670	Total Capital (\$mill)	1700
Net Profit (\$mill)	1381.1	1402.2	1446.7	1519.8	1645.3	1753.9	1773.9	1838.2	1904.2	1947.3	2150	2300	2300	2300	2300	2300	2300	2300	Net Profit (\$mill)	2550
Return on Total Cap'l	10.3%	9.5%	7.8%	8.0%	9.5%	9.3%	8.4%	8.1%	6.0%	6.6%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	Return on Total Cap'l	8.5%
Return on Shr. Equity	15.2%	13.7%	10.7%	11.0%	12.4%	13.9%	12.3%	12.3%	9.4%	10.8%	9.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	Return on Shr. Equity	14.5%
Return on Com Equity	15.2%	13.7%	10.7%	11.0%	12.4%	13.9%	12.3%	12.3%	9.4%	10.8%	9.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	Return on Com Equity	14.5%
Retained to Com Eq	5.9%	4.7%	1.7%	2.1%	3.4%	5.0%	3.3%	3.4%	.2%	.5%	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	Retained to Com Eq	2.3%
All Div'ds to Net Prof	61%	66%	84%	81%	73%	64%	73%	73%	97%	95%	121%	116%	116%	116%	116%	116%	116%	116%	All Div'ds to Net Prof	82%

**BUSINESS:** Peoples Energy Corporation distributes natural gas via its utility subsidiaries, Peoples Gas Light & Coke Co. (approx. 814,000 customers at 9/30/05) and North Shore Gas Co. (155,000), in Chicago and northeastern Illinois. Fiscal 2005 gas distribution revenues: \$1.7 billion: residential, 79%; commercial, 15%; industrial, 3%; other, 3%. Main supplier is Natural Gas Pipeline Co. of America. Purchased gas costs and revenue taxes accounted for 77% of gas revenues in fiscal '05. Depreciation rate: 3.5%. Est'd plant age: 11 years. Has 2,182 empls., 19,236 shareholders. Off. and Dir. own 1.5% of common (1/06 Proxy). Chrmn. and CEO: Thomas Patrick, Inc., IL. Address: 130 E. Randolph Dr., Chicago, IL 60601. Tel.: 312-240-4730. Internet: www.peoplesenergy.com.

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '03-'05 of change (per sh)

Revenues	6.0%	12.0%	6.0%
"Cash Flow"	3.5%	2.0%	1.0%
Earnings	2.0%	-	1.5%
Dividends	2.0%	2.0%	0.5%
Book Value	2.0%	0.5%	NMF

**We are projecting lower share net at Peoples Energy for fiscal year 2006, as margins narrow.** For the six-month period ended March 31st, operating income for the Gas Distribution segment has fallen by nearly 14%, compared to the prior year's period. The decline is largely a result of warmer-than-normal weather. Customer conservation and increased bad debt expense have also played a part.

**power assets.** The company recently announced the sale of its roughly 30% interest in the Southeast Chicago Energy Project. PGL received roughly \$50 million in cash from Excelon for its stake. The company plans to use the proceeds to reduce short-term debt. Management expects to divest the remaining power assets later this year.

**QUARTERLY REVENUES** (\$ mill.) <sup>A</sup>

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	549.2	903.8	398.1	287.3	2138.4
2004	604.9	927.0	401.1	327.2	2260.2
2005	737.4	1026.9	455.9	379.4	2599.6
2006	1052.4	1180.0	455	377.6	3065
2007	1225	475	415		3215

**The company will likely file for rate relief with the Illinois Commerce Commission early this summer.** The complete process usually takes about 11 months. Rate increases granted would probably not become effective until spring of 2007, halfway through the fiscal year.

**The stock is not without risk.** Although we believe that management will make every effort to maintain the current dividend, a payout ratio of 95% reduces the company's financial flexibility. In addition, the price volatility of natural gas products may negatively affect PGL's cost structure. The adverse impact of warmer weather and the company's dependence on rate relief are other caveats.

**EARNINGS PER SHARE** <sup>A, B</sup>

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.87	1.77	.22	.04	\$ 2.88
2004	.85	1.46	.15	.27	\$ 2.18
2005	.77	1.37	.18	.06	2.26
2006	.93	1.12	.10	.30	1.85
2007	.95	1.15	.10	.30	1.90

**Earnings per share may not show much improvement in 2007.** Costs should continue to increase in the gas distribution business. The absence of the power assets will probably be a factor, also. Earnings growth may well pick up in 2008, assuming the company receives sufficient rate relief. From this point, we expect earnings will advance at a solid pace to the end of the decade.

**Peoples Energy shares are ranked 3 (Neutral) for Timeliness.** Although the stock offers a high dividend yield of 5.9%, no increase in the payout is likely for at least a couple of years. Assuming PGL emerges from the difficult stretch it is going through, total return possibilities may interest patient investors.

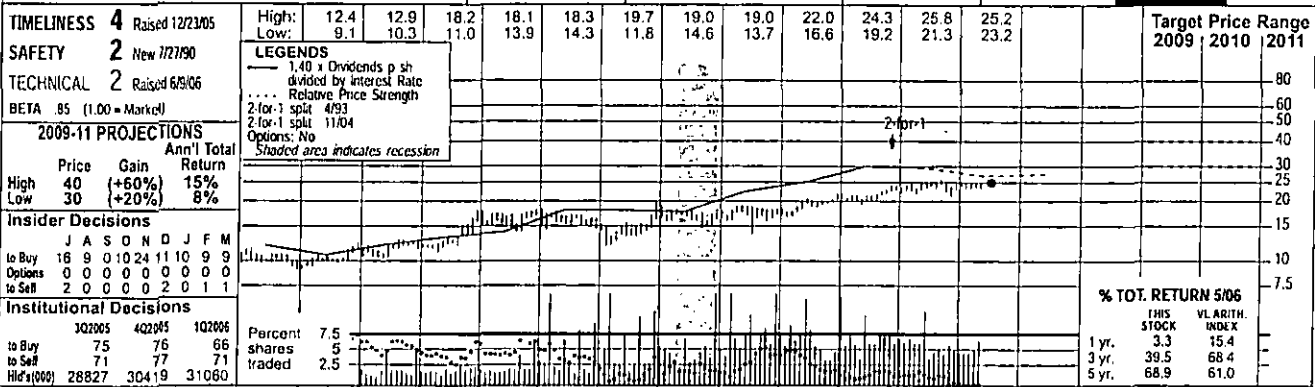
(A) Fiscal year ends Sept. 30th.  
 (B) Diluted earnings per share. Excludes non-recurring gains/(losses): '05, (\$0.21). Next earnings report due late July.

(C) Dividends historically paid mid-January, April, July, October. ■ Dividend reinvestment plan available.  
 (D) Includes deferred charges. At 3/31/06: \$47.8 mill., \$1.24/sh.  
 (E) In millions.  
 (F) Earnings don't sum due to change in shares outstanding.

Company's Financial Strength **B++**  
 Stock's Price Stability **95**  
 Price Growth Persistence **40**  
 Earnings Predictability **80**

# PIEDMONT NAT'L NYSE-PNY

RECENT PRICE **24.89** P/E RATIO **18.6** (Trailing: 18.6, Median: 17.0) RELATIVE P/E RATIO **1.06** DIVO YLD **3.9%** VALUE LINE



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	VALUE LINE PUB, INC.	09-11	
9.42	8.32	8.91	10.57	10.82	8.76	11.59	12.84	12.45	10.97	13.01	17.06	12.57	18.14	19.95	22.96	25.65	28.00	Revenues per sh <sup>A</sup>	33.10	
.97	.78	1.07	1.14	1.13	1.25	1.49	1.62	1.72	1.70	1.77	1.81	1.81	2.04	2.31	2.43	2.50	2.65	"Cash Flow" per sh	3.25	
.61	.44	.70	.73	.68	.73	.84	.93	.98	.93	1.01	1.01	.95	1.11	1.27	1.32	1.30	1.40	Earnings per sh <sup>B</sup>	1.75	
.42	.44	.46	.48	.51	.54	.57	.61	.64	.68	.72	.76	.80	.82	.85	.91	.96	1.00	Div'ds Decl'd per sh <sup>C</sup>	1.17	
1.62	1.37	1.41	1.58	1.95	1.72	1.64	1.52	1.48	1.58	1.65	1.29	1.21	1.16	1.85	2.50	2.65	2.40	Cap'l Spending per sh	2.20	
4.58	4.83	5.13	5.45	5.68	6.16	6.53	6.95	7.45	7.86	8.26	8.63	8.91	9.36	11.15	11.53	11.75	12.30	Book Value per sh <sup>D</sup>	13.85	
42.87	49.46	51.59	52.30	53.15	57.67	59.10	60.39	61.48	62.59	63.83	64.93	66.18	67.31	76.67	76.70	76.00	75.00	Common Shs Outst'g <sup>E</sup>	72.50	
11.3	16.3	12.3	15.4	15.7	13.8	13.9	13.6	16.3	17.7	14.3	16.7	18.4	16.7	16.6	17.9			Avg Ann'l P/E Ratio	19.0	
.84	1.04	.75	.91	1.03	.92	.87	.78	.85	1.01	.93	.86	1.01	.95	.88	.95			Relative P/E Ratio	1.25	
6.0%	6.0%	5.3%	4.3%	4.8%	5.4%	4.9%	4.8%	4.0%	4.1%	5.0%	4.5%	4.6%	4.4%	4.1%	3.8%			Avg Ann'l Div'd Yield	3.5%	
<b>CAPITAL STRUCTURE as of 1/31/06</b>				Total Debt \$1010.0 mill. Due in 5 Yrs \$350.0 mill. LT Debt \$625.0 mill. LT Interest \$40.0 mill. (LT interest earned: 4.5x; total interest coverage: 4.5x)																
<b>Pension Assets-10/05 \$199.2 mill.</b>				Oblig. \$236.6 mill.																
<b>Pfd Stock None</b>																				
<b>Common Stock 76,337,750 shs. as of 3/3/06</b>																				
<b>MARKET CAP: \$1.9 billion (Mid Cap)</b>																				
<b>CURRENT POSITION (\$MILL)</b>																				
Cash Assets				5.7	7.1	29.6														
Other				329.5	497.8	722.4														
Current Assets				335.2	504.9	752.0														
Accts Payable				99.6	182.8	211.5														
Debt Due				109.5	193.5	385.0														
Other				97.1	152.3	155.1														
Current Liab.				306.2	528.6	751.6														
Fix. Chg. Cov.				378%	400%	390%														
<b>ANNUAL RATES</b>																				
of change (per sh)				Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11														
Revenues				7.5%	11.0%	8.5%														
"Cash Flow"				7.0%	5.5%	6.0%														
Earnings				5.5%	5.0%	6.0%														
Dividends				5.5%	5.0%	5.5%														
Book Value				6.5%	6.5%	4.5%														
<b>QUARTERLY REVENUES (\$ mill.) <sup>A</sup></b>																				
Fiscal Year Ends				Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year												
2003				493.5	407.8	140.1	179.4	1220.8												
2004				618.8	482.4	214.7	213.8	1529.7												
2005				680.6	508.0	232.9	339.6	1761.1												
2006				921.4	483.2	240	305.4	1950												
2007				875	565	315	345	2100												
<b>EARNINGS PER SHARE <sup>A B F</sup></b>																				
Fiscal Year Ends				Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year												
2003				.87	.47	d.15	d.08	1.11												
2004				1.03	.54	d.11	d.21	1.27												
2005				.93	.52	d.06	d.07	1.32												
2006				.94	.57	d.09	d.12	1.30												
2007				.98	.57	d.06	d.09	1.40												
<b>QUARTERLY DIVIDENDS PAID <sup>C</sup></b>																				
Calendar				Mar.31	Jun.30	Sep.30	Dec.31	Full Year												
2002				.193	.20	.20	.20	.79												
2003				.20	.208	.208	.208	.82												
2004				.208	.215	.215	.215	.85												
2005				.215	.23	.23	.23	.91												
2006				.23	.24															

**BUSINESS:** Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 990,000 customers in North Carolina, South Carolina, and Tennessee. 2005 revenue mix: residential (39%), commercial (24%), industrial (13%), other (24%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 71.6% of revenues. '05 deprec. rate: 3.3%. Estimated plant age: 8.7 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 2,125 empls., 16,806 shareholders. Off. & dir. own less than 1% of common stock (1/06 proxy). CEO & Pres.: Thomas E. Skains, Inc.: NC. Addr.: 1915 Rexford Road, P.O. Box 33068 Charlotte, NC 28233. Tel.: 704-364-3120. Internet: www.piedmontng.com.

**Piedmont Natural Gas reported fiscal second-quarter (ended April 30th) earnings of \$0.57 a share.** The near 10% increase over last year's figure occurred despite high natural gas prices and conservation by customers. In addition, two positive rate-case outcomes from November in two of its jurisdictions helped results. Looking ahead, we believe Piedmont can grow its utility customer base by about 3% annually, well above the industry average. In addition, the company has implemented a management restructuring plan (discussed below), and announced plans to buy back about four million shares over the next four years. This should contribute to the mid-single-digit earnings advances we are projecting out to 2009-2011. **Piedmont is activating a corporate restructuring to streamline business processes and improve organizational efficiencies.** The program will start with 23 management-level employees who will be offered early retirement, and will eventually expand to include other positions and business functions. All told, the cost of the initiative is about \$7 million to \$8 million, with most of the expenses to be

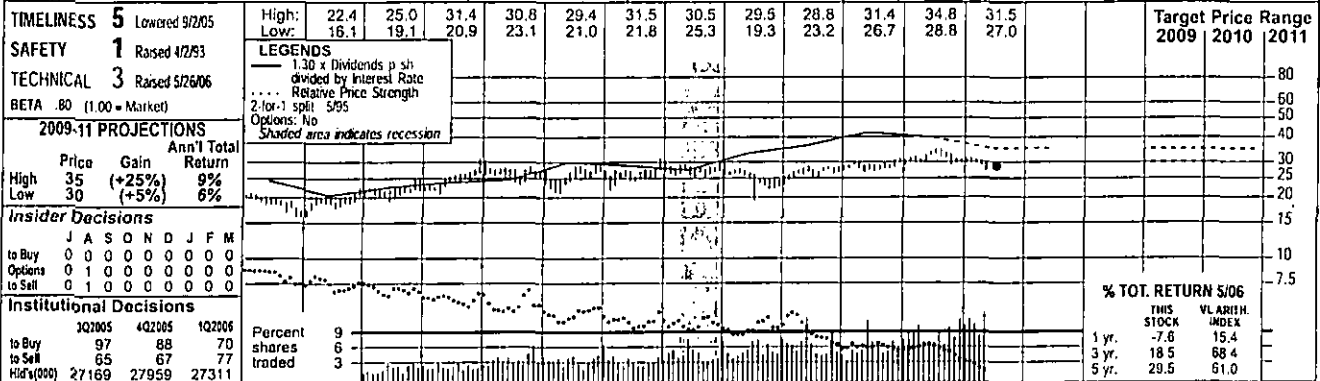
recognized in the second and third quarters. Beginning in fiscal 2007, these steps should result in about \$5 million to \$6 million in annual savings. But customer service expenses will likely rise next winter, offsetting some of these savings. **The company aims to diversify its natural gas supply portfolio away from the Gulf Coast region.** This may be of particular importance as we enter the 2006 hurricane season. Piedmont has a contract pending with Midwestern Gas Transmission Company for 120,000 dekatherms per day of capacity from the Chicago hub, which would serve the company's Tennessee territory and likely be in service by November. In addition, the company has an agreement with Hardy Storage Company for storage capacity in its West Virginia region, which is scheduled to be in service sometime in 2007. **This untimely stock has some appeal for income-oriented investors.** The dividend yield remains at about the industry average, and we expect steady increases to follow. Moreover, risk is limited, thanks to the stocks above-average Safety rank. *Evan I. Blatter June 16, 2006*

(A) Fiscal year ends October 31st. (B) Diluted earnings. Excl. extraordinary item: '00, '06. Excl. nonrecurring charge: '97, '24. Next earnings report due early Sept. (C) Dividends historically paid mid-January, April, July, October. (D) Includes deferred charges. At 10/31/05. (E) In millions, adjusted for stock splits. (F) Quarters may not add to total due to change in shares outstanding. **Company's Financial Strength 8++**  
**Stock's Price Stability 100**  
**Price Growth Persistence 80**  
**Earnings Predictability 80**

To subscribe call 1-800-833-0046.

# WGL HOLDINGS NYSE:WGL

RECENT PRICE **28.51** P/E RATIO **15.6** (Trailing: 17.1; Median: 15.0) RELATIVE P/E RATIO **0.89** DIV'D YLD **4.7%** VALUE LINE



Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Value Line Pub. Inc.	09-11
Revenues per sh <sup>A</sup>	18.75	17.50	18.37	21.55	21.69	19.30	22.19	24.16	23.74	20.92	22.19	29.80	32.63	42.45	42.93	44.94	53.80	55.40	61.50	61.50
"Cash Flow" per sh	2.17	2.04	2.17	2.25	2.43	2.51	2.93	3.02	2.79	2.74	3.20	3.24	2.63	4.00	3.87	3.97	3.70	3.85	4.60	4.60
Earnings per sh <sup>B</sup>	1.26	1.14	1.27	1.31	1.42	1.45	1.85	1.85	1.54	1.47	1.79	1.88	1.14	2.30	1.98	2.11	1.80	1.90	2.40	2.40
Div'ds Decl'd per sh <sup>C</sup>	1.01	1.05	1.07	1.09	1.11	1.12	1.14	1.17	1.20	1.22	1.24	1.26	1.27	1.28	1.30	1.32	1.35	1.38	1.45	1.45
Cap'l Spending per sh	2.38	2.05	2.17	2.43	2.84	2.63	2.85	3.20	3.62	3.42	2.67	2.68	3.34	2.65	2.33	2.32	4.10	4.05	2.55	2.55
Book Value per sh <sup>D</sup>	10.17	9.63	10.66	11.04	11.51	11.95	12.79	13.48	13.86	14.72	15.31	16.24	15.78	16.25	16.95	17.80	17.80	18.50	21.30	21.30
Common Shs Outst'g <sup>E</sup>	39.23	39.89	40.62	41.50	42.19	42.93	43.70	43.70	43.84	46.47	46.47	48.54	48.56	48.63	48.67	48.65	48.70	48.70	48.80	48.80
Avg Ann'l P/E Ratio	11.7	12.8	13.6	15.6	14.0	12.7	11.5	12.7	17.2	17.3	14.6	14.7	23.1	11.1	14.2	14.7	14.7	15.4	14.0	14.0
Relative P/E Ratio	.87	.82	.82	.92	.92	.85	.72	.73	.89	.99	.95	.75	1.26	.63	.75	.78	.78	1.00	.90	.90
Avg Ann'l Div'd Yield	6.9%	7.2%	6.2%	5.3%	6.1%	5.4%	5.0%	4.5%	4.8%	4.8%	4.8%	4.6%	4.8%	5.0%	4.6%	4.2%	4.2%	4.7%	4.3%	4.3%

**CAPITAL STRUCTURE as of 3/31/06**  
 Total Debt \$798.3 mill. Due in 5 Yrs \$520.0 mill.  
 LT Debt \$581.5 mill. LT Interest \$40.0 mill.  
 (LT interest earned: 4.8%; total interest coverage: 4.6x)  
 Pension Assets-9/05 \$691.7 mill.  
 Preferred Stock \$28.2 mill. Pfd Div'd \$1.3 mill.  
 Common Stock 48,762,228 shs. as of 4/30/06  
**MARKET CAP: \$1.4 billion (Mid Cap)**

Year	2004	2005	3/31/06
Revenues (\$mill) <sup>A</sup>	969.8	1055.8	1040.6
Total Debt (\$mill)	81.6	82.0	68.6
LT Debt (\$mill)	37.7%	36.9%	35.6%
LT Interest (\$mill)	8.4%	7.8%	6.6%
Pension Assets (\$mill)	37.6%	41.1%	40.3%
Preferred Stock (\$mill)	59.4%	56.2%	57.1%
Common Stock (\$mill)	941.1	1049.0	1064.8
Market Cap (\$mill)	1130.6	1217.1	1319.5
Return on Total Cap'l	10.1%	9.3%	8.0%
Return on Shr. Equity	13.9%	13.3%	10.8%
Return on Com Equity	14.4%	13.7%	11.1%
Retained to Com Eq	5.8%	5.1%	2.5%
All Div'ds to Nat Prof	62%	63%	78%

**BUSINESS:** WGL Holdings, Inc. is the parent of Washington Gas Light, a natural gas distributor in Washington, D.C. and adjacent areas of VA. and MD. to residential and comm'l users (1,029,430 meters). Hampshire Gas, a federally regulated sub., operates an underground gas-storage facility in WV. Non-regulated subs.: Wash. Gas Energy Svcs. sells and delivers natural gas and provides energy related products in the D.C. metro area; Wash. Gas Energy Sys. designs/installs comm'l heating, ventilating, and air cond. systems. American Century Inv. own 9.3% of common stock; Off/dir. less than 1% (1/06 proxy). Chrmn. & CEO: J.H. DeGraffenreid, Inc.; D.C. and VA. Address: 1100 H St. N.W., Washington, D.C. 20080. Tel.: 202-624-6410. Internet: www.wglholdings.com.

**CURRENT POSITION (\$MILL)**

Item	2004	2005	3/31/06
Cash Assets	6.6	4.8	14.1
Other	426.3	476.2	732.9
Current Assets	432.9	481.0	747.0
Accts Payable	179.0	204.9	255.2
Debt Due	156.3	91.0	216.8
Other	77.6	115.5	179.7
Current Liab.	412.9	411.4	651.7
Fix. Chg. Cov.	449%	460%	450%

**ANNUAL RATES of change (Per sh)**

Item	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05	'09-'11
Revenues	7.5%	14.5%	6.0%	6.0%
"Cash Flow"	5.0%	6.5%	2.5%	2.5%
Earnings	4.5%	6.0%	2.0%	2.0%
Dividends	1.5%	1.5%	2.0%	2.0%
Book Value	4.0%	3.0%	4.0%	4.0%

**QUARTERLY REVENUES (\$mill.)<sup>A</sup>**

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	560.0	851.1	373.2	279.9	2064.2
2004	585.3	862.2	356.9	285.2	2089.6
2005	623.4	929.8	349.0	284.1	2186.3
2006	909.3	1070.4	350	290.3	2620
2007	860	1010	380	350	2700

**EARNINGS PER SHARE<sup>A,B</sup>**

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	1.10	1.61	d.05	d.36	2.30
2004	.81	1.62	d.08	d.37	1.98
2005	.88	1.63	d.17	d.23	2.11
2006	.91	1.16	d.05	d.22	1.80
2007	.94	1.45	d.17	d.32	1.90

**QUARTERLY DIVIDENDS PAID<sup>C</sup>**

Calendar Year	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.315	.318	.318	.318	1.27
2003	.318	.32	.32	.32	1.28
2004	.32	.325	.325	.325	1.30
2005	.325	.333	.333	.333	1.32
2006	.333	.338			

**WGL Holdings' second-quarter (ended March 31st) share net decreased considerably from a year ago.** Much of this can be attributed to its nonregulated segment, which reported a loss of \$2.8 million versus a gain of \$5.3 million last year. In fact, \$7.4 million of the shortfall was derived from the retail energy marketing unit, due to lower gross margins and less volume. The margin decrease was driven by higher gas costs in relation to fixed-price contracts, as well as increased market-to-market losses. However, over the life of these contracts, WGL will likely realize positive gross margins.

**The company's weather protection strategies are paying off.** The Virginia and District of Columbia service areas are protected against the financial impacts resulting from temperatures that are warmer than normal, while providing for the potential for upside should colder weather prevail. In Maryland, the company is protected against lower-than-normal usage if caused by warm temperatures or conservation by customers. These policies helped March-period results since temperatures were 9% above average and

total gas deliveries were down nearly 16% from the year-ago period. The weather strategies in place reduce the volatility of earnings, adding to the stock's stability. On the regulatory front, WGL plans to apply for a rate hike in Maryland next March, and if approved, the new rates may be in place by November of 2007. The increase is necessary to recover the additional costs from the Prince George's County rehabilitation program.

**WGL continues to make progress on the development of a liquefied natural gas storage facility in Chillum, Maryland.** The new tank will hold the equivalent of one billion cubic feet of natural gas. Following regulatory approval, the project is scheduled to be in service for the 2008-2009 winter.

**WGL shares, though untimely, offer a respectable dividend yield of 4.7%.** In March, the quarterly payout was increased to 33.75 cents per share. Over the 3- to 5-year pull, we look for modest increases and for the yield to remain above its utility counterparts. The stock also carries our Highest (1) Safety rating.

*Evani I. Blatter* June 16, 2006

(A) Fiscal years end Sept. 30th. (B) Based on diluted shares. Excludes non-recurring losses: '01, (13c); '02, (34c). Next earnings report due late July. (C) Dividends historically paid early February, May, August, and November. (D) Includes deferred charges and intangibles. (E) In millions, adjusted for stock split. © 2006, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

**To subscribe call 1-800-833-0046.**

# STATISTICS FOR SIC CODE 4924

Natural Gas Distribution  
This Industry Comprises 10 Companies

## Industry Description

Establishments engaged in the distribution of natural gas.

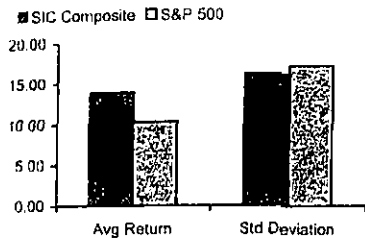
## Sales (million\$)

Total	12,146
Average	1,214.6
<b>Three Largest Companies</b>	
NICOR INC	3,357.8
NEW JERSEY RESOURCES CORP	3,138.2
PIEDMONT NATURAL GAS CO	1,761.1
<b>Three Smallest Companies</b>	
ENERGYSOUTH INC	124.6
RGC RESOURCES INC	121.6
ENERGY WEST INC	76.7

## Total Capital (million\$)

Total	13,106
Average	1,310.6
<b>Three Largest Companies</b>	
NICOR INC	2,870.6
PIEDMONT NATURAL GAS CO	2,649.8
SOUTHWEST GAS CORP	2,538.1
<b>Three Smallest Companies</b>	
ENERGYSOUTH INC	334.4
RGC RESOURCES INC	91.5
ENERGY WEST INC	55.8

## SIC vs. S&P 500 for Last 10 Years (%)



## Number of Companies & Total Capital (billion\$)

S&P Debt Rating	Large Cap	Mid Cap	Low Cap	Micro Cap	Totals
AAA, AA, A	0	2	1	0	3 (companies) 7.2 (capital)
BBB	0.0	5.5	1.6	0.0	7.2
BB, B, CCC, CC, D	0	0	1	1	2
Not Rated	0.0	0.0	2.5	0.4	2.9
Totals	0	2	3	5	10
	0.0	5.5	5.9	1.7	13.1

## Annualized Statistics for Last 10 Years (%)

	Avg Return	Std Deviation
S&P 500	10.29	17.20
SIC Composite	13.85	16.09
Large Composite	14.49	19.04
Small Composite	14.09	15.43

## Compound Annual Equity Return (%)

	5 Years	10 Years
75th Percentile	14.07	10.94
Median	10.26	8.96
25th Percentile	4.87	7.74
SIC Composite	12.05	12.56
Large Composite	11.78	12.90
Small Composite	21.62	11.38

## Sales, Income & Market Capitalization (billion\$)

	Operating Sales	Operating Income	Net Income	Equity Capital	Debt Capital
Current Yr.	12.1	1.5	0.5	7.7	5.4
Last Yr.	10.1	1.4	0.4	7.1	5.3
2 Yrs. Ago	9.4	1.3	0.3	6.5	5.3
3 Yrs. Ago	7.6	1.3	0.4	5.1	4.5
4 Yrs. Ago	8.7	1.3	0.4	6.1	4.5

## Growth Over Last 5 Years (%)

	Net Sales	Operating Income	Net Income
Median	10.00	6.06	3.67
SIC Composite	12.48	5.53	9.46
Large Composite	13.98	7.15	14.62
Small Composite	7.59	6.85	7.50

## Capital Structure Ratios (%)

	Debt/Total Capital	Debt/MV Equity
	Latest 5-Year Avg	Latest 5-Year Avg
Median	40.64 47.43	68.49 90.21
SIC Composite	41.52 44.22	70.99 79.27
Large Composite	33.52 34.75	50.43 53.25
Small Composite	29.90 39.95	42.66 66.54

## Distribution of Sales & Total Capital (million\$)

	Distribution of Sales		Total Capital	
	Latest	5-Year Avg	Latest	5-Year Avg
90th Percentile	3,160.1	2437.6	2671.9	2,220.5
75th Percentile	1,749.4	1393.6	2339.7	1,977.5
Median	762.8	611.7	1204.6	1,075.1
25th Percentile	175.1	160.4	353.7	300.9
10th Percentile	117.2	103.8	87.9	81.2

## Margins (%)

	Operating Margin		Net Margin		Asset Turnover		Return on Inv. Cap.		Return on Assets		Return on Equity	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	13.82	15.49	2.81	3.40	69.13	72.47	4.05	3.79	3.02	3.12	5.73	7.00
SIC Composite	11.98	14.04	3.75	3.94	78.18	75.82	4.24	3.87	2.93	2.99	5.94	5.98
Large Composite	9.17	11.21	3.80	4.10	95.07	92.86	5.86	5.35	3.61	3.80	6.50	6.34
Small Composite	18.25	16.79	5.76	4.90	76.74	78.43	5.52	4.57	4.42	3.84	5.51	6.19

## Equity Valuation Ratios (Multiples)

	Price/Earnings		Market/Book		Price/Sales		Price/Cash Flow		Price/Operating Income		Dividend Yield (% of Price)	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	17.44	14.29	1.89	1.44	0.58	0.50	133.90	106.87	5.14	3.96	3.42	4.17
SIC Composite	16.83	13.89	1.45	1.33	0.63	0.66	611.19	46.27	5.27	4.70	3.67	4.21
Large Composite	15.38	13.01	1.66	1.54	0.58	0.65	102.30	19.87	6.38	5.77	3.94	4.32
Small Composite	18.14	12.86	1.75	1.45	1.05	0.79	39.97	NMF	5.73	4.72	2.57	4.29

## Growth Rates (%)

	Cost of Equity Capital (%)						Weighted Average Cost of Capital (%)						Levered Betas			Unlevered Betas		
	Analysts' Estimate	CAPM	3-Factor	Discounted Cash Flow	1-Stage	3-Stage	CAPM	3-Factor	Discounted Cash Flow	1-Stage	3-Stage	Raw Beta	Adjusted Beta	Adjusted Beta	Raw Beta	Adjusted Beta	Adjusted Beta	
Median	4.43	6.85	9.61	8.55	8.13	8.70	6.56	8.45	7.67	7.55	7.68	0.24	0.25	0.13	0.24	0.25	0.13	
SIC Composite	4.43	7.96	9.77	9.26	NMF	10.20	7.32	8.43	8.11	NMF	8.69	0.36	0.41	0.28	0.36	0.41	0.28	
Large Composite	4.29	8.37	9.39	10.02	NMF	11.60	7.68	8.36	8.78	NMF	9.83	0.42	0.47	0.35	0.42	0.47	0.35	
Small Composite	4.86	7.43	11.38	8.36	NMF	8.90	7.36	10.16	8.02	NMF	8.40	0.20	0.33	0.26	0.20	0.33	0.26	

# STATISTICS FOR SIC CODE 4924

## Natural Gas Distribution

This Industry Comprises 9 Companies

### Industry Description

Establishments engaged in the distribution of natural gas.

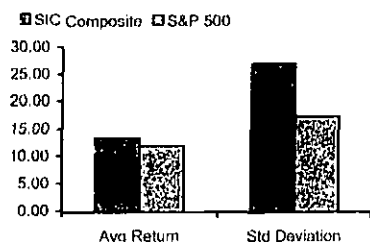
### Sales (million\$)

Total	16,832
Average	1,848.0
<b>Three Largest Companies</b>	
CENTERPOINT ENERGY INC	8,510.4
NICOR INC	2,739.7
NEW JERSEY RESOURCES	2,533.6
<b>Three Smallest Companies</b>	
ENERGYSOUTH INC	116.0
RGC RESOURCES INC	103.1
ENERGY WEST INC	73.3

### Total Capital (million\$)

Total	22,120
Average	2,457.8
<b>Three Largest Companies</b>	
CENTERPOINT ENERGY INC	12,740.3
NICOR INC	2,823.3
PIEDMONT NATURAL GAS CO	2,536.2
<b>Three Smallest Companies</b>	
ENERGYSOUTH INC	315.4
RGC RESOURCES INC	92.7
ENERGY WEST INC	47.9

### SIC vs. S&P 500 for Last 10 Years (%)



### Number of Companies & Total Capital (billion\$)

S&P Debt Rating	Large Cap	Mid Cap	Low Cap	Micro Cap	Totals
AAA, AA, A	0	2	1	0	3 (companies) 6.8 (capital)
BBB	0	1	0	1	2 13.1
BB, B, CCC, CC, D	0	0	0	0	0
Not Rated	0	0	1	3	4 2.2
<b>Totals</b>	0	3	2	4	9 22.1

### Annualized Statistics for Last 10 Years (%)

	Avg Return	Std Deviation
S&P 500	12.15	17.50
SIC Composite	13.64	27.21
Large Composite	-	-
Small Composite	-	-

### Compound Annual Equity Return (%)

	5 Years	10 Years
75th Percentile	-	-
Median	12.95	10.25
25th Percentile	-	-
SIC Composite	8.57	10.28
Large Composite	-	-
Small Composite	-	-

### Sales, Income & Market Capitalization (billion\$)

	Operating Sales	Operating Income	Net Income	Equity Capital	Debt Capital
Current Yr.	16.6	2.4	0.5	9.8	12.3
Last Yr.	17.4	3.2	0.7	9.0	14.5
2 Yrs. Ago	13.7	2.9	0.7	6.5	13.8
3 Yrs. Ago	53.1	3.8	1.2	12.8	13.1
4 Yrs. Ago	34.6	3.6	1.0	18.0	14.9

### Growth Over Last 5 Years (%)

	Net Sales	Operating Income	Net Income
Median	11.15	1.87	0.65
SIC Composite	-2.98	-4.80	-23.19
Large Composite	-	-	-
Small Composite	-	-	-

### Capital Structure Ratios (%)

	Debt/Total Capital		Debt/MV Equity	
	Latest	5-Year Avg	Latest	5-Year Avg
Median	37.63	46.60	60.33	87.26
SIC Composite	55.72	55.89	125.85	126.73
Large Composite	-	-	-	-
Small Composite	-	-	-	-

### Distribution of Sales & Total Capital (million\$)

	Distribution of Sales		Total Capital	
	Latest	5-Year Avg	Latest	5-Year Avg
90th Percentile	-	-	-	-
75th Percentile	-	-	-	-
Median	707.6	628.5	1800.3	1,270.1
25th Percentile	-	-	-	-
10th Percentile	-	-	-	-

### Margins (%)

	Operating Margin		Net Margin		Asset Turnover		Return on Inv. Cap.		Return on Assets		Return on Equity	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	15.58	13.47	2.82	4.03	70.50	80.79	3.65	4.34	3.04	3.34	5.39	7.71
SIC Composite	14.23	11.68	3.16	3.11	55.17	81.07	2.62	3.62	1.74	2.52	5.37	7.78
Large Composite	-	-	-	-	-	-	-	-	-	-	-	-
Small Composite	-	-	-	-	-	-	-	-	-	-	-	-

### Equity Valuation Ratios (Multiples)

	Price/Earnings		Market/Book		Price/Sales		Price/Cash Flow		Price/Operating Income		Dividend Yield (% of Price)	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	18.56	12.97	2.07	1.55	0.60	0.56	33.32	28.13	5.83	3.87	3.96	4.60
SIC Composite	18.64	20.61	1.27	1.13	0.59	0.40	15.88	23.06	4.14	3.42	4.03	4.59
Large Composite	-	-	-	-	-	-	-	-	-	-	-	-
Small Composite	-	-	-	-	-	-	-	-	-	-	-	-

### Growth Rates (%)

### Cost of Equity Capital (%)

### Weighted Average Cost of Capital (%)

### Levered Betas

### Unlevered Betas

	Analysts' Estimate	CAPM	3-Factor Fama-French	Discounted Cash Flow	CAPM + Size Prem	3-Factor Fama-French	Discounted Cash Flow	Raw Beta	Adjusted Beta					
Median	5.59	5.23	8.92	6.72	9.09	6.95	6.04	7.58	6.65	8.22	7.93	0.04	0.05	0.03
SIC Composite	5.59	7.36	8.31	9.72	5.96	10.30	7.02	7.51	8.23	6.30	8.53	0.37	0.35	0.19
Large Composite	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Small Composite	-	-	-	-	-	-	-	-	-	-	-	-	-	-

# STATISTICS FOR SIC CODE 4924

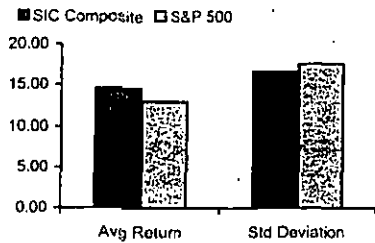
Natural Gas Distribution  
This Industry Comprises 9 Companies

**Industry Description**  
Establishments engaged in the distribution of natural gas.

Sales (million\$)	
Total	10,098
Average	1,122.0
<b>Three Largest Companies</b>	
NICOR INC	2,662.7
NEW JERSEY RESOURCES	2,544.4
PIEDMONT NATURAL GAS CO	1,220.8
<b>Three Smallest Companies</b>	
SOUTH JERSEY INDUSTRIES INC	505.1
CASCADE NATURAL GAS CORP	302.8
ENERGY WEST INC	79.1

Total Capital (million\$)	
Total	16,875
Average	1,875.0
<b>Three Largest Companies</b>	
SOUTHERN UNION CO	4,082.9
AGL RESOURCES INC	3,215.4
PIEDMONT NATURAL GAS CO	2,623.5
<b>Three Smallest Companies</b>	
SOUTH JERSEY INDUSTRIES INC	1,006.2
CASCADE NATURAL GAS CORP	412.5
ENERGY WEST INC	40.3

## SIC vs. S&P 500 for Last 10 Years (%)



## Number of Companies & Total Capital (billion\$)

S&P Debt Rating	Large Cap	Mid Cap	Low Cap	Micro Cap	Totals
AAA, AA, A	0	3	1	0	4 (companies) 9.9 (capital)
BBB	0	1	0	1	2
BB, B, CCC, CC, D	0	0	0	0	0
Not Rated	0	0	2	1	3
Totals	0	4	3	2	9
	0.0	12.5	3.9	0.5	16.9

## Annualized Statistics for Last 10 Years (%)

	Avg Return	Std Deviation
S&P 500	13.06	17.68
SIC Composite	14.61	16.69
Large Composite	-	-
Small Composite	-	-

## Compound Annual Equity Return (%)

	5 Years	10 Years
75th Percentile	-	-
Median	12.82	11.12
25th Percentile	-	-
SIC Composite	13.70	13.41
Large Composite	-	-
Small Composite	-	-

## Sales, Income & Market Capitalization (billion\$)

	Operating Sales	Operating Income	Net Income	Equity Capital	Debt Capital
Current Yr.	10.1	1.5	0.5	9.1	7.8
Last Yr.	8.6	1.5	0.5	6.7	5.9
2 Yrs. Ago	10.1	1.5	0.5	7.6	5.9
3 Yrs. Ago	7.0	1.2	0.3	7.0	4.5
4 Yrs. Ago	6.0	1.2	0.4	6.0	4.0

## Growth Over Last 5 Years (%)

	Net Sales	Operating Income	Net Income
Median	9.81	3.88	8.90
SIC Composite	11.17	4.60	6.40
Large Composite	-	-	-
Small Composite	-	-	-

## Capital Structure Ratios (%)

	Debt/Total Capital		Debt/MV Equity	
	Latest	5-Year Avg	Latest	5-Year Avg
Median	41.66	50.26	71.41	101.06
SIC Composite	44.74	43.98	80.97	78.51
Large Composite	-	-	-	-
Small Composite	-	-	-	-

## Distribution of Sales & Total Capital (million\$)

	Distribution of Sales		Total Capital	
	Latest	5-Year Avg	Latest	5-Year Avg
90th Percentile	-	-	-	-
75th Percentile	-	-	-	-
Median	983.7	915.6	1481.2	1,220.9
25th Percentile	-	-	-	-
10th Percentile	-	-	-	-

## Margins (%)

	Operating Margin		Net Margin		Asset Turnover		Return on Inv. Cap.		Return on Assets		Return on Equity	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	16.90	15.40	4.12	4.72	65.26	64.10	3.86	4.57	3.13	3.52	5.72	7.56
SIC Composite	15.10	16.58	5.08	5.21	59.22	63.90	3.51	4.03	3.01	3.33	5.76	6.23
Large Composite	-	-	-	-	-	-	-	-	-	-	-	-
Small Composite	-	-	-	-	-	-	-	-	-	-	-	-

## Equity Valuation Ratios (Multiples)

	Price/Earnings		Market/Book		Price/Sales		Price/Cash Flow		Price/Operating Income		Dividend Yield (% of Price)	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	17.49	13.23	1.98	1.51	1.08	0.67	19.60	21.18	5.50	3.83	4.03	4.65
SIC Composite	17.35	13.83	1.41	1.34	0.88	0.84	16.86	23.65	5.84	5.05	3.69	4.04
Large Composite	-	-	-	-	-	-	-	-	-	-	-	-
Small Composite	-	-	-	-	-	-	-	-	-	-	-	-

## Growth Rates (%)

	Cost of Equity Capital (%)					Weighted Average Cost of Capital (%)					Levered Betas			Unlevered Betas
	Analysts' Estimate	CAPM	3-Factor Fama-French	Discounted Cash Flow 1-Stage	Discounted Cash Flow 3-Stage	CAPM	3-Factor Fama-French	Discounted Cash Flow 1-Stage	Discounted Cash Flow 3-Stage	Raw Beta	Adjusted Beta	Adjusted Beta	Adjusted Beta	
Median	4.40	5.57	7.40	7.21	8.91	6.54	7.12	6.97	7.65	8.19	0.11	0.12	0.06	
SIC Composite	4.40	6.13	7.04	6.97	NMF	10.80	6.18	6.69	6.66	NMF	8.81	0.19	0.19	
Large Composite	-	-	-	-	-	-	-	-	-	-	-	-	-	
Small Composite	-	-	-	-	-	-	-	-	-	-	-	-	-	

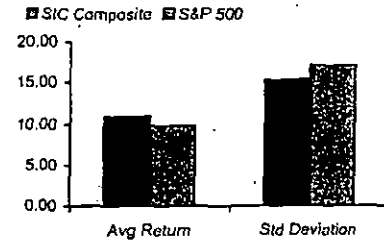
# STATISTICS FOR SIC CODE 4924

Natural Gas Distribution  
Industry Comprises 11 Companies

**Industry Description**  
Establishments engaged in the distribution of natural gas.

Sales (million\$)		Total Capital (million\$)	
Total	11,540	Total	16,265
Average	1,049.1	Average	1,478.7
Three Largest Companies		Three Largest Companies	
NICOR INC	2,544.1	AGL RESOURCES INC	2,906.9
NEW JERSEY RESOURCES	1,830.8	SOUTHERN UNION CO	2,097.5
SOUTHWEST GAS CORP	1,396.7	SOUTHWEST GAS CORP	1,934.4
Three Smallest Companies		Three Smallest Companies	
NORTHWEST NATURAL GAS CO	650.3	LACLEDE GROUP INC	888.3
CASCADE NATURAL GAS CORP	321.0	CASCADE NATURAL GAS CORP	379.3
ENERGY WEST INC	99.6	ENERGY WEST INC	39.2

## SIC vs. S&P 500 for Last 10 Years (%)



## Number of Companies & Total Capital (billion\$)

S&P Debt Rating	Large Cap	Mid Cap	Low Cap	Micro Cap	Totals	
AAA, AA, A	0	3	3	0	6	(companies)
	0.0	6.6	3.9	0.0	10.5	(capital)
BBB	0	0	2	1	3	
	0.0	0.0	4.0	0.4	4.4	
BB, B, CCC, CC, D	0	0	0	0	0	
	0.0	0.0	0.0	0.0	0.0	
Not Rated	0	0	1	1	2	
	0.0	0.0	1.3	0.0	1.4	
Totals	0	3	6	2	11	
	0.0	6.6	9.3	0.4	16.3	

## Annualized Statistics for Last 10 Years (%)

	Avg Return	Std Deviation
S&P 500	9.84	17.05
SIC Composite	11.00	15.27
Large Composite	9.86	17.39
Small Composite	9.61	16.91

## Compound Annual Equity Return (%)

	5 Years	10 Years
75th Percentile	6.24	8.68
Median	3.27	7.32
25th Percentile	1.05	8.22
SIC Composite	5.94	9.96
Large Composite	3.64	8.47
Small Composite	5.32	8.32

## Sales, Income & Market Capitalization (billion\$)

	Operating		Net	Equity	Debt
	Sales	Income	Income	Capital	Capital
Current Yr.	11.5	2.0	0.6	8.4	7.9
Last Yr.	12.9	1.8	0.5	9.4	8.1
2 Yrs. Ago	8.2	1.7	0.5	8.7	6.1
3 Yrs. Ago	7.5	1.6	0.4	7.2	5.4
4 Yrs. Ago	8.2	1.6	0.5	7.7	5.4

## Growth Over Last 5 Years (%)

	Net Sales	Operating Income	Net Income
Median	10.39	3.33	2.85
SIC Composite	7.35	5.82	5.19
Large Composite	12.58	5.01	7.02
Small Composite	11.76	3.07	1.21

## Capital Structure Ratios (%)

Debt/Total Capital		Debt/MV Equity	
Latest	5-Year Avg	Latest	5-Year Avg
46.50	50.03	86.91	100.13
38.77	42.39	63.31	73.57
14.21	37.73	16.57	60.59
17.40	40.68	21.06	68.58

## Distribution of Sales & Total Capital (million\$)

	Distribution of Sales		Total Capital	
	Latest	5-Year Avg	Latest	5-Year Avg
90th Percentile	1,830.8	1331.7	2097.5	2,196.1
75th Percentile	1,343.6	1034.7	1933.3	1,680.6
Median	868.9	956.3	1743.0	1,522.3
25th Percentile	702.7	577.9	1044.9	915.3
10th Percentile	321.0	259.4	379.3	346.6

## Margins (%)

	Operating Margin		Net Margin		Asset Turnover		Return on Inv. Cap.		Return on Assets		Return on Equity	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	15.42	17.49	3.35	4.70	60.70	65.58	3.86	4.50	2.94	3.53	6.19	7.78
SIC Composite	17.21	17.99	4.91	5.17	61.17	64.54	2.73	4.07	3.00	3.34	6.02	6.02
Large Composite	13.53	16.02	4.12	4.56	91.80	78.21	2.03	4.83	3.78	3.57	6.39	6.17
Small Composite	19.55	23.97	5.82	7.04	60.10	51.65	1.28	4.39	3.50	3.64	8.64	6.92

## Equity Valuation Ratios (Multiples)

	Price/Earnings		Market/Book		Price/Sales		Price/Cash Flow		Price/Operating Income		Dividend Yield (% of Price)	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	16.17	12.86	1.68	1.45	0.58	0.69	28.57	37.83	4.86	4.02	4.58	4.92
SIC Composite	16.62	15.76	1.21	1.34	0.82	0.86	27.05	40.19	4.74	4.77	4.30	4.22
Large Composite	15.64	15.61	1.18	1.47	0.64	0.74	27.84	34.52	4.76	4.61	4.57	4.22
Small Composite	15.06	15.22	1.15	1.17	0.88	1.02	47.42	105.52	4.49	4.24	4.86	5.02

## Growth Rates (%)

	Cost of Equity Capital (%)					Weighted Average Cost of Capital (%)					Levered Betas			Unlevered Betas
	Analysts' Estimate	CAPM	3-Factor	Discounted Cash Flow		CAPM	3-Factor	Discounted Cash Flow		Raw Beta	Adjusted Beta	Adjusted Beta	Adjusted Beta	
		CAPM + Size Prem	Fama-French	1-Stage	3-Stage	CAPM + Size Prem	Fama-French	1-Stage	3-Stage					
Median	5.17	5.35	6.75	6.72	10.01	9.85	6.56	7.14	7.42	8.74	9.02	0.07	0.07	0.05
SIC Composite	5.59	5.72	6.50	7.20	5.91	11.30	6.55	6.97	7.36	6.65	9.58	0.15	0.12	0.08
Large Composite	5.71	5.88	6.66	7.47	5.91	12.80	6.80	7.24	7.70	6.81	10.72	0.20	0.15	0.09
Small Composite	4.52	NMF	6.13	5.82	5.94	11.40	NMF	6.75	6.58	6.65	9.60	-0.06	-0.04	-0.02

# STATISTICS FOR SIC CODE 4924

Natural Gas Distribution  
This Industry Comprises 11 Companies

## Industry Description

Establishments engaged in the distribution of natural gas.

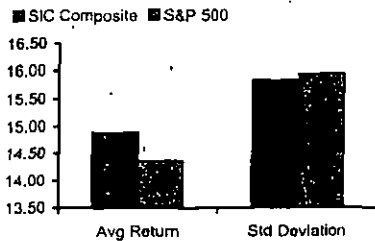
## Sales (million\$)

Total	14,500
Average	1,318.2
Three Largest Companies	
NICOR INC	2,544.1
PEOPLES ENERGY CORP	2,270.2
SOUTHERN UNION CO	1,932.8
Three Smallest Companies	
SOUTH JERSEY INDUSTRIES	837.3
NORTHWEST NATURAL GAS CO	532.1
CASCADE NATURAL GAS CORP	335.8

## Total Capital (million\$)

Total	19,679
Average	1,789.0
Three Largest Companies	
NICOR INC	2,746.9
AGL RESOURCES INC	2,719.1
PEOPLES ENERGY CORP	2,648.3
Three Smallest Companies	
LACLEDE GROUP INC	843.0
SOUTH JERSEY INDUSTRIES	833.9
CASCADE NATURAL GAS CORP	399.4

## SIC vs. S&P 500 for Last 10 Years (%)



## Number of Companies & Total Capital (billion\$)

S&P Debt Rating	Large Cap	Mid Cap	Low Cap	Micro Cap	Totals
AAA, AA, A	0	5	3	0	8 (companies) 15.9 (capital)
BBB	0	0	1	1	2
BB, B, CCC, CC, D	0	0	2	0	3.0
Not Rated	0	0	0	0	0.0
Totals	0	5	5	1	11
	0.0	11.9	7.4	0.4	19.7

## Annualized Statistics for Last 10 Years (%)

	Avg Return	Std Deviation
S&P 500	14.36	15.93
SIC Composite	14.89	15.83
Large Composite	15.89	19.86
Small Composite	12.51	15.68

## Compound Annual Equity Return (%)

	5 Years	10 Years
75th Percentile	12.05	12.28
Median	9.22	10.86
25th Percentile	8.41	10.02
SIC Composite	12.59	13.81
Large Composite	11.84	14.21
Small Composite	12.02	11.44

## Sales, Income & Market Capitalization (billion\$)

	Sales	Operating Income	Net Income	Equity Capital	Debt Capital
Current Yr.	14.5	2.2	0.7	10.9	8.8
Last Yr.	9.6	1.8	0.5	10.3	6.9
2 Yrs. Ago	8.3	1.8	0.5	8.4	5.8
3 Yrs. Ago	8.8	1.8	0.6	8.6	5.5
4 Yrs. Ago	9.5	1.8	0.6	9.7	5.1

## Growth Over Last 5 Years (%)

	Net Sales	Operating Income	Net Income
Median	12.83	5.52	4.67
SIC Composite	11.49	5.95	4.85
Large Composite	12.95	3.81	3.91
Small Composite	15.23	7.83	9.08

## Capital Structure Ratios (%)

	Debt/Total Capital		Debt/Equity	
	Latest	5-Year Avg	Latest	5-Year Avg
Median	47.27	47.67	89.64	91.11
SIC Composite	43.30	40.25	76.36	67.37
Large Composite	45.22	38.84	82.54	63.50
Small Composite	32.14	44.79	47.37	81.12

## Distribution of Sales & Total Capital (million\$)

	Distribution of Sales		Total Capital	
	Latest	5-Year Avg	Latest	5-Year Avg
90th Percentile	2,270.2	1,458.9	27,191.1	2,078.2
75th Percentile	1,689.6	1,089.8	26,154.4	1,954.8
Median	1,107.9	947.5	18,833.8	1,476.6
25th Percentile	919.7	575.4	10,299.9	876.9
10th Percentile	532.1	429.3	833.9	688.9

## Margins (%)

	Operating Margin		Net Margin		Asset Turnover		Return on Inv. Cap.		Return on Assets		Return on Equity	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	15.13	17.20	5.13	5.70	82.61	87.20	4.21	4.74	3.69	4.07	6.95	8.17
SIC Composite	15.29	18.36	5.00	5.81	75.35	85.93	4.13	4.43	3.77	3.83	6.73	6.28
Large Composite	12.88	16.52	4.41	5.10	85.01	72.26	4.38	4.35	3.75	3.69	6.81	5.88
Small Composite	17.17	22.43	5.39	6.52	67.23	52.76	2.63	4.08	3.62	3.44	7.57	6.97

## Equity Valuation Ratios (Multiples)

	Price/Earnings		Market/Book		Price/Sales		Price/Cash Flow		Price/Operating Income		Dividend Yield (% of Price)	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	14.39	12.24	1.71	1.41	0.70	0.74	33.83	89.35	4.61	4.28	4.68	4.95
SIC Composite	14.86	13.08	1.35	1.35	0.74	0.92	34.04	47.89	4.86	5.04	4.38	4.47
Large Composite	14.69	12.81	1.37	1.40	0.65	0.87	35.28	33.59	5.03	5.25	3.63	3.78
Small Composite	13.21	12.74	1.25	1.15	0.71	0.94	73.61	NMF	4.15	4.17	4.86	5.11

## Yield Rates (%)

## Cost of Equity Capital (%)

## Weighted Average Cost of Capital (%)

## Levered Betas

## Unlevered Betas

	Analysts' Estimate	CAPM		3-Factor		Discounted Cash Flow		CAPM		3-Factor		Discounted Cash Flow		Raw Beta	Adjusted Beta	Adjusted Beta
		CAPM	Size Prem	Fama-French	1-Stage	3-Stage	CAPM	Size Prem	Fama-French	1-Stage	3-Stage	CAPM	Size Prem			
Median	5.30	6.52	7.72	8.83	9.54	10.00	7.78	8.23	8.85	9.38	9.53	7.78	8.23	0.06	0.06	0.04
SIC Composite	5.59	6.66	7.38	8.18	NMF	11.70	7.64	8.06	8.52	NMF	10.54	7.64	8.06	0.11	0.08	0.05
Large Composite	5.85	6.42	7.14	7.06	NMF	12.20	7.30	7.73	7.68	NMF	10.70	7.30	7.73	0.08	0.05	0.03
Small Composite	4.84	6.49	7.91	9.52	NMF	11.20	8.24	9.01	9.89	NMF	10.80	8.24	9.01	0.08	0.06	0.04

# STATISTICS FOR SIC CODE 4924

## Natural Gas Distribution

This Industry Comprises 13 Companies

### Industry Description

Establishments engaged in the distribution of natural gas.

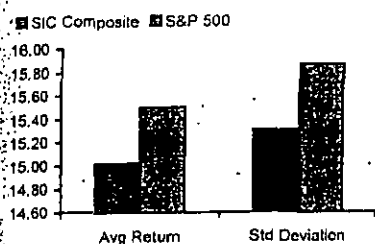
### Sales (million\$)

Total	10,614
Average	816.4
Three Largest Companies	
NICOR, INC	2,298.1
PEOPLES ENERGY CORP	1,417.5
WGL HOLDINGS INC	1,031.1
Three Smallest Companies	
SOUTH JERSEY INDUSTRIES	392.5
CASCADE NATURAL GAS CORP	241.9
RGC RESOURCES INC	77.8

### Total Capital (million\$)

Total	18,892
Average	1,453.2
Three Largest Companies	
NICOR, INC	2,611.4
PEOPLES ENERGY CORP	2,363.5
WGL HOLDINGS INC	2,035.7
Three Smallest Companies	
SOUTH JERSEY INDUSTRIES	691.1
CASCADE NATURAL GAS CORP	351.3
RGC RESOURCES INC	74.4

### SIC vs. S&P 500 for Last 10 Years (%)



### Number of Companies & Total Capital (billion\$)

S&P Debt Rating	Large Cap	Mid Cap	Low Cap	Micro Cap	Totals	
AAA, AA, A	0	6	2	0	8	(companies)
	0.0	12.3	1.9	0.0	14.2	(capital)
BBB	0	1	2	0	3	
	0.0	1.9	2.0	0.0	3.9	
BB, B, CCC, CC, D	0	0	0	0	0	
	0.0	0.0	0.0	0.0	0.0	
Not Rated	0	0	1	1	2	
	0.0	0.0	0.7	0.1	0.8	
Totals	0	7	5	1	13	
	0.0	14.2	4.6	0.1	18.9	

### Annualized Statistics for Last 10 Years (%)

	Avg Return	Std Deviation
S&P 500	15.50	15.86
SIC Composite	15.03	15.31
Large Composite	14.20	17.56
Small Composite	13.88	16.00

### Compound Annual Equity Return (%)

	5 Years	10 Years
75th Percentile	11.42	12.74
Median	9.50	11.37
25th Percentile	7.79	9.98
SIC Composite	13.17	14.02
Large Composite	11.66	12.86
Small Composite	13.61	12.70

### Sales, Income & Market Capitalization (billion\$)

	Operating Sales	Operating Income	Net Income	Equity Capital	Debt Capital
Current Yr.	10.6	2.0	0.8	11.0	7.9
Last Yr.	9.4	2.0	0.6	9.0	6.7
2 Yrs. Ago	9.6	2.0	0.6	9.5	6.4
3 Yrs. Ago	10.2	1.9	0.6	10.3	6.1
4 Yrs. Ago	9.1	1.8	0.6	8.1	5.8

### Growth Over Last 5 Years (%)

	Net Sales	Operating Income	Net Income
Median	6.53	7.57	9.70
SIC Composite	5.95	5.46	5.20
Large Composite	7.27	1.57	-0.65
Small Composite	3.30	8.25	12.75

### Capital Structure Ratios (%)

Debt/Total Capital		Debt/MV Equity	
Latest	5-Year Avg	Latest	5-Year Avg
71.81	85.85	71.81	85.85
59.84	66.68	59.84	66.68
61.11	51.42	61.11	51.42
27.01	80.46	27.01	80.46

### Distribution of Sales & Total Capital (million\$)

	Distribution of Sales		Total Capital	
	Latest	5-Year Avg	Latest	5-Year Avg
90th Percentile	1,340.2	1216.6	2297.9	1,888.9
75th Percentile	936.9	1013.9	2013.2	1,757.2
Median	830.4	748.5	1647.1	1,175.4
25th Percentile	532.1	429.3	803.0	697.5
10th Percentile	272.0	230.2	419.3	353.8

### Margins (%)

	Operating Margin		Net Margin		Asset Turnover		Return on Inv. Cap.		Return on Assets		Return on Equity	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	19.96	19.99	5.60	5.46	60.75	62.46	4.02	4.40	3.48	3.82	6.50	7.61
SIC Composite	19.18	19.98	5.32	6.04	58.28	81.26	3.35	4.39	3.10	3.70	5.19	6.25
Large Composite	15.52	19.35	4.59	6.74	69.57	68.13	3.78	5.52	3.19	4.59	5.00	6.69
Small Composite	19.78	18.26	5.65	4.89	61.30	60.96	2.94	3.80	3.46	2.98	6.93	6.51

### Equity Valuation Ratios (Multiples)

	Price/Earnings		Market/Book		Price/Sales		Price/Cash Flow		Price/Operating Income		Dividend Yield (% of Price)	
	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
Median	15.38	13.15	1.77	1.39	0.97	0.79	52.64	66.59	5.29	3.93	5.24	4.94
SIC Composite	19.28	17.40	1.33	1.34	1.03	0.97	90.59	87.12	5.35	4.84	4.56	4.51
Large Composite	19.99	18.97	1.41	1.43	0.92	1.01	124.83	28.25	5.91	5.20	4.92	4.89
Small Composite	14.43	13.20	1.32	1.19	0.81	0.75	47.51	NMF	4.12	4.12	5.27	5.61

### Growth Rates (%)

### Cost of Equity Capital (%)

### Weighted Average Cost of Capital (%)

### Levered Betas

### Unlevered Betas

	Analysts' Estimate	CAPM	3-Factor	Discounted Cash Flow		CAPM + Size Prem		Fama-French		1-Stage	3-Stage	Raw Beta	Adjusted Beta	Adjusted Beta
		CAPM + Size Prem	Fama-French	1-Stage	3-Stage	CAPM + Size Prem	Fama-French	1-Stage	3-Stage	Beta	Beta	Beta	Beta	Beta
Median	5.40	6.39	7.37	7.31	9.90	10.25	6.83	7.42	7.44	9.08	8.92	0.10	0.10	0.07
SIC Composite	5.52	6.84	7.42	7.74	5.82	10.40	7.10	7.44	7.64	6.50	9.20	0.16	0.16	0.11
Large Composite	5.66	6.60	7.18	6.91	5.83	11.90	6.81	7.17	7.01	6.34	10.11	0.12	0.13	0.09
Small Composite	4.94	6.46	7.53	8.90	5.85	9.70	8.23	8.82	9.57	7.90	10.01	0.09	0.11	0.07

# STATISTICS FOR SIC CODE 4924

## Natural Gas Distribution

This Industry Comprises 17 Companies

Industry Description	Sales (million\$)		Total Capital (million\$)	
	Total	Average	Total	Average
Establishments engaged in the distribution of natural gas.	9,800		16,900	
	576.5		994.1	
<b>Three Largest Companies</b>				
NICOR INC	1,615.2		NICOR INC	2,405.2
PEOPLES ENERGY CORP	1,194.4		WASHINGTON GAS LIGHT CO	1,912.5
AGL RESOURCES INC	1,068.6		AGL RESOURCES INC	1,783.2
<b>Three Smallest Companies</b>				
RGC RESOURCES INC	57.1		BERKSHIRE ENERGY RESOURCES	138.4
BERKSHIRE ENERGY RESOURCES	50.7		DELTA NATURAL GAS CO INC	93.9
DELTA NATURAL GAS CO INC	38.7		RGC RESOURCES INC	67.8

Annualized Statistics for Last 10 Years (%)			Distribution of Sales & Total Capital (million\$)				Number of Companies & Total Capital (billion\$)					
Average	Standard Deviation		Latest	5-Year Avg	Latest	5-Year Avg	Large Cap	Mid Cap	Low Cap	Micro Cap	Total Cap	
S&P 500	19.92	16.17	90th Percentile	1,118.9	1,178.9	1,834.9	1,792.0	AAA, AA, A				
SIC Composite	13.79	13.39	75th Percentile	917.3	717.0	1,518.6	1,284.2	0	3	4	0	7
Large Composite	11.54	15.63	Median	491.6	524.3	989.0	914.8	0.0	5.9	4.1	0.0	10.0
Small Composite	15.84	16.61	25th Percentile	225.0	213.2	369.3	300.7	BBB				
			10th Percentile	54.5	55.0	120.6	89.6	0	1	2	1	4
								0.0	1.8	2.9	0.3	5.0
								BB, B, CCC, CC, D				
								0	0	0	0	0
								0.0	0.0	0.0	0.0	0.0
								Not Rated				
								0	0	3	3	6
								0.0	0.0	1.6	0.3	1.9
								Totals				
								0	4	9	4	17
								0.0	7.7	8.6	0.6	16.9

Industry Sales, Income & Market Capitalization (billion\$)					Compound Annual Equity Return (%)		
	Operating Sales	Operating Income	Net Income	Equity Capital	Debt Capital	5 Years	10 Years
Current Yr.	9.8	2.1	0.6	9.9	7.0	75th Percentile	15.91
Last Yr.	10.0	2.0	0.6	9.9	6.8	Median	9.93
2 Yrs. Ago	10.8	2.0	0.6	10.7	6.3	25th Percentile	6.96
3 Yrs. Ago	9.6	1.9	0.6	8.5	5.8	SIC Composite	12.87
4 Yrs. Ago	8.4	1.7	0.5	7.9	6.0	Large Composite	9.66
						Small Composite	17.07

Growth Over Last 5 Years (%)			Unlevered Betas		Levered Betas		Capital Structure Ratios (%)				
Net Sales	Operating Income	Net Income	Adjusted Beta	Sum Beta	Raw Beta	Adjusted Beta	Sum Beta	Debt/Total Capital Latest	Debt/Total Capital 5-Year Avg	Debt/Net Equity Latest	Debt/Net Equity 5-Year Avg
75th Percentile	3.04	9.95	4.96	0.24	0.22	0.41	0.41	43.83	51.74	78.02	107.23
Median	0.20	3.83	3.24	0.16	0.14	0.27	0.27	40.72	47.48	68.69	90.42
25th Percentile	-0.88	2.90	-2.52	0.10	0.06	0.16	0.16	36.90	43.40	58.49	76.69
SIC Composite	1.28	5.23	4.35	0.25	0.17	0.39	0.37	36.30	39.38	56.98	64.96
Large Composite	-1.05	3.56	3.79	0.25	0.17	0.37	0.35	38.66	35.16	63.03	54.23
Small Composite	0.06	5.80	0.61	0.11	0.21	0.13	0.17	45.63	50.98	83.94	103.98

Margins (%)		Operating Margin		Net Margin		Asset Turnover		Return on Inv. Capital		Return on Assets		Return on Equity	
		Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg
75th Percentile	23.30	22.18	7.07	7.02	61.97	71.29	4.93	4.59	4.07	3.96	7.57	8.38	
Median	21.66	20.45	5.78	5.59	56.69	63.23	3.37	4.01	3.18	3.53	6.31	8.05	
25th Percentile	17.63	16.30	4.85	4.15	51.25	60.04	2.91	3.60	2.49	3.01	3.77	6.40	
SIC Composite	21.36	19.99	6.30	6.08	56.93	61.00	3.98	4.54	3.59	3.71	6.07	6.41	
Large Composite	21.28	19.81	7.67	6.86	60.73	66.77	5.57	5.58	4.66	4.58	8.34	7.03	
Small Composite	23.26	20.53	5.64	5.34	51.89	59.79	3.22	3.52	2.93	3.19	5.07	6.81	

Equity Valuation Ratios (Multiples)										Div. Yield (% of Price)		
Price/Earnings		Market/Book		Price/Sales		Price/Cash Flow		Price/Operating Income		Latest	5-Year Avg	
Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg	Latest	5-Year Avg			
75th Percentile	26.56	15.62	2.40	1.46	1.20	0.83	NMF	NMF	6.07	4.14	5.66	5.59
Median	15.85	12.42	1.67	1.37	0.98	0.78	NMF	NMF	4.55	3.91	5.04	5.14
25th Percentile	13.21	11.93	1.35	1.21	0.82	0.69	29.01	31.22	4.03	3.29	4.13	4.53
SIC Composite	16.47	15.45	1.25	1.34	1.04	0.95	147.83	95.87	4.85	4.74	4.35	4.64
Large Composite	11.98	13.27	1.15	1.39	0.92	0.98	27.65	20.70	4.32	4.93	5.23	4.97
Small Composite	19.74	13.90	1.36	1.11	1.11	0.78	NMF	NMF	4.79	3.82	5.19	5.92

Growth Rates (%)		Cost of Equity Capital (%)				Weighted Average Cost of Capital (%)					
Analysts' Estimate		CAPM	3-Factor	Discounted Cash Flow		CAPM	3-Factor	Discounted Cash Flow			
		CAPM	+ Size Prem	Fama-French	1-Stage	3-Stage	CAPM	+ Size Prem	Fama-French	1-Stage	3-Stage
75th Percentile	5.60	9.47	9.72	13.58	11.38	12.10	9.42	9.74	11.00	10.47	11.37
Median	5.20	8.40	9.29	11.00	10.43	11.60	8.78	9.05	10.13	9.75	10.25
25th Percentile	4.20	7.48	8.32	9.23	9.52	10.90	8.29	8.63	9.30	9.17	10.06
SIC Composite	5.35	9.17	9.36	11.98	NMF	11.20	8.75	8.87	10.42	NMF	9.96
Large Composite	5.61	9.02	9.21	12.54	NMF	13.00	8.53	8.64	10.68	NMF	10.97
Small Composite	3.65	7.55	9.76	7.48	NMF	9.80	9.03	10.30	8.99	NMF	10.32

STATISTICS FOR SIC CODE 4924

Natural Gas Distribution

This Industry Comprises 27 Companies

Industry Description	Sales (million\$)		Total Capital (million\$)	
	Total	Average	Total	Average
Establishments engaged in the distribution of natural gas.	19,580	725.2	33,829	1,252.9
	<b>Three Largest Companies</b>		<b>Three Largest Companies</b>	
	SEMPRA ENERGY	5,481.0	SEMPRA ENERGY	7,979.1
	KEYSPAN ENERGY	1,478.2	KEYSPAN ENERGY	4,495.0
	NICOR INC	1,465.1	NICOR INC	2,506.8
	<b>Three Smallest Companies</b>		<b>Three Smallest Companies</b>	
	ROANOKE GAS CO	59.4	DELTA NATURAL GAS CO INC	99.1
	BERKSHIRE ENERGY RESOURCES	49.9	BERKSHIRE ENERGY RESOURCES	93.3
	DELTA NATURAL GAS CO INC	44.3	ROANOKE GAS CO	61.3

Annualized Statistics for Last 10 Years (%)			Distribution of Sales & Total Capital (million\$)				Number of Companies & Total Capital (billions\$)					
S&P 500	Average	Standard	90th Percentile	Sales		Total Capital		Large Cap	Mid Cap	Low Cap	Micro Cap	Total Cap
	Return	Deviation		Latest	5 Yr. Avg.	Latest	5 Yr. Avg.					
Ind. Composite	8.87	13.48	1,389.2	1,266.8	2,095.1	2,028.9	1	5	6	0	12	
Lg. Composite	3.94	18.26	806.7	666.4	1,588.9	1,201.8	8.0	11.9	5.1	0.0	24.9	
Sm. Composite	8.75	21.49	214.3	207.1	428.9	371.1	0	1	2	2	5	
			10th Percentile	89.7	81.4	124.4	100.1	0.0	1.8	2.9	0.7	5.4

Industry Sales, Income & Market Capitalization (billions\$)						Compound Annual Equity Return (%)		S&P Debt Rating					
	Operating		Net	Equity	Debt	75th Percentile	5 Yrs.	10 Yrs.	Large Cap	Mid Cap	Low Cap	Micro Cap	Total Cap
	Sales	Income	Income	Capital	Capital								
Current Yr.	19.6	4.4	1.2	21.1	12.7	Median	5.85	7.76	0	0	1	9	10
Last Yr.	17.7	3.4	1.1	19.0	10.4	25th Percentile	2.16	6.23	0.0	0.0	1.0	2.4	3.5
2 Yrs. Ago	15.9	3.3	1.1	14.7	9.9	Ind. Composite	7.36	7.97	1	6	9	11	27
3 Yrs. Ago	14.2	3.0	0.9	13.6	10.4	Lg. Composite	3.39	2.31	8.0	13.7	9.0	3.2	33.8
4 Yrs. Ago	15.4	3.0	0.9	11.9	10.7	Sm. Composite	6.42	6.53	0.0	0.0	0.0	0.0	0.0

Growth Over Last 5 Years (%)			Unlevered Betas		Levered Betas			Capital Structure Ratios (%)				
	Net Sales	Operating Income	Net Income	Adj. OLS	Adj. Sum	Raw OLS	Adj. OLS	Adj. Sum	Debt/Total Capital	Debt/MV Equity	Debt/Equity	Debt/Equity
	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.
75th Percentile	6.37	9.71	9.92	0.30	0.33	0.40	0.41	0.46	45.98	53.12	45.98	113.41
Median	2.65	5.02	2.89	0.18	0.25	0.25	0.27	0.33	42.26	47.19	42.26	89.35
25th Percentile	0.28	3.23	-0.04	0.15	0.19	0.17	0.21	0.29	36.65	41.02	36.65	69.60
Ind. Composite	5.69	9.37	7.06	0.23	0.17	0.33	0.33	0.24	39.89	41.70	66.35	71.33
Lg. Composite	7.75	12.96	7.33	0.21	0.21	0.30	0.31	0.30	40.48	40.70	68.02	68.64
Sm. Composite	6.40	10.63	12.94	0.34	0.28	0.39	0.39	0.32	31.90	36.86	46.83	58.37

Margins (%)												
	Operating Margin		Net Margin		Asset Turnover		Return on Inv. Capital		Return on Assets		Return on Equity	
	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.
75th Percentile	23.21	21.67	7.15	7.06	69.78	70.29	6.01	5.83	4.39	4.60	7.01	8.85
Median	20.71	19.80	5.78	6.02	61.57	63.80	4.93	5.31	3.97	3.90	6.30	8.25
25th Percentile	16.19	16.77	4.96	4.72	53.64	57.25	3.71	4.19	2.76	3.38	5.65	7.36
Ind. Composite	22.28	20.67	6.16	6.31	63.72	60.48	5.16	5.34	3.96	3.81	6.37	6.88
Lg. Composite	25.59	22.75	6.15	6.62	68.76	61.44	5.48	5.92	4.23	4.07	6.96	7.19
Sm. Composite	21.21	19.59	7.63	7.34	60.59	62.79	6.17	6.09	4.62	4.61	6.15	7.43

Equity Valuation Ratios (Multiples)										Div. Yield (% of Price)		
	Price/Earnings		Market/Book		Price/Sales		Price/Cash Flow		Price/Operating Income		Latest	5 Yr. Avg.
	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.		
75th Percentile	17.70	13.59	1.90	1.52	1.19	0.86	NMF	NMF	5.52	4.21	5.32	6.04
Median	15.87	12.12	1.72	1.38	0.91	0.74	NMF	NMF	4.86	4.00	4.84	5.74
25th Percentile	14.26	11.30	1.48	1.25	0.83	0.63	23.76	31.29	4.18	3.29	4.06	5.06
Ind. Composite	2.15	1.86	1.77	1.74	0.97	0.92	29.45	48.19	4.36	4.42	4.77	5.59
Lg. Composite	1.79	2.03	1.69	1.90	0.88	0.92	9.69	13.84	3.46	4.05	6.09	6.48
Sm. Composite	2.34	1.79	1.89	1.57	1.24	0.99	NMF	NMF	5.85	5.04	3.49	4.30

Growth Rates (%)		Cost of Equity Capital (%)				Weighted Average Cost of Capital (%)							
Analysts	Latest	CAPM		3-Factor		Discounted Cash Flow		CAPM		3-Factor		Discounted Cash Flow	
		Adj. OLS	+ Sm Prem	Fama-French	Analysts	3 Stage	Adj. OLS	+ Sm Prem	Fama-French	Analysts	3 Stage		
75th Percentile	6.40	9.10	9.95	14.11	12.76	12.78	7.46	8.10	10.36	9.80	9.79	7.46	8.10
Median	5.00	7.93	9.06	11.43	10.59	11.35	6.86	7.64	8.56	8.30	9.25	6.86	7.64
25th Percentile	4.42	7.25	8.46	9.35	9.99	11.18	6.38	7.21	7.66	7.79	8.56	6.38	7.21
Ind. Composite	5.70	8.55	9.04	13.90	6.04	10.20	7.12	7.43	10.53	NMF	8.18	7.12	7.43
Lg. Composite	4.90	8.36	8.85	15.34	6.12	13.20	6.76	7.06	10.94	NMF	9.66	6.76	7.06
Sm. Composite	7.75	9.03	9.52	17.50	6.12	7.90	8.19	8.59	15.07	NMF	7.28	8.19	8.59

STATISTICS FOR SIC CODE 4924

Natural Gas Distribution

This Industry Comprises 29 Companies

Industry Description	Sales (million\$)		Total Capital (million\$)	
	Total	Average	Total	Average
Establishments engaged in the distribution of natural gas.	20,334	701.2	34,651	1,194.9
	<b>Three Largest Companies</b>		<b>Three Largest Companies</b>	
	PACIFIC ENTERPRISES	2,738.0	PACIFIC ENTERPRISES	5,105.0
	MCN ENERGY GROUP INC	2,207.9	MCN ENERGY GROUP INC	5,080.2
	NICOR INC	1,992.6	NICOR INC	2,898.1
	<b>Three Smallest Companies</b>		<b>Three Smallest Companies</b>	
	VALLEY RESOURCES INC	87.5	ESSEX COUNTY GAS CO	111.8
	ESSEX COUNTY GAS CO	53.5	BERKSHIRE GAS CO	101.7
	BERKSHIRE GAS CO	48.5	VALLEY RESOURCES INC	94.3

Annualized Statistics for Last 10 Years (%)			Distribution of Sales & Total Capital (million\$)				Number of Companies & Total Capital (billion\$)				
Average Return	Standard Deviation	Latest	Sales		Total Capital		Large Cap	Mid Cap	Low Cap	Micro Cap	Total Cap
			Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.					
S&P 500	19.76	14.31	90th Percentile	1,581.1	1,411.6	2,709.0	AAA, AA, A				
Ind. Composite	13.58	11.67	75th Percentile	906.8	618.8	1,472.2	0	8	6	2	16
Lg. Composite	12.01	16.53	Median	448.2	358.7	695.4	0.0	22.8	5.8	0.8	29.3
Sm. Composite	10.15	16.70	25th Percentile	228.0	210.3	416.5	BBB				
			10th Percentile	102.2	89.3	134.6	0	0	1	4	5
							0.0	0.0	0.9	1.3	2.2
							BB, B, CCC, CC, D				
							0	0	0	0	0
							0.0	0.0	0.0	0.0	0.0
							Not Rated				
							0	0	3	5	8
							0.0	0.0	2.1	1.0	3.2
							Totals				
							0	8	10	11	29
							0.0	22.8	8.8	3.1	34.7

Industry Sales, Income & Market Capitalization (billion\$)						Compound Annual Equity Return (%)		
	Sales	Operating Income	Net Income	Equity Capital	Debt Capital	75th Percentile	\$ Yrs.	10 Yrs.
Current Yr.	20.3	3.9	1.3	22.1	12.5	14.98	17.24	
Last Yr.	18.3	3.7	1.3	16.7	11.4	11.57	14.71	
2 Yrs. Ago	15.7	3.3	1.0	15.1	10.9	8.83	11.81	
3 Yrs. Ago	17.1	3.2	1.0	13.0	11.0	12.95	12.99	
4 Yrs. Ago	16.4	3.0	1.0	12.8	9.8	16.46	10.80	
						10.39	9.01	

Growth Over Last 5 Years (%)			Unlevered Betas		Levered Betas			Capital Structure Ratios (%)			
75th Percentile	Median	25th Percentile	Adj OLS	Adj Sum	Raw OLS	Adj OLS	Adj Sum	Debt/Total Capital		Debt/MV Equity	
								Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.
5.38	8.65	10.73	0.41	0.47	0.59	0.60	0.67	42.44	46.44	73.75	86.71
3.81	6.50	8.22	0.32	0.40	0.37	0.44	0.54	37.55	43.37	60.13	76.58
2.13	3.62	1.49	0.23	0.32	0.12	0.34	0.48	33.03	37.22	49.31	59.28
5.14	6.65	7.49	0.38	0.40	0.52	0.53	0.55	36.13	41.88	56.56	72.06
3.89	5.38	6.07	0.40	0.36	0.56	0.56	0.51	36.78	44.37	58.18	79.74
1.76	5.22	4.56	0.13	0.35	0.02	0.18	0.50	38.74	47.31	63.23	89.80

Margins (%)												
75th Percentile	Operating Margin		Net Margin		Asset Turnover		Return on Inv. Capital		Return on Assets		Return on Equity	
	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.
21.27	20.33	7.34	6.98	78.27	74.86	5.43	5.18	4.79	4.57	7.47	7.53	
18.93	18.79	6.42	6.03	65.62	66.89	4.30	4.55	3.89	4.08	6.95	7.19	
15.52	16.92	5.32	5.12	60.13	63.15	3.92	4.19	3.48	3.64	5.83	6.38	
19.28	19.48	6.17	6.27	66.48	64.36	4.89	4.91	4.10	4.03	6.41	7.14	
20.77	21.24	6.65	6.68	60.44	59.10	5.19	5.32	4.02	3.95	6.39	7.64	
18.41	17.92	5.90	5.83	66.16	66.62	4.41	4.48	3.90	3.88	7.64	8.04	

Equity Valuation Ratios (Multiples)										Div. Yield (% of Price)		
75th Percentile	Price/Earnings		Market/Book		Price/Sales		Price/Cash Flow		Price/Operating Income		Latest	\$ Yr. Avg.
	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.		
19.53	15.67	1.92	1.47	1.25	0.95	NMF	NMF	5.28	4.99	4.85	5.83	
16.15	13.90	1.45	1.25	1.02	0.85	231.96	NMF	4.66	4.71	4.34	5.54	
14.75	13.28	1.31	1.06	0.89	0.70	25.49	38.45	4.38	4.05	3.74	4.76	
17.64	14.01	1.68	1.36	1.09	0.88	838.22	NMF	4.99	4.51	3.89	4.93	
17.93	13.09	2.03	1.57	1.19	0.87	48.50	60.68	5.01	4.12	3.32	4.44	
16.86	12.43	1.41	1.12	1.00	0.72	54.62	77.20	4.20	4.05	4.86	6.03	

Growth Rates (%)							Cost of Equity Capital (%)					Weighted Average Cost of Capital (%)						
75th Percentile	Median	25th Percentile	Ind. Composite	Lg. Composite	Sm. Composite	Analysts	CAPM		3-Factor		Discounted Cash Flow		CAPM		3-Factor		Discounted Cash Flow	
							Adj OLS	+ Sm Prem	Fama-French	Analysts	3 Stage	Adj OLS	+ Sm Prem	Fama-French	Analysts	3 Stage		
6.50	5.00	4.80	6.06	7.34	4.13	10.66	12.04	18.30	10.88	12.67	8.35	9.41	13.35	8.66	10.19			
5.00	9.41	31.54	13.95	9.90	12.12	9.90	12.12	7.90	8.94	10.90	8.41	9.50	7.20	8.72	9.15	7.42	8.85	
4.80	8.63	11.01	12.03	9.21	10.89	10.17	10.80	8.17	9.00	11.35	8.18	8.58	8.23	8.81	9.13	8.53	8.74	
7.34	10.40	11.82	10.87	11.21	10.90	6.77	8.79	8.87	7.82	8.91	7.82	8.91	6.77	8.79	8.87	7.82	8.91	

Cost of Capital Quarterly

# STATISTICS FOR SIC CODE 4924

Natural Gas Distribution

This Industry Comprises 35 Companies

## Industry Description

Establishments engaged in the distribution of natural gas.

## Sales (million\$)

Total	19,586
Average	559.6

### Three Largest Companies

PACIFIC ENTERPRISES	2,343.0
NICOR INC	1,850.7
BROOKLYN UNION GAS CO	1,432.0

### Three Smallest Companies

ESSEX COUNTY GAS CO	49.9
BERKSHIRE GAS CO	46.1
ENERGY WEST INC	31.3

## Total Capital (million\$)

Total	28,575
Average	816.4

### Three Largest Companies

PACIFIC ENTERPRISES	4,660.7
NICOR INC	2,426.2
BROOKLYN UNION GAS CO	2,095.7

### Three Smallest Companies

BERKSHIRE GAS CO	77.2
ESSEX COUNTY GAS CO	73.3
ENERGY WEST INC	37.9

## Annualized Statistics For Last 10 Years (%)

	Average Return	Standard Deviation
S&P 500	14.53	16.07
Ind. Composite	9.05	11.45
Lg. Composite	6.91	14.89
Sm. Composite	11.27	12.59

## Distribution of Sales (million\$)

	Latest	\$ Yr. Avg.
90th Percentile	1,211.6	1,152.7
75th Percentile	652.7	520.4
Median	399.4	357.4
25th Percentile	199.8	199.2
10th Percentile	75.0	66.5

## Distribution of Total Capital (million\$)

	Latest	\$ Yr. Avg.
90th Percentile	1,759.0	1,641.8
75th Percentile	926.6	815.9
Median	551.6	449.9
25th Percentile	346.3	319.4
10th Percentile	100.9	94.6

## Industry Sales and Income (billions\$)

	Operating		Net
	Sales	Income	Income
Current Yr.	19.6	3.8	1.3
Last Yr.	17.3	3.4	1.0
2 Yrs. Ago	18.9	3.4	1.1
3 Yrs. Ago	18.1	3.2	0.9
4 Yrs. Ago	20.1	2.9	0.6

## Industry Market Capitalization (billions\$)

	Equity	Debt
	Current Yr.	17.1
Last Yr.	15.9	11.3
2 Yrs. Ago	13.9	11.3
3 Yrs. Ago	13.6	11.2
4 Yrs. Ago	14.6	10.9

## Number of Companies & Total Capital (billion\$)

Large Cap	Mid Cap	Low Cap	Micro Cap	Total Cap
AAA, AA, A				
0	6	7	1	14
0.0	14.2	4.8	0.3	19.3
BBB				
0	0	5	1	6
0.0	0.0	2.7	0.3	3.0
BB, B, CCC, CC, D				
0	0	0	0	0
0.0	0.0	0.0	0.0	0.0
Not Rated				
0	0	8	7	15
0.0	0.0	5.5	0.8	6.3
Totals				
0	6	20	9	35
0.0	14.2	13.0	1.4	28.6

☐ S&P Debt Rating

## Growth Over Last 5 Years (%)

	Net Sales	Operating Income	Net Income
	75th Percentile	6.17	8.77
Median	3.87	7.04	9.35
25th Percentile	2.25	5.43	5.49
Ind. Composite	-0.98	6.35	14.51
Lg. Composite	-9.80	4.11	20.34
Sm. Composite	4.37	11.99	11.20

## Compound Annual Equity Return (%)

	\$ Yrs.		10 Yrs.		Betas	
	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.	Unlevered Asset Beta	Levered Equity Beta
75th Percentile	13.53	12.54	0.44	0.66		
Median	11.85	11.05	0.33	0.53		
25th Percentile	8.75	8.03	0.16	0.23		
Ind. Composite	12.60	8.44	0.41	0.61		
Lg. Composite	13.13	5.86	0.42	0.63		
Sm. Composite	11.12	10.55	-0.03	-0.05		

## Margins (%)

	Operating Margin		Net Margin		Return On Assets		Return On Equity	
	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.
75th Percentile	21.19	20.07	7.84	6.82	4.88	4.49	8.62	7.53
Median	18.66	17.94	6.31	5.63	4.37	3.95	7.39	7.01
25th Percentile	16.64	15.46	4.97	3.92	4.00	3.08	7.11	6.38
Ind. Composite	19.58	17.78	6.66	5.28	4.36	3.55	7.60	6.80
Lg. Composite	21.56	18.13	7.61	5.08	4.47	3.26	7.90	6.83
Sm. Composite	26.52	22.02	9.11	7.12	5.03	4.12	10.29	8.31

## Capital Structure Ratios (%)

	Debt/Total Capital		Debt/MV Equity	
	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.
75th Percentile	45.88	45.36	84.78	83.01
Median	41.58	43.25	71.16	76.22
25th Percentile	38.19	37.43	61.79	59.82
Ind. Composite	40.15	43.50	67.09	77.00
Lg. Composite	40.17	45.66	67.14	84.04
Sm. Composite	47.74	48.27	91.35	93.30

## Equity Valuation Ratios (Multiples)

	Price/Earnings		Market/Book		Price/Sales	
	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.
75th Percentile	14.28	15.67	1.49	1.42	1.03	0.91
Median	12.87	14.27	1.27	1.30	0.84	0.78
25th Percentile	11.40	13.28	1.12	1.11	0.66	0.65
Ind. Composite	13.12	14.71	1.35	1.29	0.87	0.78
Lg. Composite	12.61	14.64	1.43	1.36	0.96	0.74
Sm. Composite	10.11	12.03	1.15	1.18	0.92	0.86

## Growth Rates (%)

	Analysts
75th Percentile	6.00
Median	5.00
25th Percentile	4.61
Ind. Composite	5.28
Lg. Composite	5.02
Sm. Composite	4.46

## Yields (% of Price)

	Dividends		Cash Flow	
	Latest	\$ Yr. Avg.	Latest	\$ Yr. Avg.
75th Percentile	6.05	5.98	4.95	0.88
Median	5.30	5.61	1.62	-0.23
25th Percentile	4.70	4.92	-2.49	-2.65
Ind. Composite	5.02	5.17	1.89	0.33
Lg. Composite	4.95	4.84	4.31	1.29
Sm. Composite	5.33	5.33	4.74	-3.47

## Cost of Equity Capital (%)

	CAPM		3-Factor	Discounted Cash Flow	
	OLS	+ Sm Prem	Fama-French	Analysts	3 Stage
75th Percentile	12.17	13.89	16.44	11.65	13.45
Median	11.15	12.97	14.61	10.78	12.32
25th Percentile	8.90	11.61	11.20	9.86	12.05
Ind. Composite	11.76	13.23	15.25	10.50	11.63
Lg. Composite	11.94	12.98	16.45	10.13	11.37
Sm. Composite	NMF	10.26	9.23	10.00	NMF

## Cost of Debt (%)

75th Percentile	8.24
Median	7.14
25th Percentile	6.62
Ind. Composite	7.05
Lg. Composite	6.54
Sm. Composite	8.17

## Weighted Average Cost of Capital (%)

	CAPM		3-Factor	Discounted Cash Flow	
	OLS	+ Sm Prem	Fama-French	Analysts	3 Stage
75th Percentile	9.12	10.14	10.96	8.87	10.07
Median	8.26	9.16	9.93	8.07	9.30
25th Percentile	NMF	8.24	8.78	7.52	8.90
Ind. Composite	8.93	9.81	11.02	8.18	8.85
Lg. Composite	8.92	9.54	11.62	7.84	8.58
Sm. Composite	NMF	7.97	7.43	7.83	NMF

# STATISTICS FOR SIC CODE 4924

Natural Gas Distribution

This Industry Comprises 34 Companies

## Industry Description

Establishments engaged in the distribution of natural gas.

## Sales (\$millions)

Total	17,771
Average	522.7

### Three Largest Companies

PACIFIC ENTERPRISES	2,664.0
NICOR INC	1,609.4
BROOKLYN UNION GAS CO	1,216.3

### Three Smallest Companies

BERKSHIRE GAS CO	47.9
ESSEX COUNTY GAS CO	45.1
ENERGY WEST INC	30.6

## Total Capital (\$millions)

Total	28,571
Average	840.3

### Three Largest Companies

PACIFIC ENTERPRISES	4,560.3
NICOR INC	2,110.7
BROOKLYN UNION GAS CO	2,044.1

### Three Smallest Companies

BERKSHIRE GAS CO	73.8
ESSEX COUNTY GAS CO	68.4
ENERGY WEST INC	35.1

## Annualized Statistics For Last 10 Years (%)

	Average Return	Standard Deviation
S&P 500	15.18	16.71
Ind. Composite	12.78	12.15
Lg. Composite	8.31	16.10
Sm. Composite	14.58	14.58

## Distribution of Sales (\$millions)

	Latest	5 Yr. Avg.
90th Percentile	1,054.1	1,129.2
75th Percentile	498.9	491.5
Median	375.2	330.0
25th Percentile	236.0	222.0
10th Percentile	65.0	63.1

## Distribution of Total Capital (\$millions)

	Latest	5 Yr. Avg.
90th Percentile	1,932.6	1,663.8
75th Percentile	997.5	831.0
Median	506.0	408.1
25th Percentile	340.0	308.9
10th Percentile	108.6	98.2

## Industry Sales and Income (\$billions)

	Operating		Net
	Sales	Income	Income
Current Yr.	17.8	3.5	1.0
Last Yr.	19.2	3.5	1.1
2 Yrs. Ago	18.0	3.3	1.0
3 Yrs. Ago	20.0	2.9	0.7
4 Yrs. Ago	19.7	2.8	0.6

## Industry Market Capitalization (\$billions)

	Equity	Debt
Current Yr.	16.7	11.9
Last Yr.	14.4	11.6
2 Yrs. Ago	14.3	11.5
3 Yrs. Ago	15.2	11.1
4 Yrs. Ago	11.3	10.6

## Number of Companies & Total Capital (\$billions)

Large Cap	Mid Cap	Low Cap	Micro Cap	Total Cap
AAA, AA, A				
0	6	8	0	14
0.0	13.8	4.7	0.0	18.5
BBB				
0	0	4	1	5
0.0	0.0	2.8	0.3	3.1
BB, B, CCC, CC, D				
0	0	0	0	0
0.0	0.0	0.0	0.0	0.0
Not Rated				
0	1	7	7	15
0.0	1.8	4.3	0.9	7.0
Totals				
0	7	19	8	34
0.0	15.5	11.9	1.2	28.6

☐ S&P Rating

## Growth Over Last 5 Years (%)

	Operating		Net
	Net Sales	Income	Income
75th Percentile	6.81	10.88	15.39
Median	5.91	7.73	11.05
25th Percentile	3.64	5.32	3.75
Ind. Composite	-2.50	6.15	13.10
Lg. Composite	-15.66	5.09	31.22
Sm. Composite	4.69	7.16	13.55

## Compound Annual Equity Return (%)

	5 Yrs.		10 Yrs.		Betas (in Decimal)	
	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Unlevered Asset Beta	Levered Equity Beta
75th Percentile	14.82	14.38	0.38	0.58		
Median	12.81	12.25	0.26	0.38		
25th Percentile	10.52	9.89	0.14	0.21		
Ind. Composite	13.06	12.14	0.35	0.55		
Lg. Composite	7.37	7.11	0.42	0.70		
Sm. Composite	12.37	13.66	0.03	0.05		

## Margins (%)

	Operating Margin		Net Margin		Return On Assets		Return On Equity	
	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.
75th Percentile	21.52	19.70	7.03	6.45	4.37	4.16	7.66	7.18
Median	19.65	17.98	5.77	5.32	3.56	3.76	6.95	6.73
25th Percentile	14.78	14.84	4.23	3.77	2.95	3.08	5.99	5.90
Ind. Composite	19.75	16.92	5.68	4.62	3.38	3.17	6.49	6.26
Lg. Composite	21.87	15.75	6.98	3.67	3.91	2.53	8.03	6.09
Sm. Composite	19.90	18.89	5.86	5.44	3.51	3.36	7.93	7.90

## Capital Structure Ratios (%)

	Debt/Total Capital		Debt/MV Equity	
	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.
75th Percentile	46.42	47.69	86.64	91.16
Median	40.83	42.78	69.01	74.80
25th Percentile	35.80	38.07	55.76	61.47
Ind. Composite	41.65	44.76	71.11	81.02
Lg. Composite	44.30	49.05	79.47	96.28
Sm. Composite	45.90	51.92	84.78	108.00

## Equity Valuation Ratios (in Decimal)

	Price/Earnings		Market/Book		Price/Sales	
	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.
75th Percentile	18.50	16.96	1.51	1.37	1.13	0.95
Median	16.06	14.86	1.32	1.27	0.84	0.79
25th Percentile	14.11	13.94	1.17	1.10	0.74	0.63
Ind. Composite	16.56	15.97	1.35	1.23	0.94	0.74
Lg. Composite	12.67	16.42	1.41	1.22	0.89	0.60
Sm. Composite	13.25	12.66	1.06	1.03	0.78	0.69

## DCF Growth Rates (%)

	Analysts
75th Percentile	5.50
Median	5.00
25th Percentile	4.17
Ind. Composite	5.01
Lg. Composite	4.65
Sm. Composite	3.95

## Yields (% of Price)

	Dividends		Cash Flow	
	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.
75th Percentile	5.77	6.13	0.79	0.32
Median	5.35	5.76	-1.84	-1.75
25th Percentile	4.87	5.14	-5.07	-3.45
Ind. Composite	5.16	5.46	-0.40	-1.70
Lg. Composite	5.18	5.06	3.08	-1.82
Sm. Composite	6.08	6.05	-6.66	-1.92

## Cost Of Equity Capital (%)

	CAPM		3-Factor	DCF	
	S-L Form	S-L Sm Cap	F-F	Analysts	3 Stage
75th Percentile	11.16	12.98	12.43	11.09	11.39
Median	9.68	11.81	11.40	10.53	11.04
25th Percentile	8.41	10.56	9.72	9.54	10.51
Ind. Composite	10.91	12.38	12.14	10.23	NMF
Lg. Composite	12.03	13.14	12.66	9.62	NMF
Sm. Composite	7.20	10.78	NMF	10.22	NMF

## Cost of Debt (%)

75th Percentile	7.68
Median	7.10
25th Percentile	6.55
Ind. Composite	7.00
Lg. Composite	6.77
Sm. Composite	7.49

## Weighted Average Cost Of Capital (%)

	CAPM		3-Factor	DCF	
	S-L Form	S-L Sm Cap	F-F	Analysts	3 Stage
75th Percentile	8.46	9.61	9.20	8.42	8.86
Median	7.53	8.76	8.40	8.04	8.54
25th Percentile	7.01	8.04	7.77	7.51	8.38
Ind. Composite	8.30	9.16	9.01	7.90	NMF
Lg. Composite	8.70	9.32	9.05	7.36	NMF
Sm. Composite	NMF	8.23	NMF	7.93	NMF

## STATISTICS FOR SIC CODE 4924 (Continued)

### Margins (in %)

	Operating Margin				Net Margin		Return On Assets		Return On Equity		Debt/Total Capital		Debt/MV Equity	
	Latest		5 Yr Avg		Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg
	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg
90th Percentile	21.06	20.79	7.24	6.67	4.79	4.93	9.97	8.11	55.64	55.26	126.00	124.00		
75th Percentile	19.83	19.37	6.61	6.14	4.45	4.22	8.55	7.33	50.24	49.14	101.00	96.60		
<b>**Median**</b>	16.95	16.90	5.59	4.97	3.98	3.78	7.62	6.80	44.85	43.43	81.31	76.78		
25th Percentile	14.41	13.76	4.23	3.64	3.61	2.97	7.08	6.29	39.08	39.55	64.13	65.41		
10th Percentile	12.01	12.46	2.97	2.61	2.59	1.90	5.18	4.89	35.86	37.13	55.43	59.06		
Ind. Composite	18.05	16.04	5.49	4.34	3.70	3.18	7.56	6.49	45.32	45.56	82.70	83.69		
Lg. Composite	19.70	14.66	6.27	3.44	3.96	2.63	8.74	6.32	45.59	49.02	83.74	96.15		
Sm. Composite	20.54	19.62	6.83	6.37	4.04	3.97	8.59	8.16	49.88	49.69	99.37	98.77		

### Capital Structure Ratios (in %)

### Equity Valuation Ratios (in Decimal)

	Price/Earnings				Market/Book		Price/Sales		Dividends		Cash Flow		Betas (in Decimal)	
	Latest		5 Yr Avg		Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Asset Beta	Equity Beta
	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Latest	5 Yr Avg	Asset Beta	Equity Beta
90th Percentile	20.14	20.44	1.46	1.36	0.96	0.97	7.03	6.79	5.89	2.73	0.40	0.69		
75th Percentile	13.97	15.90	1.30	1.31	0.78	0.86	6.54	6.21	2.49	0.25	0.30	0.42		
<b>**Median**</b>	12.95	14.71	1.15	1.24	0.70	0.74	5.93	5.82	0.78	-1.63	0.20	0.31		
25th Percentile	11.44	13.64	0.99	1.09	0.60	0.59	5.17	5.28	-2.67	-4.35	0.09	0.14		
10th Percentile	10.52	12.33	0.91	1.00	0.54	0.48	4.89	4.69	-10.57	-6.58	0.01	0.03		
Ind. Composite	13.51	15.41	1.22	1.18	0.74	0.67	5.59	5.69	-0.52	-2.44	0.29	0.45		
Lg. Composite	11.95	15.82	1.41	1.18	0.75	0.54	5.22	5.59	-0.74	-3.43	0.33	0.53		
Sm. Composite	11.34	12.25	1.10	1.17	0.77	0.78	6.00	5.59	-12.58	-5.13	0.04	0.07		

### Yields (in % of Price)

### Betas (in Decimal)

### Costs Of Equity Capital (in %)

	CAPM				3-Factor	Discounted Cash Flow			Sustainable	
	S-L Form	S-L Sm Cap	Empirical	Emp Sm Cap		Analysts	Sustainable	2-Stage		
	Analysts	Sustainable	2-Stage	Analysts		Growth				
90th Percentile	12.35	14.82	13.19	15.84	13.97	13.58	10.21	14.24	6.80	5.02
75th Percentile	10.50	13.13	12.04	14.48	12.28	12.02	8.75	14.02	5.62	3.00
<b>**Median**</b>	9.72	11.76	11.56	13.74	10.65	11.23	NMF	13.38	5.13	1.90
25th Percentile	8.56	11.13	10.84	13.06	9.44	10.36	NMF	12.89	4.50	-0.10
10th Percentile	7.74	10.33	10.33	12.77	7.90	9.80	NMF	12.82	3.77	-1.58
Ind. Composite	10.73	12.45	12.18	13.90	11.59	10.94	9.28	NMF	5.13	3.55
Lg. Composite	11.23	12.54	12.49	13.80	11.57	10.61	12.73	NMF	5.18	7.20
Sm. Composite	8.04	12.06	10.51	14.53	10.10	11.37	9.78	NMF	5.13	3.63

### DCF Growth Rates (in %)

### Weighted Average Costs Of Capital (in %)

	CAPM				3-Factor	Discounted Cash Flow		
	S-L Form	S-L Sm Cap	Empirical	Emp Sm Cap		Analysts	Sustainable	2-Stage
	Analysts	Sustainable	2-Stage	Analysts		Sustainable	2-Stage	
90th Percentile	9.03	10.59	9.71	11.32	10.04	9.31	8.27	10.62
75th Percentile	8.52	9.77	9.27	10.64	9.32	9.01	NMF	10.51
<b>**Median**</b>	7.68	8.87	8.63	9.98	8.20	8.59	NMF	10.28
25th Percentile	NMF	8.33	8.26	9.40	7.82	8.27	NMF	9.77
10th Percentile	NMF	8.12	8.01	9.26	NMF	7.79	NMF	9.47
Ind. Composite	8.29	9.23	9.08	10.03	8.76	8.41	NMF	NMF
Lg. Composite	8.46	9.17	9.15	9.86	8.64	8.12	9.27	NMF
Sm. Composite	NMF	8.97	8.19	10.21	7.99	8.62	7.83	NMF

## STATISTICS FOR SIC CODE 4924 (Continued)

### Margins

	Operating Margin		Net Margin		Return on Assets		Return on Equity	
	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.
90th Percentile	22.45%	20.66%	7.13%	6.58%	5.05%	5.00%	8.78%	7.85%
75th Percentile	19.67%	19.15%	6.57%	6.20%	4.78%	4.45%	7.61%	7.08%
<b>**Median**</b>	<b>17.23%</b>	<b>16.62%</b>	<b>5.24%</b>	<b>4.97%</b>	<b>4.18%</b>	<b>3.73%</b>	<b>6.90%</b>	<b>6.73%</b>
25th Percentile	14.76%	13.74%	4.65%	4.10%	3.63%	3.07%	6.53%	6.12%
10th Percentile	13.07%	12.15%	3.74%	2.71%	2.97%	2.30%	6.16%	5.58%
Ind. Composite	18.45%	15.98%	5.87%	4.39%	4.01%	3.26%	7.35%	6.43%
Lg. Composite	19.21%	14.51%	6.14%	3.43%	3.99%	2.69%	8.42%	6.27%
Sm. Composite	20.62%	19.18%	6.99%	6.35%	4.35%	4.08%	7.99%	8.02%

### Capital Structure Ratios

### Yields (% of Price)

	Debt/Total Capital		Debt/M.V. Equity		Dividends		Cash Flow	
	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.
90th Percentile	59.65%	54.27%	148.00%	119.00%	7.06%	6.89%	2.60%	1.29%
75th Percentile	50.02%	47.99%	100.00%	92.28%	6.40%	6.32%	1.70%	-1.06%
<b>**Median**</b>	<b>42.74%</b>	<b>43.11%</b>	<b>74.64%</b>	<b>75.78%</b>	<b>5.95%</b>	<b>5.97%</b>	<b>-0.03%</b>	<b>-2.44%</b>
25th Percentile	38.00%	37.94%	61.28%	61.15%	5.24%	5.26%	-2.66%	-4.74%
10th Percentile	36.32%	35.27%	57.07%	54.49%	4.42%	4.74%	-4.92%	-6.18%
Ind. Composite	44.68%	44.76%	80.43%	81.03%	5.72%	5.78%	0.28%	-2.64%
Lg. Composite	45.46%	47.58%	83.24%	90.77%	5.54%	5.81%	3.17%	-1.43%
Sm. Composite	50.83%	48.70%	103.00%	94.91%	5.50%	5.67%	-3.10%	-3.04%

### Equity Valuation Ratios

### Betas

	Price/Earnings		Market/Book		Price/Sales		Unlev.	Levered
	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Latest	5 Yr. Avg.	Asset Beta	Equity Beta
90th Percentile	16.30	17.93	1.68	1.42	0.97	1.00	0.36	0.52
75th Percentile	14.50	16.34	1.48	1.37	0.86	0.91	0.28	0.43
<b>**Median**</b>	<b>13.37</b>	<b>14.86</b>	<b>1.22</b>	<b>1.26</b>	<b>0.73</b>	<b>0.79</b>	<b>0.22</b>	<b>0.34</b>
25th Percentile	12.32	14.13	1.06	1.15	0.64	0.58	0.09	0.14
10th Percentile	10.45	12.74	0.84	1.04	0.52	0.46	0.03	0.05
Ind. Composite	12.99	15.55	1.27	1.23	0.76	0.68	0.27	0.42
Lg. Composite	11.61	15.95	1.38	1.20	0.71	0.55	0.34	0.54
Sm. Composite	11.42	12.47	1.22	1.21	0.80	0.79	0.05	0.08

### Costs of Equity Capital

### DCF Growth Rates

	CAPM		Discounted Cash Flow		
	S-L Form	Empirical	Analysts	Sustainable	3-Stage
90th Percentile	11.81%	13.13%	13.78%	12.47%	15.07%
75th Percentile	11.17%	12.74%	13.15%	9.49%	14.45%
<b>**Median**</b>	<b>10.57%</b>	<b>12.36%</b>	<b>12.24%</b>	<b>8.20%</b>	<b>14.11%</b>
25th Percentile	9.13%	11.47%	11.38%	NMF	13.67%
10th Percentile	8.42%	11.03%	10.96%	NMF	13.46%
Ind. Composite	11.13%	12.71%	11.82%	9.87%	NMF
Lg. Composite	11.97%	13.23%	11.31%	13.52%	NMF
Sm. Composite	8.67%	11.19%	13.40%	11.83%	NMF

	Sustainable Growth	
	Analysts	Growth
	7.00%	4.86%
	6.20%	3.05%
	5.39%	1.90%
	4.88%	0.15%
	4.52%	-2.82%
	5.39%	3.43%
	5.04%	7.25%
	5.39%	3.82%

R-00049656  
OSBA-1-6  
Witness: Bauer  
Page 1 of 5

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
PENNSYLVANIA DIVISION  
OSBA SET I INTERROGATORIES

6. Reference exhibit No. 4, Schedule 6:
- a. Please indicate when the actuarial report for the pension plan for the plan year ending June 30, 2004 will be available, and provide a copy to the OSBA when it is available.
  - b. Please provide the complete basis (NFG or Mercer) for the selection of an 8.25 percent return on fund assets. Please include all assumptions regarding expected return on equities, expected return on long- and short-term debt, interest rates for cash, average debt rating for pension fund securities, administrative fees, and mix of assets into equities, long-term debt, short-term debt and cash.

Response

- a. The actuarial report for the pension plan for the plan year ended June 30, 2004 will be available by November 15, 2004. A copy will be provided to OSBA at about that time.
- b. National Fuel Gas Company works with Mercer Human Resource Consulting ("Mercer") to develop the assumptions for its pension plans. See the attached letter from Mercer that responds to this inquiry.

**MERCER**

Human Resource Consulting

R-00049656

OSBA-1-6

Witness: Bauer

Page 2 of 5

720 Bausch & Lomb Place  
Rochester, NY 14604-2707  
585 325 2870 Fax 585 325 2091  
www.mercerHR.com

October 22, 2004

Mr. David P. Bauer  
National Fuel Gas Company  
10 Lafayette Square  
Buffalo, New York 14203

Subject:

**PA Rate Case: Question 6.b.**

Dear Dave:

As requested, this letter provides the basis for the assumed rate of investment return of 8.25% per annum, net of investment expenses, on which our Actuarial Valuation Report as of July 1, 2003 for the Plan Year Ending June 30, 2004 and the Taxable Year Ending September 30, 2004 (dated June 2004) is based.

The process followed to select the 8.25% investment return assumption was as follows:

- Identify components (inflation, real return and risk premium) of the investment return assumption and evaluate relevant data
- Develop a best-estimate range of anticipated actual results compounded over the measurement period, reflecting measurement-specific factors
- Further evaluate measurement-specific factors and select a point within the best-estimate range

Note that this is the process called for in Actuarial Standard of Practice Number 27.

We relied upon asset class return, variance and correlation assumptions developed by Mercer Investment Consulting (MIC) for our analysis. These assumptions are attached. Note that the returns developed by MIC are gross returns; that is, they are forward-looking and are not developed by an examination of historical returns. The MIC assumptions model begins with the current Treasury yield curve, recognizing that expected returns on bonds are heavily influenced by the current level of yields. MIC then adds corporate bond spreads and equity risk premia, based on current market conditions, to develop the return expectations for each asset class. The volatility and correlation assumptions developed by MIC are also forward looking; they take into account historical relationships, but are adjusted by MIC to reflect expected capital market trends.



**MERCER**

Human Resource Consulting

R-00049656

OSBA-1-6

Witness: Bauer

Page 3 of 5

Page 2

October 22, 2004

Mr. David P. Bauer

National Fuel Gas Company

Mercer's proprietary *Portfolio Return Calculator* was used to construct a best-estimate range of returns. MIC assumptions were input into the calculator. In addition, the percentage distribution of National Fuel Gas Company's assets by asset class and the expenses that were expected to be paid out of plan returns were also input into the model

Using the asset class return, variance and correlation assumptions developed by MIC and National Fuel Gas-specific asset class percentages and expenses, the *Portfolio Return Calculator* produced both the expected return and the distribution of possible returns (at every fifth percentile) for National Fuel Gas Company's qualified plan asset portfolio. The 25th and 75th percentiles that resulted from the model for a 30-year projection horizon were 5.95% and 8.90%, respectively. These constitute the best-estimate range of reasonable returns for the portfolio that could be used in actuarial calculations.

We selected 8.25% as the investment return assumption, which was at the 65th percentile of the reasonable range of returns.

Please let me know if you have any further questions about how the rate of investment return was selected.

Sincerely,



Kathleen P. Lamb

R-00049656  
 OSBA-1-6  
 Witness: Bauer  
 Page 4 of 5

# Asset Class Return Assumptions

Name of Client: National Fuel Gas - Qualified Retirement Plan  
 Source of Return Data: Mercer Investment Consulting

	Compound Annual Returns	Annual Arithmetic Returns	Standard Deviation of Annual Returns
<b>Domestic Equity</b>			
Domestic Equity-All Cap	8.50%	10.00%	18.6%
Domestic Equity-Large Cap	8.30%	9.70%	18.0%
Domestic Equity-Mid Cap	8.60%	10.80%	21.1%
Domestic Equity-Small Cap	8.80%	11.30%	24.0%
Domestic Equity-Micro Cap	9.20%	12.70%	28.8%
Company Stock-Large	5.30%	8.70%	32.0%
Company Stock-Small	4.10%	11.30%	42.0%
Private Equity	9.70%	14.30%	33.5%
<b>International Equity</b>			
International Equity-Unhedged	8.50%	10.60%	21.9%
International Equity-Hedged	8.50%	10.40%	20.5%
International Eq-Emerging Mkts	9.00%	12.30%	28.0%
International Eq-Small Cap	8.80%	11.70%	28.0%
Global Equity x-U.S.	8.80%	10.80%	21.5%
<b>Fixed Income</b>			
Fixed Income-Gov/Corp	4.30%	4.50%	6.2%
Fixed Income-Aggregate	4.50%	4.70%	6.0%
Fixed Income-Short Gov/Corp	3.80%	3.80%	3.0%
Fixed Income-Intermediate G/C	4.10%	4.20%	4.5%
Fixed Income-Long G/C	5.50%	6.10%	11.0%
Fixed Income-Very Long Bonds	5.10%	6.60%	18.0%
Fixed Income-Mortgages	5.40%	5.60%	6.3%
Fixed Income-High Yield	6.00%	6.70%	12.0%
Fixed Income-Muni Bonds	4.00%	4.30%	8.3%
Inflation-Indexed Bonds	4.00%	4.10%	4.5%
Cash	3.20%	3.20%	1.3%
Convertibles	7.80%	8.80%	13.5%
GICs	4.20%	4.20%	3.0%
International FixInc-Unhedged	4.20%	4.90%	12.0%
International FixInc-Hedged	4.50%	4.60%	5.5%
Broad International-Unhedged	5.00%	5.70%	12.0%
Emerging Market Debt	8.50%	10.80%	23.0%
<b>Real Estate</b>	<b>7.50%</b>	<b>8.30%</b>	<b>13.5%</b>

Note: Compound Returns reflect expected volatility and are, therefore, less than simple Arithmetic Average Returns.  
 Example: If Year 1 Return = 6% and Year 2 Return = 15%, then Annual Arithmetic Return = 10.00% and Compound Annual Return = 9.88%



R-00049656  
OSBA- 2-70  
Witness: Bauer  
Page 1

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
PENNSYLVANIA DIVISION  
OSBA SET 2 INTERROGATORIES

70. Reference Response to OSBA-1-6(b): The interrogatory requested that NFGD provide the specific mix of assets, returns, and administrative costs used in developing the 8.25 percent expected. While the response provides useful information, it does not fully respond to the question.
- a. For each of the asset categories shown on page 4 of the response (page 3 of 4 in the Mercer letter), please indicate the percentage (or range of percentages, if a range was used) of NFG's pension plan that was assumed to be invested in that category in developing the 8.25 percent figure.
  - b. Mercer notes, "In addition, the percentage distribution of National Fuel Gas Company's assets by asset class and the expenses that were expected to be paid out of the plan returns were also input into the model." To the extent not otherwise provided in the response to part (a), please provide both the percentage distribution and expense assumptions.
  - c. For each of the asset categories shown on page 4 of the response (page 3 of 4 in the Mercer letter), please indicate the return on investment that was assumed in developing the 8.25 percent figure. If the assumed return is the reported compounded annual return or the arithmetic annual return, please state so. For each category, please indicate the gross returns expected, the transactions and administrative costs associated with making the investment, and the net return to the pension fund.

Response:

See attached letter from Mercer that addresses this question.

OSBA-2-70  
Witness: Bauer  
Page 2**MERCER**

Human Resource Consulting

720 Bausch & Lomb Place  
Rochester, NY 14604-2707  
585 325 7410 Fax 585 325 2091  
www.mercerhr.com

November 29, 2004

Mr. David P. Bauer  
National Fuel Gas Company  
10 Lafayette Square  
Buffalo, New York 14203

Subject:

**PA Rate Case: Question 70**

Dear Dave:

As requested, this letter provides further information regarding the basis for the assumed rate of investment return of 8.25% per annum, net of investment expenses, on which our Actuarial Valuation Report as of July 1, 2003 for the Plan Year Ending June 30, 2004 and the Taxable Year Ending September 30, 2004 (dated June 2004) is based. Our original letter dated October 22, 2004, was in response to question 6.b.

The actual asset allocation of NFG's pension plan assets as of July 1, 2003 was used to determine the assumed rate of investment return of 8.25%. The allocation is detailed on the attached exhibit.

The expected return and distribution of possible returns is based on the compound annual return described in our original letter. Note that the overall assumed portfolio return is not simply the allocation percentages multiplied by the assumed compound return. Over the 30 year projection horizon, the *Portfolio Return Calculator* takes into account correlation between asset classes. ★

The *Portfolio Return Calculator* first produces a gross expected return and distribution of possible returns without any adjustment for expenses. Expenses are then removed from the gross expected returns to produce the final net return. The annual expense assumption is assumed to be 0.20% of plan assets. This is the standard assumption used in the *Portfolio Return Calculator*. This assumption includes investment management, trading expenses and trustee fees. This assumption is the same for passive and actively managed portfolios. It's assumed that the alpha for active management is exactly offset by the increase in investment expenses associated with such active management.

OSBA-2-70  
Witness: Bauer  
Page 3

# MERCER

Human Resource Consulting

Page 2

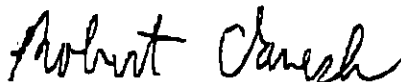
November 29, 2004

Mr. David P. Bauer

National Fuel Gas Company

Please let me know if you have any further questions about how the rate of investment return was selected.

Sincerely,



Robert H. Danesh, F.S.A.

# Asset Allocation of Portfolio

*Specified By Consultant*

**Name of Client:** National Fuel Gas - Qualified Retirement Plan

	Percentage Allocation
<b>Domestic Equity</b>	
Domestic Equity-All Cap	50.0%
Domestic Equity-Large Cap	0.0%
Domestic Equity-Mid Cap	0.0%
Domestic Equity-Small Cap	0.0%
Domestic Equity-Micro Cap	0.0%
Company Stock-Large	0.0%
Company Stock-Small	0.0%
Private Equity	0.0%
<b>International Equity</b>	
International Equity-Unhedged	0.0%
International Equity-Hedged	0.0%
International Eq-Emerging Mkts	0.0%
International Eq-Small Cap	0.0%
Global Equity x-U.S.	10.0%
<b>Fixed Income</b>	
Fixed Income-Gov/Corp	0.0%
Fixed Income-Aggregate	21.0%
Fixed Income-Short Gov/Corp	0.0%
Fixed Income-Intermediate G/C	0.0%
Fixed Income-Long G/C	0.0%
Fixed Income-Vary Long Bonds	0.0%
Fixed Income-Mortgages	0.0%
Fixed Income-High Yield	0.0%
Fixed Income-Muni Bonds	0.0%
Inflation-Indexed Bonds	0.0%
Cash	4.0%
Convertibles	0.0%
GICs	0.0%
International Fixinc-Unhedged	0.0%
International Fixinc-Hedged	0.0%
Broad International-Unhedged	6.0%
Emerging Market Debt	0.0%
<b>Real Estate</b>	<b>8.0%</b>
<b>TOTAL</b>	<b>100.0%</b>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Comparison of Cost of Service Study Results	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
		Residential	LE 250	GT 250	PA Service				
<b>Existing Revenues</b>									
Rate Revenues	424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	1,316,665	7,517,593	3,183,617	2,113,289
Late Charge Revenues	1,601,774	1,249,664	63,342	108,771	128,801	4,973	28,291	11,950	7,982
Other Revenues	187,294	142,557	7,359	6,632	15,880	328	6,287	5,579	2,672
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Existing Dist'n Revenues</b>	<b>105,527,559</b>	<b>74,938,454</b>	<b>4,231,857</b>	<b>4,946,489</b>	<b>11,703,416</b>	<b>309,872</b>	<b>4,235,532</b>	<b>3,076,339</b>	<b>2,085,600</b>
Existing Dist'n Rate Revenues	103,738,491	73,546,233	4,161,156	4,833,086	11,558,735	304,571	4,200,954	3,058,810	2,074,946
<b>Rate Revenue Increase</b>	<b>25,794,313</b>	<b>20,160,578</b>	<b>1,140,735</b>	<b>1,324,876</b>	<b>3,167,863</b>	<b>(16)</b>	<b>329</b>	<b>(52)</b>	<b>-</b>
<b>Proposed Revenues</b>									
Rate Revenues	449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
Late Charge Revenues	1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Other Revenues	187,294	142,557	7,359	6,632	15,880	328	6,287	5,579	2,672
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Total Proposed Revenues</b>	<b>131,419,485</b>	<b>95,175,326</b>	<b>5,376,909</b>	<b>6,276,379</b>	<b>14,883,267</b>	<b>309,856</b>	<b>4,235,863</b>	<b>3,076,286</b>	<b>2,085,600</b>
Dist'n Rate Revenue Increase	24.9%	27.4%	27.4%	27.4%	27.4%	0.0%	0.0%	0.0%	0.0%
	6.1%	6.1%	6.8%						
<b>Existing Distribution Rate Base (\$)</b>		2.5%	2.2%	3.5%	5.1%				
A: Peak & Avg.; No Customer	296,952,979	206,069,317	10,008,336	13,766,698	36,238,233	555,566	13,734,333	11,814,725	4,765,770
C: Peak & Avg.; Z-I Customer	296,952,979	229,646,710	10,935,011	11,233,674	24,535,848	495,298	8,572,192	6,625,691	4,908,555
E: Peak; No Customer	296,952,979	211,333,569	10,394,591	14,471,208	36,725,374	482,996	11,668,361	7,446,215	4,430,666
G: Peak; Z-I Customer	296,952,979	232,632,820	11,152,239	11,634,146	24,842,681	455,250	7,441,472	4,217,091	4,577,280
Average	296,952,979	219,920,604	10,622,544	12,776,431	30,585,534	497,278	10,354,089	7,525,931	4,670,568
<b>Existing Rates Net Return</b>									
A: Peak & Avg.; No Customer	4.48%	3.38%	7.02%	9.42%	7.85%	16.21%	6.16%	2.72%	4.81%
C: Peak & Avg.; Z-I Customer	4.48%	2.16%	5.77%	13.45%	15.58%	19.23%	14.88%	11.42%	5.07%
E: Peak; No Customer	4.48%	3.02%	6.36%	8.42%	7.52%	20.04%	8.82%	9.76%	9.92%
G: Peak; Z-I Customer	4.48%	1.95%	5.40%	12.54%	15.14%	21.79%	18.59%	23.73%	9.93%
Average	4.48%	2.63%	6.14%	10.96%	11.52%	19.32%	12.11%	11.91%	7.43%
<b>Existing Rates Subsidy</b>									
A: Peak & Avg.; No Customer	-	(3,860,421)	434,488	1,163,341	2,085,228	111,423	393,946	(354,773)	26,767
C: Peak & Avg.; Z-I Customer	-	(9,104,509)	240,754	1,722,431	4,656,971	124,830	1,523,969	785,788	49,766
E: Peak; No Customer	-	(5,291,852)	333,440	975,412	1,905,419	128,411	865,243	671,806	412,120
G: Peak; Z-I Customer	-	(10,046,968)	176,014	1,602,543	4,525,748	134,687	1,794,551	1,387,427	425,998
Average	-	(7,075,938)	296,174	1,365,932	3,293,341	124,838	1,144,427	622,562	228,663
<b>Proposed \$ Return</b>									
B: Peak & Avg.; No Customer	28,151,495	18,619,466	1,355,520	2,039,177	4,651,323	86,753	836,388	332,960	229,908
D: Peak & Avg.; Z-I Customer	28,151,500	16,756,849	1,289,336	2,236,919	5,558,358	91,528	1,234,047	735,356	249,107
F: Peak; No Customer	28,151,500	18,059,749	1,316,658	1,966,298	4,573,314	92,947	1,005,889	707,998	428,648
H: Peak; Z-I Customer	28,151,500	16,367,248	1,263,112	2,188,276	5,499,266	95,210	1,333,740	961,719	442,929

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Comparison of Cost of Service Study Results	Total	Small Comm. & PA Service			Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS							
		Residential	LE 250	GT 250												
Average	28,151,499	17,450,828	1,306,157	2,107,667	5,070,565	91,609	1,102,516	684,508	337,648							
<b>Proposed Rate Base</b>																
B: Peak & Avg.; No Customer	296,952,979	206,039,625	10,004,485	13,718,468	36,245,856	554,056	13,758,473	11,845,844	4,786,172							
D: Peak & Avg.; Z-I Customer	296,952,979	229,655,632	10,932,488	11,181,346	24,524,747	493,685	8,588,127	6,648,482	4,928,474							
F: Peak; No Customer	296,952,979	211,282,915	10,389,375	14,427,474	36,753,463	481,212	11,695,245	7,473,765	4,449,530							
H: Peak; Z-I Customer	296,952,979	232,650,057	11,150,271	11,582,850	24,832,871	453,561	7,455,355	4,235,191	4,592,822							
Average	296,952,979	219,907,057	10,619,155	12,727,535	30,589,234	495,629	10,374,300	7,550,821	4,689,249							
<b>Proposed Rate of Return</b>																
B: Peak & Avg.; No Customer	9.48%	9.04%	13.55%	14.86%	12.83%	15.66%	6.08%	2.81%	4.80%							
D: Peak & Avg.; Z-I Customer	9.48%	7.30%	11.79%	20.01%	22.66%	18.54%	14.37%	11.06%	5.05%							
F: Peak; No Customer	9.48%	8.55%	12.67%	13.63%	12.44%	19.32%	8.60%	9.47%	9.63%							
H: Peak; Z-I Customer	9.48%	7.04%	11.33%	18.89%	22.15%	20.99%	17.89%	22.71%	9.64%							
Average	9.4801%	7.9355%	12.3000%	16.5599%	16.5763%	18.4835%	10.6274%	9.0653%	7.2005%							
<b>Proposed Rates Subsidy</b>																
B: Peak & Avg.; No Customer	-	(1,561,084)	695,790	1,262,508	2,076,988	58,503	(799,794)	(1,350,345)	(382,567)							
D: Peak & Avg.; Z-I Customer	-	(8,571,324)	432,300	2,011,596	5,526,535	76,446	717,668	179,590	(372,810)							
F: Peak; No Customer	-	(3,367,362)	567,002	1,023,059	1,861,402	80,892	(175,766)	(896)	11,668							
H: Peak; Z-I Customer	-	(9,722,436)	352,188	1,863,397	5,375,607	89,241	1,071,613	957,530	12,859							
Average	-	(5,805,551)	511,820	1,540,140	3,710,133	76,270	203,430	(53,530)	(182,712)							
<b>Existing Rate Unit Customer Cost (\$/month)</b>																
A: Peak & Avg.; No Customer	\$	23.74	\$	24.70	\$	31.97	\$	73.33	\$	57.55	\$	172.59	\$	1,310.71	\$	1,583.29
C: Peak & Avg.; Z-I Customer	\$	29.57	\$	30.40	\$	37.58	\$	78.58	\$	63.06	\$	177.58	\$	1,292.75	\$	1,485.47
E: Peak; No Customer	\$	23.74	\$	24.69	\$	31.93	\$	73.27	\$	57.67	\$	174.21	\$	1,342.71	\$	1,593.78
G: Peak; Z-I Customer	\$	29.56	\$	30.38	\$	37.53	\$	78.51	\$	63.17	\$	179.13	\$	1,323.94	\$	1,503.14
Average	\$	26.66	\$	27.54	\$	34.75	\$	75.92	\$	60.37	\$	175.87	\$	1,317.53	\$	1,541.42
<b>Proposed Rate Unit Customer Cost (\$/month)</b>																
B: Peak & Avg.; No Customer	\$	27.07	\$	27.92	\$	34.93	\$	73.26	\$	62.85	\$	166.59	\$	1,190.29	\$	1,424.01
D: Peak & Avg.; Z-I Customer	\$	35.28	\$	35.99	\$	42.86	\$	80.20	\$	70.44	\$	172.42	\$	1,170.67	\$	1,202.85
F: Peak; No Customer	\$	27.05	\$	27.89	\$	34.81	\$	73.09	\$	63.12	\$	170.53	\$	1,269.02	\$	1,449.52
H: Peak; Z-I Customer	\$	35.26	\$	35.96	\$	42.73	\$	80.02	\$	70.71	\$	176.26	\$	1,247.73	\$	1,246.49
Average	\$	31.17	\$	31.94	\$	38.83	\$	76.64	\$	66.78	\$	171.45	\$	1,219.43	\$	1,330.72
Uncollectibles Rate																
State Tax Rate		9.9900%														
Federal Tax Rate		35.0000%														
																58.5065%

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Comparison of Cost of Service Study Results	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
		Residential	LE 250	GT 250	PA Service				
NFGD Increase	25,794,313 9.4801%	76,293 <del>20,160,578</del> 7.9355%	4,317 <del>1,140,735</del> 12.3000%	5,014 <del>1,324,876</del>	11,988 <del>3,167,863</del>	(0) (16)	1 329	(0) (52)	
<b>Total Cost to Serve</b>									
A: Peak & Avg.; No Customer	105,527,559	78,431,116	3,822,151	3,834,854	9,796,410	205,565	3,909,101	3,448,584	2,079,779
C: Peak & Avg.; Z-I Customer	105,527,559	83,442,401	4,007,437	3,300,607	7,338,743	192,755	2,829,152	2,358,623	2,057,840
E: Peak; No Customer	105,527,559	79,811,560	3,919,518	4,014,416	9,964,468	189,299	3,455,468	2,462,621	1,710,208
G: Peak; Z-I Customer	105,527,559	84,347,948	4,069,658	3,415,829	7,464,672	183,272	2,568,781	1,779,836	1,697,563
Average	105,527,559	81,508,256	3,954,691	3,641,427	8,641,073	192,723	3,190,626	2,512,416	1,886,348
B: Peak & Avg.; No Customer	131,419,485	96,546,747	4,686,506	5,008,045	12,891,448	252,970	5,084,293	4,461,027	2,488,449
D: Peak & Avg.; Z-I Customer	131,419,485	103,575,828	4,950,843	4,256,989	9,432,638	234,982	3,562,712	2,926,992	2,478,500
F: Peak; No Customer	131,419,485	98,372,976	4,816,611	5,248,282	13,103,805	230,478	4,454,839	3,102,027	2,090,467
H: Peak; Z-I Customer	131,419,485	104,736,863	5,031,648	4,406,472	9,584,835	222,073	3,205,637	2,142,199	2,089,759
Average	131,419,485	100,808,104	4,871,402	4,729,947	11,253,182	235,126	4,076,870	3,158,061	2,286,794
Present R/C Ratio	100.00%	91.94%	107.01%	135.84%	135.44%	160.79%	132.75%	122.45%	110.56%
Proposed R/C Ratio	100.00%	94.41%	110.38%	132.69%	132.26%	131.78%	103.90%	97.41%	91.20%
<b>Customer Cost to Serve</b>									
B: Peak & Avg.; No Customer	71,407,049	63,015,544	3,007,024	1,737,113	1,995,490	141,029	731,647	557,056	222,146
D: Peak & Avg.; Z-I Customer	91,976,761	82,134,364	3,875,762	2,131,144	2,184,619	158,075	757,280	547,871	187,645
F: Peak; No Customer	71,407,130	62,970,661	3,003,744	1,731,063	1,991,002	141,643	748,989	593,903	226,125
H: Peak; Z-I Customer	91,976,761	82,088,415	3,872,443	2,125,023	2,179,682	158,674	774,136	583,936	194,452
Average	81,691,925	72,552,246	3,439,743	1,931,086	2,087,698	149,855	753,013	570,692	207,592
<b>Unit Demand Cost to Serve</b>									
B: Peak & Avg.; No Customer	1.41	1.69	1.74	1.77	1.73	1.41	1.36	1.06	0.34
D: Peak & Avg.; Z-I Customer	0.93	1.08	1.11	1.15	1.15	0.97	0.88	0.65	0.34
F: Peak; No Customer	1.41	1.79	1.87	1.90	1.77	1.12	1.16	0.68	0.28
H: Peak; Z-I Customer	0.93	1.14	1.20	1.23	1.18	0.80	0.76	0.42	0.28
Average	1.17	1.43	1.48	1.51	1.46	1.07	1.04	0.70	0.31
<b>Unit Cost to Serve</b>									
B: Peak & Avg.; No Customer	3.09	4.88	4.85	2.71	2.05	3.18	1.59	1.22	0.37
D: Peak & Avg.; Z-I Customer	3.09	5.23	5.12	2.30	1.50	2.95	1.12	0.80	0.37
F: Peak; No Customer	3.09	4.97	4.98	2.84	2.08	2.89	1.40	0.85	0.31
H: Peak; Z-I Customer	3.09	5.29	5.20	2.38	1.52	2.79	1.00	0.58	0.31
Average	3.09	5.09	5.04	2.56	1.79	2.95	1.28	0.86	0.34

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Summary of Cost of Service Study	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250					
<b>Total Operating Revenues</b>				<b>425,925,133</b>	<b>332,253,452</b>	<b>16,841,204</b>	<b>28,382,104</b>	<b>34,249,147</b>	<b>1,321,966</b>	<b>7,552,171</b>	<b>3,201,146</b>	<b>2,123,943</b>
O&M and A&G Expenses												
Demand				21,696,698	11,592,546	582,710	1,110,818	4,069,961	36,916	1,658,151	1,490,066	1,155,531
Customer				52,099,641	45,098,239	2,147,067	1,313,555	1,835,674	106,395	716,491	629,550	252,670
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Sub-Total O&amp;M/A&amp;G</b>				<b>395,006,583</b>	<b>314,383,890</b>	<b>15,357,593</b>	<b>25,895,304</b>	<b>28,571,581</b>	<b>1,156,926</b>	<b>5,752,221</b>	<b>2,314,503</b>	<b>1,574,564</b>
Depreciation Expenses												
Demand				6,890,513	3,749,483	188,412	359,181	1,335,279	12,064	543,214	485,242	217,639
Customer				5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534
<b>Sub-Total Depreciation</b>				<b>11,913,067</b>	<b>8,184,011</b>	<b>418,724</b>	<b>507,799</b>	<b>1,470,523</b>	<b>24,297</b>	<b>591,536</b>	<b>493,003</b>	<b>223,173</b>
Negative Net Salvage				1,354,000	902,710	45,990	60,199	180,360	2,791	73,309	62,364	26,278
Taxes Other Than Income												
Demand				904,942	490,366	24,643	46,979	172,686	1,567	70,405	63,273	35,022
Customer				1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Commodity				7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Sub-Total Taxes Other</b>				<b>1,974,001</b>	<b>1,396,178</b>	<b>80,805</b>	<b>80,361</b>	<b>206,498</b>	<b>4,314</b>	<b>83,577</b>	<b>79,767</b>	<b>42,501</b>
Income Taxes				838,138	(641,827)	181,528	475,601	787,177	40,427	129,505	(133,766)	(507)
Investment Tax Credit				(4,000)	(2,667)	(136)	(178)	(533)	(8)	(217)	(184)	(78)
Def. Income Taxes				1,539,000	1,057,259	54,093	65,601	189,971	3,139	76,418	63,689	28,831
<b>Total Expenses</b>				<b>412,620,789</b>	<b>325,279,554</b>	<b>16,138,598</b>	<b>27,084,687</b>	<b>31,405,576</b>	<b>1,231,885</b>	<b>6,706,350</b>	<b>2,879,377</b>	<b>1,894,762</b>
<b>Utility Net Income</b>				<b>13,304,344</b>	<b>6,973,898</b>	<b>702,606</b>	<b>1,297,418</b>	<b>2,843,571</b>	<b>90,081</b>	<b>845,821</b>	<b>321,768</b>	<b>229,181</b>
<b>Rate Base</b>												
Gas Plant In Service												
Demand				280,861,684	153,969,808	7,736,803	14,749,198	53,759,248	490,781	21,985,063	19,884,536	8,286,247
Customer				157,074,292	138,001,426	7,138,279	4,721,441	4,575,996	411,972	1,725,783	286,350	213,045
<b>Sub-Total Gas Plant</b>				<b>437,935,976</b>	<b>291,971,234</b>	<b>14,875,082</b>	<b>19,470,638</b>	<b>58,335,244</b>	<b>902,754</b>	<b>23,710,846</b>	<b>20,170,886</b>	<b>8,499,291</b>
Accumulated Reserve for Dep'n												
Demand				(90,095,826)	(49,182,555)	(2,471,475)	(4,711,520)	(17,314,681)	(157,329)	(7,063,485)	(6,353,380)	(2,841,401)
Customer				(57,561,428)	(49,755,639)	(2,539,424)	(1,816,197)	(2,092,412)	(185,463)	(889,283)	(157,127)	(125,883)
<b>Sub-Total Acc. Res. for Dep'n</b>				<b>(147,657,254)</b>	<b>(98,938,194)</b>	<b>(5,010,900)</b>	<b>(6,527,717)</b>	<b>(19,407,092)</b>	<b>(342,792)</b>	<b>(7,952,768)</b>	<b>(6,510,507)</b>	<b>(2,967,284)</b>
Net Plant												
Demand				190,765,857	104,787,253	5,265,328	10,037,677	36,444,567	333,452	14,921,578	13,531,157	5,444,845
Customer				99,512,865	88,245,787	4,598,855	2,905,244	2,483,585	226,510	836,500	129,223	87,162
<b>Net Plant</b>				<b>290,278,722</b>	<b>193,033,040</b>	<b>9,864,182</b>	<b>12,942,921</b>	<b>38,928,152</b>	<b>559,961</b>	<b>15,758,078</b>	<b>13,660,379</b>	<b>5,532,008</b>
Working Capital												
Demand				13,847,994	10,288,401	508,426	949,160	1,339,465	42,227	334,781	231,558	153,977

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service LE 250	GT 250	Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
<b>Summary of Cost of Service Study</b>												
Customer				6,515,686	5,648,944	276,090	168,266	220,490	13,464	84,858	73,893	29,681
Commodity				32,292,577	26,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
<b>Working Capital</b>				<b>52,656,257</b>	<b>41,966,990</b>	<b>2,060,120</b>	<b>3,487,270</b>	<b>3,777,092</b>	<b>158,048</b>	<b>717,629</b>	<b>305,451</b>	<b>183,658</b>
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(40,939,000)	(27,293,968)	(1,390,548)	(1,820,148)	(5,453,278)	(84,391)	(2,216,530)	(1,885,609)	(794,528)
Deferred Income Taxes ITC				(1,869,000)	(1,246,059)	(63,483)	(83,096)	(248,960)	(3,853)	(101,192)	(86,084)	(36,273)
<b>Net Rate Base</b>				<b>296,952,979</b>	<b>206,069,317</b>	<b>10,008,336</b>	<b>13,766,698</b>	<b>36,238,233</b>	<b>555,566</b>	<b>13,734,333</b>	<b>11,814,725</b>	<b>4,765,770</b>
<b>Return Earned</b>				<b>4.48%</b>	<b>3.38%</b>	<b>7.02%</b>	<b>9.42%</b>	<b>7.85%</b>	<b>16.21%</b>	<b>6.16%</b>	<b>2.72%</b>	<b>4.81%</b>
<b>Unitized Rate of Return</b>				<b>100.0%</b>	<b>75.5%</b>	<b>156.7%</b>	<b>210.4%</b>	<b>175.1%</b>	<b>361.9%</b>	<b>137.5%</b>	<b>60.8%</b>	<b>107.3%</b>
<b>Fully Allocated Cost</b>												
Return and Income Taxes			RB	15,677,482	10,879,325	528,385	726,806	1,913,179	29,331	725,097	623,752	251,606
Other Costs				410,247,651	324,866,789	15,903,113	26,543,663	30,428,961	1,188,328	6,500,643	2,949,638	1,866,515
Less Gas Costs				(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
Distribution Costs				105,527,559	78,431,116	3,822,151	3,834,854	9,796,410	205,565	3,909,101	3,448,584	2,079,779
<b>Revenue-Cost Ratio</b>				<b>100.0%</b>	<b>95.5%</b>	<b>110.7%</b>	<b>129.0%</b>	<b>119.5%</b>	<b>150.7%</b>	<b>108.4%</b>	<b>89.2%</b>	<b>100.3%</b>
<b>Customer Cost Summary</b>												
<b>Customer Rate Base</b>												
Plant and W/C				106,028,550	93,894,731	4,874,944	3,073,510	2,704,075	239,973	921,358	203,115	116,843
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(15,353,925)	(10,236,438)	(521,517)	(682,636)	(2,045,219)	(31,650)	(831,296)	(707,186)	(297,983)
<b>Customer Rate Base</b>				<b>87,500,625</b>	<b>83,267,608</b>	<b>3,891,493</b>	<b>1,630,626</b>	<b>(105,917)</b>	<b>134,123</b>	<b>(333,591)</b>	<b>(683,482)</b>	<b>(300,234)</b>
Percent				29.5%	40.4%	38.9%	11.8%	-0.3%	24.1%	-2.4%	-5.8%	-6.3%
<b>Customer Costs</b>												
O&M and A&G Expenses				52,099,641	45,098,239	2,147,067	1,313,555	1,835,674	106,395	716,491	629,550	252,670
Depreciation Expenses				5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534
Negative Net Salvage			CRB	464,176	441,721	20,644	8,650	(562)	712	(1,770)	(3,626)	(1,593)
Taxes Other Than Income				1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Income Taxes			CRB	699,273	665,444	31,099	13,031	(846)	1,072	(2,666)	(5,462)	(2,399)
Return			CRB	3,920,279	3,730,627	174,350	73,057	(4,745)	6,009	(14,946)	(30,622)	(13,451)
<b>Total Customer Costs</b>				<b>63,267,074</b>	<b>55,272,692</b>	<b>2,659,455</b>	<b>1,589,950</b>	<b>1,997,406</b>	<b>129,153</b>	<b>758,011</b>	<b>613,414</b>	<b>246,993</b>
Number of Customers				209,975	193,982	8,974	4,144	2,270	187	366	39	13
<b>Cost per Customer per Month</b>				<b>\$ 25.11</b>	<b>\$ 23.74</b>	<b>\$ 24.70</b>	<b>\$ 31.97</b>	<b>\$ 73.33</b>	<b>\$ 57.55</b>	<b>\$ 172.59</b>	<b>\$ 1,310.71</b>	<b>\$ 1,583.29</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Gas Plant in Service	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250					
<b>Production Plant</b>	325-338	D	2	2,587,318	1,348,492	67,850	129,329	410,882	3,975	172,549	167,633	286,609
<b>Transmission Plant</b>	365-369	D	50	34,697,699	20,278,376	1,018,898	1,942,412	6,191,423	60,790	2,626,546	2,579,253	-
<b>Distribution Plant</b>												
Land	374.1	D	9	822,806	467,597	23,494	44,789	142,768	1,402	60,565	59,475	22,716
Land Rights	374.2	D	9	5,310,777	3,018,088	151,644	289,092	921,489	9,050	390,916	383,879	146,620
Structures & Improvments.	375	D	2	7,631,073	3,977,261	200,118	381,443	1,211,861	11,724	508,918	494,420	845,329
Mains (LIS)	376	D	Direct	5,643,012	-	-	-	-	-	-	-	-
Mains (>4")	376	D (A)	50	105,048,616	61,393,563	3,084,753	5,880,727	18,744,770	184,045	7,951,970	7,808,789	5,643,012
Mains (Other)	376	D (A)	50	93,706,458	54,764,865	2,751,690	5,245,781	16,720,887	164,174	7,093,391	6,965,670	-
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	9,204,355	2,066	-	-	6,509,893	28,581	1,981,650	314,575	367,590
Other	387	D (D)	11	450,555	244,710	12,296	23,441	87,269	788	35,498	31,692	14,860
Land Rights	374.2	C	10									
Mains	376	C (A)	4									
M&R Sta. Equip.	378	D	2	6,085,446	3,171,691	159,585	304,184	966,406	9,349	405,839	394,278	674,113
Services	380	C	5	134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008
Meters	381	C	6	13,267,711	9,466,538	400,327	621,075	1,507,491	124,610	836,768	164,480	146,422
Meter Installations	382	C	6	3,160,552	2,255,060	95,363	147,949	359,105	29,684	199,330	39,181	34,880
House Regulators	383	C	7									
House Regulator Install.	384	C	7	818,704	730,296	30,883	47,912	-	9,613	-	-	-
Other	387	C (D)	12	292,142	256,669	13,276	8,781	8,511	766	3,210	533	396
Distribution Demand		D		233,903,098	127,039,840	6,383,580	12,169,458	45,305,342	409,112	18,428,748	16,452,777	7,714,239
Distribution Customer		C		151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707
<b>Total Distribution</b>				<b>385,567,364</b>	<b>260,288,157</b>	<b>13,276,000</b>	<b>16,728,281</b>	<b>49,723,730</b>	<b>806,895</b>	<b>20,095,091</b>	<b>16,729,264</b>	<b>7,919,946</b>
<b>General Plant</b>	389-399											
Demand		D (M)	13	8,194,594	4,492,318	225,734	430,332	1,568,513	14,319	641,450	580,163	241,765
Customer		C (M)	14	4,582,896	4,026,415	208,271	137,756	133,512	12,020	50,353	8,355	6,216
<b>Total General Plant</b>				<b>12,777,490</b>	<b>8,518,733</b>	<b>434,005</b>	<b>568,087</b>	<b>1,702,025</b>	<b>26,339</b>	<b>691,802</b>	<b>588,518</b>	<b>247,981</b>
<b>Intangible Plant</b>	301-303											
Demand		D (M)	13	1,478,975	810,782	40,741	77,667	283,088	2,584	115,770	104,709	43,634
Customer		C (M)	14	827,130	726,695	37,589	24,862	24,097	2,169	9,088	1,508	1,122
<b>Total Intangible Plant</b>				<b>2,306,105</b>	<b>1,537,477</b>	<b>78,330</b>	<b>102,529</b>	<b>307,185</b>	<b>4,754</b>	<b>124,858</b>	<b>106,217</b>	<b>44,756</b>
<b>Plant in Service Summary</b>												
Demand		D		280,861,684	153,969,808	7,736,803	14,749,198	53,759,248	490,781	21,985,063	19,884,536	8,286,247
Customer		C		157,074,292	138,001,426	7,138,279	4,721,441	4,575,996	411,972	1,725,783	286,350	213,045
<b>Gas Plant in Service</b>				<b>437,935,976</b>	<b>291,971,234</b>	<b>14,875,082</b>	<b>19,470,638</b>	<b>58,335,244</b>	<b>902,754</b>	<b>23,710,846</b>	<b>20,170,886</b>	<b>8,499,291</b>

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Accumulated Reserve for Depreciation</b>												
<i>Production Plant</i>	325-338	D	2	(1,794,097)	(935,071)	(47,049)	(89,679)	(284,914)	(2,756)	(119,649)	(116,240)	(198,740)
<i>Transmission Plant</i>	365-369	D	50	(15,018,307)	(8,777,149)	(441,013)	(840,740)	(2,679,852)	(26,312)	(1,136,856)	(1,116,386)	-
<b>Distribution Plant</b>												
Land	374.1	D	9	16,125	9,164	460	878	2,798	27	1,187	1,166	445
Land Rights	374.2	D	9	(975,153)	(554,175)	(27,845)	(53,082)	(169,202)	(1,662)	(71,779)	(70,487)	(26,922)
Structures & Improvemts.	375	D	2	(3,584,026)	(1,867,969)	(93,988)	(179,149)	(569,165)	(5,506)	(239,019)	(232,210)	(397,019)
Mains	376	D (A)	9	(58,248,758)	(33,102,478)	(1,663,235)	(3,170,771)	(10,106,917)	(99,256)	(4,287,575)	(4,210,395)	(1,608,132)
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	(3,112,938)	(699)	-	-	(2,201,664)	(9,666)	(670,200)	(106,390)	(124,320)
Other	387	D (D)	11	(365,505)	(198,517)	(9,975)	(19,016)	(70,796)	(639)	(28,797)	(25,710)	(12,055)
Land Rights	374.2	C	10									
Mains	376	C (A)	10									
M&R Sta. Equip.	378	D	2	(3,294,506)	(1,717,073)	(86,395)	(164,678)	(523,188)	(5,061)	(219,711)	(213,452)	(364,948)
Services	380	C	5	(44,467,775)	(39,963,679)	(2,106,127)	(1,237,672)	(843,198)	(77,285)	(207,887)	(23,968)	(7,960)
Meters	381	C	6	(8,894,347)	(6,346,134)	(268,369)	(416,353)	(1,010,585)	(83,536)	(560,949)	(110,263)	(98,158)
Meter Installations	382	C	6	(1,506,216)	(1,074,688)	(45,447)	(70,507)	(171,138)	(14,146)	(94,994)	(18,673)	(16,623)
House Regulators	383	C	7									
House Regulator Install.	384	C	7	(376,401)	(335,755)	(14,199)	(22,028)	-	(4,420)	-	-	-
Other	387	C (D)	12	(236,995)	(208,218)	(10,770)	(7,124)	(6,904)	(622)	(2,604)	(432)	(321)
Distribution Demand		D		(69,564,761)	(37,431,746)	(1,880,977)	(3,585,819)	(13,638,133)	(121,763)	(5,515,894)	(4,857,479)	(2,532,949)
Distribution Customer		C		(55,481,734)	(47,928,474)	(2,444,912)	(1,753,684)	(2,031,825)	(180,008)	(866,433)	(153,336)	(123,062)
<b>Total Distribution</b>				(125,046,495)	(85,360,220)	(4,325,890)	(5,339,503)	(15,669,957)	(301,771)	(6,382,328)	(5,010,815)	(2,656,011)
<b>General Plant</b>	389-399											
Demand		D	13	(2,881,361)	(1,579,577)	(79,372)	(151,312)	(551,516)	(5,035)	(225,545)	(203,996)	(85,009)
Customer		C	14	(1,611,426)	(1,415,757)	(73,232)	(48,437)	(46,945)	(4,226)	(17,705)	(2,938)	(2,186)
<b>Total General Plant</b>				(4,492,787)	(2,995,334)	(152,604)	(199,749)	(598,462)	(9,261)	(243,250)	(206,933)	(87,194)
<b>Intangible Plant</b>	301-303											
Demand		D	13	(837,301)	(459,012)	(23,065)	(43,970)	(160,266)	(1,463)	(65,542)	(59,279)	(24,703)
Customer		C	14	(468,267)	(411,408)	(21,281)	(14,075)	(13,642)	(1,228)	(5,145)	(854)	(635)
<b>Total Intangible Plant</b>				(1,305,568)	(870,420)	(44,345)	(58,046)	(173,908)	(2,691)	(70,686)	(60,133)	(25,338)
<b>Accumulated Reserve for Dep'n Summary</b>												
Demand		D		(90,095,826)	(49,182,555)	(2,471,475)	(4,711,520)	(17,314,681)	(157,329)	(7,063,485)	(6,353,380)	(2,841,401)
Customer		C		(57,561,428)	(49,755,639)	(2,539,424)	(1,816,197)	(2,092,412)	(185,463)	(889,283)	(157,127)	(125,883)
<b>Total Accumulated Reserve</b>				(147,657,254)	(98,938,194)	(5,010,900)	(6,527,717)	(19,407,092)	(342,792)	(7,952,768)	(6,510,507)	(2,967,284)

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.					
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS	
<b>Depreciation Expense</b>													
<b>Production Plant</b>	325-338	D	2	75,973	39,597	1,992	3,798	12,065	117	5,067	4,922	8,416	
<b>Transmission Plant</b>	365-369	D	50	766,425	447,922	22,506	42,905	136,760	1,343	58,017	56,972		
<b>Distribution Plant</b>													
Land	374.1	D	9										
Land Rights	374.2	D	9	76,500	43,475	2,184	4,164	13,274	130	5,631	5,530	2,112	
Structures & Improvemts.	375	D	2	276,163	143,934	7,242	13,804	43,856	424	18,417	17,893	30,592	
Mains	376	D (A)	9	4,414,737	2,508,873	126,058	240,316	766,014	7,523	324,960	319,110	121,882	
Compressor Sta. Equip.	377	D											
Services	380	D											
Meters	381-382	D											
Regulators	383-384	D											
Ind. M&R. Sta. Equip.	385	D	8	240,183	54	-	-	169,872	746	51,710	8,209	9,592	
Other	387	D (D)	11	7,131	3,873	195	371	1,381	12	562	502	235	
Land Rights	374.2	C	10										
Mains	376	C	10										
M&R Sta. Equip.	378	D	2	176,217	91,843	4,621	8,808	27,984	271	11,752	11,417	19,520	
Services	380	C	5	4,143,048	3,723,403	196,227	115,313	78,560	7,201	19,369	2,233	742	
Meters	381	C	6	297,294	212,120	8,970	13,917	33,779	2,792	18,750	3,686	3,281	
Meter Installations	382	C	6	77,479	55,281	2,338	3,627	8,803	728	4,886	961	855	
House Regulators	383	C	7										
House Regulator Install.	384	C	7	20,722	18,484	782	1,213		243				
Other	387	C (D)	12	4,623	4,062	210	139	135	12	51	8	6	
Distribution Demand		D		5,190,931	2,792,051	140,301	267,464	1,022,382	9,106	413,032	362,660	183,934	
Distribution Customer		C		4,543,166	4,013,350	208,527	134,209	121,277	10,976	43,056	6,888	4,884	
<b>Total Distribution</b>				9,734,097	6,805,402	348,828	401,673	1,143,659	20,082	456,088	369,548	188,817	
<b>General Plant</b>	389-399												
Demand		D (M)	13	714,717	391,812	19,688	37,533	136,803	1,249	55,946	50,601	21,086	
Customer		C (M)	14	399,712	351,176	18,165	12,015	11,645	1,048	4,392	729	542	
<b>Total General Plant</b>				1,114,429	742,988	37,853	49,548	148,447	2,297	60,338	51,329	21,628	
<b>Intangible Plant</b>	301-303												
Demand		D (M)	13	142,467	78,101	3,924	7,482	27,269	249	11,152	10,086	4,203	
Customer		C (M)	14	79,676	70,001	3,621	2,395	2,321	209	875	145	108	
<b>Total Intangible Plant</b>				222,143	148,102	7,545	9,876	29,591	458	12,027	10,232	4,311	
<b>Depreciation Summary</b>													
Demand		D		6,890,513	3,749,483	188,412	359,181	1,335,279	12,064	543,214	485,242	217,639	
Customer		C		5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534	
<b>Total Depreciation</b>				11,913,067	8,184,011	418,724	507,799	1,470,523	24,297	591,536	493,003	223,173	

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service LE 250	GT 250	Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
<b>Working Capital</b>												
<b>Cash</b>												
Commodity Related		E	49	32,292,577	26,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
Non-Comm. Related - Dem.		D (N)	31	2,375,413	1,269,904	63,832	121,683	445,899	4,045	181,670	163,255	125,126
Non-Comm. Related - Cust		C (N)	32	5,704,010	4,935,716	236,381	144,486	200,465	11,709	78,227	69,246	27,780
<b>Cash Working Capital</b>				<b>40,372,000</b>	<b>32,235,264</b>	<b>1,575,818</b>	<b>2,636,013</b>	<b>2,863,500</b>	<b>118,111</b>	<b>557,888</b>	<b>232,500</b>	<b>152,906</b>
<b>Prepayments</b>												
PUC General Assess. -- D		D (O)	34	116,835	62,975	3,165	6,034	22,264	202	9,065	8,123	5,009
PUC General Assess. -- C		C(O)	37	218,444	184,460	11,861	6,833	6,763	557	2,613	3,864	1,492
Other Insurance - Demand		D (P)	35	175,987	96,477	4,848	9,242	33,685	308	13,776	12,460	5,192
Other Insurance - Customer		C (P)	38	98,423	86,471	4,473	2,958	2,867	258	1,081	179	133
AGA Dues - Demand		D (Q)	36	7,382	3,981	200	381	1,407	13	573	513	314
AGA Dues - Customer		C (Q)	39	13,548	11,445	735	424	419	35	162	238	92
<b>Total Prepayments</b>				<b>630,619</b>	<b>445,809</b>	<b>25,282</b>	<b>25,872</b>	<b>67,406</b>	<b>1,371</b>	<b>27,270</b>	<b>25,377</b>	<b>12,232</b>
<b>Materials &amp; Supplies (page 11)</b>												
Valves - Demand		D	9	67,825	38,545	1,937	3,692	11,789	116	4,992	4,903	1,873
Valves - Customer		C	10	-	-	-	-	-	-	-	-	-
Regulators - Dom. & Ind.		D	41	6,057	1,257	63	121	2,962	15	946	281	413
Meter & Service Risers		C	40	99,759	87,991	4,571	2,947	2,742	242	991	160	115
Pipe, Mains & Svces -- D		D (H)	15	581,385	330,398	16,601	31,648	100,878	990	42,795	42,024	16,051
Pipe, Mains & Svces -- C		C (H)	16	381,503	342,861	18,069	10,618	7,234	663	1,784	206	68
<b>Total Materials &amp; Supplies</b>				<b>1,136,529</b>	<b>801,052</b>	<b>41,241</b>	<b>49,026</b>	<b>125,584</b>	<b>2,026</b>	<b>51,507</b>	<b>47,573</b>	<b>18,520</b>
<b>Gas Storage Inventory</b>		D	42	<b>10,517,109</b>	<b>8,484,864</b>	<b>417,779</b>	<b>776,360</b>	<b>720,602</b>	<b>36,539</b>	<b>80,965</b>	-	-
<b>Summary of Working Capital</b>												
Demand		D		13,847,994	10,288,401	508,426	949,160	1,339,465	42,227	334,781	231,558	153,977
Customer		C		6,515,686	5,648,944	276,090	168,266	220,490	13,464	84,858	73,893	29,681
Commodity		E		32,292,577	26,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
<b>Total Working Capital</b>				<b>52,656,257</b>	<b>41,966,980</b>	<b>2,060,120</b>	<b>3,487,270</b>	<b>3,777,092</b>	<b>158,048</b>	<b>717,629</b>	<b>305,451</b>	<b>183,658</b>
Customer Security Deposits	235	C	45	(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes - D		D (N)	44	(26,255,428)	(17,504,453)	(891,801)	(1,167,317)	(3,497,353)	(54,122)	(1,421,528)	(1,209,298)	(509,555)
Deferred Income Taxes - C		C (N)	44	(14,683,572)	(9,789,515)	(498,747)	(652,832)	(1,955,925)	(30,268)	(795,002)	(676,310)	(284,973)
Deferred Income Tax ITC - D		D (N)	44	(1,198,647)	(799,136)	(40,714)	(53,292)	(159,666)	(2,471)	(64,897)	(55,208)	(23,263)
Deferred Income Tax ITC - C		C (N)	44	(670,353)	(446,924)	(22,789)	(29,804)	(89,294)	(1,382)	(36,294)	(30,876)	(13,010)
<b>Operating Revenues</b>												
Revenues	480-1,9			424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	1,316,665	7,517,593	3,183,617	2,113,289
<b>Other Operating Revenues</b>												
Late Payment Charges	487			1,601,774	1,249,664	63,342	106,771	128,801	4,973	28,291	11,950	7,982
Bill Insert Revenues	495	3		53,905	49,799	2,304	1,064	583	48	94	10	3
Customer Billing Service Chgs	495	3		3,981	3,678	170	79	43	4	7	1	0
Sale of Inventory Mat'ts	495	43		(1,956)	(1,379)	(71)	(84)	(216)	(3)	(89)	(82)	(32)
Rental Income - D	495	D	13	58,324	31,974	1,607	3,063	11,164	102	4,565	4,129	1,721
Rental Income - C	495	C	14	32,619	28,658	1,482	980	950	86	358	59	44
Sales Tax - D	495	D	28	12,951	6,894	347	661	2,460	22	998	888	681
Sales Tax - Cust	495	C	29	27,186	22,801	1,514	858	854	69	332	548	209
Sales Tax - Comm.	495	E	30	284	132	6	12	42	1	21	24	45
<b>Total Other Operating Revenues</b>				<b>1,789,068</b>	<b>1,392,221</b>	<b>70,701</b>	<b>113,403</b>	<b>144,681</b>	<b>5,301</b>	<b>34,578</b>	<b>17,529</b>	<b>10,654</b>
<b>Total Operation Revenue</b>				<b>425,925,133</b>	<b>332,253,452</b>	<b>16,841,204</b>	<b>28,382,104</b>	<b>34,249,147</b>	<b>1,321,966</b>	<b>7,552,171</b>	<b>3,201,146</b>	<b>2,123,943</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
<b>Direct Labor Expense</b>												
Natural Gas Production	750-769	D?	2	5,660	2,950	148	283	899	9	377	367	627
Other Gas Supply	807.1-813	E	1	189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
Transmission	850-867	D	2	569,371	296,752	14,931	28,460	90,420	875	37,971	36,890	63,072
<b>Distribution</b>												
Load Dispatching	871	D	2	663,374	345,746	17,396	33,159	105,348	1,019	44,241	42,980	73,485
Structures & Improvements	886	D	2	86,792	45,235	2,276	4,338	13,783	133	5,788	5,623	9,614
Compressor Sta. Eqmt.	872	D	2	3,815	1,988	100	191	606	6	254	247	423
Compressor Sta. Eqmt. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	1,611,457	915,783	46,014	87,720	279,608	2,745	118,616	116,481	44,489
Mains Maintenance	887	D (A)	9	1,516,493	861,815	43,302	82,550	263,131	2,584	111,626	109,617	41,867
Services Maintenance	887	D	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	316,240	164,822	8,293	15,807	50,221	486	21,090	20,489	35,031
Meas&Reg - Industrial	876,890	D	8	182,603	41	-	-	129,148	567	39,313	6,241	7,293
Meas&Reg - City	877,891	D	2	524	273	14	26	83	1	35	34	58
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D (J)	19	1,769,003	943,069	47,400	90,359	339,939	3,045	137,668	121,820	85,703
Rents	881	D (J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	D (K)	19	1,914,687	1,020,734	51,303	97,800	367,934	3,296	149,006	131,852	92,761
<b>Mains &amp; Services</b>												
Mains Maintenance	887	C(A)	10	1,057,431	950,325	50,083	29,431	20,051	1,838	4,943	570	189
Services Maintenance	893	C	5	520,705	467,963	24,662	14,493	9,874	905	2,434	281	93
Meters & House Regulators	878,893	C(I)	17	1,440,472	1,039,986	43,980	68,231	155,899	13,690	86,535	17,010	15,142
Customer Installations	879	C	18	1,072,556	942,320	48,743	32,240	31,246	2,813	11,784	1,955	1,455
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	20	1,147,033	953,419	46,953	40,484	60,859	5,396	29,634	5,556	4,733
Rents	881	C(J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	C(K)	20	1,630,734	1,355,474	66,752	57,556	86,524	7,671	42,131	7,899	6,728
Total Distribution - Demand	881	C(J)	26	8,064,988	4,299,508	216,098	411,952	1,549,802	13,882	627,638	555,384	390,724
Total Distribution - Customer	870,885	C(K)	26	6,868,931	5,709,487	281,172	242,434	364,453	32,313	177,462	33,270	28,340
<b>Total Distribution</b>				<b>14,933,919</b>	<b>10,008,995</b>	<b>497,271</b>	<b>654,386</b>	<b>1,914,255</b>	<b>46,195</b>	<b>805,101</b>	<b>588,654</b>	<b>419,064</b>
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,224,872	2,045,473	103,685	45,349	22,127	2,120	4,880	862	375
Customer Records & Coll.	903	C	21	5,392,409	4,927,600	251,300	109,913	53,629	5,139	11,827	2,090	910
Misc. Customer Accts.	905	C	21	88,231	81,117	4,112	1,798	877	84	194	34	15
Supervision	901	C	21	1,046,199	961,840	48,756	21,325	10,405	997	2,295	406	177
<b>Total Customer Accounts</b>				<b>8,751,711</b>	<b>8,046,030</b>	<b>407,853</b>	<b>178,386</b>	<b>87,038</b>	<b>8,341</b>	<b>19,195</b>	<b>3,392</b>	<b>1,477</b>
<b>Customer Service</b>												
Customer Service	909-913	C	22	2,455,635	1,452,595	320,852,595	148,162,7675	811,60,85171	5634,489356	11026,92894	327151,7452	109050,2564
Transportation Admin.		C	24	60,368	3,164	292.10	3,553.92	37,145.79	48.68	13,631.48	1,898.67	632.89
<b>Total Customer Service</b>				<b>2,516,003</b>	<b>1,455,760</b>	<b>321,145</b>	<b>151,717</b>	<b>118,307</b>	<b>5,683</b>	<b>24,658</b>	<b>329,050</b>	<b>109,683</b>
<b>Summary of Direct Labor</b>												
Demand		D		8,640,019	4,599,210	231,178	440,695	1,641,120	14,765	665,987	592,641	454,422
Customer		C		18,136,645	15,211,277	1,010,170	572,536	569,797	46,336	221,316	365,713	139,500
Commodity		E		189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
<b>Total Direct Labor</b>				<b>26,966,218</b>	<b>19,898,680</b>	<b>1,245,655</b>	<b>1,021,469</b>	<b>2,238,958</b>	<b>61,456</b>	<b>901,517</b>	<b>974,699</b>	<b>623,783</b>

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

O&M Expense	FERC	Class.	Alloc.	Small Comm. & PA Service			Lrg Comm.		SVIS	IVIS	LVIS	LJS
				Total	Residential	LE 250	GT 250	PA Service				
Natural Gas Production	750-769	D?	2	67,288	35,070	1,765	3,363	10,686	103	4,487	4,360	7,454
Purchase Gas Expense	410,999	E	Direct	320,397,574	257,314,998	12,609,347	23,435,615	22,545,731	1,012,094	3,316,638	124,807	38,343
Other Gas Supply	807,1-813	E	1	894,604	416,229	20,331	38,877	132,336	1,674	67,084	77,146	140,927
Gas for Utility Op'n's	807,1-813	E	1	(81,935)	(38,122)	(1,862)	(3,561)	(12,120)	(153)	(6,144)	(7,066)	(12,907)
Transmission	850-867	D	2	1,458,301	760,056	38,243	72,894	231,587	2,240	97,254	94,484	161,543
				\$ 13.99	\$ 13.0440	\$ 13.0434	\$ 13.0488	\$ 13.4179	\$ 13.0472	\$ 14.69	\$ 14.69	\$ 14.69
Distribution												
Load Dispatching	871	D	2	1,445,917	753,602	37,918	72,275	229,620	2,221	96,428	93,681	160,171
Structures & Improvements	886	D	2	311,329	162,262	8,164	15,562	49,441	478	20,763	20,171	34,487
Compressor Sta. Eqmt.	872	D	2	10,248	5,341	269	512	1,627	16	683	664	1,135
Compressor Sta. Eq. Maint.	888	D	2									
Mains & Services	874	D (H)	15	2,301,851	1,308,131	65,728	125,302	399,400	3,922	169,435	166,384	63,549
Mains Maintenance	887	D (A)	9	2,330,575	1,324,454	66,547	126,865	404,385	3,971	171,549	168,461	64,343
Services Maintenance	887	D (H)	5									
Meas&Reg - General	875,889	D	2	463,506	241,576	12,155	23,189	73,608	712	30,911	30,031	51,345
Meas&Reg - Industrial	876,890	D	8	271,725	61			192,181	844	58,501	9,287	10,852
Meas&Reg - City	877,891	D	2	14,193	7,397	372	709	2,254	22	947	920	1,572
Meters & House Regulators	878,893	D (I)										
Customer Installations	879											
Maint. of Other Eqmt.	894	D (J)	13									
Other Dist'n Expense	879	D (J)	25	3,059,111	1,627,179	81,792	155,920	578,724	5,214	235,003	209,493	165,786
Rents	881	D (J)	25	20,568	10,940	550	1,048	3,891	35	1,580	1,409	1,115
Supervision & Engrg.	870,885	D (K)	25	2,471,845	1,314,805	66,090	125,987	467,625	4,213	189,889	169,276	133,960
Mains & Services	874	C (H)	16	1,510,473	1,357,479	71,541	42,041	28,642	2,625	7,061	814	270
Mains Maintenance	887	C (A)	10									
Services Maintenance	893	C (H)	5	534,793	480,624	25,329	14,885	10,141	929	2,500	288	96
Meters & House Regulators	878,893	C (I)	17	2,385,027	1,721,932	72,818	112,971	258,125	22,666	143,279	28,164	25,072
Customer Installations	879	C	18	1,173,949	1,031,401	53,350	35,287	34,200	3,079	12,898	2,140	1,592
Maint. of Other Eqmt.	894	C (J)	14									
Other Dist'n Expense	880	C (J)	26	1,983,547	1,625,078	78,941	72,622	117,191	10,370	58,661	11,116	9,567
Rents	881	C (J)	26	13,336	10,926	531	488	788	70	394	75	64
Supervision & Engrg.	870,885	C (K)	26	1,836,814	1,504,862	73,102	67,250	108,522	9,603	54,321	10,294	8,859
Total Distribution -- Demand				12,700,868	6,755,749	339,565	647,350	2,402,757	21,648	975,689	869,776	688,315
Total Distribution -- Customer				9,437,939	7,732,303	375,612	345,545	557,609	49,343	279,115	52,890	46,521
Total Distribution				22,138,807	14,488,051	715,197	992,895	2,960,366	70,991	1,254,804	922,666	733,836
Customer Accounts												
Meter Reading	902	C	21	2,576,031	2,368,317	120,050	52,507	25,619	2,455	5,650	998	435
Customer Records & Coll.	903	C	21	9,068,820	8,337,570	422,631	184,849	90,192	8,643	19,891	3,515	1,530
Uncollectibles	904	C	27	8,437,000	8,187,442	142,142	65,638	35,855	1,800	3,522	376	126
Misc. Customer Accts.	905	C	21	493,112	453,351	22,980	10,051	4,904	470	1,082	191	83
Supervision	901	C	21	1,097,836	1,009,314	51,162	22,377	10,918	1,046	2,408	426	185
Total Customer Accounts				21,672,799	20,355,993	758,965	335,423	167,588	14,414	32,553	5,506	2,359
Customer Service	909-913											
Customer Service		C	23	7,485,090	6,446,872	333,152	153,840	84,272	6,942	13,588	334,817	111,607
Transportation Admin.		C	24	996,489	52,235	4,821,72	58,664,27	613,162,18	803.62	225,013.65	31,341.19	10,447.06
Total Customer Service				8,481,579	6,499,107	337,974	212,505	697,434	7,746	238,602	366,158	122,054
Sales Promotion		C	Direct	184,062	184,062							
Summary of O&M												
Demand		D		14,226,457	7,550,875	379,592	723,607	2,645,030	23,992	1,077,431	968,619	857,312
Customer		C		39,776,379	34,771,464	1,472,551	893,473	1,422,631	71,502	550,270	424,554	169,934
Commodity		E		321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
Total O&M				375,213,079	300,015,445	14,479,959	25,088,011	26,733,607	1,109,109	5,005,280	1,588,061	1,193,608

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 Iec SIMULATION OF NFGD'S COST OF SERVICE STUDY

Administrative & General Expense	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>A&amp;G Salaries</b>	<b>920</b>											
Corporate Mgmt. - Non O&M		D (M)	13	602,107	330,078	16,586	31,619	115,248	1,052	47,131	42,628	17,764
Corporate Mgmt. - O&M		D (C)	28	628,009	440,761	22,155	42,234	157,275	1,415	63,824	56,795	43,549
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	642,143	352,026	17,689	33,722	122,911	1,122	50,265	45,463	18,945
Corporate Mgmt. - Non O&M		C (M)	14	336,734	295,846	15,303	10,122	9,810	883	3,700	614	457
Corporate Mgmt. - O&M		C (C)	29	2,315,066	1,941,655	128,944	73,082	72,732	5,915	28,250	46,682	17,807
Consumer Services		C	3	290,913	268,755	12,433	5,741	3,145	259	507	54	18
Operations, Engrg. & Mech.		C (M)	14	359,124	315,517	16,320	10,795	10,462	942	3,946	655	487
<b>Total A&amp;G Salaries</b>				<b>5,374,096</b>	<b>3,944,639</b>	<b>229,430</b>	<b>207,314</b>	<b>491,585</b>	<b>11,588</b>	<b>197,623</b>	<b>192,890</b>	<b>99,027</b>
<b>Office Supplies &amp; Expenses</b>	<b>921</b>											
Corporate Mgmt. - Non O&M		D (M)	13	406,091	222,621	11,186	21,326	77,729	710	31,788	28,751	11,981
Corporate Mgmt. - O&M		D (C)	28	558,451	297,272	14,942	28,484	106,074	954	43,046	38,306	29,372
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	247,622	135,747	6,821	13,004	47,397	433	19,383	17,531	7,306
Corporate Mgmt. - Non O&M		C (M)	14	227,110	199,533	10,321	6,827	6,616	596	2,495	414	308
Corporate Mgmt. - O&M		C (C)	29	1,561,397	1,309,550	86,966	49,290	49,054	3,989	19,053	31,484	12,010
Consumer Services		C	3	96,378	89,037	4,119	1,902	1,042	86	168	18	6
Operations, Engrg. & Mech.		C (M)	14	138,484	121,669	6,293	4,163	4,034	363	1,522	252	188
<b>Sub-Total</b>				<b>3,235,533</b>	<b>2,375,429</b>	<b>140,650</b>	<b>124,995</b>	<b>291,947</b>	<b>7,131</b>	<b>117,455</b>	<b>116,756</b>	<b>61,170</b>
<b>Admin Expense Transferred Credit</b>	<b>921</b>											
Corporate Mgmt. - Non O&M		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		D (C)	28	-	-	-	-	-	-	-	-	-
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	(306,552)	(168,053)	(8,444)	(16,098)	(58,677)	(536)	(23,996)	(21,703)	(9,044)
Corporate Mgmt. - Non O&M		C (M)	14	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		C (C)	29	-	-	-	-	-	-	-	-	-
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	(171,442)	(150,624)	(7,791)	(5,153)	(4,995)	(450)	(1,884)	(313)	(233)
<b>Sub-Total</b>				<b>(477,994)</b>	<b>(318,678)</b>	<b>(16,236)</b>	<b>(21,252)</b>	<b>(63,671)</b>	<b>(985)</b>	<b>(25,880)</b>	<b>(22,016)</b>	<b>(9,277)</b>
<b>Outside Services Employed</b>	<b>922</b>											
Corporate Mgmt. - Non O&M		D (M)	13	73,377	40,226	2,021	3,853	14,045	128	5,744	5,195	2,165
Corporate Mgmt. - O&M		D (C)	28	100,907	53,714	2,700	5,147	19,167	172	7,778	6,921	5,307
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	17,360	9,517	478	912	3,323	30	1,359	1,229	512
Corporate Mgmt. - Non O&M		C (M)	14	41,037	36,054	1,865	1,234	1,196	108	451	75	56
Corporate Mgmt. - O&M		C (C)	29	282,131	236,624	15,714	8,906	8,864	721	3,443	5,689	2,170
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	9,708	8,530	441	292	283	25	107	18	13
<b>Sub-Total</b>				<b>524,520</b>	<b>384,664</b>	<b>23,220</b>	<b>20,343</b>	<b>46,877</b>	<b>1,185</b>	<b>18,881</b>	<b>19,127</b>	<b>10,223</b>
<b>Property Insurance</b>	<b>924</b>											
Corporate Mgmt. - Non O&M		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		D (C)	28	-	-	-	-	-	-	-	-	-

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
<b>Administrative &amp; General Expense</b>												
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	(39,161)	(21,468)	(1,079)	(2,057)	(7,496)	(68)	(3,065)	(2,773)	(1,155)
Corporate Mgmt. - Non O&M		C (M)	14	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		C (C)	29	-	-	-	-	-	-	-	-	-
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	(21,901)	(19,242)	(995)	(658)	(638)	(57)	(241)	(40)	(30)
<b>Sub-Total</b>				<b>(61,062)</b>	<b>(40,710)</b>	<b>(2,074)</b>	<b>(2,715)</b>	<b>(8,134)</b>	<b>(126)</b>	<b>(3,306)</b>	<b>(2,812)</b>	<b>(1,185)</b>
<b>Injuries &amp; Damages</b>												
Corporate Mgmt. - Non O&M	925	D (M)	13	118,562	64,996	3,266	6,226	22,694	207	9,281	8,394	3,498
Corporate Mgmt. - O&M		D (C)	28	163,045	86,791	4,363	8,316	30,969	279	12,568	11,184	8,575
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	949,109	520,307	26,145	49,842	181,667	1,658	74,294	67,195	28,002
Corporate Mgmt. - Non O&M		C (M)	14	66,307	58,256	3,013	1,993	1,932	174	729	121	90
Corporate Mgmt. - O&M		C (C)	29	455,866	382,336	25,391	14,391	14,322	1,165	5,563	9,192	3,506
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	530,798	466,345	24,122	15,955	15,464	1,392	5,832	968	720
<b>Sub-Total</b>				<b>2,283,687</b>	<b>1,579,031</b>	<b>86,300</b>	<b>96,723</b>	<b>267,048</b>	<b>4,875</b>	<b>108,265</b>	<b>97,054</b>	<b>44,391</b>
<b>Employee Pension &amp; Benefits</b>												
Corporate Mgmt. - Non O&M	926	D (M)	13	700,920	384,248	19,308	36,808	134,162	1,225	54,866	49,624	20,679
Corporate Mgmt. - O&M		D (C)	28	963,896	513,096	25,791	49,165	183,086	1,647	74,299	66,116	50,696
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	62,463	34,243	1,721	3,280	11,956	109	4,889	4,422	1,843
Corporate Mgmt. - Non O&M		C (M)	14	391,996	344,397	17,814	11,783	11,420	1,028	4,307	715	532
Corporate Mgmt. - O&M		C (C)	29	2,694,998	2,260,306	150,105	85,075	84,669	6,885	32,886	54,343	20,729
Consumer Services		C	3	14,060	12,989	601	277	152	13	25	3	1
Operations, Engrg. & Mech.		C (M)	14	34,933	30,691	1,588	1,050	1,018	92	384	64	47
<b>Sub-Total</b>				<b>4,863,266</b>	<b>3,579,970</b>	<b>216,927</b>	<b>187,439</b>	<b>426,462</b>	<b>10,999</b>	<b>171,656</b>	<b>175,286</b>	<b>94,527</b>
<b>Franchise Requirement</b>												
Corporate Mgmt. - Non O&M	927	D (M)	13	121	66	3	6	23	0	9	9	4
Corporate Mgmt. - O&M		D (C)	28	166	88	4	8	32	0	13	11	9
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M		C (M)	14	67	59	3	2	2	0	1	0	0
Corporate Mgmt. - O&M		C (C)	29	464	389	26	15	15	1	6	9	4
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>				<b>818</b>	<b>603</b>	<b>37</b>	<b>31</b>	<b>71</b>	<b>2</b>	<b>29</b>	<b>29</b>	<b>16</b>
<b>Regulatory Commission Exps.</b>												
Corporate Mgmt. - Non O&M	928	D (M)	13	396,606	217,421	10,925	20,827	75,914	693	31,045	28,079	11,701
Corporate Mgmt. - O&M		D (C)	28	545,407	290,328	14,593	27,819	103,597	932	42,041	37,411	28,686
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M		C (M)	14	221,805	194,872	10,080	6,667	6,462	582	2,437	404	301

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.				
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS
<b>Administrative &amp; General Expense</b>												
Corporate Mgmt. - O&M		C (C)	29	1,524,927	1,278,963	84,935	48,139	47,909	3,896	18,608	30,749	11,729
Consumer Services		C	3	14,518	13,412	620	287	157	13	25	3	1
Operations, Engrg. & Mech.		C (M)	14	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>				<b>2,703,263</b>	<b>1,994,997</b>	<b>121,154</b>	<b>103,739</b>	<b>234,038</b>	<b>6,116</b>	<b>94,157</b>	<b>96,646</b>	<b>52,418</b>
<b>Misc. General Exps.</b>	930.2											
Corporate Mgmt. - Non O&M		D (M)	13	62,116	34,052	1,711	3,262	11,890	109	4,862	4,398	1,833
Corporate Mgmt. - O&M		D (C)	28	85,420	45,471	2,286	4,357	16,225	146	6,584	5,859	4,493
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	4,173	2,288	115	219	799	7	327	295	123
Corporate Mgmt. - Non O&M		C (M)	14	34,739	30,521	1,579	1,044	1,012	91	382	63	47
Corporate Mgmt. - O&M		C (C)	29	238,831	200,308	13,302	7,539	7,503	610	2,914	4,816	1,837
Consumer Services		C	3	2,539	2,346	109	50	27	2	4	0	0
Operations, Engrg. & Mech.		C (M)	14	2,334	2,050	106	70	68	6	26	4	3
<b>Sub-Total</b>				<b>430,152</b>	<b>317,036</b>	<b>19,207</b>	<b>16,542</b>	<b>37,524</b>	<b>971</b>	<b>15,099</b>	<b>15,436</b>	<b>8,336</b>
<b>Rents</b>	931											
Corporate Mgmt. - Non O&M		D (M)	13	90,832	49,795	2,502	4,770	17,386	159	7,110	6,431	2,680
Corporate Mgmt. - O&M		D (C)	28	124,911	66,492	3,342	6,371	23,726	213	9,628	8,568	6,570
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	5,726	3,139	158	301	1,096	10	448	405	169
Corporate Mgmt. - Non O&M		C (M)	14	50,799	44,630	2,309	1,527	1,480	133	558	93	69
Corporate Mgmt. - O&M		C (C)	29	349,244	292,912	19,452	11,025	10,972	892	4,262	7,042	2,686
Consumer Services		C	3	3,821	3,530	163	75	41	3	7	1	0
Operations, Engrg. & Mech.		C (M)	14	3,202	2,813	146	96	93	8	35	6	4
<b>Sub-Total</b>				<b>628,535</b>	<b>463,312</b>	<b>28,072</b>	<b>24,165</b>	<b>54,795</b>	<b>1,419</b>	<b>22,048</b>	<b>22,546</b>	<b>12,178</b>
<b>Maintenance General Plant</b>	932											
Production		D	13	604	331	17	32	116	1	47	43	18
Transportation		D	13	8,098	4,439	223	425	1,550	14	634	573	239
Distribution		D(M)	13	57,712	31,638	1,590	3,031	11,047	101	4,518	4,086	1,703
Distribution		C(M)	14	32,276	28,357	1,467	970	940	85	355	59	44
<b>Sub-Total</b>				<b>98,690</b>	<b>64,765</b>	<b>3,296</b>	<b>4,458</b>	<b>13,652</b>	<b>201</b>	<b>5,553</b>	<b>4,761</b>	<b>2,003</b>
<b>Total A&amp;G</b>												
Demand				7,470,241	4,041,671	203,118	387,211	1,424,931	12,924	580,720	521,446	298,219
Customer				12,133,263	10,303,388	646,864	374,573	367,263	30,451	140,861	194,256	75,607
<b>Total A&amp;G</b>				<b>19,603,504</b>	<b>14,345,059</b>	<b>849,982</b>	<b>761,784</b>	<b>1,792,194</b>	<b>43,375</b>	<b>721,581</b>	<b>715,703</b>	<b>373,827</b>
Customer Deposit Interest		C	45	190,000	23,387	27,652	45,510	45,780	4,442	25,360	10,740	7,129
<b>Summary O&amp;M and A&amp;G Expenses</b>												
Demand				21,696,698	11,592,546	582,710	1,110,818	4,069,961	36,916	1,658,151	1,490,066	1,155,531
Customer				52,099,641	45,098,239	2,147,067	1,313,555	1,835,674	106,395	716,491	629,550	252,670
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M and A&amp;G</b>				<b>395,006,583</b>	<b>314,383,890</b>	<b>15,357,593</b>	<b>25,895,304</b>	<b>28,571,581</b>	<b>1,156,926</b>	<b>5,752,221</b>	<b>2,314,503</b>	<b>1,574,564</b>

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Taxes</b>												
<b>Taxes Other Than Income</b>												
<b>Federal</b>												
<b>FICA</b>												
Demand		D (F)	28	339,946	180,958	9,096	17,339	64,571	581	26,204	23,318	17,880
Customer		C (F)	29	713,597	598,496	39,746	22,527	22,419	1,823	8,708	14,389	5,489
Commodity		E (F)	30	7,458	3,470	169	324	1,103	14	559	643	1,175
<b>Total FICA</b>				<b>1,061,001</b>	<b>782,925</b>	<b>49,011</b>	<b>40,190</b>	<b>88,093</b>	<b>2,418</b>	<b>35,471</b>	<b>38,350</b>	<b>24,543</b>
<b>Unemployment</b>												
Demand		D (F)	28	4,806	2,558	129	245	913	8	370	330	253
Customer		C (F)	29	10,089	8,461	562	318	317	26	123	203	78
Commodity		E (F)	30	105	49	2	5	16	0	8	9	17
<b>Total Unemployment</b>				<b>15,000</b>	<b>11,069</b>	<b>693</b>	<b>568</b>	<b>1,245</b>	<b>34</b>	<b>501</b>	<b>542</b>	<b>347</b>
<b>Total Federal</b>				<b>1,076,001</b>	<b>793,993</b>	<b>49,704</b>	<b>40,758</b>	<b>89,338</b>	<b>2,452</b>	<b>35,972</b>	<b>38,892</b>	<b>24,890</b>
<b>Pennsylvania</b>												
<b>Unemployment</b>												
Demand		D (F)	28	15,700	8,357	420	801	2,982	27	1,210	1,077	826
Customer		C (F)	29	32,956	27,640	1,836	1,040	1,035	84	402	665	253
Commodity		E (F)	30	344	160	8	15	51	1	26	30	54
<b>Total Unemployment</b>				<b>49,000</b>	<b>36,158</b>	<b>2,263</b>	<b>1,856</b>	<b>4,068</b>	<b>112</b>	<b>1,638</b>	<b>1,771</b>	<b>1,133</b>
<b>Capital Stock</b>												
Demand		D (M)	13	463,041	253,841	12,755	24,316	88,630	809	36,246	32,782	13,661
Customer		C (M)	14	258,959	227,515	11,768	7,784	7,544	679	2,845	472	351
<b>Total Capital Stock</b>				<b>722,000</b>	<b>481,356</b>	<b>24,524</b>	<b>32,100</b>	<b>96,174</b>	<b>1,488</b>	<b>39,091</b>	<b>33,255</b>	<b>14,012</b>
<b>Property &amp; Public Utility</b>												
Demand		D (M)	13	78,884	43,244	2,173	4,143	15,099	138	6,175	5,585	2,327
Customer		C (M)	14	44,116	38,759	2,005	1,326	1,285	116	485	80	60
<b>Total P&amp;PU</b>				<b>123,000</b>	<b>82,004</b>	<b>4,178</b>	<b>5,469</b>	<b>16,384</b>	<b>254</b>	<b>6,659</b>	<b>5,665</b>	<b>2,387</b>
<b>Sales Tax Company Use</b>												
Demand		D (M)	13	2,565	1,406	71	135	491	4	201	182	76
Customer		C (M)	14	1,435	1,260	65	43	42	4	16	3	2
<b>Total STCU</b>				<b>4,000</b>	<b>2,667</b>	<b>136</b>	<b>178</b>	<b>533</b>	<b>8</b>	<b>217</b>	<b>184</b>	<b>78</b>
<b>Total Pennsylvania</b>				<b>898,000</b>	<b>602,185</b>	<b>31,101</b>	<b>39,603</b>	<b>117,159</b>	<b>1,862</b>	<b>47,605</b>	<b>40,875</b>	<b>17,611</b>
<b>Summary Taxes Other Than Income</b>												
Demand		D		904,942	490,366	24,643	46,979	172,686	1,567	70,405	63,273	35,022
Customer		C		1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Commodity		E		7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Total Taxes Other Than Income</b>				<b>1,974,001</b>	<b>1,396,178</b>	<b>80,805</b>	<b>80,361</b>	<b>206,498</b>	<b>4,314</b>	<b>83,577</b>	<b>79,767</b>	<b>42,501</b>
<b>Federal/State Income Tax</b>												
Operating Revenue				425,925,133	332,253,452	16,841,204	28,382,104	34,249,147	1,321,966	7,552,171	3,201,146	2,123,943
Less:												

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250					
<b>Taxes</b>												
O&M/A&G Expenses				395,006,583	314,383,890	15,357,593	25,895,304	28,571,581	1,156,926	5,752,221	2,314,503	1,574,564
Depreciation Expense				11,913,067	8,184,011	418,724	507,799	1,470,523	24,297	591,536	493,003	223,173
Taxes Other Than Income				1,974,001	1,396,178	80,805	80,361	206,498	4,314	83,577	79,767	42,501
Negative Net Salvage		??	44	<u>(1,354,000)</u>	902,710	45,990	60,199	180,360	2,791	73,309	62,364	26,278
Total Deductions				410,247,651	324,866,789	15,903,113	26,543,663	30,428,961	1,188,328	6,500,643	2,949,638	1,866,515
<b>Operating Income Before Taxes</b>				<b>15,677,482</b>	<b>7,386,663</b>	<b>938,092</b>	<b>1,838,441</b>	<b>3,820,185</b>	<b>133,638</b>	<b>1,051,528</b>	<b>251,507</b>	<b>257,427</b>
<b>Tax Adjustments</b>												
Interest Charges			44	<u>9,413,000</u>	6,275,632	319,725	418,502	1,253,858	19,404	509,641	433,553	182,684
Book Depreciation				<u>(11,913,067)</u>	(8,184,011)	(418,724)	(507,799)	(1,470,523)	(24,297)	(591,536)	(493,003)	(223,173)
State Dep'n			46	<u>16,751,000</u>	11,507,563	588,770	714,018	2,067,706	34,164	831,761	693,214	313,804
Meals/Entertainment			47	<u>(31,000)</u>	(22,875)	(1,432)	(1,174)	(2,574)	(71)	(1,036)	(1,121)	(717)
Total Tax Adjustments				14,219,933	9,576,309	488,338	623,547	1,848,468	29,200	748,830	632,643	272,598
Pennsylvania Taxable Income				1,457,549	(2,189,646)	449,753	1,214,894	1,971,717	104,438	302,699	(381,136)	(15,171)
State Income Tax @	9.99%			145,609	(218,746)	44,930	121,368	196,975	10,433	30,240	(38,075)	(1,516)
Add'l Federal Dep'n			46	<u>(901,000)</u>	(618,967)	(31,669)	(38,405)	(111,217)	(1,838)	(44,739)	(37,286)	(16,879)
Federal Taxable Income				2,212,940	(1,351,933)	436,491	1,131,932	1,885,960	95,842	317,198	(305,774)	3,224
Federal Income Tax @	35.00%			774,529	(473,177)	152,772	396,176	660,086	33,545	111,019	(107,021)	1,128
Consolidated Tax Adjustment			48	<u>(82,000)</u>	50,096	(16,174)	(41,943)	(69,884)	(3,551)	(11,754)	11,330	(119)
Investment Tax Credit			44	<u>(4,000)</u>	(2,667)	(136)	(178)	(533)	(8)	(217)	(184)	(78)
Deferred Income Taxes -- Liberal. Dep'n			46	<u>1,539,000</u>	1,057,259	54,093	65,601	189,971	3,139	76,418	63,689	28,831

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Allocators	#	Ex/ En	Small Comm. & PA Service					Lrg Comm. & PA Service			
			Total	Residential	LE 250	GT 250	Service	SVIS	IVIS	LVIS	LIS
Annual Throughput (MCF)	1	X	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
			42,560,886	19,802,152	967,246	1,849,555	6,295,688	79,617	3,191,547	3,670,249	6,704,632
Avg. Throughput/Cust. Sales (Mcf)			203	102	108	446	2,774	426	8,720	94,109	515,741
Transport (Mcf)			24,473,134	19,726,731	966,725	1,796,001	1,680,271	77,572	2,583,834		
Transport (Mcf)			18,087,752	75,421	521	53,554	4,615,617	2,045	2,965,713	3,670,249	6,704,632
Peak Day Demand (MCF/day)		X	100.0000%	57.7119%	2.9722%	5.8514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%
			365,252	210,794	10,856	20,642	61,978	2,439	21,328	15,832	23,383
Load Factor			31.9%	25.7%	24.4%	24.5%	27.8%	49.7%	41.0%	63.5%	78.6%
Sales (Mcf/day)			261,411	209,908	10,851	20,153	18,799	410	1,290		
Load Factor			25.6%	25.7%	24.4%	24.4%	24.5%	51.8%	48.0%	#DIV/0!	#DIV/0!
Transport (Mcf/day)			103,841	886	5	489	43,179	29	20,038	15,832	23,383
Load Factor			47.7%	23.3%	28.5%	30.0%	29.3%	19.3%	40.5%	63.5%	78.6%
Demand Allocator (P&A)	2	N	100.0000%	52.1193%	2.6224%	4.9986%	15.8806%	0.1536%	6.6690%	6.4790%	11.0775%
Average Annual Customers	3	X	100.0000%	92.3834%	4.2738%	1.9736%	1.0811%	0.0891%	0.1743%	0.0186%	0.0082%
			209,975	193,982	8,974	4,144	2,270	187	366	39	13
Avg Ann. Custs. Excl. Lg. Ind.	4	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%
			209,923	193,982	8,974	4,144	2,270	187	366		
Historical Service Line Inv.	5	X	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%
			126,454,209	113,645,815	5,989,226	3,519,638	2,397,822	219,739	591,223	68,149	22,597
\$/Customer			\$ 586	\$ 586	\$ 667	\$ 849	\$ 1,056	\$ 1,175	\$ 1,615	\$ 1,747	\$ 1,738
Historical Meter Inv.	6	X	100.0000%	71.3502%	3.0173%	4.6811%	11.3621%	0.9392%	6.3068%	1.2397%	1.1036%
			12,789,310	9,125,202	385,891	598,675	1,453,135	120,117	606,596	158,545	141,149
\$/Meter			\$ 45	\$ 45	\$ 38	\$ 134	\$ 666	\$ 575	\$ 1,667	\$ 1,865	\$ 3,815
Small Customer Meter Inv.	7	N	100.0000%	89.2014%	3.7722%	5.8522%	0.0000%	1.1742%	0.0000%	0.0000%	0.0000%
			10,229,885	9,125,202	385,891	598,675		120,117			
Historical M&R Sta. Equip.	8	X	100.0000%	0.0224%	0.0000%	0.0000%	70.7262%	0.3105%	21.5295%	3.4177%	3.9936%
			8,787,228	1,972			6,214,875	27,286	1,891,845	300,319	350,931
\$/Peak Demand			\$ 100.28				\$ 62.15	\$ 88.70	\$ 18.97	\$ 15.01	
\$/customer			\$ 2,738				\$ 146	\$ 5,169	\$ 7,700	\$ 26,995	
Mains -- Demand	9	N	100.0000%	56.8295%	2.8554%	5.4435%	17.3513%	0.1704%	7.3608%	7.2283%	2.7608%
			204,398,086	116,158,428	5,836,443	11,126,508	35,465,657	348,219	15,045,362	14,774,458	5,643,012
Mains -- Customer	10	N	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Dist'n Plt Excl Oth - Demand	11	N	100.0000%	54.3130%	2.7292%	5.2028%	19.3693%	0.1749%	7.8788%	7.0340%	3.2980%
			233,452,543	126,795,130	6,371,284	12,146,017	45,218,073	408,324	18,393,250	16,421,085	7,699,379
Dist'n Plt Excl Oth - Cust	12	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%
			151,372,124	132,991,648	6,879,143	4,550,041	4,409,877	397,017	1,663,133	275,955	205,311
Demand P, T, D Plant	13	N	100.0000%	54.8205%	2.7547%	5.2514%	19.1408%	0.1747%	7.8277%	7.0798%	2.9503%
			271,188,115	148,666,708	7,470,328	14,241,199	51,907,647	473,878	21,227,843	19,199,664	8,000,848
Customer P, T, D Plant	14	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%
			151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707
Mains & Serv. - Demand	15	N	100.0000%	56.8295%	2.8554%	5.4435%	17.3513%	0.1704%	7.3608%	7.2283%	2.7608%
			204,398,086	116,158,428	5,836,443	11,126,508	35,465,657	348,219	15,045,362	14,774,458	5,643,012
Mains & Serv. - Cust.	16	N	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%
			134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008
Meter & HR - Demand	17A	N	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Meter & HR - Customer	17	N	100.0000%	72.1976%	3.0531%	4.7367%	10.8227%	0.9504%	6.0074%	1.1809%	1.0512%
			17,246,967	12,451,894	526,573	816,936	1,866,596	163,907	1,036,098	203,661	181,302
Dist'n Plant - Customer	18	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%
			151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707
Dist'n Labor, w/o other - D	19	N	100.0000%	53.3108%	2.6795%	5.1079%	19.2164%	0.1721%	7.7823%	6.8864%	4.8447%
			4,381,298	2,335,704	117,395	223,792	841,928	7,541	340,964	301,712	212,260
Dist'n Labor, w/o other - C	20	N	100.0000%	83.1205%	4.0934%	3.5294%	5.3058%	0.4704%	2.5835%	0.4844%	0.4126%
			4,091,164	3,400,594	167,467	144,395	217,070	19,245	105,697	19,816	16,880

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 Iec SIMULATION OF NFGD'S COST OF SERVICE STUDY

#	Ex/En	Small Comm. & PA Service				Lrg Comm. & PA Service					
		Total	Residential	LE 250	GT 250	SVIS	IVIS	LVIS	LIS		
Historical No. of Meters	21	X	100.0000%	91.9367%	4.6603%	2.0383%	0.9945%	0.0953%	0.2193%	0.0388%	0.0169%
			219,301	201,618	10,220	14,470	2,181	209	481	85	37
Meter/Customer			1.04	1.04	1.14	1.08	0.96	1.12	1.31	2.18	2.85
Customer Service - Labor	22	X	100.0000%	59.1536%	13.0660%	6.0336%	3.3051%	0.2295%	0.4490%	13.3225%	4.4408%
			2,516,001	1,488,304	328,740	151,805	83,156	5,773	11,298	335,194	111,731
Labor per Customer			\$	\$ 7.67	\$ 36.63	\$ 36.63	\$ 36.63	\$ 30.87	\$ 30.87	\$ 8,594.72	\$ 8,594.69
Customer Service - O&M	23	X	100.0000%	86.1295%	4.4509%	2.0553%	1.1259%	0.0927%	0.1815%	4.4731%	1.4911%
			8,665,639	7,463,673	385,697	178,104	97,563	8,037	15,731	387,624	129,210
O&M per Customer			\$	\$ 38.48	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 9,939.08	\$ 9,939.23
Avg. Annual Tport Custs.	24	X	100.0000%	5.2419%	0.4839%	5.8871%	61.5323%	0.0806%	22.5806%	3.1452%	1.0484%
			1,240	65	6	73	763	7	260	39	13
Dist'n O&M; w/o other - D	25	N	100.0000%	53.1912%	2.6737%	5.0969%	18.9181%	0.1704%	7.68217%	6.8482%	5.4194%
			7,149,344	3,802,824	191,153	364,394	1,352,517	12,186	549,217	489,599	387,454
Dist'n O&M; w/o other - C	26	N	100.0000%	81.9279%	3.9798%	3.6612%	5.9082%	0.5228%	2.9574%	0.5604%	0.4823%
			5,604,242	4,591,436	223,038	205,185	331,108	29,300	165,738	31,406	27,030
Uncollectibles	27	X	100.0000%	97.0421%	1.6847%	0.7780%	0.4262%	0.0213%	0.0417%	0.0045%	0.0015%
			8,467,291	8,216,837	142,652	65,874	36,084	1,805	3,535	377	126
Labor - Demand	28	N	100.0000%	53.2315%	2.6757%	5.1006%	18.9944%	0.1709%	7.7082%	6.8593%	5.2595%
			8,640,019	4,599,210	231,178	440,695	1,641,120	14,765	665,987	592,641	454,422
Labor - Customer	29	N	100.0000%	83.8704%	5.5698%	3.1568%	3.1417%	0.2555%	1.2203%	2.0164%	0.7692%
			18,136,645	15,211,277	1,010,170	572,536	569,797	46,336	221,316	365,713	139,500
Labor - Commodity	30	N	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
			189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
O&M/Other Taxes - Demand	31	N	100.0000%	53.4603%	2.6872%	5.1226%	18.7714%	0.1703%	7.6479%	6.8727%	5.2676%
			22,601,640	12,082,911	607,353	1,157,797	4,242,646	38,483	1,728,557	1,553,339	1,190,553
O&M/Other Taxes - Cust.	32	N	100.0000%	86.5306%	4.1441%	2.5331%	3.5145%	0.2053%	1.3714%	1.2140%	0.4970%
			53,160,793	46,000,372	2,203,049	1,346,594	1,868,317	109,127	729,069	645,362	258,903
O&M/Other Taxes - Comm	33	N	100.0000%	80.2249%	3.9313%	7.3070%	7.0566%	0.3156%	1.0517%	0.0609%	0.0522%
			321,218,151	257,696,785	12,627,996	23,471,275	22,667,116	1,013,629	3,378,172	195,570	167,609
Reg. Assessment - D	34	N	100.0000%	53.9005%	2.7089%	5.1641%	19.0561%	0.1725%	7.7585%	6.9521%	4.2873%
			942,013	507,749	25,518	48,647	179,510	1,625	73,086	65,490	40,387
Other Insurance - D	35	N	100.0000%	54.8205%	2.7547%	5.2514%	19.1408%	0.1747%	7.8277%	7.0798%	2.9503%
			(39,161)	(21,468)	(1,079)	(2,057)	(7,496)	(68)	(3,065)	(2,773)	(1,155)
Misc. General Exps. - D	36	N	100.0000%	53.9258%	2.7102%	5.1665%	19.0584%	0.1726%	7.7604%	6.9556%	4.2505%
			151,710	81,811	4,112	7,838	28,913	262	11,773	10,552	6,448
Reg. Assessment - C	37	N	100.0000%	84.4427%	5.4300%	3.1280%	3.0959%	0.2550%	1.1963%	1.7690%	0.6831%
			1,761,250	1,487,247	95,635	55,092	54,527	4,491	21,071	31,156	12,031
Other Insurance - C	38	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%
			(21,901)	(19,242)	(995)	(658)	(638)	(57)	(241)	(40)	(30)
Misc. General Exps. - C	39	N	100.0000%	84.4789%	5.4214%	3.1259%	3.0925%	0.2549%	1.1945%	1.7540%	0.6779%
			278,442	235,225	15,096	8,704	8,611	710	3,326	4,884	1,887
Meters & Svcs Plant	40	N	100.0000%	88.2039%	4.5816%	2.9541%	2.7483%	0.2427%	0.9931%	0.1606%	0.1156%
			147,392,868	130,006,292	6,752,896	4,354,180	4,050,772	357,720	1,463,803	236,773	170,431
M&R Sta Eq & HReg Pfl.	41	N	100.0000%	20.7573%	1.0437%	1.9895%	48.8973%	0.2481%	15.6149%	4.6361%	6.8131%
			15,289,801	3,173,757	159,585	304,184	7,476,299	37,930	2,387,490	708,853	1,041,702
Gas Storage Inventory	42	X	100.0000%	80.6768%	3.9724%	7.3819%	6.8517%	0.3474%	0.7698%	0.0000%	0.0000%
			17,138,823	13,827,049	680,819	1,265,166	1,174,303	59,545	131,941		
M&S Working Capital	43	N	100.0000%	70.4823%	3.6286%	4.3137%	11.0498%	0.1783%	4.5320%	4.1859%	1.6295%
			1,136,529	801,052	41,241	49,026	125,584	2,026	51,507	47,573	18,520
Plant	44	N	100.0000%	66.6698%	3.3966%	4.4460%	13.3205%	0.2061%	5.4142%	4.6059%	1.9408%
			437,935,976	291,971,234	14,875,082	19,470,638	58,335,244	902,754	23,710,846	20,170,866	8,499,291
Customer Sec. Dep - Hist.	45	X	100.0000%	12.3089%	14.5537%	23.9524%	24.0949%	2.3377%	13.3476%	5.6525%	3.7522%
			2,447,539	301,266	356,208	586,244	589,733	57,217	326,687	138,348	1,91,836

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	#	Ex/ En	Small Comm. & PA Service				Lrg Comm. & PA Service				
			Total	Residential	LE 250	GT 250	Service	SVIS	MIS	LVIS	LIS
Depreciation Expense	46	N	100.0000% 11,913,067	68.6978% 8,184,011	3.5148% 418,724	4.2625% 507,799	12.3438% 1,470,523	0.2040% 24,297	4.9654% 591,536	4.1383% 493,003	1.8733% 223,173
Labor Expense	47	N	100.0000% 26,966,218	73.7911% 19,898,680	4.6193% 1,245,655	3.7880% 1,021,469	8.3028% 2,238,958	0.2279% 61,456	3.3431% 901,517	3.6145% 974,699	2.3132% 623,783
Federal Income Tax	48	N	100.0000% 774,529	-61.0922% (473,177)	19.7245% 152,772	51.1508% 396,176	85.2242% 660,086	4.3310% 33,545	14.3338% 111,019	-13.8175% (107,021)	0.1457% 1,128
Annual Sales Volume	49	X	100.0000% 24,473,134	80.6057% 19,726,731	3.9501% 966,725	7.3387% 1,796,001	6.8658% 1,680,271	0.3170% 77,572	0.9228% 225,834	0.0000% -	0.0000% -
Percent of Throughput				99.6%	99.9%	97.1%	26.7%	97.4%	7.1%	0.0%	0.0%
Demand Alloc. Excl. LIS	50	N	100.0000% 99.9999%	58.4430% 58.4429%	2.9365% 2.9365%	5.5981% 5.5981%	17.8439% 17.8439%	0.1752% 0.1752%	7.5698% 7.5698%	7.4335% 7.4335%	0.0000% -
Classification Splits			Total	D	C	E					
Distribution Mains	A	X	1 100.0000%	1 100.0000%	- 0.0000%	- 0.0000%					
Plant	B	N	422,852,381 100.0000%	271,188,115 64.1330%	151,664,266 35.8670%	- 0.0000%					
O&M Excluding Gas	C	N	54,002,836 100.0000%	14,226,457 26.3439%	39,776,379 73.6561%	- 0.0000%					
Distribution Plant Excl. Oih.	D	N	384,824,667 100.0000%	233,452,543 60.6647%	151,372,124 39.3353%	- 0.0000%					
Distribution O&M	E	N	22,138,807 100.0000%	12,700,868 57.3693%	9,437,939 42.6307%	- 0.0000%					
Labor	F	N	26,966,218 100.0000%	8,640,019 32.0402%	18,136,645 67.2569%	189,554 0.7029%					
Services	G	N	134,125,157 100.0000%	- 0.0000%	134,125,157 100.0000%	- 0.0000%					
Mains	H	N	338,523,243 100.0000%	204,398,086 60.3793%	134,125,157 39.6207%	- 0.0000%					
Meters & House Regulators	I	N	17,246,967 100.0000%	- 0.0000%	17,246,967 100.0000%	- 0.0000%					
Distribution Plant	J	N	385,567,364 100.0000%	233,903,098 60.6647%	151,664,266 39.3353%	- 0.0000%					
Distribution O&M	K	N	17,830,148 100.0000%	10,229,023 57.3693%	7,601,125 42.6307%	- 0.0000%					
Distribution Labor	L	N	11,388,498 100.0000%	6,150,301 54.0045%	5,238,197 45.9955%	- 0.0000%					
P, T, D Plant	M	N	422,852,381 100.0000%	271,188,115 64.1330%	151,664,266 35.8670%	- 0.0000%					
O&M/A&G Excl. Gas	N	N	73,796,340 100.0000%	21,696,698 29.4008%	52,099,641 70.5992%	- 0.0000%					
Reg. Assessment Exps.	O	N	2,703,263 100.0000%	942,013 34.8472%	1,761,250 65.1528%	- 0.0000%					
Other Insurance Expense	P	N	(61,062) 100.0000%	(39,161) 64.1330%	(21,901) 35.8670%	- 0.0000%					
Misc. General Expense	Q	N	430,152 100.0000%	151,710 35.2688%	278,442 64.7312%	- 0.0000%					

Exhibit IEC-1  
Proposed First Dollar Relief for Commercial Customers (\$ millions)

	(1) <u>NFGD Avg. Allocated Cost Proposed Rates</u>	(2) <u>Revenues at Present Rates</u>	(3) <u>NFGD Proposed Rate Revenue Increase</u>	(4) <u>NFGD Proposed Total Revenue Increase</u>	(5) <u>NFGD Proposed Class Revenues</u>	(6) <u>Revenue-Cost Ratios at NFGD Proposed Rates</u>	(7) <u>Reduced Cost Basis</u>	(8) <u>FDR for LC&amp;PA and SC&amp;PA GT 250</u>
Residential	100.808	74.938	20.161	20.237	95.175	94.4%	93.137	
SC&PA LE 250	4.871	4.232	1.141	1.145	5.377	110.4%	4.501	(0.530)
SC&PA GT 250	4.730	4.946	1.325	1.330	6.276	132.7%	4.370	(1.330)
LC&PA	11.253	11.703	3.168	3.180	14.883	132.3%	10.397	(3.180)
SVIS	0.235	0.310	(0.000)	(0.000)	0.310	131.8%	0.217	
IVIS	4.077	4.236	0.000	0.000	4.236	103.9%	3.767	
LVIS	3.158	3.076	(0.000)	(0.000)	3.076	97.4%	2.918	
LIS	2.287	2.086	0.000	0.000	2.086	91.2%	2.113	
<b>Total</b>	<b>131.419</b>	<b>105.528</b>	<b>25.794</b>	<b>25.892</b>	<b>131.419</b>	<b>100.0%</b>	<b>121.42</b>	<b>(5.040)</b>
Non-Commercial	9.757	9.707	0.000	0.000	9.708	99.5%	9.014	0.000

	(9) <u>NFGD Proposed Increase After FDR</u>	(10) <u>NFGD Proposed Revenues After FDR</u>	(11) <u>Revenue-Cost Ratio After FDR</u>	(12) <u>Proportional Scaleback of Cost Reduction</u>	(13) <u>Increase After FDR and Scaleback</u>	(14) <u>Class Revenues After FDR and Scaleback</u>	(15) <u>Revenue-Cost Ratio after FDR and Scaleback</u>	(16) <u>Percent Revenue Increase</u>
Residential	20.237	95.175	102.2%	(4.814)	15.423	90.362	97.0%	20.6%
SC&PA LE 250	0.615	4.847	107.7%	(0.146)	0.469	4.701	104.4%	11.1%
SC&PA GT 250	0.000	4.946	113.2%	0.000	0.000	4.946	113.2%	0.0%
LC&PA	0.000	11.703	112.6%	0.000	0.000	11.703	112.6%	0.0%
SVIS	(0.000)	0.310	142.6%	0.000	(0.000)	0.310	142.6%	0.0%
IVIS	0.000	4.236	112.5%	(0.000)	0.000	4.236	112.5%	0.0%
LVIS	(0.000)	3.076	105.4%	0.000	(0.000)	3.076	105.4%	0.0%
LIS	0.000	2.086	98.7%	0.000	0.000	2.086	98.7%	0.0%
<b>Total</b>	<b>20.852</b>	<b>126.380</b>	<b>104.1%</b>	<b>(4.960)</b>	<b>15.892</b>	<b>121.419</b>	<b>100.0%</b>	<b>15.1%</b>
Non-Commercial	0.000	9.708	107.7%	(0.000)	0.000	9.708	107.7%	0.0%

## Notes:

- (1) Cost basis is the average of the four NFGD COSSs. Return and income taxes are allocated based on rate base.
- (2) Revenues at present rates include rate revenues and other revenues.
- (3) NFGD proposed rate increase is based on values in Exhibit 103 Schedule 1-A (non-seasonal) proof of revenues.
- (4) NFGD proposed increase in other revenues based on late charge allocation in NFGD COSS "A" and "B."
- (5) Sum of columns (2) and (4).
- (6) Ratio of column (5) to column (1).
- (7) Reduction of \$10.00 million in revenue requirement. Costs allocated in proportion to column (1).
- (8) FDR is lesser of the NFGD proposed increase and the difference between class R/C ratio and the non-commercial R/C ratio (from column (6)), multiplied by class allocated costs in column (1).
- (9) Equals column (4) plus column (8). That is, NFGD proposed increase less FDR.
- (10) Equals column (2) plus column (9). That is, present revenues plus increase after FDR (or NFGD proposed revenues less FDR).
- (11) Ratio of column (10) to column (1).
- (12) Total amount is total reduction from column (7) less FDR from column (8). That amount is allocated in proportion to column (9).
- (13) Equals column (9) plus column (12). That is, increase after FDR less proportional scaleback credit.
- (14) Equals column (2) plus column (13). That is, present revenues plus increase after FDR and after scaleback.
- (15) Ratio of column (14) to column (1).
- (16) Increase in column (14) divided by present rates in column (2).

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION**  
**IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY**

Comparison of Cost of Service Study Results	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
			LE 250	GT 250					
<b>Existing Revenues</b>									
Rate Revenues	424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	1,316,665	7,517,593	3,183,617	2,113,289
Late Charge Revenues	1,601,774	1,249,664	63,342	106,771	128,801	4,973	28,291	11,950	7,982
Other Revenues	187,294	142,557	7,359	6,632	15,880	328	6,287	5,579	2,672
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Existing Dist'n Revenues</b>	<b>105,527,559</b>	<b>74,938,454</b>	<b>4,231,857</b>	<b>4,946,489</b>	<b>11,703,416</b>	<b>309,872</b>	<b>4,235,532</b>	<b>3,076,339</b>	<b>2,085,600</b>
Existing Dist'n Rate Revenues	103,738,491	73,546,233	4,161,156	4,833,086	11,558,735	304,571	4,200,954	3,058,810	2,074,946
<b>Rate Revenue Increase</b>	<b>25,794,313</b>	<b>20,160,578</b>	<b>1,140,735</b>	<b>1,324,876</b>	<b>3,167,863</b>	<b>(16)</b>	<b>329</b>	<b>(52)</b>	<b>-</b>
<b>Proposed Revenues</b>									
Rate Revenues	449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
Late Charge Revenues	1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Other Revenues	187,294	142,557	7,359	6,632	15,880	328	6,287	5,579	2,672
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Total Proposed Revenues</b>	<b>131,419,485</b>	<b>95,175,326</b>	<b>5,376,909</b>	<b>6,276,379</b>	<b>14,883,267</b>	<b>309,856</b>	<b>4,235,863</b>	<b>3,076,286</b>	<b>2,085,600</b>
Dist'n Rate Revenue Increase	24.9%	27.4%	27.4%	27.4%	27.4%	0.0%	0.0%	0.0%	0.0%
	6.1%	6.1%	6.8%						

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Summary of Cost of Service Study	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
<b>Total Operating Revenues</b>				<b>451,817,059</b>	<b>352,490,324</b>	<b>17,986,256</b>	<b>29,711,994</b>	<b>37,428,998</b>	<b>1,321,950</b>	<b>7,552,502</b>	<b>3,201,093</b>	<b>2,123,943</b>
O&M and A&G Expenses												
Demand				21,664,862	11,575,598	581,858	1,109,194	4,063,914	36,862	1,655,697	1,487,882	1,153,857
Customer				52,646,478	45,624,707	2,157,517	1,318,566	1,838,869	106,587	717,094	630,215	252,922
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Sub-Total O&amp;M/A&amp;G</b>				<b>395,521,583</b>	<b>314,893,412</b>	<b>15,367,191</b>	<b>25,898,692</b>	<b>28,568,729</b>	<b>1,157,062</b>	<b>5,750,371</b>	<b>2,312,985</b>	<b>1,573,142</b>
Depreciation Expenses												
Demand				6,890,513	3,749,483	188,412	359,181	1,335,279	12,064	543,214	485,242	217,639
Customer				5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534
<b>Sub-Total Depreciation</b>				<b>11,913,067</b>	<b>8,184,011</b>	<b>418,724</b>	<b>507,799</b>	<b>1,470,523</b>	<b>24,297</b>	<b>591,536</b>	<b>493,003</b>	<b>223,173</b>
Negative Net Salvage				1,354,000	902,710	45,990	60,199	180,360	2,791	73,309	62,364	26,278
Taxes Other Than Income												
Demand				904,942	490,366	24,643	46,979	172,686	1,567	70,405	63,273	35,022
Customer				1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Commodity				7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Sub-Total Taxes Other</b>				<b>1,974,001</b>	<b>1,396,178</b>	<b>80,805</b>	<b>80,361</b>	<b>206,498</b>	<b>4,314</b>	<b>83,577</b>	<b>79,767</b>	<b>42,501</b>
Income Taxes				11,367,913	7,439,956	664,068	1,060,344	2,162,127	43,601	141,119	(143,491)	188
Investment Tax Credit				(4,000)	(2,667)	(136)	(178)	(533)	(8)	(217)	(184)	(78)
Def. Income Taxes				1,539,000	1,057,259	54,093	65,601	189,971	3,139	76,418	63,689	28,831
<b>Total Expenses</b>				<b>423,665,564</b>	<b>333,870,858</b>	<b>16,630,736</b>	<b>27,672,818</b>	<b>32,777,674</b>	<b>1,235,196</b>	<b>6,716,113</b>	<b>2,868,133</b>	<b>1,894,035</b>
<b>Utility Net Income</b>				<b>28,151,495</b>	<b>18,619,466</b>	<b>1,355,520</b>	<b>2,039,177</b>	<b>4,651,323</b>	<b>86,753</b>	<b>836,388</b>	<b>332,960</b>	<b>229,908</b>
<b>Rate Base</b>												
Gas Plant In Service												
Demand				280,861,684	153,969,808	7,736,803	14,749,198	53,759,248	490,781	21,985,063	19,884,536	8,286,247
Customer				157,074,292	138,001,426	7,138,279	4,721,441	4,575,996	411,972	1,725,783	286,350	213,045
<b>Sub-Total Gas Plant</b>				<b>437,935,976</b>	<b>291,971,234</b>	<b>14,875,082</b>	<b>19,470,638</b>	<b>58,335,244</b>	<b>902,754</b>	<b>23,710,846</b>	<b>20,170,886</b>	<b>8,499,291</b>
Accumulated Reserve for Dep'n												
Demand				(90,095,826)	(49,182,555)	(2,471,475)	(4,711,520)	(17,314,681)	(157,329)	(7,063,485)	(6,353,380)	(2,841,401)
Customer				(57,561,428)	(49,755,639)	(2,539,424)	(1,816,197)	(2,092,412)	(185,463)	(889,283)	(157,127)	(125,883)
<b>Sub-Total Acc. Res. for Dep'n</b>				<b>(147,657,254)</b>	<b>(98,938,194)</b>	<b>(5,010,900)</b>	<b>(6,527,717)</b>	<b>(19,407,092)</b>	<b>(342,792)</b>	<b>(7,952,768)</b>	<b>(6,510,507)</b>	<b>(2,967,284)</b>
Net Plant												
Demand				190,765,857	104,787,253	5,265,328	10,037,677	36,444,567	333,452	14,921,578	13,531,157	5,444,845
Customer				99,512,865	88,245,787	4,598,855	2,905,244	2,483,585	226,510	836,500	129,223	87,162
<b>Net Plant</b>				<b>290,278,722</b>	<b>193,033,040</b>	<b>9,864,182</b>	<b>12,942,921</b>	<b>38,928,152</b>	<b>559,961</b>	<b>15,758,078</b>	<b>13,660,379</b>	<b>5,532,008</b>
Working Capital												
Demand				14,163,712	10,457,197	516,910	965,335	1,398,722	42,764	358,925	253,257	170,602

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Summary of Cost of Service Study</b>												
Customer				7,351,361	6,378,544	309,236	188,358	247,909	15,066	95,479	83,312	33,458
Commodity				31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
<b>Working Capital</b>				<b>52,656,257</b>	<b>41,937,298</b>	<b>2,056,269</b>	<b>3,439,040</b>	<b>3,784,715</b>	<b>156,538</b>	<b>741,769</b>	<b>336,569</b>	<b>204,059</b>
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(40,939,000)	(27,293,968)	(1,390,548)	(1,820,148)	(5,453,278)	(84,391)	(2,216,530)	(1,885,609)	(794,528)
Deferred Income Taxes ITC				(1,869,000)	(1,246,059)	(63,483)	(83,096)	(248,960)	(3,853)	(101,192)	(86,084)	(36,273)
<b>Net Rate Base</b>				<b>296,952,979</b>	<b>206,039,625</b>	<b>10,004,485</b>	<b>13,718,468</b>	<b>36,245,856</b>	<b>554,056</b>	<b>13,758,473</b>	<b>11,845,844</b>	<b>4,786,172</b>
Return Earned				9.48%	9.04%	13.55%	14.86%	12.83%	15.66%	6.08%	2.81%	4.80%
Unitized Rate of Return				100.0%	95.3%	142.9%	156.8%	135.4%	165.2%	64.1%	29.6%	50.7%
<b>Fully Allocated Cost</b>												
Return and Income Taxes		RB		41,054,408	28,485,435	1,383,142	1,896,609	5,011,070	76,599	1,902,139	1,637,714	661,699
Other Costs				410,762,651	325,376,310	15,912,710	26,547,051	30,426,109	1,188,465	6,498,793	2,948,119	1,865,093
Less Gas Costs				(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
Distribution Costs				131,419,485	96,546,747	4,686,506	5,008,045	12,891,448	252,970	5,084,293	4,461,027	2,488,449
<b>Revenue-Cost Ratio</b>				<b>100.0%</b>	<b>98.6%</b>	<b>114.7%</b>	<b>125.3%</b>	<b>115.5%</b>	<b>122.5%</b>	<b>83.3%</b>	<b>69.0%</b>	<b>83.8%</b>
<b>Customer Cost Summary</b>												
<b>Customer Rate Base</b>												
Plant and W/C				106,864,226	94,624,331	4,908,090	3,093,602	2,731,494	241,575	931,979	212,535	120,620
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(15,353,925)	(10,236,438)	(521,517)	(682,636)	(2,045,219)	(31,650)	(831,296)	(707,186)	(297,983)
<b>Customer Rate Base</b>				<b>88,336,301</b>	<b>83,997,207</b>	<b>3,924,639</b>	<b>1,650,718</b>	<b>(78,499)</b>	<b>135,725</b>	<b>(322,969)</b>	<b>(674,063)</b>	<b>(296,457)</b>
Percent				29.7%	40.8%	39.2%	12.0%	-0.2%	24.5%	-2.3%	-5.7%	-6.2%
<b>Customer Costs</b>												
O&M and A&G Expenses				52,646,478	45,624,707	2,157,517	1,318,566	1,838,869	106,587	717,094	630,215	252,922
Depreciation Expenses				5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534
Negative Net Salvage		CRB		464,176	441,376	20,623	8,674	(412)	713	(1,697)	(3,542)	(1,558)
Taxes Other Than Income				1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Income Taxes		CRB		3,838,303	3,649,765	170,530	71,725	(3,411)	5,897	(14,033)	(29,289)	(12,881)
Return		CRB		8,374,386	7,963,035	372,060	156,490	(7,442)	12,867	(30,618)	(63,902)	(28,104)
<b>Total Customer Costs</b>				<b>71,407,049</b>	<b>63,015,544</b>	<b>3,007,024</b>	<b>1,737,113</b>	<b>1,995,490</b>	<b>141,029</b>	<b>731,647</b>	<b>557,056</b>	<b>222,146</b>
Number of Customers				209,975	193,982	8,974	4,144	2,270	187	366	39	13
<b>Cost per Customer per Month</b>				<b>\$ 28.34</b>	<b>\$ 27.07</b>	<b>\$ 27.92</b>	<b>\$ 34.93</b>	<b>\$ 73.26</b>	<b>\$ 62.85</b>	<b>\$ 166.59</b>	<b>\$ 1,190.29</b>	<b>\$ 1,424.01</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service			SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Gas Plant in Service</b>												
<b>Production Plant</b>	325-338	D	2	2,587,318	1,348,492	67,850	129,329	410,882	3,975	172,549	167,633	286,609
<b>Transmission Plant</b>	365-369	D	50	34,697,699	20,278,376	1,018,898	1,942,412	6,191,423	60,790	2,626,546	2,579,253	-
<b>Distribution Plant</b>												
Land	374.1	D	9	822,806	467,597	23,494	44,789	142,768	1,402	60,565	59,475	22,716
Land Rights	374.2	D	9	5,310,777	3,018,088	151,644	289,092	921,489	9,050	390,916	383,879	146,620
Structures & Improvemts.	375	D	2	7,631,073	3,977,261	200,118	381,443	1,211,861	11,724	508,918	494,420	845,329
Mains (LIS)	376	D	Direct	5,643,012	-	-	-	-	-	-	-	5,643,012
Mains (>4")	376	D (A)	50	105,048,616	61,393,563	3,084,753	5,880,727	18,744,770	184,045	7,951,970	7,808,789	-
Mains (Other)	376	D (A)	50	93,706,458	54,764,865	2,751,690	5,245,781	16,720,887	164,174	7,093,391	6,965,670	-
Compressor Sta. Equip.	377	D		-	-	-	-	-	-	-	-	-
Services	380	D		-	-	-	-	-	-	-	-	-
Meters	381-382	D		-	-	-	-	-	-	-	-	-
Regulators	383-384	D		-	-	-	-	-	-	-	-	-
Ind. M&R. Sta. Equip.	385	D	8	9,204,355	2,066	-	-	6,509,893	28,581	1,981,650	314,575	367,590
Other	387	D (D)	11	1,450,555	244,710	12,296	23,441	87,269	788	35,498	31,692	14,860
Land Rights	374.2	C	10	-	-	-	-	-	-	-	-	-
Mains	376	C (A)	4	-	-	-	-	-	-	-	-	-
M&R Sta. Equip.	378	D	2	6,085,446	3,171,691	159,585	304,184	966,406	9,349	405,839	394,278	674,113
Services	380	C	5	134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008
Meters	381	C	6	13,267,711	9,466,538	400,327	621,075	1,507,491	124,610	836,768	164,480	146,422
Meter Installations	382	C	6	3,160,552	2,255,060	95,363	147,949	359,105	29,684	199,330	39,181	34,880
House Regulators	383	C	7	-	-	-	-	-	-	-	-	-
House Regulator Install.	384	C	7	818,704	730,296	30,883	47,912	-	9,613	-	-	-
Other	387	C (D)	12	292,142	256,669	13,276	8,781	8,511	766	3,210	533	396
Distribution Demand		D		233,903,098	127,039,840	6,383,580	12,169,458	45,305,342	409,112	18,428,748	16,452,777	7,714,239
Distribution Customer		C		151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707
<b>Total Distribution</b>				385,567,364	260,288,157	13,276,000	16,728,281	49,723,730	806,895	20,095,091	16,729,264	7,919,946
<b>General Plant</b>	389-399											
Demand		D (M)	13	8,194,594	4,492,318	225,734	430,332	1,568,513	14,319	641,450	580,163	241,765
Customer		C (M)	14	4,582,896	4,026,415	208,271	137,756	133,512	12,020	50,353	8,355	6,216
<b>Total General Plant</b>				12,777,490	8,518,733	434,005	568,087	1,702,025	26,339	691,802	588,518	247,981
<b>Intangible Plant</b>	301-303											
Demand		D (M)	13	1,478,975	810,782	40,741	77,667	283,088	2,584	115,770	104,709	43,634
Customer		C (M)	14	827,130	726,695	37,589	24,862	24,097	2,169	9,088	1,508	1,122
<b>Total Intangible Plant</b>				2,306,105	1,537,477	78,330	102,529	307,185	4,754	124,858	106,217	44,756
<b>Plant in Service Summary</b>												
Demand		D		280,861,684	153,969,808	7,736,803	14,749,198	53,759,248	490,781	21,985,063	19,884,536	8,286,247
Customer		C		157,074,292	138,001,426	7,138,279	4,721,441	4,575,996	411,972	1,725,783	286,350	213,045
<b>Gas Plant in Service</b>				437,935,976	291,971,234	14,875,082	19,470,638	58,335,244	902,754	23,710,846	20,170,886	8,499,291

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Accumulated Reserve for Depreciation</b>												
<i>Production Plant</i>	325-338	D	2	(1,794,097)	(935,071)	(47,049)	(89,679)	(284,914)	(2,756)	(119,649)	(116,240)	(198,740)
<i>Transmission Plant</i>	365-369	D	50	(15,018,307)	(8,777,149)	(441,013)	(840,740)	(2,679,852)	(26,312)	(1,136,856)	(1,116,386)	-
<i>Distribution Plant</i>												
Land	374.1	D	9	16,125	9,164	460	878	2,798	27	1,187	1,166	445
Land Rights	374.2	D	9	(975,153)	(554,175)	(27,845)	(53,082)	(169,202)	(1,662)	(71,779)	(70,487)	(26,922)
Structures & Improvemts.	375	D	2	(3,584,026)	(1,867,969)	(93,988)	(179,149)	(569,165)	(5,506)	(239,019)	(232,210)	(397,019)
Mains	376	D (A)	9	(58,248,758)	(33,102,478)	(1,663,235)	(3,170,771)	(10,106,917)	(99,256)	(4,287,575)	(4,210,395)	(1,608,132)
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	(3,112,938)	(699)	-	-	(2,201,664)	(9,666)	(670,200)	(106,390)	(124,320)
Other	387	D (D)	11	(365,505)	(198,517)	(9,975)	(19,016)	(70,796)	(639)	(28,797)	(25,710)	(12,055)
Land Rights	374.2	C	10									
Mains	376	C (A)	10									
M&R Sta. Equip.	378	D	2	(3,294,506)	(1,717,073)	(86,395)	(164,678)	(523,188)	(5,061)	(219,711)	(213,452)	(364,948)
Services	380	C	5	(44,467,775)	(39,963,679)	(2,106,127)	(1,237,672)	(843,198)	(77,285)	(207,887)	(23,968)	(7,960)
Meters	381	C	6	(8,894,347)	(6,346,134)	(268,369)	(416,353)	(1,010,585)	(83,536)	(560,949)	(110,263)	(98,158)
Meter Installations	382	C	6	(1,506,216)	(1,074,688)	(45,447)	(70,507)	(171,138)	(14,146)	(94,994)	(18,673)	(16,623)
House Regulators	383	C	7									
House Regulator Install.	384	C	7	(376,401)	(335,755)	(14,199)	(22,028)	-	(4,420)	-	-	-
Other	387	C (D)	12	(236,995)	(208,218)	(10,770)	(7,124)	(6,904)	(622)	(2,604)	(432)	(321)
Distribution Demand		D		(69,564,761)	(37,431,746)	(1,880,977)	(3,585,819)	(13,638,133)	(121,763)	(5,515,894)	(4,857,479)	(2,532,949)
Distribution Customer		C		(55,481,734)	(47,928,474)	(2,444,912)	(1,753,684)	(2,031,825)	(180,008)	(866,433)	(153,336)	(123,062)
<b>Total Distribution</b>				<b>(125,046,495)</b>	<b>(85,360,220)</b>	<b>(4,325,890)</b>	<b>(5,339,503)</b>	<b>(15,669,957)</b>	<b>(301,771)</b>	<b>(6,382,328)</b>	<b>(5,010,815)</b>	<b>(2,656,011)</b>
<i>General Plant</i>	389-399											
Demand		D	13	(2,881,361)	(1,579,577)	(79,372)	(151,312)	(551,516)	(5,035)	(225,545)	(203,996)	(85,009)
Customer		C	14	(1,611,426)	(1,415,757)	(73,232)	(48,437)	(46,945)	(4,226)	(17,705)	(2,938)	(2,186)
<b>Total General Plant</b>				<b>(4,492,787)</b>	<b>(2,995,334)</b>	<b>(152,604)</b>	<b>(199,749)</b>	<b>(598,462)</b>	<b>(9,261)</b>	<b>(243,250)</b>	<b>(206,933)</b>	<b>(87,194)</b>
<i>Intangible Plant</i>	301-303											
Demand		D	13	(837,301)	(459,012)	(23,065)	(43,970)	(160,266)	(1,463)	(65,542)	(59,279)	(24,703)
Customer		C	14	(468,267)	(411,408)	(21,281)	(14,075)	(13,642)	(1,228)	(5,145)	(854)	(635)
<b>Total Intangible Plant</b>				<b>(1,305,568)</b>	<b>(870,420)</b>	<b>(44,345)</b>	<b>(58,046)</b>	<b>(173,908)</b>	<b>(2,691)</b>	<b>(70,686)</b>	<b>(60,133)</b>	<b>(25,338)</b>
<b>Accumulated Reserve for Dep'n Summary</b>												
Demand		D		(90,095,826)	(49,182,555)	(2,471,475)	(4,711,520)	(17,314,681)	(157,329)	(7,063,485)	(6,353,380)	(2,841,401)
Customer		C		(57,561,428)	(49,755,639)	(2,539,424)	(1,816,197)	(2,092,412)	(185,463)	(889,283)	(157,127)	(125,883)
<b>Total Accumulated Reserve</b>				<b>(147,657,254)</b>	<b>(98,938,194)</b>	<b>(5,010,900)</b>	<b>(6,527,717)</b>	<b>(19,407,092)</b>	<b>(342,792)</b>	<b>(7,952,768)</b>	<b>(6,510,507)</b>	<b>(2,967,284)</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Depreciation Expense</b>												
<i>Production Plant</i>	325-338	D	2	75,973	39,597	1,992	3,798	12,065	117	5,067	4,922	8,416
<i>Transmission Plant</i>	365-369	D	50	766,425	447,922	22,506	42,905	136,760	1,343	58,017	56,972	-
<i>Distribution Plant</i>												
Land	374.1	D	9	-	-	-	-	-	-	-	-	-
Land Rights	374.2	D	9	76,500	43,475	2,184	4,164	13,274	130	5,631	5,530	2,112
Structures & Improvemts.	375	D	2	276,163	143,934	7,242	13,804	43,856	424	18,417	17,893	30,592
Mains	376	D (A)	9	4,414,737	2,508,873	126,058	240,316	766,014	7,523	324,960	319,110	121,882
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	240,183	54	-	-	169,872	746	51,710	8,209	9,592
Other	387	D (D)	11	7,131	3,873	195	371	1,381	12	562	502	235
Land Rights	374.2	C	10	-	-	-	-	-	-	-	-	-
Mains	376	C	10	-	-	-	-	-	-	-	-	-
M&R Sta. Equip.	378	D	2	176,217	91,843	4,621	8,808	27,984	271	11,752	11,417	19,520
Services	380	C	5	4,143,048	3,723,403	196,227	115,313	78,560	7,201	19,369	2,233	742
Meters	381	C	6	297,294	212,120	8,970	13,917	33,779	2,792	18,750	3,686	3,281
Meter Installations	382	C	6	77,479	55,281	2,338	3,627	8,803	728	4,886	961	855
House Regulators	383	C	7	-	-	-	-	-	-	-	-	-
House Regulator Install.	384	C	7	20,722	18,484	782	1,213	-	243	-	-	-
Other	387	C (D)	12	4,623	4,062	210	139	135	12	51	8	6
Distribution Demand		D		5,190,931	2,792,051	140,301	267,464	1,022,382	9,106	413,032	362,660	183,934
Distribution Customer		C		4,543,166	4,013,350	208,527	134,209	121,277	10,976	43,056	6,888	4,884
<b>Total Distribution</b>				<b>9,734,097</b>	<b>6,805,402</b>	<b>348,828</b>	<b>401,673</b>	<b>1,143,659</b>	<b>20,082</b>	<b>456,088</b>	<b>369,548</b>	<b>188,817</b>
<i>General Plant</i>	389-399											
Demand		D (M)	13	714,717	391,812	19,688	37,533	136,803	1,249	55,946	50,601	21,086
Customer		C (M)	14	399,712	351,176	18,165	12,015	11,645	1,048	4,392	729	542
<b>Total General Plant</b>				<b>1,114,429</b>	<b>742,988</b>	<b>37,853</b>	<b>49,548</b>	<b>148,447</b>	<b>2,297</b>	<b>60,338</b>	<b>51,329</b>	<b>21,628</b>
<i>Intangible Plant</i>	301-303											
Demand		D (M)	13	142,467	78,101	3,924	7,482	27,269	249	11,152	10,086	4,203
Customer		C (M)	14	79,676	70,001	3,621	2,395	2,321	209	875	145	108
<b>Total Intangible Plant</b>				<b>222,143</b>	<b>148,102</b>	<b>7,545</b>	<b>9,876</b>	<b>29,591</b>	<b>458</b>	<b>12,027</b>	<b>10,232</b>	<b>4,311</b>
<i>Depreciation Summary</i>												
Demand		D		6,890,513	3,749,483	188,412	359,181	1,335,279	12,064	543,214	485,242	217,639
Customer		C		5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534
<b>Total Depreciation</b>				<b>11,913,067</b>	<b>8,184,011</b>	<b>418,724</b>	<b>507,799</b>	<b>1,470,523</b>	<b>24,297</b>	<b>591,536</b>	<b>493,003</b>	<b>223,173</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250					
<b>Working Capital</b>												
Cash												
Commodity Related		E	49	31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
Non-Comm. Related - Dem.		D (N)	31	2,691,169	1,438,716	72,318	137,859	505,162	4,582	205,816	184,956	141,759
Non-Comm. Related - Cust		C (N)	32	6,539,847	5,665,287	269,524	164,577	227,882	13,311	88,848	78,663	31,556
<b>Cash Working Capital</b>				<b>40,372,000</b>	<b>32,205,560</b>	<b>1,571,965</b>	<b>2,587,783</b>	<b>2,871,129</b>	<b>116,601</b>	<b>582,030</b>	<b>263,619</b>	<b>173,315</b>
Prepayments												
PUC General Assess. -- D		D (O)	34	116,836	62,979	3,165	6,034	22,265	202	9,065	8,123	5,003
PUC General Assess. -- C		C(O)	37	218,443	184,455	11,862	6,833	6,763	557	2,613	3,866	1,493
Other Insurance - Demand		D (P)	35	175,988	96,478	4,848	9,242	33,686	308	13,776	12,460	5,192
Other Insurance - Customer		C (P)	38	98,422	86,471	4,473	2,958	2,867	258	1,081	179	133
AGA Dues - Demand		D (Q)	36	7,343	3,960	199	379	1,399	13	570	511	312
AGA Dues - Customer		C (Q)	39	13,587	11,478	737	425	420	35	162	238	92
<b>Total Prepayments</b>				<b>630,619</b>	<b>445,822</b>	<b>25,284</b>	<b>25,871</b>	<b>67,400</b>	<b>1,372</b>	<b>27,268</b>	<b>25,377</b>	<b>12,225</b>
Materials & Supplies (page 11)												
Valves - Demand		D	9	67,825	38,545	1,937	3,692	11,769	116	4,992	4,903	1,873
Valves - Customer		C	10	-	-	-	-	-	-	-	-	-
Regulators - Dom. & Ind.		D	41	6,057	1,257	63	121	2,962	15	946	281	413
Meter & Service Risers		C	40	99,759	87,991	4,571	2,947	2,742	242	991	160	115
Pipe, Mains & Svces -- D		D (H)	15	681,385	330,398	16,601	31,648	100,878	990	42,795	42,024	16,051
Pipe, Mains & Svces -- C		C (H)	16	381,503	342,861	18,069	10,618	7,234	663	1,784	206	68
<b>Total Materials &amp; Supplies</b>				<b>1,136,529</b>	<b>801,052</b>	<b>41,241</b>	<b>49,026</b>	<b>125,584</b>	<b>2,026</b>	<b>51,507</b>	<b>47,573</b>	<b>18,520</b>
Gas Storage Inventory		D	42	10,517,109	8,484,864	417,779	776,360	720,602	36,539	80,965	-	-
Summary of Working Capital												
Demand		D		14,163,712	10,457,197	516,910	965,335	1,398,722	42,764	358,925	253,257	170,602
Customer		C		7,351,361	6,378,544	309,236	188,358	247,909	15,066	95,479	83,312	33,458
Commodity		E		31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
<b>Total Working Capital</b>				<b>52,656,257</b>	<b>41,937,298</b>	<b>2,056,269</b>	<b>3,439,040</b>	<b>3,784,715</b>	<b>156,538</b>	<b>741,769</b>	<b>336,569</b>	<b>204,059</b>
Customer Security Deposits	235	C	45	(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes - D		D (N)	44	(26,255,428)	(17,504,453)	(891,801)	(1,167,317)	(3,497,353)	(54,122)	(1,421,528)	(1,209,298)	(509,555)
Deferred Income Taxes - C		C (N)	44	(14,683,572)	(9,789,515)	(498,747)	(652,832)	(1,955,925)	(30,268)	(795,002)	(676,310)	(284,973)
Deferred Income Tax ITC - D		D (N)	44	(1,198,647)	(799,136)	(40,714)	(53,292)	(159,866)	(2,471)	(64,897)	(55,208)	(23,263)
Deferred Income Tax ITC - C		C (N)	44	(670,353)	(446,924)	(22,769)	(29,804)	(89,294)	(1,382)	(36,294)	(30,876)	(13,010)
Operating Revenues												
Revenues	480-1,9			449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
Other Operating Revenues												
Late Payment Charges	487			1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Bill Insert Revenues	495	3		63,905	49,799	2,304	1,064	583	48	94	10	3
Customer Billing Service Chgs	495	3		3,981	3,678	170	79	43	4	7	1	0
Sale of Inventory Mat'ls	495	43		(1,956)	(1,379)	(71)	(84)	(216)	(3)	(89)	(82)	(32)
Rental Income - D	495	D	13	58,324	31,974	1,607	3,063	11,164	102	4,565	4,129	1,721
Rental Income - C	495	C	14	32,619	28,658	1,482	980	950	86	358	59	44
Sales Tax - D	495	D	28	12,951	6,894	347	661	2,460	22	998	888	681
Sales Tax - Cust	495	C	29	27,186	22,801	1,514	858	854	69	332	548	209
Sales Tax - Comm.	495	E	30	284	132	6	12	42	1	21	24	45
<b>Total Other Operating Revenues</b>				<b>1,886,681</b>	<b>1,468,515</b>	<b>75,018</b>	<b>118,417</b>	<b>156,669</b>	<b>5,301</b>	<b>34,580</b>	<b>17,528</b>	<b>10,654</b>
<b>Total Operation Revenue</b>				<b>451,817,059</b>	<b>352,490,324</b>	<b>17,986,256</b>	<b>29,711,994</b>	<b>37,428,998</b>	<b>1,321,950</b>	<b>7,552,502</b>	<b>3,201,093</b>	<b>2,123,943</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Direct Labor Expense</b>												
Natural Gas Production	750-769	D?	2	5,660	2,950	148	283	899	9	377	367	627
Other Gas Supply	807,1-813	E	1	189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
Transmission	850-867	D	2	569,371	296,752	14,931	28,460	90,420	875	37,971	36,890	63,072
<b>Distribution</b>												
Load Dispatching	871	D	2	663,374	345,746	17,396	33,159	105,348	1,019	44,241	42,980	73,485
Structures & Improvements	886	D	2	86,792	45,235	2,276	4,338	13,783	133	5,788	5,623	9,614
Compressor Sta. Eqmt.	872	D	2	3,815	1,988	100	191	606	6	254	247	423
Compressor Sta. Eqmt. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	1,611,457	915,783	46,014	87,720	279,608	2,745	118,616	116,481	44,489
Mains Maintenance	887	D (A)	9	1,516,493	861,815	43,302	82,550	263,131	2,584	111,626	109,617	41,867
Services Maintenance	887	D	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	316,240	164,822	8,293	15,807	50,221	486	21,090	20,489	35,031
Meas&Reg - Industrial	876,890	D	8	182,603	41	-	-	129,148	567	39,313	6,241	7,293
Meas&Reg - City	877,891	D	2	524	273	14	26	83	1	35	34	58
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D (J)	19	1,769,003	943,069	47,400	90,359	339,939	3,045	137,668	121,820	85,703
Rents	881	D (J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	D (K)	19	1,914,687	1,020,734	51,303	97,800	367,934	3,296	149,006	131,852	92,761
Mains & Services	874	C (H)	16	1,057,431	950,325	50,083	29,431	20,051	1,838	4,943	570	189
Mains Maintenance	887	C(A)	10	-	-	-	-	-	-	-	-	-
Services Maintenance	893	C	5	520,705	467,963	24,662	14,493	9,874	905	2,434	281	93
Meters & House Regulators	878,893	C(I)	17	1,440,472	1,039,986	43,980	68,231	155,899	13,690	85,535	17,010	15,142
Customer Installations	879	C	18	1,072,556	942,320	48,743	32,240	31,246	2,813	11,784	1,955	1,455
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	20	1,147,033	953,419	46,953	40,484	60,859	5,396	29,634	5,556	4,733
Rents	881	C(J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	C(K)	20	1,630,734	1,355,474	66,752	57,556	86,524	7,671	42,131	7,899	6,728
Total Distribution -- Demand	881	C(J)	26	8,064,988	4,299,508	216,098	411,952	1,549,802	13,882	627,638	555,384	390,724
Total Distribution -- Customer	870,885	C(K)	26	6,868,931	5,709,487	281,172	242,434	364,453	32,313	177,462	33,270	28,340
<b>Total Distribution</b>				<b>14,933,919</b>	<b>10,008,995</b>	<b>497,271</b>	<b>654,386</b>	<b>1,914,255</b>	<b>46,195</b>	<b>805,101</b>	<b>588,654</b>	<b>419,064</b>
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,224,872	2,045,473	103,685	45,349	22,127	2,120	4,880	862	375
Customer Records & Coll.	903	C	21	5,392,409	4,957,500	251,300	109,913	53,629	5,139	11,827	2,090	910
Misc. Customer Accts.	905	C	21	88,231	81,117	4,112	1,798	877	84	194	34	15
Supervision	901	C	21	1,046,199	961,840	48,756	21,325	10,405	997	2,295	406	177
<b>Total Customer Accounts</b>				<b>8,751,711</b>	<b>8,046,030</b>	<b>407,853</b>	<b>178,386</b>	<b>87,038</b>	<b>8,341</b>	<b>19,195</b>	<b>3,392</b>	<b>1,477</b>
<b>Customer Service</b>												
Customer Service	909-913	C	22	2,455,635	1,452,595	320,852,595	148,162,7675	81160.85171	5634.489356	11026.92894	32715.17452	109050.2564
Transportation Admin.		C	24	60,368	3,164	292.10	3,553.92	37,145.79	48.68	13,631.48	1,898.67	632.89
<b>Total Customer Service</b>				<b>2,516,003</b>	<b>1,455,760</b>	<b>321,145</b>	<b>151,717</b>	<b>118,307</b>	<b>5,683</b>	<b>24,658</b>	<b>329,050</b>	<b>109,683</b>
<b>Summary of Direct Labor</b>												
Demand		D		8,640,019	4,599,210	231,178	440,695	1,641,120	14,765	665,987	592,641	454,422
Customer		C		18,136,645	15,211,277	1,010,170	572,536	569,797	46,336	221,316	365,713	139,500
Commodity		E		189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
<b>Total Direct Labor</b>				<b>26,966,218</b>	<b>19,898,680</b>	<b>1,245,655</b>	<b>1,021,469</b>	<b>2,238,958</b>	<b>61,456</b>	<b>901,517</b>	<b>974,699</b>	<b>623,783</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 Icc SIMULATION OF NFGD'S COST OF SERVICE STUDY

O&M Expense	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	MVS	LVIS	LIS
						LE 250	GT 250					
Natural Gas Production	750.769	D7	2	67,288	35,070	1,765	3,363	10,686	103	4,487	4,360	7,454
Purchase Gas Expense	410.999	E	Direct	320,397,574	257,314,998	12,609,347	23,435,615	22,545,731	-1,012,094	3,316,639	124,807	38,343
Other Gas Supply	807.1-813	E	1	894,604	416,229	20,331	38,877	132,336	1,674	67,084	77,146	140,927
Gas for Utility Op'ns	807.1-813	E	1	(81,835)	(38,122)	(1,862)	(3,561)	(12,120)	(153)	(6,144)	(7,066)	(12,907)
Transmission	850-867	D	2	1,458,301	760,056	38,243	72,894	231,587	2,240	97,254	84,484	161,543
				\$ 13.09	\$ 13.0440	\$ 13.0434	\$ 13.0488	\$ 13.4176	\$ 13.0472	\$ 14.69	#DIV/0!	#DIV/0!
Distribution												
Load Dispatching	871	D	2	1,445,917	753,602	37,918	72,275	229,620	2,221	96,428	93,681	160,171
Structures & Improvements	886	D	2	311,329	162,262	8,164	15,562	49,441	478	20,763	20,171	34,487
Compressor Sta. Eqmt.	872	D	2	10,248	5,341	269	512	1,627	16	683	664	1,135
Compressor Sta. Eq. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	2,301,851	1,308,131	65,728	125,302	399,400	3,922	169,435	166,384	63,549
Mains Maintenance	887	D (A)	9	2,330,575	1,324,454	66,547	126,865	404,385	3,971	171,549	168,461	64,343
Services Maintenance	887	D (H)	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	463,506	241,576	12,155	23,169	73,608	712	30,911	30,031	51,345
Meas&Reg - Industrial	876,890	D	8	271,725	61	-	-	192,181	844	58,501	9,287	10,852
Meas&Reg - City	877,891	D	2	14,193	7,397	372	709	2,254	22	947	920	1,572
Meters & House Regulators	878,893	D (I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D (J)	25	3,059,111	1,627,179	81,792	155,920	578,724	5,214	235,003	209,493	165,786
Rents	881	D (J)	25	20,568	10,940	550	1,048	3,891	35	1,580	1,409	1,115
Supervision & Engrg.	870,885	D (K)	25	2,471,845	1,314,805	66,090	125,987	467,625	4,213	189,889	169,276	133,960
Mains & Services	874	C (H)	16	1,510,473	1,357,478	71,541	42,041	28,642	2,625	7,061	814	270
Mains Maintenance	887	C (A)	10	-	-	-	-	-	-	-	-	-
Services Maintenance	893	C (H)	5	534,793	480,624	25,329	14,885	10,141	929	2,500	288	96
Meters & House Regulators	878,893	C (I)	17	2,385,027	1,721,932	72,818	112,971	258,125	22,666	143,279	28,164	25,072
Customer Installations	879	C	18	1,173,949	1,031,401	53,350	35,287	34,200	3,079	12,898	2,140	1,592
Maint. of Other Eqmt.	894	C (J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C (J)	26	1,983,547	1,625,078	78,941	72,622	117,191	10,370	58,661	11,116	9,567
Rents	881	C (J)	26	13,336	10,626	531	488	788	70	394	75	64
Supervision & Engrg.	870,885	C (K)	26	1,836,814	1,504,862	73,102	67,250	108,522	9,603	54,321	10,294	8,859
Total Distribution - Demand				12,700,868	6,755,749	339,585	647,350	2,402,757	21,648	975,689	869,776	688,315
Total Distribution - Customer				9,437,939	7,732,303	375,612	345,545	557,609	49,343	279,115	52,890	45,521
Total Distribution				22,138,807	14,488,051	715,197	992,895	2,960,366	70,991	1,254,804	922,666	733,836
Customer Accounts												
Meter Reading	902	C	21	2,576,031	2,368,317	120,050	52,507	25,619	2,455	5,650	998	435
Customer Records & Coll.	903	C	21	9,068,820	8,337,570	422,631	184,849	90,192	8,643	19,891	3,515	1,530
Uncollectibles	904	C	27	8,952,000	8,687,209	150,818	69,645	38,150	1,909	3,737	399	133
Misc. Customer Accls.	905	C	21	493,112	453,351	22,980	10,051	4,904	470	1,082	191	83
Supervision	901	C	21	1,097,836	1,009,314	51,162	22,377	10,918	1,046	2,408	426	185
Total Customer Accounts				22,187,799	20,855,759	767,641	339,429	169,783	14,523	32,768	5,529	2,366
Customer Service	909-913											
Customer Service		C	23	7,485,080	6,446,872	333,152	153,840	84,272	6,942	13,588	334,817	111,607
Transportation Admin.		C	24	996,489	52,235	4,821.72	58,664.27	613,162.18	803.62	225,013.65	31,341.19	10,447.06
Total Customer Service				8,481,579	6,499,107	337,974	212,505	697,434	7,746	238,602	366,158	122,054
Sales Promotion		C	Direct	184,062	184,062	-	-	-	-	-	-	-
Summary of O&M												
Demand		D		14,226,457	7,550,875	379,592	723,607	2,645,030	23,992	1,077,431	968,019	857,312
Customer		C		40,291,379	35,271,231	1,481,227	897,479	1,424,826	71,612	550,485	424,577	169,941
Commodity		E		321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
Total O&M				375,728,079	300,515,212	14,488,635	25,092,017	26,735,802	1,109,218	5,005,495	1,588,084	1,193,616

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
I.e. SIMULATION OF NFGD'S COST OF SERVICE STUDY

Administrative & General Expense	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.		SVIS	RVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service					
<b>Administrative &amp; General Expense</b>													
<b>A&amp;G Salaries</b>	920												
Corporate Mgmt. - Non O&M	D (M)	13		602,107	330,078	16,586	31,619	115,248		1,052	47,131	42,628	17,764
Corporate Mgmt. - O&M	D (C)	28		820,167	436,598	21,945	41,835	155,790		1,402	63,221	56,259	43,138
Consumer Services	D	3		-	-	-	-	-		-	-	-	-
Operations, Engrg. & Mech.	D (M)	13		642,143	352,026	17,689	33,722	122,911		1,122	50,265	45,463	18,945
Corporate Mgmt. - Non O&M	C (M)	14		336,734	295,846	15,303	10,122	9,810		883	3,700	614	457
Corporate Mgmt. - O&M	C (C)	29		2,322,688	1,948,215	129,380	73,329	72,978		5,935	28,345	46,839	17,867
Consumer Services	C	3		290,913	268,755	12,433	5,741	3,145		259	507	54	18
Operations, Engrg. & Mech.	C (M)	14		359,124	315,517	16,320	10,795	10,462		942	3,946	655	487
<b>Total A&amp;G Salaries</b>				<b>5,374,096</b>	<b>3,947,035</b>	<b>229,657</b>	<b>207,162</b>	<b>490,345</b>		<b>11,595</b>	<b>197,116</b>	<b>192,512</b>	<b>98,675</b>
<b>Office Supplies &amp; Expenses</b>	921												
Corporate Mgmt. - Non O&M	D (M)	13		406,091	222,621	11,186	21,326	77,729		710	31,788	28,751	11,981
Corporate Mgmt. - O&M	D (C)	28		583,175	294,463	14,801	28,215	105,072		945	42,640	37,944	29,094
Consumer Services	D	3		-	-	-	-	-		-	-	-	-
Operations, Engrg. & Mech.	D (M)	13		247,622	135,747	6,821	13,004	47,397		433	19,383	17,531	7,306
Corporate Mgmt. - Non O&M	C (M)	14		227,110	199,533	10,321	6,827	6,616		596	2,495	414	308
Corporate Mgmt. - O&M	C (C)	29		1,586,673	1,313,975	87,260	49,457	49,220		4,003	19,118	31,591	12,050
Consumer Services	C	3		96,378	89,037	4,119	1,902	1,042		86	168	18	6
Operations, Engrg. & Mech.	C (M)	14		138,484	121,669	6,293	4,163	4,034		363	1,522	252	188
<b>Sub-Total</b>				<b>3,235,533</b>	<b>2,377,046</b>	<b>140,802</b>	<b>124,892</b>	<b>291,111</b>		<b>7,135</b>	<b>117,113</b>	<b>116,501</b>	<b>60,933</b>
<b>Admin Expense Transferred Credit</b>	921												
Corporate Mgmt. - Non O&M	D (M)	13		-	-	-	-	-		-	-	-	-
Corporate Mgmt. - O&M	D (C)	28		-	-	-	-	-		-	-	-	-
Consumer Services	D	3		-	-	-	-	-		-	-	-	-
Operations, Engrg. & Mech.	D (M)	13		(306,552)	(168,053)	(8,444)	(16,098)	(58,677)		(536)	(23,996)	(21,703)	(9,044)
Corporate Mgmt. - Non O&M	C (M)	14		-	-	-	-	-		-	-	-	-
Corporate Mgmt. - O&M	C (C)	29		-	-	-	-	-		-	-	-	-
Consumer Services	C	3		-	-	-	-	-		-	-	-	-
Operations, Engrg. & Mech.	C (M)	14		(171,442)	(150,624)	(7,791)	(5,153)	(4,995)		(450)	(1,884)	(313)	(233)
<b>Sub-Total</b>				<b>(477,994)</b>	<b>(318,678)</b>	<b>(16,236)</b>	<b>(21,252)</b>	<b>(63,671)</b>		<b>(985)</b>	<b>(25,880)</b>	<b>(22,016)</b>	<b>(9,277)</b>
<b>Outside Services Employed</b>	922												
Corporate Mgmt. - Non O&M	D (M)	13		73,377	40,226	2,021	3,853	14,045		128	5,744	5,195	2,165
Corporate Mgmt. - O&M	D (C)	28		99,954	53,207	2,674	5,098	18,986		171	7,705	6,856	5,257
Consumer Services	D	3		-	-	-	-	-		-	-	-	-
Operations, Engrg. & Mech.	D (M)	13		17,360	9,517	478	912	3,323		30	1,359	1,229	512
Corporate Mgmt. - Non O&M	C (M)	14		41,037	36,054	1,865	1,234	1,196		108	451	75	56
Corporate Mgmt. - O&M	C (C)	29		283,084	237,424	15,767	8,936	8,894		723	3,454	5,708	2,177
Consumer Services	C	3		-	-	-	-	-		-	-	-	-
Operations, Engrg. & Mech.	C (M)	14		9,708	8,530	441	292	283		25	107	18	13
<b>Sub-Total</b>				<b>524,520</b>	<b>384,957</b>	<b>23,247</b>	<b>20,325</b>	<b>46,725</b>		<b>1,186</b>	<b>18,819</b>	<b>19,081</b>	<b>10,180</b>
<b>Property Insurance</b>	924												
Corporate Mgmt. - Non O&M	D (M)	13		-	-	-	-	-		-	-	-	-
Corporate Mgmt. - O&M	D (C)	28		-	-	-	-	-		-	-	-	-
Consumer Services	D	3		-	-	-	-	-		-	-	-	-
Operations, Engrg. & Mech.	D (M)	13		(39,161)	(21,458)	(1,079)	(2,057)	(7,496)		(68)	(3,065)	(2,773)	(1,155)
Corporate Mgmt. - Non O&M	C (M)	14		-	-	-	-	-		-	-	-	-
Corporate Mgmt. - O&M	C (C)	29		-	-	-	-	-		-	-	-	-
Consumer Services	C	3		-	-	-	-	-		-	-	-	-
Operations, Engrg. & Mech.	C (M)	14		(21,901)	(19,242)	(996)	(658)	(638)		(57)	(241)	(40)	(30)
<b>Sub-Total</b>				<b>(61,062)</b>	<b>(40,710)</b>	<b>(2,074)</b>	<b>(2,715)</b>	<b>(8,134)</b>		<b>(126)</b>	<b>(3,306)</b>	<b>(2,812)</b>	<b>(1,185)</b>
<b>Injuries &amp; Damages</b>	925												
Corporate Mgmt. - Non O&M	D (M)	13		118,562	64,996	3,266	5,226	22,694		207	9,281	8,394	3,498
Corporate Mgmt. - O&M	D (C)	28		161,506	85,972	4,321	8,238	30,677		276	12,449	11,078	8,494
Consumer Services	D	3		-	-	-	-	-		-	-	-	-
Operations, Engrg. & Mech.	D (M)	13		949,109	520,307	26,145	49,842	181,667		1,658	74,294	67,195	28,002
Corporate Mgmt. - Non O&M	C (M)	14		66,307	58,256	3,013	1,993	1,932		174	729	121	90
Corporate Mgmt. - O&M	C (C)	29		457,406	383,628	25,476	14,439	14,370		1,169	5,582	9,223	3,518
Consumer Services	C	3		-	-	-	-	-		-	-	-	-
Operations, Engrg. & Mech.	C (M)	14		530,798	466,345	24,122	15,955	15,464		1,392	5,832	968	720
<b>Sub-Total</b>				<b>2,283,687</b>	<b>1,579,503</b>	<b>86,344</b>	<b>96,693</b>	<b>266,804</b>		<b>4,876</b>	<b>108,165</b>	<b>96,979</b>	<b>44,322</b>
<b>Employee Pension &amp; Benefits</b>	926												
Corporate Mgmt. - Non O&M	D (M)	13		700,920	384,248	19,308	36,808	134,162		1,225	54,866	49,624	20,679
Corporate Mgmt. - O&M	D (C)	28		954,790	508,249	25,547	48,700	181,357		1,632	73,597	65,491	50,217
Consumer Services	D	3		-	-	-	-	-		-	-	-	-
Operations, Engrg. & Mech.	D (M)	13		82,463	34,243	1,721	3,280	11,956		109	4,889	4,422	1,843
Corporate Mgmt. - Non O&M	C (M)	14		391,996	344,397	17,814	11,783	11,420		1,028	4,307	715	532

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
REG SIMULATION OF NFGD'S COST OF SERVICE STUDY

Administrative & General Expense	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250					
Corporate Mgmt. - O&M	C (C)	29		2,704,104	2,267,943	150,612	85,363	84,955	6,909	32,997	54,526	20,799
Consumer Services	C	3		14,060	12,989	601	277	152	13	25	3	1
Operations, Engrg. & Mech.	C (M)	14		34,933	30,691	1,588	1,050	1,018	92	384	64	47
<b>Sub-Total</b>				<b>4,863,266</b>	<b>3,582,760</b>	<b>217,191</b>	<b>187,262</b>	<b>425,019</b>	<b>11,006</b>	<b>171,065</b>	<b>174,845</b>	<b>94,118</b>
<b>Franchise Requirement</b>	<b>927</b>											
Corporate Mgmt. - Non O&M	D (M)	13		121	66	3	6	23	0	9	9	4
Corporate Mgmt. - O&M	D (C)	28		164	88	4	5	31	0	13	11	9
Consumer Services	D	3		-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.	D (M)	13		-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M	C (M)	14		67	59	3	2	2	0	1	0	0
Corporate Mgmt. - O&M	C (C)	29		466	391	26	15	15	1	6	9	4
Consumer Services	C	3		-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.	C (M)	14		-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>				<b>818</b>	<b>593</b>	<b>37</b>	<b>31</b>	<b>71</b>	<b>2</b>	<b>29</b>	<b>29</b>	<b>16</b>
<b>Regulatory Commission Exps.</b>	<b>928</b>											
Corporate Mgmt. - Non O&M	D (M)	13		396,606	217,421	10,925	20,827	75,914	693	31,045	28,079	11,701
Corporate Mgmt. - O&M	D (C)	28		540,255	287,586	14,455	27,556	102,618	923	41,644	37,057	28,415
Consumer Services	D	3		-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.	D (M)	13		-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M	C (M)	14		221,805	194,872	10,080	6,667	6,482	582	2,437	404	301
Corporate Mgmt. - O&M	C (C)	29		1,530,079	1,283,284	85,222	48,301	48,070	3,909	18,671	30,853	11,769
Consumer Services	C	3		14,518	13,412	620	287	157	13	25	3	1
Operations, Engrg. & Mech.	C (M)	14		-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>				<b>2,793,263</b>	<b>1,996,575</b>	<b>121,303</b>	<b>103,639</b>	<b>233,221</b>	<b>6,120</b>	<b>93,822</b>	<b>96,396</b>	<b>52,186</b>
<b>Misc. General Exps.</b>	<b>930 2</b>											
Corporate Mgmt. - Non O&M	D (M)	13		62,116	34,052	1,711	3,262	11,890	109	4,862	4,398	1,833
Corporate Mgmt. - O&M	D (C)	28		84,613	45,041	2,264	4,316	15,072	145	6,522	5,804	4,450
Consumer Services	D	3		-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.	D (M)	13		4,173	2,288	115	219	799	7	327	295	123
Corporate Mgmt. - Non O&M	C (M)	14		34,739	30,521	1,579	1,044	1,012	91	382	63	47
Corporate Mgmt. - O&M	C (C)	29		239,638	200,985	13,347	7,565	7,529	612	2,924	4,832	1,843
Consumer Services	C	3		2,339	2,346	109	50	27	2	4	0	0
Operations, Engrg. & Mech.	C (M)	14		2,334	1,06	70	68	6	6	26	4	3
<b>Sub-Total</b>				<b>430,152</b>	<b>317,283</b>	<b>19,231</b>	<b>16,526</b>	<b>37,396</b>	<b>972</b>	<b>15,047</b>	<b>15,397</b>	<b>8,300</b>
<b>Rents</b>	<b>931</b>											
Corporate Mgmt. - Non O&M	D (M)	13		90,832	49,795	2,502	4,770	17,386	159	7,110	6,431	2,680
Corporate Mgmt. - O&M	D (C)	28		123,731	65,864	3,311	6,311	23,502	211	9,537	8,487	6,508
Consumer Services	D	3		-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.	D (M)	13		5,726	3,139	158	301	1,096	10	448	405	169
Corporate Mgmt. - Non O&M	C (M)	14		50,799	44,630	2,309	1,527	1,480	133	558	93	69
Corporate Mgmt. - O&M	C (C)	29		350,424	293,902	19,518	11,062	11,009	895	4,279	7,066	2,695
Consumer Services	C	3		3,821	3,530	163	75	41	3	7	1	0
Operations, Engrg. & Mech.	C (M)	14		3,202	2,813	146	96	93	8	35	6	4
<b>Sub-Total</b>				<b>628,535</b>	<b>463,673</b>	<b>28,106</b>	<b>24,142</b>	<b>54,608</b>	<b>1,420</b>	<b>21,972</b>	<b>22,488</b>	<b>12,125</b>
<b>Maintenance General Plant</b>	<b>932</b>											
Production	D	13		604	331	17	32	116	1	47	43	18
Transportation	D	13		8,099	4,439	223	425	1,550	14	634	573	239
Distribution	D (M)	13		57,712	31,638	1,590	3,031	11,047	101	4,518	4,088	1,703
Distribution	C (M)	14		32,276	28,357	1,467	970	940	85	355	59	44
<b>Sub-Total</b>				<b>98,690</b>	<b>64,765</b>	<b>3,295</b>	<b>4,458</b>	<b>13,652</b>	<b>201</b>	<b>5,553</b>	<b>4,761</b>	<b>2,003</b>
<b>Total A&amp;G</b>												
Demand				7,438,405	4,024,724	202,266	385,587	1,418,884	12,870	578,266	519,263	296,545
Customer				12,165,099	10,330,089	648,638	375,578	368,263	30,533	141,249	194,898	75,852
<b>Total A&amp;G</b>				<b>19,603,504</b>	<b>14,354,813</b>	<b>850,903</b>	<b>761,165</b>	<b>1,787,147</b>	<b>43,402</b>	<b>719,516</b>	<b>714,161</b>	<b>372,397</b>
Customer Deposit Interest	C	45		190,000	23,387	27,652	45,510	45,780	4,442	25,360	10,740	7,129
<b>Summary O&amp;M and A&amp;G Expenses</b>												
Demand				21,664,862	11,575,598	581,858	1,109,194	4,063,914	36,862	1,555,697	1,487,882	1,153,857
Customer				52,846,478	45,624,707	2,157,517	1,318,566	1,838,869	106,587	717,094	830,215	252,922
Commodity				321,210,243	257,893,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M and A&amp;G</b>				<b>395,521,583</b>	<b>314,893,412</b>	<b>15,367,191</b>	<b>25,898,692</b>	<b>28,568,729</b>	<b>1,157,062</b>	<b>5,750,371</b>	<b>2,312,985</b>	<b>1,573,142</b>

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Taxes</b>												
<b>Taxes Other Than Income</b>												
<b>Federal</b>												
<b>FICA</b>												
Demand		D (F)	28	339,946	180,958	9,096	17,339	64,571	581	26,204	23,318	17,880
Customer		C (F)	29	713,597	598,496	39,746	22,527	22,419	1,823	8,708	14,389	5,489
Commodity		E (F)	30	7,458	3,470	169	324	1,103	14	559	643	1,175
<b>Total FICA</b>				<b>1,061,001</b>	<b>782,925</b>	<b>49,011</b>	<b>40,190</b>	<b>88,093</b>	<b>2,418</b>	<b>35,471</b>	<b>38,350</b>	<b>24,543</b>
<b>Unemployment</b>												
Demand		D (F)	28	4,806	2,558	129	245	913	8	370	330	253
Customer		C (F)	29	10,089	8,461	562	318	317	26	123	203	78
Commodity		E (F)	30	105	49	2	5	16	0	8	9	17
<b>Total Unemployment</b>				<b>15,000</b>	<b>11,069</b>	<b>693</b>	<b>568</b>	<b>1,245</b>	<b>34</b>	<b>501</b>	<b>542</b>	<b>347</b>
<b>Total Federal</b>				<b>1,076,001</b>	<b>793,993</b>	<b>49,704</b>	<b>40,758</b>	<b>89,338</b>	<b>2,452</b>	<b>35,972</b>	<b>38,892</b>	<b>24,890</b>
<b>Pennsylvania</b>												
<b>Unemployment</b>												
Demand		D (F)	28	15,700	8,357	420	801	2,982	27	1,210	1,077	826
Customer		C (F)	29	32,956	27,640	1,836	1,040	1,035	84	402	665	253
Commodity		E (F)	30	344	160	8	15	51	1	26	30	54
<b>Total Unemployment</b>				<b>49,000</b>	<b>36,158</b>	<b>2,263</b>	<b>1,856</b>	<b>4,068</b>	<b>112</b>	<b>1,638</b>	<b>1,771</b>	<b>1,133</b>
<b>Capital Stock</b>												
Demand		D (M)	13	463,041	253,841	12,755	24,316	88,630	809	36,246	32,782	13,661
Customer		C (M)	14	258,959	227,515	11,768	7,784	7,544	679	2,845	472	351
<b>Total Capital Stock</b>				<b>722,000</b>	<b>481,356</b>	<b>24,524</b>	<b>32,100</b>	<b>96,174</b>	<b>1,488</b>	<b>39,091</b>	<b>33,255</b>	<b>14,012</b>
<b>Property &amp; Public Utility</b>												
Demand		D (M)	13	78,884	43,244	2,173	4,143	15,099	138	6,175	5,585	2,327
Customer		C (M)	14	44,116	38,759	2,005	1,326	1,285	116	485	80	60
<b>Total P&amp;PU</b>				<b>123,000</b>	<b>82,004</b>	<b>4,178</b>	<b>5,469</b>	<b>16,384</b>	<b>254</b>	<b>6,659</b>	<b>5,665</b>	<b>2,387</b>
<b>Sales Tax Company Use</b>												
Demand		D (M)	13	2,565	1,406	71	135	491	4	201	182	76
Customer		C (M)	14	1,435	1,260	65	43	42	4	16	3	2
<b>Total STCU</b>				<b>4,000</b>	<b>2,667</b>	<b>136</b>	<b>178</b>	<b>533</b>	<b>8</b>	<b>217</b>	<b>184</b>	<b>78</b>
<b>Total Pennsylvania</b>				<b>898,000</b>	<b>602,185</b>	<b>31,101</b>	<b>39,603</b>	<b>117,159</b>	<b>1,862</b>	<b>47,605</b>	<b>40,875</b>	<b>17,611</b>
<b>Summary Taxes Other Than Income</b>												
Demand		D		904,942	490,366	24,643	46,979	172,686	1,567	70,405	63,273	35,022
Customer		C		1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Commodity		E		7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Total Taxes Other Than Income</b>				<b>1,974,001</b>	<b>1,396,178</b>	<b>80,805</b>	<b>80,361</b>	<b>206,498</b>	<b>4,314</b>	<b>83,577</b>	<b>79,767</b>	<b>42,501</b>
<b>Federal/State Income Tax</b>												
Operating Revenue				451,817,059	352,490,324	17,986,256	29,711,994	37,428,998	1,321,950	7,552,502	3,201,093	2,123,943
Less:												

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Taxes	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
O&M/A&G Expenses				395,521,583	314,893,412	15,367,191	25,898,692	28,568,729	1,157,062	5,750,371	2,312,985	1,573,142
Depreciation Expense				11,913,067	8,184,011	418,724	507,799	1,470,523	24,297	591,536	493,003	223,173
Taxes Other Than Income				1,974,001	1,396,178	80,805	80,361	206,498	4,314	83,577	79,767	42,501
Negative Net Salvage		??	44	<del>1,354,000</del>	902,710	45,990	60,199	180,360	2,791	73,309	62,364	26,278
Total Deductions				410,762,651	325,376,310	15,912,710	26,547,051	30,426,109	1,188,465	6,498,793	2,948,119	1,865,093
<b>Operating Income Before Taxes</b>				<b>41,054,408</b>	<b>27,114,014</b>	<b>2,073,546</b>	<b>3,164,943</b>	<b>7,002,889</b>	<b>133,485</b>	<b>1,053,709</b>	<b>252,974</b>	<b>258,849</b>
Tax Adjustments												
Interest Charges			44	<del>9,413,000</del>	6,275,632	319,725	418,502	1,253,858	19,404	509,641	433,553	182,684
Book Depreciation				<del>(11,913,067)</del>	(8,184,011)	(418,724)	(507,799)	(1,470,523)	(24,297)	(591,536)	(493,003)	(223,173)
State Dep'n			46	<del>16,751,000</del>	11,507,563	588,770	714,018	2,067,706	34,164	831,761	693,214	313,804
Meals/Entertainment			47	<del>(31,000)</del>	(22,875)	(1,432)	(1,174)	(2,574)	(71)	(1,036)	(1,121)	(717)
Total Tax Adjustments				14,219,933	9,576,309	488,338	623,547	1,848,468	29,200	748,830	632,643	272,598
Pennsylvania Taxable Income				26,834,475	17,537,705	1,585,207	2,541,396	5,154,421	104,285	304,879	(379,669)	(13,749)
State Income Tax @	9.99%			2,680,764	1,752,017	158,362	253,885	514,927	10,418	30,457	(37,929)	(1,374)
Add'l Federal Dep'n			46	<del>(901,000)</del>	(618,967)	(31,669)	(38,405)	(111,217)	(1,838)	(44,739)	(37,286)	(16,879)
Federal Taxable Income				25,054,711	16,404,655	1,458,514	2,325,916	4,750,711	95,704	319,161	(304,454)	4,504
Federal Income Tax @	35.00%			8,769,149	5,741,629	510,480	814,071	1,662,749	33,497	111,706	(106,559)	1,576
Consolidated Tax Adjustment			48	<del>(82,000)</del>	(53,690)	(4,773)	(7,612)	(15,548)	(313)	(1,045)	996	(15)
Investment Tax Credit			44	<del>(4,000)</del>	(2,667)	(136)	(178)	(533)	(8)	(217)	(184)	(78)
Deferred Income Taxes -- Liberal. Dep'n			46	<del>1,539,000</del>	1,057,259	54,093	65,601	189,971	3,139	76,418	63,689	28,831

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Allocators	#	Ex/En	Small Comm. & PA Service				Lrg Comm. & PA Service		SVIS	IVIS	LVIS	LIS
			Total	Residential	LE 250	GT 250	Service					
Annual Throughput (MCF)	1	X	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%	
			42,560,886	19,802,152	967,246	1,849,555	6,295,888	79,617	3,191,547	3,670,249	6,704,632	
Avg. Throughput/Cust. Sales (Mcf)			203	102	108	446	2,774	426	8,720	94,109	515,741	
			24,473,134	19,726,731	966,725	1,796,001	1,680,271	77,572	225,834			
Transport (Mcf)			18,087,752	75,421	521	53,554	4,615,617	2,045	2,965,713	3,670,249	6,704,632	
Peak Day Demand (MCF/day)		X	100.0000%	57.7119%	2.9722%	5.6514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%	
			365,252	210,794	10,856	20,642	61,978	439	21,328	15,832	23,383	
Load Factor			31.9%	25.7%	24.4%	24.5%	27.8%	49.7%	41.0%	63.5%	78.6%	
Sales (Mcf/day)			261,411	209,908	10,851	20,153	18,799	410	1,290			
Load Factor			25.6%	25.7%	24.4%	24.4%	24.5%	51.8%	48.0%	#DIV/0!	#DIV/0!	
Transport (Mcf/day)			103,841	886	5	489	43,179	29	20,038	15,832	23,383	
Load Factor			47.7%	23.3%	28.5%	30.0%	29.3%	19.3%	40.5%	63.5%	78.6%	
Demand Allocator (P&A)	2	N	100.0000%	52.1193%	2.6224%	4.9986%	15.8806%	0.1536%	6.6690%	6.4790%	11.0775%	
Average Annual Customers	3	X	100.0000%	92.3834%	4.2738%	1.9736%	1.0811%	0.0891%	0.1743%	0.0186%	0.0082%	
			209,975	193,982	8,974	4,144	2,270	187	366	39	13	
Avg Ann. Custs. Excl. Lg. Ind.	4	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%	
			209,923	193,982	8,974	4,144	2,270	187	366			
Historical Service Line Inv.	5	X	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%	
			126,454,209	113,645,815	5,989,226	3,519,838	2,397,822	219,739	591,223	12,681,149	22,597,738	
\$/Customer				\$ 586	\$ 667	\$ 849	\$ 1,056	\$ 1,175	\$ 1,615	\$ 1,747	\$ 1,738	
Historical Meter Inv.	6	X	100.0000%	71.3502%	3.0173%	4.6811%	11.3621%	0.9392%	6.3068%	1.2397%	1.1036%	
			12,789,310	9,125,202	385,891	598,675	1,453,135	120,117	806,596	158,545	141,149	
\$/Meter				\$ 45	\$ 38	\$ 134	\$ 666	\$ 575	\$ 1,677	\$ 1,865	\$ 3,815	
Small Customer Meter Inv.	7	N	100.0000%	89.2014%	3.7722%	5.8522%	0.0000%	1.1742%	0.0000%	0.0000%	0.0000%	
			10,229,885	9,125,202	385,891	598,675		120,117				
Historical M&R Sta. Equip.	8	X	100.0000%	0.0224%	0.0000%	0.0000%	70.7262%	0.3105%	21.5295%	3.4177%	3.9936%	
			8,787,228	1,972			6,214,875	27,286	1,891,845	300,319	350,931	
\$/Peak Demand							\$ 100.28	\$ 62.15	\$ 88.70	\$ 18.97	\$ 15.01	
\$/customer							\$ 2,738	\$ 146	\$ 5,169	\$ 7,700	\$ 28,995	
Mains -- Demand	9	N	100.0000%	56.8295%	2.8554%	5.4435%	17.3513%	0.1704%	7.3608%	7.2283%	2.7608%	
			204,398,086	116,158,428	5,836,443	11,126,508	35,465,657	348,219	15,045,362	14,774,458	5,643,012	
Mains -- Customer	10	N	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
Dist'n Pll Excl Oth - Demand	11	N	100.0000%	54.3130%	2.7292%	5.2028%	19.3693%	0.1749%	7.8788%	7.0340%	3.2980%	
			233,452,543	126,795,130	6,371,284	12,146,017	45,218,073	408,324	18,393,250	16,421,085	7,699,379	
Dist'n Pll Excl Oth - Cust	12	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%	
			151,372,124	132,991,648	6,879,143	4,550,041	4,409,877	397,017	1,663,133	275,955	205,311	
Demand P, T, D Plant	13	N	100.0000%	54.8205%	2.7547%	5.2514%	19.1408%	0.1747%	7.8277%	7.0798%	2.9503%	
			271,188,115	148,666,708	7,470,328	14,241,199	51,907,647	473,878	21,227,843	19,199,664	8,000,848	
Customer P, T, D Plant	14	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%	
			151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707	
Mains & Serv. - Demand	15	N	100.0000%	56.8295%	2.8554%	5.4435%	17.3513%	0.1704%	7.3608%	7.2283%	2.7608%	
			204,398,086	116,158,428	5,836,443	11,126,508	35,465,657	348,219	15,045,362	14,774,458	5,643,012	
Mains & Serv. - Cust.	16	N	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%	
			134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008	
Meter & HR - Demand	17A	N	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Meter & HR - Customer	17	N	100.0000%	72.1976%	3.0531%	4.7367%	10.8227%	0.9504%	6.0074%	1.1809%	1.0512%	
			17,246,967	12,451,894	526,573	816,936	1,866,596	163,907	1,036,098	203,661	181,302	
Dist'n Plant - Customer	18	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%	
			151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707	
Dist'n Labor, w/o other - D	19	N	100.0000%	53.3108%	2.6795%	5.1079%	19.2164%	0.1721%	7.7823%	6.8864%	4.8447%	
			4,381,298	2,335,704	117,395	223,792	841,928	7,541	340,964	301,712	212,260	
Dist'n Labor, w/o other - C	20	N	100.0000%	83.1205%	4.0934%	3.5294%	5.3058%	0.4704%	2.5835%	0.4844%	0.4126%	
			4,081,164	3,400,594	167,467	144,395	217,070	19,245	105,697	19,816	16,880	

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

#	Ex/En	Small Comm. & PA Service				Lrg Comm. & PA Service					
		Total	Residential	LE 250	GT 250	Service	SVIS	IVIS	LVIS	LIS	
Historical No. of Meters	21	X	100.0000%	91.9367%	4.6603%	2.0383%	0.9945%	0.0953%	0.2193%	0.0388%	0.0169%
			219,301	201,618	10,220	4,470	2,181	209	481	85	37
Meter/Customer			1.04	1.04	1.14	1.08	0.96	1.12	1.31	2.18	2.85
Customer Service - Labor	22	X	100.0000%	59.1536%	13.0660%	6.0336%	3.3051%	0.2295%	0.4490%	13.3225%	4.4408%
			2,516,001	1,488,304	328,740	151,805	83,156	5,773	11,298	335,194	1,117,311
Labor per Customer			\$	\$ 7.67	\$ 36.63	\$ 36.63	\$ 36.63	\$ 30.87	\$ 30.87	\$ 8,594.72	\$ 8,594.69
Customer Service - O&M	23	X	100.0000%	86.1295%	4.4509%	2.0553%	1.1259%	0.0927%	0.1815%	4.4731%	1.4911%
			8,665,639	7,463,673	385,697	178,104	97,563	6,037	15,731	387,624	1,129,210
O&M per Customer			\$	\$ 38.48	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 9,939.08	\$ 9,939.23
Avg. Annual Total Custs.	24	X	100.0000%	5.2419%	0.4839%	5.8871%	61.5323%	0.0806%	22.5806%	3.1452%	1.0484%
			1,240	65	6	73	763	1	280	39	13
Dist'n O&M; w/o other - D	25	N	100.0000%	53.1912%	2.6737%	5.0969%	18.9181%	0.1704%	7.6821%	6.8482%	5.4194%
			7,149,344	3,802,824	191,153	364,394	1,352,517	12,186	549,217	489,599	387,454
Dist'n O&M; w/o other - C	26	N	100.0000%	81.9279%	3.9798%	3.6612%	5.9082%	0.5228%	2.9574%	0.5604%	0.4823%
			5,604,242	4,591,436	223,038	205,185	331,108	29,300	165,738	31,406	27,030
Uncollectibles	27	X	100.0000%	97.0421%	1.6847%	0.7780%	0.4262%	0.0213%	0.0417%	0.0045%	0.0015%
			8,467,291	8,216,837	142,652	65,874	36,084	1,806	3,535	377	126
Labor - Demand	28	N	100.0000%	53.2315%	2.6757%	5.1006%	18.9944%	0.1709%	7.7082%	6.8593%	5.2595%
			8,640,019	4,599,210	231,178	440,695	1,641,120	14,765	665,987	592,641	454,422
Labor - Customer	29	N	100.0000%	83.8704%	5.5698%	3.1568%	3.1417%	0.2555%	1.2203%	2.0164%	0.7692%
			18,136,645	15,211,277	1,010,170	572,536	569,797	46,336	221,316	365,713	139,500
Labor - Commodity	30	N	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	6.6235%	15.7530%
			189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
O&M/Other Taxes - Demand	31	N	100.0000%	53.4607%	2.6872%	5.1227%	18.7711%	0.1703%	7.6478%	6.8727%	5.2676%
			22,569,804	12,065,964	606,501	1,156,173	4,236,599	38,429	1,726,102	1,551,155	1,188,879
O&M/Other Taxes - Cust.	32	N	100.0000%	86.6299%	4.1214%	2.5166%	3.4846%	0.2035%	1.3586%	1.2029%	0.4825%
			53,707,629	46,526,840	2,213,499	1,351,605	1,871,512	109,318	729,673	648,027	259,155
O&M/Other Taxes - Comm.	33	N	100.0000%	80.2249%	3.9313%	7.3070%	7.0566%	0.3156%	1.0517%	0.0609%	0.0522%
			321,218,151	257,696,785	12,627,996	23,471,275	22,667,116	1,013,629	3,378,172	195,570	167,609
Reg. Assessment - D	34	N	100.0000%	53.9042%	2.7091%	5.1645%	19.0564%	0.1725%	7.7588%	6.9526%	4.2819%
			936,861	505,007	25,381	48,384	178,532	1,616	72,689	65,136	40,116
Other Insurance - D	35	N	100.0000%	54.8205%	2.7547%	5.2514%	19.1408%	0.1747%	7.8277%	7.0798%	2.9503%
			(39,161)	(21,468)	(1,079)	(2,057)	(7,496)	(68)	(3,065)	(2,773)	(1,155)
Misc. General Exps. - D	36	N	100.0000%	53.9295%	2.7104%	5.1669%	19.0587%	0.1726%	7.7607%	6.9561%	4.2451%
			150,903	81,381	4,090	7,797	28,760	260	11,711	10,497	6,406
Reg. Assessment - C	37	N	100.0000%	84.4410%	5.4304%	3.1281%	3.0961%	0.2550%	1.1964%	1.7697%	0.6833%
			1,766,402	1,491,588	95,922	55,255	54,689	4,504	21,133	31,260	12,071
Other Insurance - C	38	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%
			(21,901)	(19,242)	(995)	(658)	(638)	(57)	(241)	(40)	(30)
Misc. General Exps. - C	39	N	100.0000%	84.4771%	5.4219%	3.1260%	3.0926%	0.2549%	1.1946%	1.7548%	0.6781%
			279,249	235,902	15,141	8,729	8,636	712	3,336	4,900	1,894
Meters & Svcs Plant	40	N	100.0000%	88.2039%	4.5816%	2.9541%	2.7483%	0.2427%	0.9931%	0.1608%	0.1156%
			147,392,868	130,006,292	6,752,896	4,354,180	4,050,772	357,720	1,463,803	236,773	170,431
M&R Sta Eq & HReg Pll.	41	N	100.0000%	20.7573%	1.0437%	1.9895%	48.8973%	0.2481%	15.6149%	4.6361%	6.8131%
			15,289,801	3,173,757	159,585	304,184	7,476,299	37,930	2,387,490	708,853	1,041,702
Gas Storage Inventory	42	X	100.0000%	80.6768%	3.9724%	7.3819%	6.8517%	0.3474%	0.7698%	0.0000%	0.0000%
			17,138,823	13,827,049	680,819	1,285,166	1,174,303	59,545	13,841	0	0
M&S Working Capital	43	N	100.0000%	70.4823%	3.6286%	4.3137%	11.0498%	0.1783%	4.5320%	4.1859%	1.6295%
			1,136,529	801,052	41,241	49,026	125,584	2,026	51,507	47,573	18,520
Plant	44	N	100.0000%	66.6698%	3.3966%	4.4460%	13.3205%	0.2061%	5.4142%	4.6059%	1.9408%
			437,935,976	291,971,234	14,875,082	19,470,638	58,335,244	902,754	23,710,846	20,170,886	8,499,291
Customer Sec. Dep - Hist.	45	X	100.0000%	12.3089%	14.5537%	23.9524%	24.0949%	2.3377%	13.3476%	5.6525%	3.7522%
			2,447,539	301,266	356,208	586,244	589,733	57,217	326,687	138,348	91,836

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	#	Ex/ En	Small Comm. & PA Service				Lrg Comm. & PA Service				
			Total	Residential	LE 250	GT 250	Service	SWS	IVS	LVS	LIS
Depreciation Expense	46	N	100.0000% 11,913,067	68.6978% 8,184,011	3.5148% 418,724	4.2625% 507,799	12.3438% 1,470,523	0.2040% 24,297	4.9654% 591,536	4.1383% 493,003	1.8733% 223,173
Labor Expense	47	N	100.0000% 26,966,218	73.7911% 19,898,680	4.6193% 1,245,655	3.7880% 1,021,469	8.3028% 2,238,958	0.2279% 61,456	3.3431% 901,517	3.6145% 974,699	2.3132% 623,783
Federal Income Tax	48	N	100.0000% 8,769,149	65.4753% 5,741,629	5.8213% 510,480	9.2833% 814,071	18.9613% 1,662,749	0.3820% 33,497	1.2739% 111,706	-1.2152% (106,559)	0.0180% 1,576
Annual Sales Volume	49	X	100.0000% 24,473,134	80.6057% 19,726,731	3.9501% 966,725	7.3387% 1,796,001	6.8658% 1,680,271	0.3170% 77,572	0.9228% 225,834	0.0000% -	0.0000% -
Percent of Throughput				99.6%	99.9%	97.1%	26.7%	97.4%	7.1%	0.0%	0.0%
Demand Alloc. Excl. LIS	50	N	100.0000% 99.9999%	58.4430% 58.4429%	2.9365% 2.9365%	5.5981% 5.5981%	17.8439% 17.8439%	0.1752% 0.1752%	7.5698% 7.5698%	7.4335% 7.4335%	0.0000%
<b>Classification Splits</b>			Total	D	C	E					
Distribution Mains	A	X	100.0000% 1	100.0000% 1	0.0000% -	0.0000% -					
Plant	B	N	422,852,381 100.0000%	271,188,115 64.1330%	151,664,266 35.8670%	0.0000%					
O&M Excluding Gas	C	N	54,517,836 100.0000%	14,226,457 26.0951%	40,291,379 73.9049%	0.0000%					
Distribution Plant Excl. Oth.	D	N	384,824,667 100.0000%	233,452,543 60.6647%	151,372,124 39.3353%	0.0000%					
Distribution O&M	E	N	22,138,807 100.0000%	12,700,868 57.3693%	9,437,939 42.6307%	0.0000%					
Labor	F	N	26,966,218 100.0000%	8,640,019 32.0402%	18,136,645 67.2569%	189,554 0.7029%					
Services	G	N	134,125,157 100.0000%	- 0.0000%	134,125,157 100.0000%	0.0000%					
Mains	H	N	338,523,243 100.0000%	204,398,086 60.3793%	134,125,157 39.6207%	0.0000%					
Meters & House Regulators	I	N	17,246,967 100.0000%	- 0.0000%	17,246,967 100.0000%	0.0000%					
Distribution Plant	J	N	385,567,364 100.0000%	233,903,098 60.6647%	151,664,266 39.3353%	0.0000%					
Distribution O&M	K	N	17,830,148 100.0000%	10,229,023 57.3693%	7,601,125 42.6307%	0.0000%					
Distribution Labor	L	N	11,388,498 100.0000%	6,150,301 54.0045%	5,238,197 45.9955%	0.0000%					
P, T, D Plant	M	N	422,852,381 100.0000%	271,188,115 64.1330%	151,664,266 35.8670%	0.0000%					
O&M/A&G Excl. Gas	N	N	74,311,340 100.0000%	21,664,862 29.1542%	52,646,478 70.8458%	0.0000%					
Reg. Assessment Exps.	O	N	2,703,263 100.0000%	936,861 34.6567%	1,766,402 65.3433%	0.0000%					
Other Insurance Expense	P	N	(61,062) 100.0000%	(39,161) 64.1330%	(21,901) 35.8670%	0.0000%					
Misc. General Expense	Q	N	430,152 100.0000%	150,903 35.0812%	279,249 64.9188%	0.0000%					

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY**

Comparison of Cost of Service Study Results	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
			LE 250	GT 250					
<b>Existing Revenues</b>									
Rate Revenues	424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	1,316,665	7,517,593	3,183,617	2,113,289
Late Charge Revenues	1,601,774	1,249,664	63,342	106,771	128,801	4,973	28,291	11,950	7,982
Other Revenues	187,294	151,903	7,723	5,632	11,259	304	4,252	3,535	2,686
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Existing Dist'n Revenues</b>	<b>105,527,559</b>	<b>74,947,800</b>	<b>4,232,221</b>	<b>4,945,489</b>	<b>11,698,795</b>	<b>309,848</b>	<b>4,233,497</b>	<b>3,074,295</b>	<b>2,085,614</b>
Existing Dist'n Rate Revenues	103,738,491	73,546,233	4,161,156	4,833,086	11,558,735	304,571	4,200,954	3,058,810	2,074,946
<b>Rate Revenue Increase</b>	<b>25,794,313</b>	<b>20,160,578</b>	<b>1,140,735</b>	<b>1,324,876</b>	<b>3,167,863</b>	<b>(16)</b>	<b>329</b>	<b>(52)</b>	<b>-</b>
<b>Proposed Revenues</b>									
Rate Revenues	449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
Late Charge Revenues	1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Other Revenues	187,294	151,903	7,723	5,632	11,259	304	4,252	3,535	2,686
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Total Proposed Revenues</b>	<b>131,419,485</b>	<b>95,184,671</b>	<b>5,377,273</b>	<b>6,275,379</b>	<b>14,878,646</b>	<b>309,832</b>	<b>4,233,827</b>	<b>3,074,243</b>	<b>2,085,614</b>
Dist'n Rate Revenue Increase	24.9%	27.4%	27.4%	27.4%	27.4%	0.0%	0.0%	0.0%	0.0%
	6.1%	6.1%	6.8%						

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Summary of Cost of Service Study	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250					
<b>Total Operating Revenues</b>				<b>425,925,133</b>	<b>332,262,798</b>	<b>16,841,568</b>	<b>28,381,104</b>	<b>34,244,526</b>	<b>1,321,942</b>	<b>7,550,136</b>	<b>3,199,102</b>	<b>2,123,957</b>
O&M and A&G Expenses												
Demand				14,148,256	7,211,972	362,601	691,206	2,715,619	23,713	1,085,766	932,361	1,125,018
Customer				59,648,076	52,104,566	2,458,722	1,454,800	1,914,794	112,878	730,464	621,448	250,404
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Sub-Total O&amp;M/A&amp;G</b>				<b>395,006,575</b>	<b>317,009,644</b>	<b>15,449,138</b>	<b>25,616,937</b>	<b>27,296,360</b>	<b>1,150,206</b>	<b>5,193,809</b>	<b>1,748,696</b>	<b>1,541,785</b>
Depreciation Expenses												
Demand				4,223,574	2,189,120	110,012	209,720	858,867	7,385	341,109	286,776	220,585
Customer				7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
<b>Sub-Total Depreciation</b>				<b>11,913,067</b>	<b>9,088,068</b>	<b>454,334</b>	<b>410,987</b>	<b>1,022,948</b>	<b>21,994</b>	<b>394,080</b>	<b>294,537</b>	<b>226,119</b>
Negative Net Salvage				1,354,000	1,019,551	50,591	47,660	122,411	2,493	47,744	36,669	26,881
Taxes Other Than Income												
Demand				553,949	285,691	14,359	27,373	109,806	952	43,779	37,226	34,762
Customer				1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Commodity				7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Sub-Total Taxes Other</b>				<b>1,974,001</b>	<b>1,516,049</b>	<b>85,412</b>	<b>67,562</b>	<b>147,397</b>	<b>4,007</b>	<b>57,593</b>	<b>53,728</b>	<b>42,253</b>
Income Taxes				838,141	(2,503,656)	112,772	673,971	1,699,714	45,183	530,461	270,944	8,753
Investment Tax Credit				(4,000)	(3,012)	(149)	(141)	(362)	(7)	(141)	(108)	(79)
Def. Income Taxes				1,539,000	1,174,050	58,694	53,094	132,150	2,841	50,910	38,050	29,211
<b>Total Expenses</b>				<b>412,620,784</b>	<b>327,300,693</b>	<b>16,210,792</b>	<b>26,870,069</b>	<b>30,420,618</b>	<b>1,226,717</b>	<b>6,274,456</b>	<b>2,442,516</b>	<b>1,874,923</b>
<b>Utility Net Income</b>				<b>13,304,349</b>	<b>4,962,104</b>	<b>630,777</b>	<b>1,511,035</b>	<b>3,823,907</b>	<b>95,224</b>	<b>1,275,680</b>	<b>756,587</b>	<b>249,034</b>
<b>Rate Base</b>												
Gas Plant In Service												
Demand				169,255,855	88,629,959	4,453,769	8,490,470	33,809,595	294,904	13,521,953	11,573,812	8,481,393
Customer				268,680,121	241,132,243	11,909,317	6,924,651	5,782,790	511,413	1,920,312	286,350	213,045
<b>Sub-Total Gas Plant</b>				<b>437,935,976</b>	<b>329,762,203</b>	<b>16,363,086</b>	<b>15,415,121</b>	<b>39,592,385</b>	<b>806,317</b>	<b>15,442,264</b>	<b>11,860,162</b>	<b>8,694,437</b>
Accumulated Reserve for Dep'n												
Demand				(57,799,256)	(30,288,587)	(1,522,158)	(2,901,746)	(11,545,947)	(100,670)	(4,616,259)	(3,950,213)	(2,873,676)
Customer				(89,857,998)	(79,599,705)	(3,920,071)	(2,453,763)	(2,441,635)	(214,239)	(945,576)	(157,127)	(125,883)
<b>Sub-Total Acc. Res. for Dep'n</b>				<b>(147,657,254)</b>	<b>(109,888,292)</b>	<b>(5,442,228)</b>	<b>(5,355,510)</b>	<b>(13,987,581)</b>	<b>(314,909)</b>	<b>(5,561,835)</b>	<b>(4,107,340)</b>	<b>(2,999,558)</b>
Net Plant												
Demand				111,456,599	58,341,372	2,931,611	5,588,724	22,263,648	194,234	8,905,693	7,623,599	5,607,717
Customer				178,822,123	161,532,538	7,989,246	4,470,888	3,341,156	297,174	974,736	129,223	87,162
<b>Net Plant</b>				<b>290,278,722</b>	<b>219,873,910</b>	<b>10,920,858</b>	<b>10,059,612</b>	<b>25,604,804</b>	<b>491,408</b>	<b>9,880,429</b>	<b>7,752,822</b>	<b>5,694,879</b>
Working Capital												
Demand				12,600,720	9,561,089	471,881	879,492	1,115,762	40,040	240,090	138,997	153,369

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.				
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS
<b>Summary of Cost of Service Study</b>												
Customer				7,762,960	6,806,825	328,086	191,795	233,053	14,510	86,807	72,607	29,278
Commodity				32,292,577	26,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
<b>Working Capital</b>				<b>52,656,257</b>	<b>42,397,558</b>	<b>2,075,571</b>	<b>3,441,131</b>	<b>3,565,951</b>	<b>156,907</b>	<b>624,887</b>	<b>211,605</b>	<b>182,647</b>
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(40,939,000)	(30,826,732)	(1,529,649)	(1,441,032)	(3,701,163)	(75,376)	(1,443,569)	(1,108,708)	(812,771)
Deferred Income Taxes ITC				(1,869,000)	(1,407,342)	(69,834)	(65,788)	(168,970)	(3,441)	(65,904)	(50,616)	(37,106)
<b>Net Rate Base</b>				<b>296,952,979</b>	<b>229,646,710</b>	<b>10,935,011</b>	<b>11,233,674</b>	<b>24,535,848</b>	<b>495,298</b>	<b>8,572,192</b>	<b>6,625,691</b>	<b>4,908,555</b>
<b>Return Earned</b>				<b>4.48%</b>	<b>2.16%</b>	<b>5.77%</b>	<b>3.45%</b>	<b>15.58%</b>	<b>9.23%</b>	<b>14.88%</b>	<b>11.42%</b>	<b>5.07%</b>
<b>Unitized Rate of Return</b>				<b>100.0%</b>	<b>48.2%</b>	<b>128.8%</b>	<b>300.2%</b>	<b>347.9%</b>	<b>429.1%</b>	<b>332.2%</b>	<b>254.9%</b>	<b>113.2%</b>
<b>Fully Allocated Cost</b>												
Return and Income Taxes		RB		15,677,490	12,124,088	577,309	593,076	1,295,358	26,149	452,565	349,800	259,145
Other Costs				410,247,643	328,633,312	16,039,475	26,143,146	28,589,116	1,178,700	5,693,226	2,133,630	1,837,038
Less Gas Costs				(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
Distribution Costs				105,527,559	83,442,401	4,007,437	3,300,607	7,338,743	192,755	2,829,152	2,358,623	2,057,840
<b>Revenue-Cost Ratio</b>				<b>100.0%</b>	<b>89.8%</b>	<b>105.6%</b>	<b>149.8%</b>	<b>159.4%</b>	<b>160.7%</b>	<b>149.6%</b>	<b>130.3%</b>	<b>101.3%</b>
<b>Customer Cost Summary</b>												
<b>Customer Rate Base</b>												
Plant and W/C				186,585,083	168,339,363	8,317,332	4,662,683	3,574,209	311,684	1,061,543	201,830	116,440
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(26,263,334)	(19,776,075)	(981,306)	(924,456)	(2,374,384)	(48,355)	(926,084)	(711,262)	(521,412)
<b>Customer Rate Base</b>				<b>157,147,750</b>	<b>148,172,602</b>	<b>6,874,091</b>	<b>2,977,978</b>	<b>435,052</b>	<b>189,129</b>	<b>(288,193)</b>	<b>(688,844)</b>	<b>(524,066)</b>
Percent				52.9%	64.5%	62.9%	26.5%	1.8%	38.2%	-3.4%	-10.4%	-10.7%
<b>Customer Costs</b>												
O&M and A&G Expenses				59,648,076	52,104,566	2,458,722	1,454,800	1,914,794	112,878	730,464	621,448	250,404
Depreciation Expenses				7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
Negative Net Salvage		CRB		834,113	786,474	36,486	15,807	2,309	1,004	(1,530)	(3,656)	(2,782)
Taxes Other Than Income				1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Income Taxes		CRB		1,255,868	1,184,142	54,935	23,799	3,477	1,511	(2,303)	(5,505)	(4,188)
Return		CRB		7,040,672	6,638,559	307,979	133,422	19,492	8,474	(12,912)	(30,862)	(23,480)
<b>Total Customer Costs</b>				<b>77,880,366</b>	<b>68,839,368</b>	<b>3,273,318</b>	<b>1,868,939</b>	<b>2,140,574</b>	<b>141,517</b>	<b>779,911</b>	<b>605,005</b>	<b>231,734</b>
Number of Customers				209,975	193,982	8,974	4,144	2,270	187	366	39	13
<b>Cost per Customer per Month</b>				<b>\$ 30.91</b>	<b>\$ 29.57</b>	<b>\$ 30.40</b>	<b>\$ 37.58</b>	<b>\$ 78.58</b>	<b>\$ 63.06</b>	<b>\$ 177.58</b>	<b>\$ 1,292.75</b>	<b>\$ 1,485.47</b>

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Gas Plant in Service	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250					
<b>Production Plant</b>	325-338	D	2	2,587,318	1,348,492	67,850	129,329	410,882	3,975	172,549	167,633	286,609
<b>Transmission Plant</b>	365-369	D	50	34,697,699	20,278,376	1,018,898	1,942,412	6,191,423	60,790	2,626,546	2,579,253	-
<b>Distribution Plant</b>												
Land	374.1	D	9	822,806	452,852	22,754	43,378	138,266	1,358	58,655	57,600	47,944
Land Rights	374.2	D	9	5,310,777	2,922,919	146,864	279,979	892,434	8,763	378,589	371,776	309,454
Structures & Improvmts.	375	D	2	7,631,073	3,977,261	200,118	381,443	1,211,861	11,724	508,918	494,420	845,329
Mains (LIS)	376	D	Direct	5,643,012								5,643,012
Mains (>4")	376	D (A)	50	48,202,633	28,171,065	1,415,470	2,698,432	8,601,230	84,451	3,648,843	3,583,143	-
Mains (Other)	376	D (A)	50	42,998,168	25,129,419	1,262,641	2,407,080	7,672,550	75,333	3,254,875	3,196,269	-
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	9,204,355	2,066	-	-	6,509,893	28,581	1,981,650	314,575	367,590
Other	387	D (D)	11	242,979	123,184	6,190	11,801	50,165	424	19,758	16,235	15,222
Land Rights	374.2	C	10									
Mains	376	C (A)	4	107,554,273	99,386,924	4,597,838	2,123,229	1,162,984	95,831	187,467	-	-
M&R Sta. Equip.	378	D	2	6,085,446	3,171,691	159,585	304,184	966,406	9,349	405,839	394,278	674,113
Services	380	C	5	134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008
Meters	381	C	6	13,267,711	9,466,538	400,327	621,075	1,507,491	124,610	836,768	164,480	146,422
Meter Installations	382	C	6	3,160,552	2,255,060	95,363	147,949	359,105	29,684	199,330	39,181	34,880
House Regulators	383	C	7									
House Regulator Install.	384	C	7	818,704	730,296	30,883	47,912	-	9,613	-	-	-
Other	387	C (D)	12	499,718	448,482	22,150	12,879	10,755	951	3,572	533	396
Distribution Demand		D		126,141,249	63,950,457	3,213,623	6,126,297	26,042,804	219,982	10,257,128	8,428,295	7,902,664
Distribution Customer		C		259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707
<b>Total Distribution</b>				<b>385,567,364</b>	<b>296,777,511</b>	<b>14,712,753</b>	<b>12,812,446</b>	<b>31,626,421</b>	<b>713,781</b>	<b>12,111,300</b>	<b>8,704,782</b>	<b>8,108,371</b>
<b>General Plant</b>	389-399											
Demand		D (M)	13	4,938,313	2,585,922	129,946	247,723	986,450	8,604	394,525	337,685	247,458
Customer		C (M)	14	7,839,177	7,035,423	347,474	202,038	168,722	14,921	56,028	8,355	6,216
<b>Total General Plant</b>				<b>12,777,490</b>	<b>9,621,345</b>	<b>477,419</b>	<b>449,761</b>	<b>1,155,172</b>	<b>23,526</b>	<b>450,553</b>	<b>346,039</b>	<b>253,674</b>
<b>Intangible Plant</b>	301-303											
Demand		D (M)	13	891,276	466,712	23,453	44,710	178,036	1,553	71,205	60,946	44,662
Customer		C (M)	14	1,414,829	1,269,766	62,713	36,464	30,451	2,693	10,112	1,508	1,122
<b>Total Intangible Plant</b>				<b>2,306,105</b>	<b>1,736,478</b>	<b>86,166</b>	<b>81,174</b>	<b>208,488</b>	<b>4,246</b>	<b>81,317</b>	<b>62,454</b>	<b>45,784</b>
<b>Plant in Service Summary</b>												
Demand		D		169,255,855	88,629,959	4,453,769	8,490,470	33,809,595	294,904	13,521,953	11,573,812	8,481,393
Customer		C		268,680,121	241,132,243	11,909,317	6,924,651	5,782,790	511,413	1,920,312	286,350	213,045
<b>Gas Plant in Service</b>				<b>437,935,976</b>	<b>329,762,203</b>	<b>16,363,086</b>	<b>15,415,121</b>	<b>39,592,385</b>	<b>806,317</b>	<b>15,442,264</b>	<b>11,860,162</b>	<b>8,694,437</b>

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.				
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS
<b>Accumulated Reserve for Depreciation</b>												
<b>Production Plant</b>	325-338	D	2	(1,794,097)	(935,071)	(47,049)	(89,679)	(284,914)	(2,756)	(119,649)	(116,240)	(198,740)
<b>Transmission Plant</b>	365-369	D	50	(15,018,307)	(8,777,149)	(441,013)	(840,740)	(2,679,852)	(26,312)	(1,136,856)	(1,116,386)	-
<b>Distribution Plant</b>												
Land	374.1	D	9	16,125	8,875	446	850	2,710	27	1,150	1,129	940
Land Rights	374.2	D	9	(975,153)	(536,700)	(26,967)	(51,409)	(163,867)	(1,609)	(69,516)	(68,265)	(56,821)
Structures & Improvmts.	375	D	2	(3,584,026)	(1,867,969)	(93,988)	(179,149)	(569,165)	(5,506)	(239,019)	(232,210)	(397,019)
Mains	376	D (A)	9	(27,598,262)	(15,189,393)	(763,202)	(1,454,953)	(4,637,667)	(45,537)	(1,967,397)	(1,931,989)	(1,608,123)
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	(3,112,938)	(699)	-	-	(2,201,664)	(9,666)	(670,200)	(106,390)	(124,320)
Other	387	D (D)	11	(197,112)	(99,931)	(5,022)	(9,573)	(40,695)	(344)	(16,028)	(13,170)	(12,349)
Land Rights	374.2	C	10									
Mains	376	C (A)	10	(30,650,496)	(28,322,989)	(1,310,278)	(605,071)	(331,424)	(27,310)	(53,424)	-	-
M&R Sta. Equip.	378	D	2	(3,294,506)	(1,717,073)	(86,395)	(164,678)	(523,188)	(5,061)	(219,711)	(213,452)	(364,948)
Services	380	C	5	(44,467,775)	(39,963,679)	(2,106,127)	(1,237,672)	(843,198)	(77,285)	(207,887)	(23,968)	(7,960)
Meters	381	C	6	(8,894,347)	(6,346,134)	(268,369)	(416,353)	(1,010,585)	(83,536)	(560,949)	(110,263)	(98,158)
Meter Installations	382	C	6	(1,506,216)	(1,074,688)	(45,447)	(70,507)	(171,138)	(14,146)	(94,994)	(18,673)	(16,623)
House Regulators	383	C	7									
House Regulator Install.	384	C	7	(376,401)	(335,755)	(14,199)	(22,028)	-	(4,420)	-	-	-
Other	387	C (D)	12	(405,388)	(363,823)	(17,969)	(10,448)	(8,725)	(772)	(2,897)	(432)	(321)
Distribution Demand		D		(38,745,872)	(19,402,890)	(975,128)	(1,858,912)	(8,133,536)	(67,697)	(3,180,722)	(2,564,347)	(2,562,640)
Distribution Customer		C		(86,300,623)	(76,407,068)	(3,762,389)	(2,362,080)	(2,365,069)	(207,468)	(920,151)	(153,336)	(123,062)
<b>Total Distribution</b>				<b>(125,046,495)</b>	<b>(95,809,959)</b>	<b>(4,737,517)</b>	<b>(4,220,992)</b>	<b>(10,498,605)</b>	<b>(275,165)</b>	<b>(4,100,872)</b>	<b>(2,717,683)</b>	<b>(2,685,702)</b>
<b>General Plant</b>	389-399											
Demand		D	13	(1,736,397)	(909,255)	(45,691)	(87,104)	(346,853)	(3,025)	(138,722)	(118,736)	(87,011)
Customer		C	14	(2,756,390)	(2,473,777)	(122,178)	(71,040)	(59,326)	(5,247)	(19,700)	(2,938)	(2,186)
<b>Total General Plant</b>				<b>(4,492,787)</b>	<b>(3,383,032)</b>	<b>(167,869)</b>	<b>(158,144)</b>	<b>(406,178)</b>	<b>(8,272)</b>	<b>(158,422)</b>	<b>(121,673)</b>	<b>(89,196)</b>
<b>Intangible Plant</b>	301-303											
Demand		D	13	(504,583)	(264,222)	(13,278)	(25,312)	(100,793)	(879)	(40,311)	(34,504)	(25,285)
Customer		C	14	(800,985)	(718,860)	(35,504)	(20,644)	(17,240)	(1,525)	(5,725)	(854)	(635)
<b>Total Intangible Plant</b>				<b>(1,305,568)</b>	<b>(983,082)</b>	<b>(48,781)</b>	<b>(45,955)</b>	<b>(118,032)</b>	<b>(2,404)</b>	<b>(46,036)</b>	<b>(35,357)</b>	<b>(25,920)</b>
<b>Accumulated Reserve for Dep'n Summary</b>												
Demand		D		(57,799,256)	(30,288,587)	(1,522,158)	(2,901,746)	(11,545,947)	(100,670)	(4,616,259)	(3,950,213)	(2,873,676)
Customer		C		(89,857,998)	(79,599,705)	(3,920,071)	(2,453,763)	(2,441,635)	(214,239)	(945,576)	(157,127)	(125,883)
<b>Total Accumulated Reserve</b>				<b>(147,657,254)</b>	<b>(109,888,292)</b>	<b>(5,442,228)</b>	<b>(5,355,510)</b>	<b>(13,987,581)</b>	<b>(314,909)</b>	<b>(5,561,835)</b>	<b>(4,107,340)</b>	<b>(2,999,558)</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service			SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Depreciation Expense</b>												
<i>Production Plant</i>	325-338	D	2	75,973	39,597	1,992	3,798	12,065	117	5,067	4,922	8,416
<i>Transmission Plant</i>	365-369	D	50	766,425	447,922	22,506	42,905	136,760	1,343	58,017	56,972	-
<i>Distribution Plant</i>												
Land	374.1	D	9	-	-	-	-	-	-	-	-	-
Land Rights	374.2	D	9	76,500	42,104	2,116	4,033	12,855	126	5,453	5,355	4,458
Structures & Improvmts.	375	D	2	276,163	143,934	7,242	13,804	43,856	424	18,417	17,893	30,592
Mains	376	D (A)	9	2,091,702	1,151,220	57,844	110,272	351,494	3,451	149,111	146,428	121,881
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	240,183	54	-	-	169,872	746	51,710	8,209	9,592
Other	387	D (D)	11	3,845	1,950	98	187	794	7	313	257	241
Land Rights	374.2	C	10	-	-	-	-	-	-	-	-	-
Mains	376	C	10	2,323,035	2,146,631	99,307	45,859	25,119	2,070	4,049	-	-
M&R Sta. Equip.	378	D	2	176,217	91,843	4,621	8,808	27,984	271	11,752	11,417	19,520
Services	380	C	5	4,143,048	3,723,403	196,227	115,313	78,560	7,201	19,369	2,233	742
Meters	381	C	6	297,294	212,120	8,970	13,917	33,779	2,792	18,750	3,686	3,281
Meter Installations	382	C	6	77,479	55,281	2,338	3,627	8,803	728	4,886	961	855
House Regulators	383	C	7	-	-	-	-	-	-	-	-	-
House Regulator Install.	384	C	7	20,722	18,484	782	1,213	-	243	-	-	-
Other	387	C (D)	12	7,909	7,098	351	204	170	15	57	8	6
Distribution Demand		D		2,864,610	1,431,105	71,921	137,105	606,856	5,025	236,757	189,558	186,284
Distribution Customer		C		6,869,487	6,163,017	307,975	180,133	146,432	13,049	47,111	6,888	4,884
<b>Total Distribution</b>				<b>9,734,097</b>	<b>7,594,122</b>	<b>379,896</b>	<b>317,237</b>	<b>753,288</b>	<b>18,074</b>	<b>283,867</b>	<b>196,446</b>	<b>191,168</b>
<i>General Plant</i>	389-399											
Demand		D (M)	13	430,711	225,539	11,334	21,606	86,036	750	34,410	29,452	21,583
Customer		C (M)	14	683,718	613,617	30,306	17,621	14,716	1,301	4,887	729	542
<b>Total General Plant</b>				<b>1,114,429</b>	<b>839,156</b>	<b>41,640</b>	<b>39,227</b>	<b>100,752</b>	<b>2,052</b>	<b>39,296</b>	<b>30,181</b>	<b>22,125</b>
<i>Intangible Plant</i>	301-303											
Demand		D (M)	13	85,855	44,958	2,259	4,307	17,150	150	6,859	5,871	4,302
Customer		C (M)	14	136,288	122,314	6,041	3,513	2,933	259	974	145	108
<b>Total Intangible Plant</b>				<b>222,143</b>	<b>167,272</b>	<b>8,300</b>	<b>7,819</b>	<b>20,083</b>	<b>409</b>	<b>7,833</b>	<b>6,016</b>	<b>4,410</b>
<b>Depreciation Summary</b>												
Demand		D		4,223,574	2,189,120	110,012	209,720	858,867	7,385	341,109	286,776	220,585
Customer		C		7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
<b>Total Depreciation</b>				<b>11,913,067</b>	<b>9,088,068</b>	<b>454,334</b>	<b>410,987</b>	<b>1,022,948</b>	<b>21,994</b>	<b>394,080</b>	<b>294,537</b>	<b>226,119</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service LE 250	GT 250	Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
<b>Working Capital</b>												
<b>Cash</b>												
Commodity Related		E	49	32,292,577	26,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
Non-Comm. Related - Dem.		D (N)	31	1,548,989	789,936	39,716	75,708	297,680	2,599	119,006	102,153	122,192
Non-Comm. Related - Cust		C (N)	32	6,530,434	5,703,814	270,542	159,853	208,684	12,398	79,538	68,156	27,449
<b>Cash Working Capital</b>				<b>40,372,000</b>	<b>32,523,395</b>	<b>1,585,862</b>	<b>2,605,405</b>	<b>2,723,501</b>	<b>117,353</b>	<b>496,534</b>	<b>170,310</b>	<b>149,640</b>
<b>Prepayments</b>												
PUC General Assess. -- D		D (O)	34	74,521	38,152	1,918	3,656	14,717	127	5,859	4,966	5,126
PUC General Assess. -- C		C(O)	37	260,758	224,399	13,524	7,530	7,026	578	2,598	3,680	1,424
Other Insurance - Demand		D (P)	35	105,057	55,536	2,791	5,320	21,185	185	8,473	7,252	5,315
Other Insurance - Customer		C (P)	38	168,353	151,092	7,462	4,339	3,623	320	1,203	179	133
AGA Dues - Demand		D (Q)	36	4,701	2,408	121	231	929	8	370	313	321
AGA Dues - Customer		C (Q)	39	16,229	13,974	840	468	436	36	161	226	88
<b>Total Prepayments</b>				<b>630,619</b>	<b>485,561</b>	<b>26,656</b>	<b>21,543</b>	<b>47,917</b>	<b>1,255</b>	<b>18,663</b>	<b>16,617</b>	<b>12,407</b>
<b>Materials &amp; Supplies (page 11)</b>												
Valves - Demand		D	9	67,825	37,329	1,876	3,576	11,397	112	4,835	4,748	3,952
Valves - Customer		C	10	-	-	-	-	-	-	-	-	-
Regulators - Dom. & Ind.		D	41	6,057	1,257	63	121	2,962	15	946	281	413
Meter & Service Risers		C	40	99,759	87,991	4,571	2,947	2,742	242	991	160	115
Pipe, Mains & Svces -- D		D (H)	15	275,460	151,607	7,618	14,522	46,289	454	19,637	19,283	16,051
Pipe, Mains & Svces -- C		C (H)	16	687,428	625,555	31,147	16,658	10,542	936	2,317	206	68
<b>Total Materials &amp; Supplies</b>				<b>1,136,529</b>	<b>903,739</b>	<b>45,274</b>	<b>37,823</b>	<b>73,932</b>	<b>1,759</b>	<b>28,725</b>	<b>24,678</b>	<b>20,599</b>
<b>Gas Storage Inventory</b>		D	42	<b>10,517,109</b>	<b>8,484,864</b>	<b>417,779</b>	<b>776,360</b>	<b>720,602</b>	<b>36,539</b>	<b>80,965</b>	-	-
<b>Summary of Working Capital</b>												
Demand		D		12,600,720	9,561,089	471,881	879,492	1,115,762	40,040	240,090	138,997	153,369
Customer		C		7,762,960	6,806,825	328,086	191,795	233,053	14,510	86,807	72,607	29,278
Commodity		E		32,292,577	26,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
<b>Total Working Capital</b>				<b>52,656,257</b>	<b>42,397,558</b>	<b>2,075,571</b>	<b>3,441,131</b>	<b>3,565,951</b>	<b>156,907</b>	<b>624,887</b>	<b>211,605</b>	<b>182,647</b>
<b>Customer Security Deposits</b>												
Deferred Income Taxes - D	235	D (N)	44	(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes - C		C (N)	44	(15,822,325)	(11,914,081)	(591,187)	(556,938)	(1,430,446)	(29,132)	(557,918)	(428,499)	(314,124)
Deferred Income Tax ITC - D		D (N)	44	(25,116,675)	(18,912,650)	(938,462)	(884,094)	(2,270,718)	(46,244)	(885,651)	(680,209)	(498,647)
Deferred Income Tax ITC - C		C (N)	44	(722,341)	(543,917)	(26,990)	(25,426)	(65,305)	(1,330)	(25,471)	(19,562)	(14,341)
			44	(1,146,659)	(863,425)	(42,844)	(40,362)	(103,666)	(2,111)	(40,433)	(31,054)	(22,765)
<b>Operating Revenues</b>												
Revenues	480-1,9			424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	1,316,665	7,517,593	3,183,617	2,113,289
<b>Other Operating Revenues</b>												
Late Payment Charges	487			1,601,774	1,249,664	63,342	106,771	128,801	4,973	28,291	11,950	7,982
Bill Insert Revenues	495		3	53,905	49,799	2,304	1,064	583	48	94	10	3
Customer Billing Service Chgs	495		3	3,981	3,678	170	79	43	4	7	1	0
Sale of Inventory Mat'ls	495		43	(1,958)	(1,555)	(78)	(65)	(127)	(3)	(49)	(42)	(35)
Rental Income - D	495	D	13	35,148	18,405	925	1,763	7,021	61	2,808	2,403	1,761
Rental Income - C	495	C	14	55,795	50,074	2,473	1,438	1,201	106	399	59	44
Sales Tax - D	495	D	28	8,114	4,091	206	392	1,590	14	631	531	658
Sales Tax - Cust	495	C	29	32,023	27,278	1,717	949	906	74	341	548	210
Sales Tax - Comm.	495	E	30	284	132	6	12	42	1	21	24	45
<b>Total Other Operating Revenues</b>				<b>1,789,068</b>	<b>1,401,567</b>	<b>71,065</b>	<b>112,403</b>	<b>140,060</b>	<b>5,277</b>	<b>32,543</b>	<b>15,485</b>	<b>10,668</b>
<b>Total Operation Revenue</b>				<b>425,925,133</b>	<b>332,262,798</b>	<b>16,841,568</b>	<b>28,381,104</b>	<b>34,244,526</b>	<b>1,321,942</b>	<b>7,550,136</b>	<b>3,199,102</b>	<b>2,123,957</b>

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service			SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Direct Labor Expense</b>												
Natural Gas Production	750-769	D?	2	5,660	2,950	148	283	899	9	377	367	627
Other Gas Supply	807.1-813	E	1	189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
Transmission	850-867	D	2	569,371	296,752	14,931	28,460	90,420	875	37,971	36,890	63,072
<b>Distribution</b>												
Load Dispatching	871	D	2	663,374	345,746	17,396	33,159	105,348	1,019	44,241	42,980	73,485
Structures & Improvements	886	D	2	86,792	45,235	2,276	4,338	13,783	133	5,788	5,623	9,614
Compressor Sta. Eqmt.	872	D	2	3,815	1,988	100	191	606	6	254	247	423
Compressor Sta. Eqmt. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	763,508	420,216	21,114	40,251	128,301	1,260	54,428	53,448	44,489
Mains Maintenance	887	D (A)	9	718,514	395,452	19,870	37,879	120,741	1,186	51,221	50,299	41,867
Services Maintenance	887	D	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	316,240	164,822	8,293	15,807	50,221	486	21,090	20,489	35,031
Meas&Reg - Industrial	876,890	D	8	182,603	41	-	-	129,148	567	39,313	6,241	7,293
Meas&Reg - City	877,891	D	2	524	273	14	26	83	1	35	34	58
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D (J)	19	954,003	479,125	24,087	45,916	191,204	1,624	75,463	62,555	74,029
Rents	881	D (J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	D (K)	19	1,148,561	576,837	28,999	55,280	230,198	1,956	90,852	75,313	89,126
<b>Mains &amp; Services</b>												
Mains Maintenance	887	C(A)	10	797,979	737,383	34,113	15,753	8,629	711	1,391	-	-
Services Maintenance	893	C	5	520,705	467,963	24,662	14,493	9,874	905	2,434	281	93
Meters & House Regulators	878,893	C(I)	17	1,440,472	1,039,986	43,980	68,231	155,899	13,690	86,535	17,010	15,142
Customer Installations	879	C	18	1,072,556	962,586	47,541	27,643	23,085	2,042	7,666	1,143	850
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	20	1,962,033	1,690,051	80,925	58,922	77,531	6,819	35,720	6,499	5,566
Rents	881	C(J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	C(K)	20	2,396,860	2,064,601	98,859	71,980	94,714	8,331	43,636	7,939	6,800
Total Distribution -- Demand	881	C(J)	26	4,837,934	2,429,737	122,149	232,848	969,633	8,237	382,686	317,230	375,415
Total Distribution -- Customer	870,885	C(K)	26	10,095,985	8,696,454	416,412	303,192	398,950	35,091	183,804	33,442	28,641
<b>Total Distribution</b>				<b>14,933,919</b>	<b>11,126,190</b>	<b>538,561</b>	<b>536,040</b>	<b>1,368,583</b>	<b>43,328</b>	<b>566,490</b>	<b>350,672</b>	<b>404,056</b>
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,224,872	2,045,473	103,685	45,349	22,127	2,120	4,880	862	375
Customer Records & Coll.	903	C	21	5,392,409	4,957,600	251,300	109,913	53,629	5,139	11,827	2,090	910
Misc. Customer Accts.	905	C	21	88,231	81,117	4,112	1,798	877	84	194	34	15
Supervision	901	C	21	1,046,199	961,840	48,756	21,325	10,405	997	2,295	406	177
<b>Total Customer Accounts</b>				<b>8,751,711</b>	<b>8,046,030</b>	<b>407,853</b>	<b>178,386</b>	<b>87,038</b>	<b>8,341</b>	<b>19,195</b>	<b>3,392</b>	<b>1,477</b>
<b>Customer Service</b>												
Customer Service	909-913	C	22	2,455,635	1,452,595	320,852,595	148,162,7675	811,60,85171	5634,489356	11026,92894	32715,17452	109050,2564
Transportation Admin.		C	24	60,368	3,164	292.10	3,553.92	37,145.79	48.68	13,631.48	1,898.67	632.89
<b>Total Customer Service</b>				<b>2,516,003</b>	<b>1,455,760</b>	<b>321,145</b>	<b>151,717</b>	<b>118,307</b>	<b>5,683</b>	<b>24,658</b>	<b>329,050</b>	<b>109,683</b>
<b>Summary of Direct Labor</b>												
Demand		D		5,412,965	2,729,439	137,229	261,592	1,060,951	9,121	421,035	354,486	439,114
Customer		C		21,363,699	18,198,244	1,145,409	633,294	604,294	49,114	227,658	365,884	139,801
Commodity		E		189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
<b>Total Direct Labor</b>				<b>26,966,218</b>	<b>21,015,876</b>	<b>1,286,945</b>	<b>903,123</b>	<b>1,693,286</b>	<b>58,590</b>	<b>662,907</b>	<b>736,717</b>	<b>608,775</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250					
<b>O&amp;M Expense</b>												
Natural Gas Production	750-769	D7	2	67,288	35,070	1,765	3,363	10,686	103	4,487	4,360	7,454
Purchase Gas Expense	410-999	E	Direct	320,397,574	257,314,998	12,609,347	23,435,615	22,545,731	1,012,094	3,316,639	124,807	38,343
Other Gas Supply	807,1-813	E	1	894,604	416,229	20,331	38,877	132,336	1,674	67,084	77,146	140,927
Gas for Utility Op'ns	807,1-813	E	1	(81,935)	(38,122)	(1,862)	(3,561)	(12,120)	(153)	(6,144)	(7,066)	(12,907)
Transmission	850-867	D	2	1,458,301	760,056	38,243	72,894	231,587	2,240	97,254	94,484	161,543
				\$ 13.09	\$ 13.0440	\$ 13.0434	\$ 13.0486	\$ 13.4176	\$ 13.0472	\$ 14.69	\$ 14.69	\$ 14.69
<b>Distribution</b>												
Load Dispatching	871	D	2	1,445,917	753,602	37,918	72,275	229,620	2,221	96,428	93,681	160,171
Structures & Improvements	886	D	2	311,329	162,262	8,164	15,562	49,441	478	20,763	20,171	34,487
Compressor Sta. Eqmt.	872	D	2	10,248	5,341	269	512	1,627	16	683	664	1,135
Compressor Sta. Eq. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	1,090,617	600,249	30,160	57,496	183,269	1,789	77,747	76,347	63,549
Mains Maintenance	887	D (A)	9	1,104,226	607,739	30,536	58,214	185,556	1,822	78,717	77,300	64,342
Services Maintenance	887	D(H)	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	463,506	241,576	12,155	23,169	73,608	712	30,911	30,031	51,345
Meas&Reg - Industrial	876,890	D	8	271,725	61	-	-	192,181	844	58,501	9,287	10,852
Meas&Reg - City	877,891	D	2	14,193	7,397	372	709	2,254	22	947	920	1,572
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	C	18	1,173,849	1,053,584	52,036	30,256	25,267	2,235	8,390	1,251	971
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D (J)	25	1,649,743	832,696	41,867	79,908	321,267	2,771	127,693	107,981	135,660
Rents	881	D (J)	25	11,092	5,599	281	537	2,160	19	859	726	912
Supervision & Engrg.	870,885	D (K)	25	1,539,840	777,274	39,080	74,496	299,884	2,587	119,194	100,794	126,631
Mains & Services	874	C (H)	16	2,721,699	2,476,728	123,319	65,952	41,739	3,704	9,173	814	270
Mains Maintenance	887	C(A)	10	1,226,349	1,133,223	52,425	24,209	13,261	1,093	2,138	-	-
Services Maintenance	893	C (H)	5	534,793	480,624	25,329	14,885	10,141	929	2,500	288	96
Meters & House Regulators	878,893	C(I)	17	2,385,027	1,721,932	72,818	112,971	258,125	22,666	143,279	28,164	25,072
Customer Installations	879	C	18	1,173,849	1,053,584	52,036	30,256	25,267	2,235	8,390	1,251	971
Maint. of Other Eqmt.	884	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	26	3,392,915	2,896,866	137,512	104,749	147,049	12,922	69,817	12,875	11,125
Rents	881	C(J)	26	22,812	19,477	925	704	989	87	469	87	75
Supervision & Engrg.	870,885	C(K)	26	2,768,719	2,363,928	112,214	85,478	119,996	10,545	56,973	10,507	9,078
Total Distribution - Demand				7,912,537	3,993,795	200,803	382,779	1,540,867	13,291	612,442	517,902	650,657
Total Distribution - Customer				14,226,262	12,146,362	576,577	439,205	616,566	54,181	292,739	53,986	46,647
<b>Total Distribution</b>				<b>22,138,799</b>	<b>16,140,157</b>	<b>777,380</b>	<b>821,983</b>	<b>2,157,433</b>	<b>67,472</b>	<b>905,181</b>	<b>571,888</b>	<b>697,304</b>
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,576,031	2,368,317	120,050	52,507	25,619	2,455	5,650	998	435
Customer Records & Coll.	903	C	21	9,068,820	8,337,570	422,631	184,849	90,192	8,643	19,891	3,515	1,530
Uncollectibles	904	C	27	8,437,000	8,187,442	142,142	65,638	35,955	1,800	3,522	376	126
Misc. Customer Accts.	905	C	21	493,112	453,351	22,980	10,051	4,804	470	1,082	191	83
Supervision	901	C	21	1,097,836	1,009,314	51,162	22,377	10,818	1,046	2,408	426	185
<b>Total Customer Accounts</b>				<b>21,672,799</b>	<b>20,355,993</b>	<b>758,965</b>	<b>335,423</b>	<b>167,588</b>	<b>14,414</b>	<b>32,553</b>	<b>5,506</b>	<b>2,359</b>
<b>Customer Service</b>	908-913											
Customer Service		C	23	7,485,080	6,446,872	333,152	153,840	84,272	6,942	13,588	334,817	111,607
Transportation Admin.		C	24	996,489	52,235	4,821.72	58,664.27	613,162.18	803.62	225,013.65	31,341.19	10,447.06
<b>Total Customer Service</b>				<b>8,481,579</b>	<b>6,499,107</b>	<b>337,974</b>	<b>212,505</b>	<b>697,434</b>	<b>7,746</b>	<b>238,602</b>	<b>366,158</b>	<b>122,054</b>
<b>Sales Promotion</b>		C	Direct	184,062	184,062	-	-	-	-	-	-	-
<b>Summary of O&amp;M</b>												
Demand		D		9,438,126	4,788,922	240,810	459,036	1,783,140	15,635	714,184	616,746	819,654
Customer		C		44,564,702	39,185,524	1,673,516	987,132	1,481,588	76,340	563,893	425,650	171,060
Commodity		E		321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M</b>				<b>375,213,071</b>	<b>301,667,551</b>	<b>14,542,142</b>	<b>24,917,099</b>	<b>25,930,674</b>	<b>1,105,589</b>	<b>4,655,656</b>	<b>1,237,283</b>	<b>1,157,077</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
					LE 250	GT 250	PA Service				
<b>Administrative &amp; General Expense</b>											
<b>A&amp;G Salaries</b>											
920											
	D (M)	13	362,848	190,004	9,548	18,202	72,481	632	28,988	24,812	18,182
	D (C)	28	549,318	276,989	13,926	26,547	107,667	926	42,727	35,974	44,562
	D	3									
	D (M)	13	386,975	202,638	10,183	19,412	77,300	674	30,916	26,462	19,391
	C (M)	14	575,993	516,936	25,531	14,845	12,397	1,096	4,117	614	457
	C (C)	29	2,593,757	2,209,440	139,064	76,888	73,367	5,963	27,640	44,422	16,973
	C	3	290,913	268,755	12,433	5,741	3,145	259	507	54	18
	C (M)	14	614,292	551,308	27,229	15,832	13,221	1,169	4,390	655	487
			<b>5,374,096</b>	<b>4,216,070</b>	<b>237,913</b>	<b>177,467</b>	<b>359,578</b>	<b>10,720</b>	<b>139,285</b>	<b>132,992</b>	<b>100,071</b>
<b>Office Supplies &amp; Expenses</b>											
921											
	D (M)	13	244,723	128,148	6,440	12,276	48,884	426	19,551	16,734	12,263
	D (C)	28	370,488	186,815	9,393	17,905	72,616	624	28,818	24,263	30,055
	D	3									
	D (M)	13	149,224	78,141	3,927	7,486	29,808	260	11,922	10,204	7,478
	C (M)	14	388,478	348,647	17,219	10,012	8,361	739	2,777	414	308
	C (C)	29	1,749,360	1,490,158	93,791	51,857	49,482	4,022	18,642	29,960	11,448
	C	3	96,378	89,037	4,119	1,902	1,042	86	168	18	6
	C (M)	14	236,882	212,594	10,500	6,105	5,098	451	1,693	252	188
			<b>3,235,533</b>	<b>2,533,540</b>	<b>145,389</b>	<b>107,543</b>	<b>215,293</b>	<b>6,609</b>	<b>83,569</b>	<b>81,846</b>	<b>61,745</b>
<b>Admin Expense Transferred Credit</b>											
921											
	D (M)	13									
	D (C)	28									
	D	3									
	D (M)	13	(184,738)	(96,737)	(4,861)	(9,267)	(36,902)	(322)	(14,759)	(12,632)	(9,257)
	C (M)	14									
	C (C)	29									
	C	3									
	C (M)	14	(293,256)	(263,189)	(12,999)	(7,558)	(6,312)	(558)	(2,096)	(313)	(233)
			<b>(477,994)</b>	<b>(359,926)</b>	<b>(17,860)</b>	<b>(16,825)</b>	<b>(43,214)</b>	<b>(880)</b>	<b>(16,855)</b>	<b>(12,945)</b>	<b>(9,490)</b>
<b>Outside Services Employed</b>											
922											
	D (M)	13	44,219	23,155	1,164	2,218	8,833	77	3,533	3,024	2,216
	D (C)	28	66,944	33,756	1,697	3,235	13,121	113	5,207	4,384	5,431
	D	3									
	D (M)	13	10,461	5,478	275	525	2,090	18	836	715	524
	C (M)	14	570,195	62,998	3,111	1,809	1,511	134	502	75	56
	C (C)	29	316,094	269,258	16,947	9,370	8,941	727	3,368	5,414	2,068
	C	3									
	C (M)	14	16,607	14,904	736	428	357	32	119	18	13
			<b>524,520</b>	<b>409,549</b>	<b>23,931</b>	<b>17,585</b>	<b>34,853</b>	<b>1,100</b>	<b>13,564</b>	<b>13,629</b>	<b>10,308</b>
<b>Property Insurance</b>											
924											
	D (M)	13									
	D (C)	28									

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Administrative & General Expense	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250					
Consumer Services		D	3									
Operations, Engrg. & Mech.		D (M)	13	(23,600)	(12,358)	(621)	(1,184)	(4,714)	(41)	(1,885)	(1,614)	(1,183)
Corporate Mgmt. - Non O&M		C (M)	14									
Corporate Mgmt. - O&M		C (C)	29									
Consumer Services		C	3									
Operations, Engrg. & Mech.		C (M)	14	(37,462)	(33,621)	(1,661)	(966)	(806)	(71)	(268)	(40)	(30)
<b>Sub-Total</b>				<b>(61,062)</b>	<b>(45,979)</b>	<b>(2,282)</b>	<b>(2,149)</b>	<b>(5,520)</b>	<b>(112)</b>	<b>(2,153)</b>	<b>(1,654)</b>	<b>(1,212)</b>
Injuries & Damages	925											
Corporate Mgmt. - Non O&M		D (M)	13	71,449	37,414	1,880	3,584	14,272	124	5,708	4,886	3,580
Corporate Mgmt. - O&M		D (C)	28	108,168	54,543	2,742	5,227	21,201	182	8,414	7,084	8,775
Consumer Services		D	3									
Operations, Engrg. & Mech.		D (M)	13	571,962	299,505	15,051	28,692	114,252	997	45,694	39,111	28,661
Corporate Mgmt. - Non O&M		C (M)	14	113,420	101,791	5,027	2,923	2,441	216	811	121	90
Corporate Mgmt. - O&M		C (C)	29	510,743	435,067	27,383	15,140	14,447	1,174	5,443	8,747	3,342
Consumer Services		C	3									
Operations, Engrg. & Mech.		C (M)	14	907,945	814,853	40,245	23,400	19,542	1,728	6,489	968	720
<b>Sub-Total</b>				<b>2,283,687</b>	<b>1,743,172</b>	<b>92,328</b>	<b>78,967</b>	<b>186,155</b>	<b>4,422</b>	<b>72,559</b>	<b>60,916</b>	<b>45,168</b>
Employee Pension & Benefits	926											
Corporate Mgmt. - Non O&M		D (M)	13	422,396	221,186	11,115	21,189	84,375	736	33,745	28,884	21,166
Corporate Mgmt. - O&M		D (C)	28	639,468	322,446	16,212	30,903	125,337	1,077	49,740	41,878	51,875
Consumer Services		D	3									
Operations, Engrg. & Mech.		D (M)	13	37,842	19,711	991	1,888	7,519	66	3,007	2,574	1,886
Corporate Mgmt. - Non O&M		C (M)	14	670,520	601,771	29,721	17,281	14,432	1,276	4,792	715	532
Corporate Mgmt. - O&M		C (C)	29	3,019,426	2,572,038	161,886	89,506	85,408	6,942	32,176	51,712	19,759
Consumer Services		C	3	14,060	12,989	601	277	152	13	25	3	1
Operations, Engrg. & Mech.		C (M)	14	159,754	53,627	2,649	1,540	1,286	114	427	64	47
<b>Sub-Total</b>				<b>4,863,266</b>	<b>3,803,768</b>	<b>223,173</b>	<b>162,586</b>	<b>318,509</b>	<b>10,223</b>	<b>123,912</b>	<b>125,828</b>	<b>95,266</b>
Franchise Requirement	927											
Corporate Mgmt. - Non O&M		D (M)	13	73	38	2	4	15	0	6	5	4
Corporate Mgmt. - O&M		D (C)	28	110	56	3	5	22	0	9	7	9
Consumer Services		D	3									
Operations, Engrg. & Mech.		D (M)	13									
Corporate Mgmt. - Non O&M		C (M)	14	115	104	5	3	2	0	1	0	0
Corporate Mgmt. - O&M		C (C)	29	520	443	28	15	15	1	6	9	3
Consumer Services		C	3									
Operations, Engrg. & Mech.		C (M)	14									
<b>Sub-Total</b>				<b>818</b>	<b>640</b>	<b>38</b>	<b>27</b>	<b>53</b>	<b>2</b>	<b>21</b>	<b>21</b>	<b>16</b>
Regulatory Commission Exps.	928											
Corporate Mgmt. - Non O&M		D (M)	13	239,007	125,155	6,289	11,989	47,743	416	19,094	16,343	11,977
Corporate Mgmt. - O&M		D (C)	28	361,834	182,452	9,173	17,486	70,920	610	28,144	23,696	29,353
Consumer Services		D	3									
Operations, Engrg. & Mech.		D (M)	13									
Corporate Mgmt. - Non O&M		C (M)	14	379,404	340,504	16,817	9,778	8,166	722	2,712	404	301

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service			SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Administrative &amp; General Expense</b>												
Corporate Mgmt. - O&M		C (C)	29	1,708,500	1,455,352	91,601	50,646	48,327	3,928	18,206	29,261	11,180
Consumer Services		C	3	14,518	13,412	620	287	157	13	25	3	1
Operations, Engrg. & Mech.		C (M)	14	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>				<b>2,703,263</b>	<b>2,116,874</b>	<b>124,501</b>	<b>90,186</b>	<b>175,312</b>	<b>5,689</b>	<b>68,182</b>	<b>69,707</b>	<b>52,811</b>
<b>Misc. General Exps.</b>	930.2											
Corporate Mgmt. - Non O&M		D (M)	13	37,433	19,602	985	1,878	7,477	65	2,991	2,560	1,876
Corporate Mgmt. - O&M		D (C)	28	56,670	28,575	1,437	2,739	11,107	95	4,408	3,711	4,597
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	2,515	1,317	66	126	502	4	201	172	126
Corporate Mgmt. - Non O&M		C (M)	14	59,422	53,329	2,634	1,531	1,279	113	425	63	47
Corporate Mgmt. - O&M		C (C)	29	267,581	227,934	14,346	7,932	7,569	615	2,851	4,583	1,751
Consumer Services		C	3	2,539	2,346	109	50	27	2	4	0	0
Operations, Engrg. & Mech.		C (M)	14	3,992	3,583	177	103	86	8	29	4	3
<b>Sub-Total</b>				<b>430,152</b>	<b>336,685</b>	<b>19,754</b>	<b>14,359</b>	<b>28,048</b>	<b>903</b>	<b>10,908</b>	<b>11,094</b>	<b>8,400</b>
<b>Rents</b>	931											
Corporate Mgmt. - Non O&M		D (M)	13	54,738	28,663	1,440	2,746	10,934	95	4,373	3,743	2,743
Corporate Mgmt. - O&M		D (C)	28	82,869	41,786	2,101	4,005	16,242	140	6,446	5,427	6,723
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	3,451	1,807	91	173	689	6	276	236	173
Corporate Mgmt. - Non O&M		C (M)	14	86,893	77,984	3,852	2,239	1,870	165	621	93	69
Corporate Mgmt. - O&M		C (C)	29	391,286	333,310	20,979	11,599	11,068	900	4,170	6,701	2,561
Consumer Services		C	3	3,821	3,530	163	75	41	3	7	1	0
Operations, Engrg. & Mech.		C (M)	14	5,477	4,916	243	141	118	10	39	6	4
<b>Sub-Total</b>				<b>628,535</b>	<b>491,995</b>	<b>28,868</b>	<b>20,979</b>	<b>40,963</b>	<b>1,320</b>	<b>15,931</b>	<b>16,206</b>	<b>12,272</b>
<b>Maintenance General Plant</b>	932											
Production		D	13	604	316	16	30	121	1	48	41	30
Transportation		D	13	8,098	4,240	213	406	1,618	14	647	554	406
Distribution		D(M)	13	34,779	18,212	915	1,745	6,947	61	2,779	2,378	1,743
Distribution		C(M)	14	55,209	49,548	2,447	1,423	1,188	105	395	59	44
<b>Sub-Total</b>				<b>98,690</b>	<b>72,317</b>	<b>3,591</b>	<b>3,604</b>	<b>9,874</b>	<b>181</b>	<b>3,868</b>	<b>3,032</b>	<b>2,223</b>
<b>Total A&amp;G</b>												
Demand				4,710,130	2,423,051	121,791	232,170	932,479	8,078	371,582	315,615	305,365
Customer				14,893,374	12,895,655	757,554	422,159	387,426	32,097	141,211	185,058	72,215
<b>Total A&amp;G</b>				<b>19,603,504</b>	<b>15,318,706</b>	<b>879,345</b>	<b>654,329</b>	<b>1,319,905</b>	<b>40,175</b>	<b>512,793</b>	<b>500,673</b>	<b>377,579</b>
Customer Deposit Interest		C	45	190,000	23,387	27,652	45,510	45,780	4,442	25,360	10,740	7,129
<b>Summary O&amp;M and A&amp;G Expenses</b>												
Demand				14,148,256	7,211,972	362,601	691,206	2,715,619	23,713	1,085,766	932,361	1,125,018
Customer				59,648,076	52,104,566	2,458,722	1,454,800	1,914,794	112,878	730,464	621,448	250,404
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M and A&amp;G</b>				<b>395,006,575</b>	<b>317,009,644</b>	<b>15,449,138</b>	<b>25,616,937</b>	<b>27,296,360</b>	<b>1,150,206</b>	<b>5,193,809</b>	<b>1,748,696</b>	<b>1,541,785</b>

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Taxes</b>												
<b>Taxes Other Than Income</b>												
<b>Federal</b>												
<b>FICA</b>												
Demand		D (F)	28	212,976	107,391	5,399	10,292	41,744	359	16,566	13,947	17,277
Customer		C (F)	29	840,567	716,020	45,067	24,917	23,776	1,932	8,957	14,396	5,501
Commodity		E (F)	30	7,458	3,470	169	324	1,103	14	559	643	1,175
<b>Total FICA</b>				<b>1,061,001</b>	<b>826,881</b>	<b>50,636</b>	<b>35,534</b>	<b>66,623</b>	<b>2,305</b>	<b>26,082</b>	<b>28,987</b>	<b>23,953</b>
<b>Unemployment</b>												
Demand		D (F)	28	3,011	1,518	76	146	590	5	234	197	244
Customer		C (F)	29	11,884	10,123	637	352	336	27	127	204	78
Commodity		E (F)	30	105	49	2	5	16	0	8	9	17
<b>Total Unemployment</b>				<b>15,000</b>	<b>11,690</b>	<b>716</b>	<b>502</b>	<b>942</b>	<b>33</b>	<b>369</b>	<b>410</b>	<b>339</b>
<b>Total Federal</b>				<b>1,076,001</b>	<b>838,572</b>	<b>51,351</b>	<b>36,036</b>	<b>67,565</b>	<b>2,338</b>	<b>26,451</b>	<b>29,396</b>	<b>24,291</b>
<b>Pennsylvania</b>												
<b>Unemployment</b>												
Demand		D (F)	28	9,836	4,960	249	475	1,928	17	765	644	798
Customer		C (F)	29	38,820	33,068	2,081	1,151	1,098	89	414	665	254
Commodity		E (F)	30	344	160	8	15	51	1	26	30	54
<b>Total Unemployment</b>				<b>49,000</b>	<b>38,188</b>	<b>2,338</b>	<b>1,641</b>	<b>3,077</b>	<b>106</b>	<b>1,205</b>	<b>1,339</b>	<b>1,106</b>
<b>Capital Stock</b>												
Demand		D (M)	13	279,042	146,119	7,343	13,998	55,740	486	22,293	19,081	13,983
Customer		C (M)	14	442,958	397,541	19,634	11,416	9,534	843	3,166	472	351
<b>Total Capital Stock</b>				<b>722,000</b>	<b>543,660</b>	<b>26,977</b>	<b>25,414</b>	<b>65,274</b>	<b>1,329</b>	<b>25,459</b>	<b>19,553</b>	<b>14,334</b>
<b>Property &amp; Public Utility</b>												
Demand		D (M)	13	47,538	24,893	1,251	2,385	9,496	83	3,798	3,251	2,382
Customer		C (M)	14	75,462	67,725	3,345	1,945	1,624	144	539	80	60
<b>Total P&amp;PU</b>				<b>123,000</b>	<b>92,618</b>	<b>4,596</b>	<b>4,330</b>	<b>11,120</b>	<b>226</b>	<b>4,337</b>	<b>3,331</b>	<b>2,442</b>
<b>Sales Tax Company Use</b>												
Demand		D (M)	13	1,546	810	41	78	309	3	124	106	77
Customer		C (M)	14	2,454	2,202	109	63	53	5	18	3	2
<b>Total STCU</b>				<b>4,000</b>	<b>3,012</b>	<b>149</b>	<b>141</b>	<b>362</b>	<b>7</b>	<b>141</b>	<b>108</b>	<b>79</b>
<b>Total Pennsylvania</b>				<b>898,000</b>	<b>677,478</b>	<b>34,061</b>	<b>31,525</b>	<b>79,832</b>	<b>1,670</b>	<b>31,142</b>	<b>24,331</b>	<b>17,962</b>
<b>Summary Taxes Other Than Income</b>												
Demand		D		553,949	285,691	14,359	27,373	109,806	952	43,779	37,226	34,762
Customer		C		1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Commodity		E		7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Total Taxes Other Than Income</b>				<b>1,974,001</b>	<b>1,516,049</b>	<b>85,412</b>	<b>67,562</b>	<b>147,397</b>	<b>4,007</b>	<b>57,593</b>	<b>53,728</b>	<b>42,253</b>
<b>Federal/State Income Tax</b>												
Operating Revenue				425,925,133	332,262,798	16,841,568	28,381,104	34,244,526	1,321,942	7,550,136	3,199,102	2,123,957
Less:												

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Taxes	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.				
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS
O&M/A&G Expenses				395,006,575	317,009,644	15,449,138	25,616,937	27,296,360	1,150,206	5,193,809	1,748,696	1,541,785
Depreciation Expense				11,913,067	9,088,068	454,334	410,987	1,022,948	21,994	394,080	294,537	226,119
Taxes Other Than Income				1,974,001	1,516,049	85,412	67,562	147,397	4,007	57,593	53,728	42,253
Negative Net Salvage		??	44	1,354,000	1,019,551	50,591	47,660	122,411	2,493	47,744	36,669	26,881
Total Deductions				410,247,643	328,633,312	16,039,475	26,143,146	28,589,116	1,178,700	5,693,226	2,133,630	1,837,038
<b>Operating Income Before Taxes</b>				<b>15,677,490</b>	<b>3,629,486</b>	<b>802,093</b>	<b>2,237,959</b>	<b>5,655,410</b>	<b>143,242</b>	<b>1,856,910</b>	<b>1,065,472</b>	<b>286,919</b>
Tax Adjustments												
Interest Charges			44	9,413,000	7,087,912	351,708	331,333	850,999	17,331	331,916	254,922	186,878
Book Depreciation				(11,913,067)	(9,088,068)	(454,334)	(410,987)	(1,022,948)	(21,994)	(394,080)	(294,537)	(226,119)
State Dep'n			46	16,751,000	12,778,760	638,840	577,890	1,438,370	30,926	554,117	414,150	317,947
Meals/Entertainment			47	(31,000)	(24,160)	(1,479)	(1,038)	(1,947)	(67)	(762)	(847)	(700)
Total Tax Adjustments				14,219,933	10,754,444	534,735	497,197	1,264,475	26,195	491,191	373,688	278,006
Pennsylvania Taxable Income				1,457,557	(7,124,958)	267,358	1,740,761	4,390,935	117,046	1,365,718	691,784	8,913
State Income Tax @ 9.99%				145,610	(711,783)	26,709	173,902	438,654	11,693	136,435	69,109	890
Add'l Federal Dep'n			46	(901,000)	(687,342)	(34,362)	(31,083)	(77,367)	(1,663)	(29,805)	(22,276)	(17,102)
Federal Taxable Income				2,212,947	(5,725,833)	275,010	1,597,943	4,029,647	107,017	1,259,088	644,951	25,124
Federal Income Tax @ 35.00%				774,531	(2,004,042)	96,254	559,280	1,410,377	37,456	440,681	225,733	8,793
Consolidated Tax Adjustment			48	(82,000)	212,169	(10,190)	(59,211)	(149,317)	(3,965)	(46,655)	(23,898)	(931)
Investment Tax Credit			44	(4,000)	(3,012)	(149)	(141)	(362)	(7)	(141)	(108)	(79)
Deferred Income Taxes -- Liberal. Dep'n			46	1,539,000	1,174,050	58,694	53,094	132,150	2,841	50,910	38,050	29,211

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Allocators	#	Ex/ En	Small Comm. & PA Service				Lrg Comm. & PA Service	SVIS	IVIS	LVIS	LIS
			Total	Residential	LE 250	GT 250					
Annual Throughput (MCF)	1	X	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
			42,560,886	19,802,152	967,246	1,849,555	6,295,888	79,617	3,191,547	3,670,249	6,704,632
Avg. Throughput/Cust. Sales (Mcf)			203	102	108	446	2,774	426	8,720	94,109	515,741
			24,473,134	19,726,731	966,725	1,796,001	1,680,271	77,572	225,834	-	-
Transport (Mcf)			18,087,752	75,421	521	53,554	4,615,617	2,045	2,965,713	3,670,249	6,704,632
Peak Day Demand (MCF/day)		X	100.0000%	57.7119%	2.9722%	5.6514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%
			365,252	210,794	10,856	20,642	61,978	7,439	21,328	15,832	23,383
Load Factor			31.9%	25.7%	24.4%	24.5%	27.8%	49.7%	41.0%	63.5%	78.6%
Sales (Mcf/day)			261,411	209,908	10,851	20,153	18,799	410	1,290	-	-
Load Factor			25.6%	25.7%	24.4%	24.4%	24.5%	51.8%	48.0%	#DIV/0!	#DIV/0!
Transport (Mcf/day)			103,841	686	5	489	43,179	29	20,038	15,832	23,383
Load Factor			47.7%	23.3%	28.5%	30.0%	29.3%	19.3%	40.5%	63.5%	78.6%
Demand Allocator (P&A)	2	N	100.0000%	52.1193%	2.6224%	4.9986%	15.8806%	0.1536%	6.6690%	6.4790%	11.0775%
Average Annual Customers	3	X	100.0000%	92.3834%	4.2738%	1.9736%	1.0811%	0.0891%	0.1743%	0.0186%	0.0062%
			209,975	193,982	8,974	4,144	2,270	187	366	39	413
Avg Ann. Custs. Excl. Lg. Ind.	4	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%
			209,923	193,982	8,974	4,144	2,270	187	366	-	-
Historical Service Line Inv.	5	X	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%
			126,454,209	113,645,815	5,989,226	3,519,638	2,397,822	219,739	591,223	68,149	122,597
\$/Customer				\$ 586	\$ 667	\$ 849	\$ 1,056	\$ 1,175	\$ 1,615	\$ 1,747	\$ 1,738
Historical Meter Inv.	6	X	100.0000%	71.3502%	3.0173%	4.6811%	11.3621%	0.9392%	6.3068%	1.2397%	1.1036%
			12,789,310	9,125,202	385,891	598,675	1,453,135	120,117	806,596	158,545	141,149
\$/Meter				\$ 45	\$ 38	\$ 134	\$ 666	\$ 575	\$ 1,677	\$ 1,865	\$ 3,815
Small Customer Meter Inv.	7	N	100.0000%	89.2014%	3.7722%	5.8522%	0.0000%	1.1742%	0.0000%	0.0000%	0.0000%
			10,229,885	9,125,202	385,891	598,675	-	120,117	-	-	-
Historical M&R Sta. Equip.	8	X	100.0000%	0.0224%	0.0000%	0.0000%	70.7262%	0.3105%	21.5295%	3.4177%	3.9936%
			8,787,228	1,972	-	-	6,214,875	27,286	1,891,845	300,319	350,931
\$/Peak Demand							\$ 100.28	\$ 62.15	\$ 88.70	\$ 18.97	\$ 15.01
\$/customer							\$ 2,738	\$ 146	\$ 5,169	\$ 7,700	\$ 26,995
Mains -- Demand	9	N	100.0000%	55.0375%	2.7654%	5.2719%	16.8042%	0.1650%	7.1287%	7.0004%	5.8269%
			96,843,813	53,300,484	2,678,112	5,105,512	16,273,780	159,784	6,903,718	6,779,412	5,643,012
Mains -- Customer	10	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%
			107,554,273	99,386,924	4,597,838	2,123,229	1,162,984	95,831	187,467	-	-
Dist'n Plt Excl Oth - Demand	11	N	100.0000%	50.6975%	2.5476%	4.8567%	20.8457%	0.1744%	8.1315%	6.6816%	6.2649%
			125,898,270	63,827,273	3,207,432	6,114,496	25,992,639	219,558	10,237,370	8,412,060	7,887,441
Dist'n Plt Excl Oth - Cust	12	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			258,926,397	232,378,572	11,476,981	6,673,270	5,572,861	492,848	1,850,600	275,955	205,311
Demand P, T, D Plant	13	N	100.0000%	52.3645%	2.6314%	5.0164%	19.9754%	0.1742%	7.9891%	6.8381%	5.0110%
			163,426,266	85,577,325	4,300,371	8,198,037	32,645,109	284,747	13,056,223	11,175,181	8,189,273
Customer P, T, D Plant	14	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707
Mains & Serv. - Demand	15	N	100.0000%	55.0376%	2.7654%	5.2719%	16.8042%	0.1650%	7.1287%	7.0004%	5.8269%
			96,843,813	53,300,484	2,678,112	5,105,512	16,273,780	159,784	6,903,718	6,779,412	5,643,012
Mains & Serv. - Cust.	16	N	100.0000%	90.9993%	4.5310%	2.4232%	1.5335%	0.1361%	0.3370%	0.0299%	0.0099%
			241,879,430	219,926,678	10,950,407	5,856,334	3,706,266	328,940	814,502	72,293	24,008
Meter & HR - Demand	17A	N	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Meter & HR - Customer	17	N	100.0000%	72.1976%	3.0531%	4.7367%	10.8227%	0.9504%	6.0074%	1.1809%	1.0512%
			17,246,967	12,451,894	526,573	816,936	1,866,596	163,907	1,036,098	203,661	181,302
Dist'n Plant - Customer	18	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707
Dist'n Labor, w/o other - D	19	N	100.0000%	50.2226%	2.5248%	4.8130%	20.0423%	0.1703%	7.9101%	6.5571%	7.7598%
			2,735,371	1,373,774	69,063	131,653	548,231	4,657	216,371	179,362	212,260
Dist'n Labor, w/o other - C	20	N	100.0000%	86.1377%	4.1245%	3.0031%	3.9516%	0.3476%	1.8206%	0.3312%	0.2837%
			5,737,091	4,941,801	236,628	172,290	226,705	19,940	104,448	19,004	16,275

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

#	Ex/En	Small Comm. & PA Service				Lrg Comm. & PA Service					
		Total	Residential	LE 250	GT 250	SVIS	IVIS	LVIS	LIS		
Historical No. of Meters	21	X	100.0000%	91.9367%	4.6603%	2.0383%	0.9945%	0.0953%	0.2193%	0.0388%	0.0169%
Meter/Customer			219,301	201,618	10,220	4,470	2,181	209	481	85	37
			1.04	1.04	1.14	1.08	0.96	1.12	1.31	2.18	2.85
Customer Service - Labor	22	X	100.0000%	59.1536%	13.0660%	6.0336%	3.3051%	0.2295%	0.4490%	13.3225%	4.4408%
Labor per Customer			2,516,001	1,488,304	328,740	151,805	83,156	5,773	11,298	335,194	111,731
			\$	\$ 7.67	\$ 36.63	\$ 36.63	\$ 36.63	\$ 30.87	\$ 30.87	\$ 8,594.72	\$ 8,594.69
Customer Service - O&M	23	X	100.0000%	86.1295%	4.4509%	2.0553%	1.1259%	0.0927%	0.1815%	4.4731%	1.4911%
O&M per Customer			8,665,639	7,463,673	385,697	178,104	97,563	18,037	15,731	387,624	129,210
			\$	\$ 38.48	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 9,939.08	\$ 9,939.23
Avg. Annual Tport Custs.	24	X	100.0000%	5.2419%	0.4839%	5.8871%	61.5323%	0.0806%	22.5806%	3.1452%	1.0484%
			1,240	65	6	73	763	1	280	39	13
Dist'n O&M; w/o other - D	25	N	100.0000%	50.4743%	2.5378%	4.8376%	19.4737%	0.1680%	7.7401%	6.5453%	8.2231%
			4,711,761	2,378,227	119,574	227,937	917,557	7,914	364,697	308,401	387,454
Dist'n O&M; w/o other - C	26	N	100.0000%	85.3799%	4.0529%	3.0873%	4.3340%	0.3809%	2.0577%	0.3795%	0.3279%
			8,041,817	6,866,091	325,927	248,273	348,532	30,627	165,479	30,517	26,369
Uncollectibles	27	X	100.0000%	97.0421%	1.6847%	0.7780%	0.4262%	0.0213%	0.0417%	0.0045%	0.0015%
			8,467,291	8,216,837	142,652	65,874	36,084	1,806	3,535	377	126
Labor - Demand	28	N	100.0000%	50.4241%	2.5352%	4.8327%	19.6002%	0.1685%	7.7783%	6.5488%	8.1123%
			5,412,965	2,729,439	137,229	261,592	1,060,951	9,121	421,035	354,486	439,114
Labor - Customer	29	N	100.0000%	85.1830%	5.3615%	2.9643%	2.8286%	0.2299%	1.0656%	1.7126%	0.6544%
			21,363,699	18,198,244	1,145,409	633,294	604,294	49,114	227,658	365,884	139,801
Labor - Commodity	30	N	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
			189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
O&M/Other Taxes - Demand	31	N	100.0000%	50.9969%	2.5640%	4.8876%	19.2177%	0.1678%	7.6828%	6.5948%	7.8885%
			14,702,205	7,497,663	376,960	718,579	2,825,425	24,665	1,129,545	969,587	1,159,780
O&M/Other Taxes - Cust.	32	N	100.0000%	87.3420%	4.1428%	2.4478%	3.1956%	0.1898%	1.2180%	1.0437%	0.4203%
			61,060,220	53,331,245	2,529,595	1,494,645	1,951,215	115,919	743,685	637,267	256,649
O&M/Other Taxes - Comm.	33	N	100.0000%	80.2249%	3.9313%	7.3070%	7.0566%	0.3156%	1.0517%	0.0609%	0.0522%
			321,218,151	257,696,785	12,627,996	23,471,275	22,667,116	1,013,829	3,378,172	195,570	167,609
Reg. Assessment - D	34	N	100.0000%	51.1960%	2.5735%	4.9057%	19.7495%	0.1708%	7.8621%	6.6639%	6.8786%
			600,841	307,606	15,462	29,476	118,663	1,026	47,239	40,039	41,330
Other Insurance - D	35	N	100.0000%	52.3645%	2.6314%	5.0164%	19.9754%	0.1742%	7.9891%	6.8381%	5.0110%
			(23,600)	(12,358)	(621)	(1,184)	(4,714)	(41)	(1,885)	(1,614)	(1,183)
Misc. General Exps. - D	36	N	100.0000%	51.2264%	2.5750%	4.9086%	19.7553%	0.1709%	7.8654%	6.6684%	6.8300%
			96,618	49,494	2,488	4,743	19,087	165	7,599	6,443	6,599
Reg. Assessment - C	37	N	100.0000%	86.0564%	5.1863%	2.8877%	2.6945%	0.2218%	0.9961%	1.4111%	0.5461%
			2,102,422	1,809,268	109,038	60,711	56,650	4,663	20,943	29,668	11,482
Other Insurance - C	38	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			(37,462)	(33,621)	(1,661)	(966)	(806)	(71)	(268)	(40)	(30)
Misc. General Exps. - C	39	N	100.0000%	86.1056%	5.1766%	2.8832%	2.6867%	0.2213%	0.9921%	1.3944%	0.5401%
			333,534	287,192	17,266	9,617	8,961	738	3,309	4,651	1,801
Meters & Svcs Plant	40	N	100.0000%	88.2039%	4.5816%	2.9541%	2.7483%	0.2427%	0.9931%	0.1606%	0.1156%
			147,392,868	130,006,292	6,752,896	4,354,180	4,050,772	357,720	1,463,803	236,773	170,431
M&R Sta Eq & HReg Plt.	41	N	100.0000%	20.7573%	1.0437%	1.9895%	48.8973%	0.2481%	15.6149%	4.6361%	6.8131%
			15,289,801	3,173,757	159,585	304,184	7,476,299	37,930	2,387,490	708,853	1,041,702
Gas Storage Inventory	42	X	100.0000%	80.6768%	3.9724%	7.3819%	6.8517%	0.3474%	0.7698%	0.0000%	0.0000%
			17,138,823	13,827,049	680,819	1,265,166	1,174,303	59,545	131,941		
M&S Working Capital	43	N	100.0000%	79.5175%	3.9835%	3.3279%	6.5050%	0.1548%	2.5274%	2.1713%	1.8125%
			1,136,529	903,739	45,274	37,823	73,932	1,759	28,725	24,678	20,599
Plant	44	N	100.0000%	75.2992%	3.7364%	3.5199%	9.0407%	0.1841%	3.5261%	2.7082%	1.9853%
			437,935,976	329,762,203	16,363,086	15,415,121	39,592,385	806,317	15,442,264	11,860,162	8,694,437
Customer Sec. Dep - Hist.	45	X	100.0000%	12.3089%	14.5537%	23.9524%	24.0949%	2.3377%	13.3476%	5.6525%	3.7522%
			2,447,539	301,266	356,208	586,244	589,733	57,217	326,687	138,348	91,836

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak & Average  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFG'S COST OF SERVICE STUDY

	#	Ex/ En	Total	Small Comm. & PA Service			Lrg Comm. & PA Service				
				Residential	LE 250	GT 250	SVIS	IVIS	LVIS	LIS	
Depreciation Expense	46	N	100.0000% 11,913,067	76.2865% 9,088,068	3.8137% 454,334	3.4499% 410,987	8.5868% 1,022,948	0.1846% 21,994	3.3080% 394,080	2.4724% 294,537	1.8981% 226,119
Labor Expense	47	N	100.0000% 26,966,218	77.9341% 21,015,876	4.7724% 1,286,945	3.3491% 903,123	6.2793% 1,693,286	0.2173% 58,590	2.4583% 662,907	2.7320% 736,717	2.2575% 608,775
Federal Income Tax	48	N	100.0000% 774,531	-258.7424% (2,004,042)	12.4273% 96,254	72.2088% 559,280	182.0942% 1,410,377	4.8359% 37,456	56.8964% 440,681	29.1445% 225,733	1.1353% 8,793
Annual Sales Volume	49	X	100.0000% 24,473,134	80.6057% 19,726,731	3.9501% 966,725	7.3387% 1,796,001	6.8658% 1,680,271	0.3170% 77,572	0.9228% 225,834	0.0000% -	0.0000% -
Percent of Throughput				99.6% 99.9%	99.9% 99.9%	97.1% 97.1%	26.7% 26.7%	97.4% 97.4%	7.1% 7.1%	0.0% 0.0%	0.0% 0.0%
Demand Alloc. Excl. LIS	50	N	100.0000% 99.9999%	58.4430% 58.4429%	2.9365% 2.9365%	5.5981% 5.5981%	17.8439% 17.8439%	0.1752% 0.1752%	7.5698% 7.5698%	7.4335% 7.4335%	0.0000% 0.0000%
<b>Classification Splits</b>			Total	D	C	E					
Distribution Mains	A	X	100.0000% 1	47.3800% 0.47	52.6200% 0.53	0.0000% -					
Plant	B	N	422,852,381 100.0000%	163,426,266 38.6485%	259,426,115 61.3515%	0.0000% -					
O&M Excluding Gas	C	N	54,002,828 100.0000%	9,438,126 17.4771%	44,564,702 82.5229%	0.0000% -					
Distribution Plant Excl. Oth.	D	N	384,824,667 100.0000%	125,898,270 32.7157%	258,926,397 67.2843%	0.0000% -					
Distribution O&M	E	N	22,138,799 100.0000%	7,912,537 35.7406%	14,226,262 64.2594%	0.0000% -					
Labor	F	N	26,966,218 100.0000%	5,412,965 20.0731%	21,363,699 79.2239%	189,554 0.7029%					
Services	G	N	134,125,157 100.0000%	- 0.0000%	134,125,157 100.0000%	0.0000% -					
Mains	H	N	338,523,243 100.0000%	96,843,813 28.6077%	241,679,430 71.3923%	0.0000% -					
Meters & House Regulators	I	N	17,246,967 100.0000%	- 0.0000%	17,246,967 100.0000%	0.0000% -					
Distribution Plant	J	N	385,567,364 100.0000%	126,141,249 32.7157%	259,426,115 67.2843%	0.0000% -					
Distribution O&M	K	N	17,830,140 100.0000%	6,372,597 35.7406%	11,457,543 64.2594%	0.0000% -					
Distribution Labor	L	N	11,388,498 100.0000%	3,689,374 32.3956%	7,699,124 67.6044%	0.0000% -					
P. T. D Plant	M	N	422,852,381 100.0000%	163,426,266 38.6485%	259,426,115 61.3515%	0.0000% -					
O&M/A&G Excl. Gas	N	N	73,796,332 100.0000%	14,148,256 19.1720%	59,648,076 80.8280%	0.0000% -					
Reg. Assessment Exps.	O	N	2,703,263 100.0000%	600,841 22.2265%	2,102,422 77.7735%	0.0000% -					
Other Insurance Expense	P	N	(61,062) 100.0000%	(23,600) 38.6485%	(37,462) 61.3515%	0.0000% -					
Misc. General Expense	Q	N	430,152 100.0000%	96,618 22.4613%	333,534 77.5387%	0.0000% -					

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION**  
**IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY**

Comparison of Cost of Service Study Results	Total	Small Comm. & PA Service		Lrg Comm.		SVIS	IVIS	LVIS	LIS
		Residential	LE 250	GT 250	PA Service				
<b>Existing Revenues</b>									
Rate Revenues	424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	1,316,665	7,517,593	3,183,617	2,113,289
Late Charge Revenues	1,601,774	1,249,664	63,342	106,771	128,801	4,973	28,291	11,950	7,982
Other Revenues	187,294	151,903	7,723	5,632	11,259	304	4,252	3,535	2,686
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Existing Dist'n Revenues</b>	<b>105,527,559</b>	<b>74,947,800</b>	<b>4,232,221</b>	<b>4,945,489</b>	<b>11,698,795</b>	<b>309,848</b>	<b>4,233,497</b>	<b>3,074,295</b>	<b>2,085,614</b>
Existing Dist'n Rate Revenues	103,738,491	73,546,233	4,161,156	4,833,086	11,558,735	304,571	4,200,954	3,058,810	2,074,946
<b>Rate Revenue Increase</b>	<b>25,794,313</b>	<b>20,160,578</b>	<b>1,140,735</b>	<b>1,324,876</b>	<b>3,167,863</b>	<b>(16)</b>	<b>329</b>	<b>(52)</b>	<b>-</b>
<b>Proposed Revenues</b>									
Rate Revenues	449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
Late Charge Revenues	1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Other Revenues	187,294	151,903	7,723	5,632	11,259	304	4,252	3,535	2,686
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Total Proposed Revenues</b>	<b>131,419,485</b>	<b>95,184,671</b>	<b>5,377,273</b>	<b>6,275,379</b>	<b>14,878,646</b>	<b>309,832</b>	<b>4,233,827</b>	<b>3,074,243</b>	<b>2,085,614</b>
Dist'n Rate Revenue Increase	24.9%	27.4%	27.4%	27.4%	27.4%	0.0%	0.0%	0.0%	0.0%
	6.1%	6.1%	6.8%						

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Summary of Cost of Service Study	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
<b>Total Operating Revenues</b>				<b>451,817,059</b>	<b>352,499,669</b>	<b>17,986,620</b>	<b>29,710,994</b>	<b>37,424,377</b>	<b>1,321,926</b>	<b>7,550,466</b>	<b>3,199,050</b>	<b>2,123,957</b>
O&M and A&G Expenses												
Demand				14,127,134	7,201,322	362,065	690,185	2,711,479	23,677	1,084,123	930,977	1,123,305
Customer				60,184,198	52,622,324	2,468,531	1,459,433	1,917,586	113,037	730,904	621,832	250,550
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Sub-Total O&amp;M/A&amp;G</b>				<b>395,521,575</b>	<b>317,516,752</b>	<b>15,458,412</b>	<b>25,620,549</b>	<b>27,295,012</b>	<b>1,150,328</b>	<b>5,192,607</b>	<b>1,747,698</b>	<b>1,540,218</b>
Depreciation Expenses												
Demand				4,223,574	2,189,120	110,012	209,720	858,867	7,385	341,109	286,776	220,585
Customer				7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
<b>Sub-Total Depreciation</b>				<b>11,913,067</b>	<b>9,088,068</b>	<b>454,334</b>	<b>410,987</b>	<b>1,022,948</b>	<b>21,994</b>	<b>394,080</b>	<b>294,537</b>	<b>226,119</b>
Negative Net Salvage				1,354,000	1,019,551	50,591	47,660	122,411	2,493	47,744	36,669	26,881
Taxes Other Than Income												
Demand				553,949	285,691	14,359	27,373	109,806	952	43,779	37,226	34,762
Customer				1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Commodity				7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Sub-Total Taxes Other</b>				<b>1,974,001</b>	<b>1,516,049</b>	<b>85,412</b>	<b>67,562</b>	<b>147,397</b>	<b>4,007</b>	<b>57,593</b>	<b>53,728</b>	<b>42,253</b>
Income Taxes				11,367,916	5,431,363	589,991	1,274,364	3,146,462	48,741	573,627	293,121	10,247
Investment Tax Credit				(4,000)	(3,012)	(149)	(141)	(362)	(7)	(141)	(108)	(79)
Def. Income Taxes				1,539,000	1,174,050	58,694	53,094	132,150	2,841	50,910	38,050	29,211
<b>Total Expenses</b>				<b>423,665,559</b>	<b>335,742,820</b>	<b>16,697,284</b>	<b>27,474,075</b>	<b>31,866,019</b>	<b>1,230,398</b>	<b>6,316,419</b>	<b>2,463,695</b>	<b>1,874,850</b>
<b>Utility Net Income</b>				<b>28,151,500</b>	<b>16,756,849</b>	<b>1,289,336</b>	<b>2,236,919</b>	<b>5,558,358</b>	<b>91,528</b>	<b>1,234,047</b>	<b>735,356</b>	<b>249,107</b>
<b>Rate Base</b>												
Gas Plant In Service												
Demand				169,255,855	88,629,959	4,453,769	8,490,470	33,809,595	294,904	13,521,953	11,573,812	8,481,393
Customer				268,680,121	241,132,243	11,909,317	6,924,651	5,782,790	511,413	1,920,312	286,350	213,045
<b>Sub-Total Gas Plant</b>				<b>437,935,976</b>	<b>329,762,203</b>	<b>16,363,086</b>	<b>15,415,121</b>	<b>39,592,385</b>	<b>806,317</b>	<b>15,442,264</b>	<b>11,860,162</b>	<b>8,694,437</b>
Accumulated Reserve for Dep'n												
Demand				(57,799,256)	(30,288,587)	(1,522,158)	(2,901,746)	(11,545,947)	(100,670)	(4,616,259)	(3,950,213)	(2,873,676)
Customer				(89,857,998)	(79,599,705)	(3,920,071)	(2,453,763)	(2,441,635)	(214,239)	(945,576)	(157,127)	(125,883)
<b>Sub-Total Acc. Res. for Dep'n</b>				<b>(147,657,254)</b>	<b>(109,888,292)</b>	<b>(5,442,228)</b>	<b>(5,355,510)</b>	<b>(13,987,581)</b>	<b>(314,909)</b>	<b>(5,561,835)</b>	<b>(4,107,340)</b>	<b>(2,999,558)</b>
Net Plant												
Demand				111,456,599	58,341,372	2,931,611	5,588,724	22,263,648	194,234	8,905,693	7,623,599	5,607,717
Customer				178,822,123	161,532,538	7,989,246	4,470,888	3,341,156	297,174	974,736	129,223	87,162
<b>Net Plant</b>				<b>290,278,722</b>	<b>219,873,910</b>	<b>10,920,858</b>	<b>10,059,612</b>	<b>25,604,804</b>	<b>491,408</b>	<b>9,880,429</b>	<b>7,752,822</b>	<b>5,694,879</b>
Working Capital												
Demand				12,806,127	9,665,857	477,148	889,533	1,155,225	40,384	255,868	152,545	169,566

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.				
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS
<b>Summary of Cost of Service Study</b>												
Customer				8,708,946	7,639,066	365,776	213,922	261,541	16,202	97,589	81,851	32,999
Commodity				31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
<b>Working Capital</b>				<b>52,656,257</b>	<b>42,406,480</b>	<b>2,073,048</b>	<b>3,388,803</b>	<b>3,554,850</b>	<b>155,293</b>	<b>640,823</b>	<b>234,396</b>	<b>202,565</b>
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(40,939,000)	(30,826,732)	(1,529,649)	(1,441,032)	(3,701,163)	(75,376)	(1,443,569)	(1,108,708)	(812,771)
Deferred Income Taxes ITC				(1,869,000)	(1,407,342)	(69,834)	(65,788)	(168,970)	(3,441)	(65,904)	(50,616)	(37,106)
<b>Net Rate Base</b>				<b>296,952,979</b>	<b>229,655,632</b>	<b>10,932,488</b>	<b>11,181,346</b>	<b>24,524,747</b>	<b>493,685</b>	<b>8,588,127</b>	<b>6,648,482</b>	<b>4,928,474</b>
Return Earned				9.48%	11.30%	11.78%	20.01%	22.66%	18.54%	14.37%	11.05%	15.05%
Unitized Rate of Return				100.0%	77.0%	124.4%	211.0%	239.1%	195.6%	151.6%	116.7%	53.3%
<b>Fully Allocated Cost</b>												
Return and Income Taxes		RB		41,054,416	31,750,407	1,511,441	1,545,846	3,390,601	68,253	1,187,328	919,168	681,373
Other Costs				410,762,643	329,140,420	16,048,749	26,146,758	28,587,768	1,178,823	5,692,024	2,132,632	1,835,471
Less Gas Costs				(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
Distribution Costs				131,419,485	103,575,828	4,950,843	4,256,989	9,432,638	234,982	3,562,712	2,926,992	2,478,500
<b>Revenue-Cost Ratio</b>				<b>100.0%</b>	<b>91.9%</b>	<b>108.6%</b>	<b>147.4%</b>	<b>157.7%</b>	<b>131.9%</b>	<b>118.8%</b>	<b>105.0%</b>	<b>84.1%</b>
<b>Customer Cost Summary</b>												
<b>Customer Rate Base</b>												
Plant and W/C				187,531,069	169,171,604	8,355,023	4,684,811	3,602,696	313,376	1,072,324	211,073	120,161
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(26,263,334)	(19,776,075)	(981,306)	(924,456)	(2,374,384)	(48,355)	(926,084)	(711,262)	(521,412)
<b>Customer Rate Base</b>				<b>158,093,735</b>	<b>149,004,844</b>	<b>6,911,781</b>	<b>3,000,106</b>	<b>463,539</b>	<b>190,821</b>	<b>(277,411)</b>	<b>(679,600)</b>	<b>(520,344)</b>
Percent				53.2%	64.9%	63.2%	26.8%	1.9%	38.7%	-3.2%	-10.2%	-10.6%
<b>Customer Costs</b>												
O&M and A&G Expenses				60,184,198	52,622,324	2,468,531	1,459,433	1,917,586	113,037	730,904	621,832	250,550
Depreciation Expenses				7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
Negative Net Salvage		CRB		834,113	786,159	36,467	15,829	2,446	1,007	(1,464)	(3,586)	(2,745)
Taxes Other Than Income				1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Income Taxes		CRB		6,869,337	6,474,416	300,324	130,358	20,141	8,291	(12,054)	(29,529)	(22,610)
Return		CRB		14,987,476	14,125,839	655,245	284,414	43,944	18,090	(26,299)	(64,427)	(49,329)
<b>Total Customer Costs</b>				<b>91,976,761</b>	<b>82,134,364</b>	<b>3,875,762</b>	<b>2,131,144</b>	<b>2,184,619</b>	<b>158,075</b>	<b>757,280</b>	<b>547,871</b>	<b>187,645</b>
Number of Customers				209,975	193,982	8,974	4,144	2,270	187	366	39	13
<b>Cost per Customer per Month</b>				<b>\$ 36.50</b>	<b>\$ 35.28</b>	<b>\$ 35.99</b>	<b>\$ 42.86</b>	<b>\$ 80.20</b>	<b>\$ 70.44</b>	<b>\$ 172.42</b>	<b>\$ 1,170.67</b>	<b>\$ 1,202.85</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250					
<b>Gas Plant in Service</b>												
<b>Production Plant</b>	325-338	D	2	2,587,318	1,348,492	67,850	129,329	410,882	3,975	172,549	167,633	286,609
<b>Transmission Plant</b>	365-369	D	50	34,697,699	20,278,376	1,018,898	1,942,412	6,191,423	60,790	2,626,546	2,579,253	-
<b>Distribution Plant</b>												
Land	374.1	D	9	822,806	452,852	22,754	43,378	138,266	1,358	58,655	57,600	47,944
Land Rights	374.2	D	9	5,310,777	2,922,919	146,864	279,979	892,434	8,763	378,589	371,776	309,454
Structures & Improvemts.	375	D	2	7,631,073	3,977,261	200,118	381,443	1,211,861	11,724	508,918	494,420	845,329
Mains (LIS)	376	D	Direct	5,643,012	-	-	-	-	-	-	-	5,643,012
Mains (>4")	376	D (A)	50	48,202,633	28,171,065	1,415,470	2,698,432	8,601,230	84,451	3,648,843	3,583,143	-
Mains (Other)	376	D (A)	50	42,998,168	25,129,419	1,262,641	2,407,080	7,672,550	75,333	3,254,875	3,196,269	-
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	9,204,355	2,066	-	-	6,509,893	28,581	1,981,650	314,575	367,590
Other	387	D (D)	11	242,979	123,184	6,190	11,801	50,165	424	19,758	16,235	15,222
Land Rights	374.2	C	10									
Mains	376	C (A)	4	107,554,273	99,386,924	4,597,838	2,123,229	1,162,984	95,831	187,467	-	-
M&R Sta. Equip.	378	D	2	6,085,446	3,171,691	159,585	304,184	966,406	9,349	405,839	394,278	674,113
Services	380	C	5	134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008
Meters	381	C	6	13,267,711	9,466,538	400,327	621,075	1,507,491	124,610	836,768	164,480	146,422
Meter Installations	382	C	6	3,160,552	2,255,060	95,363	147,949	359,105	29,684	199,330	39,181	34,880
House Regulators	383	C	7									
House Regulator Install.	384	C	7	818,704	730,296	30,883	47,912	-	9,613	-	-	-
Other	387	C (D)	12	499,718	448,482	22,150	12,879	10,755	951	3,572	533	396
Distribution Demand		D		126,141,249	63,950,457	3,213,623	6,126,297	26,042,804	219,982	10,257,128	8,428,295	7,902,664
Distribution Customer		C		259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707
<b>Total Distribution</b>				<b>385,567,364</b>	<b>296,777,511</b>	<b>14,712,753</b>	<b>12,812,446</b>	<b>31,626,421</b>	<b>713,781</b>	<b>12,111,300</b>	<b>8,704,782</b>	<b>8,108,371</b>
<b>General Plant</b>	389-399											
Demand		D (M)	13	4,938,313	2,585,922	129,946	247,723	986,450	8,604	394,525	337,685	247,458
Customer		C (M)	14	7,839,177	7,035,423	347,474	202,038	168,722	14,921	56,028	8,355	6,216
<b>Total General Plant</b>				<b>12,777,490</b>	<b>9,621,345</b>	<b>477,419</b>	<b>449,761</b>	<b>1,155,172</b>	<b>23,526</b>	<b>450,553</b>	<b>346,039</b>	<b>253,674</b>
<b>Intangible Plant</b>	301-303											
Demand		D (M)	13	891,276	466,712	23,453	44,710	178,036	1,553	71,205	60,946	44,662
Customer		C (M)	14	1,414,829	1,269,766	62,713	36,464	30,451	2,693	10,112	1,508	1,122
<b>Total Intangible Plant</b>				<b>2,306,105</b>	<b>1,736,478</b>	<b>86,166</b>	<b>81,174</b>	<b>208,488</b>	<b>4,246</b>	<b>81,317</b>	<b>62,454</b>	<b>45,784</b>
<b>Plant in Service Summary</b>												
Demand		D		169,255,855	88,629,959	4,453,769	8,490,470	33,809,595	294,904	13,521,953	11,573,812	8,481,393
Customer		C		268,680,121	241,132,243	11,909,317	6,924,651	5,782,790	511,413	1,920,312	286,350	213,045
<b>Gas Plant in Service</b>				<b>437,935,976</b>	<b>329,762,203</b>	<b>16,363,086</b>	<b>15,415,121</b>	<b>39,592,385</b>	<b>806,317</b>	<b>15,442,264</b>	<b>11,860,162</b>	<b>8,694,437</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service			Lrg Comm.				
						LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS	
<b>Accumulated Reserve for Depreciation</b>													
<i>Production Plant</i>	325-338	D	2	(1,794,097)	(935,071)	(47,049)	(89,679)	(284,914)	(2,756)	(119,649)	(116,240)	(198,740)	
<i>Transmission Plant</i>	365-369	D	50	(15,018,307)	(8,777,149)	(441,013)	(840,740)	(2,679,852)	(26,312)	(1,136,856)	(1,116,386)	-	
<i>Distribution Plant</i>													
Land	374.1	D	9	16,125	8,875	446	850	2,710	27	1,150	1,129	940	
Land Rights	374.2	D	9	(975,153)	(536,700)	(26,967)	(51,409)	(163,867)	(1,609)	(69,516)	(68,265)	(56,821)	
Structures & Improvmnts.	375	D	2	(3,584,026)	(1,867,969)	(93,988)	(179,149)	(569,165)	(5,506)	(239,019)	(232,210)	(397,019)	
Mains	376	D (A)	9	(27,598,262)	(15,189,393)	(763,202)	(1,454,953)	(4,637,667)	(45,537)	(1,967,397)	(1,931,989)	(1,608,123)	
Compressor Sta. Equip.	377	D											
Services	380	D											
Meters	381-382	D											
Regulators	383-384	D											
Ind. M&R. Sta. Equip.	385	D	8	(3,112,938)	(699)	-	-	(2,201,664)	(9,666)	(670,200)	(106,390)	(124,320)	
Other	387	D (D)	11	(197,412)	(99,931)	(5,022)	(9,573)	(40,695)	(344)	(16,028)	(13,170)	(12,349)	
Land Rights	374.2	C	10										
Mains	376	C (A)	10	(30,650,496)	(28,322,989)	(1,310,278)	(605,071)	(331,424)	(27,310)	(53,424)	-	-	
M&R Sta. Equip.	378	D	2	(3,294,506)	(1,717,073)	(86,395)	(164,678)	(523,188)	(5,061)	(219,711)	(213,452)	(364,948)	
Services	380	C	5	(44,467,775)	(39,963,679)	(2,106,127)	(1,237,672)	(843,198)	(77,285)	(207,887)	(23,968)	(7,960)	
Meters	381	C	6	(8,894,347)	(6,346,134)	(268,369)	(416,353)	(1,010,585)	(83,536)	(560,949)	(110,263)	(98,158)	
Meter Installations	382	C	6	(1,506,216)	(1,074,688)	(45,447)	(70,507)	(171,138)	(14,146)	(94,994)	(18,673)	(16,623)	
House Regulators	383	C	7										
House Regulator Install.	384	C	7	(376,401)	(335,755)	(14,199)	(22,028)	-	(4,420)	-	-	-	
Other	387	C (D)	12	(405,388)	(363,823)	(17,969)	(10,448)	(8,725)	(772)	(2,897)	(432)	(321)	
Distribution Demand		D		(38,745,872)	(19,402,890)	(975,128)	(1,858,912)	(8,133,536)	(67,697)	(3,180,722)	(2,564,347)	(2,562,640)	
Distribution Customer		C		(86,300,623)	(76,407,068)	(3,762,389)	(2,362,080)	(2,365,069)	(207,468)	(920,151)	(153,336)	(123,062)	
<b>Total Distribution</b>				<b>(125,046,495)</b>	<b>(95,809,959)</b>	<b>(4,737,517)</b>	<b>(4,220,992)</b>	<b>(10,498,605)</b>	<b>(275,165)</b>	<b>(4,100,872)</b>	<b>(2,717,683)</b>	<b>(2,685,702)</b>	
<i>General Plant</i>	389-399												
Demand		D	13	(1,736,397)	(909,255)	(45,691)	(87,104)	(346,853)	(3,025)	(138,722)	(118,736)	(87,011)	
Customer		C	14	(2,756,390)	(2,473,777)	(122,178)	(71,040)	(59,326)	(5,247)	(19,700)	(2,938)	(2,186)	
<b>Total General Plant</b>				<b>(4,492,787)</b>	<b>(3,383,032)</b>	<b>(167,869)</b>	<b>(158,144)</b>	<b>(406,178)</b>	<b>(8,272)</b>	<b>(158,422)</b>	<b>(121,673)</b>	<b>(89,196)</b>	
<i>Intangible Plant</i>	301-303												
Demand		D	13	(504,583)	(264,222)	(13,278)	(25,312)	(100,793)	(879)	(40,311)	(34,504)	(25,285)	
Customer		C	14	(800,985)	(718,860)	(35,504)	(20,644)	(17,240)	(1,525)	(5,725)	(854)	(635)	
<b>Total Intangible Plant</b>				<b>(1,305,568)</b>	<b>(983,082)</b>	<b>(48,781)</b>	<b>(45,955)</b>	<b>(118,032)</b>	<b>(2,404)</b>	<b>(46,036)</b>	<b>(35,357)</b>	<b>(25,920)</b>	
<i>Accumulated Reserve for Dep'n Summary</i>													
Demand		D		(57,799,256)	(30,288,587)	(1,522,158)	(2,901,746)	(11,545,947)	(100,670)	(4,616,259)	(3,950,213)	(2,873,676)	
Customer		C		(89,857,998)	(79,599,705)	(3,920,071)	(2,453,763)	(2,441,635)	(214,239)	(945,576)	(157,127)	(125,883)	
<b>Total Accumulated Reserve</b>				<b>(147,657,254)</b>	<b>(109,888,292)</b>	<b>(5,442,228)</b>	<b>(5,355,510)</b>	<b>(13,987,581)</b>	<b>(314,909)</b>	<b>(5,561,835)</b>	<b>(4,107,340)</b>	<b>(2,999,558)</b>	

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.				
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS
<b>Depreciation Expense</b>												
<i>Production Plant</i>	325-338	D	2	75,973	39,597	1,992	3,798	12,065	117	5,067	4,922	8,416
<i>Transmission Plant</i>	365-369	D	50	766,425	447,922	22,506	42,905	136,760	1,343	58,017	56,972	-
<i>Distribution Plant</i>												
Land	374.1	D	9	-	-	-	-	-	-	-	-	-
Land Rights	374.2	D	9	76,500	42,104	2,116	4,033	12,855	126	5,453	5,355	4,458
Structures & Improvmts.	375	D	2	276,163	143,934	7,242	13,804	43,856	424	18,417	17,893	30,592
Mains	376	D (A)	9	2,091,702	1,151,220	57,844	110,272	351,494	3,451	149,111	146,428	121,881
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	240,183	54	-	-	169,872	746	51,710	8,209	9,592
Other	387	D (D)	11	3,845	1,950	98	187	794	7	313	257	241
Land Rights	374.2	C	10	-	-	-	-	-	-	-	-	-
Mains	376	C	10	2,323,035	2,146,631	99,307	45,859	25,119	2,070	4,049	-	-
M&R Sta. Equip.	378	D	2	176,217	91,843	4,621	8,808	27,984	271	11,752	11,417	19,520
Services	380	C	5	4,143,048	3,723,403	196,227	115,313	78,560	7,201	19,369	2,233	742
Meters	381	C	6	297,294	212,120	8,970	13,917	33,779	2,792	18,750	3,686	3,281
Meter Installations	382	C	6	77,479	55,281	2,338	3,627	8,803	728	4,886	961	855
House Regulators	383	C	7	-	-	-	-	-	-	-	-	-
House Regulator Install.	384	C	7	20,722	18,484	782	1,213	-	243	-	-	-
Other	387	C (D)	12	7,909	7,098	351	204	170	15	57	8	6
Distribution Demand		D		2,864,610	1,431,105	71,921	137,105	606,856	5,025	236,757	189,558	186,284
Distribution Customer		C		6,869,487	6,163,017	307,975	180,133	146,432	13,049	47,111	6,888	4,884
<b>Total Distribution</b>				<b>9,734,097</b>	<b>7,594,122</b>	<b>379,896</b>	<b>317,237</b>	<b>753,288</b>	<b>18,074</b>	<b>283,867</b>	<b>196,446</b>	<b>191,168</b>
<i>General Plant</i>	389-399											
Demand		D (M)	13	430,711	225,539	11,334	21,606	86,036	750	34,410	29,452	21,583
Customer		C (M)	14	683,718	613,617	30,306	17,621	14,716	1,301	4,887	729	542
<b>Total General Plant</b>				<b>1,114,429</b>	<b>839,156</b>	<b>41,640</b>	<b>39,227</b>	<b>100,752</b>	<b>2,052</b>	<b>39,296</b>	<b>30,181</b>	<b>22,125</b>
<i>Intangible Plant</i>	301-303											
Demand		D (M)	13	85,855	44,958	2,259	4,307	17,150	150	6,859	5,871	4,302
Customer		C (M)	14	136,288	122,314	6,041	3,513	2,933	259	974	145	108
<b>Total Intangible Plant</b>				<b>222,143</b>	<b>167,272</b>	<b>8,300</b>	<b>7,819</b>	<b>20,083</b>	<b>409</b>	<b>7,833</b>	<b>6,016</b>	<b>4,410</b>
<i>Depreciation Summary</i>												
Demand		D		4,223,574	2,189,120	110,012	209,720	858,867	7,385	341,109	286,776	220,585
Customer		C		7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
<b>Total Depreciation</b>				<b>11,913,067</b>	<b>9,088,068</b>	<b>454,334</b>	<b>410,987</b>	<b>1,022,948</b>	<b>21,994</b>	<b>394,080</b>	<b>294,537</b>	<b>226,119</b>

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 Iec SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
<b>Working Capital</b>												
<b>Cash</b>												
Commodity Related		E	49	31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
Non-Comm. Related - Dem.		D (N)	31	1,754,846	894,931	44,994	85,771	337,231	2,944	134,819	115,730	138,425
Non-Comm. Related - Cust		C (N)	32	7,475,970	6,535,672	308,208	181,968	237,159	14,088	90,315	77,392	31,167
<b>Cash Working Capital</b>				<b>40,372,000</b>	<b>32,532,160</b>	<b>1,583,326</b>	<b>2,553,085</b>	<b>2,712,475</b>	<b>115,740</b>	<b>512,500</b>	<b>193,123</b>	<b>169,592</b>
<b>Prepayments</b>												
PUC General Assess. -- D		D (O)	34	74,097	37,938	1,907	3,635	14,634	127	5,826	4,938	5,092
PUC General Assess. -- C		C(O)	37	281,182	224,760	13,546	7,542	7,038	579	2,602	3,687	1,427
Other Insurance - Demand		D (P)	35	106,057	55,536	2,791	5,320	21,185	185	8,473	7,252	5,315
Other Insurance - Customer		C (P)	38	168,353	151,092	7,462	4,339	3,623	320	1,203	179	133
AGA Dues - Demand		D (Q)	36	4,675	2,395	120	229	924	8	368	312	319
AGA Dues - Customer		C (Q)	39	18,255	13,996	842	469	437	36	161	227	88
<b>Total Prepayments</b>				<b>630,619</b>	<b>485,717</b>	<b>26,668</b>	<b>21,535</b>	<b>47,842</b>	<b>1,255</b>	<b>18,633</b>	<b>16,595</b>	<b>12,373</b>
<b>Materials &amp; Supplies (page 11)</b>												
Valves - Demand		D	9	67,825	37,329	1,876	3,576	11,397	112	4,835	4,748	3,952
Valves - Customer		C	10	-	-	-	-	-	-	-	-	-
Regulators - Dom. & Ind.		D	41	6,057	1,257	63	121	2,962	15	946	281	413
Meter & Service Risers		C	40	99,759	87,991	4,571	2,947	2,742	242	991	160	115
Pipe, Mains & Svces -- D		D (H)	15	275,460	151,607	7,618	14,522	46,289	454	19,637	19,283	16,051
Pipe, Mains & Svces -- C		C (H)	16	687,428	625,555	31,147	16,658	10,542	936	2,317	206	68
<b>Total Materials &amp; Supplies</b>				<b>1,136,529</b>	<b>903,739</b>	<b>45,274</b>	<b>37,823</b>	<b>73,932</b>	<b>1,759</b>	<b>28,725</b>	<b>24,678</b>	<b>20,599</b>
<b>Gas Storage Inventory</b>		D	42	<b>10,517,109</b>	<b>8,484,864</b>	<b>417,779</b>	<b>776,360</b>	<b>720,602</b>	<b>36,539</b>	<b>80,965</b>	-	-
<b>Summary of Working Capital</b>												
Demand		D		12,806,127	9,665,857	477,148	889,533	1,155,225	40,384	255,868	152,545	169,566
Customer		C		8,708,946	7,639,066	365,776	213,922	261,541	16,202	97,589	81,851	32,999
Commodity		E		31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
<b>Total Working Capital</b>				<b>52,656,257</b>	<b>42,406,480</b>	<b>2,073,048</b>	<b>3,388,803</b>	<b>3,554,850</b>	<b>155,293</b>	<b>640,823</b>	<b>234,396</b>	<b>202,565</b>
Customer Security Deposits	235	C	45	(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes - D		D (N)	44	(15,822,325)	(11,914,081)	(591,187)	(556,938)	(1,430,446)	(29,132)	(557,918)	(428,499)	(314,124)
Deferred Income Taxes - C		C (N)	44	(25,116,675)	(18,912,650)	(938,462)	(884,094)	(2,270,718)	(46,244)	(885,651)	(680,209)	(498,647)
Deferred Income Tax ITC - D		D (N)	44	(722,341)	(543,917)	(26,990)	(25,426)	(65,305)	(1,330)	(25,471)	(19,562)	(14,341)
Deferred Income Tax ITC - C		C (N)	44	(1,146,659)	(863,425)	(42,844)	(40,362)	(103,666)	(2,111)	(40,433)	(31,054)	(22,765)
<b>Operating Revenues</b>												
Revenues	480-1,9			449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
<b>Other Operating Revenues</b>												
Late Payment Charges	487			1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Bill Insert Revenues	495	3		53,905	49,799	2,304	1,064	583	48	94	10	3
Customer Billing Service Chgs	495	3		3,981	3,678	170	79	43	4	7	-1	0
Sale of Inventory Mat'ls	495	43		(1,956)	(1,555)	(78)	(65)	(127)	(3)	(49)	(42)	(35)
Rental Income - D	495	D	13	35,148	18,405	925	1,763	7,021	81	2,808	2,403	1,761
Rental Income - C	495	C	14	55,795	50,074	2,473	1,438	1,201	106	399	59	44
Sales Tax - D	495	D	28	8,114	4,091	206	392	1,590	14	631	531	658
Sales Tax - Cust	495	C	29	32,023	27,278	1,717	949	906	74	341	548	210
Sales Tax - Comm.	495	E	30	284	132	6	12	42	1	21	24	45
<b>Total Other Operating Revenues</b>				<b>1,886,681</b>	<b>1,477,860</b>	<b>75,382</b>	<b>117,417</b>	<b>152,048</b>	<b>5,277</b>	<b>32,544</b>	<b>15,485</b>	<b>10,668</b>
<b>Total Operation Revenue</b>				<b>451,817,059</b>	<b>352,499,669</b>	<b>17,986,620</b>	<b>29,710,994</b>	<b>37,424,377</b>	<b>1,321,926</b>	<b>7,550,466</b>	<b>3,199,050</b>	<b>2,123,957</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250					
<b>Direct Labor Expense</b>												
Natural Gas Production	750-769	D?	2	5,660	2,950	148	283	899	9	377	367	627
Other Gas Supply	807.1-813	E	1	189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
Transmission	850-867	D	2	569,371	296,752	14,931	28,460	90,420	875	37,971	36,890	63,072
<b>Distribution</b>												
Load Dispatching	871	D	2	663,374	345,746	17,396	33,159	105,348	1,019	44,241	42,980	73,485
Structures & Improvements	886	D	2	86,792	45,235	2,276	4,338	13,783	133	5,788	5,623	9,614
Compressor Sta. Eqmt.	872	D	2	3,815	1,988	100	191	606	6	254	247	423
Compressor Sta. Eqmt. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	763,508	420,216	21,114	40,251	128,301	1,260	54,428	53,448	44,489
Mains Maintenance	887	D (A)	9	718,514	395,452	19,870	37,879	120,741	1,186	51,221	50,299	41,867
Services Maintenance	887	D	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	316,240	164,822	8,293	15,807	50,221	486	21,090	20,489	35,031
Meas&Reg - Industrial	876,890	D	8	182,603	41	-	-	129,148	567	39,313	6,241	7,293
Meas&Reg - City	877,891	D	2	524	273	14	26	83	1	35	34	58
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D (J)	19	954,003	479,125	24,087	45,916	191,204	1,624	75,463	62,555	74,029
Rents	881	D (J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	D (K)	19	1,148,561	576,837	28,999	55,280	230,198	1,956	90,852	75,313	89,126
<b>Mains &amp; Services</b>												
Mains & Services	874	C (H)	16	1,905,380	1,733,883	86,332	46,171	29,220	2,593	6,421	570	189
Mains Maintenance	887	C(A)	10	797,979	737,383	34,113	15,753	8,629	711	1,391	-	-
Services Maintenance	893	C	5	520,705	467,963	24,662	14,493	9,874	905	2,434	281	93
Meters & House Regulators	878,893	C(I)	17	1,440,472	1,039,986	43,980	68,231	155,899	13,690	86,535	17,010	15,142
Customer Installations	879	C	18	1,072,556	962,586	47,541	27,643	23,085	2,042	7,666	1,143	850
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	20	1,962,033	1,690,051	80,925	58,922	77,531	6,819	35,720	6,499	5,566
Rents	881	C(J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	C(K)	20	2,396,860	2,064,601	98,859	71,980	94,714	8,331	43,636	7,939	6,800
Total Distribution -- Demand	881	C(J)	26	4,837,934	2,429,737	122,149	232,848	969,633	8,237	382,686	317,230	375,415
Total Distribution -- Customer	870,885	C(K)	26	10,095,985	8,696,454	416,412	303,192	398,950	35,091	183,804	33,442	28,641
Total Distribution				14,933,919	11,126,190	538,561	536,040	1,368,583	43,328	566,490	350,672	404,056
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,224,872	2,045,473	103,685	45,349	22,127	2,120	4,880	862	375
Customer Records & Coll.	903	C	21	5,392,409	4,957,600	251,300	109,913	53,629	5,139	11,827	2,090	910
Misc. Customer Accts.	905	C	21	88,231	81,117	4,112	1,798	877	84	194	34	15
Supervision	901	C	21	1,046,199	961,840	48,756	21,325	10,405	997	2,295	406	177
Total Customer Accounts				8,751,711	8,046,030	407,853	178,386	87,038	8,341	19,195	3,392	1,477
<b>Customer Service</b>												
Customer Service	909-913	C	22	2,455,635	1,452,595	320,852,595	148,162,7675	81,160,85171	5634,489356	11026,92894	327151,7452	109050,2564
Transportation Admin.		C	24	60,368	3,164	292.10	3,553.92	37,145.79	48.68	13,631.48	1,898.67	632.89
Total Customer Service				2,516,003	1,455,760	321,145	151,717	118,307	5,683	24,658	329,050	109,683
<b>Summary of Direct Labor</b>												
Demand		D		5,412,965	2,729,439	137,229	261,592	1,060,951	9,121	421,035	354,486	439,114
Customer		C		21,363,699	18,198,244	1,145,409	633,294	604,294	49,114	227,658	365,884	139,801
Commodity		E		189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
Total Direct Labor				26,966,218	21,015,876	1,286,945	903,123	1,693,286	58,590	662,907	736,717	608,775

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class	Alloc.	Small Comm. & PA Service				Lrg Comm.				
				Total	Residential	LE 250	GT 250	PA Service	SVIS	IVS	LVIS	LIS
<b>O&amp;M Expense</b>												
Natural Gas Production	750-769	D?	2	67,288	35,070	1,765	3,363	10,686	103	4,487	4,360	7,454
Purchase Gas Expense	410.899	E	Direct	320,397,674	267,314,998	12,609,347	23,435,615	22,545,731	1,012,094	3,316,839	124,807	38,343
Other Gas Supply	807.1-813	E	1	894,604	416,229	20,331	38,877	132,336	1,674	67,084	77,146	140,927
Gas for Utility Opns	807.1-813	E	1	(81,935)	(38,122)	(1,862)	(3,561)	(12,120)	(153)	(6,144)	(7,066)	(12,907)
Transmission	850-867	D	2	1,458,301	760,056	38,243	72,894	231,587	2,240	97,254	94,484	161,543
				\$ 13.09	\$ 13.0440	\$ 13.0434	\$ 13.0488	\$ 13.4178	\$ 13.0472	\$ 14.69	#DIV/0!	#DIV/0!
<b>Distribution</b>												
Load Dispatching	871	D	2	1,445,917	753,602	37,918	72,275	229,620	2,221	96,428	93,681	160,171
Structures & Improvements	886	D	2	311,329	162,262	8,164	15,562	49,441	478	20,763	20,171	34,487
Compressor Sta. Eqmt.	872	D	2	10,248	5,341	269	512	1,627	16	683	664	1,135
Compressor Sta. Eq. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	1,090,617	600,249	30,160	57,496	183,269	1,799	77,747	76,347	63,549
Mains Maintenance	887	D (A)	9	1,104,226	607,739	30,536	58,214	185,556	1,822	78,717	77,300	64,342
Services Maintenance	887	D (H)	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	463,506	241,576	12,155	23,169	73,608	712	30,911	30,031	51,345
Meas&Reg - Industrial	876,890	D	8	271,725	61	-	-	192,181	844	58,501	9,287	10,852
Meas&Reg - City	877,891	D	2	14,193	7,397	372	709	2,254	22	947	920	1,572
Meters & House Regulators	878,893	D (I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Distrn Expense	879	D (J)	25	1,649,743	832,696	41,867	79,808	321,267	2,771	127,693	107,981	135,660
Rents	881	D (J)	25	11,092	5,599	281	537	2,160	19	859	726	912
Supervision & Engrg.	870,885	D (K)	25	1,539,940	777,274	39,080	74,496	299,884	2,587	119,194	100,794	126,631
Mains & Services	874	C (H)	16	2,721,669	2,476,728	123,319	65,952	41,739	3,704	9,173	814	270
Mains Maintenance	887	C (A)	10	1,226,349	1,133,223	52,425	24,209	13,261	1,093	2,138	-	-
Services Maintenance	893	C (H)	5	534,793	480,624	25,329	14,885	10,141	929	2,500	288	96
Meters & House Regulators	878,893	C (I)	17	2,385,027	1,721,932	72,818	112,971	258,125	22,666	143,279	28,164	25,072
Customer Installations	879	C	18	1,173,949	1,053,584	52,036	30,256	25,267	2,235	8,390	1,251	931
Maint. of Other Eqmt.	894	C (J)	14	-	-	-	-	-	-	-	-	-
Other Distrn Expense	880	C (J)	26	3,392,915	2,896,866	137,512	104,749	147,049	12,922	69,817	12,875	11,125
Rents	881	C (J)	26	22,812	19,477	925	704	989	87	469	87	75
Supervision & Engrg.	870,885	C (K)	26	2,768,719	2,363,928	112,214	85,478	119,896	10,545	56,873	10,507	9,078
Total Distribution - Demand				7,912,537	3,993,795	200,803	382,779	1,540,867	13,291	612,442	517,902	650,657
Total Distribution - Customer				14,226,262	12,146,362	576,577	439,205	616,566	54,181	292,739	53,986	46,647
Total Distribution				22,138,799	16,140,157	777,380	821,983	2,157,433	67,472	905,181	571,888	697,304
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,576,031	2,368,317	120,050	62,507	25,619	2,455	5,650	998	435
Customer Records & Coll.	903	C	21	9,068,820	8,337,570	422,631	184,849	90,192	8,643	19,891	3,515	1,530
Uncollectibles	904	C	27	8,952,000	8,687,209	150,818	69,645	38,150	1,909	3,737	399	133
Misc. Customer Accts.	905	C	21	493,112	453,351	22,986	10,051	4,904	470	1,082	191	83
Supervision	901	C	21	1,097,836	1,009,314	51,162	22,377	10,918	1,046	2,408	426	185
Total Customer Accounts				22,187,799	20,855,759	767,641	339,429	169,783	14,523	32,768	5,529	2,366
<b>Customer Service</b>												
Customer Service	909-913	C	23	7,485,090	6,446,872	333,152	153,840	84,272	6,942	13,588	334,817	111,607
Transportation Admin.		C	24	966,489	52,235	4,821,72	58,664.27	613,162.18	803.62	225,013.65	31,341.19	10,447.06
Total Customer Service				8,451,579	6,499,107	337,974	212,503	697,434	7,746	238,602	366,158	122,054
Sales Promotion		C	Direct	184,062	184,062	-	-	-	-	-	-	-
<b>Summary of O&amp;M</b>												
Demand		D		9,438,126	4,788,922	240,810	459,036	1,783,140	15,635	714,184	616,746	819,654
Customer		C		45,079,702	39,685,290	1,682,192	991,139	1,483,782	76,450	564,108	425,673	171,068
Commodity		E		321,210,243	257,693,106	12,827,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
Total O&M				375,728,071	302,167,318	14,550,818	24,921,105	25,932,869	1,105,699	4,655,871	1,237,306	1,157,084

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Administrative & General Expense	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.					
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS	
<b>A&amp;G Salaries</b>	920												
Corporate Mgmt. - Non O&M		D (M)	13	362,848	190,004	9,548	18,202	72,481	632	28,988	24,812	18,182	
Corporate Mgmt. - O&M		D (C)	28	544,129	274,372	13,795	26,296	106,650	917	42,324	35,634	44,141	
Consumer Services		D	3	-	-	-	-	-	-	-	-	-	
Operations, Engrg. & Mech.		D (M)	13	386,975	202,638	10,183	19,412	77,300	674	30,916	26,462	19,391	
Corporate Mgmt. - Non O&M		C (M)	14	675,993	516,936	25,531	14,845	12,397	1,096	4,117	614	457	
Corporate Mgmt. - O&M		C (C)	29	2,598,946	2,213,861	139,342	77,042	73,514	5,975	27,695	44,511	17,007	
Consumer Services		C	3	290,913	268,755	12,433	5,741	3,145	259	507	54	18	
Operations, Engrg. & Mech.		C (M)	14	614,292	551,308	27,229	15,832	13,221	1,169	4,390	655	487	
<b>Total A&amp;G Salaries</b>				<b>5,374,096</b>	<b>4,217,873</b>	<b>238,060</b>	<b>177,370</b>	<b>358,708</b>	<b>10,723</b>	<b>138,937</b>	<b>132,741</b>	<b>99,684</b>	
<b>Office Supplies &amp; Expenses</b>	921												
Corporate Mgmt. - Non O&M		D (M)	13	244,723	128,148	6,440	12,276	48,884	426	19,551	16,734	12,263	
Corporate Mgmt. - O&M		D (C)	28	366,988	185,050	9,304	17,735	71,930	618	28,545	24,033	29,771	
Consumer Services		D	3	-	-	-	-	-	-	-	-	-	
Operations, Engrg. & Mech.		D (M)	13	149,224	78,141	3,927	7,486	29,808	260	11,922	10,204	7,478	
Corporate Mgmt. - Non O&M		C (M)	14	388,478	348,647	17,219	10,012	8,361	739	2,777	414	308	
Corporate Mgmt. - O&M		C (C)	29	1,752,860	1,493,139	93,979	51,961	49,581	4,030	18,679	30,020	11,470	
Consumer Services		C	3	96,378	89,037	4,119	1,902	1,042	86	168	18	6	
Operations, Engrg. & Mech.		C (M)	14	236,882	212,594	10,500	6,105	5,098	451	1,693	252	188	
<b>Sub-Total</b>				<b>3,235,533</b>	<b>2,534,757</b>	<b>145,487</b>	<b>107,477</b>	<b>214,706</b>	<b>6,611</b>	<b>83,335</b>	<b>81,676</b>	<b>61,484</b>	
<b>Admin Expense Transferred Credit</b>	921												
Corporate Mgmt. - Non O&M		D (M)	13	-	-	-	-	-	-	-	-	-	
Corporate Mgmt. - O&M		D (C)	28	-	-	-	-	-	-	-	-	-	
Consumer Services		D	3	-	-	-	-	-	-	-	-	-	
Operations, Engrg. & Mech.		D (M)	13	(184,738)	(96,737)	(4,861)	(9,267)	(36,902)	(322)	(14,759)	(12,632)	(9,257)	
Corporate Mgmt. - Non O&M		C (M)	14	-	-	-	-	-	-	-	-	-	
Corporate Mgmt. - O&M		C (C)	29	-	-	-	-	-	-	-	-	-	
Consumer Services		C	3	-	-	-	-	-	-	-	-	-	
Operations, Engrg. & Mech.		C (M)	14	(293,256)	(263,189)	(12,999)	(7,558)	(6,312)	(558)	(2,096)	(313)	(233)	
<b>Sub-Total</b>				<b>(477,994)</b>	<b>(359,926)</b>	<b>(17,860)</b>	<b>(16,825)</b>	<b>(43,214)</b>	<b>(880)</b>	<b>(16,855)</b>	<b>(12,945)</b>	<b>(9,490)</b>	
<b>Outside Services Employed</b>	922												
Corporate Mgmt. - Non O&M		D (M)	13	44,219	23,155	1,164	2,218	8,833	77	3,533	3,024	2,216	
Corporate Mgmt. - O&M		D (C)	28	66,312	33,437	1,681	3,205	12,997	112	5,158	4,343	5,379	
Consumer Services		D	3	-	-	-	-	-	-	-	-	-	
Operations, Engrg. & Mech.		D (M)	13	10,461	5,478	275	525	2,090	18	836	715	524	
Corporate Mgmt. - Non O&M		C (M)	14	70,195	62,998	3,111	1,809	1,511	134	502	75	56	
Corporate Mgmt. - O&M		C (C)	29	316,726	269,797	16,981	9,389	8,959	728	3,375	5,424	2,073	
Consumer Services		C	3	-	-	-	-	-	-	-	-	-	
Operations, Engrg. & Mech.		C (M)	14	16,607	14,904	736	428	357	32	119	18	13	
<b>Sub-Total</b>				<b>524,520</b>	<b>409,769</b>	<b>23,949</b>	<b>17,574</b>	<b>34,747</b>	<b>1,100</b>	<b>13,522</b>	<b>13,599</b>	<b>10,261</b>	
<b>Property Insurance</b>	924												
Corporate Mgmt. - Non O&M		D (M)	13	-	-	-	-	-	-	-	-	-	
Corporate Mgmt. - O&M		D (C)	28	-	-	-	-	-	-	-	-	-	

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak & Average  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
 IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service			SVIS	IVIS	LVIS	LIS
					LE 250	GT 250	Lrg Comm. PA Service				
<b>Administrative &amp; General Expense</b>											
	D	3	-	-	-	-	-	-	-	-	-
	D (M)	13	(23,600)	(12,358)	(621)	(1,184)	(4,714)	(41)	(1,885)	(1,614)	(1,183)
	C (M)	14	-	-	-	-	-	-	-	-	-
	C (M)	14	-	-	-	-	-	-	-	-	-
	C (C)	29	-	-	-	-	-	-	-	-	-
	C	3	-	-	-	-	-	-	-	-	-
	C (M)	14	(37,462)	(33,621)	(1,661)	(966)	(806)	(71)	(268)	(40)	(30)
	<b>Sub-Total</b>		<b>(61,062)</b>	<b>(45,979)</b>	<b>(2,282)</b>	<b>(2,149)</b>	<b>(5,520)</b>	<b>(112)</b>	<b>(2,153)</b>	<b>(1,654)</b>	<b>(1,212)</b>
<b>Injuries &amp; Damages</b>											
925	D (M)	13	71,449	37,414	1,880	3,584	14,272	124	5,708	4,886	3,580
	D (C)	28	107,146	54,027	2,716	5,178	21,001	181	8,334	7,017	8,692
	D	3	-	-	-	-	-	-	-	-	-
	D (M)	13	571,962	299,505	15,051	28,692	114,252	997	45,694	39,111	28,661
	C (M)	14	113,420	101,791	5,027	2,923	2,441	216	811	121	90
	C (C)	29	511,765	435,937	27,438	15,170	14,476	1,177	5,454	8,765	3,349
	C	3	-	-	-	-	-	-	-	-	-
	C (M)	14	907,945	814,853	40,245	23,400	19,542	1,728	6,489	968	720
	<b>Sub-Total</b>		<b>2,283,687</b>	<b>1,743,527</b>	<b>92,357</b>	<b>78,948</b>	<b>185,984</b>	<b>4,422</b>	<b>72,490</b>	<b>60,867</b>	<b>45,092</b>
<b>Employee Pension &amp; Benefits</b>											
926	D (M)	13	422,396	221,186	11,115	21,189	84,375	736	33,745	28,884	21,166
	D (C)	28	633,428	319,400	16,059	30,612	124,153	1,067	49,270	41,482	51,385
	D	3	-	-	-	-	-	-	-	-	-
	D (M)	13	37,642	19,711	991	1,888	7,519	66	3,007	2,574	1,886
	C (M)	14	670,520	601,771	29,721	17,281	14,432	1,276	4,792	715	532
	C (C)	29	3,025,466	2,577,184	162,210	89,685	85,578	6,955	32,240	51,816	19,798
	C	3	14,060	12,989	601	277	152	13	25	3	1
	C (M)	14	59,754	53,627	2,649	1,540	1,286	114	427	64	47
	<b>Sub-Total</b>		<b>4,863,266</b>	<b>3,805,868</b>	<b>223,344</b>	<b>162,473</b>	<b>317,496</b>	<b>10,227</b>	<b>123,507</b>	<b>125,536</b>	<b>94,816</b>
<b>Franchise Requirement</b>											
927	D (M)	13	73	38	2	4	15	0	6	5	4
	D (C)	28	109	55	3	5	21	0	8	7	9
	D	3	-	-	-	-	-	-	-	-	-
	D (M)	13	-	-	-	-	-	-	-	-	-
	C (M)	14	115	104	5	3	2	0	1	0	0
	C (C)	29	521	444	28	15	15	1	6	9	3
	C	3	-	-	-	-	-	-	-	-	-
	C (M)	14	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>		<b>818</b>	<b>640</b>	<b>38</b>	<b>27</b>	<b>53</b>	<b>2</b>	<b>21</b>	<b>21</b>	<b>16</b>
<b>Regulatory Commission Exps.</b>											
928	D (M)	13	239,007	125,155	6,289	11,989	47,743	416	19,094	16,343	11,977
	D (C)	28	358,416	180,728	9,087	17,321	70,250	604	27,879	23,472	29,076
	D	3	-	-	-	-	-	-	-	-	-
	D (M)	13	-	-	-	-	-	-	-	-	-
	C (M)	14	379,404	340,504	16,817	9,778	8,166	722	2,712	404	301

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Administrative &amp; General Expense</b>												
Corporate Mgmt. - O&M		C (C)	29	1,711,918	1,458,263	91,784	50,747	48,423	3,936	18,243	29,319	11,203
Consumer Services		C	3	14,518	13,412	620	287	157	13	25	3	1
Operations, Engrg. & Mech.		C (M)	14	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>				<b>2,703,263</b>	<b>2,118,062</b>	<b>124,597</b>	<b>90,123</b>	<b>174,739</b>	<b>5,691</b>	<b>67,953</b>	<b>69,542</b>	<b>52,557</b>
<b>Misc. General Exps.</b>												
Corporate Mgmt. - Non O&M	930.2	D (M)	13	37,433	19,602	985	1,878	7,477	65	2,991	2,560	1,876
Corporate Mgmt. - O&M		D (C)	28	56,134	28,305	1,423	2,713	11,002	95	4,366	3,676	4,554
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	2,515	1,317	66	126	502	4	201	172	126
Corporate Mgmt. - Non O&M		C (M)	14	59,422	53,329	2,634	1,531	1,279	113	425	63	47
Corporate Mgmt. - O&M		C (C)	29	268,117	228,390	14,375	7,948	7,584	616	2,857	4,592	1,755
Consumer Services		C	3	2,539	2,346	109	50	27	2	4	0	0
Operations, Engrg. & Mech.		C (M)	14	3,992	3,583	177	103	86	8	29	4	3
<b>Sub-Total</b>				<b>430,152</b>	<b>336,871</b>	<b>19,769</b>	<b>14,349</b>	<b>27,958</b>	<b>904</b>	<b>10,873</b>	<b>11,068</b>	<b>8,361</b>
<b>Rents</b>												
Corporate Mgmt. - Non O&M	931	D (M)	13	54,738	28,663	1,440	2,746	10,934	95	4,373	3,743	2,743
Corporate Mgmt. - O&M		D (C)	28	82,086	41,391	2,081	3,967	16,089	138	6,385	5,376	6,659
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	3,451	1,807	91	173	689	6	276	236	173
Corporate Mgmt. - Non O&M		C (M)	14	86,893	77,984	3,852	2,239	1,870	165	621	93	69
Corporate Mgmt. - O&M		C (C)	29	392,069	333,976	21,021	11,622	11,090	901	4,178	6,715	2,566
Consumer Services		C	3	3,821	3,530	163	75	41	3	7	1	0
Operations, Engrg. & Mech.		C (M)	14	5,477	4,916	243	141	118	10	39	6	4
<b>Sub-Total</b>				<b>628,535</b>	<b>492,267</b>	<b>28,891</b>	<b>20,964</b>	<b>40,832</b>	<b>1,320</b>	<b>15,878</b>	<b>16,169</b>	<b>12,214</b>
<b>Maintenance General Plant</b>												
Production	932	D	13	604	316	16	30	121	1	48	41	30
Transportation		D	13	8,098	4,240	213	406	1,618	14	647	554	406
Distribution		D(M)	13	34,779	18,212	915	1,745	6,947	61	2,779	2,378	1,743
Distribution		C(M)	14	55,209	49,548	2,447	1,423	1,188	105	395	59	44
<b>Sub-Total</b>				<b>98,690</b>	<b>72,317</b>	<b>3,591</b>	<b>3,604</b>	<b>9,874</b>	<b>181</b>	<b>3,868</b>	<b>3,032</b>	<b>2,223</b>
<b>Total A&amp;G</b>												
Demand				4,689,009	2,412,401	121,255	231,149	928,339	8,043	369,939	314,232	303,651
Customer				14,914,495	12,913,647	758,686	422,785	388,024	32,145	141,436	185,420	72,353
<b>Total A&amp;G</b>				<b>19,603,504</b>	<b>15,326,047</b>	<b>879,942</b>	<b>653,934</b>	<b>1,316,363</b>	<b>40,188</b>	<b>511,375</b>	<b>499,652</b>	<b>376,004</b>
Customer Deposit Interest		C	45	190,000	23,387	27,652	45,510	45,780	4,442	25,360	10,740	7,129
<b>Summary O&amp;M and A&amp;G Expenses</b>												
Demand				14,127,134	7,201,322	362,065	690,185	2,711,479	23,677	1,084,123	930,977	1,123,305
Customer				60,184,198	52,622,324	2,468,531	1,459,433	1,917,586	113,037	730,904	621,832	250,550
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M and A&amp;G</b>				<b>395,521,575</b>	<b>317,516,752</b>	<b>15,458,412</b>	<b>25,620,549</b>	<b>27,295,012</b>	<b>1,150,328</b>	<b>5,192,607</b>	<b>1,747,698</b>	<b>1,540,218</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Taxes	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
<b>Taxes Other Than Income</b>												
<b>Federal</b>												
<b>FICA</b>												
Demand		D (F)	28	212,976	107,391	5,399	10,292	41,744	359	16,566	13,947	17,277
Customer		C (F)	29	840,567	716,020	45,067	24,917	23,776	1,932	8,957	14,396	5,501
Commodity		E (F)	30	7,458	3,470	169	324	1,103	14	559	643	1,175
<b>Total FICA</b>				<b>1,061,001</b>	<b>826,881</b>	<b>50,636</b>	<b>35,534</b>	<b>66,623</b>	<b>2,305</b>	<b>26,082</b>	<b>28,987</b>	<b>23,953</b>
<b>Unemployment</b>												
Demand		D (F)	28	3,011	1,518	76	146	590	5	234	197	244
Customer		C (F)	29	11,884	10,123	637	352	336	27	127	204	78
Commodity		E (F)	30	105	49	2	5	16	0	8	9	17
<b>Total Unemployment</b>				<b>15,000</b>	<b>11,690</b>	<b>716</b>	<b>502</b>	<b>942</b>	<b>33</b>	<b>369</b>	<b>410</b>	<b>339</b>
<b>Total Federal</b>				<b>1,076,001</b>	<b>838,572</b>	<b>51,351</b>	<b>36,036</b>	<b>67,565</b>	<b>2,338</b>	<b>26,451</b>	<b>29,396</b>	<b>24,291</b>
<b>Pennsylvania</b>												
<b>Unemployment</b>												
Demand		D (F)	28	9,836	4,960	249	475	1,928	17	765	644	798
Customer		C (F)	29	38,820	33,068	2,081	1,151	1,098	89	414	665	254
Commodity		E (F)	30	344	160	8	15	51	1	26	30	54
<b>Total Unemployment</b>				<b>49,000</b>	<b>38,188</b>	<b>2,338</b>	<b>1,641</b>	<b>3,077</b>	<b>106</b>	<b>1,205</b>	<b>1,339</b>	<b>1,106</b>
<b>Capital Stock</b>												
Demand		D (M)	13	279,042	146,119	7,343	13,998	55,740	486	22,293	19,081	13,983
Customer		C (M)	14	442,958	397,541	19,634	11,416	9,534	843	3,166	472	351
<b>Total Capital Stock</b>				<b>722,000</b>	<b>543,660</b>	<b>26,977</b>	<b>25,414</b>	<b>65,274</b>	<b>1,329</b>	<b>25,459</b>	<b>19,553</b>	<b>14,334</b>
<b>Property &amp; Public Utility</b>												
Demand		D (M)	13	47,538	24,893	1,251	2,385	9,496	83	3,798	3,251	2,382
Customer		C (M)	14	75,462	67,725	3,345	1,945	1,624	144	539	80	60
<b>Total P&amp;PU</b>				<b>123,000</b>	<b>92,618</b>	<b>4,596</b>	<b>4,330</b>	<b>11,120</b>	<b>226</b>	<b>4,337</b>	<b>3,331</b>	<b>2,442</b>
<b>Sales Tax Company Use</b>												
Demand		D (M)	13	1,546	810	41	78	309	3	124	106	77
Customer		C (M)	14	2,454	2,202	109	63	53	5	18	3	2
<b>Total STCU</b>				<b>4,000</b>	<b>3,012</b>	<b>149</b>	<b>141</b>	<b>362</b>	<b>7</b>	<b>141</b>	<b>108</b>	<b>79</b>
<b>Total Pennsylvania</b>				<b>898,000</b>	<b>677,478</b>	<b>34,061</b>	<b>31,525</b>	<b>79,832</b>	<b>1,670</b>	<b>31,142</b>	<b>24,331</b>	<b>17,962</b>
<b>Summary Taxes Other Than Income</b>												
Demand		D		553,949	285,691	14,359	27,373	109,806	952	43,779	37,226	34,762
Customer		C		1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Commodity		E		7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Total Taxes Other Than Income</b>				<b>1,974,001</b>	<b>1,516,049</b>	<b>85,412</b>	<b>67,562</b>	<b>147,397</b>	<b>4,007</b>	<b>57,593</b>	<b>53,728</b>	<b>42,253</b>
<b>Federal/State Income Tax</b>												
Operating Revenue				451,817,059	352,499,669	17,986,620	29,710,994	37,424,377	1,321,926	7,550,466	3,199,050	2,123,957
Less:												

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Taxes	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.				
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS
O&M/A&G Expenses				395,521,575	317,516,752	15,458,412	25,620,549	27,295,012	1,150,328	5,192,607	1,747,698	1,540,218
Depreciation Expense				11,913,067	9,088,068	454,334	410,987	1,022,948	21,994	394,080	294,537	226,119
Taxes Other Than Income				1,974,001	1,516,049	85,412	67,562	147,397	4,007	57,593	53,728	42,253
Negative Net Salvage		??	44	1,354,000	1,019,551	50,591	47,660	122,411	2,493	47,744	36,669	26,881
Total Deductions				410,762,643	329,140,420	16,048,749	26,146,758	28,587,768	1,178,823	5,692,024	2,132,632	1,835,471
<b>Operating Income Before Taxes</b>				<b>41,054,416</b>	<b>23,359,249</b>	<b>1,937,871</b>	<b>3,564,236</b>	<b>8,836,609</b>	<b>143,103</b>	<b>1,858,443</b>	<b>1,066,419</b>	<b>288,486</b>
Tax Adjustments												
Interest Charges			44	9,413,000	7,087,912	351,708	331,333	850,999	17,331	331,916	254,922	186,878
Book Depreciation				(11,913,067)	(9,088,068)	(454,334)	(410,987)	(1,022,948)	(21,994)	(394,080)	(294,537)	(226,119)
State Dep'n			46	16,751,000	12,778,760	638,840	577,890	1,438,370	30,926	554,117	414,150	317,947
Meals/Entertainment			47	(31,000)	(24,160)	(1,479)	(1,038)	(1,947)	(67)	(762)	(847)	(700)
Total Tax Adjustments				14,219,933	10,754,444	534,735	497,197	1,264,475	26,195	491,191	373,688	278,006
Pennsylvania Taxable Income				26,834,483	12,604,805	1,403,136	3,067,039	7,572,134	116,907	1,367,251	692,731	10,480
State Income Tax @	9.99%			2,680,765	1,259,220	140,173	306,397	756,456	11,679	136,588	69,204	1,047
Add'l Federal Dep'n			46	(901,000)	(687,342)	(34,362)	(31,083)	(77,367)	(1,663)	(29,805)	(22,276)	(17,102)
Federal Taxable Income				25,054,718	12,032,927	1,297,325	2,791,725	6,893,044	106,892	1,260,468	645,803	26,535
Federal Income Tax @	35.00%			8,769,151	4,211,524	454,064	977,104	2,412,566	37,412	441,164	226,031	9,287
Consolidated Tax Adjustment			48	(82,000)	(39,382)	(4,246)	(9,137)	(22,560)	(350)	(4,125)	(2,114)	(87)
Investment Tax Credit			44	(4,000)	(3,012)	(149)	(141)	(362)	(7)	(141)	(108)	(79)
Deferred Income Taxes -- Liberal. Dep'n			46	1,539,000	1,174,050	58,694	53,094	132,150	2,841	50,910	38,050	29,211

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	#	Ex/ En	Small Comm. & PA Service					Lrg Comm. & PA Service				
			Total	Residential	LE 250	GT 250	Service	SVIS	IVIS	LVIS	LIS	
<b>Allocators</b>												
Annual Throughput (MCF)	1	X	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%	
			42,560,886	19,802,152	967,245	1,849,555	6,295,888	79,617	3,191,547	3,670,249	6,704,632	
Avg. Throughput/Cust. Sales (Mcf)			203	102	108	446	2,774	426	8,720	94,109	515,741	
Transport (Mcf)			24,473,134	19,726,731	966,725	1,796,001	1,680,271	77,572	225,834	-	-	
			18,087,752	75,421	521	53,554	4,615,617	2,045	2,965,713	3,670,249	6,704,632	
Peak Day Demand (MCF/day)		X	100.0000%	57.7119%	2.9722%	5.6514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%	
			365,252	210,794	10,656	20,642	61,978	439	21,328	15,832	23,383	
Load Factor			31.9%	25.7%	24.4%	24.5%	27.8%	49.7%	41.0%	63.5%	78.6%	
Sales (Mcf/day)			261,411	209,908	10,851	20,153	18,799	410	1,290	-	-	
Load Factor			25.6%	25.7%	24.4%	24.4%	24.5%	51.8%	48.0%	#DIV/0!	#DIV/0!	
Transport (Mcf/day)			103,841	886	5	489	43,179	29	20,038	15,832	23,383	
Load Factor			47.7%	23.3%	28.5%	30.0%	29.3%	19.3%	40.5%	63.5%	78.6%	
Demand Allocator (P&A)	2	N	100.0000%	52.1193%	2.6224%	4.9966%	15.6806%	0.1536%	6.6690%	6.4790%	11.0775%	
Average Annual Customers	3	X	100.0000%	92.3634%	4.2738%	1.9736%	1.0811%	0.0891%	0.1743%	0.0186%	0.0062%	
			209,975	193,982	8,974	4,144	2,270	187	368	39	13	
Avg Ann. Custs. Excl. Lg. Ind.	4	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%	
			209,923	193,982	8,974	4,144	2,270	187	366	-	-	
Historical Service Line Inv.	5	X	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%	
			126,454,209	113,645,815	5,989,226	3,519,638	2,397,822	219,739	1,591,223	168,149	22,597	
\$/Customer				\$ 586	\$ 667	\$ 849	\$1,056	\$1,175	\$1,615	\$1,747	\$1,738	
Historical Meter Inv.	6	X	100.0000%	71.3502%	3.0173%	4.6811%	11.3621%	0.9392%	6.3068%	1.2397%	1.1036%	
			12,789,310	9,125,202	386,891	598,675	1,453,135	120,117	806,596	158,545	141,149	
\$/Meter				\$ 45	\$ 38	\$ 134	\$ 666	\$ 575	\$1,677	\$1,865	\$3,815	
Small Customer Meter Inv.	7	N	100.0000%	89.2014%	3.7722%	5.8522%	0.0000%	1.1742%	0.0000%	0.0000%	0.0000%	
			10,229,865	9,125,202	386,891	598,675	-	120,117	-	-	-	
Historical M&R Sta. Equip.	8	X	100.0000%	0.0224%	0.0000%	0.0000%	70.7262%	0.3105%	21.5295%	3.4177%	3.9936%	
			8,787,228	1,972	-	-	6,214,875	27,286	1,891,845	300,319	350,931	
\$/Peak Demand							\$ 100.28	\$ 62.15	\$ 88.70	\$ 18.97	\$ 15.01	
\$/Customer							\$ 2,738	\$ 146	\$ 5,169	\$ 7,700	\$ 26,995	
Mains -- Demand	9	N	100.0000%	55.0375%	2.7654%	5.2719%	16.8042%	0.1650%	7.1287%	7.0004%	5.8269%	
			96,843,813	53,300,484	2,678,112	5,105,512	16,273,780	159,784	6,903,718	6,779,412	5,643,012	
Mains -- Customer	10	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%	
			107,554,273	99,386,924	4,597,838	2,123,229	1,162,984	95,831	187,467	-	-	
Dist'n Pll Excl Oln - Demand	11	N	100.0000%	50.6975%	2.5476%	4.8567%	20.6457%	0.1744%	8.1315%	6.6816%	6.2649%	
			125,898,270	63,827,273	3,207,432	6,114,496	25,992,639	219,558	10,237,370	8,412,060	7,887,441	
Dist'n Pll Excl Oln - Cust	12	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%	
			258,926,397	232,378,572	11,476,981	6,673,270	5,572,861	492,848	1,850,600	275,955	205,311	
Demand P, T, D Plant	13	N	100.0000%	52.3645%	2.6314%	5.0164%	19.9754%	0.1742%	7.9891%	6.8381%	5.0110%	
			163,426,266	85,577,325	4,300,371	8,198,037	32,645,109	284,747	13,056,223	11,175,181	8,189,273	
Customer P, T, D Plant	14	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%	
			259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707	
Mains & Serv. - Demand	15	N	100.0000%	55.0376%	2.7654%	5.2719%	16.8042%	0.1650%	7.1287%	7.0004%	5.8269%	
			96,843,813	53,300,484	2,678,112	5,105,512	16,273,780	159,784	6,903,718	6,779,412	5,643,012	
Mains & Serv. - Cust.	16	N	100.0000%	90.9993%	4.5310%	2.4232%	1.5335%	0.1361%	0.3370%	0.0299%	0.0099%	
			241,679,430	219,926,678	10,950,407	5,856,334	3,706,266	328,940	814,502	72,293	24,008	
Meter & HR - Demand	17A	N	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Meter & HR - Customer	17	N	100.0000%	72.1976%	3.0531%	4.7367%	10.8227%	0.9504%	6.0074%	1.1809%	1.0512%	
			17,246,967	12,451,894	526,573	816,936	1,866,596	163,907	1,036,098	203,661	181,302	
Dist'n Plant - Customer	18	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%	
			259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707	
Dist'n Labor, w/o other - D	19	N	100.0000%	50.2226%	2.5248%	4.8130%	20.0423%	0.1703%	7.9101%	6.5571%	7.7598%	
			2,735,371	1,373,774	69,083	131,653	548,231	4,857	216,371	179,362	212,260	
Dist'n Labor, w/o other - C	20	N	100.0000%	86.1377%	4.1245%	3.0031%	3.9516%	0.3476%	1.8206%	0.3312%	0.2837%	
			5,737,091	4,941,801	236,628	172,290	226,705	19,940	104,448	19,004	16,275	

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

#	Ex/ En	Small Comm. & PA Service Lrg Comm. & PA Service									
		Total	Residential	LE 250	GT 250	SVIS	IVIS	LVIS	LIS		
Historical No. of Meters	21	X	100.0000%	91.9367%	4.6603%	2.0383%	0.9945%	0.0953%	0.2193%	0.0388%	0.0169%
			219,301	201,618	10,220	4,470	2,181	209	481	85	37
Meter/Customer			1.04	1.04	1.14	1.08	0.96	1.12	1.31	2.18	2.85
Customer Service - Labor	22	X	100.0000%	59.1536%	13.0660%	6.0336%	3.3051%	0.2295%	0.4490%	13.3225%	4.4408%
			2,516,001	1,488,304	328,740	151,805	83,156	5,773	11,298	335,194	111,731
Labor per Customer			\$	\$ 7.67	\$ 36.63	\$ 36.63	\$ 36.63	\$ 30.87	\$ 30.87	\$ 8,594.72	\$ 8,594.69
Customer Service - O&M	23	X	100.0000%	86.1295%	4.4509%	2.0553%	1.1259%	0.0927%	0.1815%	4.4731%	1.4911%
			8,665,639	7,463,673	385,697	178,104	97,563	8,037	15,731	387,624	129,210
O&M per Customer			\$	\$ 38.48	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 9,939.08	\$ 9,939.23
Avg. Annual T'port Custs.	24	X	100.0000%	5.2419%	0.4839%	5.8871%	61.5323%	0.0806%	22.5806%	3.1452%	1.0484%
			1,240	65	6	73	763	280	39	13	
Dist'n O&M; w/o other - D	25	N	100.0000%	50.4743%	2.5378%	4.8376%	19.4737%	0.1680%	7.7401%	6.5453%	8.2231%
			4,711,761	2,378,227	119,574	227,937	917,557	7,914	364,697	308,401	367,454
Dist'n O&M; w/o other - C	26	N	100.0000%	85.3799%	4.0529%	3.0873%	4.3340%	0.3809%	2.0577%	0.3795%	0.3279%
			8,041,817	6,866,091	325,927	248,273	348,532	30,627	165,479	30,517	26,369
Uncollectibles	27	X	100.0000%	97.0421%	1.6847%	0.7780%	0.4262%	0.0213%	0.0417%	0.0045%	0.0015%
			8,467,291	8,216,837	142,652	65,874	36,084	1,806	3,635	377	126
Labor - Demand	28	N	100.0000%	50.4241%	2.5352%	4.8327%	19.6002%	0.1685%	7.7783%	6.5488%	8.1123%
			5,412,965	2,729,439	137,229	261,592	1,060,951	9,121	421,035	354,486	439,114
Labor - Customer	29	N	100.0000%	85.1830%	5.3615%	2.9643%	2.8286%	0.2299%	1.0656%	1.7126%	0.6544%
			21,363,699	18,198,244	1,145,409	633,294	604,294	49,114	227,658	365,884	139,801
Labor - Commodity	30	N	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
			189,554	88,193	4,308	6,237	28,040	355	14,214	16,346	29,861
O&M/Other Taxes - Demand	31	N	100.0000%	50.9977%	2.5640%	4.8876%	19.2171%	0.1678%	7.6827%	6.5949%	7.8882%
			14,681,084	7,487,013	376,424	717,559	2,821,286	24,630	1,127,902	968,204	1,158,066
O&M/Other Taxes - Cust.	32	N	100.0000%	87.4224%	4.1227%	2.4340%	3.1723%	0.1884%	1.2081%	1.0352%	0.4169%
			61,596,341	53,849,003	2,539,404	1,499,278	1,954,008	116,077	744,125	637,652	256,795
O&M/Other Taxes - Comm.	33	N	100.0000%	80.2249%	3.9313%	7.3070%	7.0566%	0.3156%	1.0517%	0.0609%	0.0522%
			321,218,151	257,696,785	12,627,996	23,471,275	22,667,116	1,013,629	3,378,172	195,570	167,609
Reg. Assessment - D	34	N	100.0000%	51.2004%	2.5737%	4.9062%	19.7503%	0.1708%	7.8626%	6.6645%	6.8716%
			597,423	305,883	15,376	29,311	117,993	1,020	46,973	39,816	41,052
Other Insurance - D	35	N	100.0000%	52.3645%	2.6314%	5.0164%	19.9754%	0.1742%	7.9891%	6.8381%	5.0110%
			(23,600)	(12,358)	(621)	(1,184)	(4,714)	(41)	(1,885)	(1,614)	(1,183)
Misc. General Exps. - D	36	N	100.0000%	51.2308%	2.5752%	4.9090%	19.7562%	0.1709%	7.8659%	6.6691%	6.8229%
			96,082	49,224	2,474	4,717	18,982	164	7,558	6,408	6,556
Reg. Assessment - C	37	N	100.0000%	86.0549%	5.1866%	2.8878%	2.6947%	0.2218%	0.9963%	1.4116%	0.5463%
			2,105,840	1,812,179	109,222	60,812	56,746	4,671	20,980	29,726	11,504
Other Insurance - C	38	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			(37,462)	(33,621)	(1,661)	(966)	(806)	(71)	(268)	(40)	(30)
Misc. General Exps. - C	39	N	100.0000%	86.1041%	5.1769%	2.8833%	2.6869%	0.2213%	0.9922%	1.3949%	0.5403%
			334,070	287,648	17,294	9,632	8,976	739	3,315	4,660	1,805
Meters & Svcs Plant	40	N	100.0000%	88.2039%	4.5816%	2.9541%	2.7483%	0.2427%	0.9931%	0.1806%	0.1156%
			147,392,868	130,006,292	6,752,896	4,354,180	4,050,772	357,720	1,463,803	236,773	170,431
M&R Sta Eq & HReg Pll.	41	N	100.0000%	20.7573%	1.0437%	1.9895%	48.8973%	0.2481%	15.6149%	4.6361%	6.8131%
			15,289,801	3,173,757	159,585	304,184	7,476,299	37,930	2,387,490	708,853	1,041,702
Gas Storage Inventory	42	X	100.0000%	80.6768%	3.9724%	7.3819%	6.8517%	0.3474%	0.7698%	0.0000%	0.0000%
			17,138,823	13,827,049	680,819	1,265,166	1,174,303	59,545	131,941		
M&S Working Capital	43	N	100.0000%	79.5175%	3.9835%	3.3279%	6.5050%	0.1548%	2.5274%	2.1713%	1.8125%
			1,136,529	903,739	45,274	37,823	73,932	1,759	28,725	24,678	20,599
Plant	44	N	100.0000%	75.2992%	3.7364%	3.5199%	9.0407%	0.1841%	3.5261%	2.7082%	1.9853%
			437,935,976	329,762,203	16,363,086	15,415,121	39,592,385	806,317	15,442,264	11,860,162	8,694,437
Customer Sec. Dep - Hist.	45	X	100.0000%	12.3089%	14.5537%	23.9524%	24.0949%	2.3377%	13.3476%	5.6525%	3.7522%
			2,447,539	301,266	356,208	586,244	589,733	57,217	326,687	138,348	91,836

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak & Average  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

			Small Comm. & PA Service				Lrg Comm. & PA Service				
	#	Ex/En	Total	Residential	LE 250	GT 250	Service	SVIS	IVIS	LVIS	LIS
Depreciation Expense	46	N	100.0000% 11,913,067	76.2865% 9,088,068	3.8137% 454,334	3.4499% 410,987	8.5868% 1,022,948	0.1646% 21,994	3.3080% 394,080	2.4724% 294,537	1.8981% 226,119
Labor Expense	47	N	100.0000% 26,966,218	77.9341% 21,015,876	4.7724% 1,286,945	3.3491% 903,123	6.2793% 1,693,286	0.2173% 58,590	2.4583% 662,907	2.7320% 736,717	2.2575% 608,775
Federal Income Tax	48	N	100.0000% 8,769,151	48.0266% 4,211,524	5.1780% 454,064	11.1425% 977,104	27.5120% 2,412,566	0.4266% 37,412	5.0309% 441,164	2.5776% 226,031	0.1059% 9,287
Annual Sales Volume	49	X	100.0000% 24,473,134	80.6057% 19,726,731	3.9501% 966,725	7.3387% 1,796,001	6.8658% 1,680,271	0.3170% 77,572	0.9228% 225,834	0.0000% -	0.0000% -
Percent of Throughput				99.6%	99.9%	97.1%	26.7%	97.4%	7.1%	0.0%	0.0%
Demand Alloc. Excl. LIS	50	N	100.0000% 99.9999%	58.4430% 58.4429%	2.9365% 2.9365%	5.5981% 5.5981%	17.8439% 17.8439%	0.1752% 0.1752%	7.5698% 7.5698%	7.4335% 7.4335%	0.0000% -
<b>Classification Splits</b>			Total	D	C	E					
Distribution Mains	A	X	100.0000% 1	47.3800% 0.47	52.6200% 0.53	0.0000% -					
Plant	B	N	422,852,381 100.0000%	163,426,266 38.6485%	259,426,115 61.3515%	0.0000% -					
O&M Excluding Gas	C	N	54,517,828 100.0000%	9,438,126 17.3120%	45,079,702 82.6880%	0.0000% -					
Distribution Plant Excl. Oth.	D	N	384,824,667 100.0000%	125,898,270 32.7157%	258,926,397 67.2843%	0.0000% -					
Distribution O&M	E	N	22,138,799 100.0000%	7,912,537 35.7406%	14,226,262 64.2594%	0.0000% -					
Labor	F	N	26,966,218 100.0000%	5,412,965 20.0731%	21,363,699 79.2239%	0.7029% 189,554					
Services	G	N	134,125,157 100.0000%	0.0000% -	134,125,157 100.0000%	0.0000% -					
Mains	H	N	338,523,243 100.0000%	96,843,813 28.6077%	241,679,430 71.3923%	0.0000% -					
Meters & House Regulators	I	N	17,246,967 100.0000%	0.0000% -	17,246,967 100.0000%	0.0000% -					
Distribution Plant	J	N	385,567,364 100.0000%	126,141,249 32.7157%	259,426,115 67.2843%	0.0000% -					
Distribution O&M	K	N	17,830,140 100.0000%	6,372,597 35.7406%	11,457,543 64.2594%	0.0000% -					
Distribution Labor	L	N	11,388,498 100.0000%	3,689,374 32.3956%	7,699,124 67.6044%	0.0000% -					
P. T. D Plant	M	N	422,852,381 100.0000%	163,426,266 38.6485%	259,426,115 61.3515%	0.0000% -					
O&M/A&G Excl. Gas	N	N	74,311,332 100.0000%	14,127,134 19.0107%	60,184,198 80.9893%	0.0000% -					
Reg. Assessment Exps.	O	N	2,703,263 100.0000%	597,423 22.1001%	2,105,840 77.8999%	0.0000% -					
Other Insurance Expense	P	N	(61,062) 100.0000%	(23,600) 38.6485%	(37,462) 61.3515%	0.0000% -					
Misc. General Expense	Q	N	430,152 100.0000%	96,082 22.3368%	334,070 77.6632%	0.0000% -					

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY**

Comparison of Cost of Service Study Results	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
		Residential	LE 250	GT 250	PA Service				
<b>Existing Revenues</b>									
Rate Revenues	424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	1,316,665	7,517,593	3,183,617	2,113,289
Late Charge Revenues	1,601,774	1,249,864	63,342	106,771	128,801	4,973	28,291	11,950	7,982
Other Revenues	187,294	153,082	8,014	6,203	11,502	334	3,907	2,661	1,592
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Existing Dist'n Revenues</b>	<b>105,527,559</b>	<b>74,948,979</b>	<b>4,232,512</b>	<b>4,946,060</b>	<b>11,699,038</b>	<b>309,878</b>	<b>4,233,152</b>	<b>3,073,421</b>	<b>2,084,520</b>
Existing Dist'n Rate Revenues	103,738,491	73,546,233	4,161,156	4,833,086	11,558,735	304,571	4,200,954	3,058,810	2,074,946
<b>Rate Revenue Increase</b>	<b>25,794,313</b>	<b>20,160,578</b>	<b>1,140,735</b>	<b>1,324,876</b>	<b>3,167,863</b>	<b>(16)</b>	<b>329</b>	<b>(52)</b>	<b>-</b>
<b>Proposed Revenues</b>									
Rate Revenues	449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
Late Charge Revenues	1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Other Revenues	187,294	153,082	8,014	6,203	11,502	334	3,907	2,661	1,592
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Total Proposed Revenues</b>	<b>131,419,485</b>	<b>95,185,850</b>	<b>5,377,564</b>	<b>6,275,949</b>	<b>14,878,889</b>	<b>309,862</b>	<b>4,233,483</b>	<b>3,073,369</b>	<b>2,084,520</b>
Dist'n Rate Revenue Increase	24.9%	27.4%	27.4%	27.4%	27.4%	0.0%	0.0%	0.0%	0.0%
	6.1%	6.1%	6.8%						

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Summary of Cost of Service Study	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250					
<b>Total Operating Revenues</b>				<b>425,925,133</b>	<b>332,263,977</b>	<b>16,841,859</b>	<b>28,381,675</b>	<b>34,244,769</b>	<b>1,321,972</b>	<b>7,549,791</b>	<b>3,198,228</b>	<b>2,122,863</b>
O&M and A&G Expenses												
Demand				21,696,700	12,414,520	639,346	1,215,677	4,182,848	28,194	1,418,245	958,138	839,732
Customer				52,099,632	45,098,230	2,147,067	1,313,555	1,835,674	106,395	716,491	629,550	252,670
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Sub-Total O&amp;M/A&amp;G</b>				<b>395,006,575</b>	<b>315,205,856</b>	<b>15,414,228</b>	<b>26,000,163</b>	<b>28,684,468</b>	<b>1,148,204</b>	<b>5,512,315</b>	<b>1,782,576</b>	<b>1,258,765</b>
Depreciation Expenses												
Demand				6,890,513	3,971,637	204,538	388,917	1,358,420	9,110	459,887	307,503	190,502
Customer				5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534
<b>Sub-Total Depreciation</b>				<b>11,913,067</b>	<b>8,406,165</b>	<b>434,851</b>	<b>537,536</b>	<b>1,493,663</b>	<b>21,343</b>	<b>508,210</b>	<b>315,264</b>	<b>196,036</b>
Negative Net Salvage				1,354,000	930,332	48,009	63,918	183,119	2,414	62,653	39,722	23,833
Taxes Other Than Income												
Demand				904,942	521,139	26,839	51,032	176,238	1,186	59,733	40,252	28,523
Customer				1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Commodity				7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Sub-Total Taxes Other</b>				<b>1,974,001</b>	<b>1,426,951</b>	<b>83,000</b>	<b>84,414</b>	<b>210,050</b>	<b>3,933</b>	<b>72,905</b>	<b>56,746</b>	<b>36,001</b>
Income Taxes				838,141	(1,160,812)	144,945	407,359	720,853	46,560	299,242	236,647	143,348
Investment Tax Credit				(4,000)	(2,748)	(142)	(189)	(541)	(7)	(185)	(117)	(70)
Def. Income Taxes				1,539,000	1,085,958	56,177	69,442	192,960	2,757	65,653	40,728	25,325
<b>Total Expenses</b>				<b>412,620,784</b>	<b>325,891,701</b>	<b>16,181,067</b>	<b>27,162,643</b>	<b>31,484,572</b>	<b>1,225,204</b>	<b>6,520,792</b>	<b>2,471,566</b>	<b>1,683,239</b>
<b>Utility Net Income</b>				<b>13,304,349</b>	<b>6,372,275</b>	<b>660,792</b>	<b>1,219,031</b>	<b>2,760,196</b>	<b>96,768</b>	<b>1,028,999</b>	<b>726,662</b>	<b>439,624</b>
<b>Rate Base</b>												
Gas Plant In Service												
Demand				280,861,684	162,903,894	8,389,558	15,952,166	54,651,839	368,891	18,538,475	12,561,367	7,495,474
Customer				157,074,292	138,001,426	7,138,279	4,721,441	4,575,996	411,972	1,725,783	286,350	213,045
<b>Sub-Total Gas Plant</b>				<b>437,935,976</b>	<b>300,905,320</b>	<b>15,527,837</b>	<b>20,673,627</b>	<b>59,227,835</b>	<b>780,863</b>	<b>20,264,258</b>	<b>12,847,717</b>	<b>7,708,519</b>
Accumulated Reserve for Dep'n												
Demand				(90,095,826)	(52,132,141)	(2,684,787)	(5,104,977)	(17,629,090)	(118,690)	(5,975,135)	(4,026,574)	(2,424,432)
Customer				(57,561,428)	(49,755,639)	(2,539,424)	(1,816,197)	(2,092,412)	(185,463)	(889,283)	(157,127)	(125,883)
<b>Sub-Total Acc. Res. for Dep'n</b>				<b>(147,657,254)</b>	<b>(101,887,780)</b>	<b>(5,224,212)</b>	<b>(6,921,174)</b>	<b>(19,721,502)</b>	<b>(304,153)</b>	<b>(6,864,418)</b>	<b>(4,183,701)</b>	<b>(2,550,314)</b>
Net Plant												
Demand				190,765,858	110,771,753	5,704,770	10,847,209	37,022,749	250,201	12,563,340	8,534,793	5,071,043
Customer				99,512,865	88,245,787	4,598,855	2,905,244	2,483,585	226,510	836,500	129,223	87,162
<b>Net Plant</b>				<b>290,278,722</b>	<b>199,017,540</b>	<b>10,303,625</b>	<b>13,752,453</b>	<b>39,506,334</b>	<b>476,710</b>	<b>13,399,840</b>	<b>8,664,016</b>	<b>5,158,205</b>
Working Capital												
Demand				13,733,069	10,342,019	513,423	958,220	1,332,245	40,695	288,838	142,652	114,976

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.				
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS
<b>Summary of Cost of Service Study</b>												
Customer				6,630,611	5,748,379	281,711	171,776	223,920	13,762	86,165	74,816	30,083
Commodity				32,292,577	26,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
<b>Working Capital</b>				<b>52,656,257</b>	<b>42,120,043</b>	<b>2,070,738</b>	<b>3,499,839</b>	<b>3,773,302</b>	<b>156,814</b>	<b>672,993</b>	<b>217,468</b>	<b>145,059</b>
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(40,939,000)	(28,129,141)	(1,451,569)	(1,932,606)	(5,536,719)	(72,996)	(1,894,337)	(1,201,026)	(720,605)
Deferred Income Taxes ITC				(1,869,000)	(1,284,188)	(66,269)	(88,230)	(252,769)	(3,333)	(86,483)	(54,831)	(32,898)
<b>Net Rate Base</b>				<b>296,952,979</b>	<b>211,333,569</b>	<b>10,394,591</b>	<b>14,471,208</b>	<b>36,725,374</b>	<b>482,996</b>	<b>11,668,361</b>	<b>7,446,215</b>	<b>4,430,666</b>
Return Earned				4.48%	3.02%	6.36%	8.42%	7.52%	20.04%	8.82%	9.76%	9.92%
Unitized Rate of Return				100.0%	67.3%	141.9%	188.0%	167.8%	447.2%	196.8%	217.8%	221.5%
<b>Fully Allocated Cost</b>												
Return and Income Taxes		RB		15,677,490	11,157,254	548,777	764,000	1,938,899	25,500	616,026	393,119	233,915
Other Costs				410,247,643	325,969,304	15,980,088	26,686,031	30,571,301	1,175,894	6,156,082	2,194,309	1,514,636
Less Gas Costs				(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
Distribution Costs				105,527,559	79,811,560	3,919,518	4,014,416	9,964,468	189,299	3,455,468	2,462,621	1,710,208
<b>Revenue-Cost Ratio</b>				<b>100.0%</b>	<b>93.9%</b>	<b>108.0%</b>	<b>123.2%</b>	<b>117.4%</b>	<b>163.7%</b>	<b>122.5%</b>	<b>124.8%</b>	<b>121.9%</b>
<b>Customer Cost Summary</b>												
<b>Customer Rate Base</b>												
Plant and W/C				106,143,476	93,994,166	4,880,565	3,077,020	2,707,505	240,271	922,664	204,038	117,245
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(15,353,925)	(10,549,665)	(544,402)	(724,812)	(2,076,513)	(27,377)	(710,460)	(450,438)	(270,259)
<b>Customer Rate Base</b>				<b>87,615,550</b>	<b>83,053,816</b>	<b>3,874,228</b>	<b>1,591,959</b>	<b>(133,781)</b>	<b>138,695</b>	<b>(211,447)</b>	<b>(425,811)</b>	<b>(272,108)</b>
Percent				29.5%	39.3%	37.3%	11.0%	-0.4%	28.7%	-1.8%	-5.7%	-6.1%
<b>Customer Costs</b>												
O&M and A&G Expenses				52,099,632	45,098,230	2,147,067	1,313,555	1,835,674	106,395	716,491	629,550	252,670
Depreciation Expenses				5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534
Negative Net Salvage		CRB		464,176	440,009	20,525	8,434	(709)	735	(1,120)	(2,256)	(1,442)
Taxes Other Than Income				1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Income Taxes		CRB		700,192	663,736	30,961	12,722	(1,069)	1,108	(1,690)	(3,403)	(2,175)
Return		CRB		3,925,429	3,721,050	173,577	71,324	(5,994)	6,214	(9,473)	(19,078)	(12,191)
<b>Total Customer Costs</b>				<b>63,273,134</b>	<b>55,259,686</b>	<b>2,658,425</b>	<b>1,587,692</b>	<b>1,995,788</b>	<b>129,418</b>	<b>765,109</b>	<b>628,387</b>	<b>248,629</b>
Number of Customers				209,975	193,982	8,974	4,144	2,270	187	366	39	13
<b>Cost per Customer per Month</b>				<b>\$ 25.11</b>	<b>\$ 23.74</b>	<b>\$ 24.69</b>	<b>\$ 31.93</b>	<b>\$ 73.27</b>	<b>\$ 57.67</b>	<b>\$ 174.21</b>	<b>\$ 1,342.71</b>	<b>\$ 1,593.78</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Gas Plant in Service</b>												
<b>Production Plant</b>	325-338	D	2	2,587,318	1,493,191	76,900	146,221	439,031	3,110	151,080	112,148	165,637
<b>Transmission Plant</b>	365-369	D	50	34,697,699	21,394,358	1,101,825	2,095,047	6,290,415	44,552	2,164,651	1,606,850	-
<b>Distribution Plant</b>												
Land	374.1	D	9	822,806	493,330	25,407	48,309	145,050	1,028	49,915	37,052	22,716
Land Rights	374.2	D	9	5,310,777	3,184,183	163,986	311,812	936,221	6,633	322,173	239,150	146,620
Structures & Improvemts.	375	D	2	7,631,073	4,404,040	226,810	431,266	1,294,883	9,172	445,598	330,772	488,532
Mains (LIS)	376	D	Direct	5,643,012								5,643,012
Mains (>4")	376	D (A)	50	105,048,616	64,772,241	3,335,819	6,342,835	19,044,474	134,882	6,553,563	4,864,801	-
Mains (Other)	376	D (A)	50	93,706,458	57,778,746	2,975,649	5,657,996	16,988,231	120,319	5,845,971	4,339,546	-
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	9,204,355	2,066	-	-	6,509,893	28,581	1,981,650	314,575	367,590
Other	387	D (D)	11	450,555	258,898	13,333	25,352	88,684	594	30,019	20,052	13,622
Land Rights	374.2	C	10									
Mains	376	C (A)	4									
M&R Sta. Equip.	378	D	2	6,085,446	3,512,029	180,871	343,915	1,032,612	7,314	355,345	263,776	389,583
Services	380	C	5	134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008
Meters	381	C	6	13,267,711	9,466,538	400,327	621,075	1,507,491	124,610	836,768	164,480	146,422
Meter Installations	382	C	6	3,160,552	2,255,060	95,363	147,949	359,105	29,684	199,330	39,181	34,880
House Regulators	383	C	7									
House Regulator Install.	384	C	7	818,704	730,296	30,883	47,912	-	9,613	-	-	-
Other	387	C (D)	12	292,142	256,669	13,276	8,781	8,511	766	3,210	533	396
Distribution Demand		D		233,903,098	134,405,532	6,921,875	13,161,486	46,040,049	308,524	15,584,234	10,409,724	7,071,675
Distribution Customer		C		151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707
<b>Total Distribution</b>				<b>385,567,364</b>	<b>267,653,849</b>	<b>13,814,294</b>	<b>17,720,308</b>	<b>50,458,437</b>	<b>706,307</b>	<b>17,250,576</b>	<b>10,686,211</b>	<b>7,277,382</b>
<b>General Plant</b>	389-399											
Demand		D (M)	13	8,194,594	4,752,984	244,779	465,431	1,594,556	10,763	540,890	366,498	218,693
Customer		C (M)	14	4,582,896	4,026,415	208,271	137,756	133,512	12,020	50,353	8,355	6,216
<b>Total General Plant</b>				<b>12,777,490</b>	<b>8,779,399</b>	<b>453,050</b>	<b>603,186</b>	<b>1,728,068</b>	<b>22,783</b>	<b>591,242</b>	<b>374,853</b>	<b>224,909</b>
<b>Intangible Plant</b>	301-303											
Demand		D (M)	13	1,478,975	857,827	44,178	84,002	287,788	1,943	97,621	66,146	39,470
Customer		C (M)	14	827,130	726,695	37,589	24,862	24,097	2,169	9,088	1,508	1,122
<b>Total Intangible Plant</b>				<b>2,306,105</b>	<b>1,584,522</b>	<b>81,767</b>	<b>108,864</b>	<b>311,885</b>	<b>4,112</b>	<b>106,709</b>	<b>67,654</b>	<b>40,592</b>
<b>Plant In Service Summary</b>												
Demand		D		280,861,684	162,903,894	8,389,558	15,952,186	54,651,839	368,891	18,538,475	12,561,367	7,495,474
Customer		C		157,074,292	138,001,426	7,138,279	4,721,441	4,575,996	411,972	1,725,783	286,350	213,045
<b>Gas Plant in Service</b>				<b>437,935,976</b>	<b>300,905,320</b>	<b>15,527,837</b>	<b>20,673,627</b>	<b>59,227,835</b>	<b>780,863</b>	<b>20,264,258</b>	<b>12,847,717</b>	<b>7,708,519</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS	
				Residential	LE 250	GT 250	PA Service					
<b>Accumulated Reserve for Depreciation</b>												
<b>Production Plant</b>	325-338	D	2	(1,794,097)	(1,035,408)	(53,324)	(101,392)	(304,432)	(2,156)	(104,762)	(77,766)	(114,856)
<b>Transmission Plant</b>	365-369	D	50	(15,018,307)	(9,260,183)	(476,906)	(906,805)	(2,722,699)	(19,284)	(936,932)	(695,498)	-
<b>Distribution Plant</b>												
Land	374.1	D	9	16,125	9,668	498	947	2,843	20	978	726	445
Land Rights	374.2	D	9	(975,153)	(584,672)	(30,111)	(57,254)	(171,907)	(1,218)	(59,157)	(43,912)	(26,922)
Structures & Improvmts.	375	D	2	(3,584,026)	(2,068,411)	(106,524)	(202,549)	(608,158)	(4,308)	(209,280)	(155,351)	(229,445)
Mains	376	D (A)	9	(58,248,758)	(34,924,208)	(1,798,605)	(3,419,959)	(10,268,499)	(72,753)	(3,533,603)	(2,623,000)	(1,608,132)
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	(3,112,938)	(699)	-	-	(2,201,664)	(9,666)	(670,200)	(106,390)	(124,320)
Other	387	D (D)	11	(365,505)	(210,026)	(10,816)	(20,567)	(71,944)	(482)	(24,352)	(16,267)	(11,050)
Land Rights	374.2	C	10	-	-	-	-	-	-	-	-	-
Mains	376	C (A)	10	-	-	-	-	-	-	-	-	-
M&R Sta. Equip.	378	D	2	(3,294,506)	(1,901,323)	(97,919)	(186,187)	(559,030)	(3,960)	(192,375)	(142,802)	(210,910)
Services	380	C	5	(44,467,775)	(39,963,679)	(2,106,127)	(1,237,672)	(843,198)	(77,285)	(207,887)	(23,968)	(7,960)
Meters	381	C	6	(8,894,347)	(6,346,134)	(268,369)	(416,353)	(1,010,585)	(83,536)	(560,949)	(110,263)	(98,158)
Meter Installations	382	C	6	(1,506,216)	(1,074,688)	(45,447)	(70,507)	(171,138)	(14,146)	(94,994)	(18,673)	(16,623)
House Regulators	383	C	7	-	-	-	-	-	-	-	-	-
House Regulator Install.	384	C	7	(376,401)	(335,755)	(14,199)	(22,028)	-	(4,420)	-	-	-
Other	387	C (D)	12	(236,995)	(208,218)	(10,770)	(7,124)	(6,904)	(622)	(2,604)	(432)	(321)
Distribution Demand		D		(69,564,761)	(39,679,671)	(2,043,478)	(3,885,569)	(13,878,358)	(92,366)	(4,687,988)	(3,086,995)	(2,210,334)
Distribution Customer		C		(55,481,734)	(47,928,474)	(2,444,912)	(1,753,684)	(2,031,825)	(180,008)	(866,433)	(153,336)	(123,062)
<b>Total Distribution</b>				<b>(125,046,495)</b>	<b>(87,608,145)</b>	<b>(4,488,390)</b>	<b>(5,639,253)</b>	<b>(15,910,183)</b>	<b>(272,375)</b>	<b>(5,554,422)</b>	<b>(3,240,331)</b>	<b>(2,333,396)</b>
<b>General Plant</b>												
Demand	389-399	D	13	(2,881,361)	(1,671,232)	(86,069)	(163,654)	(560,673)	(3,784)	(190,186)	(128,867)	(76,896)
Customer		C	14	(1,611,426)	(1,415,757)	(73,232)	(48,437)	(46,945)	(4,226)	(17,705)	(2,938)	(2,186)
<b>Total General Plant</b>				<b>(4,492,787)</b>	<b>(3,086,989)</b>	<b>(159,300)</b>	<b>(212,091)</b>	<b>(607,619)</b>	<b>(8,011)</b>	<b>(207,891)</b>	<b>(131,805)</b>	<b>(79,082)</b>
<b>Intangible Plant</b>												
Demand	301-303	D	13	(837,301)	(485,647)	(25,011)	(47,556)	(162,927)	(1,100)	(55,267)	(37,448)	(22,345)
Customer		C	14	(468,267)	(411,408)	(21,281)	(14,075)	(13,642)	(1,228)	(5,145)	(854)	(635)
<b>Total Intangible Plant</b>				<b>(1,305,568)</b>	<b>(897,054)</b>	<b>(46,291)</b>	<b>(61,632)</b>	<b>(176,569)</b>	<b>(2,328)</b>	<b>(60,411)</b>	<b>(38,301)</b>	<b>(22,981)</b>
<b>Accumulated Reserve for Dep'n Summary</b>												
Demand		D		(90,095,826)	(52,132,141)	(2,684,787)	(5,104,977)	(17,629,090)	(118,690)	(5,975,135)	(4,026,574)	(2,424,432)
Customer		C		(57,561,428)	(49,755,639)	(2,539,424)	(1,816,197)	(2,092,412)	(185,463)	(889,283)	(157,127)	(125,883)
<b>Total Accumulated Reserve</b>				<b>(147,657,254)</b>	<b>(101,887,780)</b>	<b>(5,224,212)</b>	<b>(6,921,174)</b>	<b>(19,721,502)</b>	<b>(304,153)</b>	<b>(6,864,418)</b>	<b>(4,183,701)</b>	<b>(2,550,314)</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.					
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS	
<b>Depreciation Expense</b>													
<i>Production Plant</i>	325-338	D	2	75,973	43,845	2,258	4,294	12,892	91	4,436	3,293	4,864	
<i>Transmission Plant</i>	365-369	D	50	766,425	472,572	24,338	46,277	138,947	984	47,814	35,493	-	
<i>Distribution Plant</i>													
Land	374.1	D	9	-	-	-	-	-	-	-	-	-	-
Land Rights	374.2	D	9	76,500	45,867	2,362	4,492	13,486	96	4,641	3,445	2,112	
Structures & Improvemts.	375	D	2	276,163	159,379	8,208	15,607	46,861	332	16,126	11,970	17,680	
Mains	376	D (A)	9	4,414,737	2,646,944	136,318	259,202	778,261	5,514	267,816	198,800	121,882	
Compressor Sta. Equip.	377	D											
Services	380	D											
Meters	381-382	D											
Regulators	383-384	D											
Ind. M&R. Sta. Equip.	385	D	8	240,183	54	-	-	169,872	746	51,710	8,209	9,592	
Other	387	D (D)	11	7,131	4,097	211	401	1,404	9	475	317	216	
Land Rights	374.2	C	10	-	-	-	-	-	-	-	-	-	-
Mains	376	C	10	-	-	-	-	-	-	-	-	-	-
M&R Sta. Equip.	378	D	2	176,217	101,698	5,238	9,959	29,901	212	10,290	7,638	11,281	
Services	380	C	5	4,143,048	3,723,403	196,227	115,313	78,560	7,201	19,369	2,233	742	
Meters	381	C	6	297,294	212,120	8,970	13,917	33,779	2,792	18,750	3,686	3,281	
Meter Installations	382	C	6	77,479	55,281	2,338	3,627	8,803	728	4,886	961	855	
House Regulators	383	C	7	-	-	-	-	-	-	-	-	-	-
House Regulator Install.	384	C	7	20,722	18,484	782	1,213	-	243	-	-	-	-
Other	387	C (D)	12	4,623	4,062	210	139	135	12	51	8	6	
Distribution Demand		D		5,190,931	2,958,039	152,337	289,661	1,039,785	6,908	351,057	230,380	162,763	
Distribution Customer		C		4,543,166	4,013,350	208,527	134,209	121,277	10,976	43,056	6,888	4,884	
<b>Total Distribution</b>				<b>9,734,097</b>	<b>6,971,390</b>	<b>360,864</b>	<b>423,870</b>	<b>1,161,062</b>	<b>17,884</b>	<b>394,113</b>	<b>237,267</b>	<b>167,646</b>	
<i>General Plant</i>	389-399												
Demand		D (M)	13	714,717	414,546	21,349	40,594	139,074	939	47,175	31,965	19,074	
Customer		C (M)	14	399,712	351,176	18,165	12,015	11,645	1,048	4,392	729	542	
<b>Total General Plant</b>				<b>1,114,429</b>	<b>765,722</b>	<b>39,514</b>	<b>52,609</b>	<b>150,719</b>	<b>1,987</b>	<b>51,567</b>	<b>32,694</b>	<b>19,616</b>	
<i>Intangible Plant</i>	301-303												
Demand		D (M)	13	142,467	82,633	4,256	8,092	27,722	187	9,404	6,372	3,802	
Customer		C (M)	14	79,676	70,001	3,621	2,395	2,321	209	875	145	108	
<b>Total Intangible Plant</b>				<b>222,143</b>	<b>152,634</b>	<b>7,876</b>	<b>10,487</b>	<b>30,043</b>	<b>396</b>	<b>10,279</b>	<b>6,517</b>	<b>3,910</b>	
<i>Depreciation Summary</i>													
Demand		D		6,890,513	3,971,637	204,538	388,917	1,358,420	9,110	459,887	307,503	190,502	
Customer		C		5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534	
<b>Total Depreciation</b>				<b>11,913,067</b>	<b>8,406,165</b>	<b>434,851</b>	<b>537,536</b>	<b>1,493,663</b>	<b>21,343</b>	<b>508,210</b>	<b>315,264</b>	<b>196,036</b>	

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service LE 250	Lrg Comm. GT 250	PA Service	SVIS	IVIS	LVIS	LIS
<b>Working Capital</b>												
<b>Cash</b>												
Commodity Related		E	49	32,292,577	26,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
Non-Comm. Related - Dem.		D (N)	31	2,375,414	1,359,527	70,015	133,130	458,136	3,088	155,334	104,930	91,253
Non-Comm. Related - Cust		C (N)	32	5,704,009	4,935,715	236,381	144,486	200,465	11,709	78,227	69,246	27,780
<b>Cash Working Capital</b>				<b>40,372,000</b>	<b>32,324,887</b>	<b>1,582,001</b>	<b>2,647,460</b>	<b>2,875,738</b>	<b>117,154</b>	<b>531,552</b>	<b>174,176</b>	<b>119,032</b>
<b>Prepayments</b>												
PUC General Assess. -- D		D (O)	34	74,521	42,776	2,203	4,189	14,519	98	4,919	3,306	2,512
PUC General Assess. -- C		C(O)	37	280,758	220,191	14,159	8,157	8,073	665	3,120	4,613	1,781
Other Insurance - Demand		D (P)	35	106,057	61,515	3,168	6,024	20,637	139	7,000	4,743	2,830
Other Insurance - Customer		C (P)	38	168,353	147,911	7,651	5,060	4,905	442	1,850	307	228
AGA Dues - Demand		D (Q)	36	4,701	2,699	139	264	916	6	310	209	158
AGA Dues - Customer		C (Q)	39	16,229	13,710	880	507	502	41	194	285	110
<b>Total Prepayments</b>				<b>630,619</b>	<b>488,801</b>	<b>28,200</b>	<b>24,201</b>	<b>49,551</b>	<b>1,391</b>	<b>17,393</b>	<b>13,463</b>	<b>7,620</b>
<b>Materials &amp; Supplies (page 11)</b>												
Valves - Demand		D	9	67,825	40,666	2,094	3,982	11,957	85	4,115	3,054	1,873
Valves - Customer		C	10	-	-	-	-	-	-	-	-	-
Regulators - Dom. & Ind.		D	41	6,057	1,392	72	136	2,988	14	926	229	300
Meter & Service Risers		C	40	99,759	87,991	4,571	2,947	2,742	242	991	160	115
Pipe, Mains & Svces -- D		D (H)	15	581,385	348,581	17,952	34,135	102,491	726	35,269	28,181	16,051
Pipe, Mains & Svces -- C		C (H)	16	381,503	342,861	18,069	10,618	7,234	663	1,784	206	68
<b>Total Materials &amp; Supplies</b>				<b>1,136,529</b>	<b>821,491</b>	<b>42,758</b>	<b>51,819</b>	<b>127,411</b>	<b>1,730</b>	<b>43,084</b>	<b>29,830</b>	<b>18,407</b>
<b>Gas Storage Inventory</b>		D	42	<b>10,517,109</b>	<b>8,484,864</b>	<b>417,779</b>	<b>776,360</b>	<b>720,602</b>	<b>36,539</b>	<b>80,965</b>	-	-
<b>Summary of Working Capital</b>												
Demand		D		13,733,069	10,342,019	513,423	958,220	1,332,245	40,695	288,838	142,652	114,976
Customer		C		6,630,611	5,748,379	281,711	171,776	223,920	13,762	86,165	74,816	30,083
Commodity		E		32,292,577	26,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
<b>Total Working Capital</b>				<b>52,656,257</b>	<b>42,120,043</b>	<b>2,070,738</b>	<b>3,499,839</b>	<b>3,773,302</b>	<b>156,814</b>	<b>672,993</b>	<b>217,468</b>	<b>145,059</b>
Customer Security Deposits	235	C	45	(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes - D		D (N)	44	(26,255,428)	(18,040,075)	(930,935)	(1,239,439)	(3,550,866)	(46,815)	(1,214,896)	(770,255)	(462,146)
Deferred Income Taxes - C		C (N)	44	(14,683,572)	(10,089,066)	(520,633)	(693,167)	(1,985,852)	(26,182)	(679,441)	(430,772)	(258,459)
Deferred Income Tax ITC - D		D (N)	44	(1,198,647)	(823,589)	(42,500)	(56,584)	(162,109)	(2,137)	(55,464)	(35,165)	(21,098)
Deferred Income Tax ITC - C		C (N)	44	(670,353)	(460,599)	(23,769)	(31,645)	(90,661)	(1,195)	(31,019)	(19,666)	(11,800)
<b>Operating Revenues</b>												
Revenues	480-1,9			424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	1,316,665	7,517,593	3,183,617	2,113,289
<b>Other Operating Revenues</b>												
Late Payment Charges	487			1,601,774	1,249,664	63,342	106,771	128,801	4,973	28,291	11,950	7,982
Bill Insert Revenues	495	3		53,905	49,799	2,304	1,064	583	48	94	10	3
Customer Billing Service Chgs	495	3		3,981	3,678	170	79	43	4	7	1	0
Sale of Inventory Mat'ls	495	43		(1,956)	(1,414)	(74)	(89)	(219)	(3)	(74)	(51)	(32)
Rental Income - D	495	D	13	35,148	20,386	1,050	1,996	6,839	46	2,320	1,572	938
Rental Income - C	495	C	14	55,795	49,020	2,536	1,677	1,625	146	613	102	76
Sales Tax - D	495	D	28	8,114	4,622	238	453	1,582	11	536	358	315
Sales Tax - Cust	495	C	29	32,023	26,858	1,784	1,011	1,006	82	391	646	246
Sales Tax - Comm.	495	E	30	284	132	6	12	42	1	21	24	45
<b>Total Other Operating Revenues</b>				<b>1,789,058</b>	<b>1,402,746</b>	<b>71,356</b>	<b>112,974</b>	<b>140,303</b>	<b>5,307</b>	<b>32,198</b>	<b>14,611</b>	<b>9,574</b>
<b>Total Operation Revenue</b>				<b>425,925,133</b>	<b>332,263,977</b>	<b>16,841,859</b>	<b>28,381,675</b>	<b>34,244,769</b>	<b>1,321,972</b>	<b>7,549,791</b>	<b>3,198,228</b>	<b>2,122,863</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Direct Labor Expense	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm. PA Service	SVIS	MIS	LVIS	LIS
					Residential	LE 250	GT 250					
Natural Gas Production	750-769	D?	2	5,660	3,266	168	320	960	7	331	245	362
Other Gas Supply	807-1-813	E	1	189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
Transmission	850-867	D	2	569,371	328,595	16,923	32,178	96,614	684	33,247	24,680	36,450
<b>Distribution</b>												
Load Dispatching	871	D	2	663,374	382,846	19,717	37,490	112,565	797	38,736	28,754	42,468
Structures & Improvements	886	D	2	86,792	50,089	2,580	4,905	14,727	104	5,068	3,762	5,556
Compressor Sta. Eqmt.	872	D	2	3,815	2,202	113	216	647	5	223	165	244
Compressor Sta. Eqmt. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	1,611,457	966,181	49,759	94,614	284,079	2,012	97,757	72,566	44,489
Mains Maintenance	887	D (A)	9	1,516,493	909,244	46,826	89,038	267,338	1,894	91,997	68,289	41,867
Services Maintenance	887	D	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	316,240	182,508	9,399	17,872	53,661	380	18,466	13,708	20,245
Meas&Reg - Industrial	876,890	D	8	182,603	41	-	-	129,148	567	39,313	6,241	7,293
Meas&Reg - City	877,891	D	2	524	302	16	30	89	1	31	23	34
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D (J)	19	1,769,003	1,006,747	51,847	98,584	348,146	2,326	117,733	78,131	65,489
Rents	881	D (J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	D (K)	19	1,914,687	1,089,656	56,117	106,703	376,817	2,517	127,429	84,566	70,882
<b>Mains &amp; Services</b>												
Mains & Services	874	C (H)	16	1,057,431	950,325	50,083	29,431	20,051	1,838	4,943	570	189
Mains Maintenance	887	C(A)	10	-	-	-	-	-	-	-	-	-
Services Maintenance	893	C	5	520,705	467,963	24,662	14,493	9,874	905	2,434	281	93
Meters & House Regulators	878,893	C(I)	17	1,440,472	1,039,986	43,980	68,231	155,899	13,690	86,535	17,010	15,142
Customer Installations	879	C	18	1,072,556	942,320	48,743	32,240	31,246	2,813	11,784	1,955	1,455
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	20	1,147,033	953,419	46,953	40,484	60,859	5,396	29,634	5,556	4,733
Rents	881	C(J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	C(K)	20	1,630,734	1,355,474	66,752	57,556	86,524	7,671	42,131	7,899	6,728
Total Distribution -- Demand	881	C(J)	26	8,054,988	4,589,816	236,374	449,451	1,587,218	10,603	536,753	356,205	298,568
Total Distribution -- Customer	870,885	C(K)	26	6,868,931	5,709,487	281,172	242,434	364,453	32,313	177,462	33,270	28,340
Total Distribution				14,933,919	10,299,303	517,546	691,885	1,951,671	42,915	714,215	389,475	326,908
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,224,872	2,045,473	103,685	45,349	22,127	2,120	4,880	862	375
Customer Records & Coll.	903	C	21	5,392,409	4,957,600	251,300	109,913	53,629	5,139	11,827	2,090	910
Misc. Customer Accts.	905	C	21	88,231	81,117	4,112	1,798	877	84	194	34	15
Supervision	901	C	21	1,048,199	961,840	48,756	21,325	10,405	997	2,295	406	177
Total Customer Accounts				8,751,711	8,046,030	407,853	178,386	87,038	8,341	19,195	3,392	1,477
<b>Customer Service</b>												
Customer Service	909-913	C	22	2,455,635	1,452,595	320,852,595	148,162,7675	81,160,85171	5634,489356	11026,92894	327151,7452	109050,2564
Transportation Admin.		C	24	60,368	3,164	292.10	3,553.92	37,145.79	48.68	13,631.48	1,898.67	632.89
Total Customer Service				2,516,003	1,455,760	321,145	151,717	118,307	5,683	24,658	329,050	109,683
<b>Summary of Direct Labor</b>												
Demand		D		8,640,019	4,921,678	253,465	481,949	1,684,793	11,294	570,330	381,130	335,381
Customer		C		18,136,645	15,211,277	1,010,170	572,536	569,797	46,336	221,316	365,713	139,500
Commodity		E		189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
Total Direct Labor				26,966,218	20,221,148	1,267,942	1,062,722	2,282,630	57,985	805,860	763,189	504,741

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
I.e. SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service			SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>O&amp;M Expense</b>												
Natural Gas Production	750-769	D7	2	67,288	38,833	2,000	3,803	11,418	81	3,929	2,917	4,308
Purchase Gas Expense	410.999	E	Direct	320,397,574	257,314,998	12,609,347	23,436,615	22,545,731	1,012,094	3,316,639	124,807	38,343
Other Gas Supply	807.1-813	E	1	894,604	416,229	20,331	38,877	132,336	1,674	67,084	77,146	140,927
Gas for Utility Op'ns	807.1-813	E	1	(81,935)	(38,122)	(1,862)	(3,561)	(12,120)	(153)	(6,144)	(7,066)	(12,907)
Transmission	850-867	D	2	1,458,301	841,614	43,344	82,415	247,453	1,753	85,154	63,211	93,359
				\$ 13.09	\$ 13.0440	\$ 13.0434	\$ 13.0488	\$ 13.4176	\$ 13.0472	\$ 14.89	\$ 13.0472	\$ 13.0472
<b>Distribution</b>												
Load Dispatching	871	D	2	1,445,917	834,467	42,975	81,715	245,351	1,738	84,431	62,674	92,566
Structures & Improvements	886	D	2	311,329	178,674	9,253	17,595	52,828	374	18,179	13,495	19,931
Compressor Sta. Eqmt.	872	D	2	10,248	5,914	305	579	1,739	12	588	444	656
Compressor Sta. Eq. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	2,301,851	1,380,121	71,077	135,149	405,786	2,874	139,639	103,656	63,549
Mains Maintenance	887	D (A)	9	2,330,575	1,397,343	71,963	138,835	410,850	2,911	141,382	104,848	64,343
Services Maintenance	887	D(H)	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	463,506	267,498	13,776	26,195	78,650	557	27,065	20,091	29,673
Meas&Reg - Industrial	876,890	D	8	271,725	61	-	-	192,181	844	58,501	9,287	10,852
Meas&Reg - City	877,891	D	2	14,193	8,191	422	802	2,408	17	829	615	909
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D (J)	25	3,059,111	1,742,899	89,759	170,671	594,675	3,991	201,374	134,874	120,869
Rents	881	D (J)	25	20,568	11,718	603	1,147	3,998	27	1,354	907	813
Supervision & Engrg.	870,885	D (K)	25	2,471,847	1,408,311	72,528	137,907	480,514	3,225	162,716	108,982	97,665
Mains & Services	874	C (H)	16	1,510,465	1,357,471	71,540	42,041	28,641	2,625	7,061	814	270
Mains Maintenance	887	C(A)	10	-	-	-	-	-	-	-	-	-
Services Maintenance	893	C (H)	5	534,793	480,624	25,329	14,885	10,141	929	2,500	288	98
Meters & House Regulators	878,893	C(I)	17	2,385,027	1,721,932	72,818	112,971	258,125	22,666	143,279	28,164	25,072
Customer Installations	879	C	18	1,173,949	1,031,401	53,350	35,287	34,200	3,079	12,898	2,140	1,592
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	26	1,983,547	1,625,078	78,941	72,622	117,191	10,370	58,661	11,116	9,567
Rents	881	C(J)	26	13,336	10,926	531	488	788	70	394	75	64
Supervision & Engrg.	870,885	C(K)	26	1,836,812	1,504,861	73,102	67,250	108,522	9,603	54,321	10,294	8,859
Total Distribution -- Demand				12,700,889	7,236,197	372,662	708,585	2,468,981	16,570	836,068	559,972	501,825
Total Distribution -- Customer				9,437,930	7,732,294	375,612	345,545	557,609	49,343	279,115	52,890	45,521
<b>Total Distribution</b>				<b>22,138,799</b>	<b>14,968,491</b>	<b>748,274</b>	<b>1,054,140</b>	<b>3,026,590</b>	<b>65,913</b>	<b>1,115,183</b>	<b>612,862</b>	<b>547,346</b>
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,576,031	2,368,317	120,050	52,507	25,619	2,455	5,650	998	435
Customer Records & Coll.	903	C	21	9,068,820	8,337,570	422,631	184,849	90,192	8,643	19,891	3,515	1,530
Uncollectibles	904	C	27	8,437,000	8,187,442	142,142	65,638	35,955	1,800	3,522	376	126
Misc. Customer Accts.	905	C	21	493,112	453,351	22,980	10,051	4,904	470	1,082	191	83
Supervision	901	C	21	1,097,836	1,009,314	51,162	22,377	10,918	1,046	2,408	426	185
<b>Total Customer Accounts</b>				<b>21,672,799</b>	<b>20,355,993</b>	<b>758,965</b>	<b>335,423</b>	<b>167,588</b>	<b>14,414</b>	<b>32,553</b>	<b>5,506</b>	<b>2,359</b>
<b>Customer Service</b>												
Customer Service	909-913	C	23	7,485,080	6,446,872	333,152	153,840	84,272	6,942	13,588	334,817	111,607
Transportation Admin.		C	24	896,489	52,235	4,821.72	58,664.27	613,162.18	803.62	225,013.65	31,341.19	10,447.06
<b>Total Customer Service</b>				<b>8,481,579</b>	<b>6,499,107</b>	<b>337,974</b>	<b>212,505</b>	<b>697,434</b>	<b>7,746</b>	<b>238,602</b>	<b>366,158</b>	<b>122,054</b>
Sales Promotion		C	Direct	184,062	184,062	-	-	-	-	-	-	-
<b>Summary of O&amp;M</b>												
Demand		D		14,226,458	8,116,644	418,006	794,813	2,727,851	18,403	925,151	626,099	599,491
Customer		C		39,776,370	34,771,456	1,472,550	893,473	1,422,631	71,502	550,270	424,554	169,934
Commodity		E		321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M</b>				<b>375,213,071</b>	<b>300,581,205</b>	<b>14,518,372</b>	<b>25,159,216</b>	<b>26,816,429</b>	<b>1,103,520</b>	<b>4,853,000</b>	<b>1,245,541</b>	<b>935,788</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service			SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	Lrg Comm. PA Service				
<b>Administrative &amp; General Expense</b>												
<b>A&amp;G Salaries</b>												
	920											
Corporate Mgmt. - Non O&M		D (M)	13	602,107	349,231	17,985	34,198	117,162	791	39,743	26,929	16,069
Corporate Mgmt. - O&M		D (C)	28	828,009	471,665	24,291	46,187	161,461	1,082	54,657	36,525	32,141
Consumer Services		D	3									
Operations, Engrg. & Mech.		D (M)	13	642,143	372,452	19,181	36,472	124,952	843	42,385	28,719	17,137
Corporate Mgmt. - Non O&M		C (M)	14	336,734	295,846	15,303	10,122	9,810	883	3,700	614	457
Corporate Mgmt. - O&M		C (C)	29	2,315,066	1,941,655	128,944	73,082	72,732	5,915	28,250	46,682	17,807
Consumer Services		C	3	290,913	268,755	12,433	5,741	3,145	259	507	54	18
Operations, Engrg. & Mech.		C (M)	14	359,124	315,517	16,320	10,795	10,462	942	3,946	655	487
<b>Total A&amp;G Salaries</b>				<b>5,374,096</b>	<b>4,015,121</b>	<b>234,458</b>	<b>216,597</b>	<b>499,724</b>	<b>10,715</b>	<b>173,187</b>	<b>140,178</b>	<b>84,115</b>
<b>Office Supplies &amp; Expenses</b>												
	921											
Corporate Mgmt. - Non O&M		D (M)	13	406,091	235,539	12,130	23,065	79,020	533	26,804	18,162	10,838
Corporate Mgmt. - O&M		D (C)	28	558,451	318,115	16,383	31,151	108,897	730	36,864	24,634	21,677
Consumer Services		D	3									
Operations, Engrg. & Mech.		D (M)	13	247,622	143,624	7,397	14,064	48,184	325	16,344	11,075	6,608
Corporate Mgmt. - Non O&M		C (M)	14	227,110	199,533	10,321	6,827	6,616	596	2,495	414	308
Corporate Mgmt. - O&M		C (C)	29	1,561,397	1,309,550	86,966	49,290	49,054	3,989	19,053	31,484	12,010
Consumer Services		C	3	96,378	89,037	4,119	1,902	1,042	86	168	18	6
Operations, Engrg. & Mech.		C (M)	14	138,484	121,669	6,293	4,163	4,034	363	1,522	252	188
<b>Sub-Total</b>				<b>3,235,533</b>	<b>2,417,066</b>	<b>143,610</b>	<b>130,461</b>	<b>296,848</b>	<b>6,622</b>	<b>103,250</b>	<b>86,040</b>	<b>51,635</b>
<b>Admin Expense Transferred Credit</b>												
	921											
Corporate Mgmt. - Non O&M		D (M)	13									
Corporate Mgmt. - O&M		D (C)	28									
Consumer Services		D	3									
Operations, Engrg. & Mech.		D (M)	13	(306,552)	(177,805)	(9,157)	(17,411)	(59,651)	(403)	(20,234)	(13,710)	(8,181)
Corporate Mgmt. - Non O&M		C (M)	14									
Corporate Mgmt. - O&M		C (C)	29									
Consumer Services		C	3									
Operations, Engrg. & Mech.		C (M)	14	(171,442)	(150,624)	(7,791)	(5,153)	(4,995)	(450)	(1,884)	(313)	(233)
<b>Sub-Total</b>				<b>(477,994)</b>	<b>(328,429)</b>	<b>(16,948)</b>	<b>(22,565)</b>	<b>(64,645)</b>	<b>(852)</b>	<b>(22,118)</b>	<b>(14,023)</b>	<b>(8,414)</b>
<b>Outside Services Employed</b>												
	922											
Corporate Mgmt. - Non O&M		D (M)	13	73,377	42,560	2,192	4,168	14,278	96	4,843	3,282	1,958
Corporate Mgmt. - O&M		D (C)	28	100,907	57,481	2,960	5,629	19,677	132	6,861	4,451	3,917
Consumer Services		D	3									
Operations, Engrg. & Mech.		D (M)	13	17,360	10,069	519	986	3,378	23	1,146	776	463
Corporate Mgmt. - Non O&M		C (M)	14	41,037	36,054	1,865	1,234	1,196	108	451	75	56
Corporate Mgmt. - O&M		C (C)	29	282,131	236,624	15,714	8,906	8,864	721	3,443	5,689	2,170
Consumer Services		C	3									
Operations, Engrg. & Mech.		C (M)	14	9,708	8,530	441	292	283	25	107	18	13
<b>Sub-Total</b>				<b>524,520</b>	<b>391,317</b>	<b>23,691</b>	<b>21,214</b>	<b>47,675</b>	<b>1,105</b>	<b>16,650</b>	<b>14,291</b>	<b>8,577</b>
<b>Property Insurance</b>												
	924											
Corporate Mgmt. - Non O&M		D (M)	13									
Corporate Mgmt. - O&M		D (C)	28									

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Administrative &amp; General Expense</b>												
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	(39,161)	(22,714)	(1,170)	(2,224)	(7,620)	(51)	(2,585)	(1,751)	(1,045)
Corporate Mgmt. - Non O&M		C (M)	14	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		C (C)	29	-	-	-	-	-	-	-	-	-
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	(21,901)	(19,242)	(995)	(658)	(638)	(57)	(241)	(40)	(30)
<b>Sub-Total</b>				<b>(61,062)</b>	<b>(41,956)</b>	<b>(2,165)</b>	<b>(2,883)</b>	<b>(8,258)</b>	<b>(109)</b>	<b>(2,825)</b>	<b>(1,791)</b>	<b>(1,075)</b>
<b>Injuries &amp; Damages</b>												
	925											
Corporate Mgmt. - Non O&M		D (M)	13	118,562	68,768	3,542	6,734	23,071	156	7,826	5,303	3,164
Corporate Mgmt. - O&M		D (C)	28	163,045	92,877	4,783	9,095	31,794	213	10,763	7,192	6,329
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	949,109	550,497	28,351	53,907	184,684	1,247	62,647	42,448	25,329
Corporate Mgmt. - Non O&M		C (M)	14	66,307	58,256	3,013	1,993	1,932	174	729	121	90
Corporate Mgmt. - O&M		C (C)	29	455,866	382,336	25,391	14,391	14,322	1,165	5,563	9,192	3,506
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	530,798	466,345	24,122	15,955	15,464	1,392	5,832	968	720
<b>Sub-Total</b>				<b>2,283,687</b>	<b>1,619,079</b>	<b>89,202</b>	<b>102,075</b>	<b>271,265</b>	<b>4,346</b>	<b>93,358</b>	<b>65,224</b>	<b>39,139</b>
<b>Employee Pension &amp; Benefits</b>												
	926											
Corporate Mgmt. - Non O&M		D (M)	13	700,920	406,544	20,937	39,810	136,390	921	46,265	31,348	18,706
Corporate Mgmt. - O&M		D (C)	28	963,896	549,071	28,277	53,767	187,958	1,260	63,627	42,520	37,416
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	62,463	36,229	1,866	3,548	12,154	82	4,123	2,794	1,667
Corporate Mgmt. - Non O&M		C (M)	14	391,996	344,397	17,814	11,783	11,420	1,028	4,307	715	532
Corporate Mgmt. - O&M		C (C)	29	2,694,998	2,260,306	150,105	85,075	84,669	6,885	32,886	54,343	20,729
Consumer Services		C	3	14,060	12,989	601	277	152	13	25	3	1
Operations, Engrg. & Mech.		C (M)	14	34,933	30,691	1,588	1,050	1,018	92	384	64	47
<b>Sub-Total</b>				<b>4,863,266</b>	<b>3,640,228</b>	<b>221,188</b>	<b>195,311</b>	<b>433,761</b>	<b>10,280</b>	<b>151,616</b>	<b>131,785</b>	<b>79,097</b>
<b>Franchise Requirement</b>												
	927											
Corporate Mgmt. - Non O&M		D (M)	13	121	70	4	7	23	0	8	5	3
Corporate Mgmt. - O&M		D (C)	28	166	95	5	9	32	0	11	7	6
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M		C (M)	14	67	59	3	2	2	0	1	0	0
Corporate Mgmt. - O&M		C (C)	29	464	389	26	15	15	1	6	9	4
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>				<b>818</b>	<b>613</b>	<b>37</b>	<b>33</b>	<b>72</b>	<b>2</b>	<b>25</b>	<b>22</b>	<b>13</b>
<b>Regulatory Commission Exps.</b>												
	928											
Corporate Mgmt. - Non O&M		D (M)	13	396,606	230,037	11,847	22,526	77,174	521	26,178	17,738	10,584
Corporate Mgmt. - O&M		D (C)	28	545,407	310,684	16,000	30,423	106,354	713	36,002	24,059	21,171
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M		C (M)	14	221,805	194,872	10,080	6,667	6,462	582	2,437	404	301

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Administrative &amp; General Expense</b>												
Corporate Mgmt. - O&M	C (C)	29		1,524,927	1,278,962	84,935	48,139	47,909	3,896	18,608	30,749	11,729
Consumer Services	C	3		14,518	13,412	620	287	157	13	25	3	1
Operations, Engrg. & Mech.	C (M)	14										
<b>Sub-Total</b>				<b>2,703,263</b>	<b>2,027,968</b>	<b>123,482</b>	<b>108,042</b>	<b>238,055</b>	<b>5,724</b>	<b>83,251</b>	<b>72,953</b>	<b>43,786</b>
<b>Misc. General Exps.</b>	930.2											
Corporate Mgmt. - Non O&M	D (M)	13		62,116	36,028	1,855	3,528	12,087	82	4,100	2,778	1,658
Corporate Mgmt. - O&M	D (C)	28		85,420	48,659	2,506	4,765	16,657	112	5,639	3,768	3,316
Consumer Services	D	3										
Operations, Engrg. & Mech.	D (M)	13		4,173	2,420	125	237	812	5	275	187	111
Corporate Mgmt. - Non O&M	C (M)	14		34,739	30,521	1,579	1,044	1,012	91	382	63	47
Corporate Mgmt. - O&M	C (C)	29		238,831	200,308	13,302	7,539	7,503	610	2,914	4,816	1,837
Consumer Services	C	3		2,539	2,346	109	50	27	2	4	0	0
Operations, Engrg. & Mech.	C (M)	14		2,334	2,050	106	70	68	6	26	4	3
<b>Sub-Total</b>				<b>430,152</b>	<b>322,332</b>	<b>19,582</b>	<b>17,234</b>	<b>38,167</b>	<b>908</b>	<b>13,340</b>	<b>11,617</b>	<b>6,972</b>
<b>Rents</b>	931											
Corporate Mgmt. - Non O&M	D (M)	13		90,832	52,684	2,713	5,159	17,675	119	5,995	4,062	2,424
Corporate Mgmt. - O&M	D (C)	28		124,911	71,154	3,664	6,968	24,357	163	8,245	5,510	4,849
Consumer Services	D	3										
Operations, Engrg. & Mech.	D (M)	13		5,726	3,321	171	325	1,114	8	378	256	153
Corporate Mgmt. - Non O&M	C (M)	14		50,799	44,630	2,309	1,527	1,480	133	558	93	69
Corporate Mgmt. - O&M	C (C)	29		349,244	292,912	19,452	11,025	10,972	892	4,262	7,042	2,686
Consumer Services	C	3		3,821	3,530	163	75	41	3	7	1	0
Operations, Engrg. & Mech.	C (M)	14		3,202	2,813	146	96	93	8	35	6	4
<b>Sub-Total</b>				<b>628,535</b>	<b>471,045</b>	<b>28,618</b>	<b>25,175</b>	<b>55,733</b>	<b>1,327</b>	<b>19,480</b>	<b>16,970</b>	<b>10,185</b>
<b>Maintenance General Plant</b>	932											
Production	D	13		604	350	18	34	118	1	40	27	16
Transportation	D	13		8,098	4,697	242	460	1,576	11	535	362	216
Distribution	D(M)	13		57,712	33,474	1,724	3,278	11,230	76	3,809	2,581	1,540
Distribution	C(M)	14		32,276	28,357	1,467	970	940	85	355	59	44
<b>Sub-Total</b>				<b>98,690</b>	<b>66,878</b>	<b>3,451</b>	<b>4,742</b>	<b>13,864</b>	<b>172</b>	<b>4,738</b>	<b>3,029</b>	<b>1,816</b>
<b>Total A&amp;G</b>												
Demand				7,470,242	4,297,876	221,340	420,864	1,454,997	9,791	493,094	332,039	240,241
Customer				12,133,262	10,303,387	646,864	374,573	367,263	30,451	140,861	194,256	75,607
<b>Total A&amp;G</b>				<b>19,603,504</b>	<b>14,601,263</b>	<b>868,205</b>	<b>795,437</b>	<b>1,822,259</b>	<b>40,242</b>	<b>633,955</b>	<b>526,295</b>	<b>315,848</b>
Customer Deposit Interest	C	45		190,000	23,387	27,652	45,510	45,780	4,442	25,360	10,740	7,129
<b>Summary O&amp;M and A&amp;G Expenses</b>												
Demand				21,696,700	12,414,520	639,346	1,215,677	4,182,848	28,194	1,418,245	958,138	839,732
Customer				52,099,632	45,098,230	2,147,067	1,313,555	1,835,674	106,395	716,491	629,550	252,670
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M and A&amp;G</b>				<b>395,006,575</b>	<b>315,205,856</b>	<b>15,414,228</b>	<b>26,000,163</b>	<b>28,684,468</b>	<b>1,148,204</b>	<b>5,512,315</b>	<b>1,782,576</b>	<b>1,258,765</b>

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SWIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Taxes</b>												
<b>Taxes Other Than Income</b>												
<b>Federal</b>												
FICA												
Demand		D (F)	28	339,946	193,646	9,973	18,963	66,289	444	22,440	14,996	13,196
Customer		C (F)	29	713,597	598,496	39,746	22,527	22,419	1,823	8,708	14,389	5,489
Commodity		E (F)	30	7,458	3,470	169	324	1,103	14	559	643	1,175
Total FICA				1,061,001	795,612	49,888	41,813	89,811	2,281	31,707	30,028	19,859
Unemployment												
Demand		D (F)	28	4,806	2,738	141	268	937	6	317	212	187
Customer		C (F)	29	10,089	8,461	562	318	317	26	123	203	78
Commodity		E (F)	30	105	49	2	5	16	0	8	9	17
Total Unemployment				15,000	11,248	705	591	1,270	32	448	425	281
<b>Total Federal</b>				<b>1,076,001</b>	<b>806,860</b>	<b>50,593</b>	<b>42,405</b>	<b>91,081</b>	<b>2,314</b>	<b>32,155</b>	<b>30,453</b>	<b>20,140</b>
<b>Pennsylvania</b>												
Unemployment												
Demand		D (F)	28	15,700	8,943	461	876	3,061	21	1,036	693	609
Customer		C (F)	29	32,956	27,640	1,836	1,040	1,035	84	402	665	253
Commodity		E (F)	30	344	160	8	15	51	1	26	30	54
Total Unemployment				49,000	36,744	2,304	1,931	4,148	105	1,464	1,387	917
Capital Stock												
Demand		D (M)	13	463,041	268,570	13,831	26,299	90,101	608	30,563	20,709	12,357
Customer		C (M)	14	258,959	227,515	11,768	7,784	7,544	679	2,845	472	351
Total Capital Stock				722,000	496,085	25,600	34,083	97,646	1,287	33,409	21,181	12,709
Property & Public Utility												
Demand		D (M)	13	78,884	45,754	2,356	4,480	15,350	104	5,207	3,528	2,105
Customer		C (M)	14	44,116	38,759	2,005	1,326	1,285	116	485	80	60
Total P&PU				123,000	84,513	4,361	5,806	16,635	219	5,691	3,608	2,165
Sales Tax Company Use												
Demand		D (M)	13	2,565	1,488	77	146	499	3	169	115	68
Customer		C (M)	14	1,435	1,260	65	43	42	4	16	3	2
Total STCU				4,000	2,748	142	189	541	7	185	117	70
<b>Total Pennsylvania</b>				<b>898,000</b>	<b>620,091</b>	<b>32,407</b>	<b>42,010</b>	<b>118,969</b>	<b>1,619</b>	<b>40,749</b>	<b>26,294</b>	<b>15,861</b>
<b>Summary Taxes Other Than Income</b>												
Demand		D		904,942	521,139	26,839	51,032	176,238	1,186	59,733	40,252	28,523
Customer		C		1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Commodity		E		7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Total Taxes Other Than Income</b>				<b>1,974,001</b>	<b>1,426,951</b>	<b>83,000</b>	<b>84,414</b>	<b>210,050</b>	<b>3,933</b>	<b>72,905</b>	<b>56,746</b>	<b>36,001</b>
<b>Federal/State Income Tax</b>												
Operating Revenue				425,925,133	332,263,977	16,841,859	28,381,675	34,244,769	1,321,972	7,549,791	3,198,228	2,122,863
Less:												

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Taxes</b>												
O&M/A&G Expenses				395,006,575	315,205,856	15,414,228	26,000,163	28,684,468	1,148,204	5,512,315	1,782,576	1,258,765
Depreciation Expense				11,913,067	8,406,165	434,851	537,536	1,493,663	21,343	508,210	315,264	196,036
Taxes Other Than Income				1,974,001	1,426,951	83,000	84,414	210,050	3,933	72,905	56,746	36,001
Negative Net Salvage		??	44	1,354,000	930,332	48,009	63,918	183,119	2,414	62,653	39,722	23,833
Total Deductions				410,247,643	325,969,304	15,980,088	26,686,031	30,571,301	1,175,894	6,156,082	2,194,309	1,514,636
<b>Operating Income Before Taxes</b>				<b>15,677,490</b>	<b>6,294,673</b>	<b>861,771</b>	<b>1,695,644</b>	<b>3,673,468</b>	<b>146,078</b>	<b>1,393,710</b>	<b>1,003,919</b>	<b>608,227</b>
<b>Tax Adjustments</b>												
Interest Charges			44	9,413,000	6,467,662	333,755	444,359	1,273,044	16,784	435,560	276,149	165,687
Book Depreciation				(11,913,067)	(8,406,165)	(434,851)	(537,536)	(1,493,663)	(21,343)	(508,210)	(315,264)	(196,036)
State Dep'n			46	16,751,000	11,819,934	611,445	755,831	2,100,244	30,010	714,595	443,294	275,647
Meals/Entertainment			47	(31,000)	(23,246)	(1,458)	(1,222)	(2,624)	(67)	(926)	(877)	(580)
Total Tax Adjustments				14,219,933	9,858,185	508,892	661,432	1,877,001	25,385	641,019	403,301	244,718
Pennsylvania Taxable Income				1,457,557	(3,563,512)	352,879	1,034,212	1,796,467	120,694	752,690	600,618	363,509
State Income Tax @ 9.99%				145,610	(355,995)	35,253	103,318	179,467	12,057	75,194	60,002	36,315
Add'l Federal Dep'n			46	(901,000)	(635,769)	(32,888)	(40,654)	(112,968)	(1,614)	(38,437)	(23,844)	(14,826)
Federal Taxable Income				2,212,947	(2,571,749)	350,515	971,548	1,729,968	110,250	715,933	564,460	342,021
Federal Income Tax @ 35.00%				774,531	(900,112)	122,680	340,042	605,489	38,588	250,577	197,561	119,707
Consolidated Tax Adjustment			48	(82,000)	95,295	(12,988)	(36,000)	(64,103)	(4,085)	(26,529)	(20,916)	(12,673)
Investment Tax Credit			44	(4,000)	(2,748)	(142)	(189)	(541)	(7)	(185)	(117)	(70)
Deferred Income Taxes -- Liberal. Dep'n			46	1,539,000	1,085,958	56,177	69,442	192,960	2,757	65,653	40,728	25,325

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFG'S COST OF SERVICE STUDY

Allocators	#	Ex/ En	Small Comm. & PA Service				Lrg Comm. & PA Service		SVIS	IVIS	LVIS	LIS
			Total	Residential	LE 250	GT 250	Service					
Annual Throughput (MCF)	1	X	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4968%	8.6235%	15.7530%	
			42,560,886	19,802,152	967,246	1,849,555	6,295,888	79,617	3,191,547	3,670,249	6,704,632	
Avg. Throughput/Cust. Sales (Mcf)			203	102	108	446	2,774	426	8,720	94,109	515,741	
			24,473,134	19,726,731	966,725	1,796,001	1,680,271	77,572	225,834	-	-	
Transport (Mcf)			18,087,752	75,421	521	53,554	4,615,617	2,045	2,965,713	3,670,249	6,704,632	
Peak Day Demand (MCF/day)		X	100.0000%	57.7119%	2.9722%	5.6514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%	
			365,252	210,794	10,856	20,642	61,978	439	21,326	15,832	23,383	
Load Factor			31.9%	25.7%	24.4%	24.5%	27.8%	49.7%	41.0%	63.5%	78.6%	
Sales (Mcf/day)			261,411	209,908	10,851	20,153	18,799	410	1,290	-	-	
Load Factor			25.6%	25.7%	24.4%	24.4%	24.5%	51.8%	48.0%	#DIV/0!	#DIV/0!	
Transport (Mcf/day)			103,841	886	5	489	43,179	29	20,038	15,832	23,383	
Load Factor			47.7%	23.3%	28.5%	30.0%	29.3%	19.3%	40.5%	63.5%	78.6%	
Demand Allocator (P&A)	2	N	100.0000%	57.7119%	2.9722%	5.6514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%	
Average Annual Customers	3	X	100.0000%	92.3834%	4.2738%	1.9736%	1.0811%	0.0891%	0.1743%	0.0186%	0.0062%	
			209,975	193,982	8,974	4,144	2,270	187	366	39	13	
Avg Ann. Custs. Excl. Lg. Ind.	4	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%	
			209,923	193,982	8,974	4,144	2,270	187	366	-	-	
Historical Service Line Inv.	5	X	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%	
			126,454,209	113,645,815	5,989,226	3,519,638	2,397,822	219,739	591,223	68,149	22,597	
\$/Customer				\$ 586	\$ 667	\$ 849	\$1,056	\$1,175	\$1,615	\$1,747	\$1,738	
Historical Meter Inv.	6	X	100.0000%	71.3502%	3.0173%	4.6811%	11.3621%	0.9392%	6.3068%	1.2397%	1.1036%	
			12,789,310	9,125,202	385,891	598,675	1,453,135	120,117	806,596	158,545	141,149	
\$/Meter				\$ 45	\$ 38	\$ 134	\$ 666	\$ 575	\$1,677	\$1,865	\$3,815	
Small Customer Meter Inv.	7	N	100.0000%	89.2014%	3.7722%	5.8522%	0.0000%	1.1742%	0.0000%	0.0000%	0.0000%	
			10,229,885	9,125,202	385,891	598,675	-	120,117	-	-	-	
Historical M&R Sta. Equip.	8	X	100.0000%	0.0224%	0.0000%	0.0000%	70.7262%	0.3105%	21.5295%	3.4177%	3.9936%	
			8,787,228	1,972	-	-	6,214,875	27,286	1,891,845	300,319	350,931	
\$/Peak Demand							\$ 100.28	\$ 62.15	\$ 88.70	\$ 18.97	\$ 15.01	
\$/customer							\$ 2,738	\$ 146	\$ 5,169	\$ 7,700	\$ 26,995	
Mains -- Demand	9	N	100.0000%	59.9570%	3.0878%	5.8713%	17.6287%	0.1249%	6.0664%	4.5031%	2.7608%	
			204,398,086	122,550,987	6,311,467	12,000,831	36,032,705	255,202	12,399,534	9,204,347	5,643,012	
Mains -- Customer	10	N	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
Dist'n Pll Excl Oth - Demand	11	N	100.0000%	57.4621%	2.9593%	5.6269%	19.6834%	0.1319%	6.6627%	4.4504%	3.0233%	
			233,452,543	134,146,634	6,908,542	13,136,133	45,951,365	307,930	15,554,215	10,389,672	7,058,053	
Dist'n Pll Excl Oth - Cust	12	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%	
			151,372,124	132,991,648	6,879,143	4,550,041	4,409,877	397,017	1,663,133	275,955	205,311	
Demand P. T. D Plant	13	N	100.0000%	58.0015%	2.9871%	5.6797%	19.4586%	0.1313%	6.6006%	4.4724%	2.6687%	
			271,188,115	157,293,082	8,100,601	15,402,753	52,769,495	356,186	17,899,965	12,128,723	7,237,312	
Customer P, T, D Plant	14	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%	
			151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707	
Mains & Serv. - Demand	15	N	100.0000%	59.9570%	3.0878%	5.8713%	17.6287%	0.1249%	6.0664%	4.5031%	2.7608%	
			204,398,086	122,550,987	6,311,467	12,000,831	36,032,705	255,202	12,399,534	9,204,347	5,643,012	
Mains & Serv. - Cust.	16	N	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%	
			134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008	
Meter & HR - Demand	17A	N	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Meter & HR - Customer	17	N	100.0000%	72.1976%	3.0531%	4.7367%	10.8227%	0.9504%	6.0074%	1.1809%	1.0512%	
			17,246,967	12,451,894	526,573	816,936	1,866,596	163,907	1,036,098	203,661	181,302	
Dist'n Plant - Customer	18	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%	
			151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707	
Dist'n Labor, w/o other - D	19	N	100.0000%	56.9104%	2.9309%	5.5729%	19.6804%	0.1315%	6.6553%	4.4167%	3.7020%	
			4,381,298	2,493,414	128,410	244,164	862,255	5,760	291,590	193,508	162,197	
Dist'n Labor, w/o other - C	20	N	100.0000%	83.1205%	4.0934%	3.5294%	5.3058%	0.4704%	2.5835%	0.4844%	0.4126%	
			4,091,164	3,400,594	167,467	144,395	217,070	19,245	105,697	19,816	16,880	

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

#	Ex/ En	Total	Small Comm. & PA Service			Lrg Comm. & PA Service	SVIS	IVS	LVIS	LIS	
			Residential	LE 250	GT 250						
Historical No. of Meters	21	X	100.0000%	91.9367%	4.6603%	2.0383%	0.9945%	0.0953%	0.2193%	0.0388%	0.0169%
Meter/Customer			219,301	201,618	10,220	34,470	2,181	2,209	481	185	137
			1.04	1.04	1.14	1.08	0.96	1.12	1.31	2.18	2.85
Customer Service - Labor	22	X	100.0000%	59.1536%	13.0660%	6.0336%	3.3051%	0.2295%	0.4490%	13.3225%	4.4408%
Labor per Customer			2,516,001	1,488,304	328,740	151,805	83,156	5,773	11,298	335,194	111,731
			\$	\$ 7.67	\$ 36.63	\$ 36.63	\$ 36.63	\$ 30.87	\$ 30.87	\$ 8,594.72	\$ 8,594.69
Customer Service - O&M	23	X	100.0000%	86.1295%	4.4509%	2.0553%	1.1259%	0.0927%	0.1815%	4.4731%	1.4911%
O&M per Customer			8,665,639	7,463,673	385,697	178,104	97,563	8,037	15,731	387,624	129,210
			\$	\$ 38.48	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 9,939.08	\$ 9,939.23
Avg. Annual T'port Custs.	24	X	100.0000%	5.2419%	0.4839%	5.8871%	61.5323%	0.0806%	22.5806%	3.1452%	1.0484%
			1,240	65	16	73	763	3	280	39	13
Dist'n O&M; w/o other - D	25	N	100.0000%	56.9740%	2.9341%	5.5791%	19.4395%	0.1305%	6.5828%	4.4089%	3.9511%
			7,149,344	4,073,269	209,772	398,869	1,389,794	9,327	470,624	315,209	282,478
Dist'n O&M; w/o other - C	26	N	100.0000%	81.9279%	3.9798%	3.6612%	5.9082%	0.5228%	2.9574%	0.5604%	0.4823%
			5,604,234	4,591,429	223,038	205,184	331,108	29,300	165,738	31,406	27,030
Uncollectibles	27	X	100.0000%	97.0421%	1.6847%	0.7780%	0.4262%	0.0213%	0.0417%	0.0045%	0.0015%
			8,467,291	8,216,837	142,652	65,874	36,084	1,806	3,535	377	126
Labor - Demand	28	N	100.0000%	56.9637%	2.9336%	5.5781%	19.4999%	0.1307%	6.6010%	4.4112%	3.8817%
			8,640,019	4,921,678	253,465	481,949	1,684,793	11,294	570,330	381,130	335,381
Labor - Customer	29	N	100.0000%	83.8704%	5.5698%	3.1568%	3.1417%	0.2555%	1.2203%	2.0164%	0.7692%
			18,136,645	15,211,277	1,010,170	572,536	569,797	46,336	221,316	365,713	139,500
Labor - Commodity	30	N	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
			189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
O&M/Other Taxes - Demand	31	N	100.0000%	57.2333%	2.9475%	5.6045%	19.2866%	0.1300%	6.5393%	4.4173%	3.8416%
			22,601,642	12,935,659	666,184	1,266,709	4,359,086	29,380	1,477,978	998,390	868,255
O&M/Other Taxes - Cust.	32	N	100.0000%	86.5306%	4.1441%	2.5331%	3.5145%	0.2053%	1.3714%	1.2140%	0.4870%
			53,160,783	46,000,363	2,203,049	1,346,593	1,868,317	109,127	729,069	645,362	258,903
O&M/Other Taxes - Comm.	33	N	100.0000%	80.2249%	3.9313%	7.3070%	7.0566%	0.3156%	1.0517%	0.0609%	0.0522%
			321,218,151	257,696,785	12,627,996	23,471,275	22,667,116	1,013,629	3,378,172	195,570	167,609
Reg. Assessment - D	34	N	100.0000%	57.4006%	2.9561%	5.6209%	19.4825%	0.1310%	6.6008%	4.4370%	3.3710%
			942,013	540,721	27,847	52,949	183,528	1,234	62,181	41,797	31,756
Other Insurance - D	35	N	100.0000%	58.0015%	2.9871%	5.6797%	19.4586%	0.1313%	6.6006%	4.4724%	2.6687%
			(39,161)	(22,714)	(1,170)	(2,224)	(7,620)	(51)	(2,585)	(1,751)	(1,045)
Misc. General Exps. - D	36	N	100.0000%	57.4172%	2.9570%	5.6225%	19.4819%	0.1310%	6.6008%	4.4380%	3.3517%
			151,710	87,107	4,486	8,530	29,556	199	10,014	6,733	5,085
Reg. Assessment - C	37	N	100.0000%	84.4427%	5.4300%	3.1280%	3.0959%	0.2550%	1.1963%	1.7690%	0.6831%
			1,761,250	1,487,247	95,635	55,092	54,527	4,491	21,071	31,156	12,031
Other Insurance - C	38	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%
			(21,901)	(19,242)	(995)	(658)	(638)	(57)	(241)	(40)	(30)
Misc. General Exps. - C	39	N	100.0000%	84.4789%	5.4214%	3.1259%	3.0925%	0.2549%	1.1945%	1.7540%	0.6779%
			278,442	235,225	15,096	8,704	8,611	710	3,326	4,884	1,887
Meters & Svcs Plant	40	N	100.0000%	88.2039%	4.5816%	2.9541%	2.7483%	0.2427%	0.9931%	0.1606%	0.1156%
			147,392,868	130,006,292	6,752,896	4,354,180	4,050,772	357,720	1,463,803	236,773	170,431
M&R Sta Eq & HReg Pll.	41	N	100.0000%	22.9833%	1.1830%	2.2493%	49.3303%	0.2348%	15.2847%	3.7826%	4.9521%
			15,289,801	3,514,094	180,871	343,915	7,542,506	35,895	2,336,995	578,351	757,173
Gas Storage Inventory	42	X	100.0000%	80.6768%	3.9724%	7.3819%	6.8517%	0.3474%	0.7698%	0.0000%	0.0000%
			17,138,823	13,827,049	680,819	1,265,165	1,174,303	59,545	131,941	0	0
M&S Working Capital	43	N	100.0000%	72.2807%	3.7621%	4.5594%	11.2105%	0.1522%	3.7908%	2.6246%	1.6196%
			1,136,529	821,491	42,758	51,819	127,411	1,730	43,084	29,830	18,407
Plant	44	N	100.0000%	68.7099%	3.5457%	4.7207%	13.5243%	0.1783%	4.6272%	2.9337%	1.7602%
			437,935,976	300,905,320	15,527,837	20,673,627	59,227,835	780,863	20,264,258	12,847,717	7,708,519
Customer Sec. Dep - Hist.	45	X	100.0000%	12.3089%	14.5537%	23.9524%	24.0949%	2.3377%	13.3476%	5.6525%	3.7522%
			2,447,539	301,266	356,208	586,244	569,733	57,217	326,687	138,348	91,836

Futura Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

			Small Comm. & PA Service				Lrg Comm. & PA Service				
	#	Ex/En	Total	Residential	LE 250	GT 250	Service	SVIS	IVIS	LVIS	LIS
Depreciation Expense	46	N	100.0000% 11,913,067	70.5626% 8,406,165	3.6502% 434,851	4.5122% 537,536	12.5380% 1,493,663	0.1792% 21,343	4.2660% 508,210	2.6464% 315,264	1.6456% 196,036
Labor Expense	47	N	100.0000% 26,966,218	74.9870% 20,221,148	4.7020% 1,267,942	3.9409% 1,062,722	8.4648% 2,282,630	0.2150% 57,985	2.9884% 805,860	2.8302% 763,189	1.8718% 504,741
Federal Income Tax	48	N	100.0000% 774,531	-116.2137% (900,112)	15.8393% 122,680	43.9029% 340,042	78.1748% 605,489	4.9821% 38,588	32.3520% 250,577	25.5072% 197,561	15.4554% 119,707
Annual Sales Volume	49	X	100.0000% 24,473,134	80.6057% 19,726,731	3.9501% 966,725	7.3387% 1,796,001	6.8658% 1,680,271	0.3170% 77,572	0.9228% 225,834	0.0000% -	0.0000% -
Percent of Throughput				99.6%	99.9%	97.1%	26.7%	97.4%	7.1%	0.0%	0.0%
Demand Alloc. Excl. LIS	50	N	100.0000% 100.0000%	61.6593% 61.6593%	3.1755% 3.1755%	6.0380% 6.0380%	18.1292% 18.1292%	0.1284% 0.1284%	6.2386% 6.2386%	4.6310% 4.6310%	0.0000% 0.0000%
Classification Splits			Total	D	C	E					
Distribution Mains	A	X	100.0000% 1	100.0000% 1.00	0.0000% -	0.0000% -					
Plant	B	N	422,852,381 100.0000%	271,188,115 64.1330%	151,664,266 35.8670%	0.0000%					
O&M Excluding Gas	C	N	54,002,828 100.0000%	14,226,458 26.3439%	39,776,370 73.6561%	0.0000%					
Distribution Plant Excl. Oth.	D	N	384,824,667 100.0000%	233,452,543 60.6647%	151,372,124 39.3353%	0.0000%					
Distribution O&M	E	N	22,138,799 100.0000%	12,700,869 57.3693%	9,437,930 42.6307%	0.0000%					
Labor	F	N	26,966,218 100.0000%	8,640,019 32.0402%	18,136,645 67.2569%	0.7029%					
Services	G	N	134,125,157 100.0000%	- 0.0000%	134,125,157 100.0000%	0.0000%					
Mains	H	N	338,523,243 100.0000%	204,398,086 60.3793%	134,125,157 39.6207%	0.0000%					
Meters & House Regulators	I	N	17,246,967 100.0000%	- 0.0000%	17,246,967 100.0000%	0.0000%					
Distribution Plant	J	N	385,567,364 100.0000%	233,903,098 60.6647%	151,664,266 39.3353%	0.0000%					
Distribution O&M	K	N	17,830,140 100.0000%	10,229,023 57.3693%	7,601,117 42.6307%	0.0000%					
Distribution Labor	L	N	11,388,498 100.0000%	6,150,301 54.0045%	5,238,197 45.9955%	0.0000%					
P, T, D Plant	M	N	422,852,381 100.0000%	271,188,115 64.1330%	151,664,266 35.8670%	0.0000%					
O&M/A&G Excl. Gas	N	N	73,796,332 100.0000%	21,696,700 29.4008%	52,099,632 70.5992%	0.0000%					
Reg. Assessment Exps.	O	N	2,703,263 100.0000%	942,013 34.8472%	1,761,250 65.1528%	0.0000%					
Other Insurance Expense	P	N	(61,062) 100.0000%	(39,161) 64.1330%	(21,901) 35.8670%	0.0000%					
Misc. General Expense	Q	N	430,152 100.0000%	151,710 35.2688%	278,442 64.7312%	0.0000%					

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION**  
**IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY**

Comparison of Cost of Service Study Results	Total	Small Comm. & PA Service		Lrg Comm.		SVIS	IVIS	LVIS	LIS
		Residential	LE 250	GT 250	PA Service				
<b>Existing Revenues</b>									
Rate Revenues	424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	1,316,665	7,517,593	3,183,617	2,113,289
Late Charge Revenues	1,601,774	1,249,664	63,342	106,771	128,801	4,973	28,291	11,950	7,982
Other Revenues	187,294	153,082	8,014	6,203	11,502	334	3,907	2,661	1,592
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Existing Dist'n Revenues</b>	<b>105,527,559</b>	<b>74,948,979</b>	<b>4,232,512</b>	<b>4,946,060</b>	<b>11,699,038</b>	<b>309,878</b>	<b>4,233,152</b>	<b>3,073,421</b>	<b>2,084,520</b>
Existing Dist'n Rate Revenues	103,738,491	73,546,233	4,161,156	4,833,086	11,558,735	304,571	4,200,954	3,058,810	2,074,946
<b>Rate Revenue Increase</b>	<b>25,794,313</b>	<b>20,160,578</b>	<b>1,140,735</b>	<b>1,324,876</b>	<b>3,167,863</b>	<b>(16)</b>	<b>329</b>	<b>(52)</b>	<b>-</b>
<b>Proposed Revenues</b>									
Rate Revenues	449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
Late Charge Revenues	1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Other Revenues	187,294	153,082	8,014	6,203	11,502	334	3,907	2,661	1,592
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Total Proposed Revenues</b>	<b>131,419,485</b>	<b>95,185,850</b>	<b>5,377,564</b>	<b>6,275,949</b>	<b>14,878,889</b>	<b>309,862</b>	<b>4,233,483</b>	<b>3,073,369</b>	<b>2,084,520</b>
Dist'n Rate Revenue Increase	24.9%	27.4%	27.4%	27.4%	27.4%	0.0%	0.0%	0.0%	0.0%
	6.1%	6.1%	6.8%						

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Summary of Cost of Service Study	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
<b>Total Operating Revenues</b>				<b>451,817,059</b>	<b>352,500,848</b>	<b>17,986,911</b>	<b>29,711,564</b>	<b>37,424,620</b>	<b>1,321,956</b>	<b>7,550,122</b>	<b>3,198,176</b>	<b>2,122,863</b>
O&M and A&G Expenses												
Demand				21,664,864	12,396,385	638,412	1,213,901	4,176,640	28,152	1,416,144	956,734	838,497
Customer				52,646,468	45,624,698	2,157,516	1,318,566	1,838,869	106,587	717,094	630,215	252,922
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Sub-Total O&amp;M/A&amp;G</b>				<b>395,521,575</b>	<b>315,714,189</b>	<b>15,423,744</b>	<b>26,003,398</b>	<b>28,681,455</b>	<b>1,148,353</b>	<b>5,510,817</b>	<b>1,781,836</b>	<b>1,257,782</b>
Depreciation Expenses												
Demand				6,890,513	3,971,637	204,538	388,917	1,358,420	9,110	459,887	307,503	190,502
Customer				5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534
<b>Sub-Total Depreciation</b>				<b>11,913,067</b>	<b>8,406,165</b>	<b>434,851</b>	<b>537,536</b>	<b>1,493,663</b>	<b>21,343</b>	<b>508,210</b>	<b>315,264</b>	<b>196,036</b>
Negative Net Salvage				1,354,000	930,332	48,009	63,918	183,119	2,414	62,653	39,722	23,833
Taxes Other Than Income												
Demand				904,942	521,139	26,839	51,032	176,238	1,186	59,733	40,252	28,523
Customer				1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Commodity				7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Sub-Total Taxes Other</b>				<b>1,974,001</b>	<b>1,426,951</b>	<b>83,000</b>	<b>84,414</b>	<b>210,050</b>	<b>3,933</b>	<b>72,905</b>	<b>56,746</b>	<b>36,001</b>
Income Taxes				11,367,916	6,880,253	624,614	986,747	2,090,599	50,216	324,180	255,999	155,308
Investment Tax Credit				(4,000)	(2,748)	(142)	(189)	(541)	(7)	(185)	(117)	(70)
Def. Income Taxes				1,539,000	1,085,958	56,177	69,442	192,960	2,757	65,653	40,728	25,325
<b>Total Expenses</b>				<b>423,665,559</b>	<b>334,441,099</b>	<b>16,670,252</b>	<b>27,745,267</b>	<b>32,851,306</b>	<b>1,229,009</b>	<b>6,544,233</b>	<b>2,490,178</b>	<b>1,694,215</b>
<b>Utility Net Income</b>				<b>28,151,500</b>	<b>18,059,749</b>	<b>1,316,658</b>	<b>1,966,298</b>	<b>4,573,314</b>	<b>92,947</b>	<b>1,005,889</b>	<b>707,998</b>	<b>428,648</b>
<b>Rate Base</b>												
Gas Plant In Service												
Demand				280,861,684	162,903,894	8,389,558	15,952,186	54,651,839	368,891	18,538,475	12,561,367	7,495,474
Customer				157,074,292	138,001,426	7,138,279	4,721,441	4,575,996	411,972	1,725,783	286,350	213,045
<b>Sub-Total Gas Plant</b>				<b>437,935,976</b>	<b>300,905,320</b>	<b>15,527,837</b>	<b>20,673,627</b>	<b>59,227,835</b>	<b>780,863</b>	<b>20,264,258</b>	<b>12,847,717</b>	<b>7,708,519</b>
Accumulated Reserve for Dep'n												
Demand				(90,095,826)	(52,132,141)	(2,684,787)	(5,104,977)	(17,629,090)	(118,690)	(5,975,135)	(4,026,574)	(2,424,432)
Customer				(57,561,428)	(49,755,639)	(2,539,424)	(1,816,197)	(2,092,412)	(185,463)	(889,283)	(157,127)	(125,883)
<b>Sub-Total Acc. Res. for Dep'n</b>				<b>(147,657,254)</b>	<b>(101,887,780)</b>	<b>(5,224,212)</b>	<b>(6,921,174)</b>	<b>(19,721,502)</b>	<b>(304,153)</b>	<b>(6,864,418)</b>	<b>(4,183,701)</b>	<b>(2,550,314)</b>
Net Plant												
Demand				190,765,858	110,771,753	5,704,770	10,847,209	37,022,749	250,201	12,563,340	8,534,793	5,071,043
Customer				99,512,865	88,245,787	4,598,855	2,905,244	2,483,585	226,510	836,500	129,223	87,162
<b>Net Plant</b>				<b>290,278,722</b>	<b>199,017,540</b>	<b>10,303,625</b>	<b>13,752,453</b>	<b>39,506,334</b>	<b>476,710</b>	<b>13,399,840</b>	<b>8,664,016</b>	<b>5,158,205</b>
Working Capital												
Demand				14,163,074	10,588,750	526,130	982,381	1,415,377	41,255	317,025	161,695	130,461

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Summary of Cost of Service Study</b>												
Customer				7,351,999	6,379,082	309,270	188,378	247,929	15,068	95,487	83,324	33,462
Commodity				31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
<b>Working Capital</b>				<b>52,656,257</b>	<b>42,069,389</b>	<b>2,065,523</b>	<b>3,456,106</b>	<b>3,801,391</b>	<b>155,031</b>	<b>699,877</b>	<b>245,018</b>	<b>163,923</b>
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(40,939,000)	(28,129,141)	(1,451,569)	(1,932,606)	(5,536,719)	(72,996)	(1,894,337)	(1,201,026)	(720,605)
Deferred Income Taxes ITC				(1,869,000)	(1,284,188)	(66,269)	(88,230)	(252,769)	(3,333)	(86,483)	(54,831)	(32,898)
<b>Net Rate Base</b>				<b>296,952,979</b>	<b>211,282,915</b>	<b>10,389,375</b>	<b>14,427,474</b>	<b>36,753,463</b>	<b>481,212</b>	<b>11,695,245</b>	<b>7,473,765</b>	<b>4,449,530</b>
<b>Return Earned</b>				<b>9.48%</b>	<b>8.55%</b>	<b>12.67%</b>	<b>13.63%</b>	<b>12.44%</b>	<b>19.32%</b>	<b>8.60%</b>	<b>9.47%</b>	<b>9.63%</b>
<b>Unitized Rate of Return</b>				<b>100.0%</b>	<b>90.2%</b>	<b>133.7%</b>	<b>143.8%</b>	<b>131.3%</b>	<b>203.7%</b>	<b>90.7%</b>	<b>99.9%</b>	<b>101.6%</b>
<b>Fully Allocated Cost</b>												
Return and Income Taxes		RB		41,054,416	29,210,337	1,436,354	1,994,631	5,081,249	66,529	1,616,894	1,033,265	615,158
Other Costs				410,762,643	326,477,637	15,989,603	26,689,266	30,568,287	1,176,043	6,154,584	2,193,569	1,513,653
Less Gas Costs				(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
Distribution Costs				131,419,485	98,372,976	4,816,611	5,248,282	13,103,805	230,478	4,454,839	3,102,027	2,090,467
<b>Revenue-Cost Ratio</b>				<b>100.0%</b>	<b>96.8%</b>	<b>111.6%</b>	<b>119.6%</b>	<b>113.5%</b>	<b>134.4%</b>	<b>95.0%</b>	<b>99.1%</b>	<b>99.7%</b>
<b>Customer Cost Summary</b>												
<b>Customer Rate Base</b>												
Plant and W/C				106,864,864	94,624,869	4,908,125	3,093,622	2,731,513	241,577	931,987	212,546	120,624
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(15,353,925)	(10,549,665)	(544,402)	(724,812)	(2,076,513)	(27,377)	(710,460)	(450,438)	(270,259)
<b>Customer Rate Base</b>				<b>88,336,939</b>	<b>83,684,519</b>	<b>3,901,788</b>	<b>1,608,561</b>	<b>(109,773)</b>	<b>140,000</b>	<b>(202,125)</b>	<b>(417,303)</b>	<b>(268,729)</b>
<b>Percent</b>				<b>29.7%</b>	<b>39.6%</b>	<b>37.6%</b>	<b>11.1%</b>	<b>-0.3%</b>	<b>29.1%</b>	<b>-1.7%</b>	<b>-5.6%</b>	<b>-6.0%</b>
<b>Customer Costs</b>												
O&M and A&G Expenses				52,646,468	45,624,698	2,157,516	1,318,566	1,838,869	106,587	717,094	630,215	252,922
Depreciation Expenses				5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534
Negative Net Salvage		CRB		464,176	439,729	20,502	8,452	(577)	736	(1,062)	(2,193)	(1,412)
Taxes Other Than Income				1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Income Taxes		CRB		3,838,332	3,636,179	169,537	69,894	(4,770)	6,083	(8,783)	(18,132)	(11,677)
Return		CRB		8,374,448	7,933,393	369,894	152,494	(10,407)	13,272	(19,162)	(39,561)	(25,476)
<b>Total Customer Costs</b>				<b>71,407,130</b>	<b>62,970,661</b>	<b>3,003,744</b>	<b>1,731,063</b>	<b>1,991,002</b>	<b>141,643</b>	<b>748,989</b>	<b>593,903</b>	<b>226,125</b>
Number of Customers				209,975	193,982	8,974	4,144	2,270	187	366	39	13
<b>Cost per Customer per Month</b>				<b>\$ 28.34</b>	<b>\$ 27.05</b>	<b>\$ 27.89</b>	<b>\$ 34.81</b>	<b>\$ 73.09</b>	<b>\$ 63.12</b>	<b>\$ 170.53</b>	<b>\$ 1,269.02</b>	<b>\$ 1,449.52</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Gas Plant in Service	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250					
<b>Production Plant</b>	325-338	D	2	2,587,318	1,493,191	76,900	146,221	439,031	3,110	151,080	112,148	165,637
<b>Transmission Plant</b>	365-369	D	50	34,697,699	21,394,358	1,101,825	2,095,047	6,290,415	44,552	2,164,651	1,606,850	-
<b>Distribution Plant</b>												
Land	374.1	D	9	822,806	493,330	25,407	48,309	145,050	1,028	49,915	37,052	22,716
Land Rights	374.2	D	9	5,310,777	3,184,183	163,986	311,812	936,221	6,633	322,173	239,150	146,620
Structures & Improvmts.	375	D	2	7,631,073	4,404,040	226,810	431,266	1,294,883	9,172	445,598	330,772	488,532
Mains (LIS)	376	D	Direct	5,643,012	-	-	-	-	-	-	-	5,643,012
Mains (>4")	376	D (A)	50	105,048,616	64,772,241	3,335,819	6,342,835	19,044,474	134,882	6,553,563	4,864,801	-
Mains (Other)	376	D (A)	50	93,706,458	57,778,746	2,975,649	5,657,996	16,988,231	120,319	5,845,971	4,339,546	-
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	9,204,355	2,066	-	-	6,509,893	28,581	1,981,650	314,575	367,590
Other	387	D (D)	11	450,555	258,898	13,333	25,352	88,684	594	30,019	20,052	13,622
Land Rights	374.2	C	10									
Mains	376	C (A)	4									
M&R Sta. Equip.	378	D	2	6,085,446	3,512,029	180,871	343,915	1,032,612	7,314	355,345	263,776	389,583
Services	380	C	5	134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008
Meters	381	C	6	13,267,711	9,466,538	400,327	621,075	1,507,491	124,610	836,768	164,480	146,422
Meter Installations	382	C	6	3,160,552	2,255,060	95,363	147,949	359,105	29,684	199,330	39,181	34,880
House Regulators	383	C	7									
House Regulator Install.	384	C	7	818,704	730,296	30,883	47,912	-	9,613	-	-	-
Other	387	C (D)	12	292,142	256,669	13,276	8,781	8,511	766	3,210	533	396
Distribution Demand		D		233,903,098	134,405,532	6,921,875	13,161,486	46,040,049	308,524	15,584,234	10,409,724	7,071,675
Distribution Customer		C		151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707
<b>Total Distribution</b>				<b>385,567,364</b>	<b>267,653,849</b>	<b>13,814,294</b>	<b>17,720,308</b>	<b>50,458,437</b>	<b>706,307</b>	<b>17,250,576</b>	<b>10,686,211</b>	<b>7,277,382</b>
<b>General Plant</b>	389-399											
Demand		D (M)	13	8,194,594	4,752,984	244,779	465,431	1,594,556	10,763	540,890	366,498	218,693
Customer		C (M)	14	4,582,896	4,026,415	208,271	137,756	133,512	12,020	50,353	8,355	6,216
<b>Total General Plant</b>				<b>12,777,490</b>	<b>8,779,399</b>	<b>453,050</b>	<b>603,186</b>	<b>1,728,068</b>	<b>22,783</b>	<b>591,242</b>	<b>374,853</b>	<b>224,909</b>
<b>Intangible Plant</b>	301-303											
Demand		D (M)	13	1,478,975	857,827	44,178	84,002	287,788	1,943	97,621	66,146	39,470
Customer		C (M)	14	827,130	726,695	37,589	24,862	24,097	2,169	9,088	1,508	1,122
<b>Total Intangible Plant</b>				<b>2,306,105</b>	<b>1,584,522</b>	<b>81,767</b>	<b>108,864</b>	<b>311,885</b>	<b>4,112</b>	<b>106,709</b>	<b>67,654</b>	<b>40,592</b>
<b>Plant in Service Summary</b>												
Demand		D		280,861,684	162,903,894	8,389,558	15,952,186	54,651,839	368,891	18,538,475	12,561,367	7,495,474
Customer		C		157,074,292	138,001,426	7,138,279	4,721,441	4,575,996	411,972	1,725,783	286,350	213,045
<b>Gas Plant in Service</b>				<b>437,935,976</b>	<b>300,905,320</b>	<b>15,527,837</b>	<b>20,673,627</b>	<b>59,227,835</b>	<b>780,863</b>	<b>20,264,258</b>	<b>12,847,717</b>	<b>7,708,519</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.				
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS
<b>Accumulated Reserve for Depreciation</b>												
<b>Production Plant</b>	325-338	D	2	(1,794,097)	(1,035,408)	(53,324)	(101,392)	(304,432)	(2,156)	(104,762)	(77,766)	(114,856)
<b>Transmission Plant</b>	365-369	D	50	(15,018,307)	(9,260,183)	(476,906)	(906,805)	(2,722,699)	(19,284)	(936,932)	(695,498)	-
<b>Distribution Plant</b>												
Land	374.1	D	9	16,125	9,668	498	947	2,843	20	978	726	445
Land Rights	374.2	D	9	(975,153)	(584,672)	(30,111)	(57,254)	(171,907)	(1,218)	(59,157)	(43,912)	(26,922)
Structures & Improvmts.	375	D	2	(3,584,026)	(2,068,411)	(106,524)	(202,549)	(608,158)	(4,308)	(209,280)	(155,351)	(229,445)
Mains	376	D (A)	9	(58,248,758)	(34,924,208)	(1,798,605)	(3,419,959)	(10,268,499)	(72,753)	(3,533,603)	(2,623,000)	(1,608,132)
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	(3,112,938)	(699)	-	-	(2,201,664)	(9,666)	(670,200)	(106,390)	(124,320)
Other	387	D (D)	11	(365,505)	(210,026)	(10,816)	(20,567)	(71,944)	(482)	(24,352)	(16,267)	(11,050)
Land Rights	374.2	C	10									
Mains	376	C (A)	10									
M&R Sta. Equip.	378	D	2	(3,294,506)	(1,901,323)	(97,919)	(186,187)	(559,030)	(3,960)	(192,375)	(142,802)	(210,910)
Services	380	C	5	(44,467,775)	(39,963,679)	(2,106,127)	(1,237,672)	(843,198)	(77,285)	(207,887)	(23,968)	(7,960)
Meters	381	C	6	(8,894,347)	(6,346,134)	(268,369)	(416,353)	(1,010,585)	(83,536)	(560,949)	(110,263)	(98,158)
Meter Installations	382	C	6	(1,506,216)	(1,074,688)	(45,447)	(70,507)	(171,138)	(14,146)	(94,994)	(18,673)	(16,623)
House Regulators	383	C	7									
House Regulator Install.	384	C	7	(376,401)	(335,755)	(14,199)	(22,028)	-	(4,420)	-	-	-
Other	387	C (D)	12	(236,995)	(208,218)	(10,770)	(7,124)	(6,904)	(622)	(2,604)	(432)	(321)
Distribution Demand		D		(69,564,761)	(39,679,671)	(2,043,478)	(3,885,569)	(13,878,358)	(92,366)	(4,687,988)	(3,086,995)	(2,210,334)
Distribution Customer		C		(55,481,734)	(47,928,474)	(2,444,912)	(1,753,684)	(2,031,825)	(180,008)	(866,433)	(153,336)	(123,062)
<b>Total Distribution</b>				(125,046,495)	(87,608,145)	(4,488,390)	(5,639,253)	(15,910,183)	(272,375)	(5,554,422)	(3,240,331)	(2,333,396)
<b>General Plant</b>	389-399											
Demand		D	13	(2,881,361)	(1,671,232)	(86,069)	(163,654)	(560,673)	(3,784)	(190,186)	(128,867)	(76,896)
Customer		C	14	(1,611,426)	(1,415,757)	(73,232)	(48,437)	(46,945)	(4,226)	(17,705)	(2,938)	(2,186)
<b>Total General Plant</b>				(4,492,787)	(3,086,989)	(159,300)	(212,091)	(607,619)	(8,011)	(207,891)	(131,805)	(79,082)
<b>Intangible Plant</b>	301-303											
Demand		D	13	(837,301)	(485,647)	(25,011)	(47,556)	(162,927)	(1,100)	(55,267)	(37,448)	(22,345)
Customer		C	14	(468,267)	(411,408)	(21,281)	(14,075)	(13,642)	(1,228)	(5,145)	(854)	(635)
<b>Total Intangible Plant</b>				(1,305,568)	(897,054)	(46,291)	(61,632)	(176,569)	(2,328)	(60,411)	(38,301)	(22,981)
<b>Accumulated Reserve for Dep'n Summary</b>												
Demand		D		(90,095,826)	(52,132,141)	(2,684,787)	(5,104,977)	(17,629,090)	(118,690)	(5,975,135)	(4,026,574)	(2,424,432)
Customer		C		(57,561,428)	(49,755,639)	(2,539,424)	(1,816,197)	(2,092,412)	(185,463)	(889,283)	(157,127)	(125,883)
<b>Total Accumulated Reserve</b>				(147,657,254)	(101,887,780)	(5,224,212)	(6,921,174)	(19,721,502)	(304,153)	(6,864,418)	(4,183,701)	(2,550,314)

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Depreciation Expense</b>												
<i>Production Plant</i>	325-338	D	2	75,973	43,845	2,258	4,294	12,892	91	4,436	3,293	4,864
<i>Transmission Plant</i>	365-369	D	50	1,766,425	472,572	24,338	46,277	138,947	984	47,814	35,493	-
<i>Distribution Plant</i>												
Land	374.1	D	9	-	-	-	-	-	-	-	-	-
Land Rights	374.2	D	9	76,500	45,867	2,362	4,492	13,486	96	4,641	3,445	2,112
Structures & Improvmts.	375	D	2	276,163	159,379	8,208	15,607	46,861	332	16,126	11,970	17,680
Mains	376	D (A)	9	4,414,737	2,646,944	136,318	259,202	778,261	5,514	267,816	198,800	121,882
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	240,183	54	-	-	169,872	746	51,710	8,209	9,592
Other	387	D (D)	11	7,131	4,097	211	401	1,404	9	475	317	216
Land Rights	374.2	C	10	-	-	-	-	-	-	-	-	-
Mains	376	C	10	-	-	-	-	-	-	-	-	-
M&R Sta. Equip.	378	D	2	176,217	101,698	5,238	9,959	29,901	212	10,290	7,638	11,281
Services	380	C	5	4,143,048	3,723,403	196,227	115,313	78,560	7,201	19,369	2,233	742
Meters	381	C	6	297,294	212,120	8,970	13,917	33,779	2,792	18,750	3,686	3,281
Meter Installations	382	C	6	77,479	55,281	2,338	3,627	8,803	728	4,886	961	855
House Regulators	383	C	7	-	-	-	-	-	-	-	-	-
House Regulator Install.	384	C	7	20,722	18,484	782	1,213	-	243	-	-	-
Other	387	C (D)	12	4,623	4,062	210	139	135	12	51	8	6
Distribution Demand		D		5,190,931	2,958,039	152,337	289,661	1,039,785	6,908	351,057	230,380	162,763
Distribution Customer		C		4,543,166	4,013,350	208,527	134,209	121,277	10,976	43,056	6,888	4,884
<b>Total Distribution</b>				<b>9,734,097</b>	<b>6,971,390</b>	<b>360,864</b>	<b>423,870</b>	<b>1,161,062</b>	<b>17,884</b>	<b>394,113</b>	<b>237,267</b>	<b>167,646</b>
<i>General Plant</i>	389-399											
Demand		D (M)	13	714,717	414,546	21,349	40,594	139,074	939	47,175	31,965	19,074
Customer		C (M)	14	399,712	351,176	18,165	12,015	11,645	1,048	4,392	729	542
<b>Total General Plant</b>				<b>1,114,429</b>	<b>765,723</b>	<b>39,514</b>	<b>52,609</b>	<b>150,719</b>	<b>1,987</b>	<b>51,567</b>	<b>32,694</b>	<b>19,616</b>
<i>Intangible Plant</i>	301-303											
Demand		D (M)	13	142,467	82,633	4,256	8,092	27,722	187	9,404	6,372	3,802
Customer		C (M)	14	79,676	70,001	3,621	2,395	2,321	209	875	145	108
<b>Total Intangible Plant</b>				<b>222,143</b>	<b>152,634</b>	<b>7,876</b>	<b>10,487</b>	<b>30,043</b>	<b>396</b>	<b>10,279</b>	<b>6,517</b>	<b>3,910</b>
<i>Depreciation Summary</i>												
Demand		D		6,890,513	3,971,637	204,538	388,917	1,358,420	9,110	459,887	307,503	190,502
Customer		C		5,022,554	4,434,528	230,313	148,618	135,243	12,233	48,323	7,762	5,534
<b>Total Depreciation</b>				<b>11,913,067</b>	<b>8,406,165</b>	<b>434,851</b>	<b>537,536</b>	<b>1,493,663</b>	<b>21,343</b>	<b>508,210</b>	<b>315,264</b>	<b>196,036</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250					
<b>Working Capital</b>												
<b>Cash</b>												
Commodity Related		E	49	31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
Non-Comm. Related - Dem.		D (N)	31	2,691,169	1,540,254	79,323	150,828	519,027	3,498	175,980	118,878	103,381
Non-Comm. Related - Cust		C (N)	32	6,539,647	5,665,286	269,524	164,577	227,882	13,311	88,848	78,663	31,556
<b>Cash Working Capital</b>				<b>40,372,000</b>	<b>32,307,097</b>	<b>1,578,970</b>	<b>2,600,751</b>	<b>2,884,994</b>	<b>115,517</b>	<b>552,193</b>	<b>197,541</b>	<b>134,937</b>
<b>Prepayments</b>												
PUC General Assess. -- D		D (O)	34	116,197	66,701	3,435	6,532	22,638	152	7,670	5,156	3,914
PUC General Assess. -- C		C(O)	37	219,082	184,995	11,897	6,853	6,783	559	2,621	3,877	1,497
Other Insurance - Demand		D (P)	35	175,988	102,076	5,257	9,996	34,245	231	11,616	7,871	4,697
Other Insurance - Customer		C (P)	38	98,422	86,471	4,473	2,958	2,867	258	1,081	179	133
AGA Dues - Demand		D (Q)	36	7,343	4,216	217	413	1,431	10	485	326	246
AGA Dues - Customer		C (Q)	39	13,587	11,478	737	425	420	35	162	238	92
<b>Total Prepayments</b>				<b>630,619</b>	<b>455,937</b>	<b>26,016</b>	<b>27,176</b>	<b>68,384</b>	<b>1,244</b>	<b>23,636</b>	<b>17,648</b>	<b>10,579</b>
<b>Materials &amp; Supplies (page 11)</b>												
Valves - Demand		D	9	67,825	40,666	2,094	3,982	11,957	85	4,115	3,054	1,873
Valves - Customer		C	10	-	-	-	-	-	-	-	-	-
Regulators - Dom. & Ind.		D	41	6,057	1,392	72	136	2,988	14	926	229	300
Meter & Service Risers		C	40	99,759	87,991	4,571	2,947	2,742	242	991	160	115
Pipe, Mains & Svces -- D		D (H)	15	581,385	348,581	17,952	34,135	102,491	726	35,269	26,181	18,051
Pipe, Mains & Svces -- C		C (H)	16	381,503	342,861	18,069	10,618	7,234	663	1,784	206	68
<b>Total Materials &amp; Supplies</b>				<b>1,136,529</b>	<b>821,491</b>	<b>42,758</b>	<b>51,819</b>	<b>127,411</b>	<b>1,730</b>	<b>43,084</b>	<b>29,830</b>	<b>18,407</b>
<b>Gas Storage Inventory</b>		D	42	<b>10,517,109</b>	<b>8,484,864</b>	<b>417,779</b>	<b>776,360</b>	<b>720,602</b>	<b>36,539</b>	<b>80,965</b>	-	-
<b>Summary of Working Capital</b>												
Demand		D		14,163,074	10,588,750	526,130	982,381	1,415,377	41,255	317,025	161,695	130,461
Customer		C		7,351,999	6,379,082	309,270	188,378	247,929	15,068	95,487	83,324	33,462
Commodity		E		31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
<b>Total Working Capital</b>				<b>52,656,257</b>	<b>42,069,389</b>	<b>2,065,523</b>	<b>3,456,106</b>	<b>3,801,391</b>	<b>155,031</b>	<b>699,877</b>	<b>245,018</b>	<b>163,923</b>
Customer Security Deposits	235	C	45	(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes - D		D (N)	44	(26,255,428)	(18,040,075)	(930,935)	(1,239,439)	(3,550,866)	(46,815)	(1,214,896)	(770,255)	(462,146)
Deferred Income Taxes - C		C (N)	44	(14,683,572)	(10,089,066)	(520,633)	(693,167)	(1,985,852)	(26,182)	(679,441)	(430,772)	(258,459)
Deferred Income Tax ITC - D		D (N)	44	(1,198,647)	(823,589)	(42,500)	(56,584)	(162,109)	(2,137)	(55,464)	(35,165)	(21,098)
Deferred Income Tax ITC - C		C (N)	44	(670,353)	(460,599)	(23,769)	(31,645)	(90,661)	(1,195)	(31,019)	(19,666)	(11,800)
<b>Operating Revenues</b>												
Revenues	480-1,9			449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
<b>Other Operating Revenues</b>												
Late Payment Charges	487			1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Bill Insert Revenues	495	3		53,905	49,799	2,304	1,064	583	48	94	10	3
Customer Billing Service Chgs	495	3		3,981	3,678	170	79	43	4	7	1	0
Sale of Inventory Mat'ls	495	43		(1,956)	(1,414)	(74)	(89)	(219)	(3)	(74)	(51)	(32)
Rental Income - D	495	D	13	35,148	20,386	1,050	1,996	6,839	46	2,320	1,572	938
Rental Income - C	495	C	14	55,795	49,020	2,536	1,677	1,625	146	613	102	76
Sales Tax - D	495	D	28	8,114	4,622	238	453	1,582	11	536	358	315
Sales Tax - Cust	495	C	29	32,023	26,858	1,784	1,011	1,006	82	391	646	246
Sales Tax - Comm.	495	E	30	284	132	6	12	42	1	21	24	45
<b>Total Other Operating Revenues</b>				<b>1,886,681</b>	<b>1,479,039</b>	<b>75,673</b>	<b>117,987</b>	<b>152,291</b>	<b>5,307</b>	<b>32,200</b>	<b>14,611</b>	<b>9,574</b>
<b>Total Operation Revenue</b>				<b>451,817,059</b>	<b>352,500,848</b>	<b>17,986,911</b>	<b>29,711,564</b>	<b>37,424,620</b>	<b>1,321,956</b>	<b>7,550,122</b>	<b>3,198,176</b>	<b>2,122,863</b>

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.			Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
				Total	Residential	LE 250	GT 250	PA Service					
<b>Direct Labor Expense</b>													
Natural Gas Production	750-769	D?	2	5,660	3,266	168	320	960	7	331	245	362	
Other Gas Supply	807.1-813	E	1	189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861	
Transmission	850-867	D	2	569,371	328,595	16,923	32,178	96,614	684	33,247	24,680	36,450	
<b>Distribution</b>													
Load Dispatching	871	D	2	663,374	382,846	19,717	37,490	112,565	797	38,736	28,754	42,468	
Structures & Improvements	886	D	2	86,792	50,089	2,580	4,905	14,727	104	5,068	3,762	5,556	
Compressor Sta. Eqmt.	872	D	2	3,815	2,202	113	216	647	5	223	165	244	
Compressor Sta. Eqmt. Maint.	888	D	2	-	-	-	-	-	-	-	-	-	
Mains & Services	874	D (H)	15	1,611,457	966,181	49,759	94,614	284,079	2,012	97,757	72,566	44,489	
Mains Maintenance	887	D (A)	9	1,516,493	909,244	46,826	89,038	267,338	1,894	91,997	68,289	41,867	
Services Maintenance	887	D	5	-	-	-	-	-	-	-	-	-	
Meas&Reg - General	875,889	D	2	316,240	182,508	9,399	17,872	53,661	380	18,466	13,708	20,245	
Meas&Reg - Industrial	876,890	D	8	182,603	41	-	-	129,148	567	39,313	6,241	7,293	
Meas&Reg - City	877,891	D	2	524	302	16	30	89	1	31	23	34	
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-	
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-	
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-	
Other Dist'n Expense	879	D (J)	19	1,769,003	1,006,747	51,847	98,584	348,146	2,326	117,733	78,131	65,489	
Rents	881	D (J)	-	-	-	-	-	-	-	-	-	-	
Supervision & Engrg.	870,885	D (K)	19	1,914,687	1,089,656	56,117	106,703	376,817	2,517	127,429	84,566	70,882	
<b>Mains &amp; Services</b>	874	C (H)	16	1,057,431	950,325	50,083	29,431	20,051	1,838	4,943	570	189	
Mains Maintenance	887	C(A)	10	-	-	-	-	-	-	-	-	-	
Services Maintenance	893	C	5	520,705	467,963	24,662	14,493	9,874	905	2,434	281	93	
Meters & House Regulators	878,893	C(I)	17	1,440,472	1,039,986	43,980	68,231	155,899	13,690	86,535	17,010	15,142	
Customer Installations	879	C	18	1,072,556	942,320	48,743	32,240	31,246	2,813	11,784	1,955	1,455	
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-	
Other Dist'n Expense	880	C(J)	20	1,147,033	953,419	46,953	40,484	60,859	5,396	29,634	5,556	4,733	
Rents	881	C(J)	-	-	-	-	-	-	-	-	-	-	
Supervision & Engrg.	870,885	C(K)	20	1,630,734	1,355,474	66,752	57,556	86,524	7,671	42,131	7,899	6,728	
Total Distribution - Demand	881	C(J)	26	8,064,988	4,589,816	236,374	449,451	1,587,218	10,603	536,753	356,205	298,568	
Total Distribution - Customer	870,885	C(K)	26	6,868,931	5,709,487	281,172	242,434	364,453	32,313	177,462	33,270	28,340	
<b>Total Distribution</b>				14,933,919	10,299,303	517,546	691,885	1,951,671	42,915	714,215	389,475	326,908	
<b>Customer Accounts</b>													
Meter Reading	902	C	21	2,224,872	2,045,473	103,685	45,349	22,127	2,120	4,880	852	375	
Customer Records & Coll.	903	C	21	5,392,409	4,957,600	251,300	109,913	53,629	5,139	11,827	2,090	910	
Misc. Customer Accts.	905	C	21	88,231	81,117	4,112	1,798	877	84	194	34	15	
Supervision	901	C	21	1,046,199	961,840	48,756	21,325	10,405	997	2,295	406	177	
<b>Total Customer Accounts</b>				8,751,711	8,046,030	407,853	178,386	87,038	8,341	19,195	3,392	1,477	
<b>Customer Service</b>	909-913												
Customer Service		C	22	2,455,635	1,452,595	320,852,595	148,162,7675	811,600,85171	5634,489356	11026,92894	327151,7452	109050,2564	
Transportation Admin.		C	24	60,368	3,164	292.10	3,553.92	37,145.79	48.68	13,631.48	1,898.67	632.89	
<b>Total Customer Service</b>				2,516,003	1,455,760	321,145	151,717	118,307	5,683	24,658	329,050	109,683	
<b>Summary of Direct Labor</b>													
Demand		D		8,640,019	4,921,678	253,465	481,949	1,684,793	11,294	570,330	381,130	335,381	
Customer		C		18,136,645	15,211,277	1,010,170	572,536	569,797	46,336	221,316	365,713	139,500	
Commodity		E		189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861	
<b>Total Direct Labor</b>				26,966,218	20,221,148	1,267,942	1,062,722	2,282,630	57,985	805,860	763,189	504,741	

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.				
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS
<b>O&amp;M Expense</b>												
Natural Gas Production	750-769	D?	2	67,288	38,833	2,000	3,803	11,418	81	3,929	2,917	4,308
Purchase Gas Expense	410-999	E	Direct	320,397,574	257,314,998	12,609,347	23,435,615	22,545,731	1,012,094	3,316,639	124,807	38,343
Other Gas Supply	807.1-813	E	1	894,604	416,229	20,331	38,877	132,336	1,674	67,084	77,146	140,927
Gas for Utility Op'ns	807.1-813	E	1	(81,935)	(38,122)	(1,862)	(3,561)	(12,120)	(153)	(6,144)	(7,066)	(12,907)
Transmission	850-867	D	2	1,458,301	841,614	43,344	82,415	247,453	1,753	85,154	63,211	93,359
				\$ 13.09	\$ 13.0440	\$ 13.0434	\$ 13.0488	\$ 13.4179	\$ 13.0472	\$ 14.68	#DIV/0	#DIV/0
<b>Distribution</b>												
Load Dispatching	871	D	2	1,445,917	834,467	42,975	81,715	245,351	1,738	84,431	62,674	92,566
Structures & Improvements	886	D	2	311,329	179,674	9,253	17,595	52,828	374	18,179	13,495	19,931
Compressor Sta. Eqmt.	872	O	2	10,248	5,914	305	579	1,739	12	598	444	656
Compressor Sta. Eq. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D(H)	15	2,301,851	1,380,121	71,077	135,149	405,786	2,874	139,639	103,656	63,549
Mains Maintenance	887	D(A)	9	2,330,575	1,397,343	71,963	136,835	410,850	2,911	141,382	104,948	64,343
Services Maintenance	887	D(H)	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	463,506	267,498	13,776	26,195	78,650	557	27,065	20,081	29,673
Meas&Reg - Industrial	876,890	D	8	271,725	61	-	-	192,181	844	58,501	9,287	10,852
Meas&Reg - City	877,891	D	2	14,193	8,191	422	802	2,408	17	829	615	909
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D(J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D(J)	25	3,059,111	1,742,899	89,759	170,671	594,675	3,991	201,374	134,874	120,869
Rents	881	D(J)	25	20,568	11,718	603	1,147	3,998	27	1,354	907	813
Supervision & Engrg.	870,885	D(K)	25	2,471,847	1,408,311	72,528	137,907	480,514	3,225	162,716	108,982	97,665
Mains & Services	874	C(H)	16	1,510,465	1,357,471	71,540	42,041	28,641	2,625	7,061	814	270
Mains Maintenance	887	C(A)	10	-	-	-	-	-	-	-	-	-
Services Maintenance	893	C(H)	5	534,793	480,624	25,329	14,885	10,141	929	2,500	288	66
Meters & House Regulators	878,893	C(I)	17	2,385,027	1,721,932	72,818	112,971	258,125	22,666	143,279	28,164	25,072
Customer Installations	879	C	18	1,173,949	1,031,401	53,350	35,287	34,200	3,079	12,888	2,140	1,592
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	26	1,983,547	1,625,078	78,941	72,622	117,191	10,370	58,661	11,116	9,567
Rents	881	C(J)	26	13,336	10,926	531	488	788	70	394	75	64
Supervision & Engrg.	870,885	C(K)	26	1,836,812	1,504,861	73,102	67,250	108,522	9,603	54,321	10,294	8,859
Total Distribution - Demand				12,700,869	7,236,197	372,662	708,595	2,468,981	16,570	836,068	559,972	501,825
Total Distribution - Customer				9,437,930	7,732,294	375,612	345,545	557,609	49,343	279,115	52,890	45,521
<b>Total Distribution</b>				<b>22,138,799</b>	<b>14,968,491</b>	<b>748,274</b>	<b>1,054,140</b>	<b>3,026,590</b>	<b>65,913</b>	<b>1,115,183</b>	<b>612,862</b>	<b>547,346</b>
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,576,031	2,368,317	120,050	52,507	25,619	2,455	5,650	998	435
Customer Records & Coll.	903	C	21	9,068,820	8,337,570	422,631	184,849	90,192	8,643	18,891	3,515	1,530
Uncollectibles	904	C	27	8,952,000	8,687,209	150,818	69,645	38,150	1,909	3,737	399	133
Misc. Customer Accts.	905	C	21	493,112	453,351	22,980	10,051	4,904	470	1,082	191	83
Supervision	901	C	21	1,097,836	1,009,314	51,162	22,377	10,918	1,046	2,408	426	185
<b>Total Customer Accounts</b>				<b>22,187,799</b>	<b>20,855,759</b>	<b>767,641</b>	<b>339,429</b>	<b>169,783</b>	<b>14,523</b>	<b>32,768</b>	<b>5,529</b>	<b>2,366</b>
<b>Customer Service</b>												
Customer Service	909-913	C	23	7,465,090	6,446,872	333,152	153,840	84,272	6,942	13,588	334,817	111,607
Transportation Admin.		C	24	896,489	52,235	4,821,72	58,664.27	613,162.18	803.62	225,013.65	31,341.19	10,447.06
<b>Total Customer Service</b>				<b>8,481,579</b>	<b>6,499,107</b>	<b>337,974</b>	<b>212,505</b>	<b>697,434</b>	<b>7,746</b>	<b>238,602</b>	<b>366,158</b>	<b>122,054</b>
Sales Promotion		C	Direct	184,062	184,062							
<b>Summary of O&amp;M</b>												
Demand		D		14,226,458	8,116,644	418,006	794,813	2,727,851	18,403	925,151	628,099	599,481
Customer		C		40,291,370	35,271,223	1,481,227	897,479	1,424,826	71,612	550,485	424,577	169,941
Commodity		E		321,210,243	257,893,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M</b>				<b>375,728,071</b>	<b>301,080,972</b>	<b>14,527,048</b>	<b>25,163,223</b>	<b>26,818,623</b>	<b>1,103,630</b>	<b>4,853,215</b>	<b>1,245,564</b>	<b>935,796</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Administrative &amp; General Expense</b>												
<b>A&amp;G Salaries</b>	920											
Corporate Mgmt. - Non O&M		D (M)	13	602,107	349,231	17,985	34,198	117,162	791	39,743	26,929	16,069
Corporate Mgmt. - O&M		D (C)	28	820,187	467,209	24,061	45,751	159,935	1,072	54,141	36,180	31,837
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	642,143	372,452	19,181	36,472	124,952	843	42,385	28,719	17,137
Corporate Mgmt. - Non O&M		C (M)	14	336,734	295,846	15,303	10,122	9,810	883	3,700	614	457
Corporate Mgmt. - O&M		C (C)	29	2,322,888	1,948,215	129,380	73,329	72,978	5,935	28,345	46,839	17,867
Consumer Services		C	3	290,913	268,755	12,433	5,741	3,145	259	507	54	18
Operations, Engrg. & Mech.		C (M)	14	359,124	315,517	16,320	10,795	10,462	942	3,946	655	487
<b>Total A&amp;G Salaries</b>				<b>5,374,096</b>	<b>4,017,226</b>	<b>234,664</b>	<b>216,408</b>	<b>498,445</b>	<b>10,725</b>	<b>172,766</b>	<b>139,991</b>	<b>83,872</b>
<b>Office Supplies &amp; Expenses</b>	921											
Corporate Mgmt. - Non O&M		D (M)	13	406,091	235,539	12,130	23,065	79,020	533	26,804	18,162	10,838
Corporate Mgmt. - O&M		D (C)	28	553,176	315,109	16,228	30,857	107,869	723	36,515	24,402	21,473
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	247,622	143,624	7,397	14,064	48,184	325	16,344	11,075	6,608
Corporate Mgmt. - Non O&M		C (M)	14	227,110	199,533	10,321	6,827	6,616	596	2,495	414	308
Corporate Mgmt. - O&M		C (C)	29	1,566,672	1,313,974	87,260	49,457	49,220	4,003	19,118	31,591	12,050
Consumer Services		C	3	96,378	89,037	4,119	1,902	1,042	86	168	18	6
Operations, Engrg. & Mech.		C (M)	14	138,484	121,669	6,293	4,163	4,034	363	1,522	252	188
<b>Sub-Total</b>				<b>3,235,533</b>	<b>2,418,486</b>	<b>143,749</b>	<b>130,334</b>	<b>295,985</b>	<b>6,629</b>	<b>102,966</b>	<b>85,914</b>	<b>51,471</b>
<b>Admin Expense Transferred Credit</b>	921											
Corporate Mgmt. - Non O&M		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		D (C)	28	-	-	-	-	-	-	-	-	-
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	(306,552)	(177,805)	(9,157)	(17,411)	(59,651)	(403)	(20,234)	(13,710)	(8,181)
Corporate Mgmt. - Non O&M		C (M)	14	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		C (C)	29	-	-	-	-	-	-	-	-	-
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	(171,442)	(150,624)	(7,791)	(5,153)	(4,995)	(450)	(1,884)	(313)	(233)
<b>Sub-Total</b>				<b>(477,994)</b>	<b>(328,429)</b>	<b>(16,948)</b>	<b>(22,565)</b>	<b>(64,645)</b>	<b>(852)</b>	<b>(22,118)</b>	<b>(14,023)</b>	<b>(8,414)</b>
<b>Outside Services Employed</b>	922											
Corporate Mgmt. - Non O&M		D (M)	13	73,377	42,560	2,192	4,168	14,278	96	4,843	3,282	1,958
Corporate Mgmt. - O&M		D (C)	28	99,954	56,938	2,932	5,576	19,491	131	6,598	4,409	3,880
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	17,360	10,069	519	986	3,378	23	1,146	776	463
Corporate Mgmt. - Non O&M		C (M)	14	41,037	36,054	1,865	1,234	1,196	108	451	75	56
Corporate Mgmt. - O&M		C (C)	29	283,084	237,424	15,767	8,936	8,894	723	3,454	5,708	2,177
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	9,708	8,530	441	292	283	25	107	18	13
<b>Sub-Total</b>				<b>524,520</b>	<b>391,573</b>	<b>23,716</b>	<b>21,191</b>	<b>47,519</b>	<b>1,106</b>	<b>16,599</b>	<b>14,268</b>	<b>8,548</b>
<b>Property Insurance</b>	924											
Corporate Mgmt. - Non O&M		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		D (C)	28	-	-	-	-	-	-	-	-	-

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Administrative & General Expense	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	(39,161)	(22,714)	(1,170)	(2,224)	(7,620)	(51)	(2,585)	(1,751)	(1,045)
Corporate Mgmt. - Non O&M		C (M)	14	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		C (C)	29	-	-	-	-	-	-	-	-	-
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	(21,901)	(19,242)	(995)	(658)	(638)	(57)	(241)	(40)	(30)
<b>Sub-Total</b>				<b>(61,062)</b>	<b>(41,956)</b>	<b>(2,165)</b>	<b>(2,883)</b>	<b>(8,258)</b>	<b>(109)</b>	<b>(2,825)</b>	<b>(1,791)</b>	<b>(1,075)</b>
Injuries & Damages	925											
Corporate Mgmt. - Non O&M		D (M)	13	118,562	68,768	3,542	6,734	23,071	156	7,826	5,303	3,164
Corporate Mgmt. - O&M		D (C)	28	161,505	91,999	4,738	9,009	31,493	211	10,661	7,124	6,269
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	949,109	550,497	28,351	53,907	184,684	1,247	62,647	42,448	25,329
Corporate Mgmt. - Non O&M		C (M)	14	66,307	58,256	3,013	1,993	1,932	174	729	121	90
Corporate Mgmt. - O&M		C (C)	29	457,406	383,628	25,476	14,439	14,370	1,169	5,582	9,223	3,518
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	530,798	466,345	24,122	15,955	15,464	1,392	5,832	968	720
<b>Sub-Total</b>				<b>2,283,687</b>	<b>1,619,493</b>	<b>89,242</b>	<b>102,037</b>	<b>271,013</b>	<b>4,348</b>	<b>93,275</b>	<b>65,187</b>	<b>39,091</b>
Employee Pension & Benefits	926											
Corporate Mgmt. - Non O&M		D (M)	13	700,920	406,544	20,937	39,810	136,390	921	46,265	31,348	18,706
Corporate Mgmt. - O&M		D (C)	28	954,790	543,884	28,010	53,259	186,183	1,248	63,026	42,118	37,062
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	62,463	36,229	1,866	3,548	12,154	82	4,123	2,794	1,667
Corporate Mgmt. - Non O&M		C (M)	14	391,998	344,397	17,814	11,783	11,420	1,028	4,307	715	532
Corporate Mgmt. - O&M		C (C)	29	2,704,104	2,267,942	150,612	85,363	84,955	6,909	32,997	54,526	20,799
Consumer Services		C	3	14,060	12,989	601	277	152	13	25	3	1
Operations, Engrg. & Mech.		C (M)	14	34,933	30,691	1,588	1,050	1,018	92	384	64	47
<b>Sub-Total</b>				<b>4,863,266</b>	<b>3,642,678</b>	<b>221,428</b>	<b>195,091</b>	<b>432,271</b>	<b>10,292</b>	<b>151,126</b>	<b>131,567</b>	<b>78,814</b>
Franchise Requirement	927											
Corporate Mgmt. - Non O&M		D (M)	13	121	70	4	7	23	0	8	5	3
Corporate Mgmt. - O&M		D (C)	28	164	94	5	9	32	0	11	7	6
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M		C (M)	14	67	59	3	2	2	0	1	0	0
Corporate Mgmt. - O&M		C (C)	29	466	391	26	15	15	1	6	9	4
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>				<b>818</b>	<b>613</b>	<b>37</b>	<b>33</b>	<b>72</b>	<b>2</b>	<b>25</b>	<b>22</b>	<b>13</b>
Regulatory Commission Exps.	928											
Corporate Mgmt. - Non O&M		D (M)	13	396,806	230,037	11,847	22,526	77,174	521	26,178	17,738	10,584
Corporate Mgmt. - O&M		D (C)	28	540,255	307,749	15,849	30,136	105,349	706	35,662	23,832	20,971
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M		C (M)	14	221,805	194,872	10,080	6,667	6,462	582	2,437	404	301

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250					
<b>Administrative &amp; General Expense</b>												
Corporate Mgmt. - O&M		C (C)	29	1,530,079	1,283,284	85,222	48,301	48,070	3,909	18,671	30,853	11,769
Consumer Services		C	3	14,518	13,412	620	287	157	13	25	3	1
Operations, Engrg. & Mech.		C (M)	14	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>				<b>2,703,263</b>	<b>2,029,355</b>	<b>123,518</b>	<b>107,917</b>	<b>237,212</b>	<b>5,731</b>	<b>82,974</b>	<b>72,830</b>	<b>43,626</b>
<b>Misc. General Exps.</b>	930.2											
Corporate Mgmt. - Non O&M		D (M)	13	62,116	36,028	1,855	3,528	12,087	82	4,100	2,778	1,658
Corporate Mgmt. - O&M		D (C)	28	84,613	48,199	2,482	4,720	16,500	111	5,585	3,732	3,284
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	4,173	2,420	125	237	812	5	275	187	111
Corporate Mgmt. - Non O&M		C (M)	14	34,739	30,521	1,579	1,044	1,012	91	382	63	47
Corporate Mgmt. - O&M		C (C)	29	289,638	200,985	13,347	7,565	7,529	612	2,924	4,832	1,843
Consumer Services		C	3	2,539	2,346	109	50	27	2	4	0	0
Operations, Engrg. & Mech.		C (M)	14	2,334	2,050	106	70	68	6	26	4	3
<b>Sub-Total</b>				<b>430,152</b>	<b>322,549</b>	<b>19,603</b>	<b>17,214</b>	<b>38,035</b>	<b>909</b>	<b>13,297</b>	<b>11,597</b>	<b>6,947</b>
<b>Rents</b>	931											
Corporate Mgmt. - Non O&M		D (M)	13	90,832	52,684	2,713	5,159	17,675	119	5,995	4,062	2,424
Corporate Mgmt. - O&M		D (C)	28	123,731	70,482	3,630	6,902	24,127	162	8,168	5,458	4,803
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	5,726	3,321	171	325	1,114	8	378	256	153
Corporate Mgmt. - Non O&M		C (M)	14	50,799	44,630	2,309	1,527	1,480	133	558	93	69
Corporate Mgmt. - O&M		C (C)	29	350,424	293,902	19,518	11,062	11,009	895	4,276	7,066	2,695
Consumer Services		C	3	3,821	3,530	163	75	41	3	7	1	0
Operations, Engrg. & Mech.		C (M)	14	3,202	2,813	146	96	93	8	35	6	4
<b>Sub-Total</b>				<b>628,535</b>	<b>471,363</b>	<b>28,649</b>	<b>25,147</b>	<b>55,540</b>	<b>1,329</b>	<b>19,417</b>	<b>16,942</b>	<b>10,149</b>
<b>Maintenance General Plant</b>	932											
Production		D	13	604	350	18	34	118	1	40	27	16
Transportation		D	13	8,098	4,697	242	460	1,576	11	535	362	216
Distribution		D(M)	13	57,712	33,474	1,724	3,278	11,230	76	3,809	2,581	1,540
Distribution		C(M)	14	32,276	28,357	1,467	970	940	85	355	59	44
<b>Sub-Total</b>				<b>98,690</b>	<b>66,878</b>	<b>3,451</b>	<b>4,742</b>	<b>13,864</b>	<b>172</b>	<b>4,738</b>	<b>3,029</b>	<b>1,816</b>
<b>Total A&amp;G</b>												
Demand				7,438,405	4,279,741	220,406	419,088	1,448,789	9,749	490,993	330,634	239,005
Customer				12,165,099	10,330,089	648,638	375,578	368,263	30,533	141,249	194,898	75,852
<b>Total A&amp;G</b>				<b>19,603,504</b>	<b>14,609,830</b>	<b>869,044</b>	<b>794,666</b>	<b>1,817,051</b>	<b>40,282</b>	<b>632,242</b>	<b>525,533</b>	<b>314,857</b>
Customer Deposit Interest		C	45	190,000	23,367	27,652	45,510	45,780	4,442	25,360	10,740	7,129
<b>Summary O&amp;M and A&amp;G Expenses</b>												
Demand				21,664,864	12,396,385	638,412	1,213,901	4,176,640	28,152	1,416,144	956,734	838,497
Customer				52,646,468	45,624,698	2,157,516	1,318,566	1,838,869	106,587	717,094	630,215	252,922
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M and A&amp;G</b>				<b>395,521,575</b>	<b>315,714,189</b>	<b>15,423,744</b>	<b>26,003,398</b>	<b>28,681,455</b>	<b>1,148,353</b>	<b>5,510,817</b>	<b>1,781,836</b>	<b>1,257,782</b>

Future Test Year 31 Jan 2007  
 M.E./No Customer Component  
 Peak  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Taxes	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Taxes Other Than Income</b>												
<b>Federal</b>												
FICA												
Demand		D (F)	28	339,946	193,646	9,973	18,963	66,289	444	22,440	14,996	13,196
Customer		C (F)	29	713,597	598,496	39,746	22,527	22,419	1,823	8,708	14,389	5,489
Commodity		E (F)	30	7,458	3,470	169	324	1,103	14	559	643	1,175
<b>Total FICA</b>				<b>1,061,001</b>	<b>795,612</b>	<b>49,888</b>	<b>41,813</b>	<b>89,811</b>	<b>2,281</b>	<b>31,707</b>	<b>30,028</b>	<b>19,859</b>
Unemployment												
Demand		D (F)	28	4,806	2,738	141	268	937	6	317	212	187
Customer		C (F)	29	10,089	8,461	562	318	317	26	123	203	78
Commodity		E (F)	30	105	49	2	5	16	0	8	9	17
<b>Total Unemployment</b>				<b>15,000</b>	<b>11,248</b>	<b>705</b>	<b>591</b>	<b>1,270</b>	<b>32</b>	<b>448</b>	<b>425</b>	<b>281</b>
<b>Total Federal</b>				<b>1,076,001</b>	<b>806,860</b>	<b>50,593</b>	<b>42,405</b>	<b>91,081</b>	<b>2,314</b>	<b>32,155</b>	<b>30,453</b>	<b>20,140</b>
<b>Pennsylvania</b>												
Unemployment												
Demand		D (F)	28	15,700	8,943	461	876	3,061	21	1,036	693	609
Customer		C (F)	29	32,956	27,640	1,836	1,040	1,035	84	402	665	253
Commodity		E (F)	30	344	160	8	15	51	1	26	30	54
<b>Total Unemployment</b>				<b>49,000</b>	<b>36,744</b>	<b>2,304</b>	<b>1,931</b>	<b>4,148</b>	<b>105</b>	<b>1,464</b>	<b>1,387</b>	<b>917</b>
Capital Stock												
Demand		D (M)	13	463,041	268,570	13,831	26,299	90,101	608	30,563	20,709	12,357
Customer		C (M)	14	258,959	227,515	11,768	7,784	7,544	679	2,845	472	351
<b>Total Capital Stock</b>				<b>722,000</b>	<b>496,085</b>	<b>25,600</b>	<b>34,083</b>	<b>97,646</b>	<b>1,287</b>	<b>33,409</b>	<b>21,181</b>	<b>12,709</b>
Property & Public Utility												
Demand		D (M)	13	78,884	45,754	2,356	4,480	15,350	104	5,207	3,528	2,105
Customer		C (M)	14	44,116	38,759	2,005	1,326	1,285	116	485	80	60
<b>Total P&amp;PU</b>				<b>123,000</b>	<b>84,513</b>	<b>4,361</b>	<b>5,806</b>	<b>16,635</b>	<b>219</b>	<b>5,691</b>	<b>3,608</b>	<b>2,165</b>
Sales Tax Company Use												
Demand		D (M)	13	2,565	1,488	77	146	499	3	169	115	68
Customer		C (M)	14	1,435	1,260	65	43	42	4	16	3	2
<b>Total STCU</b>				<b>4,000</b>	<b>2,748</b>	<b>142</b>	<b>189</b>	<b>541</b>	<b>7</b>	<b>185</b>	<b>117</b>	<b>70</b>
<b>Total Pennsylvania</b>				<b>898,000</b>	<b>620,091</b>	<b>32,407</b>	<b>42,010</b>	<b>118,969</b>	<b>1,619</b>	<b>40,749</b>	<b>26,294</b>	<b>15,861</b>
Summary Taxes Other Than Income												
Demand		D		904,942	521,139	26,839	51,032	176,238	1,186	59,733	40,252	28,523
Customer		C		1,061,151	902,133	55,982	33,039	32,643	2,732	12,579	15,812	6,233
Commodity		E		7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Total Taxes Other Than Income</b>				<b>1,974,001</b>	<b>1,426,951</b>	<b>83,000</b>	<b>84,414</b>	<b>210,050</b>	<b>3,933</b>	<b>72,905</b>	<b>56,746</b>	<b>36,001</b>
<b>Federal/State Income Tax</b>												
Operating Revenue				451,817,059	352,500,848	17,986,911	29,711,564	37,424,620	1,321,956	7,550,122	3,198,176	2,122,863
Less:												

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Taxes	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
O&M/A&G Expenses				395,521,575	315,714,189	15,423,744	26,003,398	28,681,455	1,148,353	5,510,817	1,781,836	1,257,782
Depreciation Expense				11,913,067	8,406,165	434,851	537,536	1,493,663	21,343	508,210	315,264	196,036
Taxes Other Than Income				1,974,001	1,426,951	83,000	84,414	210,050	3,933	72,905	56,746	36,001
Negative Net Salvage		??	44	<u>1,354,000</u>	930,332	48,009	63,918	183,119	2,414	62,653	39,722	23,833
Total Deductions				410,762,643	326,477,637	15,989,603	26,689,266	30,568,287	1,176,043	6,154,584	2,193,569	1,513,653
<b>Operating Income Before Taxes</b>				<b>41,054,416</b>	<b>26,023,211</b>	<b>1,997,307</b>	<b>3,022,298</b>	<b>6,856,332</b>	<b>145,913</b>	<b>1,395,538</b>	<b>1,004,607</b>	<b>609,210</b>
Tax Adjustments												
Interest Charges			44	<u>9,413,000</u>	6,467,662	333,755	444,359	1,273,044	16,784	435,560	276,149	165,687
Book Depreciation				<u>(11,913,067)</u>	(8,406,165)	(434,851)	(537,536)	(1,493,663)	(21,343)	(508,210)	(315,264)	(196,036)
State Dep'n			46	<u>16,751,000</u>	11,819,934	611,445	755,831	2,100,244	30,010	714,595	443,294	275,647
Meals/Entertainment			47	<u>(31,000)</u>	(23,246)	(1,458)	(1,222)	(2,624)	(67)	(926)	(877)	(580)
Total Tax Adjustments				14,219,933	9,858,185	508,892	661,432	1,877,001	25,385	641,019	403,301	244,718
Pennsylvania Taxable Income				26,834,483	16,165,026	1,488,415	2,360,865	4,979,332	120,528	754,519	601,305	364,492
State Income Tax @ 9.99%				2,680,765	1,614,886	148,693	235,850	497,435	12,041	75,376	60,070	36,413
Add'l Federal Dep'n			46	<u>(901,000)</u>	(635,769)	(32,888)	(40,654)	(112,968)	(1,614)	(38,437)	(23,844)	(14,826)
Federal Taxable Income				25,054,718	15,185,909	1,372,611	2,165,670	4,594,864	110,101	717,579	565,079	342,906
Federal Income Tax @ 35.00%				8,769,151	5,315,068	480,414	757,984	1,608,202	38,535	251,153	197,778	120,017
Consolidated Tax Adjustment			48	<u>(82,000)</u>	(49,701)	(4,492)	(7,088)	(15,038)	(360)	(2,349)	(1,849)	(1,122)
Investment Tax Credit			44	<u>(4,000)</u>	(2,748)	(142)	(189)	(541)	(7)	(185)	(117)	(70)
Deferred Income Taxes -- Liberal. Dep'n			46	<u>1,539,000</u>	1,085,958	56,177	69,442	192,960	2,757	65,653	40,728	25,325

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Allocators	#	Ex/ En	Total	Small Comm. & PA Service				Lrg Comm. & PA Service			
				Residential	LE 250	GT 250	Service	SVIS	IVIS	LVIS	LIS
Annual Throughput (MCF)	1	X	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
Avg. Throughput/Cust. Sales (Mcf)			42,560,886	19,802,152	967,246	1,849,555	6,295,888	79,617	3,191,547	3,670,249	6,704,632
Transport (Mcf)			203	102	108	446	2,774	426	8,720	94,109	515,741
			24,473,134	19,726,731	966,725	1,796,001	1,680,271	77,572	225,834		
Peak Day Demand (MCF/day)		X	100.0000%	57.7119%	2.9722%	5.6514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%
Load Factor			365,252	210,794	10,856	20,642	61,978	439	21,328	15,832	23,383
Sales (Mcf/day)			31.9%	25.7%	24.4%	24.5%	27.8%	49.7%	41.0%	63.5%	78.6%
Transport (Mcf/day)			261,411	209,908	10,851	20,153	18,799	410	1,290		
Load Factor			25.6%	25.7%	24.4%	24.4%	24.5%	51.8%	48.0%	#DIV/0!	#DIV/0!
Transport (Mcf/day)			103,841	866	5	489	43,179	29	20,038	15,832	23,383
Load Factor			47.7%	23.3%	28.5%	30.0%	29.3%	19.3%	40.5%	63.5%	78.6%
Demand Allocator (P&A)	2	N	100.0000%	57.7119%	2.9722%	5.6514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%
Average Annual Customers	3	X	100.0000%	92.3834%	4.2738%	1.9736%	1.0811%	0.0891%	0.1743%	0.0186%	0.0062%
			209,975	193,982	8,974	4,144	2,270	187	366	39	113
Avg Ann. Custs. Excl. Lg. Ind.	4	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%
			209,923	193,982	8,974	4,144	2,270	187	366		
Historical Service Line Inv.	5	X	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%
\$/Customer			126,454,209	113,645,815	5,989,226	3,519,638	2,397,822	219,739	591,223	168,149	22,597
				\$ 586	\$ 667	\$ 849	\$1,056	\$1,175	\$1,615	\$1,747	\$1,738
Historical Meter Inv.	6	X	100.0000%	71.3502%	3.0173%	4.6811%	11.3621%	0.9392%	6.3068%	1.2397%	1.1036%
\$/Meter			12,789,310	9,125,202	385,891	598,675	1,453,135	120,117	806,596	158,545	141,149
				\$ 45	\$ 38	\$ 134	\$ 666	\$ 575	\$1,677	\$1,865	\$3,815
Small Customer Meter Inv.	7	N	100.0000%	89.2014%	3.7722%	5.8522%	0.0000%	1.1742%	0.0000%	0.0000%	0.0000%
			10,229,885	9,125,202	385,891	598,675		120,117			
Historical M&R Sta. Equip.	8	X	100.0000%	0.0224%	0.0000%	0.0000%	70.7262%	0.3105%	21.5295%	3.4177%	3.9936%
\$/Peak Demand			8,787,228	1,972			6,214,875	27,286	1,891,845	300,319	350,931
\$/customer							\$ 100.28	\$ 62.15	\$ 88.70	\$ 18.97	\$ 15.01
							\$ 2,738	\$ 146	\$ 5,169	\$ 7,700	\$ 26,995
Mains -- Demand	9	N	100.0000%	59.9570%	3.0878%	5.8713%	17.6287%	0.1249%	6.0664%	4.5031%	2.7608%
			204,398,086	122,550,987	6,311,467	12,000,831	36,032,705	255,202	12,399,534	9,204,347	5,643,012
Mains -- Customer	10	N	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Dist'n Plt Excl Oth - Demand	11	N	100.0000%	57.4621%	2.9593%	5.6269%	19.6834%	0.1319%	6.6627%	4.4504%	3.0233%
			233,452,543	134,146,634	6,908,542	13,136,133	45,951,365	307,930	15,554,215	10,389,672	7,058,053
Dist'n Plt Excl Oth - Cust	12	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%
			151,372,124	132,991,648	6,879,143	4,550,041	4,409,877	397,017	1,663,133	275,955	205,311
Demand P, T, D Plant	13	N	100.0000%	58.0015%	2.9871%	5.6797%	19.4586%	0.1313%	6.6006%	4.4724%	2.6687%
			271,188,115	157,293,082	8,100,601	15,402,753	52,769,495	356,186	17,899,965	12,128,723	7,237,312
Customer P, T, D Plant	14	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%
			151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707
Mains & Serv. - Demand	15	N	100.0000%	59.9570%	3.0878%	5.8713%	17.6287%	0.1249%	6.0664%	4.5031%	2.7608%
			204,398,086	122,550,987	6,311,467	12,000,831	36,032,705	255,202	12,399,534	9,204,347	5,643,012
Mains & Serv. - Cust.	16	N	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%
			134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008
Meter & HR - Demand	17A	N	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Meter & HR - Customer	17	N	100.0000%	72.1976%	3.0531%	4.7367%	10.8227%	0.9504%	6.0074%	1.1809%	1.0512%
			17,246,967	12,451,894	526,573	816,936	1,866,596	163,907	1,036,098	203,661	181,302
Dist'n Plant - Customer	18	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%
			151,664,266	133,248,317	6,892,419	4,558,823	4,418,388	397,783	1,666,343	276,487	205,707
Dist'n Labor, w/o other - D	19	N	100.0000%	56.9104%	2.9309%	5.5729%	19.6804%	0.1315%	6.6553%	4.4167%	3.7020%
			4,381,298	2,493,414	128,410	244,164	862,255	5,760	291,590	193,508	162,197
Dist'n Labor, w/o other - C	20	N	100.0000%	83.1205%	4.0934%	3.5294%	5.3058%	0.4704%	2.5835%	0.4844%	0.4126%
			4,091,164	3,400,594	167,467	144,395	217,070	19,245	105,697	19,816	16,880

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	#	Ex/ En	Total	Small Comm. & PA Service			Lrg Comm. & PA Service				
				Residential	LE 250	GT 250	SVIS	IVIS	LVIS	LIS	
Historical No. of Meters	21	X	100.0000%	91.9367%	4.6603%	2.0383%	0.9945%	0.0953%	0.2193%	0.0388%	0.0169%
Meter/Customer			219,301	201,618	10,220	4,470	2,181	209	481	1,185	2,237
			1.04	1.04	1.14	1.08	0.96	1.12	1.31	2.18	2.85
Customer Service - Labor	22	X	100.0000%	59.1536%	13.0660%	6.0336%	3.3051%	0.2295%	0.4490%	13.3225%	4.4408%
Labor per Customer			2,516,001	1,488,304	328,740	151,805	83,156	5,773	11,298	335,194	111,731
			\$	\$ 7.67	\$ 36.63	\$ 36.63	\$ 36.63	\$ 30.87	\$ 30.87	\$ 8,594.72	\$ 8,594.69
Customer Service - O&M	23	X	100.0000%	86.1295%	4.4509%	2.0553%	1.1259%	0.0927%	0.1815%	4.4731%	1.4911%
O&M per Customer			8,665,639	7,463,673	385,697	178,104	97,563	8,037	15,731	387,624	129,210
			\$	\$ 38.48	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 9,939.08	\$ 9,939.23
Avg. Annual Total Custs.	24	X	100.0000%	5.2419%	0.4839%	5.8871%	61.5323%	0.0806%	22.5806%	3.1452%	1.0484%
			1,240	65	6	73	763	1	280	339	13
Dist'n O&M; w/o other - D	25	N	100.0000%	56.9740%	2.9341%	5.5791%	19.4395%	0.1305%	6.5828%	4.4089%	3.9511%
			7,149,344	4,073,269	209,772	398,869	1,389,794	9,327	470,624	315,209	282,478
Dist'n O&M; w/o other - C	26	N	100.0000%	81.9279%	3.9798%	3.6612%	5.9082%	0.5228%	2.9574%	0.5604%	0.4823%
			5,604,234	4,591,429	223,038	205,184	331,108	29,300	165,738	31,406	27,030
Uncollectibles	27	X	100.0000%	97.0421%	1.6847%	0.7780%	0.4262%	0.0213%	0.0417%	0.0045%	0.0015%
			8,467,291	8,216,837	142,652	65,874	36,084	1,806	3,535	377	126
Labor - Demand	28	N	100.0000%	56.9637%	2.9336%	5.5781%	19.4999%	0.1307%	6.6010%	4.4112%	3.8817%
			8,640,019	4,921,678	253,465	481,949	1,684,793	11,294	570,330	381,130	335,381
Labor - Customer	29	N	100.0000%	83.8704%	5.5698%	3.1588%	3.1417%	0.2555%	1.2203%	2.0164%	0.7692%
			18,136,645	15,211,277	1,010,170	572,536	569,797	46,336	221,316	365,713	139,500
Labor - Commodity	30	N	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
			189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
O&M/Other Taxes - Demand	31	N	100.0000%	57.2337%	2.9475%	5.6045%	19.2863%	0.1300%	6.5392%	4.4173%	3.8415%
			22,569,805	12,917,524	665,250	1,264,933	4,352,878	29,339	1,475,876	996,986	867,019
O&M/Other Taxes - Cust.	32	N	100.0000%	86.6299%	4.1214%	2.5166%	3.4846%	0.2035%	1.3586%	1.2029%	0.4825%
			53,707,820	46,526,831	2,213,498	1,351,605	1,871,512	109,318	729,673	648,027	259,155
O&M/Other Taxes - Comm.	33	N	100.0000%	80.2249%	3.9313%	7.3070%	7.0566%	0.3156%	1.0517%	0.0609%	0.0522%
			321,218,151	257,696,785	12,627,996	23,471,275	22,667,116	1,013,629	3,378,172	195,570	167,609
Reg. Assessment - D	34	N	100.0000%	57.4030%	2.9562%	5.6211%	19.4824%	0.1310%	6.6008%	4.4371%	3.3682%
			936,861	537,787	27,696	52,662	182,523	1,227	61,841	41,570	31,556
Other Insurance - D	35	N	100.0000%	58.0015%	2.9871%	5.6797%	19.4586%	0.1313%	6.6006%	4.4724%	2.6687%
			(39,161)	(22,714)	(1,170)	(2,224)	(7,620)	(51)	(2,585)	(1,751)	(1,045)
Misc. General Exps. - D	36	N	100.0000%	57.4196%	2.9571%	5.6227%	19.4818%	0.1310%	6.6008%	4.4381%	3.3489%
			150,903	86,648	4,462	8,485	29,398	198	9,961	6,697	5,054
Reg. Assessment - C	37	N	100.0000%	84.4410%	5.4304%	3.1281%	3.0961%	0.2550%	1.1964%	1.7697%	0.8833%
			1,766,402	1,491,568	95,922	55,255	54,689	4,504	21,133	31,260	12,071
Other Insurance - C	38	N	100.0000%	87.8574%	4.5445%	3.0059%	2.9133%	0.2623%	1.0987%	0.1823%	0.1356%
			(21,901)	(19,242)	(995)	(658)	(638)	(57)	(241)	(40)	(30)
Misc. General Exps. - C	39	N	100.0000%	84.4771%	5.4219%	3.1260%	3.0926%	0.2549%	1.1946%	1.7548%	0.8781%
			279,249	235,902	15,141	8,729	8,636	712	3,336	4,900	1,894
Meters & Svcs Plant	40	N	100.0000%	88.2039%	4.5816%	2.9541%	2.7483%	0.2427%	0.9931%	0.1606%	0.1156%
			147,392,868	130,006,292	6,752,896	4,354,180	4,050,772	357,720	1,463,803	236,773	170,431
M&R Sta Eq & HReg Pft.	41	N	100.0000%	22.9833%	1.1830%	2.2493%	49.3303%	0.2348%	15.2847%	3.7826%	4.9521%
			15,289,801	3,514,094	180,871	343,915	7,542,506	35,895	2,336,995	578,351	757,173
Gas Storage Inventory	42	X	100.0000%	80.6768%	3.9724%	7.3819%	6.8517%	0.3474%	0.7698%	0.0000%	0.0000%
			17,138,823	13,827,049	680,819	1,265,166	1,174,303	59,545	1,131,941	0	0
M&S Working Capital	43	N	100.0000%	72.2807%	3.7621%	4.5594%	11.2105%	0.1522%	3.7908%	2.6246%	1.6196%
			1,136,529	821,491	42,758	51,819	127,411	1,730	43,084	29,830	18,407
Plant	44	N	100.0000%	68.7099%	3.5457%	4.7207%	13.5243%	0.1783%	4.6272%	2.9337%	1.7602%
			437,935,976	300,905,320	15,527,837	20,673,627	59,227,835	780,863	20,264,258	12,847,717	7,708,519
Customer Sec. Dep - Hist.	45	X	100.0000%	12.3089%	14.5537%	23.9524%	24.0949%	2.3377%	13.3476%	5.6525%	3.7522%
			2,447,539	301,266	356,208	586,244	589,733	57,217	326,687	138,348	91,838

Future Test Year 31 Jan 2007  
M.E./No Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	#	Ex/ En	Total	Small Comm. & PA Service			Lrg Comm.				
				Residential	LE 250	GT 250	Service & PA	SVIS	IVIS	LVIS	LIS
Depreciation Expense	46	N	100.0000% 11,913,067	70.5626% 8,406,165	3.6502% 434,851	4.5122% 537,536	12.5380% 1,493,683	0.1792% 21,343	4.2660% 508,210	2.6464% 315,264	1.6456% 196,036
Labor Expense	47	N	100.0000% 26,966,218	74.9870% 20,221,148	4.7020% 1,267,942	3.9409% 1,062,722	8.4648% 2,282,630	0.2150% 57,985	2.9884% 805,860	2.8302% 763,189	1.8718% 504,741
Federal Income Tax	48	N	100.0000% 8,769,151	60.6110% 5,315,068	5.4785% 480,414	8.6438% 757,984	18.3393% 1,608,202	0.4394% 38,535	2.8640% 251,153	2.2554% 197,778	1.3686% 120,017
Annual Sales Volume	49	X	100.0000% 24,473,134	80.6057% 19,726,731	3.9501% 966,725	7.3387% 1,796,001	6.8658% 1,680,271	0.3170% 77,572	0.9228% 225,834	0.0000% -	0.0000% -
Percent of Throughput				99.6%	99.9%	97.1%	26.7%	97.4%	7.1%	0.0%	0.0%
Demand Alloc. Excl. LIS	50	N	100.0000% 100.0000%	61.6593% 61.6593%	3.1755% 3.1755%	6.0380% 6.0380%	18.1292% 18.1292%	0.1284% 0.1284%	6.2386% 6.2386%	4.6310% 4.6310%	0.0000% 0.0000%
<b>Classification Splits</b>			Total	D	C	E					
Distribution Mains	A	X	1 100.0000%	1.00 100.0000%	- 0.0000%	- 0.0000%					
Plant	B	N	422,852,381 100.0000%	271,188,115 64.1330%	151,664,266 35.8670%	- 0.0000%					
O&M Excluding Gas	C	N	54,517,828 100.0000%	14,226,458 26.0951%	40,291,370 73.9049%	- 0.0000%					
Distribution Plant Excl. Oth.	D	N	384,824,667 100.0000%	233,452,543 60.6647%	151,372,124 39.3353%	- 0.0000%					
Distribution O&M	E	N	22,138,799 100.0000%	12,700,869 57.3693%	9,437,930 42.6307%	- 0.0000%					
Labor	F	N	26,966,218 100.0000%	8,640,019 32.0402%	18,136,645 67.2569%	189,554 0.7029%					
Services	G	N	134,125,157 100.0000%	- 0.0000%	134,125,157 100.0000%	- 0.0000%					
Mains	H	N	338,523,243 100.0000%	204,398,086 60.3793%	134,125,157 39.6207%	- 0.0000%					
Meters & House Regulators	I	N	17,246,967 100.0000%	- 0.0000%	17,246,967 100.0000%	- 0.0000%					
Distribution Plant	J	N	385,567,364 100.0000%	233,903,098 60.6647%	151,664,266 39.3353%	- 0.0000%					
Distribution O&M	K	N	17,830,140 100.0000%	10,229,023 57.3693%	7,601,117 42.6307%	- 0.0000%					
Distribution Labor	L	N	11,388,498 100.0000%	6,150,301 54.0045%	5,238,197 45.9955%	- 0.0000%					
P, T, O Plant	M	N	422,852,381 100.0000%	271,188,115 64.1330%	151,664,266 35.8670%	- 0.0000%					
O&M/A&G Excl. Gas	N	N	74,311,332 100.0000%	21,664,864 29.1542%	52,646,468 70.8458%	- 0.0000%					
Reg. Assessment Exps.	O	N	2,703,263 100.0000%	936,861 34.6567%	1,766,402 65.3433%	- 0.0000%					
Other Insurance Expense	P	N	(61,062) 100.0000%	(39,161) 64.1330%	(21,901) 35.8670%	- 0.0000%					
Misc. General Expense	Q	N	430,152 100.0000%	150,903 35.0812%	279,249 64.9188%	- 0.0000%					

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Comparison of Cost of Service Study Results	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
			LE 250	GT 250					
<b>Existing Revenues</b>									
Rate Revenues	424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	1,316,665	7,517,593	3,183,617	2,113,289
Late Charge Revenues	1,601,774	1,249,664	63,342	106,771	128,801	4,973	28,291	11,950	7,982
Other Revenues	187,294	153,319	7,824	5,818	11,427	287	3,773	2,498	2,349
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Existing Dist'n Revenues</b>	<b>105,527,559</b>	<b>74,949,216</b>	<b>4,232,322</b>	<b>4,945,675</b>	<b>11,698,963</b>	<b>309,831</b>	<b>4,233,018</b>	<b>3,073,258</b>	<b>2,085,277</b>
Existing Dist'n Rate Revenues	103,738,491	73,546,233	4,161,156	4,833,086	11,558,735	304,571	4,200,954	3,058,810	2,074,946
<b>Rate Revenue Increase</b>	<b>25,794,313</b>	<b>20,160,578</b>	<b>1,140,735</b>	<b>1,324,876</b>	<b>3,167,863</b>	<b>(16)</b>	<b>329</b>	<b>(52)</b>	<b>-</b>
<b>Proposed Revenues</b>									
Rate Revenues	449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
Late Charge Revenues	1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Other Revenues	187,294	153,319	7,824	5,818	11,427	287	3,773	2,498	2,349
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Total Proposed Revenues</b>	<b>131,419,485</b>	<b>95,186,088</b>	<b>5,377,373</b>	<b>6,275,565</b>	<b>14,878,814</b>	<b>309,815</b>	<b>4,233,348</b>	<b>3,073,206</b>	<b>2,085,277</b>
Dist'n Rate Revenue Increase	24.9%	27.4%	27.4%	27.4%	27.4%	0.0%	0.0%	0.0%	0.0%
	6.1%	6.1%	6.8%						

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Summary of Cost of Service Study	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
<b>Total Operating Revenues</b>				<b>425,925,133</b>	<b>332,264,214</b>	<b>16,841,669</b>	<b>28,381,290</b>	<b>34,244,694</b>	<b>1,321,925</b>	<b>7,549,657</b>	<b>3,198,065</b>	<b>2,123,620</b>
O&M and A&G Expenses												
Demand				14,148,256	7,787,660	401,062	762,592	2,805,527	18,482	944,954	609,818	818,161
Customer				59,648,076	52,104,566	2,458,722	1,454,800	1,914,794	112,878	730,464	621,448	250,404
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Sub-Total O&amp;M/A&amp;G</b>				<b>395,006,575</b>	<b>317,585,331</b>	<b>15,487,600</b>	<b>25,688,323</b>	<b>27,386,267</b>	<b>1,144,974</b>	<b>5,052,997</b>	<b>1,426,154</b>	<b>1,234,928</b>
Depreciation Expenses												
Demand				4,223,574	2,325,403	119,758	227,710	874,390	5,679	293,322	183,863	193,449
Customer				7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
<b>Sub-Total Depreciation</b>				<b>11,913,067</b>	<b>9,224,351</b>	<b>464,079</b>	<b>428,977</b>	<b>1,038,470</b>	<b>20,289</b>	<b>346,293</b>	<b>191,625</b>	<b>198,983</b>
Negative Net Salvage				1,354,000	1,036,056	51,783	49,859	124,184	2,278	41,689	23,715	24,436
Taxes Other Than Income												
Demand				553,949	305,112	15,713	29,877	112,333	735	37,757	24,009	28,413
Customer				1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Commodity				7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Sub-Total Taxes Other</b>				<b>1,974,001</b>	<b>1,535,471</b>	<b>86,766</b>	<b>70,066</b>	<b>149,924</b>	<b>3,790</b>	<b>51,571</b>	<b>40,510</b>	<b>35,904</b>
Income Taxes				838,141	(2,850,080)	89,009	629,960	1,651,179	48,782	629,164	490,703	149,424
Investment Tax Credit				(4,000)	(3,061)	(153)	(147)	(367)	(7)	(123)	(70)	(72)
Def. Income Taxes				1,539,000	1,191,656	59,953	55,418	134,156	2,621	44,736	24,755	25,706
<b>Total Expenses</b>				<b>412,620,784</b>	<b>327,719,723</b>	<b>16,239,037</b>	<b>26,922,455</b>	<b>30,483,814</b>	<b>1,222,728</b>	<b>6,166,328</b>	<b>2,197,392</b>	<b>1,669,308</b>
<b>Utility Net Income</b>				<b>13,304,349</b>	<b>4,544,491</b>	<b>602,632</b>	<b>1,458,835</b>	<b>3,760,880</b>	<b>99,197</b>	<b>1,383,328</b>	<b>1,000,673</b>	<b>454,312</b>
<b>Rate Base</b>												
Gas Plant In Service												
Demand				169,255,855	93,968,191	4,839,322	9,201,645	34,383,214	225,335	11,563,659	7,383,870	7,690,620
Customer				268,680,121	241,132,243	11,909,317	6,924,651	5,782,790	511,413	1,920,312	286,350	213,045
<b>Sub-Total Gas Plant</b>				<b>437,935,976</b>	<b>335,100,434</b>	<b>16,748,639</b>	<b>16,126,297</b>	<b>40,166,004</b>	<b>736,748</b>	<b>13,483,970</b>	<b>7,670,220</b>	<b>7,903,665</b>
Accumulated Reserve for Dep'n												
Demand				(57,799,256)	(32,198,386)	(1,658,213)	(3,152,971)	(11,768,114)	(77,148)	(3,958,252)	(2,529,466)	(2,456,706)
Customer				(89,857,998)	(79,599,705)	(3,920,071)	(2,453,763)	(2,441,635)	(214,239)	(945,576)	(157,127)	(125,883)
<b>Sub-Total Acc. Res. for Dep'n</b>				<b>(147,657,254)</b>	<b>(111,798,091)</b>	<b>(5,578,283)</b>	<b>(5,606,735)</b>	<b>(14,209,749)</b>	<b>(291,387)</b>	<b>(4,903,828)</b>	<b>(2,686,593)</b>	<b>(2,582,589)</b>
Net Plant												
Demand				111,456,599	61,769,805	3,181,109	6,048,674	22,615,100	148,186	7,605,407	4,854,404	5,233,914
Customer				178,822,123	161,532,538	7,989,246	4,470,888	3,341,156	297,174	974,736	129,223	87,162
<b>Net Plant</b>				<b>290,278,722</b>	<b>223,302,343</b>	<b>11,170,355</b>	<b>10,519,562</b>	<b>25,956,256</b>	<b>445,360</b>	<b>8,580,143</b>	<b>4,983,627</b>	<b>5,321,076</b>
Working Capital												
Demand				12,600,720	9,640,576	477,298	889,531	1,127,214	39,239	218,234	90,028	118,599

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.				
					Residential	LE 250	GT 250	PA Service	SVIS	IVIS	LVIS	LIS
<b>Summary of Cost of Service Study</b>												
Customer				7,762,960	6,806,825	328,086	191,795	233,053	14,510	86,807	72,607	29,278
Commodity				32,292,577	26,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
<b>Working Capital</b>				<b>52,656,257</b>	<b>42,477,045</b>	<b>2,080,989</b>	<b>3,451,169</b>	<b>3,577,403</b>	<b>156,106</b>	<b>603,032</b>	<b>162,636</b>	<b>147,876</b>
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(40,939,000)	(31,325,759)	(1,565,691)	(1,507,514)	(3,754,786)	(68,872)	(1,260,504)	(717,025)	(738,848)
Deferred Income Taxes ITC				(1,869,000)	(1,430,124)	(71,479)	(68,823)	(171,418)	(3,144)	(57,546)	(32,735)	(33,731)
<b>Net Rate Base</b>				<b>296,952,979</b>	<b>232,632,820</b>	<b>11,152,239</b>	<b>11,634,146</b>	<b>24,842,681</b>	<b>455,250</b>	<b>7,441,472</b>	<b>4,217,091</b>	<b>4,577,280</b>
<b>Return Earned</b>				<b>4.48%</b>	<b>1.95%</b>	<b>5.40%</b>	<b>12.54%</b>	<b>15.14%</b>	<b>21.79%</b>	<b>18.59%</b>	<b>23.73%</b>	<b>9.93%</b>
<b>Unitized Rate of Return</b>				<b>100.0%</b>	<b>43.6%</b>	<b>120.6%</b>	<b>279.9%</b>	<b>337.9%</b>	<b>486.3%</b>	<b>414.9%</b>	<b>529.6%</b>	<b>221.5%</b>
<b>Fully Allocated Cost</b>												
Return and Income Taxes		RB		15,677,490	12,281,738	588,777	614,219	1,311,557	24,035	392,869	222,639	241,655
Other Costs				410,247,643	329,381,208	16,090,228	26,237,225	28,698,845	1,171,331	5,492,551	1,682,003	1,494,251
Less Gas Costs				(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
Distribution Costs				105,527,559	84,347,948	4,069,658	3,415,829	7,464,672	183,272	2,568,781	1,779,836	1,697,563
<b>Revenue-Cost Ratio</b>				<b>100.0%</b>	<b>88.9%</b>	<b>104.0%</b>	<b>144.8%</b>	<b>156.7%</b>	<b>169.1%</b>	<b>164.8%</b>	<b>172.7%</b>	<b>122.8%</b>
<b>Customer Cost Summary</b>												
<b>Customer Rate Base</b>												
Plant and W/C				186,585,083	168,339,363	8,317,332	4,662,683	3,574,209	311,684	1,061,543	201,830	116,440
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(26,263,334)	(20,096,213)	(1,004,428)	(967,106)	(2,408,784)	(44,183)	(808,643)	(459,989)	(473,988)
<b>Customer Rate Base</b>				<b>157,147,750</b>	<b>147,852,465</b>	<b>6,850,969</b>	<b>2,935,328</b>	<b>400,652</b>	<b>193,301</b>	<b>(170,753)</b>	<b>(437,570)</b>	<b>(476,643)</b>
Percent				52.9%	63.6%	61.4%	25.2%	1.6%	42.5%	-2.3%	-10.4%	-10.4%
<b>Customer Costs</b>												
O&M and A&G Expenses				59,648,076	52,104,566	2,458,722	1,454,800	1,914,794	112,878	730,464	621,448	250,404
Depreciation Expenses				7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
Negative Net Salvage		CRB		834,113	784,775	36,364	15,580	2,127	1,026	(906)	(2,323)	(2,530)
Taxes Other Than Income				1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Income Taxes		CRB		1,255,868	1,181,584	54,750	23,458	3,202	1,545	(1,365)	(3,497)	(3,809)
Return		CRB		7,040,672	6,624,216	306,943	131,511	17,950	8,660	(7,650)	(19,604)	(21,355)
<b>Total Customer Costs</b>				<b>77,880,366</b>	<b>68,820,767</b>	<b>3,271,974</b>	<b>1,866,461</b>	<b>2,138,575</b>	<b>141,760</b>	<b>786,735</b>	<b>619,605</b>	<b>234,489</b>
Number of Customers				209,975	193,982	8,974	4,144	2,270	187	366	39	13
<b>Cost per Customer per Month</b>				<b>\$ 30.91</b>	<b>\$ 29.56</b>	<b>\$ 30.38</b>	<b>\$ 37.53</b>	<b>\$ 78.51</b>	<b>\$ 63.17</b>	<b>\$ 179.13</b>	<b>\$ 1,323.94</b>	<b>\$ 1,503.14</b>

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250					
<b>Gas Plant in Service</b>												
<b>Production Plant</b>	325-338	D	2	2,587,318	1,493,191	76,900	146,221	439,031	3,110	151,080	112,148	165,637
<b>Transmission Plant</b>	365-369	D	50	34,697,699	21,394,358	1,101,825	2,095,047	6,290,415	44,552	2,164,651	1,606,850	-
<b>Distribution Plant</b>												
Land	374.1	D	9	822,806	477,774	24,606	46,786	140,476	995	48,341	35,884	47,944
Land Rights	374.2	D	9	5,310,777	3,083,777	158,819	301,981	906,698	6,421	312,013	231,614	309,454
Structures & Improvmts.	375	D	2	7,631,073	4,404,040	226,810	431,266	1,294,883	9,172	445,598	330,772	488,532
Mains (LIS)	376	D	Direct	5,643,012								5,643,012
Mains (>4")	376	D (A)	50	48,202,633	29,721,406	1,530,675	2,910,475	8,738,752	61,892	3,007,169	2,232,264	-
Mains (Other)	376	D (A)	50	42,998,168	26,512,369	1,365,407	2,596,229	7,795,224	55,210	2,682,484	1,991,245	-
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	9,204,355	2,066	-	-	6,509,893	28,581	1,981,650	314,575	367,590
Other	387	D (D)	11	242,979	130,684	6,730	12,797	50,987	327	17,047	10,422	13,985
Land Rights	374.2	C	10									
Mains	376	C (A)	4	107,554,273	99,386,924	4,597,838	2,123,229	1,162,984	95,831	187,467	-	-
M&R Sta. Equip.	378	D	2	6,085,446	3,512,029	180,871	343,915	1,032,612	7,314	355,345	263,776	389,583
Services	380	C	5	134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008
Meters	381	C	6	13,267,711	9,466,538	400,327	621,075	1,507,491	124,610	836,768	164,480	146,422
Meter Installations	382	C	6	3,160,552	2,255,060	95,363	147,949	359,105	29,684	199,330	39,181	34,880
House Regulators	383	C	7									
House Regulator Install.	384	C	7	818,704	730,296	30,883	47,912	-	9,613	-	-	-
Other	387	C (D)	12	499,718	448,482	22,150	12,879	10,755	951	3,572	533	396
Distribution Demand		D		126,141,249	67,844,145	3,493,918	6,643,450	26,469,526	169,912	8,849,647	5,410,552	7,260,099
Distribution Customer		C		259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707
<b>Total Distribution</b>				<b>385,567,364</b>	<b>300,671,199</b>	<b>14,993,049</b>	<b>13,329,599</b>	<b>32,053,142</b>	<b>663,711</b>	<b>10,703,818</b>	<b>5,687,039</b>	<b>7,465,806</b>
<b>General Plant</b>	389-399											
Demand		D (M)	13	4,938,313	2,741,674	141,195	268,473	1,003,186	6,574	337,388	215,436	224,386
Customer		C (M)	14	7,839,177	7,035,423	347,474	202,038	168,722	14,921	56,028	8,355	6,216
<b>Total General Plant</b>				<b>12,777,490</b>	<b>9,777,097</b>	<b>488,669</b>	<b>470,511</b>	<b>1,171,908</b>	<b>21,496</b>	<b>393,417</b>	<b>223,791</b>	<b>230,602</b>
<b>Intangible Plant</b>	301-303											
Demand		D (M)	13	891,276	494,822	25,483	48,454	181,057	1,187	60,892	38,882	40,498
Customer		C (M)	14	1,414,829	1,269,766	62,713	36,464	30,451	2,693	10,112	1,508	1,122
<b>Total Intangible Plant</b>				<b>2,306,105</b>	<b>1,764,588</b>	<b>88,196</b>	<b>84,919</b>	<b>211,508</b>	<b>3,880</b>	<b>71,005</b>	<b>40,390</b>	<b>41,620</b>
<b>Plant in Service Summary</b>												
Demand		D		169,255,855	93,968,191	4,839,322	9,201,645	34,383,214	225,335	11,563,659	7,383,870	7,690,620
Customer		C		268,680,121	241,132,243	11,909,317	6,924,651	5,782,790	511,413	1,920,312	286,350	213,045
<b>Gas Plant in Service</b>				<b>437,935,976</b>	<b>335,100,434</b>	<b>16,748,639</b>	<b>16,126,297</b>	<b>40,166,004</b>	<b>736,748</b>	<b>13,483,970</b>	<b>7,670,220</b>	<b>7,903,665</b>

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Accumulated Reserve for Depreciation</b>												
<i>Production Plant</i>	325-338	D	2	(1,794,097)	(1,035,408)	(53,324)	(101,392)	(304,432)	(2,156)	(104,762)	(77,766)	(114,856)
<i>Transmission Plant</i>	365-369	D	50	(15,018,307)	(9,260,183)	(476,906)	(906,805)	(2,722,699)	(19,284)	(936,932)	(695,498)	-
<i>Distribution Plant</i>												
Land	374.1	D	9	16,125	9,363	482	917	2,753	19	947	703	940
Land Rights	374.2	D	9	(975,153)	(566,236)	(29,162)	(55,449)	(166,486)	(1,179)	(57,291)	(42,528)	(56,821)
Structures & Improvmts.	375	D	2	(3,584,026)	(2,068,411)	(106,524)	(202,549)	(608,158)	(4,308)	(209,280)	(155,351)	(229,445)
Mains	376	D (A)	9	(27,598,262)	(16,025,317)	(825,326)	(1,569,292)	(4,711,796)	(33,366)	(1,621,425)	(1,203,615)	(1,608,123)
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	(3,112,938)	(699)	-	-	(2,201,664)	(9,666)	(670,200)	(106,390)	(124,320)
Other	387	D (D)	11	(197,112)	(106,015)	(5,460)	(10,381)	(41,362)	(266)	(13,829)	(8,455)	(11,345)
Land Rights	374.2	C	10									
Mains	376	C (A)	10	(30,650,496)	(28,322,989)	(1,310,278)	(605,071)	(331,424)	(27,310)	(53,424)	-	-
M&R Sta. Equip.	378	D	2	(3,294,506)	(1,901,323)	(97,919)	(186,187)	(559,030)	(3,960)	(192,375)	(142,802)	(210,910)
Services	380	C	5	(44,467,775)	(39,963,679)	(2,106,127)	(1,237,672)	(843,198)	(77,285)	(207,887)	(23,968)	(7,960)
Meters	381	C	6	(8,894,347)	(6,346,134)	(268,369)	(416,353)	(1,010,585)	(83,536)	(560,949)	(110,263)	(98,158)
Meter Installations	382	C	6	(1,506,216)	(1,074,688)	(45,447)	(70,507)	(171,138)	(14,146)	(94,994)	(18,673)	(16,623)
House Regulators	383	C	7									
House Regulator Install.	384	C	7	(376,401)	(335,755)	(14,199)	(22,028)	-	(4,420)	-	-	-
Other	387	C (D)	12	(405,388)	(363,823)	(17,969)	(10,448)	(8,725)	(772)	(2,897)	(432)	(321)
Distribution Demand		D		(38,745,872)	(20,658,638)	(1,063,909)	(2,022,942)	(8,285,743)	(52,725)	(2,763,453)	(1,658,438)	(2,240,025)
Distribution Customer		C		(86,300,623)	(76,407,068)	(3,762,389)	(2,362,080)	(2,365,069)	(207,468)	(920,151)	(153,336)	(123,062)
<b>Total Distribution</b>				<b>(125,046,495)</b>	<b>(97,065,707)</b>	<b>(4,826,298)</b>	<b>(4,385,022)</b>	<b>(10,650,812)</b>	<b>(260,193)</b>	<b>(3,683,603)</b>	<b>(1,811,774)</b>	<b>(2,363,087)</b>
<i>General Plant</i>	389-399											
Demand		D	13	(1,736,397)	(964,020)	(49,647)	(94,400)	(352,738)	(2,312)	(118,632)	(75,751)	(78,898)
Customer		C	14	(2,756,390)	(2,473,777)	(122,178)	(71,040)	(59,326)	(5,247)	(19,700)	(2,938)	(2,186)
<b>Total General Plant</b>				<b>(4,492,787)</b>	<b>(3,437,797)</b>	<b>(171,824)</b>	<b>(165,440)</b>	<b>(412,063)</b>	<b>(7,558)</b>	<b>(138,332)</b>	<b>(78,689)</b>	<b>(81,084)</b>
<i>Intangible Plant</i>	301-303											
Demand		D	13	(504,583)	(280,137)	(14,427)	(27,432)	(102,503)	(672)	(34,473)	(22,013)	(22,927)
Customer		C	14	(800,985)	(718,860)	(35,504)	(20,644)	(17,240)	(1,525)	(5,725)	(854)	(635)
<b>Total Intangible Plant</b>				<b>(1,305,568)</b>	<b>(998,996)</b>	<b>(49,931)</b>	<b>(48,075)</b>	<b>(119,742)</b>	<b>(2,196)</b>	<b>(40,198)</b>	<b>(22,866)</b>	<b>(23,562)</b>
<i>Accumulated Reserve for Dep'n Summary</i>												
Demand		D		(57,799,256)	(32,198,386)	(1,658,213)	(3,152,971)	(11,768,114)	(77,148)	(3,958,252)	(2,529,466)	(2,456,706)
Customer		C		(89,857,998)	(79,599,705)	(3,920,071)	(2,453,763)	(2,441,635)	(214,239)	(945,576)	(157,127)	(125,883)
<b>Total Accumulated Reserve</b>				<b>(147,657,254)</b>	<b>(111,798,091)</b>	<b>(5,578,283)</b>	<b>(5,606,735)</b>	<b>(14,209,749)</b>	<b>(291,387)</b>	<b>(4,903,828)</b>	<b>(2,686,593)</b>	<b>(2,582,589)</b>

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Depreciation Expense</b>												
<i>Production Plant</i>	325-338	D	2	75,973	43,845	2,258	4,294	12,892	91	4,436	3,293	4,864
<i>Transmission Plant</i>	365-369	D	50	766,425	472,572	24,338	46,277	138,947	984	47,814	35,493	-
<i>Distribution Plant</i>												
Land	374.1	D	9	-	-	-	-	-	-	-	-	-
Land Rights	374.2	D	9	76,500	44,421	2,288	4,350	13,061	92	4,494	3,336	4,458
Structures & Improvmts.	375	D	2	276,163	159,379	8,208	15,607	46,861	332	16,126	11,970	17,680
Mains	376	D (A)	9	2,091,702	1,214,576	62,552	118,938	357,112	2,529	122,890	91,223	121,881
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	240,183	54	-	-	169,872	746	51,710	8,209	9,592
Other	387	D (D)	11	3,845	2,068	107	203	807	5	270	165	221
Land Rights	374.2	C	10	-	-	-	-	-	-	-	-	-
Mains	376	C	10	2,323,035	2,146,631	99,307	45,859	25,119	2,070	4,049	-	-
M&R Sta. Equip.	378	D	2	176,217	101,698	5,238	9,959	29,901	212	10,290	7,638	11,281
Services	380	C	5	4,143,048	3,723,403	196,227	115,313	78,560	7,201	19,369	2,233	742
Meters	381	C	6	297,294	212,120	8,970	13,917	33,779	2,792	18,750	3,686	3,281
Meter Installations	382	C	6	77,479	55,281	2,338	3,627	8,803	728	4,886	961	855
House Regulators	383	C	7	-	-	-	-	-	-	-	-	-
House Regulator Install.	384	C	7	20,722	18,484	782	1,213	-	243	-	-	-
Other	387	C (D)	12	7,909	7,098	351	204	170	15	57	8	6
Distribution Demand		D		2,864,610	1,522,196	78,392	149,057	617,614	3,916	205,780	122,542	165,113
Distribution Customer		C		6,869,487	6,163,017	307,975	180,133	146,432	13,049	47,111	6,888	4,884
<b>Total Distribution</b>				<b>9,734,097</b>	<b>7,685,213</b>	<b>386,367</b>	<b>329,189</b>	<b>764,046</b>	<b>16,965</b>	<b>252,890</b>	<b>129,429</b>	<b>169,997</b>
<i>General Plant</i>	389-399											
Demand		D (M)	13	430,711	239,124	12,315	23,416	87,496	573	29,426	18,790	19,571
Customer		C (M)	14	683,718	613,617	30,306	17,621	14,716	1,301	4,887	729	542
<b>Total General Plant</b>				<b>1,114,429</b>	<b>852,740</b>	<b>42,621</b>	<b>41,037</b>	<b>102,212</b>	<b>1,875</b>	<b>34,313</b>	<b>19,519</b>	<b>20,113</b>
<i>Intangible Plant</i>	301-303											
Demand		D (M)	13	85,855	47,665	2,455	4,668	17,441	114	5,866	3,745	3,901
Customer		C (M)	14	136,288	122,314	6,041	3,513	2,933	259	974	145	108
<b>Total Intangible Plant</b>				<b>222,143</b>	<b>169,980</b>	<b>8,496</b>	<b>8,180</b>	<b>20,374</b>	<b>374</b>	<b>6,840</b>	<b>3,891</b>	<b>4,009</b>
<i>Depreciation Summary</i>												
Demand		D		4,223,574	2,325,403	119,758	227,710	874,390	5,679	293,322	183,863	193,449
Customer		C		7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
<b>Total Depreciation</b>				<b>11,913,067</b>	<b>9,224,351</b>	<b>464,079</b>	<b>428,977</b>	<b>1,038,470</b>	<b>20,289</b>	<b>346,293</b>	<b>191,625</b>	<b>198,983</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
Iec SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service			SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Working Capital</b>												
<b>Cash</b>												
Commodity Related		E	49	32,292,577	28,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
Non-Comm. Related - Dem.		D (N)	31	1,548,989	852,635	43,910	83,493	307,419	2,025	103,536	66,779	89,193
Non-Comm. Related - Cust		C (N)	32	6,530,434	5,703,814	270,542	159,853	208,684	12,398	79,538	68,156	27,449
<b>Cash Working Capital</b>				<b>40,372,000</b>	<b>32,586,094</b>	<b>1,590,057</b>	<b>2,613,190</b>	<b>2,733,239</b>	<b>116,779</b>	<b>481,064</b>	<b>134,935</b>	<b>116,642</b>
<b>Prepayments</b>												
PUC General Assess. -- D		D (O)	34	74,521	40,890	2,106	4,004	15,099	99	5,074	3,220	4,031
PUC General Assess. -- C		C (O)	37	280,758	224,399	13,524	7,530	7,026	578	2,598	3,680	1,424
Other Insurance - Demand		D (P)	35	106,057	58,881	3,032	5,766	21,545	141	7,246	4,627	4,819
Other Insurance - Customer		C (P)	38	168,353	151,092	7,462	4,339	3,623	320	1,203	179	133
AGA Dues - Demand		D (Q)	36	4,701	2,580	133	253	953	6	320	203	253
AGA Dues - Customer		C (Q)	39	16,229	13,974	840	468	436	36	161	226	88
<b>Total Prepayments</b>				<b>630,619</b>	<b>491,816</b>	<b>27,097</b>	<b>22,359</b>	<b>48,682</b>	<b>1,181</b>	<b>16,601</b>	<b>12,135</b>	<b>10,748</b>
<b>Materials &amp; Supplies (page 11)</b>												
Valves - Demand		D	9	67,825	39,384	2,028	3,857	11,580	82	3,985	2,958	3,952
Valves - Customer		C	10	-	-	-	-	-	-	-	-	-
Regulators - Dom. & Ind.		D	41	6,057	1,392	72	136	2,988	14	926	229	300
Meter & Service Risers		C	40	99,759	87,991	4,571	2,947	2,742	242	991	160	115
Pipe, Mains & Svces -- D		D (H)	15	275,480	159,950	8,238	15,663	47,029	333	16,184	12,013	16,051
Pipe, Mains & Svces -- C		C (H)	16	687,428	625,555	31,147	16,658	10,542	936	2,317	206	68
<b>Total Materials &amp; Supplies</b>				<b>1,136,529</b>	<b>914,272</b>	<b>46,055</b>	<b>39,261</b>	<b>74,880</b>	<b>1,607</b>	<b>24,402</b>	<b>15,566</b>	<b>20,487</b>
<b>Gas Storage Inventory</b>		D	42	<b>10,517,109</b>	<b>8,484,864</b>	<b>417,779</b>	<b>776,360</b>	<b>720,602</b>	<b>36,539</b>	<b>80,965</b>	-	-
<b>Summary of Working Capital</b>												
Demand		D		12,600,720	9,640,576	477,298	889,531	1,127,214	39,239	218,234	90,028	118,599
Customer		C		7,762,960	6,806,825	328,086	191,795	233,053	14,510	86,807	72,607	29,278
Commodity		E		32,292,577	28,029,645	1,275,605	2,369,844	2,217,137	102,357	297,991	-	-
<b>Total Working Capital</b>				<b>52,656,257</b>	<b>42,477,045</b>	<b>2,080,989</b>	<b>3,451,169</b>	<b>3,577,403</b>	<b>158,106</b>	<b>603,032</b>	<b>162,636</b>	<b>147,876</b>
<b>Customer Security Deposits</b>	235	C	45	(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes - D		D (N)	44	(15,822,325)	(12,106,948)	(605,117)	(582,632)	(1,451,170)	(26,618)	(487,167)	(277,120)	(285,554)
Deferred Income Taxes - C		C (N)	44	(25,116,675)	(19,218,811)	(960,574)	(924,882)	(2,303,616)	(42,254)	(773,338)	(439,905)	(453,294)
Deferred Income Tax ITC - D		D (N)	44	(722,341)	(552,722)	(27,626)	(26,599)	(66,251)	(1,215)	(22,241)	(12,651)	(13,036)
Deferred Income Tax ITC - C		C (N)	44	(1,146,659)	(877,402)	(43,853)	(42,224)	(105,168)	(1,929)	(35,305)	(20,083)	(20,694)
<b>Operating Revenues</b>												
Revenues	480-1.9			424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	1,316,665	7,517,593	3,183,617	2,113,289
<b>Other Operating Revenues</b>												
Late Payment Charges	487			1,601,774	1,249,664	63,342	106,771	128,801	4,973	28,291	11,950	7,982
Bill Insert Revenues	495	3		53,905	49,799	2,304	1,064	583	48	94	10	3
Customer Billing Service Chgs	495	3		3,981	3,678	170	79	43	4	7	1	0
Sale of Inventory Mat'l's	495	43		(1,956)	(1,573)	(79)	(68)	(129)	(3)	(42)	(27)	(35)
Rental Income - D	495	D	13	35,148	19,514	1,005	1,911	7,140	47	2,401	1,533	1,597
Rental Income - C	495	C	14	55,795	50,074	2,473	1,438	1,201	106	399	59	44
Sales Tax - D	495	D	28	8,114	4,417	227	433	1,641	11	551	348	485
Sales Tax - Cust	495	C	29	32,023	27,278	1,717	949	906	74	341	548	210
Sales Tax - Comm.	495	E	30	284	132	6	12	42	1	21	24	45
<b>Total Other Operating Revenues</b>				<b>1,789,068</b>	<b>1,402,983</b>	<b>71,166</b>	<b>112,589</b>	<b>140,228</b>	<b>5,260</b>	<b>32,064</b>	<b>14,448</b>	<b>10,331</b>
<b>Total Operation Revenue</b>				<b>425,925,133</b>	<b>332,264,214</b>	<b>16,841,669</b>	<b>28,381,290</b>	<b>34,244,694</b>	<b>1,321,925</b>	<b>7,549,657</b>	<b>3,198,065</b>	<b>2,123,620</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Direct Labor Expense</b>												
Natural Gas Production	750-769	D?	2	5,660	3,266	168	320	960	7	331	245	362
Other Gas Supply	807.1-813	E	1	189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
Transmission	850-867	D	2	569,371	328,595	16,923	32,178	96,614	684	33,247	24,680	36,450
<b>Distribution</b>												
Load Dispatching	871	D	2	663,374	382,846	19,717	37,490	112,565	797	38,736	28,754	42,468
Structures & Improvements	886	D	2	86,792	50,089	2,580	4,905	14,727	104	5,068	3,762	5,556
Compressor Sta. Eqmt.	872	D	2	3,815	2,202	113	216	647	5	223	165	244
Compressor Sta. Eqmt. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	763,508	443,342	22,832	43,414	130,352	923	44,857	33,298	44,489
Mains Maintenance	887	D (A)	9	718,514	417,215	21,487	40,856	122,671	869	42,213	31,336	41,867
Services Maintenance	887	D	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	316,240	182,508	9,399	17,872	53,661	380	18,466	13,708	20,245
Meas&Reg - Industrial	876,890	D	8	182,603	41	-	-	129,148	567	39,313	6,241	7,293
Meas&Reg - City	877,891	D	2	524	302	16	30	89	1	31	23	34
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D (J)	19	954,003	515,666	26,556	50,495	196,655	1,272	65,884	40,905	56,569
Rents	881	D (J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	D (K)	19	1,148,561	620,830	31,972	60,793	236,761	1,531	79,321	49,248	68,105
Mains & Services	874	C (H)	16	1,905,380	1,733,883	86,332	46,171	29,220	2,593	6,421	570	189
Mains Maintenance	887	C(A)	10	797,979	737,383	34,113	15,753	8,629	711	1,391	-	-
Services Maintenance	893	C	5	520,705	467,963	24,662	14,493	9,874	905	2,434	281	93
Meters & House Regulators	878,893	C(I)	17	1,440,472	1,039,986	43,980	68,231	155,899	13,690	86,535	17,010	15,142
Customer Installations	879	C	18	1,072,556	962,586	47,541	27,643	23,085	2,042	7,666	1,143	850
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	20	1,962,033	1,690,051	80,925	58,922	77,531	6,819	35,720	6,499	5,566
Rents	881	C(J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	C(K)	20	2,396,860	2,064,601	98,859	71,980	94,714	8,331	43,636	7,939	6,800
Total Distribution - Demand	881	C(J)	26	4,837,934	2,615,042	134,673	256,072	997,277	6,448	334,112	207,439	286,870
Total Distribution - Customer	870,885	C(K)	26	10,095,985	8,696,454	416,412	303,192	398,950	35,091	183,804	33,442	28,641
<b>Total Distribution</b>				<b>14,933,919</b>	<b>11,311,496</b>	<b>551,085</b>	<b>559,263</b>	<b>1,396,227</b>	<b>41,539</b>	<b>517,916</b>	<b>240,881</b>	<b>315,511</b>
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,224,872	2,045,473	103,685	45,349	22,127	2,120	4,880	862	375
Customer Records & Coll.	903	C	21	15,392,409	4,957,600	251,300	109,513	53,629	5,139	11,827	2,090	910
Misc. Customer Accts.	905	C	21	88,231	81,117	4,112	1,798	877	84	194	34	15
Supervision	901	C	21	1,046,199	961,840	48,756	21,325	10,405	997	2,295	406	177
<b>Total Customer Accounts</b>				<b>8,751,711</b>	<b>8,046,030</b>	<b>407,853</b>	<b>178,386</b>	<b>87,038</b>	<b>8,341</b>	<b>19,195</b>	<b>3,392</b>	<b>1,477</b>
<b>Customer Service</b>	909-913											
Customer Service		C	22	2,455,635	1,452,595	320,852,595	148,162,7675	81,160,85171	5634,489356	11026,92894	327151,7452	109050,2564
Transportation Admin.		C	24	60,368	3,164	292.10	3,553.92	37,145.79	48.68	13,631.48	1,898.67	632.89
<b>Total Customer Service</b>				<b>2,516,003</b>	<b>1,455,760</b>	<b>321,145</b>	<b>151,717</b>	<b>118,307</b>	<b>5,683</b>	<b>24,658</b>	<b>329,050</b>	<b>109,683</b>
<b>Summary of Direct Labor</b>												
Demand		D		5,412,965	2,946,904	151,764	288,569	1,094,852	7,139	367,690	232,364	323,683
Customer		C		21,363,699	18,198,244	1,145,409	633,294	604,294	49,114	227,658	365,884	139,801
Commodity		E		189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
<b>Total Direct Labor</b>				<b>26,966,218</b>	<b>21,233,341</b>	<b>1,301,481</b>	<b>930,101</b>	<b>1,727,186</b>	<b>56,608</b>	<b>609,562</b>	<b>614,595</b>	<b>493,344</b>

Future Test Year 31 Jan 2007  
 M.E.J. Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

O&M Expense	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service			SVIS	MIS	LVIS	LIS
						LE 250	GT 250	PA Service				
Natural Gas Production	750-769	D?	2	67,288	38,833	2,000	3,803	11,418	81	3,929	2,917	4,308
Purchase Gas Expense	410,999	E	Direct	320,397,574	257,314,998	12,609,347	23,435,615	22,545,731	1,012,094	3,316,639	124,807	38,343
Other Gas Supply	807.1-813	E	1	894,604	416,229	20,331	38,877	132,336	1,674	67,084	77,146	140,927
Gas for Utility Op'ns	807.1-813	E	1	(81,935)	(38,122)	(1,882)	(3,561)	(12,120)	(153)	(6,144)	(7,066)	(12,907)
Transmission	850-867	D	2	1,458,301	841,614	43,344	82,415	247,453	1,753	85,154	63,211	93,359
				\$ 13 09	\$ 13 0440	\$ 13 0434	\$ 13 0488	\$ 13 4179	\$ 13 0472	\$ 14 89	\$ 13 0472	\$ 14 89
Distribution												
Load Dispatching	871	D	2	1,445,917	834,467	42,975	81,715	245,351	1,738	84,431	62,674	92,566
Structures & Improvements	886	D	2	311,329	179,674	9,253	17,595	52,828	374	18,179	13,495	19,031
Compressor Sta. Eqmt.	872	D	2	10,248	5,914	305	579	1,739	12	598	444	656
Compressor Sta. Eq. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	1,090,617	633,283	32,615	62,014	186,199	1,319	64,075	47,564	63,549
Mains Maintenance	887	D (A)	9	1,104,226	641,185	33,022	62,789	188,522	1,335	64,874	48,158	64,342
Services Maintenance	887	D(H)	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	463,506	267,498	13,776	26,195	78,650	557	27,065	20,091	29,673
Meas&Reg - Industrial	876,890	D	8	271,725	61	-	-	192,181	844	58,501	9,287	10,852
Meas&Reg - City	877,891	D	2	14,193	8,191	422	802	-	17	829	615	909
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D (J)	25	1,649,743	899,937	46,346	88,124	331,884	2,169	111,536	70,841	98,905
Rents	881	D (J)	25	11,092	6,051	312	592	2,231	15	750	476	665
Supervision & Engrg.	870,885	D (K)	25	1,539,940	840,039	43,262	82,259	309,794	2,025	104,112	66,126	92,322
Mains & Services	874	C (H)	16	2,721,699	2,476,728	123,319	65,952	41,739	3,704	9,173	814	270
Mains Maintenance	887	C(A)	10	1,226,349	1,133,223	52,425	24,209	13,261	1,093	2,138	-	-
Services Maintenance	893	C (H)	5	534,793	480,624	25,329	14,885	10,141	929	2,500	288	96
Meters & House Regulators	878,893	C(I)	17	2,395,027	1,721,932	72,818	112,971	258,125	22,566	143,279	28,164	25,072
Customer Installations	879	C	18	1,173,949	1,053,584	52,038	30,256	25,267	2,235	8,390	1,251	931
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	26	3,392,915	2,896,866	137,512	104,749	147,049	12,922	69,817	12,875	11,125
Rents	881	C(J)	26	22,812	19,477	925	704	989	87	469	87	75
Supervision & Engrg.	870,885	C(K)	26	2,768,719	2,363,928	112,214	85,478	119,996	10,545	56,973	10,507	9,078
Total Distribution - Demand				7,912,537	4,316,300	222,288	422,565	1,591,789	10,405	534,951	339,770	474,370
Total Distribution - Customer				14,226,262	12,146,362	576,577	439,205	616,566	54,181	292,739	53,986	48,647
<b>Total Distribution</b>				<b>22,138,799</b>	<b>16,462,662</b>	<b>798,865</b>	<b>861,869</b>	<b>2,208,355</b>	<b>64,586</b>	<b>827,690</b>	<b>393,756</b>	<b>521,017</b>
Customer Accounts												
Meter Reading	902	C	21	2,576,031	2,368,317	120,050	52,507	25,619	2,455	5,650	998	435
Customer Records & Coll.	903	C	21	9,068,820	8,337,570	422,631	184,849	90,192	8,643	19,891	3,515	1,530
Uncollectibles	904	C	27	8,437,000	8,187,442	142,142	65,638	35,955	1,800	3,522	376	126
Misc. Customer Accts.	905	C	21	493,112	453,351	22,980	10,051	4,904	470	1,082	191	83
Supervision	901	C	21	1,097,836	1,009,314	51,162	22,377	10,918	1,046	2,408	426	185
<b>Total Customer Accounts</b>				<b>21,672,799</b>	<b>20,355,993</b>	<b>758,965</b>	<b>335,423</b>	<b>167,588</b>	<b>14,414</b>	<b>32,553</b>	<b>5,506</b>	<b>2,359</b>
Customer Service	909-913											
Customer Service		C	23	7,485,090	6,446,872	333,152	153,840	84,272	6,942	13,588	334,817	111,607
Transportation Admin.		C	24	896,489	52,235	4,821.72	58,684.27	613,162.18	803.62	225,013.65	31,341.19	10,447.06
<b>Total Customer Service</b>				<b>8,481,579</b>	<b>6,499,107</b>	<b>337,974</b>	<b>212,505</b>	<b>697,434</b>	<b>7,746</b>	<b>238,602</b>	<b>366,158</b>	<b>122,054</b>
Sales Promotion		C	Direct	184,062	184,062	-	-	-	-	-	-	-
Summary of O&M												
Demand		D		9,438,126	5,196,747	267,631	508,882	1,850,659	12,239	624,034	405,897	572,036
Customer		C		44,564,702	39,185,524	1,673,516	987,132	1,481,588	76,340	563,893	425,650	171,060
Commodity		E		321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M</b>				<b>375,213,071</b>	<b>302,075,376</b>	<b>14,568,963</b>	<b>24,966,945</b>	<b>25,998,193</b>	<b>1,102,193</b>	<b>4,565,506</b>	<b>1,026,435</b>	<b>909,458</b>

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Administrative &amp; General Expense</b>												
<b>A&amp;G Salaries</b>	920											
Corporate Mgmt. - Non O&M		D (M)	13	362,848	201,448	10,374	19,726	73,710	483	24,790	15,829	16,487
Corporate Mgmt. - O&M		D (C)	28	549,318	299,058	15,401	29,285	111,108	725	37,314	23,581	32,848
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	386,975	214,842	11,064	21,038	78,611	515	26,438	16,882	17,583
Corporate Mgmt. - Non O&M		C (M)	14	575,993	516,936	25,531	14,845	12,397	1,096	4,117	614	457
Corporate Mgmt. - O&M		C (C)	29	2,593,757	2,209,440	139,064	76,888	73,367	5,963	27,640	44,422	16,973
Consumer Services		C	3	290,913	268,755	12,433	5,741	3,145	259	507	54	18
Operations, Engrg. & Mech.		C (M)	14	614,292	551,308	27,229	15,832	13,221	1,169	4,390	655	487
<b>Total A&amp;G Salaries</b>				<b>5,374,096</b>	<b>4,261,788</b>	<b>241,096</b>	<b>183,355</b>	<b>365,560</b>	<b>10,210</b>	<b>125,196</b>	<b>102,037</b>	<b>84,853</b>
<b>Office Supplies &amp; Expenses</b>	921											
Corporate Mgmt. - Non O&M		D (M)	13	244,723	135,866	6,997	13,304	49,714	326	16,720	10,676	11,120
Corporate Mgmt. - O&M		D (C)	28	370,488	201,699	10,387	19,751	74,937	489	25,166	15,904	22,154
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	149,224	82,847	4,267	8,113	30,314	199	10,195	6,510	6,780
Corporate Mgmt. - Non O&M		C (M)	14	388,478	348,647	17,219	10,012	8,361	739	2,777	414	308
Corporate Mgmt. - O&M		C (C)	29	1,749,360	1,490,158	93,791	51,857	49,482	4,022	18,642	29,960	11,448
Consumer Services		C	3	96,378	89,037	4,119	1,902	1,042	86	168	18	6
Operations, Engrg. & Mech.		C (M)	14	236,882	212,594	10,500	6,105	5,098	451	1,693	252	188
<b>Sub-Total</b>				<b>3,235,533</b>	<b>2,560,849</b>	<b>147,281</b>	<b>111,045</b>	<b>218,948</b>	<b>6,311</b>	<b>75,360</b>	<b>63,735</b>	<b>52,004</b>
<b>Admin Expense Transferred Credit</b>	921											
Corporate Mgmt. - Non O&M		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		D (C)	28	-	-	-	-	-	-	-	-	-
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	(184,738)	(102,563)	(5,282)	(10,043)	(37,528)	(246)	(12,621)	(8,059)	(8,394)
Corporate Mgmt. - Non O&M		C (M)	14	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		C (C)	29	-	-	-	-	-	-	-	-	-
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	(293,256)	(263,189)	(12,999)	(7,558)	(6,312)	(558)	(2,096)	(313)	(233)
<b>Sub-Total</b>				<b>(477,994)</b>	<b>(365,752)</b>	<b>(18,281)</b>	<b>(17,601)</b>	<b>(43,840)</b>	<b>(804)</b>	<b>(14,717)</b>	<b>(8,372)</b>	<b>(8,627)</b>
<b>Outside Services Employed</b>	922											
Corporate Mgmt. - Non O&M		D (M)	13	44,219	24,550	1,264	2,404	8,983	59	3,021	1,929	2,009
Corporate Mgmt. - O&M		D (C)	28	66,944	36,445	1,877	3,569	13,540	88	4,547	2,874	4,003
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	10,461	5,808	299	569	2,125	14	715	456	475
Corporate Mgmt. - Non O&M		C (M)	14	70,195	62,998	3,111	1,809	1,511	134	502	75	56
Corporate Mgmt. - O&M		C (C)	29	316,094	269,258	16,947	9,370	8,941	727	3,368	5,414	2,068
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	16,607	14,904	736	428	357	32	119	18	13
<b>Sub-Total</b>				<b>524,520</b>	<b>413,963</b>	<b>24,235</b>	<b>18,149</b>	<b>35,458</b>	<b>1,053</b>	<b>12,272</b>	<b>10,765</b>	<b>8,625</b>
<b>Property Insurance</b>	924											
Corporate Mgmt. - Non O&M		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		D (C)	28	-	-	-	-	-	-	-	-	-

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak  
 Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Administrative &amp; General Expense</b>												
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	(23,600)	(13,102)	(675)	(1,283)	(4,794)	(31)	(1,612)	(1,030)	(1,072)
Corporate Mgmt. - Non O&M		C (M)	14	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		C (C)	29	-	-	-	-	-	-	-	-	-
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	(37,462)	(33,621)	(1,661)	(966)	(806)	(71)	(268)	(40)	(30)
<b>Sub-Total</b>				<b>(61,062)</b>	<b>(46,724)</b>	<b>(2,335)</b>	<b>(2,249)</b>	<b>(5,600)</b>	<b>(103)</b>	<b>(1,880)</b>	<b>(1,069)</b>	<b>(1,102)</b>
<b>Injuries &amp; Damages</b>												
	925											
Corporate Mgmt. - Non O&M		D (M)	13	71,449	39,667	2,043	3,884	14,514	95	4,881	3,117	3,246
Corporate Mgmt. - O&M		D (C)	28	108,168	58,888	3,033	5,766	21,879	143	7,348	4,643	6,468
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	571,962	317,545	16,353	31,095	116,190	761	39,077	24,952	25,989
Corporate Mgmt. - Non O&M		C (M)	14	113,420	101,791	5,027	2,923	2,441	216	811	121	90
Corporate Mgmt. - O&M		C (C)	29	510,743	435,067	27,383	15,140	14,447	1,174	5,443	8,747	3,342
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	907,945	814,853	40,245	23,400	19,542	1,728	6,489	968	720
<b>Sub-Total</b>				<b>2,283,687</b>	<b>1,767,810</b>	<b>94,085</b>	<b>82,209</b>	<b>189,013</b>	<b>4,118</b>	<b>64,048</b>	<b>42,548</b>	<b>39,856</b>
<b>Employee Pension &amp; Benefits</b>												
	926											
Corporate Mgmt. - Non O&M		D (M)	13	422,396	234,508	12,077	22,964	85,807	562	28,858	18,427	19,193
Corporate Mgmt. - O&M		D (C)	28	639,468	348,137	17,929	34,091	129,342	843	43,438	27,451	38,239
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	37,642	20,898	1,076	2,046	7,647	50	2,572	1,642	1,710
Corporate Mgmt. - Non O&M		C (M)	14	670,520	601,771	29,721	17,281	14,432	1,276	4,792	715	532
Corporate Mgmt. - O&M		C (C)	29	3,019,426	2,572,038	161,886	89,506	85,408	6,942	32,176	51,712	19,759
Consumer Services		C	3	14,060	12,989	601	277	152	13	25	3	1
Operations, Engrg. & Mech.		C (M)	14	59,754	53,627	2,649	1,540	1,286	114	427	64	47
<b>Sub-Total</b>				<b>4,863,266</b>	<b>3,843,968</b>	<b>225,938</b>	<b>167,706</b>	<b>324,073</b>	<b>9,800</b>	<b>112,287</b>	<b>100,013</b>	<b>79,480</b>
<b>Franchise Requirement</b>												
	927											
Corporate Mgmt. - Non O&M		D (M)	13	73	40	2	4	15	0	5	3	3
Corporate Mgmt. - O&M		D (C)	28	110	60	3	6	22	0	7	5	7
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M		C (M)	14	115	104	5	3	2	0	1	0	0
Corporate Mgmt. - O&M		C (C)	29	520	443	28	15	15	1	6	9	3
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>				<b>818</b>	<b>647</b>	<b>38</b>	<b>28</b>	<b>54</b>	<b>2</b>	<b>19</b>	<b>17</b>	<b>13</b>
<b>Regulatory Commission Exps.</b>												
	928											
Corporate Mgmt. - Non O&M		D (M)	13	239,007	132,693	6,834	12,994	48,553	318	16,329	10,427	10,860
Corporate Mgmt. - O&M		D (C)	28	361,834	196,988	10,145	19,290	73,186	477	24,579	15,533	21,637
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M		C (M)	14	379,404	340,504	16,817	9,778	8,166	722	2,712	404	301

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250					
<b>Administrative &amp; General Expense</b>												
Corporate Mgmt. - O&M		C (C)	29	1,708,500	1,455,352	91,601	50,646	48,327	3,928	18,206	29,261	11,180
Consumer Services		C	3	14,518	13,412	620	287	157	13	25	3	1
Operations, Engrg. & Mech.		C (M)	14									
<b>Sub-Total</b>				<b>2,703,263</b>	<b>2,138,949</b>	<b>126,017</b>	<b>92,994</b>	<b>178,389</b>	<b>5,458</b>	<b>61,851</b>	<b>55,627</b>	<b>43,979</b>
<b>Misc. General Exps.</b>	930.2											
Corporate Mgmt. - Non O&M		D (M)	13	37,433	20,782	1,070	2,035	7,604	50	2,557	1,633	1,701
Corporate Mgmt. - O&M		D (C)	28	56,670	30,852	1,589	3,021	11,462	75	3,849	2,433	3,389
Consumer Services		D	3									
Operations, Engrg. & Mech.		D (M)	13	2,515	1,396	72	137	511	3	172	110	114
Corporate Mgmt. - Non O&M		C (M)	14	59,422	53,329	2,634	1,531	1,279	113	425	63	47
Corporate Mgmt. - O&M		C (C)	29	267,581	227,934	14,346	7,932	7,569	615	2,851	4,583	1,751
Consumer Services		C	3	2,539	2,346	109	50	27	2	4	0	0
Operations, Engrg. & Mech.		C (M)	14	3,992	3,583	177	103	86	8	29	4	3
<b>Sub-Total</b>				<b>430,152</b>	<b>340,222</b>	<b>19,997</b>	<b>14,809</b>	<b>28,539</b>	<b>866</b>	<b>9,888</b>	<b>8,826</b>	<b>7,005</b>
<b>Rents</b>	931											
Corporate Mgmt. - Non O&M		D (M)	13	54,738	30,390	1,565	2,976	11,120	73	3,740	2,388	2,487
Corporate Mgmt. - O&M		D (C)	28	82,869	45,115	2,323	4,418	16,761	109	5,629	3,557	4,955
Consumer Services		D	3									
Operations, Engrg. & Mech.		D (M)	13	3,451	1,916	99	188	701	5	236	151	157
Corporate Mgmt. - Non O&M		C (M)	14	86,893	77,984	3,852	2,239	1,870	165	621	93	69
Corporate Mgmt. - O&M		C (C)	29	391,286	333,310	20,979	11,599	11,068	900	4,170	6,701	2,561
Consumer Services		C	3	3,821	3,530	163	75	41	3	7	1	0
Operations, Engrg. & Mech.		C (M)	14	5,477	4,916	243	141	118	10	39	6	4
<b>Sub-Total</b>				<b>628,535</b>	<b>497,159</b>	<b>29,223</b>	<b>21,636</b>	<b>41,679</b>	<b>1,266</b>	<b>14,441</b>	<b>12,896</b>	<b>10,233</b>
<b>Maintenance General Plant</b>	932											
Production		D	13	604	335	17	33	123	1	41	26	27
Transportation		D	13	8,098	4,496	232	440	1,645	11	553	353	368
Distribution		D(M)	13	34,779	19,309	994	1,891	7,065	46	2,376	1,517	1,580
Distribution		C(M)	14	55,209	49,548	2,447	1,423	1,188	105	395	59	44
<b>Sub-Total</b>				<b>98,690</b>	<b>73,688</b>	<b>3,690</b>	<b>3,787</b>	<b>10,021</b>	<b>163</b>	<b>3,365</b>	<b>1,956</b>	<b>2,019</b>
<b>Total A&amp;G</b>												
Demand				4,710,130	2,590,913	133,431	253,710	954,867	6,243	320,920	203,921	246,125
Customer				14,893,374	12,895,655	757,554	422,159	387,426	32,097	141,211	185,058	72,215
<b>Total A&amp;G</b>				<b>19,603,504</b>	<b>15,486,568</b>	<b>890,985</b>	<b>675,868</b>	<b>1,342,293</b>	<b>38,340</b>	<b>462,131</b>	<b>388,979</b>	<b>318,340</b>
Customer Deposit Interest		C	45	190,000	23,387	27,652	45,510	45,780	4,442	25,360	10,740	7,129
<b>Summary O&amp;M and A&amp;G Expenses</b>												
Demand				14,148,256	7,787,660	401,062	762,592	2,805,527	18,482	944,954	609,818	818,161
Customer				59,648,076	52,104,566	2,458,722	1,454,800	1,914,794	112,878	730,464	621,448	250,404
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M and A&amp;G</b>				<b>395,006,575</b>	<b>317,585,331</b>	<b>15,487,600</b>	<b>25,688,323</b>	<b>27,386,267</b>	<b>1,144,974</b>	<b>5,052,997</b>	<b>1,426,154</b>	<b>1,234,928</b>

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION**  
**IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY**

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Current Rates

Taxes	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>Taxes Other Than Income</b>												
<b>Federal</b>												
FICA												
Demand		D (F)	28	212,976	115,948	5,971	11,354	43,078	281	14,467	9,143	12,735
Customer		C (F)	29	840,567	716,020	45,067	24,917	23,776	1,932	8,957	14,396	5,501
Commodity		E (F)	30	7,458	3,470	169	324	1,103	14	559	643	1,175
Total FICA				<u>1,061,001</u>	835,438	51,207	36,595	67,957	2,227	23,984	24,182	19,411
Unemployment												
Demand		D (F)	28	3,011	1,639	84	161	609	4	205	129	180
Customer		C (F)	29	11,884	10,123	637	352	336	27	127	204	78
Commodity		E (F)	30	105	49	2	5	16	0	8	9	17
Total Unemployment				<u>15,000</u>	11,811	724	517	961	31	339	342	274
<b>Total Federal</b>				<b>1,076,001</b>	<b>847,249</b>	<b>51,931</b>	<b>37,113</b>	<b>68,918</b>	<b>2,259</b>	<b>24,323</b>	<b>24,523</b>	<b>19,685</b>
<b>Pennsylvania</b>												
Unemployment												
Demand		D (F)	28	9,836	5,355	276	524	1,989	13	668	422	588
Customer		C (F)	29	38,820	33,068	2,081	1,151	1,098	89	414	665	254
Commodity		E (F)	30	344	160	8	15	51	1	26	30	54
Total Unemployment				<u>49,000</u>	38,583	2,365	1,690	3,138	103	1,108	1,117	896
Capital Stock												
Demand		D (M)	13	279,042	154,920	7,978	15,170	56,686	371	19,064	12,173	12,679
Customer		C (M)	14	442,958	397,541	19,634	11,416	9,534	843	3,166	472	351
Total Capital Stock				<u>722,000</u>	552,461	27,613	26,587	66,219	1,215	22,230	12,645	13,030
Property & Public Utility												
Demand		D (M)	13	47,538	26,392	1,359	2,584	9,657	63	3,248	2,074	2,160
Customer		C (M)	14	75,462	67,725	3,345	1,945	1,624	144	539	80	60
Total P&PU				<u>123,000</u>	94,117	4,704	4,529	11,281	207	3,787	2,154	2,220
Sales Tax Company Use												
Demand		D (M)	13	1,546	858	44	84	314	2	106	67	70
Customer		C (M)	14	2,454	2,202	109	63	53	5	18	3	2
Total STCU				<u>4,000</u>	3,061	153	147	367	7	123	70	72
<b>Total Pennsylvania</b>				<b>898,000</b>	<b>688,222</b>	<b>34,834</b>	<b>32,953</b>	<b>81,006</b>	<b>1,531</b>	<b>27,248</b>	<b>15,987</b>	<b>16,219</b>
<b>Summary Taxes Other Than Income</b>												
Demand		D		553,949	305,112	15,713	29,877	112,333	735	37,757	24,009	28,413
Customer		C		1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Commodity		E		7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Total Taxes Other Than Income</b>				<b>1,974,001</b>	<b>1,535,471</b>	<b>86,766</b>	<b>70,066</b>	<b>149,924</b>	<b>3,790</b>	<b>51,571</b>	<b>40,510</b>	<b>35,904</b>
<b>Federal/State Income Tax</b>												
Operating Revenue				425,925,133	332,264,214	16,841,669	28,381,290	34,244,694	1,321,925	7,549,657	3,198,065	2,123,620
Less:												

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Taxes	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
O&M/A&G Expenses				395,006,575	317,585,331	15,487,600	25,688,323	27,386,267	1,144,974	5,052,997	1,426,154	1,234,928
Depreciation Expense				11,913,067	9,224,351	464,079	428,977	1,038,470	20,289	346,293	191,625	198,983
Taxes Other Than Income				1,974,001	1,535,471	86,766	70,066	149,924	3,790	51,571	40,510	35,904
Negative Net Salvage		??	44	1,354,000	1,036,056	51,783	49,859	124,184	2,278	41,689	23,715	24,436
Total Deductions				410,247,643	329,381,208	16,090,228	26,237,225	28,698,845	1,171,331	5,492,551	1,682,003	1,494,251
<b>Operating Income Before Taxes</b>				<b>15,677,490</b>	<b>2,883,006</b>	<b>751,440</b>	<b>2,144,065</b>	<b>5,545,848</b>	<b>150,594</b>	<b>2,057,106</b>	<b>1,516,062</b>	<b>629,369</b>
Tax Adjustments												
Interest Charges			44	9,413,000	7,202,652	359,995	346,619	863,328	15,836	289,825	164,864	169,881
Book Depreciation				(11,913,067)	(9,224,351)	(464,079)	(428,977)	(1,038,470)	(20,289)	(346,293)	(191,625)	(198,983)
State Dep'n			46	16,751,000	12,970,388	652,544	603,186	1,460,196	28,528	486,924	269,445	279,790
Meals/Entertainment			47	(31,000)	(24,410)	(1,496)	(1,069)	(1,986)	(65)	(701)	(707)	(567)
Total Tax Adjustments				14,219,933	10,924,279	546,963	519,758	1,283,069	24,010	429,755	241,977	250,122
Pennsylvania Taxable Income				1,457,557	(8,041,274)	204,477	1,624,307	4,262,780	126,584	1,627,351	1,274,085	379,247
State Income Tax @ 9.99%				145,610	(803,323)	20,427	162,268	425,852	12,646	162,572	127,281	37,887
Add'l Federal Dep'n			46	(901,000)	(697,649)	(35,099)	(32,444)	(78,541)	(1,534)	(26,191)	(14,493)	(15,049)
Federal Taxable Income				2,212,947	(6,540,301)	219,149	1,494,482	3,915,469	115,473	1,490,969	1,161,297	356,410
Federal Income Tax @ 35.00%				774,531	(2,289,105)	76,702	523,069	1,370,414	40,415	521,839	406,454	124,743
Consolidated Tax Adjustment			48	(82,000)	242,349	(8,120)	(55,378)	(145,086)	(4,279)	(55,247)	(43,031)	(13,207)
Investment Tax Credit			44	(4,000)	(3,061)	(153)	(147)	(367)	(7)	(123)	(70)	(72)
Deferred Income Taxes -- Liberal. Dep'n			46	1,539,000	1,191,656	59,953	55,418	134,156	2,621	44,736	24,755	25,706

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Allocators	#	Ex/ En	Small Comm. & PA Service					Lrg Comm. & PA Service			
			Total	Residential	LE 250	GT 250	Service	SVIS	IVIS	LVIS	LIS
Annual Throughput (MCF)	1	X	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
			42,560,886	19,802,152	967,246	1,849,555	6,295,888	79,617	3,191,547	3,670,249	6,704,632
Avg. Throughput/Cust. Sales (Mcf)			203	102	108	446	2,774	426	8,720	94,109	515,741
Transport (Mcf)			24,473,134	19,726,731	966,725	1,796,001	1,680,271	77,572	225,834		
			18,087,752	75,421	521	53,554	4,615,617	2,045	2,965,713	3,670,249	6,704,632
Peak Day Demand (MCF/day)		X	100.0000%	57.7119%	2.9722%	5.6514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%
			365,252	210,794	10,856	20,642	61,978	439	21,328	15,832	23,383
Load Factor			31.9%	25.7%	24.4%	24.5%	27.8%	49.7%	41.0%	63.5%	78.6%
Sales (Mcf/day)			261,411	209,908	10,851	20,153	18,799	410	1,290		
Load Factor			25.6%	25.7%	24.4%	24.4%	24.5%	51.8%	48.0%	#DIV/0!	#DIV/0!
Transport (Mcf/day)			103,841	886	5	489	43,179	29	20,038	15,832	23,383
Load Factor			47.7%	23.3%	28.5%	30.0%	29.3%	19.3%	40.5%	63.5%	78.6%
Demand Allocator (P&A)	2	N	100.0000%	57.7119%	2.9722%	5.6514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%
Average Annual Customers	3	X	100.0000%	92.3834%	4.2738%	1.9736%	1.0811%	0.0891%	0.1743%	0.0186%	0.0062%
			209,975	193,982	8,974	4,144	2,270	187	366	39	13
Avg Ann. Custs. Excl. Lg. Ind.	4	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%
			209,923	193,982	8,974	4,144	2,270	187	366		
Historical Service Line Inv.	5	X	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%
			126,454,209	113,645,815	5,989,226	3,519,638	2,397,822	219,739	591,223	68,149	22,597
\$/Customer				\$ 586	\$ 667	\$ 849	\$ 1,056	\$ 1,175	\$ 1,615	\$ 1,747	\$ 1,738
Historical Meter Inv.	6	X	100.0000%	71.3502%	3.0173%	4.6811%	11.3621%	0.9392%	6.3068%	1.2397%	1.1036%
			12,789,310	9,125,202	385,891	598,675	1,453,135	120,117	806,596	158,545	141,149
\$/Meter				\$ 45	\$ 38	\$ 134	\$ 666	\$ 575	\$ 1,677	\$ 1,865	\$ 3,815
Small Customer Meter Inv.	7	N	100.0000%	89.2014%	3.7722%	5.8522%	0.0000%	1.1742%	0.0000%	0.0000%	0.0000%
			10,229,885	9,125,202	385,891	598,675		120,117			
Historical M&R Sta. Equip.	8	X	100.0000%	0.0224%	0.0000%	0.0000%	70.7262%	0.3105%	21.5295%	3.4177%	3.9936%
			8,787,228	1,972			6,214,875	27,286	1,891,845	300,319	350,931
\$/Peak Demand							\$ 100.28	\$ 62.15	\$ 88.70	\$ 18.97	\$ 15.01
\$/customer							\$ 2,738	\$ 146	\$ 5,169	\$ 7,700	\$ 26,995
Mains - Demand	9	N	100.0000%	58.0664%	2.9905%	5.6862%	17.0728%	0.1209%	5.8751%	4.3612%	5.8269%
			96,843,813	56,233,775	2,896,081	5,506,704	16,533,976	117,102	5,889,653	4,223,509	5,643,012
Mains - Customer	10	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%
			107,554,273	99,386,924	4,597,838	2,123,229	1,162,984	95,831	187,467		
Dist'n Plt Excl Oth - Demand	11	N	100.0000%	53.7843%	2.7698%	5.2667%	20.9840%	0.1347%	7.0157%	4.2893%	5.7555%
			125,898,270	67,713,461	3,487,188	6,630,653	26,418,539	169,585	8,832,600	5,400,130	7,246,115
Dist'n Plt Excl Oth - Cust	12	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			258,926,397	232,378,572	11,476,981	6,673,270	5,572,861	492,848	1,850,600	275,955	205,311
Demand P, T, D Plant	13	N	100.0000%	55.5184%	2.8592%	5.4365%	20.3143%	0.1331%	6.8321%	4.3625%	4.5438%
			163,426,266	90,731,695	4,672,644	8,884,718	33,198,971	217,573	11,165,378	7,129,551	7,425,736
Customer P, T, D Plant	14	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707
Mains & Serv. - Demand	15	N	100.0000%	58.0665%	2.9905%	5.6862%	17.0728%	0.1209%	5.8751%	4.3612%	5.8269%
			96,843,813	56,233,775	2,896,081	5,506,704	16,533,976	117,102	5,889,653	4,223,509	5,643,012
Mains & Serv. - Cust.	16	N	100.0000%	90.9993%	4.5310%	2.4232%	1.5335%	0.1361%	0.3370%	0.0299%	0.0099%
			241,679,430	219,926,678	10,950,407	5,856,334	3,706,266	328,940	814,502	72,293	24,008
Meter & HR - Demand	17A	N	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Meter & HR - Customer	17	N	100.0000%	72.1976%	3.0531%	4.7367%	10.8227%	0.9504%	6.0074%	1.1809%	1.0512%
			17,246,967	12,451,894	526,573	816,936	1,866,596	163,907	1,036,098	203,661	181,302
Dist'n Plant - Customer	18	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707
Dist'n Labor, w/o other - D	19	N	100.0000%	54.0529%	2.7837%	5.2930%	20.6137%	0.1333%	6.9061%	4.2878%	5.9296%
			2,735,371	1,478,546	76,144	144,783	563,861	3,846	188,907	117,286	162,196
Dist'n Labor, w/o other - C	20	N	100.0000%	86.1377%	4.1245%	3.0031%	3.9516%	0.3476%	1.8206%	0.3312%	0.2837%
			5,737,091	4,941,801	236,628	172,290	226,705	19,940	104,448	19,004	16,275

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	#	Ex/En	Small Comm. & PA Service					Lrg Comm. & PA Service			
			Total	Residential	LE 250	GT 250	SVIS	IVIS	LVIS	LIS	
Historical No. of Meters	21	X	100.0000%	91.9367%	4.6603%	2.0383%	0.9945%	0.0953%	0.2193%	0.0388%	0.0169%
Meter/Customer			219,301	201,618	10,220	4,470	2,181	209	481	85	37
			1.04	1.04	1.14	1.08	0.96	1.12	1.31	2.18	2.85
Customer Service - Labor	22	X	100.0000%	59.1536%	13.0660%	6.0336%	3.3051%	0.2295%	0.4490%	13.3225%	4.4408%
Labor per Customer			2,516,001	1,486,304	328,740	151,805	83,156	5,773	11,298	335,194	111,731
			\$	\$ 7.67	\$ 36.63	\$ 36.63	\$ 36.63	\$ 30.87	\$ 30.87	\$ 8,594.72	\$ 8,594.69
Customer Service - O&M	23	X	100.0000%	86.1295%	4.4509%	2.0553%	1.1259%	0.0927%	0.1815%	4.4731%	1.4911%
O&M per Customer			8,665,639	7,463,673	385,697	178,104	97,563	8,037	15,731	387,624	129,210
			\$	\$ 38.48	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 9,939.08	\$ 9,939.23
Avg. Annual T'port Custs.	24	X	100.0000%	5.2419%	0.4839%	5.8871%	61.5323%	0.0806%	22.5806%	3.1452%	1.0484%
			1,240	65	6	73	763	1	280	39	13
Dist'n O&M; w/o other - D	25	N	100.0000%	54.5501%	2.8093%	5.3417%	20.1173%	0.1315%	6.7608%	4.2941%	5.9952%
			4,711,761	2,570,273	132,368	251,689	947,879	6,196	318,553	202,327	282,478
Dist'n O&M; w/o other - C	26	N	100.0000%	85.3799%	4.0529%	3.0873%	4.3340%	0.3809%	2.0577%	0.3795%	0.3279%
			8,041,817	6,866,091	325,927	248,273	348,532	30,627	165,479	30,517	26,369
Uncollectibles	27	X	100.0000%	97.0421%	1.6847%	0.7780%	0.4262%	0.0213%	0.0417%	0.0045%	0.0015%
			8,467,291	8,216,837	142,652	65,874	36,084	1,806	3,535	377	126
Labor - Demand	28	N	100.0000%	54.4416%	2.8037%	5.3311%	20.2265%	0.1319%	6.7928%	4.2927%	5.9798%
			5,412,965	2,946,904	151,764	288,569	1,094,852	7,139	367,690	232,364	323,683
Labor - Customer	29	N	100.0000%	85.1830%	5.3815%	2.9643%	2.8286%	0.2299%	1.0656%	1.7126%	0.6544%
			21,363,699	18,198,244	1,145,409	633,294	604,294	49,114	227,658	365,884	139,801
Labor - Commodity	30	N	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
			189,554	86,193	4,308	8,237	28,040	355	14,214	16,346	29,861
O&M/Other Taxes - Demand	31	N	100.0000%	55.0446%	2.8348%	5.3901%	19.8464%	0.1307%	6.6841%	4.3111%	5.7581%
			14,702,205	8,092,772	416,775	792,470	2,917,859	19,216	982,711	633,827	846,574
O&M/Other Taxes - Cust.	32	N	100.0000%	87.3420%	4.1428%	2.4478%	3.1956%	0.1898%	1.2180%	1.0437%	0.4203%
			61,060,220	53,331,245	2,529,595	1,494,645	1,951,215	115,919	743,685	637,267	256,649
O&M/Other Taxes - Comm.	33	N	100.0000%	80.2249%	3.9313%	7.3070%	7.0566%	0.3156%	1.0517%	0.0609%	0.0522%
			321,218,151	257,696,785	12,627,996	23,471,275	22,667,116	1,013,629	3,378,172	195,570	167,609
Reg. Assessment - D	34	N	100.0000%	54.8699%	2.8258%	5.3730%	20.2614%	0.1324%	6.8084%	4.3205%	5.4086%
			600,841	329,681	16,978	32,283	121,739	795	40,908	25,959	32,497
Other Insurance - D	35	N	100.0000%	55.5184%	2.8592%	5.4365%	20.3143%	0.1331%	6.8321%	4.3625%	4.5438%
			(23,600)	(13,102)	(675)	(1,283)	(4,794)	(31)	(1,612)	(1,030)	(1,072)
Misc. General Exps. - D	36	N	100.0000%	54.8868%	2.8266%	5.3747%	20.2628%	0.1324%	6.8090%	4.3216%	5.3860%
			96,618	53,030	2,731	5,193	19,577	128	6,579	4,175	5,204
Reg. Assessment - C	37	N	100.0000%	86.0564%	5.1863%	2.8877%	2.6945%	0.2218%	0.9961%	1.4111%	0.5461%
			2,102,422	1,809,268	109,038	60,711	56,650	4,663	20,943	29,668	11,482
Other Insurance - C	38	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			(37,462)	(33,621)	(1,661)	(966)	(806)	(71)	(268)	(40)	(30)
Misc. General Exps. - C	39	N	100.0000%	86.1056%	5.1766%	2.8832%	2.6867%	0.2213%	0.9921%	1.3944%	0.5401%
			333,534	287,192	17,266	9,617	8,961	738	3,309	4,651	1,801
Meters & Svcs Plant	40	N	100.0000%	88.2039%	4.5816%	2.9541%	2.7483%	0.2427%	0.9931%	0.1606%	0.1156%
			147,392,868	130,006,292	6,752,896	4,354,180	4,050,772	357,720	1,463,803	236,773	170,431
M&R Sta Eq & HReg Plt.	41	N	100.0000%	22.9833%	1.1830%	2.2493%	49.3303%	0.2348%	15.2847%	3.7826%	4.9521%
			15,289,801	3,514,094	180,871	343,915	7,542,506	35,895	2,336,995	578,351	757,173
Gas Storage Inventory	42	X	100.0000%	80.6768%	3.9724%	7.3819%	6.8517%	0.3474%	0.7698%	0.0000%	0.0000%
			17,138,823	13,827,049	680,819	1,265,166	1,174,303	59,545	131,941		
M&S Working Capital	43	N	100.0000%	80.4442%	4.0523%	3.4544%	6.5885%	0.1414%	2.1470%	1.3696%	1.8026%
			1,136,529	914,272	48,055	39,261	74,880	1,607	24,402	15,566	20,487
Plant	44	N	100.0000%	76.5181%	3.8244%	3.6823%	9.1717%	0.1682%	3.0790%	1.7514%	1.8048%
			437,935,976	335,100,434	16,748,639	16,126,297	40,166,004	736,748	13,483,970	7,670,220	7,903,665
Customer Sec. Dep - Hsl.	45	X	100.0000%	12.3089%	14.5537%	23.9524%	24.0949%	2.3377%	13.3476%	5.6525%	3.7522%
			2,447,539	301,266	356,208	586,244	589,733	57,217	326,687	138,348	91,836

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Current Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	#	Ex/ En	Small Comm. & PA Service				Lrg Comm. & PA Service				
			Total	Residential	LE 250	GT 250	SVIS	IVIS	LVIS	LIS	
Depreciation Expense	46	N	100.0000% 11,913,067	77.4305% 9,224,351	3.8955% 464,079	3.6009% 428,977	8.7171% 1,038,470	0.1703% 20,289	2.9068% 346,293	1.6095% 191,625	1.6703% 198,983
Labor Expense	47	N	100.0000% 26,966,218	78.7405% 21,233,341	4.8263% 1,301,481	3.4491% 930,101	6.4050% 1,727,186	0.2099% 56,608	2.2605% 609,562	2.2791% 614,595	1.8295% 493,344
Federal Income Tax	48	N	100.0000% 774,531	-295.5471% (2,289,105)	9.9030% 76,702	67.5336% 523,069	176.9346% 1,370,414	5.2180% 40,415	67.3748% 521,839	52.4774% 406,454	16.1057% 124,743
Annual Sales Volume	49	X	100.0000% 24,473,134	80.6057% 19,726,731	3.9501% 966,725	7.3387% 1,796,001	6.8658% 1,680,271	0.3170% 77,572	0.9228% 225,834	0.0000% -	0.0000% -
Percent of Throughput				99.6%	99.9%	97.1%	26.7%	97.4%	7.1%	0.0%	0.0%
Demand Alloc. Excl. LIS	50	N	100.0000% 100.0000%	61.6593% 61.6593%	3.1755% 3.1755%	6.0380% 6.0380%	18.1292% 18.1292%	0.1284% 0.1284%	6.2386% 6.2386%	4.6310% 4.6310%	0.0000% 0.0000%
<b>Classification Splits</b>			Total	D	C	E					
Distribution Mains	A	X	1 100.0000%	0.47 47.3800%	0.53 52.6200%	- 0.0000%					
Plant	B	N	422,852,381 100.0000%	163,426,266 38.6485%	259,426,115 61.3515%	- 0.0000%					
O&M Excluding Gas	C	N	54,002,828 100.0000%	9,438,126 17.4771%	44,564,702 82.5229%	- 0.0000%					
Distribution Plant Excl. Oth.	D	N	384,824,667 100.0000%	125,898,270 32.7157%	258,926,397 67.2843%	- 0.0000%					
Distribution O&M	E	N	22,138,799 100.0000%	7,912,537 35.7406%	14,226,262 64.2594%	- 0.0000%					
Labor	F	N	26,966,218 100.0000%	5,412,965 20.0731%	21,363,699 79.2238%	189,554 0.7029%					
Services	G	N	134,125,157 100.0000%	- 0.0000%	134,125,157 100.0000%	- 0.0000%					
Mains	H	N	338,523,243 100.0000%	96,843,813 28.6077%	241,679,430 71.3923%	- 0.0000%					
Meters & House Regulators	I	N	17,246,967 100.0000%	- 0.0000%	17,246,967 100.0000%	- 0.0000%					
Distribution Plant	J	N	385,567,364 100.0000%	126,141,249 32.7157%	259,426,115 67.2843%	- 0.0000%					
Distribution O&M	K	N	17,830,140 100.0000%	6,372,597 35.7406%	11,457,543 64.2594%	- 0.0000%					
Distribution Labor	L	N	11,388,498 100.0000%	3,689,374 32.3956%	7,699,124 67.6044%	- 0.0000%					
P, T, D Plant	M	N	422,852,381 100.0000%	163,426,266 38.6485%	259,426,115 61.3515%	- 0.0000%					
O&M/A&G Excl. Gas	N	N	73,796,332 100.0000%	14,148,256 19.1720%	59,648,076 80.8280%	- 0.0000%					
Reg. Assessment Exps.	O	N	2,703,263 100.0000%	600,841 22.2265%	2,102,422 77.7735%	- 0.0000%					
Other Insurance Expense	P	N	(61,062) 100.0000%	(23,600) 38.6485%	(37,462) 61.3515%	- 0.0000%					
Misc. General Expense	Q	N	430,152 100.0000%	96,618 22.4613%	333,534 77.5387%	- 0.0000%					

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY**

Comparison of Cost of Service Study Results	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
			LE 250	GT 250	PA Service				
<b>Existing Revenues</b>									
Rate Revenues	424,136,065	330,861,231	16,770,503	28,268,701	34,104,466	4,316,665	7,517,593	3,183,617	2,113,289
Late Charge Revenues	1,601,774	1,249,664	63,342	106,771	128,801	4,973	28,291	11,950	7,982
Other Revenues	187,294	153,319	7,824	5,818	11,427	287	3,773	2,498	2,349
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Existing Dist'n Revenues</b>	<b>105,527,559</b>	<b>74,949,216</b>	<b>4,232,322</b>	<b>4,945,675</b>	<b>11,698,963</b>	<b>309,831</b>	<b>4,233,018</b>	<b>3,073,258</b>	<b>2,085,277</b>
Existing Dist'n Rate Revenues	103,738,491	73,546,233	4,161,156	4,833,086	11,558,735	304,571	4,200,954	3,058,810	2,074,946
<b>Rate Revenue Increase</b>	<b>25,794,313</b>	<b>20,160,578</b>	<b>1,140,735</b>	<b>1,324,876</b>	<b>3,167,863</b>	<b>(16)</b>	<b>329</b>	<b>(52)</b>	<b>-</b>
<b>Proposed Revenues</b>									
Rate Revenues	449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
Late Charge Revenues	1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Other Revenues	187,294	153,319	7,824	5,818	11,427	287	3,773	2,498	2,349
Less Gas Costs	(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
<b>Total Proposed Revenues</b>	<b>131,419,485</b>	<b>95,186,088</b>	<b>5,377,373</b>	<b>6,275,565</b>	<b>14,878,814</b>	<b>309,815</b>	<b>4,233,348</b>	<b>3,073,206</b>	<b>2,085,277</b>
Dist'n Rate Revenue Increase	24.9%	27.4%	27.4%	27.4%	27.4%	0.0%	0.0%	0.0%	0.0%
	6.1%	6.1%	6.8%						

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Summary of Cost of Service Study	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
<b>Total Operating Revenues</b>				<b>451,817,059</b>	<b>352,501,086</b>	<b>17,986,720</b>	<b>29,711,180</b>	<b>37,424,545</b>	<b>1,321,909</b>	<b>7,549,987</b>	<b>3,198,013</b>	<b>2,123,620</b>
O&M and A&G Expenses												
Demand				14,127,134	7,776,161	400,470	761,466	2,801,254	18,454	943,519	608,912	816,898
Customer				60,184,198	52,622,324	2,468,531	1,459,433	1,917,586	113,037	730,904	621,832	250,550
Commodity				321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Sub-Total O&amp;M/A&amp;G</b>				<b>395,521,575</b>	<b>318,091,591</b>	<b>15,496,816</b>	<b>25,691,830</b>	<b>27,384,787</b>	<b>1,145,105</b>	<b>5,052,003</b>	<b>1,425,632</b>	<b>1,233,811</b>
Depreciation Expenses												
Demand				4,223,574	2,325,403	119,758	227,710	874,390	5,679	293,322	183,863	193,449
Customer				7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
<b>Sub-Total Depreciation</b>				<b>11,913,067</b>	<b>9,224,351</b>	<b>464,079</b>	<b>428,977</b>	<b>1,038,470</b>	<b>20,289</b>	<b>346,293</b>	<b>191,625</b>	<b>198,983</b>
Negative Net Salvage				1,354,000	1,036,056	51,783	49,859	124,184	2,278	41,689	23,715	24,436
Taxes Other Than Income												
Demand				553,949	305,112	15,713	29,877	112,333	735	37,757	24,009	28,413
Customer				1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Commodity				7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Sub-Total Taxes Other</b>				<b>1,974,001</b>	<b>1,535,471</b>	<b>86,766</b>	<b>70,066</b>	<b>149,924</b>	<b>3,790</b>	<b>51,571</b>	<b>40,510</b>	<b>35,904</b>
Income Taxes				11,367,916	5,057,774	564,364	1,226,901	3,094,125	52,623	680,078	530,128	161,924
Investment Tax Credit				(4,000)	(3,061)	(153)	(147)	(367)	(7)	(123)	(70)	(72)
Def. Income Taxes				1,539,000	1,191,656	59,953	55,418	134,156	2,621	44,736	24,755	25,706
<b>Total Expenses</b>				<b>423,665,559</b>	<b>336,133,837</b>	<b>16,723,608</b>	<b>27,522,903</b>	<b>31,925,279</b>	<b>1,226,699</b>	<b>6,216,247</b>	<b>2,236,294</b>	<b>1,680,691</b>
<b>Utility Net Income</b>				<b>28,151,500</b>	<b>16,367,248</b>	<b>1,263,112</b>	<b>2,188,276</b>	<b>5,499,266</b>	<b>95,210</b>	<b>1,333,740</b>	<b>961,719</b>	<b>442,929</b>
<b>Rate Base</b>												
Gas Plant In Service												
Demand				169,255,855	93,968,191	4,839,322	9,201,645	34,383,214	225,335	11,563,659	7,383,870	7,690,620
Customer				268,680,121	241,132,243	11,909,317	6,924,651	5,782,790	511,413	1,920,312	286,350	213,045
<b>Sub-Total Gas Plant</b>				<b>437,935,976</b>	<b>335,100,434</b>	<b>16,748,639</b>	<b>16,126,297</b>	<b>40,166,004</b>	<b>736,748</b>	<b>13,483,970</b>	<b>7,670,220</b>	<b>7,903,665</b>
Accumulated Reserve for Dep'n												
Demand				(57,799,256)	(32,198,386)	(1,658,213)	(3,152,971)	(11,768,114)	(77,148)	(3,958,252)	(2,529,466)	(2,456,706)
Customer				(89,857,998)	(79,599,705)	(3,920,071)	(2,453,763)	(2,441,635)	(214,239)	(945,576)	(157,127)	(125,883)
<b>Sub-Total Acc. Res. for Dep'n</b>				<b>(147,657,254)</b>	<b>(111,798,091)</b>	<b>(5,578,283)</b>	<b>(5,606,735)</b>	<b>(14,209,749)</b>	<b>(291,387)</b>	<b>(4,903,828)</b>	<b>(2,686,593)</b>	<b>(2,582,589)</b>
Net Plant												
Demand				111,456,599	61,769,805	3,181,109	6,048,674	22,615,100	148,186	7,605,407	4,854,404	5,233,914
Customer				178,822,123	161,532,538	7,989,246	4,470,888	3,341,156	297,174	974,736	129,223	87,162
<b>Net Plant</b>				<b>290,278,722</b>	<b>223,302,343</b>	<b>11,170,355</b>	<b>10,519,562</b>	<b>25,956,256</b>	<b>445,360</b>	<b>8,580,143</b>	<b>4,983,627</b>	<b>5,321,076</b>
Working Capital												
Demand				12,806,127	9,753,659	483,122	900,604	1,167,968	39,508	231,961	98,884	130,420

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS	
					Residential	LE 250	GT 250					PA Service
<b>Summary of Cost of Service Study</b>												
Customer				8,708,946	7,639,066	365,776	213,922	261,541	16,202	97,589	81,851	32,999
Commodity				31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
<b>Working Capital</b>				<b>52,656,257</b>	<b>42,494,282</b>	<b>2,079,021</b>	<b>3,399,874</b>	<b>3,567,593</b>	<b>154,417</b>	<b>616,915</b>	<b>180,735</b>	<b>163,419</b>
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(40,939,000)	(31,325,759)	(1,565,691)	(1,507,514)	(3,754,786)	(68,872)	(1,260,504)	(717,025)	(738,848)
Deferred Income Taxes ITC				(1,869,000)	(1,430,124)	(71,479)	(68,823)	(171,418)	(3,144)	(57,546)	(32,735)	(33,731)
<b>Net Rate Base</b>				<b>296,952,979</b>	<b>232,650,057</b>	<b>11,150,271</b>	<b>11,582,850</b>	<b>24,832,871</b>	<b>453,561</b>	<b>7,455,355</b>	<b>4,235,191</b>	<b>4,592,822</b>
<b>Return Earned</b>				<b>9.48%</b>	<b>7.04%</b>	<b>11.33%</b>	<b>18.89%</b>	<b>22.15%</b>	<b>20.99%</b>	<b>17.89%</b>	<b>22.71%</b>	<b>9.64%</b>
<b>Unitized Rate of Return</b>				<b>100.0%</b>	<b>74.2%</b>	<b>119.5%</b>	<b>199.3%</b>	<b>233.6%</b>	<b>221.4%</b>	<b>188.7%</b>	<b>239.5%</b>	<b>101.7%</b>
<b>Fully Allocated Cost</b>												
Return and Income Taxes		RB		41,054,416	32,164,393	1,541,550	1,601,355	3,433,200	62,706	1,030,720	585,525	634,968
Other Costs				410,762,643	329,887,468	16,099,445	26,240,732	28,697,366	1,171,461	5,491,556	1,681,481	1,493,134
Less Gas Costs				(320,397,574)	(257,314,998)	(12,609,347)	(23,435,615)	(22,545,731)	(1,012,094)	(3,316,639)	(124,807)	(38,343)
Distribution Costs				131,419,485	104,736,863	5,031,648	4,406,472	9,584,835	222,073	3,205,637	2,142,199	2,089,759
<b>Revenue-Cost Ratio</b>				<b>100.0%</b>	<b>90.9%</b>	<b>106.9%</b>	<b>142.4%</b>	<b>155.2%</b>	<b>139.5%</b>	<b>132.1%</b>	<b>143.5%</b>	<b>99.8%</b>
<b>Customer Cost Summary</b>												
<b>Customer Rate Base</b>												
Plant and W/C				187,531,069	169,171,604	8,355,023	4,684,811	3,602,696	313,376	1,072,324	211,073	120,161
Customer Deposits				(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes				(26,263,334)	(20,096,213)	(1,004,428)	(967,106)	(2,408,784)	(44,183)	(808,643)	(459,989)	(473,988)
<b>Customer Rate Base</b>				<b>158,093,735</b>	<b>148,684,706</b>	<b>6,888,660</b>	<b>2,957,456</b>	<b>429,139</b>	<b>194,993</b>	<b>(159,971)</b>	<b>(428,327)</b>	<b>(472,921)</b>
Percent				53.2%	63.9%	61.8%	25.5%	1.7%	43.0%	-2.1%	-10.1%	-10.3%
<b>Customer Costs</b>												
O&M and A&G Expenses				60,184,198	52,622,324	2,468,531	1,459,433	1,917,586	113,037	730,904	621,832	250,550
Depreciation Expenses				7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
Negative Net Salvage		CRB		834,113	784,470	36,345	15,604	2,264	1,029	(844)	(2,260)	(2,495)
Taxes Other Than Income				1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Income Taxes		CRB		6,869,337	6,460,505	299,319	128,505	18,647	8,473	(6,951)	(18,611)	(20,549)
Return		CRB		14,987,476	14,095,489	653,053	280,370	40,683	18,486	(15,165)	(40,606)	(44,834)
<b>Total Customer Costs</b>				<b>91,976,761</b>	<b>82,088,415</b>	<b>3,872,443</b>	<b>2,125,023</b>	<b>2,179,682</b>	<b>158,674</b>	<b>774,136</b>	<b>583,936</b>	<b>194,452</b>
Number of Customers				209,975	193,982	8,974	4,144	2,270	187	366	39	13
<b>Cost per Customer per Month</b>				<b>\$ 36.50</b>	<b>\$ 35.26</b>	<b>\$ 35.96</b>	<b>\$ 42.73</b>	<b>\$ 80.02</b>	<b>\$ 70.71</b>	<b>\$ 176.26</b>	<b>\$ 1,247.73</b>	<b>\$ 1,246.49</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
Iec SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250					
<b>Gas Plant in Service</b>												
<b>Production Plant</b>	325-338	D	2	2,587,318	1,493,191	76,900	146,221	439,031	3,110	151,080	112,148	165,637
<b>Transmission Plant</b>	365-369	D	50	34,697,699	21,394,358	1,101,825	2,095,047	6,290,415	44,552	2,164,651	1,606,850	-
<b>Distribution Plant</b>												
Land	374.1	D	9	822,806	477,774	24,606	46,786	140,476	995	48,341	35,884	47,944
Land Rights	374.2	D	9	5,310,777	3,083,777	158,819	301,981	906,698	6,421	312,013	231,614	309,454
Structures & Improvmts.	375	D	2	7,631,073	4,404,040	226,810	431,266	1,294,883	9,172	445,598	330,772	488,532
Mains (LIS)	376	D	Direct	5,643,012								5,643,012
Mains (>4")	376	D (A)	50	48,202,633	29,721,406	1,530,675	2,910,475	8,738,752	61,892	3,007,169	2,232,264	-
Mains (Other)	376	D (A)	50	42,998,168	26,512,369	1,365,407	2,596,229	7,795,224	55,210	2,682,484	1,991,245	-
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	9,204,355	2,066	-	-	6,509,893	28,581	1,981,650	314,575	367,590
Other	387	D (D)	11	242,979	130,684	6,730	12,797	50,987	327	17,047	10,422	13,985
Land Rights	374.2	C	10									
Mains	376	C (A)	4	107,554,273	99,386,924	4,597,838	2,123,229	1,162,984	95,831	187,467	-	-
M&R Sta. Equip.	378	D	2	6,085,446	3,512,029	180,871	343,915	1,032,612	7,314	355,345	263,776	389,583
Services	380	C	5	134,125,157	120,539,754	6,352,570	3,733,105	2,543,281	233,110	627,035	72,293	24,008
Meters	381	C	6	13,267,711	9,466,538	400,327	621,075	1,507,491	124,610	836,768	164,480	146,422
Meter Installations	382	C	6	3,160,552	2,255,060	95,363	147,949	359,105	29,684	199,330	39,181	34,880
House Regulators	383	C	7									
House Regulator Install.	384	C	7	818,704	730,296	30,883	47,912	-	9,613	-	-	-
Other	387	C (D)	12	499,718	448,482	22,150	12,879	10,755	951	3,572	533	396
Distribution Demand		D		126,141,249	67,844,145	3,493,918	6,643,450	26,469,526	169,912	8,849,647	5,410,552	7,260,099
Distribution Customer		C		259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707
<b>Total Distribution</b>				<b>385,567,364</b>	<b>300,671,199</b>	<b>14,993,049</b>	<b>13,329,599</b>	<b>32,053,142</b>	<b>663,711</b>	<b>10,703,818</b>	<b>5,687,039</b>	<b>7,465,806</b>
<b>General Plant</b>	389-399											
Demand		D (M)	13	4,938,313	2,741,674	141,195	268,473	1,003,186	6,574	337,388	215,436	224,386
Customer		C (M)	14	7,839,177	7,035,423	347,474	202,038	168,722	14,921	56,028	8,355	6,216
<b>Total General Plant</b>				<b>12,777,490</b>	<b>9,777,097</b>	<b>488,669</b>	<b>470,511</b>	<b>1,171,908</b>	<b>21,496</b>	<b>393,417</b>	<b>223,791</b>	<b>230,602</b>
<b>Intangible Plant</b>	301-303											
Demand		D (M)	13	891,276	494,822	25,483	48,454	181,057	1,187	60,892	38,882	40,498
Customer		C (M)	14	1,414,829	1,269,766	62,713	36,464	30,451	2,693	10,112	1,508	1,122
<b>Total Intangible Plant</b>				<b>2,306,105</b>	<b>1,764,588</b>	<b>88,196</b>	<b>84,919</b>	<b>211,508</b>	<b>3,880</b>	<b>71,005</b>	<b>40,390</b>	<b>41,620</b>
<b>Plant in Service Summary</b>												
Demand		D		169,255,855	93,968,191	4,839,322	9,201,645	34,383,214	225,335	11,563,659	7,383,870	7,690,620
Customer		C		268,680,121	241,132,243	11,909,317	6,924,651	5,782,790	511,413	1,920,312	286,350	213,045
<b>Gas Plant in Service</b>				<b>437,935,976</b>	<b>335,100,434</b>	<b>16,748,639</b>	<b>16,126,297</b>	<b>40,166,004</b>	<b>736,748</b>	<b>13,483,970</b>	<b>7,670,220</b>	<b>7,903,665</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
<b>Accumulated Reserve for Depreciation</b>												
<i>Production Plant</i>	325-338	D	2	(1,794,097)	(1,035,408)	(53,324)	(101,392)	(304,432)	(2,156)	(104,762)	(77,766)	(114,856)
<i>Transmission Plant</i>	365-369	D	50	(15,018,307)	(9,260,183)	(476,906)	(906,805)	(2,722,699)	(19,284)	(936,932)	(695,498)	-
<i>Distribution Plant</i>												
Land	374.1	D	9	16,125	9,363	482	917	2,753	19	947	703	940
Land Rights	374.2	D	9	(975,153)	(566,236)	(29,162)	(55,449)	(166,486)	(1,179)	(57,291)	(42,528)	(56,821)
Structures & Improvmts.	375	D	2	(3,584,026)	(2,068,411)	(106,524)	(202,549)	(608,158)	(4,308)	(209,280)	(155,351)	(229,445)
Mains	376	D (A)	9	(27,598,262)	(16,025,317)	(825,326)	(1,569,292)	(4,711,796)	(33,366)	(1,621,425)	(1,203,615)	(1,608,123)
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	(3,112,938)	(699)	-	-	(2,201,664)	(9,666)	(670,200)	(106,390)	(124,320)
Other	387	D (D)	11	(197,112)	(106,015)	(5,460)	(10,381)	(41,362)	(266)	(13,829)	(8,455)	(11,345)
Land Rights	374.2	C	10									
Mains	376	C (A)	10	(30,650,496)	(28,322,989)	(1,310,278)	(605,071)	(331,424)	(27,310)	(53,424)	-	-
M&R Sta. Equip.	378	D	2	(3,294,506)	(1,901,323)	(97,919)	(186,187)	(559,030)	(3,960)	(192,375)	(142,802)	(210,910)
Services	380	C	5	(44,467,775)	(39,963,679)	(2,106,127)	(1,237,672)	(843,198)	(77,285)	(207,887)	(23,968)	(7,960)
Meters	381	C	6	(8,894,347)	(6,346,134)	(268,369)	(416,353)	(1,010,585)	(83,536)	(560,949)	(110,263)	(98,158)
Meter Installations	382	C	6	(1,506,216)	(1,074,688)	(45,447)	(70,507)	(171,138)	(14,146)	(94,994)	(18,673)	(16,623)
House Regulators	383	C	7									
House Regulator Install.	384	C	7	(376,401)	(335,755)	(14,199)	(22,028)	-	(4,420)	-	-	-
Other	387	C (D)	12	(405,388)	(363,823)	(17,969)	(10,448)	(8,725)	(772)	(2,897)	(432)	(321)
Distribution Demand		D		(38,745,872)	(20,658,638)	(1,063,909)	(2,022,942)	(8,285,743)	(52,725)	(2,763,453)	(1,658,438)	(2,240,025)
Distribution Customer		C		(86,300,623)	(76,407,068)	(3,762,389)	(2,362,080)	(2,365,069)	(207,468)	(920,151)	(153,336)	(123,062)
<b>Total Distribution</b>				<b>(125,046,495)</b>	<b>(97,065,707)</b>	<b>(4,826,298)</b>	<b>(4,385,022)</b>	<b>(10,650,812)</b>	<b>(260,193)</b>	<b>(3,683,603)</b>	<b>(1,811,774)</b>	<b>(2,363,087)</b>
<i>General Plant</i>	389-399											
Demand		D	13	(1,736,397)	(964,020)	(49,647)	(94,400)	(352,738)	(2,312)	(118,632)	(75,751)	(78,898)
Customer		C	14	(2,756,390)	(2,473,777)	(122,178)	(71,040)	(59,326)	(5,247)	(19,700)	(2,938)	(2,186)
<b>Total General Plant</b>				<b>(4,492,787)</b>	<b>(3,437,797)</b>	<b>(171,824)</b>	<b>(165,440)</b>	<b>(412,063)</b>	<b>(7,558)</b>	<b>(138,332)</b>	<b>(78,689)</b>	<b>(81,084)</b>
<i>Intangible Plant</i>	301-303											
Demand		D	13	(504,583)	(280,137)	(14,427)	(27,432)	(102,503)	(672)	(34,473)	(22,013)	(22,927)
Customer		C	14	(800,985)	(718,860)	(35,504)	(20,644)	(17,240)	(1,525)	(5,725)	(854)	(635)
<b>Total Intangible Plant</b>				<b>(1,305,568)</b>	<b>(998,996)</b>	<b>(49,931)</b>	<b>(48,075)</b>	<b>(119,742)</b>	<b>(2,196)</b>	<b>(40,198)</b>	<b>(22,866)</b>	<b>(23,562)</b>
<i>Accumulated Reserve for Dep'n Summary</i>												
Demand		D		(57,799,256)	(32,198,386)	(1,658,213)	(3,152,971)	(11,768,114)	(77,148)	(3,958,252)	(2,529,466)	(2,456,706)
Customer		C		(89,857,998)	(79,599,705)	(3,920,071)	(2,453,763)	(2,441,635)	(214,239)	(945,576)	(157,127)	(125,883)
<b>Total Accumulated Reserve</b>				<b>(147,657,254)</b>	<b>(111,798,091)</b>	<b>(5,578,283)</b>	<b>(5,606,735)</b>	<b>(14,209,749)</b>	<b>(291,387)</b>	<b>(4,903,828)</b>	<b>(2,686,593)</b>	<b>(2,582,589)</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250					
<b>Depreciation Expense</b>												
<b>Production Plant</b>	325-338	D	2	75,973	43,845	2,258	4,294	12,892	91	4,436	3,293	4,864
<b>Transmission Plant</b>	365-369	D	50	766,425	472,572	24,338	46,277	138,947	984	47,814	35,493	-
<b>Distribution Plant</b>												
Land	374.1	D	9	-	-	-	-	-	-	-	-	-
Land Rights	374.2	D	9	76,500	44,421	2,288	4,350	13,061	92	4,494	3,336	4,458
Structures & Improvmts.	375	D	2	276,163	159,379	8,208	15,607	46,861	332	16,126	11,970	17,680
Mains	376	D (A)	9	2,091,702	1,214,576	62,552	118,938	357,112	2,529	122,890	91,223	121,881
Compressor Sta. Equip.	377	D										
Services	380	D										
Meters	381-382	D										
Regulators	383-384	D										
Ind. M&R. Sta. Equip.	385	D	8	240,183	54	-	-	169,872	746	51,710	8,209	9,592
Other	387	D (D)	11	3,845	2,068	107	203	807	5	270	165	221
Land Rights	374.2	C	10	-	-	-	-	-	-	-	-	-
Mains	376	C	10	2,323,035	2,146,631	99,307	45,859	25,119	2,070	4,049	-	-
M&R Sta. Equip.	378	D	2	176,217	101,698	5,238	9,959	29,901	212	10,290	7,638	11,281
Services	380	C	5	4,143,048	3,723,403	196,227	115,313	78,560	7,201	19,369	2,233	742
Meters	381	C	6	297,294	212,120	8,970	13,917	33,779	2,792	18,750	3,686	3,281
Meter Installations	382	C	6	77,479	55,281	2,338	3,627	8,803	728	4,886	961	855
House Regulators	383	C	7	-	-	-	-	-	-	-	-	-
House Regulator Install.	384	C	7	20,722	18,484	782	1,213	-	243	-	-	-
Other	387	C (D)	12	7,909	7,098	351	204	170	15	57	8	6
Distribution Demand		D		2,864,610	1,522,196	78,392	149,057	617,614	3,916	205,780	122,542	165,113
Distribution Customer		C		6,869,487	6,163,017	307,975	180,133	146,432	13,049	47,111	6,888	4,884
<b>Total Distribution</b>				<b>9,734,097</b>	<b>7,685,213</b>	<b>386,367</b>	<b>329,189</b>	<b>764,046</b>	<b>16,965</b>	<b>252,890</b>	<b>129,429</b>	<b>169,997</b>
<b>General Plant</b>	389-399											
Demand		D (M)	13	430,711	239,124	12,315	23,416	87,496	573	29,426	18,790	19,571
Customer		C (M)	14	683,718	613,617	30,306	17,621	14,716	1,301	4,887	729	542
<b>Total General Plant</b>				<b>1,114,429</b>	<b>852,740</b>	<b>42,621</b>	<b>41,037</b>	<b>102,212</b>	<b>1,875</b>	<b>34,313</b>	<b>19,519</b>	<b>20,113</b>
<b>Intangible Plant</b>	301-303											
Demand		D (M)	13	85,855	47,665	2,455	4,668	17,441	114	5,866	3,745	3,901
Customer		C (M)	14	136,288	122,314	6,041	3,513	2,933	259	974	145	108
<b>Total Intangible Plant</b>				<b>222,143</b>	<b>169,980</b>	<b>8,496</b>	<b>8,180</b>	<b>20,374</b>	<b>374</b>	<b>6,840</b>	<b>3,891</b>	<b>4,009</b>
<b>Depreciation Summary</b>												
Demand		D		4,223,574	2,325,403	119,758	227,710	874,390	5,679	293,322	183,863	193,449
Customer		C		7,689,493	6,898,948	344,322	201,266	164,081	14,609	52,971	7,762	5,534
<b>Total Depreciation</b>				<b>11,913,067</b>	<b>9,224,351</b>	<b>464,079</b>	<b>428,977</b>	<b>1,038,470</b>	<b>20,289</b>	<b>346,293</b>	<b>191,625</b>	<b>198,983</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250					
<b>Working Capital</b>												
<b>Cash</b>												
Commodity Related		E	49	31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
Non-Comm. Related - Dem.		D (N)	31	1,754,846	965,964	49,747	94,590	348,264	2,294	117,293	75,654	101,041
Non-Comm. Related - Cust		C (N)	32	7,475,970	6,535,672	308,208	181,968	237,159	14,088	90,315	77,392	31,167
<b>Cash Working Capital</b>				<b>40,372,000</b>	<b>32,603,193</b>	<b>1,588,078</b>	<b>2,561,905</b>	<b>2,723,507</b>	<b>115,090</b>	<b>494,973</b>	<b>153,046</b>	<b>132,208</b>
<b>Prepayments</b>												
PUC General Assess. -- D		D (O)	34	74,097	40,659	2,094	3,981	15,013	98	5,045	3,201	4,005
PUC General Assess. -- C		C(O)	37	261,182	224,760	13,546	7,542	7,038	579	2,602	3,687	1,427
Other Insurance - Demand		D (P)	35	106,057	58,881	3,032	5,766	21,545	141	7,246	4,627	4,819
Other Insurance - Customer		C (P)	38	168,353	151,092	7,462	4,339	3,623	320	1,203	179	133
AGA Dues - Demand		D (Q)	36	4,675	2,566	132	251	947	6	318	202	252
AGA Dues - Customer		C (Q)	39	16,255	13,996	842	469	437	36	161	227	88
<b>Total Prepayments</b>				<b>630,619</b>	<b>491,954</b>	<b>27,109</b>	<b>22,349</b>	<b>48,604</b>	<b>1,181</b>	<b>16,576</b>	<b>12,123</b>	<b>10,724</b>
<b>Materials &amp; Supplies (page 11)</b>												
Valves - Demand		D	9	67,825	39,384	2,028	3,857	11,580	82	3,985	2,958	3,952
Valves - Customer		C	10	-	-	-	-	-	-	-	-	-
Regulators - Dom. & Ind.		D	41	6,057	1,392	72	136	2,988	14	926	229	300
Meter & Service Risers		C	40	99,759	87,991	4,571	2,947	2,742	242	991	160	115
Pipe, Mains & Svces -- D		D (H)	15	275,460	159,950	8,238	15,663	47,029	333	16,184	12,013	16,051
Pipe, Mains & Svces -- C		C (H)	16	687,428	625,555	31,147	16,658	10,542	936	2,317	206	68
<b>Total Materials &amp; Supplies</b>				<b>1,136,529</b>	<b>914,272</b>	<b>46,055</b>	<b>39,261</b>	<b>74,880</b>	<b>1,607</b>	<b>24,402</b>	<b>15,566</b>	<b>20,487</b>
<b>Gas Storage Inventory</b>		D	42	<b>10,517,109</b>	<b>8,484,864</b>	<b>417,779</b>	<b>776,360</b>	<b>720,602</b>	<b>36,539</b>	<b>80,965</b>	-	-
<b>Summary of Working Capital</b>												
Demand		D		12,806,127	9,753,659	483,122	900,604	1,167,968	39,508	231,961	98,884	130,420
Customer		C		8,708,946	7,639,066	365,776	213,922	261,541	16,202	97,589	81,851	32,999
Commodity		E		31,141,184	25,101,557	1,230,123	2,285,347	2,138,084	98,708	287,366	-	-
<b>Total Working Capital</b>				<b>52,656,257</b>	<b>42,494,282</b>	<b>2,079,021</b>	<b>3,399,874</b>	<b>3,567,593</b>	<b>154,417</b>	<b>616,915</b>	<b>180,735</b>	<b>163,419</b>
Customer Security Deposits	235	C	45	(3,174,000)	(390,686)	(461,935)	(760,249)	(764,773)	(74,200)	(423,652)	(179,411)	(119,094)
Deferred Income Taxes - D		D (N)	44	(15,822,325)	(12,106,948)	(605,117)	(582,632)	(1,451,170)	(26,818)	(487,167)	(277,120)	(285,554)
Deferred Income Taxes - C		C (N)	44	(25,116,675)	(19,218,811)	(960,574)	(924,882)	(2,303,616)	(42,254)	(773,338)	(439,905)	(453,294)
Deferred Income Tax ITC - D		D (N)	44	(722,341)	(552,722)	(27,626)	(26,599)	(66,251)	(1,215)	(22,241)	(12,651)	(13,036)
Deferred Income Tax ITC - C		C (N)	44	(1,146,659)	(877,402)	(43,853)	(42,224)	(105,168)	(1,929)	(35,305)	(20,083)	(20,694)
<b>Operating Revenues</b>												
Revenues	480-1,9			449,930,378	351,021,809	17,911,238	29,593,577	37,272,329	1,316,649	7,517,922	3,183,565	2,113,289
<b>Other Operating Revenues</b>												
Late Payment Charges	487			1,699,387	1,325,957	67,659	111,785	140,789	4,973	28,292	11,950	7,982
Bill Insert Revenues	495	3		53,905	49,799	2,304	1,064	583	48	94	10	3
Customer Billing Service Chgs	495	3		3,981	3,678	170	79	43	4	7	1	0
Sale of Inventory Mat's	495	43		(1,956)	(1,573)	(79)	(68)	(129)	(3)	(42)	(27)	(35)
Rental Income - D	495	D	13	35,148	19,514	1,005	1,911	7,140	47	2,401	1,533	1,597
Rental Income - C	495	C	14	55,795	50,074	2,473	1,438	1,201	106	399	59	44
Sales Tax - D	495	D	28	8,114	4,417	227	433	1,641	11	551	348	485
Sales Tax - Cust	495	C	29	32,023	27,278	1,717	949	906	74	341	548	210
Sales Tax - Comm.	495	E	30	284	132	6	12	42	1	21	24	45
<b>Total Other Operating Revenues</b>				<b>1,886,681</b>	<b>1,479,277</b>	<b>75,482</b>	<b>117,603</b>	<b>152,216</b>	<b>5,260</b>	<b>32,065</b>	<b>14,448</b>	<b>10,331</b>
<b>Total Operation Revenue</b>				<b>451,817,059</b>	<b>352,501,086</b>	<b>17,986,720</b>	<b>29,711,180</b>	<b>37,424,545</b>	<b>1,321,909</b>	<b>7,549,987</b>	<b>3,198,013</b>	<b>2,123,620</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm. PA Service	SVIS	MIS	LVIS	LIS
						LE 250	GT 250					
<b>Direct Labor Expense</b>												
Natural Gas Production	750-769	D?	2	5,660	3,266	168	320	960	7	331	245	362
Other Gas Supply	807.1-813	E	1	189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
Transmission	850-867	D	2	569,371	328,595	16,923	32,178	96,614	684	33,247	24,680	36,450
<b>Distribution</b>												
Load Dispatching	871	D	2	663,374	382,846	19,717	37,490	112,565	797	38,736	28,754	42,468
Structures & Improvements	886	D	2	86,792	50,089	2,580	4,905	14,727	104	5,068	3,762	5,556
Compressor Sta. Eqmt.	872	D	2	3,815	2,202	113	216	647	5	223	165	244
Compressor Sta. Eqmt. Maint.	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D (H)	15	763,508	443,342	22,832	43,414	130,352	923	44,857	33,298	44,489
Mains Maintenance	887	D (A)	9	718,514	417,215	21,487	40,856	122,671	869	42,213	31,336	41,867
Services Maintenance	887	D	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	316,240	182,508	9,399	17,872	53,661	380	18,466	13,708	20,245
Meas&Reg - Industrial	876,890	D	8	182,803	41	-	-	129,148	567	39,313	6,241	7,293
Meas&Reg - City	877,891	D	2	524	302	16	30	89	1	31	23	34
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D (J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D (J)	19	954,003	515,666	26,556	50,495	196,655	1,272	65,884	40,905	56,569
Rents	881	D (J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	D (K)	19	1,148,561	620,830	31,972	60,793	236,761	1,531	79,321	49,248	68,105
<b>Mains &amp; Services</b>												
Mains & Services	874	C (H)	16	1,905,380	1,733,883	86,332	46,171	29,220	2,593	6,421	570	189
Mains Maintenance	887	C(A)	10	797,979	737,383	34,113	15,753	8,629	711	1,391	-	-
Services Maintenance	893	C	5	520,705	467,963	24,662	14,493	9,874	905	2,434	281	93
Meters & House Regulators	878,893	C(I)	17	1,440,472	1,039,986	43,980	68,231	155,899	13,690	86,535	17,010	15,142
Customer Installations	879	C	18	1,072,556	962,586	47,541	27,643	23,085	2,042	7,666	1,143	850
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	20	1,962,033	1,690,051	80,925	58,922	77,531	6,819	35,720	6,499	5,566
Rents	881	C(J)	-	-	-	-	-	-	-	-	-	-
Supervision & Engrg.	870,885	C(K)	20	52,396,860	2,064,601	98,859	71,980	94,714	8,331	43,636	7,939	6,800
Total Distribution - Demand	881	C(J)	26	4,837,934	2,615,042	134,673	256,072	997,277	6,448	334,112	207,439	286,870
Total Distribution - Customer	870,885	C(K)	26	10,095,985	8,696,454	416,412	303,192	398,950	35,091	183,804	33,442	28,641
<b>Total Distribution</b>				<b>14,933,919</b>	<b>11,311,496</b>	<b>551,085</b>	<b>559,263</b>	<b>1,396,227</b>	<b>41,539</b>	<b>517,916</b>	<b>240,881</b>	<b>315,511</b>
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,224,872	2,045,473	103,685	45,349	22,127	2,120	4,880	862	375
Customer Records & Coll.	903	C	21	5,392,409	4,957,600	251,300	109,913	53,629	5,135	11,827	2,090	910
Misc. Customer Accts.	905	C	21	88,231	81,117	4,112	1,798	877	84	194	34	15
Supervision	901	C	21	1,045,199	961,840	48,756	21,325	10,405	997	2,295	406	177
<b>Total Customer Accounts</b>				<b>8,751,711</b>	<b>8,046,030</b>	<b>407,853</b>	<b>178,386</b>	<b>87,038</b>	<b>8,341</b>	<b>19,195</b>	<b>3,392</b>	<b>1,477</b>
<b>Customer Service</b>												
Customer Service	909-913	C	22	2,455,635	1,452,595	320,852,595	148,162,7675	81,160,85171	5634,489356	11026,92894	327151,7452	109050,2564
Transportation Admin.		C	24	60,368	3,164	292,10	3,553,92	37,145,79	48,68	13,631,48	1,898,67	632,89
<b>Total Customer Service</b>				<b>2,516,003</b>	<b>1,455,760</b>	<b>321,145</b>	<b>151,717</b>	<b>118,307</b>	<b>5,683</b>	<b>24,658</b>	<b>329,050</b>	<b>109,683</b>
<b>Summary of Direct Labor</b>												
Demand		D		5,412,965	2,946,904	151,764	288,569	1,094,852	7,139	367,690	232,364	323,683
Customer		C		21,363,699	18,198,244	1,145,409	633,294	604,294	49,114	227,658	365,884	139,801
Commodity		E		189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
<b>Total Direct Labor</b>				<b>26,966,218</b>	<b>21,233,341</b>	<b>1,301,481</b>	<b>930,101</b>	<b>1,727,186</b>	<b>56,608</b>	<b>609,562</b>	<b>614,595</b>	<b>493,344</b>

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
Icc SIMULATION OF NFGD'S COST OF SERVICE STUDY

O&M Expense	FERC	Class.	Alloc.	Small Comm. & PA Service			Lrg Comm.		SVIS	IVIS	LVIS	LIS
				Total	Residential	LE 250	GT 250	PA Service				
Natural Gas Production	750-769	D?	2	67,288	38,833	2,000	3,803	11,418	81	3,929	2,917	4,308
Purchase Gas Expense	410,999	E	Direct	320,397,574	257,314,998	12,609,347	23,435,615	22,545,731	1,012,094	3,316,639	124,807	36,343
Other Gas Supply	807.1-813	E	1	894,604	416,229	20,331	38,877	132,336	1,674	67,084	77,146	140,927
Gas for Utility Op'ns	807.1-813	E	1	(81,935)	(38,122)	(1,862)	(3,561)	(12,120)	(153)	(6,144)	(7,056)	(12,907)
Transmission	850-867	D	2	1,458,301	841,614	43,344	82,415	247,453	1,753	85,154	63,211	93,359
				\$ 13.08	\$ 13.0440	\$ 13.0434	\$ 13.0488	\$ 13.4179	\$ 13.0472	\$ 14.69	#DIV/0!	#DIV/0!
<b>Distribution</b>												
Load Dispatching	871	D	2	1,445,917	834,467	42,975	81,715	245,351	1,738	84,431	62,674	92,566
Structures & Improvements	886	D	2	311,329	179,674	9,253	17,595	52,828	374	18,179	13,495	19,931
Compressor Sta. Eqmt.	872	D	2	10,248	5,914	305	579	1,739	12	598	444	656
Compressor Sta. Eq. Maint	888	D	2	-	-	-	-	-	-	-	-	-
Mains & Services	874	D(H)	15	1,090,617	633,283	32,615	62,014	186,199	1,319	64,075	47,564	63,549
Mains Maintenance	887	D(A)	9	1,104,226	641,185	33,022	62,789	188,522	1,335	64,874	48,158	64,342
Services Maintenance	887	D(H)	5	-	-	-	-	-	-	-	-	-
Meas&Reg - General	875,889	D	2	463,506	267,498	13,776	26,195	78,650	557	27,065	20,091	29,673
Meas&Reg - Industrial	876,890	D	8	271,725	61	-	-	192,181	844	58,501	9,287	10,852
Meas&Reg - City	877,891	D	2	14,183	8,191	422	802	2,408	17	629	615	909
Meters & House Regulators	878,893	D(I)	-	-	-	-	-	-	-	-	-	-
Customer Installations	879	-	-	-	-	-	-	-	-	-	-	-
Maint. of Other Eqmt.	894	D(J)	13	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	879	D(J)	25	1,649,743	899,937	46,346	88,124	331,884	2,169	111,536	70,841	98,905
Rents	881	D(J)	25	11,092	6,051	312	592	2,231	15	750	476	665
Supervision & Engrg.	870,885	D(K)	25	1,539,940	840,039	43,282	82,259	309,794	2,025	104,112	66,126	92,322
<b>Mains &amp; Services</b>	874	C(H)	16	2,721,699	2,476,728	123,319	65,952	41,739	3,704	9,173	814	270
Mains Maintenance	887	C(A)	10	1,226,349	1,133,223	52,425	24,209	13,261	1,093	2,138	-	-
Services Maintenance	893	C(H)	5	534,793	480,624	25,329	14,885	10,141	929	2,500	288	96
Meters & House Regulators	878,893	C(I)	17	2,385,027	1,721,932	72,818	112,971	258,125	22,666	143,279	28,164	25,072
Customer Installations	879	C	18	1,173,949	1,053,584	52,036	30,256	25,267	2,235	8,390	1,251	931
Maint. of Other Eqmt.	894	C(J)	14	-	-	-	-	-	-	-	-	-
Other Dist'n Expense	880	C(J)	26	3,392,915	2,896,866	137,512	104,749	147,049	12,922	69,817	12,875	11,125
Rents	881	C(J)	26	22,812	19,477	925	704	989	87	469	87	75
Supervision & Engrg.	870,885	C(K)	26	2,768,719	2,363,928	112,214	85,478	119,896	10,545	56,973	10,507	9,078
Total Distribution -- Demand				7,812,537	4,316,300	222,288	422,685	1,591,789	10,405	534,951	339,770	474,370
Total Distribution -- Customer				14,226,262	12,146,362	576,577	439,205	616,566	54,181	292,739	53,986	46,647
<b>Total Distribution</b>				<b>22,138,799</b>	<b>16,462,662</b>	<b>798,865</b>	<b>861,869</b>	<b>2,208,355</b>	<b>64,586</b>	<b>827,689</b>	<b>393,756</b>	<b>521,017</b>
<b>Customer Accounts</b>												
Meter Reading	902	C	21	2,576,031	2,368,317	120,050	62,507	25,619	2,455	5,650	998	435
Customer Records & Coll.	903	C	21	9,068,820	8,337,570	422,631	184,849	90,192	8,643	19,891	3,515	1,530
Uncollectibles	904	C	27	8,952,000	8,687,209	150,818	69,645	38,150	1,909	3,737	399	133
Misc. Customer Accts.	905	C	21	493,112	453,351	22,980	10,051	4,904	470	1,082	191	83
Supervision	901	C	21	1,097,836	1,009,314	51,162	22,377	10,918	1,046	2,408	426	185
<b>Total Customer Accounts</b>				<b>22,187,799</b>	<b>20,855,759</b>	<b>767,641</b>	<b>339,429</b>	<b>169,783</b>	<b>14,523</b>	<b>32,768</b>	<b>5,529</b>	<b>2,368</b>
<b>Customer Service</b>	909-913											
Customer Service		C	23	7,485,090	6,446,872	333,152	153,840	84,272	6,942	13,588	334,817	111,607
Transportation Admin.		C	24	996,489	52,235	4,821.72	58,664.27	613,162.18	803.62	225,013.65	31,341.19	10,447.06
<b>Total Customer Service</b>				<b>8,481,579</b>	<b>6,499,107</b>	<b>337,974</b>	<b>212,505</b>	<b>697,434</b>	<b>7,746</b>	<b>238,602</b>	<b>366,158</b>	<b>122,054</b>
<b>Sales Promotion</b>		C	Direct	184,062	184,062	-	-	-	-	-	-	-
<b>Summary of O&amp;M</b>												
Demand		D		9,438,126	5,196,747	267,631	508,882	1,850,859	12,239	624,034	405,897	572,036
Customer		C		45,079,702	39,685,280	1,682,192	991,139	1,483,782	76,450	564,108	425,673	171,068
Commodity		E		321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
<b>Total O&amp;M</b>				<b>375,728,071</b>	<b>302,575,143</b>	<b>14,577,639</b>	<b>24,970,952</b>	<b>26,000,388</b>	<b>1,102,303</b>	<b>4,565,721</b>	<b>1,026,458</b>	<b>909,467</b>

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Administrative & General Expense	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
<b>A&amp;G Salaries</b>	<b>920</b>											
Corporate Mgmt. - Non O&M		D (M)	13	362,848	201,448	10,374	19,726	73,710	483	24,790	15,829	16,487
Corporate Mgmt. - O&M		D (C)	28	544,129	296,232	15,256	29,008	110,058	718	36,961	23,358	32,538
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	386,975	214,842	11,064	21,038	78,611	515	26,438	16,882	17,583
Corporate Mgmt. - Non O&M		C (M)	14	575,993	516,936	25,531	14,845	12,397	1,096	4,117	614	457
Corporate Mgmt. - O&M		C (C)	29	2,598,946	2,213,861	139,342	77,042	73,514	5,975	27,695	44,511	17,007
Consumer Services		C	3	290,913	268,755	12,433	5,741	3,145	259	507	54	18
Operations, Engrg. & Mech.		C (M)	14	614,292	551,308	27,229	15,832	13,221	1,169	4,390	655	487
<b>Total A&amp;G Salaries</b>				<b>5,374,096</b>	<b>4,263,383</b>	<b>241,229</b>	<b>183,232</b>	<b>364,657</b>	<b>10,216</b>	<b>124,899</b>	<b>101,903</b>	<b>84,577</b>
<b>Office Supplies &amp; Expenses</b>	<b>921</b>											
Corporate Mgmt. - Non O&M		D (M)	13	244,723	135,866	6,997	13,304	49,714	326	16,720	10,676	11,120
Corporate Mgmt. - O&M		D (C)	28	366,988	199,794	10,289	19,564	74,229	484	24,929	15,754	21,945
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	149,224	82,847	4,267	8,113	30,314	199	10,195	6,510	6,780
Corporate Mgmt. - Non O&M		C (M)	14	388,478	348,647	17,219	10,012	8,361	739	2,777	414	308
Corporate Mgmt. - O&M		C (C)	29	1,752,860	1,493,139	93,979	51,961	49,581	4,030	18,679	30,020	11,470
Consumer Services		C	3	99,378	89,037	4,119	1,902	1,042	86	168	18	6
Operations, Engrg. & Mech.		C (M)	14	236,882	212,594	10,500	6,105	5,098	451	1,693	252	188
<b>Sub-Total</b>				<b>3,235,533</b>	<b>2,561,925</b>	<b>147,370</b>	<b>110,962</b>	<b>218,340</b>	<b>6,314</b>	<b>75,160</b>	<b>63,645</b>	<b>51,817</b>
<b>Admin Expense Transferred Credit</b>	<b>921</b>											
Corporate Mgmt. - Non O&M		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		D (C)	28	-	-	-	-	-	-	-	-	-
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	(184,738)	(102,563)	(5,282)	(10,043)	(37,528)	(246)	(12,621)	(8,059)	(8,394)
Corporate Mgmt. - Non O&M		C (M)	14	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		C (C)	29	-	-	-	-	-	-	-	-	-
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	(293,258)	(263,189)	(12,999)	(7,558)	(6,312)	(558)	(2,096)	(313)	(233)
<b>Sub-Total</b>				<b>(477,994)</b>	<b>(365,752)</b>	<b>(18,281)</b>	<b>(17,601)</b>	<b>(43,840)</b>	<b>(804)</b>	<b>(14,717)</b>	<b>(8,372)</b>	<b>(8,627)</b>
<b>Outside Services Employed</b>	<b>922</b>											
Corporate Mgmt. - Non O&M		D (M)	13	44,219	24,550	1,264	2,404	8,983	59	3,021	1,929	2,009
Corporate Mgmt. - O&M		D (C)	28	66,312	36,101	1,859	3,535	13,412	87	4,504	2,847	3,965
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	10,461	5,808	299	569	2,125	14	715	456	475
Corporate Mgmt. - Non O&M		C (M)	14	70,195	62,998	3,111	1,809	1,511	134	502	75	56
Corporate Mgmt. - O&M		C (C)	29	316,726	269,797	16,981	9,389	8,959	728	3,375	5,424	2,073
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	16,607	14,904	736	428	357	32	119	18	13
<b>Sub-Total</b>				<b>524,520</b>	<b>414,158</b>	<b>24,251</b>	<b>18,134</b>	<b>35,348</b>	<b>1,054</b>	<b>12,236</b>	<b>10,749</b>	<b>8,591</b>
<b>Property Insurance</b>	<b>924</b>											
Corporate Mgmt. - Non O&M		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		D (C)	28	-	-	-	-	-	-	-	-	-

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Administrative & General Expense	FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service			SVIS	IVIS	LVIS	LIS
						LE 250	GT 250	PA Service				
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	(23,600)	(13,102)	(675)	(1,283)	(4,794)	(31)	(1,612)	(1,030)	(1,072)
Corporate Mgmt. - Non O&M		C (M)	14	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - O&M		C (C)	29	-	-	-	-	-	-	-	-	-
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	(37,462)	(33,621)	(1,661)	(966)	(806)	(71)	(268)	(40)	(30)
<b>Sub-Total</b>				<b>(61,062)</b>	<b>(46,724)</b>	<b>(2,335)</b>	<b>(2,249)</b>	<b>(5,600)</b>	<b>(103)</b>	<b>(1,880)</b>	<b>(1,069)</b>	<b>(1,102)</b>
<b>Injuries &amp; Damages</b>	925											
Corporate Mgmt. - Non O&M		D (M)	13	71,449	39,667	2,043	3,884	14,514	95	4,881	3,117	3,246
Corporate Mgmt. - O&M		D (C)	28	107,146	58,332	3,004	5,712	21,672	141	7,278	4,599	6,407
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	571,962	317,545	16,353	31,095	116,190	761	39,077	24,952	25,989
Corporate Mgmt. - Non O&M		C (M)	14	113,420	101,791	5,027	2,923	2,441	216	811	121	90
Corporate Mgmt. - O&M		C (C)	29	511,765	435,937	27,438	15,170	14,476	1,177	5,454	8,765	3,349
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	907,945	814,853	40,245	23,400	19,542	1,728	6,489	968	720
<b>Sub-Total</b>				<b>2,283,687</b>	<b>1,768,124</b>	<b>94,111</b>	<b>82,185</b>	<b>188,835</b>	<b>4,119</b>	<b>63,990</b>	<b>42,522</b>	<b>39,801</b>
<b>Employee Pension &amp; Benefits</b>	926											
Corporate Mgmt. - Non O&M		D (M)	13	422,396	234,508	12,077	22,964	85,807	562	28,858	18,427	19,193
Corporate Mgmt. - O&M		D (C)	28	633,428	344,848	17,760	33,769	128,120	835	43,027	27,191	37,878
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	37,642	20,898	1,076	2,046	7,647	50	2,572	1,642	1,710
Corporate Mgmt. - Non O&M		C (M)	14	670,520	601,771	29,721	17,281	14,432	1,276	4,792	715	532
Corporate Mgmt. - O&M		C (C)	29	3,025,466	2,577,184	162,210	89,685	85,578	6,955	32,240	51,816	19,798
Consumer Services		C	3	14,060	12,989	601	277	152	13	25	3	1
Operations, Engrg. & Mech.		C (M)	14	59,754	53,627	2,649	1,540	1,286	114	427	64	47
<b>Sub-Total</b>				<b>4,863,266</b>	<b>3,845,825</b>	<b>226,093</b>	<b>167,563</b>	<b>323,022</b>	<b>9,806</b>	<b>111,942</b>	<b>99,857</b>	<b>79,159</b>
<b>Franchise Requirement</b>	927											
Corporate Mgmt. - Non O&M		D (M)	13	73	40	2	4	15	0	5	3	3
Corporate Mgmt. - O&M		D (C)	28	109	59	3	6	22	0	7	5	7
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M		C (M)	14	115	104	5	3	2	0	1	0	0
Corporate Mgmt. - O&M		C (C)	29	521	444	28	15	15	1	6	9	3
Consumer Services		C	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		C (M)	14	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>				<b>818</b>	<b>647</b>	<b>38</b>	<b>28</b>	<b>54</b>	<b>2</b>	<b>19</b>	<b>17</b>	<b>13</b>
<b>Regulatory Commission Exps.</b>	928											
Corporate Mgmt. - Non O&M		D (M)	13	239,007	132,693	6,834	12,994	48,553	318	16,329	10,427	10,860
Corporate Mgmt. - O&M		D (C)	28	358,416	195,127	10,049	19,107	72,495	473	24,346	15,386	21,432
Consumer Services		D	3	-	-	-	-	-	-	-	-	-
Operations, Engrg. & Mech.		D (M)	13	-	-	-	-	-	-	-	-	-
Corporate Mgmt. - Non O&M		C (M)	14	379,404	340,504	16,817	9,778	8,166	722	2,712	404	301

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

FERC	Class.	Alloc.	Total	Residential	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS
					LE 250	GT 250	PA Service				
<b>Administrative &amp; General Expense</b>											
	C (C)	29	1,741,918	1,458,263	91,784	50,747	48,423	3,936	18,243	29,319	11,203
	C	3	14,518	13,412	620	287	157	13	25	3	1
	C (M)	14	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>		<b>2,703,263</b>	<b>2,139,999</b>	<b>126,104</b>	<b>92,913</b>	<b>177,794</b>	<b>5,462</b>	<b>61,655</b>	<b>55,539</b>	<b>43,797</b>
<b>Misc. General Exps.</b>											
930.2	D (M)	13	37,433	20,782	1,070	2,035	7,604	50	2,557	1,633	1,701
	D (C)	28	56,134	30,560	1,574	2,993	11,354	74	3,813	2,410	3,357
	D	3	-	-	-	-	-	-	-	-	-
	D (M)	13	2,515	1,396	72	137	511	3	172	110	114
	C (M)	14	59,422	53,329	2,634	1,531	1,279	113	425	63	47
	C (C)	29	268,117	228,390	14,375	7,948	7,584	616	2,857	4,592	1,755
	C	3	2,539	2,346	109	50	27	2	4	0	0
	C (M)	14	3,992	3,583	177	103	86	8	29	4	3
	<b>Sub-Total</b>		<b>430,152</b>	<b>340,387</b>	<b>20,010</b>	<b>14,797</b>	<b>28,445</b>	<b>867</b>	<b>9,857</b>	<b>8,812</b>	<b>6,977</b>
<b>Rents</b>											
931	D (M)	13	54,738	30,390	1,565	2,976	11,120	73	3,740	2,388	2,487
	D (C)	28	82,086	44,689	2,301	4,376	16,603	108	5,576	3,524	4,909
	D	3	-	-	-	-	-	-	-	-	-
	D (M)	13	3,451	1,916	99	188	701	5	236	151	157
	C (M)	14	86,893	77,984	3,852	2,239	1,870	165	621	93	69
	C (C)	29	392,069	333,976	21,021	11,622	11,090	901	4,178	6,715	2,566
	C	3	3,821	3,530	163	75	41	3	7	1	0
	C (M)	14	5,477	4,916	243	141	118	10	39	6	4
	<b>Sub-Total</b>		<b>628,535</b>	<b>497,400</b>	<b>29,243</b>	<b>21,618</b>	<b>41,543</b>	<b>1,266</b>	<b>14,396</b>	<b>12,876</b>	<b>10,192</b>
<b>Maintenance General Plant</b>											
932	D	13	604	335	17	33	123	1	41	26	27
	D	13	8,098	4,496	232	440	1,645	11	553	353	368
	D(M)	13	34,779	19,309	994	1,891	7,065	46	2,376	1,517	1,580
	C(M)	14	55,209	49,548	2,447	1,423	1,188	105	395	59	44
	<b>Sub-Total</b>		<b>98,690</b>	<b>73,688</b>	<b>3,690</b>	<b>3,787</b>	<b>10,021</b>	<b>163</b>	<b>3,365</b>	<b>1,956</b>	<b>2,019</b>
<b>Total A&amp;G</b>											
			4,689,009	2,579,414	132,839	252,584	950,595	6,215	319,485	203,014	244,862
			14,914,495	12,913,647	758,686	422,785	388,024	32,145	141,436	185,420	72,353
			<b>19,603,504</b>	<b>15,493,061</b>	<b>891,525</b>	<b>675,369</b>	<b>1,338,619</b>	<b>38,360</b>	<b>460,921</b>	<b>388,434</b>	<b>317,215</b>
	C	45	190,000	23,387	27,652	45,510	45,780	4,442	25,360	10,740	7,129
<b>Summary O&amp;M and A&amp;G Expenses</b>											
			14,127,134	7,776,161	400,470	761,466	2,801,254	18,454	943,519	608,912	816,898
			60,184,198	52,622,324	2,468,531	1,459,433	1,917,586	113,037	730,904	621,832	250,550
			321,210,243	257,693,106	12,627,816	23,470,931	22,665,946	1,013,614	3,377,579	194,888	166,363
			<b>395,521,575</b>	<b>318,091,591</b>	<b>15,496,816</b>	<b>25,691,830</b>	<b>27,384,787</b>	<b>1,145,105</b>	<b>5,052,003</b>	<b>1,425,632</b>	<b>1,233,811</b>

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION – PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Taxes	FERC	Class.	Alloc.	Total	Small Comm. & PA Service			Lrg Comm.	SVIS	IVIS	LVIS	LIS
					Residential	LE 250	GT 250	PA Service				
<b>Taxes Other Than Income</b>												
<b>Federal</b>												
FICA												
Demand		D (F)	28	212,976	115,948	5,971	11,354	43,078	281	14,467	9,143	12,735
Customer		C (F)	29	840,567	716,020	45,067	24,917	23,776	1,932	8,957	14,396	5,501
Commodity		E (F)	30	7,458	3,470	169	324	1,103	14	559	643	1,175
Total FICA				1,061,001	835,438	51,207	36,595	67,957	2,227	23,984	24,182	19,411
Unemployment												
Demand		D (F)	28	3,011	1,639	84	161	609	4	205	129	180
Customer		C (F)	29	11,884	10,123	637	352	336	27	127	204	78
Commodity		E (F)	30	105	49	2	5	16	0	8	9	17
Total Unemployment				15,000	11,811	724	517	961	31	339	342	274
<b>Total Federal</b>				<b>1,076,001</b>	<b>847,249</b>	<b>51,931</b>	<b>37,113</b>	<b>68,918</b>	<b>2,259</b>	<b>24,323</b>	<b>24,523</b>	<b>19,685</b>
<b>Pennsylvania</b>												
Unemployment												
Demand		D (F)	28	9,836	5,355	276	524	1,989	13	668	422	588
Customer		C (F)	29	38,820	33,068	2,081	1,151	1,098	89	414	665	254
Commodity		E (F)	30	344	160	8	15	51	1	26	30	54
Total Unemployment				49,000	38,583	2,365	1,690	3,138	103	1,108	1,117	896
Capital Stock												
Demand		D (M)	13	279,042	154,920	7,978	15,170	56,686	371	19,064	12,173	12,679
Customer		C (M)	14	442,958	397,541	19,634	11,416	9,534	843	3,166	472	351
Total Capital Stock				722,000	552,461	27,613	26,587	66,219	1,215	22,230	12,645	13,030
Property & Public Utility												
Demand		D (M)	13	47,538	26,392	1,359	2,584	9,657	63	3,248	2,074	2,160
Customer		C (M)	14	75,462	67,725	3,345	1,945	1,624	144	539	80	60
Total P&PU				123,000	94,117	4,704	4,529	11,281	207	3,787	2,154	2,220
Sales Tax Company Use												
Demand		D (M)	13	1,546	858	44	84	314	2	106	67	70
Customer		C (M)	14	2,454	2,202	109	63	53	5	18	3	2
Total STCU				4,000	3,061	153	147	367	7	123	70	72
<b>Total Pennsylvania</b>				<b>898,000</b>	<b>688,222</b>	<b>34,834</b>	<b>32,953</b>	<b>81,006</b>	<b>1,531</b>	<b>27,248</b>	<b>15,987</b>	<b>16,219</b>
<b>Summary Taxes Other Than Income</b>												
Demand		D		553,949	305,112	15,713	29,877	112,333	735	37,757	24,009	28,413
Customer		C		1,412,144	1,226,679	70,873	39,845	36,421	3,040	13,220	15,819	6,245
Commodity		E		7,908	3,679	180	344	1,170	15	593	682	1,246
<b>Total Taxes Other Than Income</b>				<b>1,974,001</b>	<b>1,535,471</b>	<b>86,766</b>	<b>70,066</b>	<b>149,924</b>	<b>3,790</b>	<b>51,571</b>	<b>40,510</b>	<b>35,904</b>
<b>Federal/State Income Tax</b>												
Operating Revenue				451,817,059	352,501,086	17,986,720	29,711,180	37,424,545	1,321,909	7,549,987	3,198,013	2,123,620
Less:												

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
IEc SIMULATION OF NFGD'S COST OF SERVICE STUDY

Taxes	FERC	Class.	Alloc.	Total	Small Comm. & PA Service		Lrg Comm.	SVIS	IVIS	LVIS	LIS	
					Residential	LE 250	GT 250					PA Service
O&M/A&G Expenses				395,521,575	318,091,591	15,496,816	25,691,830	27,384,787	1,145,105	5,052,003	1,425,632	1,233,811
Depreciation Expense				11,913,067	9,224,351	464,079	428,977	1,038,470	20,289	346,293	191,625	198,983
Taxes Other Than Income				1,974,001	1,535,471	86,766	70,066	149,924	3,790	51,571	40,510	35,904
Negative Net Salvage		??	44	1,354,000	1,036,056	51,783	49,859	124,184	2,278	41,689	23,715	24,436
Total Deductions				410,762,643	329,887,468	16,099,445	26,240,732	28,697,366	1,171,461	5,491,556	1,681,481	1,493,134
<b>Operating Income Before Taxes</b>				<b>41,054,416</b>	<b>22,613,618</b>	<b>1,887,276</b>	<b>3,470,448</b>	<b>8,727,179</b>	<b>150,447</b>	<b>2,058,431</b>	<b>1,516,531</b>	<b>630,486</b>
Tax Adjustments												
Interest Charges			44	9,413,000	7,202,652	359,995	346,619	863,328	15,836	289,825	164,864	169,881
Book Depreciation				(11,913,067)	(9,224,351)	(464,079)	(428,977)	(1,038,470)	(20,289)	(346,293)	(191,625)	(198,983)
State Dep'n			46	16,751,000	12,970,388	652,544	603,186	1,460,196	28,528	486,924	269,445	279,790
Meals/Entertainment			47	(31,000)	(24,410)	(1,496)	(1,069)	(1,986)	(65)	(701)	(707)	(567)
Total Tax Adjustments				14,219,933	10,924,279	546,963	519,758	1,283,069	24,010	429,755	241,977	250,122
Pennsylvania Taxable Income				26,834,483	11,689,338	1,340,312	2,950,690	7,444,111	126,437	1,628,676	1,274,555	380,364
State Income Tax @ 9.99%				2,680,765	1,167,765	133,897	294,774	743,667	12,631	162,705	127,328	37,998
Add'l Federal Dep'n			46	(901,000)	(697,649)	(35,099)	(32,444)	(78,541)	(1,534)	(26,191)	(14,493)	(15,049)
Federal Taxable Income				25,054,718	11,219,222	1,241,514	2,688,360	6,778,985	115,341	1,492,162	1,161,720	357,415
Federal Income Tax @ 35.00%				8,769,151	3,926,728	434,530	940,926	2,372,645	40,369	522,257	406,602	125,095
Consolidated Tax Adjustment			48	(82,000)	(36,719)	(4,063)	(8,799)	(22,187)	(377)	(4,884)	(3,802)	(1,170)
Investment Tax Credit			44	(4,000)	(3,061)	(153)	(147)	(367)	(7)	(123)	(70)	(72)
Deferred Income Taxes -- Liberal. Dep'n			46	1,539,000	1,191,656	59,953	55,418	134,156	2,621	44,736	24,755	25,706

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

Allocators	#	Ex/ En	Small Comm. & PA Service					Lrg Comm. & PA Service			
			Total	Residential	LE 250	GT 250	& PA Service	SVIS	IVIS	LVIS	LIS
Annual Throughput (MCF)	1	X	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
			42,560,886	19,802,152	967,246	1,849,555	6,295,888	79,617	3,191,547	3,670,249	6,704,632
Avg. Throughput/Cust. Sales (Mcf)			203	102	108	446	2,774	426	8,720	94,109	515,741
Transport (Mcf)			18,087,752	75,421	521	53,554	4,615,617	2,045	2,965,713	3,670,249	6,704,632
Peak Day Demand (MCF/day)		X	100.0000%	57.7119%	2.9722%	5.6514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%
			365,252	210,794	10,856	20,642	61,978	439	21,328	15,832	23,383
Load Factor			31.9%	25.7%	24.4%	24.5%	27.8%	49.7%	41.0%	63.5%	78.6%
Sales (Mcf/day)			261,411	209,908	10,851	20,153	18,799	410	1,290	-	-
Load Factor			25.6%	25.7%	24.4%	24.4%	24.5%	51.8%	48.0%	#DIV/0!	#DIV/0!
Transport (Mcf/day)			103,841	886	5	489	43,179	29	20,038	15,832	23,383
Load Factor			47.7%	23.3%	28.5%	30.0%	29.3%	19.3%	40.5%	63.5%	78.6%
Demand Allocator (P&A)	2	N	100.0000%	57.7119%	2.9722%	5.6514%	16.9686%	0.1202%	5.8393%	4.3345%	6.4019%
Average Annual Customers	3	X	100.0000%	92.3834%	4.2738%	1.9736%	1.0811%	0.0891%	0.1743%	0.0186%	0.0062%
			209,975	193,982	8,974	4,144	2,270	187	366	39	13
Avg Ann. Custs. Excl. Lg. Ind.	4	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%
			209,923	193,982	8,974	4,144	2,270	187	366	-	-
Historical Service Line Inv.	5	X	100.0000%	89.8711%	4.7363%	2.7833%	1.8962%	0.1738%	0.4675%	0.0539%	0.0179%
			126,454,209	113,645,815	5,989,226	3,519,638	2,397,822	219,739	591,223	68,149	22,597
\$/Customer			\$ 586	\$ 586	\$ 667	\$ 849	\$ 1,056	\$ 1,175	\$ 1,615	\$ 1,747	\$ 1,738
Historical Meter Inv.	6	X	100.0000%	71.3502%	3.0173%	4.6811%	11.3621%	0.9392%	6.3068%	1.2397%	1.1036%
			12,789,310	9,125,202	385,891	598,675	1,453,135	120,117	806,596	158,545	141,149
\$/Meter			\$ 45	\$ 45	\$ 38	\$ 134	\$ 666	\$ 575	\$ 1,677	\$ 1,865	\$ 3,815
Small Customer Meter Inv.	7	N	100.0000%	89.2014%	3.7722%	5.8522%	0.0000%	1.1742%	0.0000%	0.0000%	0.0000%
			10,229,885	9,125,202	385,891	598,675	-	120,117	-	-	-
Historical M&R Sta. Equip.	8	X	100.0000%	0.0224%	0.0000%	0.0000%	70.7262%	0.3105%	21.5295%	3.4177%	3.9936%
			8,787,228	1,972	-	-	6,214,875	27,286	11,891,845	300,319	350,931
\$/Peak Demand			\$ 100.28	\$ 1.97	\$ -	\$ -	\$ 2,738	\$ 146	\$ 5,169	\$ 7,700	\$ 26,995
\$/Customer			\$ 40.8	\$ 0.003	\$ 0.000	\$ 0.000	\$ 100.28	\$ 62.15	\$ 88.70	\$ 18.97	\$ 15.01
Mains -- Demand	9	N	100.0000%	58.0664%	2.9905%	5.6862%	17.0728%	0.1209%	5.8751%	4.3612%	5.8269%
			96,843,813	56,233,775	2,896,081	5,506,704	16,533,976	117,102	5,689,653	4,223,509	5,643,012
Mains -- Customer	10	N	100.0000%	92.4063%	4.2749%	1.9741%	1.0813%	0.0891%	0.1743%	0.0000%	0.0000%
			107,554,273	99,386,924	4,597,838	2,123,229	1,162,984	95,831	187,467	-	-
Dist'n Pll Excl Oih - Demand	11	N	100.0000%	53.7843%	2.7698%	5.2667%	20.9840%	0.1347%	7.0157%	4.2893%	5.7555%
			125,898,270	67,713,461	3,487,188	6,630,653	26,418,539	169,585	8,832,600	5,400,130	7,246,115
Dist'n Pll Excl Oih - Cust	12	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			258,926,397	232,378,572	11,476,981	6,673,270	5,572,861	492,848	1,850,600	275,955	205,311
Demand P, T, D Plant	13	N	100.0000%	55.5184%	2.8592%	5.4365%	20.3143%	0.1331%	6.8321%	4.3625%	4.5438%
			163,426,266	90,731,695	4,672,644	8,884,718	33,198,971	217,573	11,165,378	7,129,551	7,425,736
Customer P, T, D Plant	14	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707
Mains & Serv. - Demand	15	N	100.0000%	58.0665%	2.9905%	5.6862%	17.0728%	0.1209%	5.8751%	4.3612%	5.8269%
			96,843,813	56,233,775	2,896,081	5,506,704	16,533,976	117,102	5,689,653	4,223,509	5,643,012
Mains & Serv. - Cust.	16	N	100.0000%	90.9993%	4.5310%	2.4232%	1.5335%	0.1361%	0.3370%	0.0299%	0.0099%
			241,679,430	219,926,678	10,950,407	5,856,334	3,706,266	328,940	814,502	72,293	24,008
Meter & HR - Demand	17A	N	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Meter & HR - Customer	17	N	100.0000%	72.1976%	3.0531%	4.7367%	10.8227%	0.9504%	6.0074%	1.1809%	1.0512%
			17,246,967	12,451,894	526,573	816,936	1,866,596	163,907	1,036,098	203,661	181,302
Dist'n Plant - Customer	18	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			259,426,115	232,827,054	11,499,131	6,686,149	5,583,617	493,799	1,854,171	276,487	205,707
Dist'n Labor, w/o other - D	19	N	100.0000%	54.0529%	2.7837%	5.2930%	20.6137%	0.1333%	6.8061%	4.2878%	5.9296%
			2,735,371	1,478,546	76,144	144,783	563,861	3,646	188,907	117,286	162,196
Dist'n Labor, w/o other - C	20	N	100.0000%	86.1377%	4.1245%	3.0031%	3.9516%	0.3476%	1.8206%	0.3312%	0.2837%
			5,737,091	4,941,801	236,628	172,290	226,705	19,940	104,448	19,004	16,275

Future Test Year 31 Jan 2007  
M.E./Customer Component  
Peak  
Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - PENNSYLVANIA DIVISION  
IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

#	Ex/En	Small Comm. & PA Service Lrg Comm. & PA Service									
		Total	Residential	LE 250	GT 250	Service	SVIS	IVIS	LVIS	LIS	
Historical No. of Meters	21	X	100.0000%	91.9367%	4.6603%	2.0383%	0.9945%	0.0953%	0.2193%	0.0388%	0.0169%
Meter/Customer			219,301	201,618	10,220	4,470	2,181	209	481	85	37
			1.04	1.04	1.14	1.08	0.96	1.12	1.31	2.18	2.85
Customer Service - Labor	22	X	100.0000%	59.1536%	13.0660%	6.0336%	3.3051%	0.2295%	0.4490%	13.3225%	4.4408%
Labor per Customer			2,516,001	1,488,304	329,740	151,805	83,156	5,773	11,298	335,194	111,731
			\$	\$ 7.67	\$ 36.63	\$ 36.63	\$ 36.63	\$ 30.87	\$ 30.87	\$ 8,594.72	\$ 8,594.69
Customer Service - O&M	23	X	100.0000%	86.1295%	4.4509%	2.0553%	1.1259%	0.0927%	0.1815%	4.4731%	1.4911%
O&M per Customer			8,665,639	7,463,673	385,697	178,104	97,563	8,037	15,731	387,624	129,210
			\$	\$ 38.48	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 42.98	\$ 9,939.08	\$ 9,939.23
Avg. Annual T'port Custs.	24	X	100.0000%	5.2419%	0.4839%	5.8871%	61.5323%	0.0806%	22.5806%	3.1452%	1.0484%
			1,240	65	6	73	763	3	280	39	13
Dist'n O&M; w/o other - D	25	N	100.0000%	54.5501%	2.8093%	5.3417%	20.1173%	0.1315%	6.7608%	4.2941%	5.9952%
			4,711,761	2,570,273	132,368	251,689	947,879	6,196	318,553	202,327	282,478
Dist'n O&M; w/o other - C	26	N	100.0000%	85.3799%	4.0529%	3.0873%	4.3340%	0.3809%	2.0577%	0.3795%	0.3279%
			8,041,817	6,866,091	325,927	248,273	348,532	30,627	165,479	30,517	26,369
Uncollectibles	27	X	100.0000%	97.0421%	1.6847%	0.7780%	0.4262%	0.0213%	0.0417%	0.0045%	0.0015%
			8,467,291	8,216,837	142,652	65,674	36,084	1,806	3,535	377	126
Labor - Demand	28	N	100.0000%	54.4416%	2.8037%	5.3311%	20.2265%	0.1319%	6.7928%	4.2927%	5.9798%
			5,412,965	2,946,904	151,764	288,569	1,094,852	7,139	367,690	232,364	323,683
Labor - Customer	29	N	100.0000%	85.1830%	5.3615%	2.9643%	2.8286%	0.2299%	1.0656%	1.7126%	0.6544%
			21,363,699	18,198,244	1,145,409	633,294	604,294	49,114	227,658	365,884	139,801
Labor - Commodity	30	N	100.0000%	46.5266%	2.2726%	4.3457%	14.7927%	0.1871%	7.4988%	8.6235%	15.7530%
			189,554	88,193	4,308	8,237	28,040	355	14,214	16,346	29,861
O&M/Other Taxes - Demand	31	N	100.0000%	55.0455%	2.8348%	5.3902%	19.8459%	0.1307%	6.6840%	4.3111%	5.7578%
			14,681,084	8,081,274	416,183	791,344	2,913,587	19,189	981,276	632,920	845,311
O&M/Other Taxes - Cust.	32	N	100.0000%	87.4224%	4.1227%	2.4340%	3.1723%	0.1884%	1.2081%	1.0352%	0.4169%
			61,596,341	53,849,003	2,539,404	1,499,278	1,954,008	116,077	744,125	637,652	256,795
O&M/Other Taxes - Comm.	33	N	100.0000%	80.2249%	3.9313%	7.3070%	7.0566%	0.3156%	1.0517%	0.0609%	0.0522%
			321,218,151	257,696,785	12,627,996	23,471,275	22,667,116	1,013,629	3,378,172	195,570	167,609
Reg. Assessment - D	34	N	100.0000%	54.8724%	2.8259%	5.3733%	20.2616%	0.1324%	6.8085%	4.3207%	5.4053%
			597,423	327,820	16,883	32,101	121,048	791	40,675	25,813	32,292
Other Insurance - D	35	N	100.0000%	55.5184%	2.8592%	5.4365%	20.3143%	0.1331%	6.8321%	4.3625%	4.5438%
			(23,600)	(13,102)	(675)	(1,283)	(4,794)	(31)	(1,612)	(1,030)	(1,072)
Misc. General Exps. - D	36	N	100.0000%	54.8893%	2.8268%	5.3749%	20.2630%	0.1324%	6.8091%	4.3218%	5.3827%
			96,082	52,739	2,716	5,164	19,469	127	6,542	4,152	5,172
Reg. Assessment - C	37	N	100.0000%	86.0549%	5.1866%	2.8878%	2.6947%	0.2218%	0.9953%	1.4116%	0.5463%
			2,105,840	1,812,179	109,222	60,812	56,746	4,671	20,980	29,726	11,504
Other Insurance - C	38	N	100.0000%	89.7470%	4.4325%	2.5773%	2.1523%	0.1903%	0.7147%	0.1066%	0.0793%
			(37,462)	(33,621)	(1,661)	(966)	(806)	(71)	(268)	(40)	(30)
Misc. General Exps. - C	39	N	100.0000%	86.1041%	5.1769%	2.8833%	2.6869%	0.2213%	0.9922%	1.3949%	0.5403%
			334,070	287,648	17,294	9,632	8,976	739	3,315	4,660	1,805
Meters & Svcs Plant	40	N	100.0000%	88.2039%	4.5816%	2.9541%	2.7483%	0.2427%	0.9931%	0.1606%	0.1156%
			147,392,868	130,006,292	6,752,896	4,354,180	4,050,772	357,720	1,463,803	236,773	170,431
M&R Sta Eq & HReg Pll.	41	N	100.0000%	22.9833%	1.1830%	2.2493%	49.3303%	0.2348%	15.2847%	3.7826%	4.9521%
			15,289,801	3,514,094	180,871	343,915	7,542,506	35,895	2,336,995	578,351	757,173
Gas Storage Inventory	42	X	100.0000%	80.6768%	3.9724%	7.3819%	6.8517%	0.3474%	0.7698%	0.0000%	0.0000%
			17,138,823	13,827,049	680,818	1,265,166	1,174,303	49,545	131,941	0	0
M&S Working Capital	43	N	100.0000%	80.4442%	4.0523%	3.4544%	6.5885%	0.1414%	2.1470%	1.3696%	1.8026%
			1,136,529	914,272	46,055	39,261	74,880	1,607	24,402	15,566	20,487
Plant	44	N	100.0000%	76.5181%	3.8244%	3.6823%	9.1717%	0.1682%	3.0790%	1.7514%	1.8048%
			437,935,976	335,100,434	16,748,639	16,126,297	40,166,004	736,748	13,483,970	7,670,220	7,903,665
Customer Sec. Dep - Hist.	45	X	100.0000%	12.3089%	14.5537%	23.9524%	24.0949%	2.3377%	13.3476%	5.6525%	3.7522%
			2,447,539	301,266	356,208	586,244	589,733	57,217	326,687	188,348	91,836

Future Test Year 31 Jan 2007  
 M.E./Customer Component  
 Peak  
 Proposed Rates

NATIONAL FUEL GAS DISTRIBUTION CORPORATION -- PENNSYLVANIA DIVISION  
 IEC SIMULATION OF NFGD'S COST OF SERVICE STUDY

	#	Ex/ En	Small Comm. & PA Service				Lrg Comm. & PA Service				
			Total	Residential	LE 250	GT 250	SVTS	IVIS	LVIS	LIS	
Depreciation Expense	46	N	100.0000% 11,913,067	77.4305% 9,224,351	3.8955% 464,079	3.6009% 428,977	8.7171% 1,038,470	0.1703% 20,289	2.9068% 346,293	1.6085% 191,625	1.6703% 198,983
Labor Expense	47	N	100.0000% 26,966,218	78.7405% 21,233,341	4.8263% 1,301,481	3.4491% 930,101	6.4050% 1,727,186	0.2099% 56,608	2.2605% 609,562	2.2791% 614,595	1.8295% 493,344
Federal Income Tax	48	N	100.0000% 8,769,151	44.7789% 3,926,728	4.9552% 434,530	10.7300% 940,926	27.0567% 2,372,645	0.4604% 40,369	5.9556% 522,257	4.6367% 406,602	1.4265% 125,095
Annual Sales Volume	49	X	100.0000% 24,473,134	80.6057% 19,726,731	3.9501% 966,725	7.3387% 1,796,001	6.8658% 1,680,271	0.3170% 77,572	0.9228% 225,834	0.0000% -	0.0000% -
Percent of Throughput				99.6%	99.9%	97.1%	26.7%	97.4%	7.1%	0.0%	0.0%
Demand Alloc. Excl. LIS	50	N	100.0000% 100.0000%	61.6593% 61.6593%	3.1755% 3.1755%	6.0380% 6.0380%	18.1292% 18.1292%	0.1284% 0.1284%	6.2386% 6.2386%	4.6310% 4.6310%	0.0000% 0.0000%
Classification Splits			Total	D	C	E					
Distribution Mains	A	X	1 100.0000%	0.47 47.3800%	0.53 52.6200%	- 0.0000%					
Plant	B	N	422,852,381 100.0000%	163,426,266 38.6485%	259,426,115 61.3515%	- 0.0000%					
O&M Excluding Gas	C	N	54,517,828 100.0000%	9,438,126 17.3120%	45,079,702 82.6880%	- 0.0000%					
Distribution Plant Excl. Oth.	D	N	384,824,667 100.0000%	125,899,270 32.7157%	258,926,397 67.2843%	- 0.0000%					
Distribution O&M	E	N	22,138,799 100.0000%	7,912,537 35.7406%	14,226,262 64.2594%	- 0.0000%					
Labor	F	N	26,966,218 100.0000%	5,412,965 20.0731%	21,363,699 79.2239%	189,554 0.7029%					
Services	G	N	134,125,157 100.0000%	- 0.0000%	134,125,157 100.0000%	- 0.0000%					
Mains	H	N	338,523,243 100.0000%	96,843,813 28.6077%	241,679,430 71.3923%	- 0.0000%					
Meters & House Regulators	I	N	17,246,967 100.0000%	- 0.0000%	17,246,967 100.0000%	- 0.0000%					
Distribution Plant	J	N	385,567,364 100.0000%	126,141,249 32.7157%	259,426,115 67.2843%	- 0.0000%					
Distribution O&M	K	N	17,830,140 100.0000%	6,372,597 35.7406%	11,457,543 64.2594%	- 0.0000%					
Distribution Labor	L	N	11,388,498 100.0000%	3,689,374 32.3956%	7,699,124 67.6044%	- 0.0000%					
P, T, D Plant	M	N	422,852,381 100.0000%	163,426,266 38.6485%	259,426,115 61.3515%	- 0.0000%					
O&M/A&G Excl. Gas	N	N	74,311,332 100.0000%	14,127,134 19.0107%	60,184,198 80.9893%	- 0.0000%					
Reg. Assessment Exps.	O	N	2,703,263 100.0000%	597,423 22.1001%	2,105,840 77.8999%	- 0.0000%					
Other Insurance Expense	P	N	(61,062) 100.0000%	(23,600) 38.6485%	(37,462) 61.3515%	- 0.0000%					
Misc. General Expense	Q	N	430,152 100.0000%	96,082 22.3368%	334,070 77.6632%	- 0.0000%					