

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
PENNSYLVANIA DIVISION  
RATE OF RETURN INTERROGATORIES

7. Please provide a listing of all securities issuances for the Company and, if applicable, its parent projected for the next two years. The response should identify for each projected issuance the date, dollar amount, type of security, and effective cost rate.

Response:

There is no Long Term Debt security issuances projected to occur in the next two years.

There is no common stock issuances projected to occur in the next two years except for shares issued by National Fuel Gas Company under it's stock and benefit plans.

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8. Please identify all of the Company's and, if applicable, its parent's publicly underwritten common stock issuances written in the last five years. Identify which such issuances were related to mergers or acquisitions, and which were undertaken to fund facility investments in utility plant and equipment.

The information requested can be found in Exhibit No. 413.

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9. Please identify any plan by the Company to refinance high cost long-term debt or preferred stock.

The Company has no plans at this time for refinancing any long term debt.

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11. If applicable, please supply a listing of all common equity infusions from the parent to the Company over the past five years. In each case, identify date and dollar amount.

Not applicable. No common equity infusions have been made over the past five years.

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12. If applicable, please identify the Company's common dividend payments to its parent for each of the last five years.

	2001	2002	2003	2004	2005
Dividend Payments made by Distribution to the Parent	\$34,800,000	\$34,800,000	\$35,200,000	\$ 36,400,000	\$ 36,400,000

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14. Please provide the Company's five-year construction budget.

See attached five-year construction budget forecast.

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION**  
**PENNSYLVANIA DIVISION**  
**CAPITAL EXPENDITURES PROGRAM FORECAST**  
**FISCAL YEARS 2006-2010**  
**( \$ 000 )**

	<u>Budgeted FY 2006</u>	<u>Forecasted FY 2007</u>	<u>Forecasted FY 2008</u>	<u>Forecasted FY 2009</u>	<u>Forecasted FY 2010</u>
<b>PRODUCTION PLANT</b>					
Account 325 - Land and Land Rights	\$0	\$0	\$0	\$0	\$0
Account 329 - Structures and Improvements	\$0	\$0	\$0	\$0	\$0
Account 332 - Production Mains	\$0	\$0	\$0	\$0	\$0
Account 333 - Field Compressor Station Equipment	\$0	\$0	\$0	\$0	\$0
Account 334 - Field Measuring and Regulating Stations	\$50	\$75	\$75	\$75	\$75
<b>SUBTOTAL</b>	<b>\$50</b>	<b>\$75</b>	<b>\$75</b>	<b>\$75</b>	<b>\$75</b>
<b>TRANSMISSION PLANT</b>					
Account 365 - Land and Land Rights	\$50	\$50	\$50	\$50	\$50
Account 366 - Structures and Improvements	\$0	\$0	\$0	\$0	\$0
Account 367 - Transmission Lines	\$1,300	\$1,000	\$1,000	\$1,000	\$1,000
Account 369 - Measuring and Regulating Equipment	\$100	\$135	\$135	\$135	\$135
<b>SUBTOTAL</b>	<b>\$1,450</b>	<b>\$1,185</b>	<b>\$1,185</b>	<b>\$1,185</b>	<b>\$1,185</b>
<b>DISTRIBUTION PLANT</b>					
Account 374 - Land	\$275	\$275	\$275	\$275	\$275
Account 375 - Structures and Improvements	\$405	\$250	\$250	\$250	\$250
Account 376 - Distribution Mains	\$5,750	\$6,000	\$6,000	\$6,000	\$6,000
Account 378 - Measuring & Regulating Structures & Equipment	\$150	\$150	\$150	\$150	\$150
Account 380 - Services	\$5,750	\$6,000	\$6,000	\$6,000	\$6,000
Account 381 - Service Measuring and Regulating Equipment	\$404	\$472	\$494	\$613	\$573
Account 385 - Industrial Measuring and Regulating Equipment	\$350	\$400	\$400	\$400	\$400
<b>SUBTOTAL</b>	<b>\$13,084</b>	<b>\$13,547</b>	<b>\$13,569</b>	<b>\$13,688</b>	<b>\$13,648</b>
<b>GENERAL PLANT</b>					
Account 389 - General Land	\$0	\$0	\$0	\$0	\$0
Account 390 - Structures and Improvements	\$0	\$15	\$15	\$15	\$15
Account 391 - Office Furniture and Equipment	\$406	\$298	\$163	\$90	\$154
Account 392 - Transportation Equipment	\$802	\$675	\$695	\$720	\$745
Account 394 - Tools, Shop and Garage Equipment	\$80	\$80	\$80	\$80	\$80
Account 396 - Power Operated Equipment	\$174	\$670	\$695	\$720	\$745
Account 397 - Communications Equipment	\$166	\$188	\$148	\$75	\$287
Account 303 - Miscellaneous Intangible	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL</b>	<b>\$1,628</b>	<b>\$1,926</b>	<b>\$1,796</b>	<b>\$1,700</b>	<b>\$2,026</b>
<b>SPECIAL PROJECTS</b>					
GE Boiler Conversion (Phase II)	\$629	\$0	\$0	\$0	\$0
<b>SUBTOTAL</b>	<b>\$629</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL</b>					
	<b><u>\$16,841</u></b>	<b><u>\$16,733</u></b>	<b><u>\$16,625</u></b>	<b><u>\$16,648</u></b>	<b><u>\$16,934</u></b>

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15. Please identify the Company's and, if applicable, its parent's capital structure targets (percentages of capital types.) Provide complete basis for the capital structure targets.

The Parent Company's target debt to equity ratio is 50:50. The Parent Company believes that target level is appropriate to support the risks inherent in its business and maintain its long-term debt and commercial paper ratings with the three major rating agencies.

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16. For each month, of the most recent 24 months, please supply the Company's
- a. short term debt balance
  - b. short term debt interest rate
  - c. balance of construction work in progress
  - d. balance of construction work in progress which is eligible for AFUDC accrual.

See attached

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
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	<u>Total Distribution Corporation</u>	
	<u>Short-Term Debt Balance</u> (1)	<u>Short-Term Debt Rate</u> (2)
February 2004	150,100,000	1.15%
March 2004	100,800,000	1.15%
April 2004	69,300,000	1.10%
May 2004	63,400,000	1.05%
June 2004	85,100,000	1.19%
July 2004	97,700,000	1.33%
August 2004	111,500,000	1.56%
September 2004	145,100,000	1.73%
October 2004	170,500,000	1.91%
November 2004	170,600,000	2.07%
December 2004	172,900,000	2.43%
January 2005	150,500,000	2.46%
February 2005	135,800,000	2.61%
March 2005	102,600,000	2.75%
April 2005	59,400,000	2.94%
May 2005	40,100,000	3.07%
June 2005	71,000,000	3.19%
July 2005	89,400,000	3.42%
August 2005	107,100,000	3.53%
September 2005	142,300,000	3.70%
October 2005	190,600,000	3.92%
November 2005	230,400,000	4.11%
December 2005	251,500,000	4.28%
January 2006	236,000,000	4.48%

(1) End of month balance

(2) Weighted average for the month

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	Construction Work in Progress <u>Balance</u>	Construction Work in Progress Eligible <u>for AFUDC Accrual</u>
Feb-04	3,904,776	654,643
Mar-04	1,785,393	995,241
Apr-04	662,782	1,067,485
May-04	371,928	790,660
Jun-04	613,484	1,320,301
Jul-04	1,567,808	1,707,152
Aug-04	1,887,050	1,233,885
Sep-04	2,730,414	235,521
Oct-04	2,041,704	792,435
Nov-04	2,005,553	915,362
Dec-04	2,284,408	657,764
Jan-05	1,880,946	607,493
Feb-05	1,810,225	510,867
Mar-05	1,758,666	610,346
Apr-05	1,398,848	407,822
May-05	950,394	333,151
Jun-05	1,557,264	557,111
Jul-05	2,042,431	568,148
Aug-05	2,438,552	842,134
Sep-05	3,095,474	1,115,918
Oct-05	2,940,312	1,004,555
Nov-05	2,985,123	1,135,494
Dec-05	2,961,304	857,676
Jan-06	2,191,248	(196,339)

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ALL UTILITIES

17. If applicable, please provide the currently authorized returns on equity for each of the parent's utility subsidiaries of the same industry type as the Company. In each case identify the approximate date when the current return on equity was approved by the state commission.

National Fuel Gas Supply Corporation is under the jurisdiction of the FERC. Supply's last rate settlement was effective June 1, 1995 and does not provide an authorized return on equity. A return on equity of 11.3% is based on Company calculations and not specified in the FERC-approved settlement agreement.

National Fuel Gas Distribution Corporation New York Division is under the jurisdiction of the New York State Public Service Commission. The current rate settlement does not provide an authorized return on equity. There is however, a 11.5% return on equity stated for the purposes of calculating a sharing mechanism beyond July 31, 2007.

Empire State Pipeline Company, LLC is under the jurisdiction of the New York State Public Service Commission. The last rate settlement (Case 95-G-1002 Opinion 96-25) provided for a pre-tax overall rate of return of 12.85% and a 12.5% return on equity.

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18. Has the Utility reacquired or repurchased any debt within the last five years? If so, provide a summary of each gain or loss on reacquired debt, the date on which the utility commenced amortization of such gain or loss, the regulatory commission decision addressing the treatment of such gain or loss on reacquired debt, if any, on interest expense.

In March 2003, National Fuel Gas Company (Parent) called its \$50 million, 8.48% debt. Information on premium and expenses resulting from this refinancing can be found in Exhibit No. 406, Schedule 1, page 9. Distribution Corporation had \$20 million of related intercompany debt with its Parent associated with this issue that was also refinanced. Distribution Corporation's allocated share of the call premium and the unamortized debt discount and expense on the debt refinanced was deferred into account 189 and is being amortized over the life of the replacement debt (which is 120 months).

In August 2002, \$97.7 million of the Parent's 6.214% debt was put. Distribution Corporation had \$29.31 million of related intercompany debt with its Parent that was also put. No gain or loss was recognized related to this transaction.

Adjustments to capital structure related to these two transactions, as well as refinancings in prior years, can be found in Exhibit No. 406, Schedule 1.

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19. Fully identify all debt (other than instruments traded in public markets) owed to all shareholders, corporate officers, or members of the board of directors, its affiliates, parent company, or subsidiaries.

*National Fuel Gas Company (the "Company") maintains a syndicated committed credit facility and multiple bilateral uncommitted lines of credit. Certain of the lenders in the credit facilities have affiliates that sponsor investment management funds. From time to time, these investment funds may invest in shares of the Company. In addition, certain of the lenders have brokerage affiliates that may hold shares of the Company "in street name" on behalf of their clients.*

NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
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20. Provide a summary statement of all stock dividends, splits, or par value changes during the two (2) year calendar period preceding the rate case filing.

Response:

There were no stock dividends, splits, or par value changes during calendar year 2004 or 2005.

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21. If a claim of the filing utility is based on utilization of the capital structure or capital costs of the parent company and system – consolidated, the reasons for this claim must be fully stated and supported.

Please see Exhibit No. 400 and Statement No. 10.

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22. To the extent not provided in SDR III-A.13, supply projected capital requirements and sources of the filing utility, its parent and system - consolidated - for the test year and each of three (3) comparable future years.

Refer to Exhibit 405 for projected capital requirements and sources for fiscal years 2007 - 2009.

	Fiscal 2005 (\$000)	
	NFG Company	Distribution
<b>Uses of Funds</b>		
Construction	\$ 219,530	\$ 49,974
Allowance for Funds Used During Construction	415	85
Debt Retirement and Redemption	13,317	18
Investment in Subsidiaries and Partnerships	-	-
Dividends Paid to Minority Interest	12,676	-
Common Dividends	94,159	36,400
<b>Total Funds Required</b>	<u>\$ 340,097</u>	<u>\$ 86,477</u>
<b>Sources of Funds</b>		
<b>Internal Sources</b>		
Net Income	\$ 189,488	\$ 39,197
Depreciation	193,144	40,159
Net Gain on Sale of Assets	(27,386)	-
Impairment of Assets	-	-
Deferred Taxes	40,388	7,129
Cumulative Effect of Changes in Accounting	-	-
Other Non Cash Items	13,236	368
Working Capital	(89,899)	2,424
<b>Total Internal Sources</b>	<u>\$ 318,971</u>	<u>\$ 89,277</u>
<b>External Sources</b>		
Common Stock	\$ 20,279	\$ -
Net Proceeds on Sale of Foreign Subsidiary	111,619	-
Net Increase (Decrease) in Bank Loans	(115,359)	(2,800)
Issuance of Long Term Debt	-	-
Sale of Assets	4,587	-
	<u>\$ 21,126</u>	<u>\$ (2,800)</u>
<b>Total Sources of Funds</b>	<u>\$ 340,097</u>	<u>\$ 86,477</u>

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23. To the extent not provided elsewhere, supply financial data of the Company and/or parent for the last five (5) years.

- a. Times interest earned ratio - pre and post tax basis.
- b. Preferred stock dividend coverage ratio - post tax basis.
- c. Times fixed charges earned ratio - pre tax basis.
- d. Dividend payout ratio.
- e. AFUDC as a percent of earnings available for common equity.
- f. Construction work in progress as a percent of net utility plant.
- g. Effective income tax rate.
- h. Internal cash generations as a percent of total capital requirements.

National Fuel Gas Company (Consolidated)  
Financial Data for Fiscal Years 2001 - 2005

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
a. Times interest earned ratio:					
Pre tax basis	2.55	3.22	4.52	4.75	5.19
Post tax basis	2.10	2.44	3.11	3.50	3.76
b. Preferred stock dividend coverage ratio	N/A	N/A	N/A	N/A	N/A
c. Times fixed charges earned ratio - pre tax basis	1.86	2.85	3.91	3.67	3.92
d. Dividend payout ratio (using Diluted EPS)	118.3%	69.8%	47.7%	54.2%	50.7%
e. AFUDC as a percent of earnings available for common equity	0.9%	0.6%	0.4%	0.4%	0.2%
f. Construction work in progress as a percent of net utility plant (for Pennsylvania division)	1.3%	1.3%	1.8%	1.1%	1.0%
g. Effective income tax rate	36.2%	38.0%	41.7%	35.8%	35.6%
h. Internal cash generations as a percent of total capital requirements	4.87	4.77	4.81	4.54	3.82

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10. Please provide copies of all securities analysts reports related to the Company and/or its parent issued within the past 2 years.

This information is confidential.

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13. Please provide the latest year-by-year financial projections from the Company for the next five years. Also, please indicate the date these projections were prepared; whether approved by management; and whether the projections have been submitted to bond rating agencies.

Response:

This response is confidential.