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NATIONAL FUEL GAS DISTRIBUTION CORPORATION
10 Lafayette Square
Buffalo, NY 14203

August 31, 1999

Hon. Debra Renner
Acting Secretary
Public Service Commission
Three Empire State Plaza
Albany, New York 12123-1350

Re: Case No. 98-G-0122 - Compliance Filing

Dear Secretary Renner:

National Fuel Gas Distribution Corporation ("Distribution" or the "Company") submits the following amendments to its tariff, P.S.C. No. 8 - GAS:

Leaf No. 287 Revision 3

Leaf No. 288 Revision 4
Leaf No. 288.1 Revision 0

The proposed revisions are issued as of today for an effective date of September 1, 1999.

Description of Proposed Amendments; Background

On May 14, 1999, Distribution submitted tariff amendments proposing a new service classification for a basic-gas-for-electric-generation-service rate (the "generation rate"). The amendments were filed in compliance with the Commission's order issued in Case 98-G-0122 ("Order").[1]

On June 30, 1999, the Company submitted a revision to the original filing in response to a request from Staff that the tariff be in the form of a "recourse" generation rate as opposed

1 Case 98-G-0122, Proceeding on Motion of the Commission to Review the Bypass Policy Relating to the Pricing of Gas Transportation for Electric Generation, untitled order (issued and effective March 17, 1999).

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to a flexible, competitively-responsive rates as originally proposed by the Company. Staff has requested that the Company provide two additional revisions to its tariff. The first revision is that a limit of thirty (30) days of interruption (except where operational conditions warrant greater interruption) be included in the tariff. The second revision is that a standard procedure for annual rate escalations based on the price differential between the market price of electricity and the market price of natural gas should be included in the tariff.

Effect of Additional Revisions

The limitation of interruption should have no adverse effects on service reliability for non-electric generation customers since the Company is permitted to interrupt for greater than thirty (30) days where the system cannot reliably provide for 335 days of uninterrupted service to the customer.

The annual rate escalation included in the tariff is based on Staff's recommended "spark spread" methodology. The proposed tariff amendments include a floor on the level of adjustment because it is possible that, absent the rate floor, Staff's method of adjustment could result in a negative unit rate. In recognition of the competitive nature of the generation fueling market, the proposed amendments also permit that alternative adjustment terms may be negotiated between the customer and the Company.

Newspaper Publication

The requirements of Section 66(12)(b) of the Public Service Law as to newspaper publication of the changes proposed herein have been waived. Order at 7.

Company Contacts

For questions and correspondence relating to this filing, please contact the undersigned or Eric Meinl, 10 Lafayette Square, Buffalo, New York, 14203, (716) 857-7805.

Conclusion

For all of the foregoing reasons, Distribution respectfully requests that the proposed amendments be approved.

Respectfully submitted,

Michael W. Reville

cc: E. H. Meinl