

..DID: 11542

..TXT:

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

10 Lafayette Square

Buffalo, NY 14203

March 22, 2000

Hon. Debra Renner
Acting Secretary
Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 99-G-1369 Compliance Filing to Establish a Voluntary State Funding Mechanism to
Support Medium and Long Term Gas Research and Development Programs

Dear Secretary Renner:

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

Leaf No. 148.3	Revision 0
Leaf No. 150	Revision 4
Leaf No. 154	Revision 4
Leaf No. 156.3	Revision 1
Leaf No. 158	Revision 4
Leaf No. 165	Revision 4
Leaf No. 175	Revision 3
Leaf No. 178	Revision 4
Leaf No. 184	Revision 3
Leaf No. 187	Revision 3
Leaf No. 190	Revision 1
Leaf No. 212	Revision 5
Leaf No. 222	Revision 5
Leaf No. 276	Revision 4

The revised tariff sheets are issued as of today for an effective date of April 23, 2000.

Description of Proposed Amendments: Background

This filing is submitted in compliance with the Commission's Order, issued in Case No. 99-G-1369, allowing an alternative funding mechanism to replace the existing funding and research development by the Gas Research Institute ("GRI"). On October 4, 1999 the New York Gas Group (NYGAS) petitioned the Commission to establish a voluntary state funding mechanism to support medium and long-term gas research and development ("R&D") programs. This funding mechanism would replace the Federal Energy Regulatory Commission ("FERC") surcharge used to support broad-based gas related R&D conducted by GRI. The amount under the funding mechanism would mirror the decrement in the FERC surcharge each year until 2004.

- 2 -

Effect of the Revisions

Distribution is filing the above tariff amendments in compliance with the Commission's Order adopting (with modifications) NYGAS's proposal. The Company shall recover a R&D Surcharge in the rates for service rendered pursuant to Service Classifications Nos. 1, 2, 2A, 3, 4, 5, 6, 7, 8, 9, 13D, 13M and 20 on and after May 1, 2000. Each January 1 the R&D Surcharge will be calculated based upon the projected decrement in GRI funding as billed by demand and commodity charges for National Fuel Gas Supply Corporation using 1998 as the base year. The R&D Surcharge factor will be the projected GRI cost divided by the Company's annual sales forecast exclusive of interruptible sales and interruptible and competitive transportation. The rate per Mcf for the initial surcharge is \$0.0042 as shown in Schedule A. The Company will use deferral accounting to insure that the funds collected through the surcharge mechanism which are not spent on R&D programs will be refunded to gas consumers. Since the proposed R&D Surcharge would replace the GRI surcharge, there should be no net impact on customers' bills.

Newspaper Publication

The Company requests waiver of the requirement for newspaper publication on the grounds that it is an unnecessary expense. Since the proposed surcharge equals the GRI decrement, customers will experience no change in their rates. Accordingly, waiver is in the public interest.

Company Contacts

For communications related to this filing, please contact the undersigned.

Respectfully submitted,

Michael W. Reville
(716) 857-7313
RevilleM@NatFuel.com

Attachments

SCHEDULE A

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CALCULATION OF RESEARCH AND DEVELOPMENT SURCHARGE

	<u>Units</u> Dth	<u>Decrement</u> <u>Rate</u> \$/Dth	<u>Annualized</u> <u>Amount</u> \$
National Fuel Gas Supply Corporation			
Demand	750,447	0.0370	333,198
Commodity	66,360,588	0.0016	<u>106,177</u>
Total			439,375
Throughput excluding interruptible & competitive			103,463,069 Mcf
Surcharge Factor: \$/Mcf			0.0042