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..TXT:

National Fuel Gas Distribution Corporation
10 Lafayette Square
Buffalo, NY 14203

May 29, 2001

Hon. Janet H. Deixler, Secretary
New York State Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

RE: Compliance Filing Case No. 99-M-0631, June 2001 GAC Filing

Dear Secretary Deixler:

Enclosed is an electronic version of Gas Adjustment Statement No. 40 applicable to Service Classification Nos. 1, 2, 3, 5, 7, 8 and 9 of our Rate Schedule P.S.C. No. 8 - Gas. The Gas Adjustment Statement No. 40 will be effective commencing with gas used on or after June 1, 2001.

The estimated amount related to surcharges and credits included in Statement No. 40 is \$747,000 based on estimated June 2001 sales of 19,040,000 Ccf. The estimated effect on revenue, exclusive of surcharges and credits, is a decrease of \$38,424,000 on an annual basis.

The surcharge calculation for June 2001 Transition Cost Surcharge pursuant to General Leaf No. 148.2 of P.S.C. No 8 - Gas is included as a workpaper. The unit surcharge of \$0.1064 /Mcf is applicable for June 1, 2001 through June 30, 2001.

In addition, Customer Balancing and Aggregation Statement No. 39, Deficiency Imbalance Sales Service Rate Statement No. 40, Demand Transfer Recovery Rate Statement No. 39, Gas Transportation Statement No. 40, Natural Gas Vehicle Statement No. 40, Standby Sales Service Rate Statement No. 40, Transportation Sales Service Rate Statement No.42, Upstream Pipeline Weighted Average Capacity Cost Statement No. 39, Revenue Credit Statement No. 32, and Standby Capacity Insurance Rate Statement No. 20 are included.

This statement is filed in compliance with 16 NYCRR, Section 270.55. Information pertaining to section 270.55d(7) will be delivered under separate cover letter.

On May 18, 2001 the Commission's Order in Case 99-M-0631 directed the Company to file tariff amendments consistent with the Order. The tariff leaves will be filed under separate cover letter. Included in this filing under GTR Statement No. 40 is the \$.80 per bill backout credit for transportation service for retail access customers who receive consolidated billing.

In connection with this filing, the Company is also required to submit information that contains trade secrets. Accordingly, the Company has filed the required information with the Department Records Access Officer, together with a request for trade secret protection under the Commission's regulation. The instant filing includes redacted copies of the documents submitted to the Department Records Access Officer. The information for which trade secret protection has been requested is deleted. Copies of the same documents, with the redacted sections shaded (but legible) for identification, are being submitted to the Department Records Access Office under separate cover.

Very truly yours,

Ronald J. Grabowski
General Manager
Rates & Regulatory Affairs

Encl.