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national fuel

December 20, 2006

Hon. Jaclyn A. Brilling
Secretary
Public Service Commission
Three Empire State Plaza
Albany, NY 12123-1350

Re: Proposed Tariff Revision
National Fuel Gas Distribution Corporation

Dear Secretary Brilling:

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

Leaf No. 37 Revision 3

The proposed revision is issued as of today for an effective date of March 22, 2007. In support of this request, Distribution states as follows:

A. Purpose of Proposed Revision

The purpose of this tariff filing is to reduce the number of circumstances that a customer's bill may be prorated and mitigate the potential for unnecessary customer confusion regarding how a prorated bill was calculated. Based on the current proration language, there have been a number of times where unnecessary customer confusion resulted from the application of the existing proration language. The following example will help to both illustrate the billing implications of the existing language and demonstrate how, from a practical perspective, the language being deleted is unnecessary.

The Company, like all other natural gas utilities, renders bills on a cycle basis. Within each month, the Company utilizes 21 billing cycles to bill its entire customer base for the month. In effect, the Company bills approximately 1/21 of its customers on each of the 21 billing days in the billing cycle. Based on the number of working days during a month, the number of calendar days included in a billing cycle can very from month to month.

National Fuel currently prorates any bill when the number of days in the billing period does not match the number of days in the bill control period. This can lead to customer confusion when the bill proration calculation results in a higher Billing Service Charge in a month where there are fewer total days in the billing period but more days than the scheduled

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control compared to the following month which has more days in the actual billing period but fewer days than the scheduled billing period.

As long as there were no variances in the number of billing days in a cycle there is no need to prorate. However, there are times when the number of days for a customer in the billing cycle may vary from the scheduled number of days. These reasons include among other things the customer moving from their current premises, the rerouting of customers from one billing cycle to another (reroutes are usually done by the Company from time to time to more efficiently utilize its meter reading crews), the receipt of a customer provided meter reading with a reading date that does not correspond to the scheduled billing cycle.

The last circumstance, a read date other than the scheduled read date, results in a prorationing calculation that may provide a confusing billing rate to the customer.

For example, Billing Control 5 has the following scheduled meter reading dates of 10/4, 11/2 and 12/5 for October, November and December 2006, respectively. This results in scheduled billing periods of 29 days for November and 33 days for December. A customer in Billing Control 5 would see a Billing Service Charge of $2.00 for their November and December bills if the Company or customer read the meter on the scheduled dates. Under the current proration methodology, the Billing Service Charge would be prorated for their November and December bills if the Company or the customer read the meter on 11/3/06 (instead of 11/2/06) and read the meter on the other scheduled dates. The proration factor is calculated by dividing the Actual Bill Period by the Scheduled Billing Period. The prorated Billing Service Charge would be calculated as follows:

	November 2006	December 2006
Scheduled Billing Days	29	33
Actual Billing Period Days	30	32
Proration Factor	1.03	0.07
Billing Service Charge	$2.00	$2.00
Prorated Billing Service Charge	$2.06	$1.94

The net result of these calculations is that the customer receives a prorated Billing Service Charge of $2.06 in their November bill covering 30 days followed by a prorated Billing Service Charge of $1.94 in their December bill covering 32 days. Our proposal to eliminate the proration on cycle bills would eliminate this calculation.

As you can see from the table, the existing proration language results in a billing charge rate that is greater for the month with fewer days in the billing cycle than the month with a greater amount of days in the cycle. While the rates vary in a counter-intuitive manner from month to month, the average monthly rate paid over the two months is $2.00 [($2.06 + 1.94)/2].[1]

As can be seen from this simple example, the existing prorationing may lead to results which, while correct, can be confusing to explain to the customer. This example clearly

[1] It should be noted that a similar counter-intuitive rate resulting from the prorationing will apply to the minimum charge.

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demonstrates that the existing proration language is unnecessary since over the two months of service the customer pays the same average charge.

The Company is filing the revised tariff leave to eliminate the potential for customer confusion regarding the prorationing calculation.

B. Newspaper Publication

The Company requests a waiver of the Commission's requirement under Public Service Law §66(12)(b) for newspaper publication of the above revision. The revision is largely non-substantive in customer effect, and therefore the expense of publication would not serve the public interest.

C. Conclusion

For all of the foregoing reasons, Distribution respectfully requests that the proposed tariff revision be approved for an effective date of March 22, 2007.

Please contact Eric Meinl at (716) 857-7805 or the undersigned at (716) 857-7313 if you have any questions on this filing.

Respectfully submitted,

Michael W. Reville