

National Fuel Gas Distribution Corporation
6363 Main Street
Williamsville, NY 14221

February 25, 2005

Hon. Jaclyn A. Brilling, Secretary
New York State Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Dear Secretary Brilling:

Enclosed is an electronic version of Monthly Gas Supply Charge Statement No. 36 applicable to Service Classification Nos. 1, 2, and 3, and Delivery Adjustment Charge Statement No. 35 applicable to Service Classification Nos. 1, 2, 3, 5, 7, 8, and 9 of our Rate Schedule P.S.C. No. 8 – Gas. The Monthly Gas Supply Charge Statement No. 36 and the Delivery Adjustment Charge Statement No. 35 will be effective commencing with gas used on or after March 1, 2005.

The estimated amount related to surcharges and credits included in Statements No. 35 & 36 is \$3,261,000 based on estimated March 2005 sales of 78,420,000 Ccf. The estimated effect on revenue, exclusive of surcharges and credits, is a decrease of \$2,127,500 on a monthly basis.

The surcharge calculation for March 2005 Intermediate Pipeline Stranded Capacity Surcharge pursuant to General Leaf No. 148.2 of P.S.C. No 8 – Gas results in a unit surcharge of \$0.0118 /Mcf is applicable for March 1, 2005 through March 31, 2005.

The surcharge calculation for March 2005 Upstream Pipeline Stranded Capacity Surcharge pursuant to General Leaf No. 148.1 of P.S.C. No 8 – Gas results in a unit surcharge of \$0.0000 /Mcf is applicable for March 1, 2005 through March 31, 2005.

The surcharge calculation for the Annual Reconciliation for the Research and Development Funding Mechanism pursuant to Commission Order in Case 99-G-1369 is included as a workpaper. The unit surcharge of \$0.0205/Mcf is applicable for the period March 1, 2005 through February 28, 2006.

The Company's Interim Annual Reconciliation filing for the twelve months ending August 31, 2005, pursuant to General information Leaf No. 81 of P.S. C.No.8 – Gas is included. The unit surcharge of \$.5147/Mcf is applicable for the period March 1, 2005 through August 31, 2005. The interim GAC would recover approximately 1/3 of the projected undercollection in gas costs for the twelve months ending August 31, 2005. The recovery of the remaining undercollection (assuming current projections occur) would reduce the annual reconciliation amount to be recovered beginning January 1, 2006 from \$17,629,752 (\$0.3361/Mcf surcharge) to \$8,814,876 (\$0.1681/Mcf surcharge). The Company's current annual reconciliation is a credit of

\$0.0857/Mcf. As can be seen from page 4 of the interim reconciliation schedule, the interim reconciliation will result in more stable gas rates to customers for the winter of 2005 – 2006.

In addition, Deficiency Imbalance Sales Service Rate Statement No. 86, Demand Transfer Recovery Rate Statement No. 84, Gas Transportation Statement No.86, Natural Gas Vehicle Statement No. 86, Standby Sales Service Rate Statement No.86, Transportation Sales Service Rate Statement No.88, Revenue Credit Statement No. 78, Reserve Capacity Cost Statement No. 52, Weather Normalization Clause Multipliers Statement No. 35, and Distributed Generation Statement No. 15 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.

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,

Eric H. Meinel
General Manager
Rates & Regulatory Affairs

Encl.