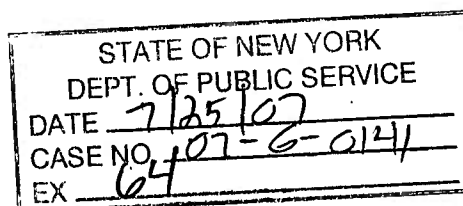


NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
COMPUTATION OF REVENUE REQUIREMENT
TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

	Twelve Months Ended September 30, 2006	Adjustments to Normalize Historical Test Year and Reflect Conditions in Rate Year	Twelve Months Ended December 31, 2008	Required Revenue And Cost Adjustments	Comparison of Revenue & Cost of Rendering Service - Adjusted
<u>Operating Revenues</u>					
Base Rate Gas Revenues	\$201,994	\$977	\$202,971	\$38,416	\$241,387
Gas Cost Revenues	578,885	(55,894)	522,991	(714)	522,277
Revenue Tax Revenues	11,454	(564)	10,890	1,143	12,033
Total Gas Revenues	792,333	(55,481)	736,852	38,845	775,697
Base Rate Gas Revenues	72,122	(9,563)	62,559	11,782	74,341
Gas Cost Revenues	4,436	1,394	5,830	713	6,543
Revenue Tax Revenues	487	641	1,128	206	1,334
Total Transportation Revenues	77,045	(7,528)	69,517	12,701	82,218
Total Revenues	\$869,378	(\$63,009)	\$806,369	\$51,546	\$857,915
Purchased Gas Cost	583,321	(54,501)	528,820	0	528,820
Revenue Taxes	11,941	77	12,018	1,349	13,367
	274,116	(8,585)	265,531	50,197	315,728
Other Operating Revenues	11,849	(4,353)	7,496	435	7,931
Total Operating Revenues	285,965	(12,938)	273,027	50,632	323,659
<u>Operating Revenue Deductions</u>					
Operations & Maintenance Expenses	140,253	17,953	158,206	1,422	159,628
Depreciation Expense	28,931	9,048	37,979	0	37,979
Taxes Other Than Income Taxes	33,219	2,597	35,816	0	35,816
Total Operating Revenue Deductions	202,403	29,598	232,001	1,422	233,423
Operating Income Before Income Taxes	83,562	(42,536)	41,026	49,210	90,236
Current Federal Income Taxes Payable	14,458	(8,628)	5,830	15,932	21,762
Current State Income Taxes Payable	6,887	(6,175)	712	3,691	4,403
Investment Tax Credit Adjustment	(1)	1	0	0	0
Deferred Income Taxes - Net	6,771	(6,913)	(142)	0	(142)
Net Income Taxes	28,115	(21,715)	6,400	19,623	26,023
Utility Operating Income	\$55,447	(\$20,821)	\$34,626	\$29,587	\$64,213
Rate Base	\$678,000	\$32,962	\$710,962	\$0	\$710,962
Rate Of Return	8.18%		4.87%		9.03%
Return on Equity	9.98%		3.50%		11.65%



NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
COMPUTATION OF REVENUE REQUIREMENT
TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

Projected Rate Base	\$710,962
Rate of Return	<u>9.03%</u>
Required Utility Operating Income	64,214
Projected Utility Operating Income	\$34,626
Additional Operating Income Required	\$29,588
Retention Factor *	0.5692040
Additional Revenue Requirement	<u>\$51,981</u>
Increase in Rates	\$51,981
Less: Revenue Taxes	1,349
Uncollectibles	<u>1,422</u>
Taxable Income	49,210
State Income Taxes (7.50%)	\$3,691
Federal Income Taxes (35.00%)	\$15,932
<hr/>	
* Retention Factor Calculation	
Revenue	100.000000
Less: Revenue Tax	2.594418
Uncollectibles	<u>2.735472</u>
	94.670110
Reciprocal of State Tax Rate	<u>0.925000</u>
	87.569852
Reciprocal of Federal Tax Rate	<u>0.650000</u>
	56.920404
Retention Factor	<u><u>56.920404</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF OPERATING REVENUES AT PRESENT AND PROPOSED RATES
TWELVE MONTHS ENDING DECEMBER 31, 2008

	Twelve Months Ending September 30, 2006	Rate-making Adjustments at Present Rates	Twelve Months Ending December 31, 2008	Adjustment to Annualize at Proposed Base Rates	Total at Proposed Base Rates
SC 1 Residential	\$636,211,435	(\$52,922,006)	\$583,289,429	\$38,958,116	\$622,247,544
SC 2 LIRA	32,501,772	(397,379)	32,104,394	1,488,339	33,592,733
SC 2A EBD PTR	951,455	106,903	1,058,357	(755)	1,057,602
LICAAP	47,262	(47,262)	0	0	0
SC 3 General	104,761,819	9,572,087	114,333,907	(1,600,357)	112,733,550
SC 10 Cogeneration Sales	5,918,693	112,253	6,030,946	0	6,030,946
Streetlighting	37,720	(2,452)	35,268	(866)	34,402
Total Retail Sales	780,430,157	(43,577,856)	736,852,301	38,844,477	775,696,778
SC-1 Aggregated Transportation DSS	2,448,459	232,031	2,680,490	335,822	3,016,312
SC 1 Aggregated Transportation	16,358,405	3,894,432	20,252,837	3,836,741	24,089,578
SC 3 Transportation	16,123,226	1,250,061	17,373,287	3,526,840	20,900,127
SC 13 TC1.1	12,107,345	1,466,658	13,574,003	2,545,469	16,119,472
SC 13 TC 2	4,551,249	514,449	5,065,698	933,769	5,999,467
SC 13 TC 3	3,415,831	533,824	3,949,656	662,284	4,611,940
SC 13 TC 4	4,183,735	448,835	4,632,570	469,851	5,102,421
SC 13 TC 4.1	1,623,605	301,038	1,924,642	374,213	2,298,855
SC 16 Bypass Response	196,024	(10,692)	185,333	0	185,333
SC 17 Cogeneration Facilities Transportation	149,002	(106,486)	42,516	0	42,516
Streetlighting Transportation	143,423	(8,725)	134,698	15,318	150,016
Total Transportation Revenues	61,300,302	8,515,426	69,815,728	12,700,307	82,516,036
SC 11 - Deficiency Imbalance Sales	106,271	(106,271)	0	0	0
EDZ/BDR	(299,321)	0	(299,321)	0	(299,321)
LIRA Discount True Up	(1,454,303)	1,454,303	0	0	0
Revenue Credit Funding	15,690,109	(15,690,109)	0	0	0
Offsystem Sales	0	0	0	0	0
Matching, Unbilled & Other Adjustments	13,604,470	(13,604,470)	0	0	0
Total Gas Service Revenues	869,377,685	(63,008,977)	806,368,708	51,544,784	857,913,492
Other Operating Revenues					
Late Payment Revenues	7,772,079	(951,381)	6,810,698	435,193	7,245,891
Other Revenues	686,011	0	686,011	0	686,011
9A Tax	109,158	(109,158)	0	0	0
Pension/OPEBs	2,226,938	(2,226,938)	0	0	0
Back Out Credits	347,587	(347,587)	0	0	0
Capacity Release Revenues	965,250	(965,250)	0	0	0
RD&D	(257,719)	257,719	0	0	0
LIRA	0	0	0	0	0
	11,849,304	(4,352,595)	7,496,709	435,193	7,931,902
Total Operating Revenues	\$881,226,989	(\$67,361,572)	\$813,865,417	\$51,979,977	\$865,845,394

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
REVENUE SUMMARY FOR CURRENT RATES
TWELVE MONTHS ENDED SEPTEMBER 30, 2006

	<u>Volumes</u>	<u>Revenues</u>	<u>Gas Cost</u>	<u>Revenue Taxes</u>	<u>Margin</u>
Residential	38,337,823	636,211,435	461,483,420	8,867,034	\$165,860,982
LIRA	2,203,976	32,501,772	26,468,218	714,133	5,319,422
EBD PTR	68,545	951,455	824,923	20,616	105,916
LICAAP (all classes)	4,126	47,262	34,194	1,117	11,951
SC 3 Commercial/Public Authority/Industrial	6,998,342	104,761,819	84,024,307	1,022,691	19,714,821
SC-10	505,873	5,918,693	5,132,488	65,008	721,197
Streetlighting	2,106	37,720	24,358	355	13,007
Total Sales Service	48,120,792	780,430,157	577,991,908	10,690,954	191,747,295
Transportation Service					
SC-1 Aggregated Transportation DSS	662,606	2,448,459	124,655	108,933	2,214,870
SC 1 Aggregated Transportation	4,067,222	16,358,405	764,330	466,915	15,127,160
SC 3 Transportation	6,397,982	16,123,226	1,230,973	157,129	14,735,124
SC-13-TC1.1	6,551,166	12,107,345	1,198,310	131,679	10,777,356
SC-13-TC2	3,682,016	4,551,249	426,070	47,147	4,078,032
SC-13-TC3	3,799,096	3,415,831	402,999	39,755	2,973,078
SC-13-TC4	10,081,644	4,183,735	312,034	47,416	3,824,285
SC-13-TC4.1	2,502,392	1,623,605	252,013	29,706	1,341,886
SC-16	720,432	196,024	(216)	4,844	191,397
SC-17	138,157	149,002	(41)	1,676	147,367
Streetlighting	42,565	143,423	7,635	0	135,787
Total Transportation Service	38,645,277	61,300,302	4,718,763	1,035,200	55,546,340
	86,766,069	\$841,730,459	\$582,710,670	\$11,726,153	\$247,293,635

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
REVENUE SUMMARY FOR CURRENT RATES
TWELVE MONTHS ENDED DECEMBER 31, 2008

	<u>Volumes</u>	<u>Revenues</u>	<u>Gas Cost</u>	<u>Revenue Taxes</u>	<u>Margin</u>
Residential	40,953,755	583,289,429	402,233,857	9,293,064	\$171,762,507
LIRA	2,683,325	32,104,394	26,354,706	427,970	5,321,718
EBD PTR	91,737	1,058,357	901,010	13,470	143,878
LICAAP (all classes)	0	0	0	0	0
SC 3 Commercial/Public Authority/Industrial	8,935,915	114,333,907	87,765,519	1,096,591	25,471,797
SC-10	708,238	6,030,946	5,713,726	57,842	259,378
Streetlighting	2,208	35,268	21,686	336	13,246
Total Sales Service	53,375,178	736,852,301	522,990,504	10,889,273	202,972,524
Transportation Service					
SC-1 Aggregated Transportation DSS	736,460	2,680,490	137,887	79,329	2,463,273
SC 1 Aggregated Transportation	5,163,435	20,252,837	966,750	599,371	18,686,716
SC 3 Transportation	6,584,174	17,373,287	1,232,755	166,630	15,973,902
SC-13-TC1.1	7,200,305	13,574,003	1,348,113	130,190	12,095,700
SC-13-TC2	3,795,693	5,065,698	574,023	48,585	4,443,090
SC-13-TC3	3,769,449	3,949,656	516,508	37,884	3,395,264
SC-13-TC4	10,298,528	4,632,570	632,282	44,431	3,955,857
SC-13-TC4.1	2,736,137	1,924,642	413,786	18,460	1,492,396
SC-16	800,000	185,333	(240)	1,777	183,796
SC-17	44,873	42,516	(13)	408	42,121
Streetlighting	41,114	134,698	7,698	1,292	125,708
Total Transportation Service	41,170,168	69,815,728	5,829,548	1,128,357	62,857,823
	94,545,346	\$806,668,029	\$528,820,052	\$12,017,630	\$265,830,347

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
REVENUE SUMMARY FOR PROPOSED RATES
TWELVE MONTHS ENDED DECEMBER 31, 2008

	<u>Volumes</u>	<u>Revenues</u>	<u>Gas Cost</u>	<u>Revenue Taxes</u>	<u>Margin</u>
Residential	40,953,755	622,247,544	406,511,470	10,405,349	\$205,330,726
LIRA	2,683,325	33,592,733	26,340,958	475,132	6,776,643
EBD PTR	91,737	1,057,602	900,533	13,556	143,514
LICAAP (all classes)	0	0	0	0	0
SC 3 Commercial/Public Authority/Industrial	8,935,915	112,733,550	82,790,039	1,081,239	28,862,272
SC-10	708,238	6,030,946	5,713,726	57,842	259,378
Streetlighting	2,208	34,402	20,363	328	13,711
Total Sales Service	53,375,178	775,696,778	522,277,089	12,033,446	241,386,244
Transportation Service					
SC-1 Aggregated Transportation DSS	736,460	3,016,312	176,413	89,266	2,750,633
SC 1 Aggregated Transportation	5,163,435	24,089,578	1,233,554	712,919	22,143,105
SC 3 Transportation	6,584,174	20,900,127	1,499,793	200,456	19,199,878
SC-13-TC1.1	7,200,305	16,119,472	1,582,369	154,604	14,382,499
SC-13-TC2	3,795,693	5,999,467	658,886	57,545	5,283,036
SC-13-TC3	3,769,449	4,611,940	530,577	44,232	4,037,131
SC-13-TC4	10,298,528	5,102,421	349,772	48,940	4,703,709
SC-13-TC4.1	2,736,137	2,298,855	502,295	22,049	1,774,511
SC-16	800,000	185,333	(240)	1,777	183,796
SC-17	44,873	42,516	(13)	408	42,121
Streetlighting	41,114	150,016	9,309	1,438	139,268
Total Transportation Service	41,170,168	82,516,036	6,542,714	1,333,634	74,639,687
	94,545,346	\$858,212,814	\$528,819,803	\$13,367,080	\$316,025,931

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
LATE PAYMENT CHARGES
TWELVE MONTHS ENDING DECEMBER 31, 2008

	<u>Normalized</u>	<u>Proposed</u>
Total Retail Revenues	\$736,852,301	\$775,696,778
Total Transportation Revenues	\$69,815,728	82,516,036
	<u>\$806,668,029</u>	<u>\$858,212,813</u>
 Late Payment Factor	 0.8443%	 0.8443%
 Late Payment Revenues	 <u>\$6,810,698</u>	 <u>\$7,245,891</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
LEAP DAY ADJUSTMENT TO VOLUMES
(Mcf)

	<u>Mar 08</u>	<u>Leap Day</u>	<u>Adjusted Mar 08</u>
SC 1 Residential			
Residential	6,248,206	221,782	6,026,424
Commercial	<u>0</u>	<u>0</u>	<u>0</u>
	6,248,206	221,782	6,026,424
SC 2 - EBD LIRA	13,977	496	13,481
SC 63 ELIRA	409,082	14,521	394,561
SC 3 Commercial			
Residential	76,529	2,716	73,813
Commercial	1,063,859	32,033	1,031,826
Industrial	23,390	1,246	22,144
Public Authority	<u>142,978</u>	<u>2,824</u>	<u>140,154</u>
	1,306,756	38,819	1,267,937
SC 10	16,065	765	15,300
Streetlighting	<u>187</u>	<u>3</u>	<u>184</u>
Total Retail Sales Volumes for Forecast	<u>7,994,273</u>	<u>276,386</u>	<u>7,717,887</u>
Residential Transportation SC 1	783,058	27,802	755,256
General Transportation SC 3	942,636	27,694	914,942
TC-1.1 MMT	971,625	29,554	942,071
TC-1.1 DMT	0	0	0
TC-1.1N	17,033	605	16,428
TC-2 MMT	473,744	18,075	455,669
TC-2 DMT	0	0	0
TC-2N	29,296	1,517	27,779
TC-3 MMT	323,900	9,580	314,320
TC-3 DMT	54,023	1,820	52,203
TC-3N	66,378	2,128	64,250
TC-4 MMT	760,862	27,869	732,993
TC-4 DMT	17,999	621	17,378
TC-4N MMT	292,741	10,095	282,646
TC-4N DMT	0	0	0
TC-4.1	367,622	7,357	360,265
SC-15	0	0	0
SC-16	63,695	2,196	61,499
SC-17	4,212	125	4,087
SC-20	112,280	3,985	108,295
Streetlighting	<u>5,723</u>	<u>110</u>	<u>5,613</u>
Total Transportation Volumes for Forecast	<u>5,286,827</u>	<u>171,133</u>	<u>5,115,694</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
FACTOR OF ADJUSTMENT

		<u>Calculated</u> <u>Revenues</u>	<u>Revenue Runs</u>	<u>Difference</u>	<u>Adj Factor</u>
SC 1 Residential		636,211,435	635,655,574	(555,860)	-0.087447%
SC 2A LIRA	(1)	32,501,772	33,089,046	587,274	0.000000%
SC 2 EBD LIRA		951,455	960,974	9,519	0.990575%
SC 3 General		104,761,819	105,047,733	285,913	0.272175%
SC1 TCR Choice Residential	(1)	16,358,405	16,697,551	339,146	0.000000%
SC3 TC1.0 Choice General Agg	(1)	16,123,226	16,790,728	667,502	0.000000%
DSS	(1)	2,448,459	2,364,213	(84,246)	0.000000%

(1) Adjustment Factor was greater than 1. This indicates that adjustments were made during period and the difference between the calculated revenues and the revenue runs was due to more than a blocking issue.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATION AND MAINTENANCE EXPENSE
TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

	Per Books	Reclassifications Between Cost Elements	Twelve Months Ended September 30, 2006	Adjustments to Normalize Historic Test Year	Normalized Historic Test Year	Adjustments to Reflect Conditions in Rate Year	Twelve Months Ending December 31, 2008
Labor	\$50,135	(\$2,393)	\$47,742	(\$812)	\$46,930	\$2,948	\$49,878
Employee Benefits	30,133	(381)	29,752	(185)	29,567	(1,360)	28,207
Uncollectibles	17,812	1,115	18,927	0	18,927	3,131	22,058
Avian Flu Response	0	0	0	0	0	329	329
EBD PTRR	0	99	99	0	99	236	335
Enterprise GIS	0	0	0	0	0	625	625
Conservation Incentive Program	0	0	0	0	0	12,000	12,000
Meter Maintenance Fees	(381)	0	(381)	0	(381)	(408)	(789)
PSC Assessment	2,191	0	2,191	177	2,368	0	2,368
Rate Case	0	0	0	0	0	85	85
Research and Development	807	0	807	293	1,100	167	1,267
Site Remediation Costs	0	600	600	0	600	1,131	1,731
Billing	0	2,698	2,698	0	2,698	310	3,008
Contract Administration	1,245	0	1,245	0	1,245	(271)	974
Control Group	316	0	316	0	316	(50)	266
Gas Transportation	1,991	0	1,991	0	1,991	(390)	1,601
Information Services	7,809	0	7,809	0	7,809	(1,192)	6,617
Messenger Expense	56	0	56	0	56	3	59
Meter Shop	0	828	828	0	828	(72)	756
Remittance Processing	382	0	382	0	382	(84)	298
Telephone	0	577	577	0	577	(93)	484
Transportation	0	4,874	4,874	0	4,874	(510)	4,364
Contractors & Outside Services	9,796	(99)	9,697	348	10,045	585	10,630
Dues	512	0	512	0	512	30	542
Environmental	628	(600)	28	0	28	1	29
Equipment Rentals	1,634	0	1,634	8	1,642	96	1,738
Injuries & Damages	2,464	0	2,464	0	2,464	144	2,608
Material	2,690	0	2,690	7	2,697	157	2,854
Office Employee Expense	1,516	0	1,516	9	1,525	88	1,613
Other Expense	2,244	(4,115)	(1,872)	0	(1,872)	(109)	(1,981)
Other Insurance	1,630	0	1,630	0	1,630	95	1,725
Postage	190	0	190	0	190	11	201
Promotional Expense	945	0	945	0	945	56	1,001
Rents	1,169	0	1,169	993	2,162	126	2,288
Revenue - Income	(1,745)	0	(1,745)	0	(1,745)	(101)	(1,846)
Transportation Expense	5,121	(4,874)	247	0	247	14	261
UNICAP	(1,109)	0	(1,109)	0	(1,109)	(65)	(1,174)
Utilities	1,579	165	1,744	0	1,744	102	1,846
Labor Loaned & Borrowed	(2,393)	2,393	0	0	0	0	0
Acct. Adj. & Accrual	1,159	(1,159)	0	0	0	0	0
Productivity	0	0	0	0	0	(650)	(650)
Total Operating & Maintenance	\$140,526	(\$272)	\$140,253	\$838	\$141,091	\$17,115	\$158,206

Exhibit (RLT-3)
Schedule 1

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - LABOR
(\$000)

	Twelve Months Ended September 30, 2006	Adjustments to Normalize Historic Test Year	Normalized Historic Test Year	Adjustment to Reflect Conditions In Rate Year	Twelve Months Ending December 31, 2008
<u>Operation</u>					
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	163	(3)	160	9	169
Transmission	381	(6)	375	23	398
Distribution	13,931	(237)	13,694	862	14,556
Customer Accounts	13,027	(221)	12,806	805	13,611
Customer Service	1,576	(27)	1,549	97	1,646
Sales Promotion	0	0	0	0	0
Administrative & General	14,090	(240)	13,850	870	14,720
Total Operation	43,168	(734)	42,434	2,666	45,100
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	65	(1)	64	4	68
Transmission	223	(4)	219	14	233
Distribution	4,190	(71)	4,118	258	4,376
Administrative & General	97	(2)	95	6	101
Total Maintenance	4,574	(78)	4,496	282	4,778
Total Operation & Maintenance	\$47,742	(\$812)	\$46,930	\$2,948	\$49,878

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 NEW YORK DIVISION
 OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
 ADJUSTMENT TO COST ELEMENT - LABOR
 (\$000)

	Twelve Months Ended September 30, 2006		
	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
<u>Operation</u>			
Natural Gas Production	\$104	(\$34)	\$70
Other Gas Supply	162,326	317	162,643
Transmission	290,374	91,088	381,462
Distribution	13,154,331	776,956	13,931,287
Customer Accounts	12,697,730	329,448	13,027,178
Customer Service	1,565,910	9,653	1,575,563
Sales Promotion	0	0	0
Administrative & General	<u>17,744,656</u>	<u>(3,654,656)</u>	<u>14,090,000</u>
Total Operation	<u>45,615,431</u>	<u>(2,447,228)</u>	<u>43,168,203</u>
<u>Maintenance</u>			
Natural Gas Production	26	(8)	18
Other Gas Supply	64,550	61	64,611
Transmission	194,342	28,224	222,566
Distribution	4,164,397	25,991	4,190,388
Administrative & General	<u>96,296</u>	<u>348</u>	<u>96,644</u>
Total Maintenance	<u>4,519,611</u>	<u>54,616</u>	<u>4,574,227</u>
Total Operation & Maintenance	<u>\$50,135,042</u>	<u>(\$2,392,612)</u>	<u>\$47,742,430</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - LABOR

Normalized Labor

Weekly	\$36,429,741
Supervisory	23,756,826
Executives	1,444,644
Other, Summer	2,111,511
Temporary, Part-Time	157,173
Overtime	2,296,166
Normalized Labor	66,196,061
Normalized O & M Expense Percentage	68.63%
Normalized Labor Expense	45,430,357
Labor Charged to New York from Other Jurisdictions	1,500,404
Total Normalized Labor	46,930,761
Actual Labor - Twelve Months Ended September 30, 2006	47,742,430
Normalizing Adjustment	<u>(\$811,669)</u>

Rate Year Payroll

Weekly	\$38,262,162
Supervisory	25,448,906
Executives	1,547,539
Other, Summer	2,111,511
Temporary, Part-Time	165,107
Overtime	2,412,076
Lump Sum Payments	450,774
Rate Year Labor	70,398,075
Rate Year O & M Expense Percentage	68.63%
Rate Year Labor Expense	48,314,199
Labor Charged to New York from Other Jurisdictions	1,564,816
Rate Year Labor	49,879,015
Less: Normalized Labor	46,930,761
Rate Year Adjustment	<u>\$2,948,254</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
PORTION OF WAGE INCREASE EXCLUDED FROM RATE YEAR

	Count	Adjusted Base		(1)	(2)	(3)	2006 Increase		2007 Increase		2008 Increase		Wage Effective Date	Rate Year 12/31/2008		Final Rate Year
		Payroll W 11/4/06	Annualized (A) 52.14 (B) 24 (C) 12				0.00%	0.00%	2.50%	2.75%	2.55%	2.55%				
Locals:	M 11/15/06	(C) 12	(4)	0.00%	2006	3.50%	2007	3.50%	2008		Included	Excluded				
2154 (A)	200	219,733	11,456,872	(2)	0	11,456,872	315,064	11,771,936	300,184	12,072,120	2/15/2008	263,276	36,908	12,035,212		
2154N (A)	46	53,441	2,786,404	(2)	0	2,786,404	76,626	2,863,030	73,007	2,936,037	2/15/2008	64,031	8,976	2,927,061		
2199 (A)	224	258,300	13,467,775	(3)	0	13,467,775	370,364	13,838,139	352,873	14,191,012	2/15/2008	309,487	43,386	14,147,626		
2199N (A)	16	14,118	736,133	(3)	0	736,133	20,244	756,377	19,288	775,665	2/15/2008	16,917	2,371	773,294		
2154S (A)	168	106,064	5,530,196	(2)	0	5,530,196	152,080	5,682,276	144,898	5,827,174	2/15/2008	127,083	17,815	5,809,359		
251 (A)	9	9,312	485,528	(1)	0	485,528	12,138	497,666	12,690	510,356	5/1/2008	8,495	4,195	506,161		
251S (A)	10	6,415	334,457	(1)	0	334,457	8,361	342,818	8,742	351,560	5/1/2008	5,852	2,890	348,670		
2199 J (A)	4	4,057	211,522	(3)	0	211,522	5,817	217,339	5,542	222,881	2/15/2008	4,861	681	222,200		
2199 Part Time	16	6,817	355,452	(3)	0	355,452	9,775	365,227	9,313	374,540	2/15/2008	8,168	1,145	373,395		
Excluded (A)	18	20,433	1,065,402	(3)	0	1,065,402	29,299	1,094,701	27,915	1,122,616	2/15/2008	24,483	3,432	1,119,184		
Total Weekly	711	698,691	36,429,741		0	36,429,741	999,768	37,429,509	954,452	38,383,961		832,653	121,799	38,262,162		
Other, Summer TME 9/30/06		2,268,684	2,111,511			2,111,511		2,111,511		2,111,511					2,111,511	
Temp, Part-time TME 9/30/06			157,173	(3)	0	157,173	4,322	161,495	4,118	165,613	2/15/2008	3,612	506	165,107		
Overtime TME 9/30/06			2,296,166	(2)	0	2,296,166	63,145	2,359,311	60,162	2,419,473	2/15/2008	52,765	7,397	2,412,076		
		2,967,375	40,994,591		0	40,994,591	1,067,235	42,061,826	1,018,732	43,080,558		889,030	129,702			
Supervisory (B)	321	989,868	23,756,826	(4)	0	23,756,826	831,489	24,588,315	860,591	25,448,906	1/1/2008	860,591	0	25,448,906		
Executives (C)	16	120,387	1,444,644	(4)	0	1,444,644	50,563	1,495,207	52,332	1,547,539	1/1/2008	52,332	0	1,547,539		
Lump Sum Payments			420,802	(4)		420,802	14,728	435,530	15,244	450,774		15,244	0	450,774		
Total	1,048	4,077,630	66,616,863		0	66,196,061	1,964,015	68,580,878	1,946,899	70,527,777		1,817,197	129,702	70,398,075		
Labor Borrowed from PA TME 9/30/06			505,625	(1)	0	505,625	12,641	518,266	13,216	531,482	4/13/2008	9,497	3,719	527,763		
Labor Borrowed from Supply TME 9/30/06			994,779	(1)	0	994,779	24,869	1,019,648	26,001	1,045,649	5/1/2008	17,405	8,596	1,037,053		
Labor Borrowed from Other Jurisdictions			1,500,404		0	1,500,404	37,510	1,537,914	39,217	1,577,131		26,902	12,315	1,564,816		

- (1) Wage Increase for Local 251 & 251S - Contracted 2007; GDP 2008
(2) Wage Increase for Local 2154, 2154S - Contracted 2007; GDP 2008
(3) Wage Increase for Local 2199, 2199J, & Excluded - Contracted 2007; GDP 2008
(4) Wage Increase for Supervisors and Executives

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
NORMALIZED O & M PERCENT ANALYSIS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006

Account	Total	Reclass Percent	Adjustments	Total	Adjusted %	Labor Allocation	Benefit Labor	Effective Labor Allocation	Adjusted %
107000 (CWIP)	4,319,863	5.90%	0	4,319,863	5.90%	4,153,486	0	4,153,486	6.05%
108000 (RWIP)	673,360	0.92%	0	673,360	0.92%	647,662	0	647,662	0.94%
146002 (A/R I/C - PAD)	2,755,051	3.77%	0	2,755,051	3.77%	2,654,007	0	2,654,007	3.87%
146004 (A/R I/C - Empire)	252,420	0.35%	0	252,420	0.35%	246,393	0	246,393	0.36%
146005 (A/R I/C-Sen. Res.)	99,554	0.14%	0	99,554	0.14%	98,557	0	98,557	0.14%
146007 (A/R I/C-NFG)	731,220	1.00%	0	731,220	1.00%	703,981	0	703,981	1.03%
146010 (A/R I/C-Horizon)	159,210	0.22%	0	159,210	0.22%	154,876	0	154,876	0.23%
146012 (A/R I/C-Sply)	3,199,152	4.38%	0	3,199,152	4.38%	3,083,436	0	3,083,436	4.49%
146017 (A/R I/C-NFR)	153,019	0.21%	0	153,019	0.21%	147,836	0	147,836	0.22%
146021 (A/R I/C-SR East)	11,871	0.02%	0	11,871	0.02%	14,080	0	14,080	0.02%
146022 (A/R I/C-SR Houston)	461,221	0.63%	0	461,221	0.63%	443,508	0	443,508	0.65%
146024 (A/R I/C-Highland)	60,940	0.08%	0	60,940	0.08%	56,318	0	56,318	0.08%
146028 (A/R I/C-Data)	7,885	0.01%	0	7,885	0.01%	7,040	0	7,040	0.01%
146029 (A/R I/C-ERP Trust)	963,105	1.32%	0	963,105	1.32%	929,255	0	929,255	1.35%
146034 (A/R I/C-NFR Power)	78,708	0.11%	0	78,708	0.11%	77,438	0	77,438	0.11%
146035 (A/R I/C-NFR Amer. Brass)	110	0.00%	0	110	0.00%	0	0	0	0.00%
146055 (A/R I/C-NFE)	8,964	0.01%	0	8,964	0.01%	7,040	0	7,040	0.01%
146072 (A/R I/C-Upstate Energy)	15,398	0.02%	0	15,398	0.02%	14,080	0	14,080	0.02%
146074 (A/R I/C-Toro Partners)	29,605	0.04%	0	29,605	0.04%	28,159	0	28,159	0.04%
146091 (A/R I/C-PA Dist Spec Annu)	999	0.00%	0	999	0.00%	0	0	0	0.00%
146092 (A/R I/C-Horizon Spec Annu)	420	0.00%	0	420	0.00%	0	0	0	0.00%
146093 (A/R I/C-Supply Spec Annu)	951	0.00%	0	951	0.00%	0	0	0	0.00%
146500 (A/R I/C-Horizon AT Gen Prt)	44,957	0.06%	0	44,957	0.06%	42,239	0	42,239	0.06%
146502 (A/R I/C-Horizon AT CHI Ent)	1,227	0.00%	0	1,227	0.00%	0	0	0	0.00%
146508 (A/R I/C-Coming)	14,942	0.02%	0	14,942	0.02%	14,080	0	14,080	0.02%
163000 (Stores Expense)	459,680	0.63%	0	459,680	0.63%	443,508	0	443,508	0.65%
184000 (Construction Equip)	103,287	0.14%	0	103,287	0.14%	98,557	0	98,557	0.14%
184140 (ISD Other Exp)	4,830,179	6.61%	0	4,830,179	6.61%	4,653,313	0	4,653,313	6.79%
184225 (Gas Transp. Svcs.-Clear)	274,592	0.38%	0	274,592	0.38%	267,513	0	267,513	0.39%
184235 (Gas Transp. Clearing)	792,970	1.09%	0	792,970	1.09%	767,339	0	767,339	1.12%
184250 (Contract Admin)	687,738	0.94%	0	687,738	0.94%	661,742	0	661,742	0.96%
184350 (Remit. Clearing)	250,992	0.34%	0	250,992	0.34%	239,353	0	239,353	0.35%
184400 (Telephone Clear)	495,191	0.68%	0	495,191	0.68%	478,707	0	478,707	0.70%
184500 (Transp. Vehicle)	299,423	0.41%	0	299,423	0.41%	288,632	0	288,632	0.42%
184600 (Control Group Clearing)	152,289	0.21%	0	152,289	0.21%	147,836	0	147,836	0.22%
184700 (Meter Shop Clear)	516,299	0.71%	0	516,299	0.71%	499,826	0	499,826	0.73%
186000 (Misc. Deferred Debits)	71,480	0.10%	0	71,480	0.10%	70,398	0	70,398	0.10%
188000 (RD&D)	32,742	0.04%	0	32,742	0.04%	28,159	0	28,159	0.04%
228307 (Def Comp Plan Liab)	400,260	0.55%	0	400,260	0.55%	387,189	0	387,189	0.56%
234300 (A/P Assoc. Companies)	(573,415)	-0.78%	0	(573,415)	-0.78%	(549,105)	0	(549,105)	-0.80%
416000 (Cost Jobbing & Cont)	65,903	0.09%	0	65,903	0.09%	63,358	0	63,358	0.09%
426400 (Misc. Income Deductions)	12,563	0.02%	0	12,563	0.02%	14,080	0	14,080	0.02%
SUBTOTAL	22,916,325	31.37%	0	22,916,325	31.37%	22,083,876	0	22,083,876	32.18%
401200	104	0.00%	0	104	0.00%	0	0	0	0.00%
401300	162,352	0.22%	0	162,352	0.22%	154,876	0	154,876	0.23%
401500	290,347	0.40%	0	290,347	0.40%	281,592	0	281,592	0.41%
401600	13,154,331	18.01%	0	13,154,331	18.01%	12,678,693	0	12,678,693	18.48%
401700	12,697,730	17.38%	0	12,697,730	17.38%	12,235,186	0	12,235,186	17.83%
401800	1,565,910	2.14%	0	1,565,910	2.14%	1,506,519	0	1,506,519	2.20%
401850	0	0.00%	0	0	0.00%	0	0	0	0.00%
401900 - 582310 (Spec. Annuity)	600	0.00%	0	600	0.00%	0	0	0	0.00%
401900 - 582340 (Other Emp Ben)	124,927	0.17%	0	124,927	0.17%	119,677	(119,677)	0	0.00%
401900 - 582360 (Military Duty)	6,814	0.01%	0	6,814	0.01%	7,040	(6,069)	971	0.00%
401900 - 582370 (Jury Duty)	24,252	0.03%	0	24,252	0.03%	21,119	(18,431)	2,688	0.00%
401900 - 582430 (Emp. Sick-Inj)	1,730,125	2.37%	0	1,730,125	2.37%	1,668,434	(1,443,195)	225,239	0.33%
401900 - 582440 (Other App. Abs.)	237,229	0.32%	0	237,229	0.32%	225,274	(194,668)	30,606	0.04%
401900 - Other	15,617,894	21.39%	0	15,617,894	21.39%	15,058,149	0	15,058,149	21.95%
401900 - Total	17,741,841	24.29%	0	17,741,841	24.29%	17,099,693	(1,782,040)	15,317,653	22.32%
402200	26	0.00%	0	26	0.00%	0	0	0	0.00%
402300	64,550	0.09%	0	64,550	0.09%	63,358	0	63,358	0.09%
402500	194,342	0.27%	0	194,342	0.27%	190,075	0	190,075	0.28%
402600	4,164,397	5.70%	0	4,164,397	5.70%	4,012,690	0	4,012,690	5.85%
402900	96,296	0.13%	0	96,296	0.13%	91,517	0	91,517	0.13%
SUBTOTAL	50,132,226	68.63%	0	50,132,226	68.63%	48,314,199	(1,782,040)	46,532,159	67.82%
TOTAL EXP	73,048,551	100.00%	0	73,048,551	100.00%	70,398,075	(1,782,040)	68,616,035	100.00%

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS
(\$000)

	Twelve Months Ended September 30, 2006	Adjustments to Normalize Historic Test Year	Normalized Historic Test Year	Adjustments to Reflect Conditions In Rate Year	Twelve Months Ending December 31, 2006
<u>Operation</u>					
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	0	0	0	0	0
Transmission	80	0	80	(5)	75
Distribution	645	(4)	641	(29)	612
Customer Accounts	151	(1)	150	(7)	143
Customer Service	12	0	12	(1)	11
Sales Promotion	0	0	0	0	0
Administrative & General	28,821	(180)	28,641	(1,316)	27,325
Total Operation	29,709	(185)	29,524	(1,358)	28,166
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	0	0	0	0	0
Transmission	22	0	22	(1)	21
Distribution	21	0	21	(1)	20
Administrative & General	0	0	0	0	0
Total Maintenance	43	0	43	(2)	41
Total Operation & Maintenance	\$29,752	(\$185)	\$29,567	(\$1,360)	\$28,207

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS

Twelve Months Ended September 30, 2006

	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
<u>Operation</u>			
Natural Gas Production	\$0	\$0	\$0
Other Gas Supply	316	0	316
Transmission	79,878	0	79,878
Distribution	644,973	0	644,973
Customer Accounts	150,781	0	150,781
Customer Service	11,776	0	11,776
Sales Promotion	0	0	0
Administrative & General	<u>29,201,911</u>	<u>(380,650)</u>	<u>28,821,261</u>
Total Operation	<u>\$30,089,635</u>	<u>(\$380,650)</u>	<u>\$29,708,985</u>
<u>Maintenance</u>			
Natural Gas Production	\$0	\$0	\$0
Other Gas Supply	55	0	55
Transmission	21,586	0	21,586
Distribution	21,209	0	21,209
Administrative & General	<u>215</u>	<u>0</u>	<u>215</u>
Total Maintenance	<u>\$43,065</u>	<u>\$0</u>	<u>\$43,065</u>
Total Operation & Maintenance	<u><u>\$30,132,700</u></u>	<u><u>(\$380,650)</u></u>	<u><u>\$29,752,050</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS
TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

	Per			Normalizing	Normalized	Rate Year	Twelve
	Books	Reclassifications	Reclassified	Adjustments	Test Year	Adjustments	Months Ending
							December 31, 2008
Group Life Insurance	\$144	\$0	\$144	0	\$144	\$26	\$170
Health Care	5,289	(255)	5,034	0	5,034	2,322	7,356
Pension	9,992	0	9,992	0	9,992	2,251	12,243
OPEBs	12,066	0	12,066	0	12,066	(7,598)	4,468
401(K) Plan	1,452	0	1,452	71	1,523	199	1,722
Dental Plan	455	0	455	113	568	33	601
Long Term Disability	18	0	18	8	26	2	28
Other Benefits	(471)	(126)	(597)	(377)	(974)	790	(184)
Benefits From Other Jurisdictions	1,188	0	1,188	0	1,188	615	1,803
	<u>\$30,133</u>	<u>(\$381)</u>	<u>\$29,752</u>	<u>(\$185)</u>	<u>\$29,567</u>	<u>(\$1,360)</u>	<u>\$28,207</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS
TWELVE MONTHS ENDING DECEMBER 31, 2008

GROUP LIFE INSURANCE

Premium:

1. Term Insurance Rate Per Thousand	\$0.188	
Total Volume of Insurance *	\$82,968,502	\$15,598
2. AD&D Insurance Rate Per Thousand	\$0.025	
Total Volume of Insurance #	\$80,744,438	<u>2,019</u>
Rate Year Monthly Premium		\$17,617
Monthly Premium Annualized		\$211,404
Executive Life Insurance Plan for eligible Executives		\$38,681
Rate Year Group Life Insurance Cost		250,085
Amount to be Charged to O & M Expense	67.82%	170,000
Less: Actual Group Life Insurance for TME September 30, 2006		<u>144,000</u>
Rate Year Adjustment		<u>\$26,000</u>
* Management Volume (Exhibit ____ (RLT-3), Sch.2, Sheet 4)	\$25,899,680	
2 Times Value		\$51,799,360
Plus: Eligible Executives		1,119,142
Union and Excluded - 711 Less 194 (Supplemental) employees @ \$50,000		25,850,000
Union 2154S employees @ \$25,000		<u>4,200,000</u>
Total Volume for Term Insurance		<u>\$82,968,502</u>
# Management Volume (Exhibit ____ (RLT-3), Sch.2, Sheet 4)	\$25,899,680	
2 Times Value		\$51,799,360
Plus: Executives (2 Times Exhibit ____ (RLT-3), Sch.2, Sheet 4)	\$1,547,539	3,095,078
Union and Excluded - 711 Less 194 (Supplemental) employees @ \$50,000		<u>25,850,000</u>
Total Volume for AD&D		<u>\$80,744,438</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS
TWELVE MONTHS ENDING DECEMBER 31, 2008

HEALTH CARE

Health Insurance

NFG Active Average Claim per Employee TME 10/06	\$532.96	
Number of Eligible Employees @ November 06	862	
Monthly Claims per eligible Employee	459,408	
Independent Health Premium per Employee	\$470.50	
Number of Eligible Employees @ November 06	186	
Monthly Premium per eligible Employee	\$87,513	
Annual Premium (x 12)		\$6,563,056
Inflation at 12.00% annually	29.04%	\$8,469,283
<u>Caremark Drug Coverage</u>		
Average Daily Cost TME September 30, 2006 x 365	\$2,204,797	
Inflation at 12.00% annually	29.04%	\$2,845,176
Total Rate Year Hospitalization Cost		\$11,314,459
Less: Weekly Contribution (\$5,862 per week)		\$305,637
Less: Supervisory Contribution (\$13,569 per month)		\$162,833
Rate Year Hospitalization Costs		\$10,845,989
Amount to be charged to O & M Expense	67.82%	\$7,356,000
Less: Actual Hospitalization Expense for TME September 30, 2006		\$5,034,000
Rate Year Adjustment		<u>\$2,322,000</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS
TWELVE MONTHS ENDING DECEMBER 31, 2008

PENSIONNormalized

Pension Expense TME September 30, 2006	\$9,992,000
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Normalized Pension Expense	<u>\$9,992,000</u>
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Rate Year

FAS 87 Expense Fiscal 2008 9 months	\$14,295,033	\$10,721,275
FAS 87 Expense Fiscal 2009 3 months	\$11,174,816	<u>\$2,793,704</u>
Total Rate Year Pension FAS 87 Expense		\$13,514,979

Rounded Rate Year Pensions	13,514,979
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Rate Allowance	67.82%	9,166,000
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Plus: Amortization of Estimated Under Recovery Prior to Rate Year	<u>\$3,077,000</u>
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Rate Year Pension	\$12,243,000
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Less: Normalized Pension Expense	<u>9,992,000</u>
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Rate Year Adjustment	<u>\$2,251,000</u>
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<u>* Under Recovery Prior to Rate Year</u>	Current <u>Rates</u>	FAS 87 FY 2007	Under(Over) <u>Recovery</u>
Gross Allowance	\$15,018,947	\$14,899,383	
O&M Percent (Case 04-G-1047)	65.97%	65.97%	
	<u>\$9,907,999</u>	<u>\$9,829,123</u>	(\$78,876)

Balance in Deferral accounts at 9/30/06

A/C 182318	NYD DFD Over/Under Pension	2,252,669
A/C 182325	Capitalized Pension Costs	\$7,029,803
A/C 182335	NY Over/Under - Dfd Cont (RSA)	\$2,495
A/C 182340	Defined Contribution Plan - Supv	\$10,824
A/C 182345	Retirement Savings Acct Union	\$15,480
		<u>\$9,311,271</u>

Total Under Recovery estimated prior to rate year	<u>\$9,232,395</u>
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Amortization Over 3 Years	<u>\$3,077,000</u>
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NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS
TWELVE MONTHS ENDING DECEMBER 31, 2008

OPEBSNormalized

OPEB Expense TME September 30, 2006 \$12,066,000

Normalized OPEB Expense \$12,066,000

Rate Year

FAS 106 Expense Fiscal 2008 9 months	\$9,150,000	\$6,862,500
FAS 106 Expense Fiscal 2009 3 months	\$6,870,000	<u>\$1,717,500</u>
Total Rate Year OPEB FAS 106 Expense		<u>\$8,580,000</u>

Rounded Rate Year OPEBs 8,580,000

Rate Allowance 67.82% 5,819,000

Less Amortization of Estimated Over Recovery Prior to Rate Year (\$1,351,000)

Rate Year OPEBs \$4,468,000

Less: OPEB Expense - TME September 30, 2006 12,066,000

Rate Year Adjustment (\$7,598,000)

<u>* Over Recovery Prior to Rate Year</u>	Current <u>Rates</u>	<u>FAS 106 FY 2007</u>	Under(Over) <u>Recovery</u>
Gross Allowance	\$18,305,290	\$10,470,000	
O&M Percent (Case 04-G-1047)	65.97%	65.97%	
	<u>\$12,076,000</u>	<u>\$6,907,059</u>	<u>(\$5,168,941)</u>

Balance in Deferral accounts at 9/30/06

A/C 182314	NYD Under/Over Collection - OPEB Supervisory	2,788,798
A/C 182316	NYD Dfd OPEB Non-Supervisory	(\$9,966,492)
A/C 182317	NYD Dfd OPEB - Supervisory	\$8,292,667
		<u>\$1,114,973</u>

Total Over Recovery estimated prior to rate year (\$4,053,968)

Amortization Over 3 Years (\$1,351,000)

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS
TWELVE MONTHS ENDING DECEMBER 31, 2008

401(k)Normalized

Company Payment - Average 12 months ended September 30, 2006	\$187,193	
Annualized (\$187,193 + 2 x 24 payperiods)		\$2,246,000
Amount to be charged to O & M Expense	67.82%	1,523,000
Less: 401(k) Plan Expense - TME September 30, 2006		1,452,000
Normalizing Adjustment		<u>\$71,000</u>

Rate Year

Normalized

Estimated Payments February 1, 2006 - January 31, 2007		
2006 - 2007 payments x 1.0200 (1)		2,290,920
Estimated Payments February 1, 2007 - January 31, 2008		
2007 - 2008 payments x 1.0550 (2)		2,416,921
Estimated Payments February 1, 2008 - January 31, 2009		
2008 - 2009 payments x 1.0550 (2)		2,549,852
Rate Year 401(k) Plan Payment:		
October 2007 - January 2008 (1 months)		201,410
February 2008 - December 2008 (11 months)		2,337,364
Total Rate Year		<u>2,538,774</u>

Amount to be charged to O & M Expense	67.82%	1,722,000
Less: Normalized 401(k) Plan		1,523,000
Rate Year Adjustment		<u>\$199,000</u>

	<u>2006</u>	<u>(1) 2007</u>	<u>(2) 2008</u>
Supervisory Wage Increase + 2% Participation	2.00%	5.50%	5.50%

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS
TWELVE MONTHS ENDING DECEMBER 31, 2008

DENTAL PLANNormalized

Premium & Claim Payment (average for 12 months ended September 30, 2006)	\$69,798	
Normalized Dental Plan (x 12)		\$837,570
Amount to be charged to O & M Expense	67.82%	568,000
Less: Dental Expense - TME September 30, 2006		<u>455,000</u>
Normalizing Adjustment		<u><u>\$113,000</u></u>

Rate Year

Normalized Dental Plan Payments		\$837,570
Projected Increase (x Inflation Factor *)		886,000
Amount to be charged to O & M Expense	67.82%	601,000
Less: Dental Plan Expense - Normalized		<u>568,000</u>
Rate Year Adjustment		<u><u>\$33,000</u></u>

* Increase to reflect inflation at 2.55% annual rate for the
period September 30, 2006 through December 31, 2008 (27 months) 5.8291%

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 NEW YORK DIVISION
 OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
 ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS
 TWELVE MONTHS ENDING DECEMBER 31, 2008

LONG TERM DISABILITYNormalized

Average Premium Payment - (TME 9/30/06)	\$3,259	
Annualized (x 12)		\$39,000
Amount to be charged to Operations and Maintenance Expense	67.82%	26,000
Less: LTD - TME SEPTEMBER 30, 2006		18,000
Normalizing Adjustment		8,000
<u>Rate Year</u>		
Normalized LTD Plan Payments		\$39,000
Projected Increase (x Inflation Factor *)		41,000
Amount to be charged to O & M Expense	67.82%	28,000
Less: LTD Expense - Normalized		<u>26,000</u>
Rate Year Adjustment		<u><u>\$2,000</u></u>

* Increase to reflect inflation at 2.55% annual rate for the
 period September 30, 2006 through December 31, 2008 (27 months) 5.8291%

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS
TWELVE MONTHS ENDING DECEMBER 31, 2008

OTHER BENEFITS

So.	TME September 30, 2006	Normalizing Adjustment	Normalized Other Benefits	Specific Rate Year Adjustment	Inflation 5.8291%	Rate Year Other Benefits
2101 (Payroll Withholding)	\$330		\$330	\$0	\$19	\$349
2105 (Other Emp. Costs)	234,012		234,012	0	13,641	247,653
2110 (Group Annuity)	328,643		328,643	0	19,157	347,800
2113 (Restricted Stock)	53,200	(53,200) (1)	0	0	0	0
2163 (Stock Option Company Exp.)	321,948	(321,948) (1)	0	0	0	0
2164 (Stock Option Co. Exp. Tax Effect)	2,304	(\$2,304) (1)	0	0	0	0
2971 (Cash Book Ref Number)	(45,776)		(45,776)	0	(2,668)	(48,444)
4802 (Amortization Other)	26,054		26,054	0	1,519	27,573
Subtotal Other Benefits	920,715	(377,452)	543,263	0	31,667	574,931
2107 (Fr. Loading-Other)	(228,067)		(228,067)	114,071	0	(113,996)
2108 (Fr. Load-Treas.)	(854,439)		(854,439)	427,358	0	(427,081)
2111 (Com.Exp.Fr.Bene.Load)	(165,445)		(165,445)	82,749	0	(82,696)
2115 (Asso Co Brwd Labor Fringe Load)	330		330	(165)	0	165
2119 (Loan Labor Fr. Load-Sply)	(76,680)		(76,680)	38,352	0	(38,328)
2120 (Loan Labor FB Load NFG Co)	(5,877)		(5,877)	2,939	0	(2,938)
2121 (Loan Labor Fr. Load-PY)	(848)		(848)	424	0	(424)
2124 (Loan Labor Fr. Load-PAD)	(68,836)		(68,836)	34,429	0	(34,407)
2126 (Brwd Labor Fr. Load-SUP)	4,453		4,453	(2,227)	0	2,226
2140 (Loan Labor Fr. Load-Empire)	(4,377)		(4,377)	2,189	0	(2,188)
2161 (Fringe Benefits Officer Exp)	(11,776)		(11,776)	5,890	0	(5,886)
2935 (Common Exp. - Other)	(105,878)		(105,878)	52,956	0	(52,922)
Subtotal Loading for Other Benefits	(1,517,440)	0	(1,517,440)	758,967 (2)	0	(758,473)
Total	(\$596,725)	(\$377,452)	(\$974,177)	\$758,967	\$31,667	(\$183,542)

(1) Removed SARs, Restricted Stock, and Stock Option Expense

(2) Sick & Other Absences Labor to Non - O & M Accounts

A/C

Sickness & Injury (A/C 582430)

Other Approved Absences (A/C 582440)

Other (A/C 582310, 582340)

Military Duty (A/C 582360)

Jury Duty (A/C 582370)

Rate Year

\$1,443,195

194,668

119,677

6,069

18,431

1,782,040

Gross Other Benefits

574,931

Subtotal

\$2,356,971

% to Non - O & M Accounts (100%-67.82%)

-32.18%

Projected Rate Year Credit on Sources 2107, 2108, 2111 & 2161

(758,473)

Actual - TME September 30, 2006

(1,517,440)

Adjustment

\$758,967

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EMPLOYEE BENEFITS
TWELVE MONTHS ENDING DECEMBER 31, 2008

BENEFITS FROM OTHER JURISDICTIONS

Labor from Supply during Rate Year	\$1,037,053	
Supply Loading Factor	<u>111.00%</u>	
		\$1,151,000
Labor from Pennsylvania during Rate Year	527,763	
Pennsylvania Loading Factor	<u>123.60%</u>	
		<u>652,000</u>
Benefits from Other Jurisdictions		1,803,000
Less - Actual Benefits from Other Jurisdictions - TME September 30, 2006		<u>1,188,000</u>
Rate Year Adjustment		<u><u>\$615,000</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
DEVELOPMENT OF LOADING FACTOR APPLICABLE DURING RATE YEAR
TWELVE MONTHS ENDING DECEMBER 31, 2008

Gross Payroll During Rate Year (Exhibit __ (RLT-3), Schedule 2)		\$70,398,075
Less: Sickness & Injury (A/C 582430)		1,443,195
Other Approved Absences (A/C 582440)		194,668
Other (A/C 582310, 582340)		119,677
Military Duty (A/C 582360)		6,069
Jury Duty (A/C 582370)		18,431
		<hr/>
Net Gross Payroll		\$68,616,035
Gross Benefits		
Pension	\$13,514,979	
Hospitalization	10,845,989	
Group Life	250,085	
Sickness & Injury	1,443,195	
Dental Plan	886,000	
Long Term Disability	41,000	
Other Approved Absences	194,668	
Other	(558,915)	
Military Duty	6,069	
Jury Duty	18,431	
401(k)	2,538,774	
OPEBs	8,580,000	
	<hr/>	
	\$37,760,275	55.03%
Payroll Taxes		
FICA	5,164,000	
FUTA	77,000	
SUTA	168,000	
	<hr/>	
	\$5,409,000	7.88%
		<hr/>
Total Loading Factor		<u>62.91%</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - AVIAN FLU RESPONSE
(\$000)

<u>Operation</u>	<u>Twelve Months Ended September 30, 2006</u>	<u>Adjustments to Normalize Historic Test Year</u>	<u>Normalized Historic Test Year</u>	<u>Adjustment to Reflect Conditions In Rate Year</u>	<u>Twelve Months Ending December 31, 2008</u>
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Customer Accounts	0	0	0	0	0
Customer Service	0	0	0	0	0
Sales Promotion	0	0	0	0	0
Administrative & General	0	0	0	329	329
Total Operation	0	0	0	329	329
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Administrative & General	0	0	0	0	0
Total Maintenance	0	0	0	0	0
Total Operation & Maintenance	\$0	\$0	\$0	\$329	\$329

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - AVIAN FLU RESPONSE

Twelve Months Ended September 30, 2006

<u>Operation</u>	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
Natural Gas Production	\$0	\$0	\$0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Customer Accounts	0	0	0
Customer Service	0	0	0
Sales Promotion	0	0	0
Administrative & General	0	0	0
Total Operation	<u>0</u>	<u>0</u>	<u>0</u>
<u>Maintenance</u>			
Natural Gas Production	0	0	0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Administrative & General	0	0	0
Total Maintenance	<u>0</u>	<u>0</u>	<u>0</u>
Total Operation & Maintenance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
AVIAN FLU RESPONSE
TWELVE MONTHS ENDED DECEMBER 31, 2008

Medical Mask, Disposable Gloves, Temperature Measuring Devices

Inside Employees	369	
Cost per day	\$2.50	
Anticipated Days of Occurance (21 days per month x 8 months)	<u>168</u>	\$154,980

Disinfectant Spray and Hand Sanitizer

Cases	272	
Cost per Case	<u>\$100.00</u>	27,200

Outside Employees - N95 Disposable Respirator, gloves

Outside Employees	260	
Cost per day	\$3.36	
Anticipated Days of Occurance (21 days per month x 8 months)	<u>168</u>	<u>146,652</u>

Total \$328,832

	<u>Inside/Outside</u>	<u>Per Labor Exh</u>	<u>x 60%</u>
2154	O	200	120
2154N	O	46	28
2199	I	224	134
2199N	I	16	10
2154S	O	168	101
251	O	9	5
251S	O	10	6
2199J	I	4	2
2199 PT	I	16	10
Excluded	I	18	11
Supervisors	I	321	193
Executives	I	16	10
		<u>1,048</u>	<u>629</u>
Inside Employees		615	369
Outside Employees		<u>433</u>	<u>260</u>
		<u>1,048</u>	<u>629</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EBD PTR. EXPENSE
(\$000)

<u>Operation</u>	<u>Twelve Months Ended September 30, 2006</u>	<u>Adjustments to Normalize Historic Test Year</u>	<u>Normalized Historic Test Year</u>	<u>Adjustment to Reflect Conditions In Rate Year</u>	<u>Twelve Months Ending December 31, 2008</u>
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Customer Accounts	0	0	0	0	0
Customer Service	0	0	0	0	0
Sales Promotion	0	0	0	0	0
Administrative & General	99	0	99	236	335
Total Operation	99	0	99	236	335
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Administrative & General	0	0	0	0	0
Total Maintenance	0	0	0	0	0
Total Operation & Maintenance	\$99	\$0	\$99	\$236	\$335

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - EBD PTR A EXPENSE

Twelve Months Ended September 30, 2006

	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
<u>Operation</u>			
Natural Gas Production	\$0	\$0	\$0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Customer Accounts	0	0	0
Customer Service	0	0	0
Sales Promotion	0	0	0
Administrative & General	0	99,184	99,184
Total Operation	<u>0</u>	<u>99,184</u>	<u>99,184</u>
<u>Maintenance</u>			
Natural Gas Production	0	0	0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Administrative & General	0	0	0
Total Maintenance	<u>0</u>	<u>0</u>	<u>0</u>
Total Operation & Maintenance	<u>\$0</u>	<u>\$99,184</u>	<u>\$99,184</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
EBD PTRA EXPENSE
TWELVE MONTHS ENDED DECEMBER 31, 2008

Arrearage Forgiveness	\$85,000
Measures	<u>250,000</u>
Total	<u><u>\$335,000</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - ENTERPRISE GIS
(\$000)

<u>Operation</u>	<u>Twelve Months Ended September 30, 2006</u>	<u>Adjustments to Normalize Historic Test Year</u>	<u>Normalized Historic Test Year</u>	<u>Adjustment to Reflect Conditions In Rate Year</u>	<u>Twelve Months Ending December 31, 2008</u>
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Customer Accounts	0	0	0	0	0
Customer Service	0	0	0	0	0
Sales Promotion	0	0	0	0	0
Administrative & General	0	0	0	625	625
Total Operation	0	0	0	625	625
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Administrative & General	0	0	0	0	0
Total Maintenance	0	0	0	0	0
Total Operation & Maintenance	\$0	\$0	\$0	\$625	\$625

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - ENTERPRISE GIS

Twelve Months Ended September 30, 2006

<u>Operation</u>	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
Natural Gas Production	\$0	\$0	\$0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Customer Accounts	0	0	0
Customer Service	0	0	0
Sales Promotion	0	0	0
Administrative & General	0	0	0
Total Operation	<u>0</u>	<u>0</u>	<u>0</u>
<u>Maintenance</u>			
Natural Gas Production	0	0	0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Administrative & General	0	0	0
Total Maintenance	<u>0</u>	<u>0</u>	<u>0</u>
Total Operation & Maintenance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
ENTERPRISE GIS
TWELVE MONTHS ENDED DECEMBER 31, 2008

	Fiscal 2008	Fiscal 2009
Data Migration	594,000	\$396,000
Software	60,863	60,863
Hardware	2,750	2,750
Training	<u>16,500</u>	<u>16,500</u>
	674,113	476,113
9 Months January 2008 - September 2008	505,585	
3 Months October 2008 - December 2008		119,028
Total Rate Year Enterprise GIS		<u>\$624,613</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - CONSERVATION INCENTIVE PROGRAM
(\$000)

<u>Operation</u>	<u>Twelve Months Ended September 30, 2006</u>	<u>Adjustments to Normalize Historic Test Year</u>	<u>Normalized Historic Test Year</u>	<u>Adjustment to Reflect Conditions In Rate Year</u>	<u>Twelve Months Ending December 31, 2008</u>
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Customer Accounts	0	0	0	0	0
Customer Service	0	0	0	3,000	3,000
Sales Promotion	0	0	0	0	0
Administrative & General	0	0	0	9,000	9,000
Total Operation	0	0	0	12,000	12,000
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Administrative & General	0	0	0	0	0
Total Maintenance	0	0	0	0	0
Total Operation & Maintenance	\$0	\$0	\$0	\$12,000	\$12,000

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - CONSERVATION INCENTIVE PROGRAM

Twelve Months Ended September 30, 2006

	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
<u>Operation</u>			
Natural Gas Production	\$0	\$0	\$0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Customer Accounts	0	0	0
Customer Service	0	0	0
Sales Promotion	0	0	0
Administrative & General	0	0	0
Total Operation	<u>0</u>	<u>0</u>	<u>0</u>
<u>Maintenance</u>			
Natural Gas Production	0	0	0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Administrative & General	0	0	0
Total Maintenance	<u>0</u>	<u>0</u>	<u>0</u>
Total Operation & Maintenance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CONSERVATION INCENTIVE PROGRAM
TWELVE MONTHS ENDED DECEMBER 31, 2008

		Fiscal 2008
LIURP		\$2,600,000
Appliance Rebates		
Residential	\$3,300,000	
Commercial	<u>1,500,000</u>	
Total		4,800,000
Outreach and Education		
Low Income	\$1,100,000	
General	<u>3,500,000</u>	
Total		<u>4,600,000</u>
Total Rate Year		<u>\$12,000,000</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - METER MAINTENANCE FEES
(\$000)

<u>Operation</u>	(1) Twelve Months Ended September 30, 2006	Adjustments to Normalize Historic Test Year	Normalized Historic Test Year	Adjustment to Reflect Conditions In Rate Year	Twelve Months Ending December 31, 2008
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	(381)	0	(381)	(408)	(789)
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Customer Accounts	0	0	0	0	0
Customer Service	0	0	0	0	0
Sales Promotion	0	0	0	0	0
Administrative & General	0	0	0	0	0
Total Operation	(381)	0	(381)	(408)	(789)
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Administrative & General	0	0	0	0	0
Total Maintenance	0	0	0	0	0
Total Operation & Maintenance	(\$381)	\$0	(\$381)	(\$408)	(\$789)

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - METER MAINTENANCE FEES

Twelve Months Ended September 30, 2006

<u>Operation</u>	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
Natural Gas Production	\$0	\$0	\$0
Other Gas Supply	(381,400)	0	(381,400)
Transmission	0	0	0
Distribution	0	0	0
Customer Accounts	0	0	0
Customer Service	0	0	0
Sales Promotion	0	0	0
Administrative & General	0	0	0
Total Operation	<u>(381,400)</u>	<u>0</u>	<u>(381,400)</u>
<u>Maintenance</u>			
Natural Gas Production	0	0	0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Administrative & General	0	0	0
Total Maintenance	<u>0</u>	<u>0</u>	<u>0</u>
Total Operation & Maintenance	<u>(\$381,400)</u>	<u>\$0</u>	<u>(\$381,400)</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
METER MAINTENANCE FEES
TWELVE MONTHS ENDED DECEMBER 31, 2008

	<u>Total</u>	<u>Rotary</u>	<u>Orifice</u>
Meter Maintenance Cost	\$788,686	\$300,085	\$488,600
Number of Meters	828	413	415
Fee Per Meter/Per Month		<u>\$60.55</u>	<u>\$98.11</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - PSC ASSESSMENT
(\$000)

<u>Operation</u>	(1) Twelve Months Ended September 30, 2006	Adjustments to Normalize Historic Test Year	Normalized Historic Test Year	Adjustment to Reflect Conditions In Rate Year	Twelve Months Ending December 31, 2008
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Customer Accounts	0	0	0	0	0
Customer Service	0	0	0	0	0
Sales Promotion	0	0	0	0	0
Administrative & General	2,191	177	2,368	(1) 0	2,368
Total Operation	2,191	177	2,368	0	2,368
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Administrative & General	0	0	0	0	0
Total Maintenance	0	0	0	0	0
Total Operation & Maintenance	\$2,191	\$177	\$2,368	\$0	\$2,368

(1) Per Statement of Estimated Assessment, issued August 10, 2006, for fiscal year ending March 31, 2007

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - PSC ASSESSMENT

Twelve Months Ended September 30, 2006

<u>Operation</u>	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
Natural Gas Production	\$0	\$0	\$0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Customer Accounts	0	0	0
Customer Service	0	0	0
Sales Promotion	0	0	0
Administrative & General	2,191,447	0	2,191,447
Total Operation	<u>2,191,447</u>	<u>0</u>	<u>2,191,447</u>
<u>Maintenance</u>			
Natural Gas Production	0	0	0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Administrative & General	0	0	0
Total Maintenance	<u>0</u>	<u>0</u>	<u>0</u>
Total Operation & Maintenance	<u>\$2,191,447</u>	<u>\$0</u>	<u>\$2,191,447</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - PSC ASSESSMENT
(\$000)

<u>ASSESSMENT YEAR</u>	<u>INITIAL ASSESSMENT</u>	<u>REVISION(S)</u>	<u>REVISED ASSESSMENT</u>	
4/01 - 3/02	\$1,348,564	\$133,782	\$1,482,346	
4/02 - 3/03	\$1,459,921	\$201,756	\$1,661,677	112.097816%
4/03 - 3/04	\$1,816,780	(\$599,526)	\$1,217,254	73.254542%
4/04 - 3/05	\$1,440,698	\$519,052	\$1,959,750	160.997640%
4/05 - 3/06	\$2,214,744	(\$62,023)	\$2,152,721	109.846715%
4/06 - 3/07	\$2,216,429	\$151,537	\$2,367,966	109.998737%
Average Increase				113.239090%

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - RATE CASE EXPENSE
(\$000)

	Twelve Months Ended September 30, 2006	Adjustments to Normalize Historic Test Year	Normalized Historic Test Year	Adjustment to Reflect Conditions In Rate Year	Twelve Months Ending December 31, 2008
<u>Operation</u>					
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Customer Accounts	0	0	0	0	0
Customer Service	0	0	0	0	0
Sales Promotion	0	0	0	0	0
Administrative & General	0	0	0	85	85
Total Operation	0	0	0	85	85
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Administrative & General	0	0	0	0	0
Total Maintenance	0	0	0	0	0
Total Operation & Maintenance	\$0	\$0	\$0	\$85	\$85

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - RATE CASE EXPENSE

Twelve Months Ended September 30, 2006

	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
<u>Operation</u>			
Natural Gas Production	\$0	\$0	\$0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Customer Accounts	0	0	0
Customer Service	0	0	0
Sales Promotion	0	0	0
Administrative & General	0	0	0
Total Operation	<u>0</u>	<u>0</u>	<u>0</u>
<u>Maintenance</u>			
Natural Gas Production	0	0	0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Administrative & General	0	0	0
Total Maintenance	<u>0</u>	<u>0</u>	<u>0</u>
Total Operation & Maintenance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
RATE CASE EXPENSE
TWELVE MONTHS ENDED DECEMBER 31, 2008

Contractors

Assoc. Utility Svcs.	\$60,000
Gannett Fleming	20,000
Supplies, Travel, Delivery Services	<u>5,000</u>

Total	<u><u>\$85,000</u></u>
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NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - RESEARCH AND DEVELOPMENT
(\$000)

	Twelve Months Ended September 30, 2006	Adjustments to Normalize Historic Test Year	Normalized Historic Test Year	Adjustment to Reflect Conditions In Rate Year	Twelve Months Ending December 31, 2008
<u>Operation</u>					
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Customer Accounts	0	0	0	0	0
Customer Service	150	54	204	31	235
Sales Promotion	0	0	0	0	0
Administrative & General	657	239	896	136	1,032
Total Operation	807	293	1,100	167	1,267
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Administrative & General	0	0	0	0	0
Total Maintenance	0	0	0	0	0
Total Operation & Maintenance	\$807	\$293	\$1,100	\$167	\$1,267

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - RESEARCH AND DEVELOPMENT
(\$000)

Twelve Months Ended September 30, 2006

	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
<u>Operation</u>			
Natural Gas Production	\$0	\$0	\$0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Customer Accounts	0	0	0
Customer Service	150,000	0	150,000
Sales Promotion	0	0	0
Administrative & General	657,000	0	657,000
Total Operation	<u>807,000</u>	<u>0</u>	<u>807,000</u>
<u>Maintenance</u>			
Natural Gas Production	0	0	0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Administrative & General	0	0	0
Total Maintenance	<u>0</u>	<u>0</u>	<u>0</u>
Total Operation & Maintenance	<u>\$807,000</u>	<u>\$0</u>	<u>\$807,000</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSES ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - RESEARCH AND DEVELOPMENT
TWELVE MONTHS ENDED DECEMBER 31, 2008
(\$000)

	<u>TME</u> <u>December 31, 2008</u>
Total Company expenditures for internal and contractor programs	\$319,000
Company contributions to gas industry RD&D Programs	
A. NYSERDA	\$706,000
B. NEGAS	<u>\$75,000</u>
Subtotal	1,100,000
Amortization of December 2007 Balance of Account 188	<u>167,291</u>
Total R D & D Expense	<u><u>\$1,267,291</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - SITE INVESTIGATION AND REMEDIATION
(\$000)

	Twelve Months Ended September 30, 2006	Adjustments to Normalize Historic Test Year	Normalized Historic Test Year	Adjustment to Reflect Conditions In Rate Year	Twelve Months Ending December 31, 2008
<u>Operation</u>					
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Customer Accounts	0	0	0	0	0
Customer Service	0	0	0	0	0
Sales Promotion	0	0	0	0	0
Administrative & General	600	0	600	1,131	1,731
Total Operation	600	0	600	1,131	1,731
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	0	0	0	0	0
Transmission	0	0	0	0	0
Distribution	0	0	0	0	0
Administrative & General	0	0	0	0	0
Total Maintenance	0	0	0	0	0
Total Operation & Maintenance	\$600	\$0	\$600	\$1,131	\$1,731

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - SITE INVESTIGATION AND REMEDIATION

Twelve Months Ended September 30, 2006

	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
<u>Operation</u>			
Natural Gas Production	\$0	\$0	\$0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Customer Accounts	0	0	0
Customer Service	0	0	0
Sales Promotion	0	0	0
Administrative & General	0	600,000	600,000
Total Operation	<u>0</u>	<u>600,000</u>	<u>600,000</u>
<u>Maintenance</u>			
Natural Gas Production	0	0	0
Other Gas Supply	0	0	0
Transmission	0	0	0
Distribution	0	0	0
Administrative & General	0	0	0
Total Maintenance	<u>0</u>	<u>0</u>	<u>0</u>
Total Operation & Maintenance	<u>\$0</u>	<u>\$600,000</u>	<u>\$600,000</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - SITE INVESTIGATION AND REMEDIATION
(\$000)

Balance of Site Remediation (net of Proceeds) at September 30, 2006	\$9,402,887
Annual Amortization FY 2007	(600,000)
Amortization for 3 Months Ended December 2007	<u>(150,147)</u>
Balance at December 2007	<u>\$8,652,740</u>
Amortize over 5 Years	<u>\$1,730,548</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - CLEARING ACCOUNTS
(\$000)

	Twelve Months Ended September 30, 2006	Adjustments to Normalize Historic Test Year	Normalized Historic Test Year	Adjustments to Reflect Conditions in Rate Year	Twelve Months Ending December 31, 2008
<u>Operation</u>					
401200 Natural Gas Production	\$0	\$0	\$0	\$0	\$0
401300 Operating Other Gas Supply	1,569	0	1,569	(319)	1,250
401500 Transmission	42	0	42	(4)	38
401600 Distribution	3,406	0	3,406	(378)	3,028
401700 Customer Accounts	8,488	0	8,488	(573)	7,915
401800 Customer Service	2,143	0	2,143	(413)	1,730
401850 Sales Promotion	0	0	0	0	0
401900 Admin & General	3,446	0	3,446	(499)	2,947
Total Operation	19,094	0	19,094	(2,186)	16,908
<u>Maintenance</u>					
402200 Natural Gas Production	0	0	0	0	0
402300 Other Gas Supply	9	0	9	(1)	8
402500 Transmission	27	0	27	(3)	24
402600 Distribution	1,640	0	1,640	(158)	1,482
402900 Admin & General	6	0	6	(1)	5
Total Maintenance	1,682	0	1,682	(163)	1,519
Total Operation & Maintenance	\$20,776	\$0	\$20,776	(\$2,349)	\$18,427

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - CLEARING ACCOUNTS

	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
<u>Operation</u>			
401200 Natural Gas Production	\$0	\$15	\$15
401300 Operating Other Gas Supply	1,545,174	23,765	1,568,939
401500 Transmission	0	41,811	41,811
401600 Distribution	318,160	3,088,189	3,406,349
401700 Customer Accounts	5,005,603	3,482,638	8,488,241
401800 Customer Service	2,093,375	49,440	2,142,815
401850 Sales Promotion	0	0	0
401900 Admin & General	2,836,070	609,793	3,445,863
Total Operation	<u>11,798,382</u>	<u>7,295,651</u>	<u>19,094,033</u>
<u>Maintenance</u>			
402200 Natural Gas Production	0	3	3
402300 Other Gas Supply	0	9,025	9,025
402500 Transmission	0	27,456	27,456
402600 Distribution	0	1,639,613	1,639,613
402900 Admin & General	0	5,876	5,876
Total Maintenance	<u>0</u>	<u>1,681,973</u>	<u>1,681,973</u>
Total Operation & Maintenance	<u>\$11,798,382</u>	<u>\$8,977,624</u>	<u>\$20,776,006</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CLEARING ACCOUNT SUMMARY

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
						sum (1) - (5)	See Labor Schedule	(2) x % Labor	(3) x %	(7) x %	(8) x % Benefits	(9) x %	(5) x %	sum (7) - (13)		(14) x %
Account	Labor			Benefits	Other	Gross Historic Total								Total FTY Clearing Account	% to O&M	O&M
	NY	PA	Supply				NY	4.38% PA	4.25% Supply	62.91% NY	123.60% PA	111.00% Supply	5.8291% Other			
Customer Billing	184240	0	0	0	3,799,817	3,799,817	0	0	0	0	0	0	4,236,312	4,236,312	71.00%	3,007,781
Contract Administration	184250	687,738	0	0	740,879	1,428,617	687,738	0	0	416,302	0	0	155,049	1,233,092	79.03%	974,513
Control Group	184640	152,289	0	0	167,723	134,334	147,838	0	0	93,004	0	0	142,164	383,004	69.49%	268,150
Gas Transportation	-	1,067,563	0	97,255	1,231,498	107,212	1,034,852	0	101,388	651,025	0	112,540	113,462	2,013,267	79.52%	1,600,950
Information Services	184140	4,830,331	0	0	5,201,591	13,485,125	4,633,313	0	0	2,927,399	0	0	3,654,492	11,235,205	58.90%	6,817,535
Messenger Expense	184300	0	0	0	87,218	87,218	0	0	0	0	0	0	92,302	92,302	63.64%	58,741
Meter Shop	184700	516,299	0	0	451,419	1,444,535	499,826	0	0	314,441	0	0	504,610	1,318,877	57.35%	756,376
Remittance Processing	184350	250,992	0	0	263,022	36,967	239,353	0	0	150,577	0	0	39,122	429,051	69.44%	297,913
Telephone	184400	495,191	0	0	534,688	377,252	478,707	0	0	301,155	0	0	399,242	1,179,104	41.03%	463,786
Transportation	#	402,711	58	92	393,379	5,760,818	387,189	60	96	243,581	75	107	5,160,942	5,792,049	75.34%	4,363,730
Total		8,403,114	58	97,347	8,984,000	14,380,144	31,864,663	8,102,818	60	101,484	5,097,483	75	112,647	14,497,697	66.02%	18,427,475

* 184225, 184235
184000, 184500

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - INFLATION ELEMENTS
(\$000)

	Twelve Months Ended September 30, 2006	Adjustments to Normalize Historic Test Year	Normalized Historic Test Year	Adjustment to Reflect Conditions In Rate Year	Twelve Months Ending December 31, 2008
<u>Operation</u>					
Natural Gas Production	\$4	\$0	\$4	\$0	\$4
Other Gas Supply	31	6	37	2	39
Transmission	251	3	254	15	269
Distribution	4,924	123	5,047	294	5,341
Customer Accounts	867	86	953	56	1,009
Customer Service	1,026	17	1,043	61	1,104
Sales Promotion	280	0	280	16	296
Administrative & General	9,473	1,060	10,533	613	11,146
Gas Purchases	0	(1)	(1)	0	(1)
Total Operation	<u>16,856</u>	<u>1,294</u>	<u>18,150</u>	<u>1,057</u>	<u>19,207</u>
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	26	0	26	2	28
Transmission	86	1	87	5	92
Distribution	2,202	59	2,261	132	2,393
Administrative & General	570	11	581	34	615
Total Maintenance	<u>2,884</u>	<u>71</u>	<u>2,955</u>	<u>173</u>	<u>3,128</u>
Total Operation & Maintenance	<u>\$19,740</u>	<u>\$1,365</u>	<u>\$21,105</u>	<u>\$1,230</u>	<u>\$22,335</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - INFLATION ELEMENTS

Twelve Months Ended September 30, 2006

	<u>Per Books</u>	<u>Reclassifications Between Cost Elements</u>	<u>Adjusted For Rate Case Purposes</u>
<u>Operation</u>			
Natural Gas Production	\$4,152	(\$15)	\$4,137
Other Gas Supply	54,652	(23,765)	30,887
Transmission	293,231	(41,812)	251,419
Distribution	8,012,061	(3,088,189)	4,923,872
Customer Accounts	4,349,006	(3,482,638)	866,368
Customer Service	1,075,794	(49,440)	1,026,354
Sales Promotion	279,752	0	279,752
Administrative & General	10,357,564	(884,603)	9,472,961
Gas Purchases	273,852	(273,852)	0
Total Operation	<u>24,700,064</u>	<u>(7,844,314)</u>	<u>16,855,750</u>
<u>Maintenance</u>			
Natural Gas Production	2	(3)	(1)
Other Gas Supply	34,976	(9,025)	25,951
Transmission	113,100	(27,456)	85,644
Distribution	3,840,944	(1,639,267)	2,201,677
Administrative & General	575,838	(5,876)	569,962
Total Maintenance	<u>4,564,860</u>	<u>(1,681,627)</u>	<u>2,883,233</u>
Total Operation & Maintenance	<u>\$29,264,924</u>	<u>(\$9,525,941)</u>	<u>\$19,738,983</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - INFLATION ELEMENTS
(\$000)

	Per Book TME 9/30/06	Reclassifications	Reclassified TME 9/30/06	Normalizing Adj.	Normalized	Inflation @ 5.829%	Ending 12/31/2008
Contractors	9,795,828	(98,602)	9,697,226	\$347,671 (1)	10,044,897	585,527	10,630,424
Dues	512,031	0	512,031		512,031	29,847	541,878
Environmental	627,762	(600,000)	27,762		27,762	1,618	29,380
Equipment Rentals	1,634,237	0	1,634,237	7,774 (2)	1,642,011	95,714	1,737,725
Injuries & Damages	2,464,364	0	2,464,364		2,464,364	143,650	2,608,014
Material	2,690,090	0	2,690,090	7,085 (3)	2,697,175	157,221	2,854,396
Office Employee	1,516,148	0	1,516,148	8,377 (4)	1,524,525	88,866	1,613,391
Other Expense	2,243,464	(4,115,421)	(1,871,957)		(1,871,957)	(109,118)	(1,981,075)
Other Insurance	1,630,343	0	1,630,343		1,630,343	95,034	1,725,377
Postage	190,507	(421)	190,086		190,086	11,080	201,166
Promotional Expense	945,453	0	945,453		945,453	55,111	1,000,564
Rents	1,169,078	0	1,169,078	992,450 (5)	2,161,528	125,998	2,287,526
Revenue Income	(1,744,702)	0	(1,744,702)		(1,744,702)	(101,700)	(1,846,402)
Transportation	5,120,642	(4,874,160)	246,482		246,482	14,368	260,850
UNICAP	(1,109,128)	0	(1,109,128)		(1,109,128)	(64,652)	(1,173,780)
Utilities	1,578,807	162,663	1,741,470	2,439 (6)	1,743,909	101,654	1,845,563
	<u>\$29,264,924</u>	<u>(\$9,525,941)</u>	<u>\$19,738,983</u>	<u>\$1,365,796</u>	<u>\$21,104,779</u>	<u>\$1,230,218</u>	<u>\$22,334,997</u>

Normalizing Adjustments

- Contractors (1) To include Historic Year dollars spent on System Enhancements
Equipment Rentals (2) To include Historic Year dollars spent on System Enhancements
Material (3) To include Historic Year dollars spent on System Enhancements
Office Employee (4) To include Historic Year dollars spent on System Enhancements
Rents (5) To adjust for rent lease termination fee included in Historic Year amounts.
Utilities (6) To include Historic Year dollars spent on System Enhancements

	Reclassified TME 9/30/06	Normalizing Adjustment #1	Normalizing Adjustment #2	Normalizing Adjustment #3	Normalizing Adjustment #4	Normalizing Adjustment #5	Normalizing Adjustment #6	Subtotal
OPERATION								
401200	\$4,137	\$0	\$0	\$0	\$0	\$0	\$10	\$4,147
401300	30,887	15	0	72	0	6,041	0	37,015
401500	251,419	1,851	0	178	11	0	172	253,631
401600	4,923,872	40,857	7,450	3,117	915	69,564	1,697	5,047,472
401700	866,368	64,310	12	147	616	20,983	461	952,897
401800	1,026,354	7,566	96	63	281	8,302	75	1,042,737
401850	279,752	0	0	0	0	0	0	279,752
401900	9,472,961	169,127	204	253	6,480	883,473	605	10,533,103
401999	0	0	0	0	0	0	(1,143)	(1,143)
TOTAL OPERATION	16,855,750	283,726	7,762	3,830	8,303	988,363	1,877	18,149,611
MAINTENANCE								
402200	(1)	0	0	0	0	0	0	(1)
402300	25,951	0	0	60	0	0	0	26,011
402500	85,644	1,033	0	129	1	0	3	86,810
402600	2,201,677	56,000	12	2,990	71	535	30	2,261,315
402900	569,962	6,912	0	76	2	3,552	528	581,032
TOTAL MAINTENANCE	2,883,233	63,945	12	3,255	74	4,087	561	2,955,167
TOTAL O&M	\$19,738,983	\$347,671	\$7,774	\$7,085	\$8,377	\$992,450	\$2,439	\$21,104,779

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
OPERATIONS AND MAINTENANCE EXPENSE ADJUSTMENTS
ADJUSTMENT TO COST ELEMENT - PRODUCTIVITY
(\$000)

	Twelve Months Ended September 30, 2006	Adjustments To Normalize Historic Test Year	Normalized Historic Test Year	Adjustment to Reflect Conditions In Rate Year	Twelve Months Ending December 31, 2008
<u>Operation</u>					
Natural Gas Production	\$0	\$0	\$0	\$0	\$0
Other Gas Supply	0	0	0	(2)	(2)
Transmission	0	0	0	(5)	(5)
Distribution	0	0	0	(191)	(191)
Customer Accounts	0	0	0	(177)	(177)
Customer Service	0	0	0	(21)	(21)
Sales Promotion	0	0	0	0	0
Administrative & General	0	0	0	(192)	(192)
Total Operation	0	0	0	(588)	(588)
<u>Maintenance</u>					
Natural Gas Production	0	0	0	0	0
Other Gas Supply	0	0	0	(1)	(1)
Transmission	0	0	0	(3)	(3)
Distribution	0	0	0	(57)	(57)
Administrative & General	0	0	0	(1)	(1)
Total Maintenance	0	0	0	(62)	(62)
Total Operation & Maintenance	\$0	\$0	\$0	(\$650)	(\$650)

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CALCULATION OF PRODUCTIVITY ADJUSTMENT
TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

Labor			\$49,878
Benefits		28,207	
Less: Pension		12,243	
Less: OPEBs		4,468	11,496
Payroll Taxes			
	FICA	\$3,502	
	FUTA	52	
	SUTA	114	3,668
Total Subject to Productivity Adjustment			<u>65,042</u>
Productivity Adjustment @ 1%			<u><u>(\$650)</u></u>

Exhibit ____ (RLT-3)
Schedule 16

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
ADJUSTMENT TO COST ELEMENTS
27 MONTH INFLATION ESTIMATE
TWELVE MONTHS ENDING DECEMBER 31, 2008

	<u>Year</u>	<u>Calendar Quarter</u>	<u>GDP Deflator</u>
Actual	2006	I	3.10%
Actual	2006	II	3.30%
Actual	2006	III	2.90%
Forecast	2006	IV	2.60%
Forecast	2007	I	2.40%
Forecast	2007	II	2.10%
Forecast	2007	III	2.20%
Forecast	2007	IV	2.30%
Forecast (same as 2007 IV)	2008	I	2.30%
Forecast (same as 2007 IV)	2008	II	2.30%

Annual Inflation Rate = 2.55%

Quarterly: $(1.02549)^{1/4} - 1.00 = 0.6315\%$

Monthly: $(1.00631)^{1/3} - 1.00 = 0.2101\%$

Escalation Factor for 27 Months $(1.00210)^{27} - 1.00 = 5.8291\%$

Source: Blue Chip Economic Indicators Long Range Consensus, November 10, 2006;
annual GDP deflator for 2006 assumed to remain constant among quarters.

Historic Year = October 1, 2005 - September 30, 2006 (mid-point April 1, 2006)

Rate Year = January 1, 2008 - December 31, 2008 (mid-point July 1, 2008)

Calendar Quarter I = January 1 - March 31

Calendar Quarter II = April 1 - June 30

Calendar Quarter III = July 1 - September 30

Calendar Quarter IV = October 1 - December 31

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
ADJUSTMENTS TO OTHER TAX EXPENSES
TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

	<u>Twelve Months Ended September 30, 2006</u>	<u>Adjustment</u>	<u>Twelve Months Ending December 31, 2008</u>
Federal Insurance Contributions Act	\$3,464	\$38	\$3,502
Federal Unemployment Compensation	89	(37)	52
State Unemployment Compensation	94	20	114
Property Taxes	29,496	2,572	32,068
Sales & Use Tax*	59	3	62
Miscellaneous *	18	0	18
TOTAL	<u>\$33,220</u>	<u>\$2,596</u>	<u>\$35,816</u>

*Adjustment is inflation of 5.8291% on Historic amount

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
ADJUSTMENTS TO OTHER TAX EXPENSES
TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

FICA TAX

Gross FICA Tax (P2944 A/C 408120)		
Twelve Months Ended September 30, 2006		\$5,359
Projected Labor Increase		
Labor - Twelve Months Ended September 30, 2006	\$73,048,551	
Labor - Projected Twelve Months Ending December 31, 2008	<u>70,398,075</u>	
Increase	(2,650,476)	
% Increase		<u>-3.63%</u>
Projected Gross FICA - Twelve Months Ending December 31, 2008		5,164
O & M Percent		<u>67.82%</u>
FICA Expense		<u><u>\$3,502</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
ADJUSTMENTS TO OTHER TAX EXPENSES
TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

Federal and State Unemployment Compensation

Federal Unemployment:

Eligible Wage Base *	\$9,612,618	
Tax Rate Effective January 1, 2006	0.80%	\$77
Amount to be Charged to Other Tax Expense	67.82%	\$52

State Unemployment:

Eligible Wage Base	11,184,618	
Tax Rate Effective January 1, 2006	1.50%	\$168
Amount to be Charged to Other Tax Expense	67.82%	\$114

*Eligible Wage Base Calculation

		<u>Federal</u>	<u>State</u>
Employee Count for Rate Year			
Executives	16		
Supervisory	321		
Weekly	711		
Total		1,048	1,048
Taxable Wage Base (effective January 1, 2006)		\$7,000	\$8,500
Subtotal		7,336,000	8,908,000
Casual Payroll (Labor Adjustment)		2,276,618	2,276,618
Total Eligible Wage Base		\$9,612,618	\$11,184,618

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CALCULATION OF PROPERTY TAX FORECAST
TWELVE MONTHS ENDING DECEMBER 31, 2008

<u>TME</u>	<u>Town/County</u>	<u>%</u>	<u>TME</u>	<u>School</u>	<u>%</u>	<u>TME</u>	<u>Village</u>	<u>%</u>
12/03	\$7,989,951		6/04	\$11,881,648		5/04	\$806,863	
12/04	8,179,500	1.023723	6/05	12,189,050	1.025872	5/05	832,261	1.031477
12/05	8,416,446	1.028968	6/06	12,295,099	1.0087	5/06	851,193	1.022748
12/06	8,967,713	1.065499	6/07	12,845,895	1.044798	5/07	859,239	1.009453
12/07	9,281,583	1.035	6/08	13,295,501	1.035	5/08	889,312	1.035
12/08	9,606,438	1.035	6/09	13,760,844	1.035	5/09	920,438	1.035
TME 12/08	<u>\$9,606,438</u>		TME 12/08	<u>\$13,528,173</u>		TME 12/08	<u>\$907,469</u>	
<u>TME</u>	<u>Buffalo</u>	<u>%</u>	<u>TME</u>	<u>Niagara Falls</u>	<u>%</u>	<u>TME</u>	<u>Salamanca</u>	<u>%</u>
6/04	\$4,895,700		12/03	\$717,884		3/04	\$31,961	
6/05	4,990,392	1.019342	12/04	770,527	1.073331	3/05	33,783	1.057007
6/06	5,198,238	1.041649	12/05	807,510	1.047997	3/06	33,451	0.990173
6/07	5,526,439	1.063137	12/06	891,334	1.103806	3/07	28,779	0.860333
6/08	5,719,864	1.035	12/07	922,531	1.035	3/08	29,786	1.035
6/09	5,920,059	1.035	12/08	954,820	1.035	3/09	30,829	1.035
TME 12/08	<u>\$5,819,962</u>		TME 12/08	<u>\$954,820</u>		TME 12/08	<u>\$30,568</u>	
<u>TME</u>	<u>Cities *</u>	<u>%</u>	<u>TME</u>	<u>Hornell, Olean</u>	<u>%</u>	<u>TME</u>	<u>Lackawanna</u>	<u>%</u>
12/03	\$835,466		4/04	\$90,838		7/04	\$213,254	
12/04	836,505	1.001244	4/05	96,805	1.065688	7/05	261,829	1.22778
12/05	869,696	1.039678	4/06	103,310	1.067197	7/06	272,830	1.042016
12/06	741,501	0.852598	4/07	99,604	0.964127	7/07	305,377	1.119294
12/07	767,454	1.035	4/08	103,090	1.035	7/08	316,065	1.035
12/08	794,315	1.035	4/09	106,698	1.035	7/09	327,127	1.035
TME 12/08	<u>\$794,315</u>		TME 12/08	<u>\$105,495</u>		TME 12/08	<u>\$320,674</u>	
Total Twelve Months Ended December 31, 2008							<u>\$32,067,914</u>	

* Tonawanda, North Tonawanda, Jamestown, Batavia, Dunkirk

Exhibit (RLT-4)
Schedule 4
Sheet 1

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Tax increases through 2010 are part of Giambra plan

Outline of balanced budgets for submission to control board seeks to ease panel's grip

By MATTHEW SPINA
News Staff Reporter
1/4/2007

Erie County Executive Joel A. Giambra's latest financial forecast assumes gradual property tax increases through 2010, modest savings from certain programs and balanced budgets - probably the most crucial element in his effort to pacify the state-appointed control board.

County Budget Director James M. Hartman will explain the latest four-year plan to the control board's finance committee Friday. But if the full panel eventually approves the document, it will be agreeing that future budgets will balance and that members no longer need to act as a so-called hard board that can more aggressively keep spending in check.

Giambra reasons that he and his successor can always balance budgets by raising property taxes. Balanced budgets are a huge factor in determining whether the state appointees should merely advise elected leaders or become a hard board that can force measures to avoid or close a deficit.

When the control board in November began its first and current "control period," during which it can reject contracts and freeze hiring, members said they were doing so largely because they sensed Giambra's budget proposed for 2007 would fall out of balance.

Giambra and the county's largest public employee unions have taken the Fiscal Stability Authority to court, arguing that the members should have first let elected leaders approve the budget for next year.

"I will ensure that the 2008 budget is balanced, primarily with cost efficiencies, but also with compensating revenues, if required," Giambra tells the board in his four-year plan, using "compensating revenues" as a euphemism for tax increases.

He said the next county executive, who will take office in January 2008, probably will do the same thing to balance budgets in 2009 and 2010.

Giambra expects that the government will raise 3 percent more each year in property taxes as towns revalue properties upward. So without changing the tax rate, the government by 2010 will collect \$16.5 million more than this year.

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However, he also predicts he would raise the tax rate slightly, by 2.7 percent over three years, to address a decision by the County Legislature. The Legislature no longer wants Giambra to borrow money for a road-repair program and to instead use dollars on hand. To do this, Giambra says, he needs to raise \$4.8 million and proposes the tax increase over three years.

He does not want to pull money from reserves. The government's reserves hit rock bottom at the end of 2004, and officials want to restore the rainy day fund over time to \$75 million. County government spends about \$1.2 billion a year.

Taxpayers and the control board have insisted that the government find ways to save money rather than raise taxes. Giambra figures that through a host of programs, the county can save \$5.2 million next year, \$6 million in 2009 and \$6.3 million in 2010. But tax increases still will be needed.

He says money will be saved by curbing Medicaid fraud, making more money at the Public Health Laboratory, collecting more on the wireless E-911 surcharge as the number of cell phones grows, and requiring towns to pay for Sheriff's Office road patrols, a Giambra initiative that has sputtered.

Giambra also banks on \$3.3 million a year through union concessions or by withholding pay raises if concessions do not materialize and new labor agreements are not signed.

The board must act on Giambra's plan by Jan. 12.

"I think there are three options that can occur," said the control board's executive director, Kenneth Vetter, one of Giambra's former budget directors. "One is approval of the document as reasonable, and that most probably would invoke the stability authority going back to an advisory period."

"The second would be flat-out rejection, saying this is not a tenable plan, and a hard control board would remain. And the third is sending it back for correction."

At that point, Vetter said, the control board would remain as a hard board, until it receives a four-year plan it likes.

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NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF ANNUALIZED RATE BASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

Gas Plant in Service

Gas Plant	\$1,067,054
Construction Completed Not Classified	1,322
Noninterest Bearing Construction Work in Progress	1,231
Total Gas Plant in Service	1,069,607
Reserve for Depreciation, Depletion, & Amortization	(346,549)
Net Plant	723,058

Working Capital

Cash Allowance	17,532
Capitalization in Excess of Earnings Base	30,083
Total Cash Allowance	47,615

Gas Storage Inventory	(8,918)
Prepayments	9,949
Materials And Supplies	5,765
Total Working Capital	54,411

Deferred Income Taxes

Liberalized Depreciation	(106,711)
Investment Tax Credit	(4,198)
Total Deferred Income Taxes	(110,909)

Other

Deferred NY PSC Assessment	1,648
Deferred RD&D Expense	(17)
Deferred Mfg. Gas Plant & Site Remediation	5,706
TRA - Uncollectibles	7,440
Elimination of Reorganization Costs Per Case 27934	(93)
Total Other	14,684

Total Annualized Rate Base	\$681,244
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NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF ACTUAL GAS PLANT IN SERVICE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

	<u>Total Gas Plant</u>	<u>Completed Construction Not Classified</u>	<u>Noninterest Bearing CWIP</u>	<u>Reserve for Depreciation</u>
September 2005	1,053,645	1,431	884	(337,947)
October	1,055,448	1,046	1,923	(337,571)
November	1,057,438	689	795	(339,624)
December	1,058,802	932	1,321	(341,292)
January	1,060,884	3,308	1,450	(343,255)
February	1,065,196	1,921	1,476	(345,192)
March	1,068,609	649	766	(347,153)
April	1,070,836	1,162	884	(349,153)
May	1,073,191	475	903	(350,645)
June	1,075,474	1,126	1,083	(352,527)
July	1,077,188	1,608	2,013	(354,415)
August	1,079,906	1,353	1,110	(356,223)
September 2006	<u>1,069,709</u>	<u>1,759</u>	<u>1,206</u>	<u>(345,117)</u>
Subtotal	13,866,327	17,459	15,814	(4,500,116)
Less:				
1/2 September 05	526,822	716	442	(168,974)
1/2 September 06	<u>534,855</u>	<u>880</u>	<u>603</u>	<u>(172,558)</u>
Total	<u>12,804,650</u>	<u>15,863</u>	<u>14,769</u>	<u>(4,158,584)</u>
Average (Total + 12)	<u>\$1,067,054</u>	<u>\$1,322</u>	<u>\$1,231</u>	<u>(\$346,549)</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CASH ALLOWANCE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

Operations & Maintenance Expense for the Twelve Months Ended September 30, 2006 excluding Purchased Gas Budget Item	\$140,253
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Cash Allowance 1/8th of Operations & Maintenance Expense	<u>\$17,532</u>
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NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF GAS STORAGE INVENTORY
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

	<u>Inventory</u>	<u>Reserve</u>	<u>Total</u>
September 2005	22,124	0	22,124
October	38,302	0	38,302
November	33,291	0	33,291
December	12,154	(5,090)	7,064
January	10,890	(17,336)	(6,446)
February	7,901	(46,300)	(38,399)
March	5,705	(67,574)	(61,869)
April	6,496	(59,991)	(53,495)
May	8,613	(39,885)	(31,272)
June	10,177	(25,494)	(15,317)
July	11,401	(14,196)	(2,795)
August	12,021	(7,874)	4,147
September 2006	17,422	0	17,422
Subtotal	<u>196,497</u>	<u>(283,740)</u>	<u>(87,243)</u>
Less:			
1/2 September 05	11,062	0	11,062
1/2 September 06	<u>8,711</u>	<u>0</u>	<u>8,711</u>
Total	<u>176,724</u>	<u>(283,740)</u>	<u>(107,016)</u>
Average (Total ÷ 12)	<u>\$14,727</u>	<u>(\$23,645)</u>	<u>(\$8,918)</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF ACTUAL PREPAYMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

	<u>Taxes</u>	<u>AGA</u>	<u>Other Insurance</u>	<u>Total</u>
September 2005	\$8,029	(\$0)	\$923	\$8,953
October	11,170	40	796	12,006
November	8,978	20	674	9,672
December	9,157	60	547	9,764
January	9,792	40	420	10,252
February	13,370	20	293	13,683
March	11,550	60	165	11,775
April	9,535	40	428	10,002
May	7,726	20	1,461	9,207
June	6,142	60	1,326	7,527
July	7,444	40	1,228	8,712
August	6,475	20	1,096	7,591
September 2006	8,419	60	960	9,439
Subtotal	<u>117,786</u>	<u>481</u>	<u>10,316</u>	<u>128,583</u>
Less:				
1/2 September 05	4,015	0	462	4,476
1/2 September 06	<u>4,209</u>	<u>30</u>	<u>480</u>	<u>4,720</u>
Total	<u>109,562</u>	<u>451</u>	<u>9,374</u>	<u>119,387</u>
Average (Total + 12)	<u>\$9,130</u>	<u>\$38</u>	<u>\$781</u>	<u>\$9,949</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF MATERIALS AND SUPPLIES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

	<u>Materials & Supplies</u>	<u>Stores Expense Undistributed</u>	<u>Total</u>
September 2005	\$4,837	\$759	\$5,596
October	5,091	646	5,737
November	5,096	641	5,737
December	5,164	601	5,765
January	5,572	565	6,137
February	5,444	521	5,965
March	5,588	466	6,054
April	5,778	395	6,173
May	5,676	257	5,933
June	5,445	119	5,564
July	5,340	77	5,417
August	5,376	(20)	5,356
September 2006	5,315	(222)	5,093
Subtotal	69,722	4,805	74,527
Less:			
1/2 September 05	2,419	380	2,798
1/2 September 06	2,658	(111)	2,547
Total	64,645	4,536	69,182
Average (Total ÷ 12)	\$5,387	\$378	\$5,765

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF DEFERRED NEW YORK PSC ASSESSMENT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

	<u>(Net of Tax)</u>
September 2005	\$1,467
October	1,230
November	996
December	762
January	528
February	294
March	2,995
April	2,750
May	2,505
June	2,261
July	2,016
August	1,892
September 2006	<u>1,630</u>
Subtotal	21,326
Less:	
1/2 September 05	733
1/2 September 06	<u>815</u>
Total	<u>19,778</u>
Average (Total ÷ 12)	<u><u>\$1,648</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF DEFERRED
RESEARCH, DEVELOPMENT, & DEMONSTRATION EXPENSE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

	(Net of Tax)
September 2005	\$86
October	149
November	173
December	163
January	155
February	(10)
March	(90)
April	(172)
May	(198)
June	(190)
July	(151)
August	(161)
September 2006	181
Subtotal	<u>(65)</u>
Less:	
1/2 September 05	43
1/2 September 06	<u>91</u>
Total	<u>(199)</u>
Average (Total ÷ 12)	<u><u>(\$17)</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF DEFERRED MANUFACTURED GAS PLANT
AND SITE REMEDIATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

	<u>(Net of Tax)</u>
September 2005	\$5,854
October	5,847
November	5,831
December	5,801
January	5,760
February	5,715
March	5,668
April	5,632
May	5,613
June	5,603
July	5,600
August	5,653
September 2006	<u>5,649</u>
Subtotal	<u>74,226</u>
Less:	
1/2 September 05	2,927
1/2 September 06	<u>2,825</u>
Total	<u>68,474</u>
Average (Total ÷ 12)	<u><u>\$5,706</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
TOTAL DISTRIBUTION
AVERAGE EARNINGS BASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

	<u>Total Distribution</u>
<u>Plant</u>	
Gas Plant (A/C 101)	\$1,485,356
Construction Work in Progress (A/C 107)	8,408
Total Plant	<u>1,493,764</u>
Reserve for Depreciation, Depletion & Amortization	(490,507)
Net Plant	<u>1,003,257</u>
<u>Working Capital</u>	
Operating and Maintenance Expense Allowance	25,484
Gas Storage Inventory	\$24,081
Gas Storage Reserve	<u>(45,311)</u>
Prepayments	10,293
Material and Supplies	7,127
Total Working Capital	<u>21,674</u>
Deferred Income Taxes-ADR,ACRS	(146,871)
Deferred Investment Tax Credit	(6,262)
Deferred NYS 9A Tax	(17,542)
Deferred Commission Assessment	1,928
Deferred R D & D	(2,252)
Deferred Take-or-Pay	(29)
90\10 Symmetrical Sharing - NY	2,533
Deferred Site Investigation & Remediation	5,706
TRA-Uncollectibles	11,529
Deferred Conservation Programs	22
Deferred ELIRA	(268)
Deferred Pension Plan	8,929
Systems	136
Deferred OPEBs	2,862
Elimination of Reorganization Costs	(93)
Total Earnings Base	<u><u>\$885,259</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
AVERAGE EARNINGS BASE
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

	New York Division
<u>Plant</u>	
Gas Plant (A/C 101)	\$1,067,054
Construction Work in Progress (A/C 107)	6,000
Total Plant	<u>1,073,054</u>
Reserve for Depreciation, Depletion & Amortization	<u>(346,549)</u>
Net Plant	726,505
<u>Working Capital</u>	
Operating and Maintenance Expense Allowance	17,532
Gas Storage Inventory	\$14,727
Gas Storage Reserve	<u>(23,645)</u>
Prepayments	9,949
Material and Supplies	<u>5,765</u>
Total Working Capital	24,328
Deferred Income Taxes-ADR,ACRS	(106,711)
Deferred Investment Tax Credit	(4,198)
Deferred NYS 9A Tax	(16,227)
Deferred Commission Assessment	1,648
Deferred R.D & D	(1,995)
Deferred Take-or-Pay	(27)
90\10 Symmetrical Sharing - NY	2,343
Deferred Site Investigation & Remediation	5,706
TRA-Uncollectibles	7,440
Deferred Conservation Programs	0
Deferred ELIRA	(248)
Deferred Pension Plan	6,557
Systems	136
Deferred OPEBs	(660)
Elimination of Reorganization Costs	<u>(93)</u>
Total Earnings Base	<u><u>\$644,504</u></u>
Percentage Of New York to Total Earnings Base	<u><u>72.80%</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
AVERAGE CAPITALIZATION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(\$000)

<u>Total Distribution Corporation</u>		NY Only	
<u>Equity</u>	<u>Capitalization</u>	<u>Adjustment</u>	<u>Capitalization</u>
Common Capital Stock	\$59,171	\$0	\$59,171
Retained Earnings	387,146	0	387,146
Premium on Capital Stock	69	0	69
Donations from Stockholders	122,029	0	122,029
Total Equity	568,415	0	568,415
<u>Debt</u>			
Advances from Associated Companies	218,310	0	218,310
Long Term Debt	0	0	0
Customer Deposits	10,248	0	10,248
Short Term Debt	148,036	0	148,036
Short Term Debt Transfer	0	0	0
Loss on Reacquired Debt	(3,324)	0	(3,324)
Refund Pool	7,028	(7,028)	0
Gas Supplier Case Refunds	320	(320)	0
Dividends Payable	6,506	0	6,506
Temporary Cash Investments	(34)	0	(34)
Other Investments	(10)	0	(10)
Non-Utility Property	(81)	0	(81)
Money Pool	0	0	0
Over(Under)Collection of Gas Cost	(18,811)	18,811	0
Internal Pension Reserve	(20,701)	20,701	0
Internal OPEBs Reserve	5,124	(5,124)	0
Cap Rel/OSS/SC11 85%	1,774	(1,774)	0
Def Comp Plan	3,831	0	3,831
Total Debt	358,216	25,266	\$383,482
Total Capitalization	926,631		951,897
Percent Allocated to New York	72.80%		72.80%
New York Division Capitalization	\$674,587		\$692,981
NY Only Capitalization			
Internal Pension Reserve	0	(20,701)	(\$20,701)
Internal OPEBs Reserve	0	5,124	5,124
Over(Under)Collection of Gas Cost	0	(13,172)	(13,172)
Gas Supplier Case Refunds	0	21	21
Refund Pool	0	7,028	7,028
Cap Rel/OSS/SC11 85%	0	1,774	1,774
			0
Total NY Only Capitalization	0	(\$19,926)	(\$19,926)
New York Division Allocated Capitalization	\$674,587		\$673,055
<u>Excess Earnings Base Over Capitalization Calculation</u>			
New York Earnings Base	\$644,504		\$644,504
New York Allocated Capitalization	674,587		673,055
Addition/(Reduction) to Rate Base	\$30,083		\$28,551

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF ANNUALIZED RATE BASE
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

Net Plant	<u>\$741,677</u>
<u>Working Capital</u>	
Cash Allowance	19,776
Capitalization in Excess of Earnings Base	<u>30,083</u>
Total Cash Allowance	49,859
Prepayments	10,793
Materials And Supplies	6,101
Gas Storage Inventory	<u>(27,567)</u>
Total Working Capital	<u>39,186</u>
<u>Deferred Income Taxes</u>	
Liberalized Depreciation	(112,577)
Investment Tax Credit	<u>(3,212)</u>
Total Deferred Income Taxes	<u>(115,789)</u>
<u>Other</u>	
Deferred NY PSC Assessment *	1,648
Deferred R, D & D	(168)
Deferred Site Remediation Costs	4,942
TRA Impact - Uncollectibles	4,987
Internal Pension Reserve	34,572
Elimination of Reorganization Costs Per Case 27934	<u>(93)</u>
Total Other	<u>45,888</u>
Total Rate Year Rate Base	<u><u>\$710,962</u></u>

* Same as Historic Year

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
ESTIMATED AVERAGE NET PLANT
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

	<u>New York Division</u>
<u>Gross Plant</u>	
Plant in Service at September 30, 2006	\$1,071,469
Estimated Expenditures	49,363
Estimated Retirements	<u>10,020</u>
Net Estimated Plant in Service at December 31, 2007	1,110,812

Estimated Monthly Balances During Rate Year

<u>Month</u>	<u>Estimated Expenditures</u>	<u>Estimated Retirements</u>	<u>Monthly Plant In Service</u>
Balance @ December 31, 2007			\$1,110,812
January 2008	\$3,070	(\$383)	1,113,499
February 2008	2,546	(479)	1,115,566
March 2008	2,806	(479)	1,117,892
April 2008	2,944	(382)	1,120,454
May 2008	3,212	(933)	1,122,733
June 2008	3,771	(518)	1,125,987
July 2008	3,563	(534)	1,129,015
August 2008	3,988	(564)	1,132,439
September 2008	4,426	(968)	1,135,897
October 2008	3,503	(928)	1,138,472
November 2008	2,764	(571)	1,140,664
December 2008	<u>2,939</u>	<u>(699)</u>	<u>1,142,905</u>
Total	<u>\$39,531</u>	<u>(\$7,438)</u>	14,646,335
Less: 1/2 December 31, 2007			555,406
Less: 1/2 December 31, 2008			<u>571,452</u>
Subtotal			<u>\$13,519,477</u>

Estimated Average Plant in Service at December 31, 2008 (+ 12) \$1,126,623

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
ESTIMATED AVERAGE NET PLANT
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

		New York Division
<u>Reserve for Depreciation</u>		
Actual Reserve at September 30, 2006		\$345,117
Estimated Change to Reserve		29,311
Net Estimated Reserve in Service at December 31, 2007		\$374,427
<u>Estimated Monthly Balances During Rate Year</u>		
<u>Month</u>	<u>Estimated Change</u>	<u>Monthly Reserve</u>
Balance @ December 31, 2007		\$374,428
January 2008	\$1,954	376,382
February 2008	1,954	378,336
March 2008	1,954	380,290
April 2008	1,954	382,244
May 2008	1,954	384,198
June 2008	1,954	386,152
July 2008	1,954	388,106
August 2008	1,954	390,060
September 2008	1,954	392,014
October 2008	1,954	393,968
November 2008	1,954	395,922
December 2008	1,954	397,876
Total	<u>\$23,448</u>	5,019,973
Less: 1/2 December 31, 2007		187,214
Less: 1/2 December 31, 2008		<u>198,938</u>
Subtotal		4,633,821
Estimated Average Reserve at December 31, 2008 (+12)		<u>\$386,152</u>
Average Net Plant at December 31, 2008		\$740,471
Noninterest Bearing Construction Work in Progress at September 30, 2006		<u>1,206</u>
Total Average Net Plant at December 31, 2008		<u>\$741,677</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
ANNUAL CONSTRUCTION PROGRAMS
(\$000)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
<u>Direct</u>			
Intangible	\$0	\$0	\$0
Production	130	130	130
Transmission	600	600	600
Distribution	34,020	34,187	34,916
General	5,529	4,492	4,292
Total	<u>\$40,279</u>	<u>\$39,409</u>	<u>\$39,938</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CONSTRUCTION PROGRAM BY MONTH

Monthly Percentages 8.77% 6.92% 7.36% 7.79% 6.46% 7.12% 7.47% 8.15% 9.57% 9.04% 10.12% 11.23% 100.00%

Construction Program Fiscal Year 2007

	2006			2007									Total
	October	November	December	January	February	March	April	May	June	July	August	September	
Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Production	11	9	10	10	8	9	10	11	12	12	13	15	130
Transmission	53	42	44	47	39	43	45	49	57	54	61	67	600
Distribution	2,984	2,354	2,504	2,650	2,198	2,422	2,541	2,773	3,256	3,075	3,443	3,820	34,020
General	485	383	407	431	357	394	413	451	529	500	560	621	5,529
Total	\$3,532	\$2,787	\$2,965	\$3,138	\$2,602	\$2,868	\$3,009	\$3,283	\$3,855	\$3,641	\$4,076	\$4,523	\$40,279

Construction Program Fiscal Year 2008

	2007			2008									Total
	October	November	December	January	February	March	April	May	June	July	August	September	
Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Production	11	9	10	10	8	9	10	11	12	12	13	15	130
Transmission	53	42	44	47	39	43	45	49	57	54	61	67	600
Distribution	2,998	2,366	2,516	2,663	2,208	2,434	2,554	2,786	3,272	3,091	3,460	3,839	34,187
General	394	311	331	350	290	320	336	366	430	406	455	504	4,492
Total	\$3,456	\$2,727	\$2,901	\$3,070	\$2,546	\$2,806	\$2,944	\$3,212	\$3,771	\$3,563	\$3,988	\$4,426	\$39,409

Construction Program Fiscal Year 2009

	2008			2009									Total
	October	November	December	January	February	March	April	May	June	July	August	September	
Intangible	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Production	11	9	10	10	8	9	10	11	12	12	13	15	130
Transmission	53	42	44	47	39	43	45	49	57	54	61	67	600
Distribution	3,062	2,416	2,570	2,720	2,256	2,486	2,608	2,846	3,341	3,156	3,533	3,921	34,916
General	376	297	316	334	277	306	321	350	411	388	434	482	4,292
Total	\$3,503	\$2,764	\$2,939	\$3,111	\$2,580	\$2,844	\$2,983	\$3,255	\$3,822	\$3,610	\$4,042	\$4,485	\$39,938

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CONSTRUCTION BUDGETS MINUS LAND
USED FOR DEPRECIATION ACCRUALS

	FY 2007		FY 2007 Depr	Retirement	Annual	Annual	Salvage	Annual
	<u>Budget</u>	<u>Less: Land</u>	<u>Budget</u>	<u>%</u>	<u>Retirements</u>	<u>Amortization</u>	<u>%</u>	<u>Salvage</u>
Intangible	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0
Production	\$130	0	130	316.31%	411	0	1.11%	(47)
Transmission	600	0	600	42.81%	257	0	0.65%	(91)
Distribution	34,020	0	34,020	16.31%	5,548	0	1.45%	(5,088)
General	5,529	0	5,529	17.48%	966	664	23.45%	300
	<u>\$40,279</u>	<u>\$0</u>	<u>\$40,279</u>		<u>\$7,182</u>	<u>\$664</u>		<u>(\$4,926)</u>

	FY 2008		FY 2008 Depr	Retirement	Annual	Annual	Salvage	Annual
	<u>Budget</u>	<u>Less: Land</u>	<u>Budget</u>	<u>%</u>	<u>Retirements</u>	<u>Amortization</u>	<u>%</u>	<u>Salvage</u>
Intangible	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0
Production	130	0	130	316.31%	411	0	1.11%	(47)
Transmission	600	0	600	42.81%	257	0	0.65%	(91)
Distribution	34,187	0	34,187	16.31%	5,575	0	1.45%	(5,088)
General	4,492	0	4,492	17.48%	785	382	23.45%	300
	<u>\$39,409</u>	<u>\$0</u>	<u>\$39,409</u>		<u>\$7,028</u>	<u>\$382</u>		<u>(\$4,926)</u>

	FY 2009		FY 2009 Depr	Retirement	Annual	Annual	Salvage	Annual
	<u>Budget</u>	<u>Less: Land</u>	<u>Budget</u>	<u>%</u>	<u>Retirements</u>	<u>Amortization</u>	<u>%</u>	<u>Salvage</u>
Intangible	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%	\$0
Production	130	0	130	316.31%	411	0	1.11%	(47)
Transmission	600	0	600	42.81%	257	0	0.65%	(91)
Distribution	34,916	0	34,916	16.31%	5,694	0	1.45%	(5,088)
General	4,292	0	4,292	17.48%	750	1,709	23.45%	300
	<u>\$39,938</u>	<u>\$0</u>	<u>\$39,938</u>		<u>\$7,112</u>	<u>\$1,709</u>		<u>(\$4,926)</u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
CASH ALLOWANCE
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

Operations & Maintenance Expense for the Twelve Months Ended December 31, 2008	\$158,206
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Cash Allowance 1/8th of Operations & Maintenance Expense	<u>\$19,776</u>
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NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF ACTUAL PREPAYMENTS
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

	<u>Taxes</u>	<u>AGA</u>	<u>Other Insurance</u>	<u>Total</u>
Historic Year Average	9130	38	781	
Inflation* **	8.7195%	5.8291%	5.8291%	
	<u>\$9,926</u>	<u>\$40</u>	<u>\$827</u>	<u>\$10,793</u>

*Historic Year Property Taxes	29,496
Rate Year Property Taxes	32,068
Increase	8.7195%

** Annual Inflation Rate of 2.55% for 27 Months

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF DEFERRED RESEARCH,
DEVELOPMENT, & DEMONSTRATION EXPENSES
TWELVE MONTHS ENDED DECEMBER 31, 2008
(\$000)

	<u>(Net of Tax)</u>
December 2007	\$167
January 2008	47
February	(69)
March	(166)
April	(212)
May	(202)
June	(151)
July	(88)
August	(25)
September	31
October	67
November	65
December	<u>0</u>
Subtotal	(538)
Less: 1/2 December 31, 2007	84
1/2 December 31, 2008	<u>0</u>
Total	(621)
Average (+ 12)	<u><u>(\$52)</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF SITE INVESTIGATION & REMEDIATION
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

	<u>Volumetric Amortization</u>	<u>Total</u>	<u>Net of Tax</u>
December 2007		\$8,652,740	\$5,624,281
January	(\$289,966)	8,362,774	5,435,803
March	(283,565)	8,079,209	5,251,486
April	(256,982)	7,822,227	5,084,448
May	(188,947)	7,633,280	4,961,632
June	(110,338)	7,522,942	4,889,912
July	(56,084)	7,466,858	4,853,458
July	(39,487)	7,427,371	4,827,791
August	(38,928)	7,388,443	4,802,488
September	(49,121)	7,339,322	4,770,559
October	(75,929)	7,263,393	4,721,205
November	(127,366)	7,136,027	4,638,418
December 2008	(213,834)	6,922,193	4,499,425
Subtotal	(1,730,548)		64,360,906
Less:			
1/2 December 2007			2,812,141
1/2 December 2008			<u>2,249,713</u>
Total			<u>59,299,052</u>
Average (Total ÷ 12)			<u><u>\$4,941,588</u></u>

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
STATEMENT OF INTERNAL PENSION RESERVE
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008
(\$000)

		Debit/(Credit)
Balance in Account 228303 Internal Reserve Pension		\$34,473,216
Balance in Account 182353 Int Res - Accr Int Inc - Pension		<u>8,015,616</u>
	Funding -	
	Expense	
September 2006 Balance		\$42,488,832
October	(674,177)	41,814,655
November	(1,143,436)	40,671,219
December	(1,892,056)	38,779,163
January	(2,492,160)	36,287,003
February	173,703	36,460,706
March	(2,147,077)	34,313,629
April	(1,626,516)	32,687,113
May	(960,787)	31,726,326
June	8,093,419	39,819,745
July	(350,979)	39,468,766
August	(352,323)	39,116,443
September	(414,434)	38,702,009
October	(514,989)	38,187,020
November	(873,445)	37,313,575
December 2007	(1,445,300)	35,868,275
January	(1,903,706)	33,964,569
March	132,688	34,097,257
April	(1,640,104)	32,457,153
May	(1,242,459)	31,214,694
June	(733,924)	30,480,770
July	6,182,383	36,663,153
July	(268,105)	36,395,048
August	(269,132)	36,125,916
September	(316,577)	35,809,339
October	31,321	35,840,660
November	53,123	35,893,783
December 2008	87,903	<u>35,981,686</u>
Subtotal		450,792,303
Less:		
1/2 December 2007		17,934,138
1/2 December 2008		<u>17,990,843</u>
Total		414,867,322
Average (Total + 12)		<u>\$34,572,277</u>

FY 2007 FAS 87 Expense	\$14,990,013
FY 2007 Funding (estimated)	<u>\$11,203,190</u>
Funding - Expense	<u>(\$3,786,823)</u>

FY 2008 FAS 87 Expense	\$14,095,860
FY 2008 Funding (same as FY 2007)	<u>\$11,203,190</u>
Funding - Expense	<u>(\$2,892,670)</u>

FY 2009 FAS 87 Expense	\$10,972,877
FY 2009 Funding (same as FY 2007)	<u>\$11,203,190</u>
Funding - Expense	<u>\$230,313</u>

