

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 21, 2004

In Reply Refer To:
National Fuel Gas
Distribution Corporation
Docket No. PR04-12-000

National Fuel Gas Distribution Corporation
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Attention: Christopher J. Barr, Counsel for
National Fuel Gas Distribution Corporation

Reference: Petition for Rate Approval

Ladies and Gentlemen:

1. On May 3, 2004, National Fuel Gas Distribution Corporation (Distribution) filed, pursuant to 18 C.F.R. § 284.224(e)(2) (2004), a petition for rate approval in order to revise its existing transportation rate which has been in effect under its Order No. 63 Certificate.¹ Distribution is a local distribution company which has two geographical divisions, one regulated by the New York Public Service Commission and the other regulated by the Pennsylvania Public Service Commission. Specifically, Distribution's proposed maximum transportation rate for transportation provided in New York is \$0.6725 per Mcf. Distribution's proposed maximum transportation rate for transportation rate for Pennsylvania is \$0.4655 per Mcf. Also, Distribution proposes a minimum transportation rate for both New York and Pennsylvania of \$0.10 per Mcf. Lastly, Distribution requests approval to charge rates between the maximum and minimum rate so Distribution can provide a discount rate if necessary to meet competitive conditions.

¹ *National Fuel Gas Distribution Corporation*, 16 FERC ¶ 62,269 (1981).

2. Based on our review of the petition and the supplemental information Distribution subsequently filed in response to Staff's discovery request, the Commission finds Distribution's proposed transportation rates to be fair and equitable and not in excess of an amount which an interstate pipeline would be permitted to charge for comparable service. Therefore, Distribution's rate petition is accepted and approved to become effective on the date of this order, subject to the condition noted below.

3. On or before the third anniversary of the date of this order, Distribution shall make an informational filing of cost and throughput data in the form specified in 18 C.F.R. § 154.313 (2004) and other information sufficient to allow the Commission to determine whether any change in Distribution's rates pursuant to Natural Gas Act section 5, which would apply prospectively, should be ordered. Distribution's obligation to make an informational filing shall be deemed met if, prior to the third anniversary date, Distribution makes a filing with the Commission to change its rates under 18 C.F.R. § 284.224 (2004). This letter order does not relieve Distribution from complying with the filing requirements under Part 284 of the Commission's regulations. Further, we note that Commission policy permits rate discount between the maximum and minimum level as long as such rate discount is provided in a non-unduly discriminatory manner.

4. Notice of the referenced filing was issued May 21, 2004, requiring protests and motions to intervene to be filed on or before June 7, 2004. No protests or motion to intervene were filed.

5. This letter order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2004).

By direction of the Commission.

Magalie R. Salas,
Secretary.