

..DID: 9385

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NATIONAL FUEL GAS DISTRIBUTION CORPORATION

*10 Lafayette Square
Buffalo, NY 14203*

July 13, 1999

Hon. Debra Renner
Acting Secretary
Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Dear Acting Secretary Renner:

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

Leaf No. 3 Revision 5
Leaf No. 34 Revision 1
Leaf No. 35 Revision 1
Leaf No. 294 Revision 0
Leaf No. 295 Revision 0
Leaf No. 296 Revision 0
Leaf No. 297 Revision 0

The proposed revisions are issued as of the date hereof for an effective date of October 1, 1999.

PROPOSED REVISIONS

The enclosed revisions: 1) propose to allow Distribution to charge a Facility Replacement Surcharge ("FRS") to customers electing to continue to be served from deteriorated facilities of over 650 feet in length which must be replaced where the cost of replacing these facilities is above the current annual revenue received from the customer served from those facilities; and 2) if the customers choose not to continue being served from the facilities they shall receive a new service -- Transitional Propane Service. The tariff sheets proposed here also describe the new service. The specific substantive changes are as follows:

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<u>Leaf No.</u>	<u>Description of Change</u>
34, 35	Existing language is revised to provide for the new FRS charge.
294-297	New language sets forth the description and terms of the new Transitional Propane Service.

BACKGROUND

The proposed revisions were designed to resolve the issues associated with the Company's Application for Approval to Abandon Gas Pipeline and Associated Services, which the Company filed on August 25, 1998. Distribution has been working with Staff in developing its proposal to resolve the issues involved in that application, as well as to resolve issues associated with similarly situated customers. The tariff language is a result of language proposed by the Company based on ongoing discussions between the parties.

By the proposed revisions, Distribution will have the means to continue to provide service to customers located on isolated distribution lines that are in substantial need of repair and uneconomic to replace, without burdening the remaining customers with the costs of replacing these lines. For such remote customers who choose to voluntarily terminate their service with Distribution, the Transitional Propane Service is intended to provide a means of converting to the alternate fuel service in order to maintain heating service.

REVENUE AND BILL EFFECT OF PROPOSED REVISIONS

The proposed revisions are intended to be revenue neutral. To the extent customers choose to continue to receive service, they will pay the FRS, which shall compensate the Company for its replacement. Customers choosing Transitional Propane Service will receive conversion costs and propane service at the Company's cost of gas service. Over five (5) years these customers will see the rate increase to equal the full cost of propane.

S.A.P.A.

A. S.A.P.A. notice is required and has been included.

NEWSPAPER PUBLICATION

Distribution shall meet the requirement of Section 66(12) of the Public Service Law for newspaper publication by publishing in the Buffalo News (which has general circulation in Distribution's New York counties of operation) notice of the change once each week for four consecutive weeks.

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Based on the foregoing, Distribution respectfully requests that the Commission approve the above revisions for an effective date of October 1, 1999.

Very truly yours,

Alice A. Curtiss
Attorney
Director - Federal Regulatory Affairs

Encl.

cc: All parties affected