

..DID: 3580

..TXT:

National Fuel Gas Distribution Corporation
10 Lafayette Square
Buffalo, NY 14203

May 27, 1998

Hon. John C. Crary, Secretary
New York State Department of Public Service
Three Empire State Plaza
Albany, New York 12223

Dear Secretary Crary:

Enclosed is an electronic version of Gas Adjustment Statement No. 3 applicable to Service Classification Nos. 1, 2, 3, 5, 7, 8 and 9 of our Rate Schedule P.S.C. No. 8 - Gas. The Gas Adjustment Statement No. 3 will be effective commencing with gas used on or after June 1, 1998.

The estimated amount related to surcharges and credits included in Statement No. 3 is \$135,100 based on estimated June 1998 sales of 28,147,000 Ccf. The estimated effect on revenue, exclusive of surcharges and credits, is a decrease of \$17,117,400 on an annual basis.

The **surcharge** calculation for April 1998 in accordance with the Gas Cost Incentive Mechanism described in General Information Leaf Nos. 87 and 88 of P.S.C. No. 8 is included. **Surcharge** reconciliation for March 1998 is also included. The unit **surcharge** of \$0.0209/Mcf is applicable for June 1, 1998 through June 30, 1998.

In addition, Customer Balancing and Aggregation Statement No. 3, Deficiency Imbalance Sales Service Rate Statement No. 3, Demand Transfer Recovery Rate Statement No. 3, Gas Transportation Statement No. 3, Natural Gas Vehicle Statement No. 3, Standby Sales Service Rate Statement No. 3, Transportation Sales Service Rate Statement No. 3 and Upstream Pipeline Weighted Average Capacity Cost Statement No. 3 are included.

This statement is filed in compliance with 16 NYCRR, Section 270.55. Information pertaining to Section 270.55d(7) will be delivered under separate cover letter.

In connection with this filing, the Company is also required to submit information that contains trade secrets. Accordingly, the Company has filed the required information with the Department Records Access Officer, together with a request for trade secret protection under the Commission's regulations. The instant filing includes redacted copies of the documents submitted to the Department Records Access Officer. The information for which trade secret protection has been requested is deleted. Copies of the same documents, with the redacted sections shaded (but legible) for identification, are being submitted to the Department Records Access Office under separate cover.

Very truly yours,

Ronald J. Grabowski
General Manager, Valuation

Encl.