



national fuel

December 3, 2010

Hon. Jaclyn A. Brillling
Secretary
Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case No. 10-G-0474 Proposed Tariff Revisions by National Fuel Gas Distribution Corporation to Revise the Cash-Out Provisions for Gas Transportation Service

Dear Secretary Brillling:

National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) submits the following revisions to its tariff, P.S.C. No. 8 – GAS:

Leaf No. 148.14	Revision 1
Leaf No. 148.15	Revision 1
Leaf No. 266.2	Revision 4

The proposed revisions are submitted as of the date hereof for an effective date of February 1, 2011.

Description of Proposed Revisions

In response to comments filed by Small Customer Marketer Coalition,¹ Fluent Energy² and The National Energy Marketers Association,³ Distribution submits the tariff modifications listed below.

Leaf No. 148.14:

Distribution adds a provision modifying the pricing tier structure to create a safe harbor under which all Imbalance Holders would be assigned to the Market Pricing Tier without regard to their individual imbalance positions. The Company will sum all imbalances in to a System Imbalance Percentage (“SIP”) each month. If the SIP is within the range 5% long to 5% short, then the safe harbor will apply.

¹ Case No. 10-G-0474 *Proposed Tariff Revisions by National Fuel Gas Distribution Corporation to Revise the Cash-Out Provisions for Gas Transportation Service, Comments Regarding the Proposed Revisions to NFG's PSC No. 8-Gas.of Small Customer Marketer Coalition*, October 19, 2010.

² Case No. 10-G-0474 *Proposed Tariff Revisions by National Fuel Gas Distribution Corporation to Revise the Cash-Out Provisions for Gas Transportation Service, Comments Regarding the Proposed Revisions to NFG's PSC No. 8-Gas.of Fluent Energy*, October 29, 2010.

³ Case No. 10-G-0474 *Proposed Tariff Revisions by National Fuel Gas Distribution Corporation to Revise the Cash-Out Provisions for Gas Transportation Service, Comments Regarding the Proposed Revisions to NFG's PSC No. 8-Gas.of the National Energy Marketers Association*, November 29, 2010.

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Leaf No. 148.15:

Distribution adds a provision modifying the pricing tier structure to create a safe harbor under which an individual Imbalance Holder would be assigned to the Market Pricing Tier without regard to its imbalance position. If the Imbalance Holder's allocated deliveries for each of the pools for which it is responsible are within 2% of the ADDQs provided by the Company, then the safe harbor will apply. In cases where the Imbalance Holder is responsible for pools where the Company does not assign an ADDQ, the Total Monthly Consumption for each customer pool will be substituted for the ADDQ.

Leaf No. 266.2:

Distribution proposes language to qualify the circumstances under which it would suspend the default cash-out mechanism and resolve imbalances through rollover to make clear that such an event would not be administered arbitrarily. Additionally, a provision regarding public notice to Imbalance Holders is added. Distribution will also add similar language to its next Gas Transportation Operating Procedures Manual ("GTOP") filing. Distribution further clarifies that the purpose of the language is to provide certainty in the procedures to apply if the cash-out were suspended. It does not anticipate that this provision would routinely be implemented, if ever.

Distribution believes that another round of newspaper publication is neither necessary nor in the public interest. The changes contained in the attached further revisions do not materially alter the tariff changes that were noticed in the company's initial newspaper publication. Thus the Company believes that the initial publication was sufficiently broad in scope to obviate the need for further publication.

Conclusion

For all of the foregoing reasons, Distribution respectfully requests that the Public Service Commission approve the proposed tariff revisions for an effective date of February 1, 2011. If you have any questions regarding this filing, please contact Michael Novak at (716) 857-7884.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy C. Rucinski".

Randy C. Rucinski
Senior Attorney