



NATIONAL FUEL LOWERS GAS COSTS AGAIN
Quarterly Adjustment Will Pass on Decline in
Commodity Prices to Customers in Pennsylvania

(January 31, 2007) Erie, Pennsylvania: National Fuel Gas Distribution Corporation has announced a decrease to gas costs, or Gas Supply Charges, for customers in its Pennsylvania division, effective February 1, 2007. This quarterly adjustment will lower the **monthly** bill of a typical residential customer using 100 thousand cubic feet of natural gas annually from \$120.05 to \$113.49 or by 5.47 percent. This is the fourth consecutive decrease in gas costs the Utility has implemented as a result of changes in the market price of natural gas.

According to Nancy Taylor, Senior Manager of Corporate Communications, "Warmer-than-normal temperatures in November, December and early January have led to reduced demand for natural gas in the Northeast. This resulted in lower commodity prices, which we are pleased to pass along to our customers." Pennsylvania utility companies are permitted to update Gas Supply Charges on a quarterly basis to reflect actual changes in market prices and pass these costs on to customers. Utility companies have no control over purchased gas costs and are required to pass these costs on to customers on a dollar for dollar basis. Gas Supply Charges make up as much as 80 percent of a customer's wintertime bill. This differs from the Delivery Service Charges, which represent National Fuel's cost of doing business and providing safe, reliable service to customers throughout the Pennsylvania service territory.

Ms. Taylor added, "According to [Enerfax Daily](#), a source of information for the natural gas industry, natural gas storage levels are currently 20 percent above the five-year average. Despite recent colder temperatures and the resulting increased demand for natural gas, the surplus storage levels have kept prices down and enable National Fuel to lower this component of customers' bills to reflect more current market prices and the cost of gas that has been, and will be, purchased by the Company for its customers."

National Fuel recently forecast an increase for purchased gas costs in the annual state-required filing, to be effective August 1, 2007. That forecast remains on file with the Pennsylvania Public Utility Commission, and will be updated before that date to reflect market activity since it was submitted.

Customers who are having trouble paying their bills are encouraged to call National Fuel at 1-800-365-3234 to find out about payment programs and available services, or for tips on how they can conserve energy.

National Fuel serves approximately 214,000 customers in 14 counties in northwestern Pennsylvania.

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