National Fuel Pipeline Unit Reaches Settlement in Principle with Parties in Matter before FERC

September 26, 2006 8:21 AM ET

WILLIAMSVILLE, N.Y.--(BUSINESS WIRE)--Sept. 26, 2006--National Fuel Gas Supply Corporation ("Supply Corporation"), the wholly-owned interstate pipeline subsidiary of National Fuel Gas Company (NYSE: NFG) ("the Company"), today announced that it has reached a settlement in principle with the Public Service Commission of the State of New York, the Pennsylvania Public Utility Commission, the Pennsylvania Office of Consumer Advocate and other active parties with regard to the complaint filed in April 2006 with the Federal Energy Regulatory Commission ("FERC") under Sections 5(a) and 13 of the Natural Gas Act.

As a result, Supply Corporation has filed at FERC an unopposed motion to suspend the procedural schedule associated with the matter in order to permit the parties to focus their resources on developing a definitive settlement agreement. Such an agreement, if reached, would be publicly filed at FERC for approval which, if granted, would conclude the matter (subject to requests for rehearing and appeals). The content of the settlement in principle cannot be made public until a definitive settlement agreement is reached and filed at FERC. Accordingly, the Company cannot at this time publicly project the effect the settlement, if approved, would have on the Company's earnings.

Supply Corporation comprises the largest portion of the Pipeline and Storage segment of National Fuel Gas Company. The operations of Empire State Pipeline are also part of National Fuel Gas Company's Pipeline and Storage segment, but Empire State Pipeline was not cited in these pleadings. Supply Corporation owns and operates 2,972 miles of natural gas pipelines and 32 natural gas storage fields, including four that are co-owned with non-affiliated companies.

National Fuel Gas Company is an integrated energy company with $3.8 billion in assets comprised of the following five operating segments: Utility, Pipeline and Storage, Exploration and Production, Energy Marketing, and Timber. Additional information about National Fuel Gas Company is available on its Internet Web site: http://www.nationalfuelgas.com or through its investor information service at 1-800-334-2188.

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