Settlement Reached in Delivery Service Charge Rate Case For National Fuel's Pennsylvania Division

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ERIE, Pa.--(BUSINESS WIRE)--Oct. 12, 2006--A proposed settlement among the parties involved in the Pennsylvania division of National Fuel Gas Distribution Corporation's request for an increase in Delivery Service Charges has been signed and delivered to the Pennsylvania Public Utility Commission's (PUC) Administrative Law Judges. National Fuel Gas Distribution Corporation is the utility division of National Fuel Gas Company (NYSE: NFG). Under the terms of the settlement, the utility's Delivery Service Charges will increase by $14.3 million or about 4 percent of total revenue.* This change will increase the average bill of a typical Pennsylvania residential customer using 83 hundred cubic feet of gas per month by $5.39, from $120.08 per month to $125.47 per month, beginning January 1, 2007.*

The major parties in the case - the PUC's Office of Trial Staff, the Office of Consumer Advocate, the Office of Small Business Advocate, the Community Action Association of Pennsylvania and National Fuel Gas Distribution Corporation - have reached an agreement that modestly increases customer bills. Prior to this case National Fuel has increased Delivery Service Charges less than 5 percent since 1995.

The Company's current residential customer rate structure will remain unchanged. As part of the settlement, National Fuel Gas Distribution Corporation has withdrawn its proposed changes to the Customer Charge, as well as the proposed Energy Efficiency feature (revenue decoupling), that would have adjusted customer rates if overall usage levels were different than the projected usage levels on which the rates were based.

National Fuel Gas Distribution Corporation supports the statewide generic proceeding that the PUC announced at its meeting held on September 28, 2006. The generic proceeding will investigate efforts that energy utilities can take to help their customers conserve energy or use it more efficiently. The proceeding will also examine ratemaking mechanisms (including revenue decoupling mechanisms) that might be appropriate to remove any disincentives that would keep utilities in the Commonwealth from promoting customer conservation.

The proposed settlement must still be reviewed and approved by the PUC. If approved as submitted, the utility will implement the new rates effective January 1, 2007, and will be precluded from filing for another Delivery Service Cost rate increase until January 2008.*

National Fuel Gas Distribution Corporation serves over 215,000 utility customers in 14 counties of northwestern Pennsylvania.

Certain statements contained herein, including those which are designated with an asterisk ("") and those which use words such as "anticipates," "estimates," "expects," "intends," "plans," "predicts," "projects," and similar expressions, are "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. The Company's expectations, beliefs and projections contained herein are expressed in good faith and are believed to have a reasonable basis, but there can be no assurance that such expectations, beliefs or projections will result or be achieved or accomplished. In addition to other factors, the following are important factors that could cause actual results to differ materially from those discussed in the forward-looking statements: governmental/regulatory actions, initiatives and proceedings, including those involving acquisitions, financings, rate cases (which address, among other things, allowed rates of return, rate design and retained gas), affiliate relationships, industry structure, franchise renewal, and environmental/safety requirements. The Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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