



NATURAL GAS COSTS TO GO UP

(July 31, 2008) Erie, Pennsylvania: National Fuel Gas Distribution Corporation has filed with the Pennsylvania Public Utility Commission (“PUC”) its required annual adjustment to Gas Supply charges to be effective August 1, 2008. The Gas Supply Charge is the largest portion of a residential customer’s monthly gas bill and represents the marketplace price of the natural gas customers use. These costs are, by law, passed on dollar for dollar, without any mark-up or discount. For an average customer using approximately 100,000 cubic feet a year, the adjustment represents an increase of 44 percent to Gas Supply Charges which results in an overall bill increase of 33.4 percent and will raise the monthly bill for a typical residential customer from \$129.83 to \$173.20.

This filing is a regulatory requirement that captures forecasted prices and market conditions only at a point in time. Subsequent to the compilation of today’s filing and in recent days, current and forecasted market prices for all energies have been dropping at a dramatic and unprecedented rate and those price changes are not completely reflected in today’s filing. Therefore, the Company will continue to monitor market prices and should they stay in today’s range, will consider submitting an interim filing to the PUC to update and adjust and lower the gas costs that are being passed on to our customers.

According to Nancy Taylor, Senior Manager of Corporate Communications, “The required method for establishing the prices and billing rates associated with the gas supplies we secure for our customers is cumbersome and, as today’s action indicates, represent costs that don’t necessarily track the volatile market conditions that we are currently experiencing. We are considering an interim adjustment so that should prices stay at current levels, that lower cost can be passed on to customers more quickly. Otherwise, our next opportunity to adjust Gas Supply Charges will not arrive until November. Even if an interim adjustment to lower Gas Supply Charges is filed, it is important to note that prices in the marketplace are still significantly higher than last year and we remain concerned about the impact these costs will have on our customers.”

For National Fuel’s Pennsylvania customers, gas costs are adjusted on a quarterly basis with an annual reconciliation, while New York customers experience monthly gas cost adjustments to account for changes in the marketplace price of natural gas.

According to The Energy Information Administration (EIA), the price for natural gas on the New York Mercantile Exchange has increased every month since last December. During the month of July, natural gas prices reached the highest level since setting records in December 2005 in the wake of Hurricanes Katrina and Rita. As a result, it is anticipated that natural gas utility companies will be forced to purchase their natural gas at a much higher price than the previous heating season. “We recognize that this increase in gas costs, combined with the upcoming winter season, will result in energy bills that are expected to be considerably higher than at this time last year,” Ms. Taylor added. “There are things customers can do now to prepare for the months ahead. We urge customers to take steps to make sure their homes are energy efficient: drafts around doors and windows should be sealed; attics and walls should be well insulated; heating equipment and appliances should be checked to make certain they operate at peak efficiency.”



Customers are also encouraged to call the Company now to find out about payment programs and services that may help them. National Fuel offers a Budget Plan that is a simple and no-cost means for customers to level out their bills over a year, which will ease the impact of these price changes during the winter months. "By enrolling in the Budget Plan, we'll establish a monthly payment amount that represents an average of lower summertime and higher wintertime bills that will reduce the amount customers pay during the coldest months of the year," Taylor explained. The Company also has programs specifically designed for low-income customers. Customers can call 1-800-365-3234 for additional information.

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

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