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NATIONAL FUEL GAS CO

FORM POS AMC

(Application or declaration under the act - Post-effective amendments)

Filed 05/20/94

Address	6363 MAIN STREET WILLIAMSVILLE, NY 14221-5887
Telephone	716-857-7000
CIK	0000070145
Symbol	NFG
SIC Code	4924 - Natural Gas Distribution
Industry	Natural Gas Utilities
Sector	Utilities
Fiscal Year	09/30

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File No. 70-7833

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

U-1

AMENDMENT NO. 8
(POST-EFFECTIVE)

UNDER
THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Names of Companies filing this statement and addresses of principal executive offices:

National Fuel Resources, Inc.
10 Lafayette Square
Buffalo, New York 14203

Leidy Hub, Inc.
10 Lafayette Square
Buffalo, New York 14203
(Formerly Enerop Corporation)

Name of Top Registered Holding Company:

NATIONAL FUEL GAS COMPANY

Names and Addresses of Agent for Service:

David F. Smith, President
National Fuel Resources, Inc.
10 Lafayette Square
Buffalo, New York 14203

Gerald T. Wehrlin, Secretary
Leidy Hub, Inc.
10 Lafayette Square
Buffalo, New York

It is respectfully requested that the Commission send copies of all notices, orders and communications to:

Kyle G. Storie
10 Lafayette Square
Buffalo, New York 14203

Item 1. Description of Proposed Transaction.

National Fuel Resources, Inc. ("NFR") and Leidy Hub, Inc. ("Leidy") are wholly-owned subsidiaries of National Fuel Gas Company ("National"). National is a public utility holding company registered under the Public Utility Holding Company Act of 1935, as amended ("Act"). Neither National, nor any of the subsidiaries of National other than NFR and Leidy, join in this Post-Effective Amendment to the Application-Declaration on file in this proceeding.

A. Background.

NFR has undertaken the following transactions and

activities as authorized by the Commission in HCAR No. 35-25437:

(1) NFR has been and continues to be engaged in the business of marketing natural gas and related activities.

(2) NFR entered into a partnership with Citizens Gas Supply Corporation ("Citizens Gas"). The name of the partnership was Citizens National Gas Co. ("Partnership").

(3) The Partnership engaged in purchasing, storing, transporting and marketing natural gas and the acquisition of related assets.

(4) NFR has been and continues to participate in the National Fuel System Money Pool ("Money Pool"). NFR may make borrowings from the Money Pool in a maximum principal amount at any one time outstanding of $15 million through December 31, 1995 pursuant to HCAR No. 35-25964.

Additionally, pursuant to HCAR No. 35-25437, NFR was authorized to make available to the Partnership, through December 31, 1991, one or more loans aggregating up to $10 million. NFR requested this authority so that the Partnership could invest in "any and all physical assets, and any and all associated contracts and property interests attendant thereto, for use in connection with gathering, transportation, distribution or marketing of natural gas which it would consider taking for itself, and which is consistent with, or is a natural and reasonable extension of, its business as it existed just prior to the closing date" (hereinafter referred to as "Marketing Related Investments") (See pp. 8 - 9 of Form U-1, Amendment No. 3, File No. 70-7833). The funds for these loans to the Partnership were to be derived from NFR Money Pool borrowings and working capital. No loans are outstanding between the Partnership and NFR.

On October 28, 1993, NFR filed the Seventh Certificate

Pursuant to Rule 24 in regard to this file No. 70-7833, HCAR No. 35-25437, informing the Commission that during the quarter ended September 30, 1993, NFR and Citizens National Gas Company had completed the sale of substantially all of the Partnership assets. Thereafter, the Partnership was wound up and dissolved(1).

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(1) Neither NFR nor any of its affiliates sought approval to sell the Partnership assets and dissolve the Partnership because it was determined that no such approval was necessary under the Act.
Section 9(a) was deemed not to be applicable because that section covers the acquisition but not the sale of a security or an interest in a business. Additionally, the Partnership assets were not utility assets, so that, Section 12(d) was also inapplicable.
B. Proposed Transactions.

(1) NFR proposes to make Marketing Related Investments through borrowings by NFR from the Money Pool up to the then current maximum amount of borrowings that NFR is authorized to make from the Money Pool, which is currently $15 million in the aggregate. It is anticipated tht the majority of these marketing related investments will entail the purchase of gas reserves, gas pipelines and appurtenant property.

(2) NFR proposes to take assignment from Leidy of certain research and development investments at book value as described below(2).

(i) One of the investments which would be assigned from Leidy to NFR is Leidy's investment in Metscan, Inc. ("Metscan"). Metscan developed a low cost and efficient electronic automatic meter reading device ("AMD"), that provides an economical and efficient method of reading residential natural gas utility meters. The AMD is a microprocessor which is affixed to a gas meter and which accumulates and stores information regarding natural gas usage by a customer and transmits it by telephone line to a computer. This information is then available for billing purposes. The Metscan system, i.e., the attachment of the AMD to a gas meter, and its

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(2) As reported in a Certificate Pursuant to Rule 24 filed on January 24, 1994, Enerop Corporation has changed its name to Leidy Hub, Inc. ("Leidy"). Leidy will focus on marketing hub activities which is more fully explained in a separate U-1 filing which is being filed contemporaneously with this Amendment.

connection by telephone line to a computer (i) improves meter reading efficiency, as accurate readings can be received electronically, (ii) enhances meter security and theft detection, because actual consumption data is phoned in monthly (or possibly daily) and the AMD has a tamper alarm, and (iii) enhances consumption monitoring by the ability to provide daily consumption data. As noticed in HCAR No. 35-26023 issued April 8, 1994, Leidy has proposed through Post-Effective Amendment No. 13 to File No. 70-7201 to acquire 29, 167 shares of Metscan Class B Preferred Stock, $.01 par value, ("Class B Preferred"), out of a total number of 2,736,667 shares to be sold, for $35,000 ($1.20 per share). Once the proposed transaction has been consummated, Leidy will own 7.31% of Metscan's common stock, 9.83% of the Metscan Class A Preferred Stock and 1.07% of the Class B Preferred, or about 5.52% of the actual and potential equity investment in Metscan and Leidy's total investment in Metscan will be $1,261,000.00. All of Leidy's interest in Metscan will be transferred to NFR at book value.

(3) NFR also seeks authorization to accept assignment of the Agreement dated October 1, 1993, between Leidy (then Enerop) and Perfection Corporation attached as Exhibit A-8 (the "Perfection Agreement") regarding research, development and marketing of polyethylene ball valves ("Valves") for polyethylene fuel gas piping systems ("Perfection Valve Development Program"). Under the Perfection Agreement, Leidy (then Enerop) pays an aggregate of $610,000.00 in return for a royalty of three percent (3%) of the net revenue from the sale of the Valves ("Royalty") up to a 16% return on investment(3). Perfection is a manufacturing company with its principal place of business in Madison, Ohio. Perfection is not an

affiliate of National or any of National's subsidiaries. It is anticipated that the Valves will be marketed and sold throughout the United States with a significant percentage of such sales occurring within National's system. A condition subsequent to the Perfection Agreement is that Leidy (then Enerop) receive SEC approval under the Act, if it is determined that such approval is necessary.

NFR hereby seeks authority to accept assignment of the Perfection Agreement from Leidy and to undertake the obligations and rights thereunder, including the obligation to make the aggregate $610,000.00 investment and the right to receive the Royalty. The Perfection investment constitutes "[t]he acquisition by a registered company of an interest in a company organized to participate in activities related to the supply of natural gas." Thus, pursuant to Section 2(b) of the Gas Related Activities Act of 1990 ("GRAA") the Perfection investment will meet the requirement of Section 11(b) of the Act that it be reasonably incidental or economically necessary or appropriate to the operation of the utility (i.e., National Fuel Gas Distribution Corporation ("Distribution")) provided the Perfection

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(3) The Perfection Agreement covers three separate valve research and development programs. Enerop invested $125,000.00 in the 1-1/4" Program and $85,000.00 in the 2" Program. These programs have been rolled up into the Perfection Agreement along with the new 3-4-6" Program. The $400,000.00 investment in the 3-4-6" Program contemplated in the Perfection Agreement will be made by NFR upon SEC approval of this Amendment. investment is in the interest of the consumers of Distribution or the consumers of any other subsidiary of National.

Plastic piping has been shown to be superior to traditional metal piping in regard to durability, leak resistance, ease of installation, etc. It is anticipated that the various plastic Valves developed as a result of the Perfection Research and Development Program will also be superior to metal ones in these respects. Additionally, its anticipated that in many instances plastic Valves will be installed in a pipeline system that is otherwise already all plastic. In such circumstances the need for cathodic protection will

be eliminated since no corrosion will occur within an all plastic system. Distribution's consumers will benefit from the development of these Valves because the utility will experience lower operations and maintenance costs, thus helping to keep rates from rising.

B.2 Future Planned Activities

NFR also plans in the future to finance or invest in and provide consulting services to (i) research and development projects related to the gas industry, (ii) qualifying co-generation facilities as defined in the Public Utility Regulatory Policies Act of 1978 ("PURPA"), (iii) qualifying small production facilities as defined in PURPA, (iv) exempt wholesale generators within the meaning of Section 32 of the Act, and (v) foreign utility companies ("FUCOs") within the meaning of Section 33 of the Act. NFR will file for any required authorization prior to undertaking any investment in or financing of any research and development project, independent power project or foreign utility company and no such authorization is currently being sought.

Item 2. Fees, Commissions and Expenses

Attorney's fees Less than $10,000.00

Item 3. Applicable Statutory Provisions.

Sections 9(a), 10, 12(b), 32 and 33 and Rules 23, 24, 43 and 45 and the Section 2(b) of the GRAA are all applicable to the transactions contemplated hereunder.

Applicable Provisions	Proposed Transaction
Section 12(b) Rule 45	NFR's investment in Marketing Related Investments through borrowings from the National Money Pool.
Sections 9(a) and 10, Rules 23 and 43, Section 2(b) of the GRAA	Assignment of Leidy's Interest in Metscan, Inc. to NFR at Book Value.
Sections 9(a), 10, and 12(b), Rules 23 and 43 Section 2(b) of the GRAA	Assignment of the Perfection Agreement to NFR from Leidy at Book Value and Assumption of Obligations thereunder.

To the extent that the proposals herein are considered by the SEC to require authorization, approval or exemption under any

section of the Act or provision of the rule or regulations other than those specifically referred to herein, request for such authorization approval or exemption is hereby made.

Item 4.

No federal regulatory authority, other than the SEC, has jurisdiction over the proposals. No state regulatory authority has jurisdiction over the proposed transactions.

Item 5. Procedure

The SEC is requested to issue an order permitting the Application-Declaration to become effective as soon as possible with respect to consummation of the transactions described herein. National respectfully requests that the SEC's orders herein be entered pursuant to the provisions of Rule 23. If a hearing is ordered, Applicant-Declarants waive a recommended decision by a hearing officer, or any other responsible officer of the SEC, and agree that the Division of Investment Management, Office of Public Utility Regulation may assist in the preparation of the SEC's decision and/or order; and request that the SEC's order become effective upon issuance.

The Applicants hereby request that certain information contained in the Exhibits hereto, as indicated in Item 6 Exhibits (the "Information") be kept confidential pursuant to Rule 104(b) (Section 250.104(b) of the Commission's Regulations). Public disclosure of the Information is not necessary or appropriate in the public interest or for the protection of investors or consumers.

The Information includes a projection of NFR's internal rate of return on the Perfection investment which contains projected sales volumes and selling price per unit for each Valve. Also included in the Information are Marketing Studies prepared by

Perfection in regard to each Valve which describe market opportunities on a regional basis, competitors and their products, possible competitive responses to introduction of the Perfection Valves and features which the Valves must contain to be competitive. All of this information would be highly coveted by Perfection's competitors (and otherwise unavailable) and if disclosed would put Perfection's Valve programs at a significant competitive disadvantage given that competitors are not required to make public their marketing studies and information. Additionally, the amount of the Perfection investment ($610,000.00) is of an order of magnitude too small to be material to either investors or consumers. The investing and consuming public would be best served by allowing the Information to remain confidential, thereby allowing Perfection to compete on an equal basis with its competitors.

Item 7.

The proposed transactions outlined herein involve no action which will significantly affect the quality of the environment. No federal agency has prepared or is preparing an environmental impact statement with respect to the transactions proposed in the Application-Declaration.

SIGNATURES

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned companies have duly caused this Amendment to the application-declaration to be signed on their behalf by the undersigned thereunto duly authorized.

Dated: May 20, 1994

NATIONAL FUEL RESOURCES, INC.

By: /s/ David F. Smith
David F. Smith
President

LEIDY HUB, INC.

By: /s/ Gerald T. Wehrlin

Gerald T. Wehrlin
Secretary

End of Filing

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