

PSC NO: 8 GAS
COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 9/1/05

STATEMENT TYPE: MFC
STATEMENT NO: 3

Page 1 of 1

MERCHANT FUNCTION CHARGE

Effective With Usage During Billing Period Commencing September 1, 2005
Applicable to Billings Under Service Classification Nos. 1, 2, 2A, and 3
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
P.S.C. No. 8 - GAS

| | Residential ¢ per Ccf | Non-Residential ¢ per Ccf |
|---------------------------------|--------------------------|------------------------------|
| Monthly Gas Supply Charge | 115.3207 | 115.3207 |
| Merchant Function Charge Factor | <u>2.7420%</u> | <u>0.3040%</u> |
| Merchant Function Charge | <u><u>3.1621</u></u> | <u><u>0.3506</u></u> |

Pursuant to the terms of the Settlement Agreement and Joint Proposal in Case 04-G-1047 the amount of the LIRA discount may be adjusted downward by the Company if it is anticipated that the amount of discount at forecast enrollment levels will cause the Company to exceed the \$5 million expense cap.

Date: August 31, 2005

Issued by D.J. Seeley, President, 6363 Main Street, Williamsville, NY 14221
(Name of Officer, Title, Address)