

PSC NO: 8 GAS  
COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
INITIAL EFFECTIVE DATE: 03/01/04

STATEMENT TYPE: RCC  
STATEMENT NO: 40

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RESERVE CAPACITY COST ADJUSTMENT STATEMENT  
AND  
RESERVE CAPACITY COST STATEMENT

Effective With Usage During Billing Period Commencing March 1, 2004  
Applicable to Usage Under Service Classification Nos. 1, 2, 3, 5, 7, 8, and 9 AND 13D and 13M  
NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
P.S.C. No. 8 - GAS

	Total NY Monthly Capacity Dth (A)	Total NY Annual Capacity Dth (B)	March Demand Rate \$/Dth (C)	Total Demand Cost (D=BxC)	
<u>Daily Temperature Swing/Peaking Reserve Capacity Costs</u>					
NFGSC EFT Capacity Temperature Swing	111,844.0	1,342,128.0	\$3.5878	\$4,815,287	
NFGSC ESS Delivery Temperature Swing	84,980.0	1,019,760.0	\$2.1345	\$2,176,678	
NFGSC ESS Capacity Temperature Swing	3,994,060.0	47,928,720.0	\$0.0432	\$2,070,521	
Nexen	27,412.0	328,944.0	\$5.0167	\$1,650,213	
Empire Peaking	27,412.0	328,944.0	\$0.7694	<u>\$253,090</u>	
Total Daily Temperature Swing/Peaking Reserve Capacity Costs				\$10,965,789	
Total Annual Normalized Sales and Total Aggregation Volumes (Mcf)				74,609,122	
Daily Temperature Swing/Peaking Reserve Capacity Costs per Mcf				\$0.1470	
Base Reserve Capacity Charge				<u>\$0.1418</u>	
Reserve Capacity Cost Adjustment (\$/Mcf) (.1470 - .1418) Applicable to SC1, 2, 3, 5, 7, 8, and 9					<u>\$0.0052</u>
Less: Storage and Capacity Costs Recovered through SC 13M Rates				<u>\$0.0928</u>	
Reserve Capacity Cost Charge (\$/Mcf) (.1470 -.0928) Applicable to 13M and 13D rates					<u>\$0.0542</u>

Date: February 27, 2004

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