

PSC NO. 8 GAS
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 02/28/07

LEAF: 74.1
REVISION: 3
SUPERSEDING REVISION: 2

GENERAL INFORMATION (Cont'd)

II. CONTINUED

i. Calculation of the Average Monthly Commodity Cost of Gas

The Average Monthly Commodity Cost of Gas shall be calculated by dividing the Total Average Monthly Commodity Cost of Gas by 1 less the factor of adjustment.

The Total Average Monthly Commodity Cost of Gas shall equal the Total Monthly Commodity Cost of Gas divided by Total Monthly Purchases for the applicable Service Classifications.

The Total Monthly Commodity Cost of Gas shall equal the Total Commodity Charges from the Company's gas Suppliers and transporters which are projected to be incurred during the month the Monthly Gas Supply Charge will be in effect exclusive of gas purchases for off-system sales and exclusive of gas purchases for sale under SC 4, SC 10, SC 11, SC 12 and SC 14. During months of projected storage gas injections the Total Monthly Commodity Cost of Gas shall exclude the Commodity Cost of Gas injected into storage. During months of projected storage gas cost withdrawals the Total Commodity Cost of Gas shall include the Commodity Cost of Gas withdrawn from storage. The Commodity Cost of Gas withdrawn from storage shall equal the average unit cost of gas injected into storage for the preceding April through October injection period.

The Total Monthly Purchases for the applicable Service Classifications shall be the projected purchases for SC1, SC 2, SC 3, SC 5, SC 7, SC 8 and SC 9.

ii. Calculation of the Average Demand Cost of Gas

The Average Demand Cost of Gas shall be in effect for the winter period December through March. The Average Demand Cost of Gas shall be calculated by dividing the Total Average Demand Cost of Gas by 1 less the factor of adjustment.

The Total Average Demand Cost of Gas should equal the Total Annual Demand Cost of Gas divided by Normalized Winter Period Purchases for the applicable Service Classifications.

The Total Monthly Demand Cost of Gas shall equal the Total Demand Charges from the Company's gas Suppliers and transporters which are projected to be incurred during the month exclusive of demand charges for SC 4, SC 10, SC 11, SC 12 and SC 14. The Total Annual period Demand Cost will be calculated by multiplying the Total Monthly Demand Cost of Gas by 12.

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(Name of Officer, Title, Address)