

PSC NO: 8 GAS  
NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
INITIAL EFFECTIVE DATE: 05/19/06

LEAF: 87  
REVISION: 3  
SUPERSEDING REVISION: 2

## GENERAL INFORMATION (Cont'd)

## II. 19.j. CONTINUED

2. Marketer hedged supplies purchased during the Open Season will be eligible for settlement by the Company. Marketers will be required to show that hedges purchased under the Program are used to provide a retail FPO.
- iv. Marketer unsubscribed hedges will be eligible for settlement as follows:
  - a. A Forward Winter Settlement Price ("FWSP") will be established by the Company.
  - b. If a Marketer hedge (purchased during the Determination Period) is higher than the FWSP, the Company will offer to purchase, or settle, the Marketer's unsubscribed hedges.
    1. Settlement price shall be APC minus FWSP.
    2. Volume eligible ("VE") for settlement is the lesser of the unsubscribed volume or 25% of Marketer's total allocated volume.
    3. Amount paid to Marketer is  $SP \times VE$ .
    4. Payment is made once in October with no further adjustments.
    5. Settlement amount is reflected as a cost of gas in the monthly gas supply charge to sales Customers from November to March and is recovered by Distribution as a gas cost in its annual reconciliation.

The MHP will be offered as a pilot program, according to the schedule described above, through the period ending July 31, 2007. Marketer participation and eligibility for settlement payment is subject to Marketer's execution of a MHP agreement, a copy of which shall be included in the GTOP.

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