

PSC NO: 8 GAS
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 8/01/05
ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 04-G-1047 DATED 7/22/05.

LEAF: 74
REVISION: 7
SUPERSEDING REVISION: 6

GENERAL INFORMATION (Cont'd)

II. CONTINUED

19. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF GAS

a. Factor of Adjustment

The gas cost rates included in this Section will include a factor of adjustment ratio of 2.00% through August 31, 2005. Effective September 1, 2005 the factor of adjustment ratio is 1.95%. Effective September 1, 2006 the factor of adjustment ratio is 1.90%.

b. Calculation of Monthly Gas Cost Recovery Rates

(1) Gas Cost Recovery for Service Classification Nos. 1, 2 and 3.

The gas costs associated with Service Classification Nos. 1, 2 and 3 shall be recovered through the monthly delivery rates and the monthly gas supply service rates.

(a) Calculation of Gas Costs Recovered in Delivery Rates.

The delivery rates of Service Classification Nos. 1, 2 and 3 shall include charges to recover gas costs associated with reserve capacity.

i. Base Reserve Capacity Rate

The Base Reserve Capacity Rate shall be equal to \$0.014632 per 100 cubic feet.

ii. Reserve Capacity Cost Adjustment

The Reserve Capacity Cost Adjustment shall be calculated monthly and included in the Monthly Distribution Adjustment Charge for Service Classification Nos. 1, 2 and 3. The Reserve Capacity Cost Adjustment shall be equal to the difference between the Average Cost of Reserve Capacity per Ccf and the Base Reserve Capacity Rate.

The Average Cost of Reserve Capacity per Ccf shall equal the total Reserve Capacity Cost divided by the projected normalized consumption for which the Reserve Capacity Charge is applied for Service Classification Nos. 1, 2, 3, 5, 7, 8, 9, 13M, 23 and 24.

(b) Calculation of Gas Costs Recovered through the Monthly Gas Supply Charge.

The Monthly Gas Supply Charge shall be equal to the sum of the Average Monthly Gas Supply Cost as calculated herein, and the Annual Refund/Surcharge amount as calculated in Section 19.f.

The Average Monthly Gas Supply Cost shall be equal to the sum of the Average Monthly Commodity Cost of Gas and the Average Demand Cost of Gas per Ccf.

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