

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: 83
REVISION: 5
SUPERSEDING REVISION: 3

GENERAL INFORMATION (Cont'd)

II. 19. CONTINUED

i. Credit for Transportation Sales and Transportation Service Benefits

The monthly gas supply charge as computed shall be adjusted to reflect the benefits available to Customers subject to the monthly gas supply charge from transportation sales (SC Nos. 12, 14), transportation service (SC Nos. 13D, 13M, 17, 15 and 16) and cogeneration (SC Nos. 9 and 10) service as follows:

- (1) The Determination Period to be used in the computation shall be the twelve month period beginning on the first day of August and ending on the thirty-first day of the following July.
- (2) The Refund/Surcharge Period shall refer to the twelve month period beginning three months following a given Determination Period (November 1st through October 31st).
- (3) At the conclusion of each determination period, net transportation sales and transportation service benefits will be computed by adding (i) transportation sales (SC Nos. 12 and 14) gas revenues derived during the Determination Period net of gas costs and revenue tax revenues; (ii) revenues derived during the Determination Period from base rates under Service Classification Nos. 13D, 13M, 15, 16 and 17 and cogeneration (SC Nos. 9 and 10) gas revenues derived during the Determination Period net of gas costs, reserve capacity costs, R&D surcharge and revenue tax less \$28,553,617, and further reduced by revenues associated with sales volume shortfalls caused by migration of customers from Service Classification No. 3 to Service Classification No. 10 (Sales Service), Service Classification Nos. 13D, 13M, 15, 16 or 17 (Transportation Service). Such sales volume shortfalls shall be determined for each Service Classification Nos. 10, 13D, 13M, 15, 16 or 17 transportation customer as the lesser of (a) the volume by which the sales forecast for that customer, as adopted by the Commission in Case 04-G-1047 exceeds actual sales to that customer during the Determination Period, and (b) the volume by which the volumes transported for that customer during the Determination Period exceed the transportation forecast for that customer, as adopted by the Commission in Case 04-G-1047. A negative difference derived in (a) or (b) shall be presumed equal to

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