

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: 148.4  
REVISION: 3  
SUPERSEDING REVISION: 2

### GENERAL INFORMATION (Cont'd)

#### II. 42A. CONTINUED

Where

Intermediate Transition Surcharge	=	Unit rate per Mcf of surcharge
Stranded Intermediate Capacity Costs	=	Amount of Upstream Stranded Capacity Cost calculated in 42A. above
Total Throughput	=	Historical normalized consumption for sales and aggregation Customers (SCs 1, 2, 3, 4, 5, 6, 7, 8, 9, 22, 23, 24, 13D TC-1.1 and 13M TC-1.1 Customers receiving service from Suppliers under SC 19).

The rate shall be calculated monthly and filed with the Company's monthly Statement of Distribution Adjustment Charge. All revenues collected through this surcharge shall be included as purchase gas commodity revenue for determining the Annual surcharge or Refund under General Information Section 19.f.

#### 43. RESEARCH AND DEVELOPMENT SURCHARGE

Pursuant to the Commission's Order in Case 99-G-1369 issued and effective February 14, 2000, the Company shall recover a research and development cost surcharge ("R&D Surcharge") from sales and transportation Customers as follows:

a. The rates for service rendered pursuant to Service Classifications Nos. 1, 2, 2A, 3, 4, 5, 6, 7, 8, 9, 13D, 13M, 23 and 24 on and after May 1, 2000 shall be subject to a monthly R & D Surcharge computed as follows:

(1) Surcharge factor - Each January 1, a surcharge will be calculated in compliance with the Commission's order in Case 04-G-1047 issued July 22, 2005. The Millennium Fund Surcharge will be based on a forecast of annual expenditures of \$900,000. The annual amount of \$900,000 will be divided by the Company's annual sales forecast exclusive of interruptible sales, interruptible transportation and sales and transportation services in competitive situations.

b. Annual R & D True-Up

The R & D Surcharge shall be computed as follows:

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