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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 2
INITIAL EFFECTIVE DATE: 04/01/99 SUPERSEDING REVISION: 1
STAMPS: ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 93-G-0932 DATED 11/03/98.
Cancelled by 3 Rev. Leaf No. 143 Effective 04/01/1999
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GENERAL INFORMATION (Cont*d)

II. CONTINUED

38. PIPELINE SUPPLIER TAKE OR PAY EXPENSE RECOVERY SURCHARGE

Pursuant to a Settlement Agreement as to recovery of take or pay expenses incurred by the Company as approved by the Public Service Commission in its Order Approving Settlement Agreement with National Fuel Gas Distribution Corporation issued on April 5, 1993 in Case 88-G-062, the Company shall recover take or pay expense as follows:

a. The rates for service rendered pursuant to Service Classifications Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13D, 13M, 15, 16, 17, 20, and 21 on and after April 9, 1993 shall be subject to a monthly pipeline supplier take or pay expense recovery surcharge ("TOP Surcharge") consisting of two components, developed and computed as follows:

- (1) Deferred TOP Surcharge Factor - The Deferred TOP Surcharge Factor shall be equal to the per cubic foot equivalent of all of the pipeline supplier take or pay expenses deferred by the Company and unrecovered as of the effective date of this tariff leaf, including interest, ("Deferred Balance") divided by 347,859,000 Mcf (115,953,000) Mcf throughput per year as allowed in Case 98-G-1291, multiplied by three to reflect recovery over a thirty-six month period.
- (2) Current TOP Surcharge Factor - The Current TOP Surcharge Factor shall be equal to the per cubic foot equivalent of the result obtained by dividing by 115,953,000 Mcf (throughput per year as allowed in Case 98-G-1291) the most recent pipeline supplier take or pay billing received by the Company prior to the current billing cycle.

Issued by P.C. Ackerman, President, 10 Lafayette Square, Buffalo NY 14203
(Name of Officer, Title, Address)