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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 0
INITIAL EFFECTIVE DATE: 04/23/00 SUPERSEDING REVISION:
STAMPS: ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 99-G-1369 DATED 02/14/00.
Cancelled by 1 Rev. Leaf No. 148.3 Effective 05/01/2002
RECEIVED: 03/22/00 STATUS: Cancelled EFFECTIVE: 04/23/00
GENERAL INFORMATION (Cont'd)

II. CONTINUED

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 and 20 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 based upon the projected cumulative decrement (1998 base year) in Gas Research Institute funding ("GRI") as billed by demand and commodity charges from NFGSC. THE R & D Surcharge factor will be the projected R&D cost based on the GRI cumulative decrement 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 Reconciliation

The R & D Surcharge shall be computed as follows:

- (1) By taking the actual GRI decrement each year during the determination period plus the sum of all previous decrements, measured against the base year, and subtracting corresponding revenues collected from sales and transportation customers.
- (2) The determination period shall be each calendar year.
- (3) The reconciliation surcharge/refund period shall be twelve-month period beginning March 1 through February 28.
- (4) The rate of reconciliation surcharge/refund shall be determined by dividing determination period amounts by the Service Classification volumes subject to R&D recovery during the reconciliation period. Any balance remaining at the end of such period shall be reconciled in the next R&D Cost Annual Filing or the Annual Surcharge or Refund Computation pursuant to Section II.19f.

Issued by D. F. Smith, President, 10 Lafayette Square, Buffalo NY 14203
(Name of Officer, Title, Address)