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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 1
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GENERAL INFORMATION (Cont*d)

II. 38. CONTINUED

b. The TOP Surcharge shall be equal to the sum of the Deferred TOP Surcharge Factor and the Current TOP Surcharge Factor, computed pursuant to Sections 38.a.(1) and (2), respectively, and, in the case of Service Classification Nos. 1, 3, 5, 7, 8 and 9 shall be recovered through the Delivery Adjustment Charge (Section II.19).

c. Annual TOP Reconciliation

A surcharge or refund to recover take or pay expense over/under collection shall be computed as follows:

- (1) By taking the amount of Deferred TOP costs and current TOP costs projected to be recovered during the determination period and subtracting therefrom an amount equal to (i) the TOP surcharge revenues collected as shown in the Company's monthly delivery adjustment charge filing, (ii) the TOP surcharge amounts collected from transportation Service Classification Nos. 13D, 13M, 15, 16 and 17, (iii) the TOP surcharge amounts collected from Service Classification Nos. 4, 6 and 10 and (iv) the previous year's TOP expense over/under collections.
- (2) The determination period to be used in the computation of this annual TOP reconciliation shall be the twelve-month period beginning on the first day of April and ending on the following March 31.
- (3) The reconciliation surcharge/refund period shall refer to the twelve month period beginning three months following a given determination period (July 1st through June 30th).
- (4) The rate of reconciliation surcharge/refund shall be determined by dividing determination period amounts by the service classification volumes subject to take or pay recovery during the reconciliation surcharge/refund period. Any balance remaining at the end of such period shall be reconciled in the next TOP expense Annual Filing or the Annual Surcharge or Refund Computation pursuant to Section II.19.f.

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