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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 3  
INITIAL EFFECTIVE DATE: 05/01/02 SUPERSEDING REVISION: 2  
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## 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 (SCs 12, 14), transportation service (SCs 13D, 13M, 17, 15 and 16) and cogeneration (SC 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 October and ending on the thirtieth day of the following September.
- (2) The Refund/Surcharge Period shall refer to the twelve month period beginning three months following a given Determination Period (January 1st through December 31st).
- (3) At the conclusion of each determination period, net transportation sales and transportation service benefits will be computed by adding (i) transportation sales (SCs 12 and 14) gas revenues derived during the Determination Period net of gas costs, ULIEEP surcharges, and revenue tax revenues, less \$267,000; (ii) revenues derived during the Determination Period from base rates under SCs 13D, 13M, 15, 16 and 17 and cogeneration (SCs 9 and 10) gas revenues derived during the Determination Period net of gas costs, ULIEEP surcharges, reserve capacity costs and revenue tax less \$26,890,000, and further reduced by revenues associated with sales volume shortfalls caused by migration of customers from SC 3 to SC 10 (Sales Service), SCs 13D, 13M, 15, 16 or 17 (Transportation Service). Such sales volume shortfalls shall be determined for each SCs 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 98-G-1291 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 98-G-1291. A negative

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