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 COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 2  
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 GENERAL INFORMATION (Cont\*d)

## II. CONTINUED

### 42. UPSTREAM PIPELINE STRANDED CAPACITY SURCHARGE

#### a. Determination of Upstream Pipeline Stranded Capacity Surcharge

Upstream pipeline stranded capacity shall be determined as the total upstream pipeline transmission capacity (excluding EFT capacity on National Fuel Gas Supply Corporation ("NFGSC")) and storage capacity (including NFGSC storage capacity) contracted by Company for delivery to NFGSC ("Total Upstream Contracted Capacity") in excess of the Company peak day capacity requirements that results from Customers migrating from Company sales service to transportation service. The associated stranded upstream capacity costs shall be recovered through an Upstream Transition Surcharge from sales and aggregation transportation Customers. Such Surcharge, if any, shall be determined monthly and included in the Company's monthly Gas Supply Charge filing.

#### b. Determination of Upstream Pipeline Stranded Capacity Cost

The amount of upstream stranded capacity costs shall be determined as follows:

$$\text{Stranded Upstream Capacity Costs} = \text{Upstream Capacity Costs} \times \frac{\text{Upstream Pipeline Stranded Capacity}}{\text{Total Upstream Contracted Capacity}}$$

Where:

$$\text{Upstream Capacity Costs} = \text{Total Upstream Pipeline Transmission Capacity Cost (excluding EFT Capacity on NFGSC) and all contracted storage capacity cost}$$

$$\text{Upstream Pipeline Stranded Capacity} = \text{Total Upstream Contracted Capacity in excess of the Company peak day capacity requirements that results from Customers migrating from Company sales service to transportation service}$$

$$\text{Total Upstream Contracted Capacity} = \text{Total Upstream Contracted Transmission capacity (excluding EFT capacity on NFGSC) and all contracted storage capacity}$$

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