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

II. 42A. CONTINUED

b. Determination of Upstream Pipeline Stranded Capacity Cost

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

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

Where:

$$\text{Intermediate Capacity Costs} = \text{EFT capacity cost on NFGSC}$$

$$\text{Intermediate Pipeline Stranded Capacity} = \text{Total Intermediate Contracted Capacity in excess of the Company peak day capacity requirements that results from Customers migrating from Company sales service to transportation service or is displaced by local production, gathering facilities, inter- or interstate pipelines, which displace EFT capacity on NFGSC}$$

$$\text{Total Intermediate Contracted Capacity} = \text{Total EFT capacity on NFGSC}$$

c. Recovery of Intermediate Pipeline Stranded Capacity Surcharge

The Company shall calculate a surcharge each month to be billed under the rates and charges of the following Service Classification Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 20, 22 and 13M Customers receiving service under Service Classification No. 19.

$$\text{Intermediate Transition Surcharge} = \frac{\text{Stranded Intermediate Capacity Costs}}{\text{Total Throughput}}$$

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