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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 0
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GENERAL INFORMATION (Cont*d)

II. 19.1. CONTINUED

- (3) COMMODITY COST OF TRANSPORTING GAS - The mechanism's transportation component will be computed by weight averaging the Commodity Cost of delivering natural gas from the three geographic pooling points mentioned above to the Company's receipt point on National Fuel Gas Supply Corporation including Supply's transportation charge.
- (4) TRANSPORTATION FUEL COMPONENT - The mechanism's transportation fuel component will be computed in the same manner as was the transportation component described above.

The "Benchmark Unit Cost, City Gate" of this GPIM is for the City Gate and Empire State Pipeline Spot Purchases. This is equal to the Gas Daily "Appalachia, CNG, Leidy, PA" index of the first of the month "Daily Price Survey" in that publication.

Cost Sharing Band (101% - 110% of the Benchmark) - Gas costs which exceed the benchmark and which fall inside the cost sharing band are to be shared 50%/50% between the GAC customers (not including the FPO customers) and the Company. Gas costs which fall outside this band are to be charged 100% to the GAC customers (not including the FPO customers).

Savings Sharing Band (90% - 99% of the Benchmark) - Gas costs which are lower than the benchmark and fall within the savings sharing band are to be shared 50%/50% between the GAC customers (not including the FPO customers) and the Company. Gas costs which fall outside this band are to be charged 100% to the GAC customers (not including the FPO customers).

Issued by P.C. Ackerman, President, 10 Lafayette Square, Buffalo NY 14203
(Name of Officer, Title, Address)