

PSC NO: 8 GAS
 COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 INITIAL EFFECTIVE DATE: 7/1/04

STATEMENT TYPE: DG
 STATEMENT NO: 7

STATEMENT OF GAS COST FOR SERVICE CLASSIFICATION NO. 23 - DISTRIBUTED GENERATION

Effective With Usage During Billing Period Commencing July 1, 2004
 NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 P.S.C. No. 8 - GAS

Based on Gas Cost Rates in Effect July 1, 2004

Calculation of 70% Load Factor Monthly Gas Supply Charge in Volumetric Rate Structure

1)	Current Monthly Average Commodity Cost of Gas	\$0.63730 /Ccf
2)	Current Monthly Average Demand Cost of Gas	\$0.11576 /Ccf
3)	70% Load Factor Demand Cost Multiplier	<u>0.60034</u>
4)	Current Monthly 70% Load Factor Demand Cost Component	<u>\$0.06950 /Ccf</u>
5)	Total 70% Load Factor Monthly Gas Supply Charge	\$0.70680 /Ccf
6)	Total Monthly Adjustments	<u>\$0.01659 /Ccf</u>
7)	Total 70% Load Factor Monthly Gas Supply Charge W/Adjustments	<u><u>\$0.72339 /Ccf</u></u>

Calculation of Demand and Commodity Gas Costs in Demand Commodity Rate Structure

Calculation of Commodity Rate

1)	Current Monthly Average Commodity Cost of Gas	\$0.63730 /Ccf
2)	Total Monthly Adjustments	<u>\$0.01659 /Ccf</u>
3)	Total Commodity Cost of Gas	<u><u>\$0.65389 /Ccf</u></u>

Calculation of Demand Rate

1)	Current Monthly Average Demand Cost of Gas	\$0.11576 /Ccf
2)	Demand Cost Multiplier	<u>12.78230</u>
3)	Total Demand Cost of Gas	<u><u>\$1.47968 /Ccf MDDQ</u></u>

Date: June 28, 2004

Issued by D.F. Smith, President, 6363 Main Street, Williamsville, NY 14221
 (Name of Officer, Title, Address)