

PSC NO. 8 GAS
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 12/28/07
ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 07-G-0141 DATED 12/21/07.

LEAF: 148.8
REVISION: 3
SUPERSEDING REVISION: 1

GENERAL INFORMATION (Cont'd)

II. 46. MERCHANT FUNCTION CHARGE

a. Applicable Service Classifications

Merchant Function Charges ("MFC") shall be included in the Monthly Gas Supply Rates of SC 1, SC 2, SC 2A, SC 3, SC 4, SC 5, SC 6, SC 7, SC 8, SC 9 and SC 22.

b. Calculation of Monthly MFC

For Customers receiving service in the Residential Service Classifications: SC1, SC2, SC2A and SC 22, the Monthly MFC per Ccf shall equal:

- (i) 2.83185% of the Monthly Gas Supply Charge as calculated in General Information Section 19.b.(1)(b). This Uncollectible component is not reconcilable.
- (ii) \$0.01753/Ccf (\$0.1753/Mcf) for the Record and Collection component. This Record and Collection component will be reconciled annually.
- (iii) \$0.00725/Ccf (\$0.0725/Mcf) for the Procurement of Commodity component. This Procurement of Commodity component will be reconciled annually.
- (iv) (\$0.001506)/Ccf ((\$0.01506)/Mcf) for the Storage Inventory Carrying Cost component. The amount included in the DAC is (\$0.000753/Ccf ((\$0.00753)/Mcf). This Storage Inventory Carrying Cost component will be reconciled annually.

For Customers receiving service in the Non-Residential Service Classifications: SC3, SC 4, SC5, SC6, SC7, SC8, SC9 and SC 22, the Monthly MFC shall equal:

- (i) 0.40231% of the Monthly Gas Supply Charge as calculated in General Information Section 19.b.(1)(b) for the Uncollectible component. The Uncollectible component is not reconcilable.
- (ii) \$0.01899/Ccf (\$0.1899/Mcf) for the Record and Collection component. This Record and Collection component will be reconciled annually.
- (iii) \$0.00252/Ccf (\$0.0252/Mcf) for the Procurement of Commodity component. This Procurement of Commodity component will be reconciled annually.
- (iv) (\$0.001506)/Ccf ((\$0.01506)/Mcf) for the Storage Inventory Carrying Cost component. The amount in the DAC and SC 13M service rates is (\$0.000753)/Ccf ((\$0.00753)/Mcf). This Storage Inventory Carrying Cost component will be reconciled annually

The annual reconciliation targets are \$9.85 million for the Records and Collection component and \$3.52 million for the Procurement of Commodity component. Additional Records and Collection reconciliation associated with the POR shall be provided as specified in Special Provisions' Section 9.a.ii. of SC 19. The Storage Inventory Carrying Cost component reconciliation target is (\$1,488,618). The Storage Inventory Carrying Cost component annual reconciliation will also include actual storage inventory balances and actual monthly Other Customer Capital Rate. The annual reconciliation period for the MFC shall be the 12 months ended December 31 of each year. Over and under recovery of reconciled MFC components shall be refunded or surcharged to Customers for a 12-month period beginning each March 1 after the reconciliation period.

Issued by R. J. Tanski, President, 6363 Main Street, Williamsville, NY 14221
(Name of Officer, Title, Address)