

PSC NO. 8 GAS
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 11/02/04
ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 02-M-0515 DATED 8/04/04.

LEAF: 148.3
REVISION: 3
SUPERSEDING REVISION: 2

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:

$$\begin{array}{rcl} \text{Stranded Intermediate} & = & \text{Intermediate} \quad \times \quad \frac{\text{Intermediate Pipeline}}{\text{Capacity Costs}} \quad \frac{\text{Stranded Capacity}}{\text{Total Intermediate}} \\ & & \text{Capacity Costs} \quad \text{Contracted Capacity} \end{array}$$

Where:

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

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

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

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, 23, 24 and 13M Customers receiving service under Service Classification No. 19.

$$\begin{array}{rcl} \text{Intermediate} & & \text{Stranded} \\ \text{Transition} & = & \text{Intermediate} \quad / \quad \text{Total Throughput} \\ \text{Surcharge} & & \text{Capacity Costs} \end{array}$$

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