

PSC NO: 8 GAS
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 8/01/05
ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 04-G-1047 DATED 7/22/05.

LEAF: 81
REVISION: 4
SUPERSEDING REVISION: 2

GENERAL INFORMATION (Cont'd)

II. 19.f. CONTINUED

- (3) The amount derived in Paragraph (1) of this subdivision shall be divided by the quantities of gas sold during the determination period for the utility's own Customers, exclusive of gas sold under Service Classification Nos. 4, 10, 11, 12, and 14. The factor of adjustment for the forthcoming year shall be applied to this amount.
- (4) Determination period.
The determination period to be used in the computation of the surcharge or refund under this section shall be the 12 months ended August 31 of each year. The initial period shall be the 12 months ended August 31, 1976. The surcharge or refund computation shall be filed with the Commission on or before October 15th of the calendar year in which it is to become effective.
- (5) Effective date of the surcharge or refund.
The surcharge or refund shall be effective with the first January billing of each year. The initial surcharge or refund shall become effective with the first December 1976 billing cycle.
- (6) Interim Annual Surcharge or Refund.
The Company will be permitted to file Interim Reconciliation at its discretion when abnormal imbalances are projected to be incurred.

g. Capacity Release Credits

- (1) "Capacity Release Credits" are revenues credited to the Company by its pipeline suppliers for the assignment of firm or recallable capacity offered at the sole discretion of the Company and within the requirements of the specific pipeline(s)' policies and procedures.
- (2) For each year of the two-year period beginning October 1, 2005, the first \$1.0 million of capacity release credits obtained and all net revenue received from off-system sales under Section II.19.h. shall be applied to the Cost Mitigation Reserve (CMR) to defray unanticipated expense increases described in Case 04-G-1047. Eighty-five percent of any such credits and/or net revenues above \$1.0 million plus 85% of non-gas revenues from sales under Service Classification No. 11 – Deficiency Imbalance Sales shall be accumulated and credited to the Company's Customers during each subsequent five-month period beginning in November and ending in March through the monthly gas supply charge. The remaining 15% of any such credits and/or net revenues above \$1.0 million plus 15% of non-gas revenues from sales under Service Classification No. 11 shall be retained by the Company.

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