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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 1
INITIAL EFFECTIVE DATE: 10/29/98 SUPERSEDING REVISION: 0
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GENERAL INFORMATION (Cont*d)

II. 19.j. CONTINUED

- (a) Deferred Transition Cost Surcharge Factor - The Deferred Transition Cost Surcharge Factor shall be equal to the Mcf equivalent of all transition costs deferred by the Company as established in Case 98-G-1291 for transportation customers listed above and unrecovered as of the effective date of this tariff leaf, including interest, ("Deferred Balance") divided by (57,956,000 Mcf) 28,978,000 Mcf per year as allowed in Case 98-G-1291 multiplied by two to reflect recovery over a twenty-four month period.
 - (b) Current Transition Cost Surcharge Factor - The Current Transition Cost Surcharge Factor shall be equal to the Mcf equivalent of the result obtained by dividing by 28,978,000 Mcf the most recent transition cost amount allocated to transportation customers as established in Case 98-G-1291 prior to the current billing cycle.
 - (c) Transportation customers who pay a portion of transition cost directly to an interstate pipeline will be credited for the actual amount paid, subject to verification by the Company as to such payments. For purposes of verification, the transportation customer shall be required to provide the Company with appropriate documentation at the Company's request. Upon verification by the Company, the credits will be applied to the transportation customer's bill for service rendered the next following month.
- (2) Annual Transportation Transition Cost Reconciliation
- A surcharge or refund to recover transition cost expense over/under collection shall be computed as follows:
- (a) By taking the amount of Deferred Transportation Transition Cost and Current Transportation Transition Costs to be recovered during the determination period and subtracting therefrom an amount equal to (i) the transition surcharge revenue collected as shown in the Company's monthly transportation statement; and (ii) the previous year's transition cost over/under collection.

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