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 COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 1
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 STAMPS: ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 97-G-1380 ET AL. DATED 03/
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 GENERAL INFORMATION (Cont*d)

II. CONTINUED

42. TRANSITION SURCHARGE

a. Determination of Transition Surcharge Volume

For Customers converting from firm service under Service Classification Nos. 1, 2, 3, 4, 5, 7, 8, 9, 12, or 20 to any transportation service provided by the Company under Service Classification Nos. 13M or 13D on behalf of Suppliers receiving service under Service Classification No. 19, the amount of capacity identified as stranded shall be the amount of capacity associated with Customers or their Suppliers using their own capacity to bring gas to the Company's City Gate to meet the Customers' extreme peak day requirement.

b. Determination of Transition Surcharge

The amount of capacity costs identified as stranded shall be calculated as follows:

$$\text{\$cap} = \text{tcap/ucap} \times \text{ucap\$}$$

Where:

$\text{\$cap}$ = Amount of capacity costs identified as stranded.

tcap = The amount of capacity associated with Customers or their Suppliers using their own capacity to bring gas to the Company's City Gate to meet the Customers' extreme peak day requirements.

ucap = Total upstream pipeline capacity contracted by the Company for delivery to the Company's City Gate.

$\text{ucap\$}$ = Total annual cost of all upstream capacity contracted by the Company including storage and intermediate pipeline capacity.

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