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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 4
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GENERAL INFORMATION (Cont*d)

II. 19.i. CONTINUED

difference derived in (a) or (b) shall be presumed equal to zero. Transportation benefits will be further adjusted to reflect the revenue increase associated with sales volume growth caused by migration of transportation customers to sales service. If an individual forecast for the Customer was not included in the forecast adopted by the Commission in Case 98-G-1291, actual sales to or transportation for the customer for calendar year 1997 will be applied. In addition, SC 17 service plant amortization will offset cogeneration net revenues. Incremental transportation revenue associated with Customers participating in the Company's "Partnership for DG Program" shall be excluded from the calculation of transportation revenues until, the sooner of, such time as the capital cost buydown associated with a Customer participating in the program has been recovered from the Customer's incremental transportation revenue or the term of the agreement with the Customer.

- (4) Ninety percent of the benefits so determined shall be credited (or surcharged if negative) to Customers subject to the monthly gas supply charge. The rate of credit (or surcharge) shall be determined by dividing determination period benefits by sales subject to the monthly gas supply charge that are estimated to occur during the refund/surcharge period. Because such estimated sales may prove to be greater or less than actual sales during the refund/surcharge period, a positive or negative balance may exist at the end of such period. Such balance shall be applied to the next following Annual Surcharge or Refund computation pursuant to General Information Section 19.f.

j. Transition Cost Expense Recovery Surcharge for Large Volume Transportation Customers.

Pursuant to the Commission's Order in Case 93-G-0932 (Opinion 94-26) issued and effective December 20, 1994, the Company shall recover transition costs from large-volume (i.e. consumption in excess of 5,000 Mcf/yr.) transportation Customers as follows:

- (1) The rates for service rendered pursuant to SCs 13D and 13M, except as described in General Information Section 19.k., on and after May 1, 1996, shall be subject to a monthly transition cost recovery surcharge to be included in the monthly transportation statement consisting of two components, developed and computed as follows:

Issued by D. F. Smith, President, 10 Lafayette Square, Buffalo NY 14203
(Name of Officer, Title, Address)