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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 3

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STAMPS: ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 00-G-1858 DATED 04/18/02.

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GENERAL INFORMATION (Cont*d)

II. CONTINUED

41. CASE 93-G-0932 PENALTY REVENUES

Pursuant to Opinion and Order in Case 93-G-0932, issued on March 28, 1996, the Company shall refund penalty revenues as follows:

- a. The rates for service rendered pursuant to Service Classifications Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 13D, 13M, and 20 on and after May 1, 1996 shall be subject to a monthly penalty refund computed as follows:
 - (1) The Determination Period to be used in the computation shall be the 12-month period beginning on the first day of May and ending on the thirtieth day of the following April.
 - (2) The Refund Period shall be the 12-month period beginning one month following a given determination period (June 1 through May 31).
 - (3) The penalty revenues billed under Case 93-G-0932 shall be refunded by a credit which shall be calculated for each Determination Period by dividing the penalty revenues to be refunded by 103,715,000 Mcf.

b. Reconciliation

A refund/surcharge to reconcile the penalty revenues flowed back to Customers will be computed as follows:

- (1) By taking the amount of penalty revenues projected to be refunded during the refund period and subtracting an amount equal to (i) the refund revenues refunded as shown on the Company*s Monthly Delivery Adjustment Charge filing, (ii) the refund amounts refunded to transportation Service Classifications Nos. 13D and 13M (iii) the refund amounts refunded to Service Classification Nos. 4 and 6.
- (2) The Determination Period to be used in the computation of this penalty revenue refund reconciliation shall be the 12-month period ending April 30.
- (3) The reconciliation surcharge/refund period shall refer to the 12 month period beginning three months following a given Determination Period (August 1 through July 31).
- (4) The rate of reconciliation surcharge/refund shall be determined by dividing determination period amount by the service classification volumes subject to penalty revenue refunds during the reconciliation surcharge/refund period. Any balance remaining at the end of such period shall be reconciled in the Annual Surcharge or Refund Computation pursuant to Section II.19.f.

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