

PSC NO. 8 GAS
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 10/01/04

LEAF: 148.6
REVISION: 3
SUPERSEDING REVISION: 2

GENERAL INFORMATION (Cont'd)

II. 44. PARTNERSHIP FOR DG PILOT PROGRAM

a. Program Description

The Company shall be permitted to buydown the initial capital cost of qualifying Customer's distributed electric generation equipment. The Customer shall compensate the Company for the amount of the capital cost buydown through the incremental revenues derived from the Customer's DG transportation or sales contract with the Company. The Company may enter into a contractual arrangement with the Customer to recover any amount of the buydown above revenues generated by the tariff rate.

b. Qualifying Customers

Customers that install a natural gas fired DG unit on their premises. Customer agrees that for the term of the contract (which may vary by Customer) the Company shall be their sole provider of natural gas delivery services. Customers must take service from the Company under one of the following service classifications: SC 5, SC 9, SC 13D, SC 13M, SC 16, SC 17 or SC 23.

c. Term

The Company shall be permitted to enroll Customers into this program through March 31, 2006. The contract term with Customers shall be established through negotiations with the Customer. The maximum length of any contract term negotiated with a Customer under this program shall be six years.

d. Total Annual Limit on Capital Cost Buydowns

The facility cost buydowns under this program shall not exceed \$3 million.

e. Metering

Metering shall be installed which will permit the incremental usage of the qualifying DG unit be separately identified from other Customer applications.

45. ALLOWANCE FOR UNCOLLECTIBLE EXPENSE TRACKER SURCHARGE/REFUND

Effective January 1 of each year, the Company shall place into effect a unit surcharge or refund for variances in uncollectible expenses pursuant to the provisions below.

a. Annual Filing Date for the Uncollectible Expense Tracker Surcharge or Refund

The Company shall file with the Commission by November 1 of each year the refund or surcharge to be put into effect on the succeeding January 1.

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