SERVICE CLASSIFICATION No. 23 (Cont'd)

DISTRIBUTED GENERATION SERVICE - Continued

4. Delivery Adjustment Charge The Delivery Adjustment Charge shall be the sum of the following elements:

a. Revenue Credit

All gas delivered under this Service Classification shall be subject to the revenue credits identified in the Statement of Revenue Credits filed with the Commission.

A credit against Customer bills added under the authority of Case Nos. 00-G-1495 and 00-G-1858, in the annual amount of \$5 million, shall terminate on October 1, 2004, upon the Commission's approval of the Company's filing rebutting the bill credit submitted the preceding June 1.

b. Take or Pay

All gas delivered under this Service Classification shall be subject to a surcharge per 100 cubic feet as set forth in Section 38, General Information.

- c. Transition Surcharge All gas delivered under this Service Classification shall be subject to the Transition surcharge per 100 cubic feet as described in General Information Section 42.
- Research and Development (R&D) Surcharge
 All gas delivered under this Service Classification shall be subject to the R&D surcharge per 100 cubic feet described in General Information Section 43.
- e. Transition Costs Associated with FERC Order No. 636
 All gas delivered under this Service Classification shall be subject to the monthly Order No. 636 transition cost surcharge per 100 cubic feet as described in General Information Section 19.k.
- f. Reserve Capacity Cost Adjustment All gas delivered under this Service Classification shall be subject to the Reserve Capacity Cost Adjustment charge per 100 cubic feet as described in General Information Section 19.b.(1)(a)ii.

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