

PSC NO: 8 GAS
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 8/01/05
ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 04-G-1047 DATED 7/22/05.

LEAF: 242
REVISION: 1
SUPERSEDING REVISION: 0

SERVICE CLASSIFICATION No. 16 (Cont'd)

BYPASS RESPONSE - INDIVIDUALLY NEGOTIATED CONTRACTS
FOR TRANSPORTATION SERVICE
FOR CUSTOMERS OPERATING LARGE COGENERATION FACILITIES - Continued

Agreement, shall be increased pursuant to Section 35, General Information, to reflect the tax rates applicable within the municipality where the Customer is taking service. This Section shall not apply to any delivery costs incurred by the Company to have other parties transport gas on the Customer's behalf.

TERMS OF PAYMENT:

All bills are due and are subject to a late payment charge in accordance with the provisions of Section 8.e., General Information.

MINIMUM MONTHLY BILL:

None.

REVENUE CREDIT:

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

MINIMUM CONTRACT VOLUME:

The "Minimum Contract Volume" shall be 200,000 Mcf annually. If the Customer's consumption, subject to the transportation rate ("transportation consumption"), during the term of the Transportation Service Agreement is less than 200,000 Mcf annually, the Customer will be charged the difference between 200,000 Mcf annually and the Customer's transportation consumption during said term, multiplied by the applicable Transportation Rate.

CHARGES FOR BURNER TIP SURPLUS IMBALANCES:

As used in this Rate Schedule, "surplus imbalances" shall mean the cumulative amount by which the volume of gas delivered, since the commencement of transportation service by the Company for the Customer under any rate schedule, to the Company for the Customer's account, after adjustment for line losses and after elimination of volumes purchased from the Customer by the Company, exceeds the total amount of transportation service volumes taken by the Customer from the Company under any Rate Schedule since the commencement of transportation service for the Customer by the Company. Such cumulative surplus imbalances shall be computed as of the end of each billing month.

If, at the end of any billing month, the Customer has surplus imbalances in excess of 5% of the volume of SC 16 service gas transported to the Customer by the Company in the billing month, the charge for such surplus imbalances up to 29% of the volume of

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