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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 0
INITIAL EFFECTIVE DATE: 04/01/98 SUPERSEDING REVISION:
STAMPS:
Cancelled by 2 Rev. Leaf No. 214 Effective 04/01/1999
RECEIVED: 01/05/98 STATUS: Cancelled EFFECTIVE: 04/01/98
SERVICE CLASSIFICATION No. 13D (Cont*d)

DAILY METERED TRANSPORTATION (DMT) SERVICE - Continued

2. Converting Sales Customers

For a three-year period beginning March 28, 1996, or until such time as the Company contracts for additional capacity or an existing pipeline contract expires, whichever occurs first, the Company will require sales customers converting to transportation service who have not contracted for standby service to meet the entire needs of their facility, or their duly appointed agent, to take assignment of the Company's upstream interstate pipeline transmission capacity based on such Customer's sales service requirements. The Customers, or their duly appointed agent, shall negotiate with the Company to determine by mutual agreement the actual pipeline capacity to be released. The price of such released capacity shall equal the weighted average cost of upstream pipeline transmission capacity as calculated in the Company's monthly gas adjustment. To the extent that the actual cost of such pipeline capacity agreed to be released is greater than the weighted average cost of upstream pipeline transmission capacity the Customer shall receive a refund for such difference in capacity costs for the billing month. To the extent that the actual cost of such pipeline capacity agreed to be released is less than the weighted average cost of upstream pipeline transmission capacity the Customer shall be surcharged for such difference in capacity costs for the billing month. The Company will make available for release to the converting Customer no less capacity than average day usage during the peak month, normalized for weather. Released capacity shall be subject to recall by the Company at its sole option as follows:

- a. To the extent that the Customers non-utility supplies are reduced and the resulting supply deficiency is replaced by Company-owned supplies; and
- b. To the extent necessary in force majeure situations in order to stabilize system reliability; and
- c. From November 1 to April 1, subject to Customer's approval, if such released capacity is not fully utilized by the Customer for on-system requirements and the Company requires additional upstream capacity to meet system operational needs. Upon recall, the Company shall release to the Customer that portion of the recalled capacity necessary to meet Customer's actual on-system requirements. Company and Customer shall negotiate an appropriate means by which Customer shall be compensated for such recall.

The Company shall have no obligation to recall capacity, even if such capacity is not utilized by the Customer and the Company supplies service under its Standby Sales Service.

Credit received by the Company from the interstate pipeline for such release shall be credited to the gas adjustment as described in General Information Section 19.g. All refunds and surcharges applied to Customer bills for the difference in actual capacity release costs and the weighted average cost of upstream pipeline transmission capacity shall be credited to the gas adjustment as described in General Information Section 19.g.

Issued by P.C. Ackerman, President, 10 Lafayette Square, Buffalo NY 14203
(Name of Officer, Title, Address)