..DID: 2150
..TXT: PSC NO: 8 GAS LEAF: 250
COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 0
INITIAL EFFECTIVE DATE: 04/01/98 SUPERSEDING REVISION:
STAMPS:
RECEIVED: 01/05/98 STATUS: Effective EFFECTIVE: 04/01/98

SERVICE CLASSIFICATION No. 17 (Cont*d)

TRANSPORTATION SERVICE
FOR CUSTOMERS OPERATING COGENERATION FACILITIES - Continued

will be adjusted annually to reflect increases or decreases in thermal energy fuel prices and electric energy rates over the prices and rates in effect during the base year. However, the rate shall be within the range set forth above and the rate shall not fall below the Minimum Rate negotiated between the parties.

TAKE OR PAY RECOVERY:

Transportation rates shall be subject to a surcharge per Mcf as set forth in Section 38, General Information.

ADJUSTMENT OF THE RATE:

The Base Year Rate shall remain in effect for a one year period and shall be adjusted annually thereafter. The rate shall be adjusted as provided in the following equation:

$$R = \frac{(PTU \times TE)}{(PTU \times TE) + (PEU \times EE)}(T) + \frac{(PEU \times EE)}{(PTU \times TE) + (PEU \times EE)}(E)$$

R = Rate Escalator or Deflator

TE = Thermal Efficiency of Cogeneration Unit (HHV)

PTU = Percent of Thermal Energy Utilized

EE = Electrical Efficiency of Cogeneration Unit (HHV)

PEU = Percent of Electric Energy Utilized
(Displacement + Sell-Back)

E = Electric Energy Cost Adjustment Factor

T = Thermal Energy Cost Adjustment Factor

The Electric Energy Cost Adjustment Factor (E) is the annual increase or decrease (over the base year amount) of the value of electricity (per unit) which the Customer would otherwise purchase, together with the increase or decrease (over the base year amount) of the amount (per unit) received by the Customer for the sale of electricity to the electric utility.

The Thermal Energy Cost Adjustment Factor (T) is the annual increase or decrease (over the base year amount) of the price (per unit) for the Customer's displaced thermal energy fuels. The Customer shall have the option of using either: (i) the price per unit of the lease expensive alternate for displaced thermal energy fuel of (ii) a composite of the fuel prices (per unit) of #2 oil, #6 oil, natural gas and coal.

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