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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 1
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STAMPS: ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 02-G-0858 DATED 03/20/03.
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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, or SC 17.

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.

Issued by D. F. Smith, President, 10 Lafayette Square, Buffalo NY 14203
(Name of Officer, Title, Address)