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 ..TXT: PSC NO: 8 GAS LEAF: 277
 COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 3
 INITIAL EFFECTIVE DATE: 05/01/02 SUPERSEDING REVISION: 1
 STAMPS: ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 00-G-1858 DATED 4/18/02.
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 SERVICE CLASSIFICATION No. 20

DEPARTMENT OF SOCIAL SERVICES
TRANSPORTATION, BALANCING AND AGGREGATION - Continued

SPECIAL PROVISIONS

1. Gas Quality

Gas delivered by the DSS Supplier must satisfy the quality specifications set forth in the Transportation Service Agreement. Deliveries must be made at an appropriate Company facility located within the Territory described in Part I of this Schedule, or at another point or points acceptable to the Company.

2. Allowance for Losses

As allowance for losses incurred in the process of delivery, the DSS Supplier shall provide the Company with a volume of gas equal to 2.0% of the amount delivered to the Company. For transportation of gas purchased from the Company under Service Classifications Nos. 11, 12, and 14, such allowance shall be recovered through the rate charged under SC 11, SC 12, and SC 14 and shall not be charged again under this Rate Schedule.

3. Upstream Pipeline Transmission and Storage Capacity Allocation

a. Determination of Allocated Upstream Pipeline Transmission and Storage Capacity

DSS Suppliers shall receive from the Company released pipeline capacity (subject to recall upon default by the DSS Supplier), at the maximum rate. Such capacity shall be comprised of a portion of the Company's pipeline transportation capacity upstream of NFGSC as well as a portion of the Company's transportation and storage capacity on NFGSC based upon the DSS Supplier's DSS Group's projected winter period (November through March) consumption for a 10% colder than normal period. The percentage allocation of storage capacity shall be equal to 40% of the winter period consumption of the DSS Supplier's DSS Group for a 10% colder than normal period.

Daily pipeline capacity upstream of NFGSC will be released to the DSS Supplier based on the following formula:

$$\begin{array}{ccccc} \text{Daily} & & & & \text{Total Aggregated} \\ \text{Pipeline} & & & & \text{Winter Period} \\ \text{Capacity} & = & \text{(November-March)} & \times & 60\% / 151 \text{ Days} \\ \text{Allocated} & & \text{Demand} & & \end{array}$$

The actual pipeline capacity path upstream of NFGSC to be released to the DSS Supplier by the Company shall be Tennessee Zone 1 to 4 capacity. Credit received by the Company from the interstate pipeline for such release shall be credited to the monthly gas supply charge as described in General Information Section 19.g.(3).

DSS Suppliers will also obtain from the Company released transmission capacity on NFGSC to transport gas: 1) in and out of storage; and 2) from the upstream pipeline to the City Gate. Such capacity shall equal the DSS Supplier's assigned amount of transmission capacity upstream of NFGSC plus the peak day deliverability associated with the assigned amount of NFGSC storage capacity.

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