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 ..TXT: PSC NO: 8 GAS LEAF: 279
 COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 1
 INITIAL EFFECTIVE DATE: 05/01/02 SUPERSEDING REVISION: 0
 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

When Suppliers enroll Customers after the capacity allocation effective April 1, they will be allocated incremental storage capacity. If the quantity of incremental capacity does not increase a Supplier's total capacity allocation by at least 2%, then the capacity allocation will be unchanged. The incremental capacity is assigned at the SOM during which the Supplier will begin to serve the Customer. For converting sales Customers enrolled after April 1, Suppliers receive the capacity together with associated storage gas inventory when they enroll sales Customers through a mandatory transfer and purchase of gas in storage from the Company. When Suppliers enroll existing transportation Customers, they are responsible for "filling" (i.e. injecting) the storage capacity themselves but will not have an explicit SOM inventory requirement. Suppliers will not have an option to purchase additional inventory from the Company beyond what is initially transferred to Suppliers from the Company.

When a Supplier fails to meet an EOM percentage level ("target"), the Supplier shall have five (5) days to correct the resulting inventory deficiency. The Company will report a Supplier's initial and final (i.e. five (5) days after the initial deficiency is determined) deficiency to Staff and Supplier. If after five (5) days the Supplier fails to meet the EOM target, Supplier's DSS Agreement will be in default and the Supplier will be subject to the involuntary discontinuance of service procedures under the UBPs. In addition, the Company shall have the right to terminate service to any Supplier that fails to meet its EOM target more than twice during the previous 12-month period. Upon termination, the Supplier shall be prohibited from receiving service under DSS Service for a period of three (3) months.

When a Supplier returns Customers to the Company, the Supplier will be required to sell, the Company will be required to purchase, inventory (or volume) according to the pricing methodologies set forth above and in amounts sufficient to serve Customers based upon the following SOM percentages for the months during which Customers are returned.

<u>Return</u> <u>Month</u>	<u>Inventory</u> <u>Return</u> <u>Requirement</u>
April	0.00%
May	14.00%
June	29.00%
July	43.00%
August	57.00%
September	71.00%
October	86.00%
November	100.00%
December	80.00%
January	60.00%
February	40.00%
March	20.00%

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