PSC NO: 8 GAS COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION INITIAL EFFECTIVE DATE: 01/01/04

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STATEMENT OF TRANSPORTATION SALES SERVICE RATE

Effective With Usage During Billing Period Commencing January 1, 2004 Applicable to Usage Under Service Classification No. 14 NATIONAL FUEL GAS DISTRIBUTION CORPORATION P.S.C. NO. 8 - GAS

I) Summary of Maximum and Minimum Allowable Prices

1.	Maximum Allowable Price:	<u>\$ Per Ccf</u>
	Monthly Gas Cost	\$0.802750
	Plus: Base Reserve Capacity Cost	\$0.014180
	Plus: Delivery Adjustment Charge	<u>\$0.003080</u>
	Subtotal	\$0.820010
	Multiplied by Seasonal Premium Factor (November - March)	125%
	TOTAL MAXIMUM	<u>\$1.025013</u>
2.	Minimum Allowable Price:	
	Commodity Cost of Gas	\$0.665200
	Plus:	\$0.010000
	TOTAL MINIMUM	<u>\$0.675200</u>

II) Statement of Billing Rates in Effect

Pursuant to Service Classification No. 14 of National Fuel Gas Distribution Corporation's P.S.C. No. 8 - Gas tariff, and the maximum allowable and minimum allowable rates identified above, the Company establishes the following S.C. 14 Sales Service Rates ("SSR") effective January 1, 2004. The rates listed below are in addition to the appropriate transportation service rate charged to the Customer for the volumes of gas purchased by the Customer under this service classification.

Footnote: Commodity Cost of Gas =\$6.4520 /Dt

Date: December 29, 2003

Issued by <u>D.F. Smith, President, 6363 Main Street, Williamsville, NY 14221</u> (Name of Officer, Title, Address) Page 2 of 4

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SSR(1) - Default Rate

Qualifications

Transportation service customers requesting S.C. 14 sales service for the month.

Rate

The default S.C. 14 SSR(1) rate shall be the maximum allowable price.

Character of Service

Interruptible on at least four (4) hours of advance notice to the Customer. Gas service will be provided when; (1) the Company's facilities and gas supply are adequate or can be economically provided to supply the Customer's requirements, and (2) such service is not anticipated to jeopardize the Company's service to other sales customers. All gas sold under this service classification shall be subject to interruption at the sole discretion of the Company.

SSR(2) - Competitive Large Volume Boiler Fuel Rate

Qualifications

Available to all customers that have signed an S.C. 14 Sales Service Agreement and consume gas as a boiler fuel or in cogeneration, where such consumption in addition to the Customer's non-boiler fuel consumption is between 55,000,000 cu. ft. and 150,000,000 cu. ft. per year and the associated consuming boilers have No. 6 oil or coal fully installed and operational including on site fuel storage.

Rate

The S.C. 14 SSR(2) rate shall be \$0.86000 per Ccf.

Character of Service

Interruptible on at least four (4) hours of advance notice to the Customer. Gas service will be provided when; (1) the Company's facilities and gas supply are adequate or can be economically provided to supply the Customer's requirements, and (2) such service is not anticipated to jeopardize the Company's service to other sales customers. All gas sold under this service classification shall be subject to interruption at the sole discretion of the Company.

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SSR(3) - Competitive Industrial Large Volume Boiler Fuel Rate

Qualifications

Available to all industrial customers that have signed an S.C. 14 Sales Service Agreement and consume gas as a boiler fuel or in cogeneration, where such consumption in addition to the Customer's non-boiler fuel consumption is in excess of 150,000,000 cu. ft. per year and the associated consuming boilers have No. 6 oil or coal fully installed and operational including on site fuel storage.

Rate

The S.C. 14 SSR(3) rate shall be \$0.86000 per Ccf.

Character of Service

Interruptible on at least four (4) hours of advance notice to the Customer. Gas service will be provided when; (1) the Company's facilities and gas supply are adequate or can be economically provided to supply the Customer's requirements, and (2) such service is not anticipated to jeopardize the Company's service to other sales customers. All gas sold under this service classification shall be subject to interruption at the sole discretion of the Company.

SSR(4) - Competitive Intermediate Volume Boiler Fuel Rate

Qualifications

Available to all customers that have signed an S.C. 14 Sales Service Agreement and consume gas as a boiler fuel or in cogeneration, where such consumption in addition to the Customer's non-boiler fuel consumption is between 25,000,000 cu. ft. and 55,000,000 cu. ft. per year and the associated consuming boilers have No. 6 oil or coal fully installed and operational including on site fuel storage.

Rate

The S.C. 14 SSR(4) rate shall be \$0.86000 per Ccf.

Character of Service

Interruptible on at least four (4) hours of advance notice to the Customer. Gas service will be provided when; (1) the Company's facilities and gas supply are adequate or can be economically provided to supply the Customer's requirements, and (2) such service is not anticipated to jeopardize the Company's service to other sales customers. All gas sold under this service classification shall be subject to interruption at the sole discretion of the Company.

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SSR(5) - Competitive Small Volume Boiler Fuel Rate

Qualifications

Available to all non-industrial customers that have signed an S.C. 14 Sales Service Agreement and consume gas as a boiler fuel or in cogeneration, where such consumption in addition to the Customer's non-boiler fuel consumption is between 5,000,000 cu. ft. and 25,000,000 cu. ft. per year and the associated consuming boilers have No. 6 oil or coal fully installed and operational including on site fuel storage.

Rate

The S.C. 14 SSR(5) rate shall be \$0.86000 per Ccf.

Character of Service

Interruptible on at least four (4) hours of advance notice to the Customer. Gas service will be provided when; (1) the Company's facilities and gas supply are adequate or can be economically provided to supply the Customer's requirements, and (2) such service is not anticipated to jeopardize the Company's service to other sales customers. All gas sold under this service classification shall be subject to interruption at the sole discretion of the Company.

SSR(6) - Competitive Non-Industrial Large Volume Boiler Fuel Rate

Qualifications

Available to all customers that have signed an S.C. 14 Sales Service Agreement and consume gas as a boiler fuel or in cogeneration, where such consumption in addition to the Customer's non-boiler fuel consumption is in excess of 150,000,000 cu. ft. per year and the associated consuming boilers have No. 6 oil or coal fully installed and operational including on site fuel storage.

Rate

The S.C. 14 SSR(6) rate shall be \$0.86000 per Ccf.

Character of Service

Interruptible on at least four (4) hours of advance notice to the Customer. Gas service will be provided when; (1) the Company's facilities and gas supply are adequate or can be economically provided to supply the Customer's requirements, and (2) such service is not anticipated to jeopardize the Company's service to other sales customers. All gas sold under this service classification shall be subject to interruption at the sole discretion of the Company.

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