

PSC NO: 8 GAS
 NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 INITIAL EFFECTIVE DATE: 10/01/03
 ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 00-G-1858 DATED 9/18/03.

LEAF: 208
 REVISION: 7
 SUPERSEDING REVISION: 6

SERVICE CLASSIFICATION No. 13D (Cont'd)

DAILY METERED TRANSPORTATION (DMT) SERVICE - Continued

Rates lower than and terms different from the rates and terms shown on this schedule may be negotiated with the Company. Any such negotiated rates and terms shall be specified in the Customer's Transportation Service Agreement. The minimum rate level which may be established in negotiations is \$0.1000 per Mcf.

The Company may also establish rates lower than the ceiling rates specified above for specific groups of Customers provided that the Company files the qualification criterion and the applicable rate with the Department of Public Service, not less than three business days prior to the beginning of the month for which the rate will be in effect. Provided, however, that the Company may increase said lowered default rate up to the maximum default rate at any time during the month twenty four hours after providing the Department of Public Service notice of such increase. The minimum rate level which may be established in negotiations is \$0.1000 per Mcf.

3. Daily Imbalance Charges

a. Daily Surplus Imbalances

As used in this Rate Schedule, "surplus imbalances" shall mean the amount by which the volume of gas delivered, to the Company for the Customer's account during the day, after adjustment for line losses and after elimination of volumes purchased from the Customer by the Company, exceeds the total amount of transportation service volumes taken by the Customer from the Company during the day. Such surplus imbalance shall be computed each day. The rates set forth below shall be applied to the daily surplus imbalance volume occurring during each day of the billing month.

If on any day a SC 13D Customer's/Marketer's imbalance exceeds 10% and the combined imbalance of all SC 13D Customers is above the initial surplus tolerance band, the SC 13D Customer's/Marketer's surplus in excess of 10% will be purchased by the Company ("cashed-out") according to the following price schedule:

10% to 15% at 90% of Index
 15% to 20% at 85% of Index
 > than 20% at 60% of Index

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