

PSC NO: 8 GAS
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 05/01/04

LEAF: 288.1
REVISION: 1
SUPERSEDING REVISION: 0

SERVICE CLASSIFICATION No. 21

BASIC GAS-FOR-ELECTRIC-GENERATION-SERVICE TARIFF - Continued

ADJUSTMENT OF RATE: (Continued)

BMFC = Base Month Fuel Cost per MWH which shall equal the weighted average of the Daily Market Cost of Gas and the Customer's consumption of gas in the electric generation facility for each day of the base month, multiplied by the heat rate for the Customer's facility as specified by the manufacturer of the electric generation equipment utilized by the Customer.

CMSS = Current Month Spark Spread calculated each month.

CMEP = Current Month Electric Price per MWH which shall equal the weighted average of the Daily Market Electric Price and the Customer output expressed in MWH for each day of the current month.

CMFC = Current Month Fuel Cost per MWH which shall equal the weighted average of the Daily Market Cost of Gas and the Customer's consumption of gas in the electric generation facility for each day of the current month, multiplied by the heat rate for the Customer's facility as specified by the manufacturer of the electric generation equipment utilized by the Customer.

The Daily Market Electric Price shall be the per MWH weighted average of the 24 hourly postings of the day ahead market locational based marginal pricing for the NYISO zone where the electric generator is located for the applicable day and the Customer's hourly generator output in MWH.

The Daily Market Cost of Gas shall be the Gas Daily Index, "Daily Price Survey" for "Appalachia, Dominion South Point," plus all variable transportation costs to the Company's City Gate.

Rate adjustment terms different from the terms shown in this section may be negotiated with the Company when competitive and operational circumstances warrant.

TERM OF TRANSPORTATION AGREEMENT:

The Company and Customer shall enter into a Transportation Agreement for a term not less than five (5) years. The term of each contract shall be the subject of negotiation between the parties, except that the rate shall not change, but for adjustments, during the five (5) year term.

Issued by D. F. Smith, President, 6363 Main Street, Williamsville, NY 14221
(Name of Officer, Title, Address)