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..TXT: PSC NO: 8 GAS LEAF: 233
COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 0
INITIAL EFFECTIVE DATE: 04/01/98 SUPERSEDING REVISION:
STAMPS:
RECEIVED: 01/05/98 STATUS: Effective EFFECTIVE: 04/01/98
SERVICE CLASSIFICATION No. 15 (Cont*d)

LARGE INDUSTRIAL INCENTIVE RATE (LIIR)
TRANSPORTATION RATE - Continued

the adjustment will be mutually agreed to by both parties and defined in the Incentive Rate Transportation Agreement. The adjustment factor is the annual increase or decrease (over the base year amount) of the price (per unit) of the Customer's least expensive displaced thermal energy fuel.

TERM OF TRANSPORTATION AGREEMENT:

The Company and the Customer shall enter into an Incentive Rate Transportation Agreement for a term of not less than five (5) years, but can be more than five (5) years by mutual agreement. The agreement shall outline the Customer's commitment to consume a minimum annual volume of gas equal to one-half billion cubic feet (500,000 Mcf) for each year of the duration of the agreement. The agreement will be automatically terminated if the Customer fails to meet any of the criteria necessary to qualify for service under this Service Classification.

DELIVERY COSTS INCURRED BY THE COMPANY:

In the event that the provision of transportation service to the Customer requires the Company to engage the services of other transporters of gas, an amount reflecting the costs incurred by the Company will be added to the applicable rate.

APPLICATION OF CONSUMPTION:

The Customer's monthly consumption will be applied first to the Customer's nominated firm requirement for that month, second to excess Customer deliveries from the prior month, and third to current month transportation. Volumes consumed in excess of the above will be billed pursuant to the Section entitled "Overrun Volumes."

INCREASE IN RATES IN MUNICIPALITY WHERE SERVICE IS SUPPLIED:

All rates and charges under this Service Classification, including charges specified under the Special Provisions of this Service Classification and the Transportation Service Agreement, shall be increased pursuant to Section 35, General Information, to reflect the tax rates applicable within the municipality where

Issued by P.C. Ackerman, President, 10 Lafayette Square, Buffalo NY 14203
(Name of Officer, Title, Address)