

PSC NO. 8 GAS
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 01/01/11

LEAF: 148.13
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION (Cont'd)

II. 51. CASH OUT INDEX FOR IMBALANCE RESOLUTION

Unless specified within a Service Classification, the Daily Index price for the cash out of imbalances will be established utilizing "Dominion South Point", referred to in the SNL Natural Gas Index ("SNL") as the "Dominion S" plus transportation costs (including upstream fuel shrinkage) to Company's City Gate. For non-business days when no price is published, the price from another day for which a price was published will be utilized, consistent with industry conventions. The Average Monthly Index will be the average of each day's Daily Index during the month.

Should SNL's Dominion S price be temporarily unavailable during any period, Company may, at its discretion, select a substitute representative price in the interim. If SNL's Dominion S price becomes unavailable on a permanent basis, Company will file to change this section and may, at its discretion, select a substitute representative price in the interim, subject to refund.

52. RULES FOR MONTH END IMBALANCE RESOLUTION

The Imbalance Holder is the Customer, Supplier or Marketer responsible for imbalance resolution as described in the Service Classification under which the Company provides service. For the purposes herein, Imbalance Holder's gas consumption and deliveries to the Company are equivalent to the gas consumption and deliveries to the Company of the Customers for which it bears imbalance responsibility, as described in the Service Classification under which the Company provides service.

An Imbalance Holder's Month End Imbalance is the burner tip imbalance calculated pursuant to terms of each Service Classification under which the Company provides service to the Customers for which the Imbalance Holder bears imbalance responsibility. Generally, an Imbalance Holder's total receipt volumes (gas delivered to the Company) are the sum of allocated transportation receipt volumes from city gate deliveries, local production pool receipts and local production excess volumes. This sum is reduced for shrinkage (allowance for losses incurred in the process of delivery) to determine total receipts. From this quantity, Total Monthly Consumption ("TMC"), as measured or estimated, is subtracted to determine the imbalance volume.

A Deficiency Imbalance (imbalance due to the Company) occurs when the volume of gas delivered to the Company for the Imbalance Holder during the month after adjustment for line losses is less than the total amount of gas consumed by the Imbalance Holder.

A Surplus Imbalance (imbalance due from the Company) occurs when the volume of gas delivered to the Company for the Imbalance Holder during the month after adjustment for line losses is greater than the total amount of gas consumed by the Imbalance Holder.

a. Month End Imbalance Calculation Process

For the month during which the Company provided service, an Imbalance Holder's imbalances are summed across all eligible Service Classifications to determine an Initial System Imbalance Volume ("ISIV") and position. If the ISIV is greater than zero, then the Imbalance Holder has a Surplus Imbalance with an initial long position. If the ISIV is less than zero, then the Imbalance Holder has a Deficiency Imbalance with an initial short position. A measure of the Imbalance Holder's imbalance position is calculated by dividing its ISIV by its TMC and converting the quotient into a percentage.

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