

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: 259  
REVISION: 2  
SUPERSEDING REVISION: 1

SERVICE CLASSIFICATION No. 18 (Cont'd)

CUSTOMER BALANCING AND AGGREGATION - Continued

d. Deliveries of Monthly CBA Net Surplus Imbalances During Subsequent Months

When operationally feasible, and only if, in the sole judgment of the Company, such transaction will not jeopardize or impair service to firm service Customers, the Company may allow a transportation Customer to receive net surplus imbalances of a Monthly CBA Group for transportation to the Customer within Company's territory in later months. Aggregator must elect this option in writing or the Company will purchase said surplus volumes pursuant to Paragraph 2.a. above. Such delivery of Net Monthly CBA Group surplus imbalances will be charged a fee as set forth below.

e. Imbalance Resolution through ESS Transfer

An Aggregator permitted to reduce or eliminate a month-end Monthly CBA Group burner tip deficiency imbalance by transferring gas from its account for Enhanced Storage Service ("ESS") on NFGSC to the Company's ESS account, provided that the Aggregator has met its ESS end of the month target during the month of such deficiency and the transfer transaction results in an inventory balance above the end of the month target. Further, the Aggregator will be responsible for reimbursing the Company for any NFGSC trading fees as well as the applicable shrinkage and commodity transportation and storage withdrawal costs associated with the transfer of gas to the Company's ESS storage account.

RATES:

1. Administrative Charges

The Company will charge the Aggregator an administrative fee of \$100.00 per month for each CBA Service Agreement executed with the Company.

2. Monthly CBA Delivery Charge

For each Mcf of net surplus imbalance gas, which exceeds the surplus imbalance tolerance level included in the transportation services of the Aggregator's Monthly CBA Customers, delivered on behalf of the Aggregator for the account of a transportation Customer(s), the Company will charge a rate equal to \$0.5136 per Mcf.

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