

PSC NO: 8 GAS
COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION
INITIAL EFFECTIVE DATE: 8/01/05
ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 04-G-1047 DATED 7/22/05.

LEAF: 243
REVISION: 1
SUPERSEDING REVISION: 0

SERVICE CLASSIFICATION No. 16 (Cont'd)

BYPASS RESPONSE - INDIVIDUALLY NEGOTIATED CONTRACTS
FOR TRANSPORTATION SERVICE
FOR CUSTOMERS OPERATING LARGE COGENERATION FACILITIES - Continued

SC 16 service gas transported to the Customer by the Company in the billing month shall be \$0.3053 per Mcf.

For surplus imbalances equal to or more than 29% of the volume of SC 16 service gas transported to the Customer by the Company during the billing month, the charge for such surplus imbalances shall be \$0.5136 per Mcf.

BURNER TIP DEFICIENCY IMBALANCES:

Deficiency imbalances, when available, will be billed at the SC 11 sales rate, unless otherwise provided by mutual agreement.

The Company will curtail deficiency imbalances before it imposes any curtailments on its gas sales Customers under Section 20.e., General Information. Upon notice from the Company that deficiency imbalances will not be available, the Customer must control its usage and deliveries to ensure that further deficiency imbalances do not occur during the time period specified. The Customer shall pay to the Company an additional penalty of \$7.00 for each Mcf of deficiency imbalances taken in violation of such curtailment.

EXCHANGE OF NET IMBALANCES:

a. Aggregated Customers

Exchanges of imbalances for Customers receiving aggregation service are governed by the Rules and Regulations set forth in Service Classification No. 19.

b. Non-aggregated Customers

An Customer may exchange a month end imbalance due the Company under its SC 16 Service Agreement with an imbalance due from a Supplier under a SC 19 Service Agreement or a Customer/Marketer under a SC 13D Service Agreement. Exchange of imbalances shall be accomplished upon notification of the exchange by the applicable Customer before the SC 16 Imbalance resolution due dates. Upon request of the Customer, the Company will provide other Customers with information regarding the Customer's imbalance status for the month.

The net effect of all trades conducted during a monthly trading period must improve the Customer's relative imbalance position. That is, the net result of Customer's imbalance trading activity will achieve an imbalance position closer to zero, i.e. the absolute value of the volume owed to the Company (negative position) or owed to the Customer (positive position) is smaller after all trades have been completed. If, at the conclusion of the trading period, a Customer' positive position is larger than its position at the initiation of trading, the Company will charge \$0.5136 for each Mcf in excess of the initial imbalance level. In no event will the Company process trades that result in a larger negative position for the Customer

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