

PSC NO: 8 GAS
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: 266.2
REVISION: 2
SUPERSEDING REVISION: 1

SERVICE CLASSIFICATION No. 19 (Cont'd)

SUPPLIER TRANSPORTATION, BALANCING AND AGGREGATION - Continued

b. Resolution of STBA Burner Tip Imbalances

The Company will resolve burner tip imbalances through either a rollover to subsequent months or a cash-out. The default method of burner tip imbalances resolution will be the rollover option.

(1) Rollover Option

At the close of the billing month, the Company will calculate the STBA Imbalance, as described above, for each STBA aggregation group. The Company shall adjust the applicable ADDQ for the next following month that operating conditions permit, upward to reconcile a net STBA deficiency in the billing month, or downward to reconcile a net STBA surplus in the billing month.

(2) Cash Out Option

(i) Burner Tip Imbalances Resulting in Net Surplus

For STBA Imbalances which result in a net surplus of volumes of gas by a STBA Group during the month, the Company shall have the right to purchase, without further notice, the amount of surplus at a rate equal to the lowest commodity price the Company offers to pay for monthly spot purchases of gas produced directly into the Company's system.

The Supplier will have the opportunity to elect that the Company cash out its imbalance at the end of the trading period. The Supplier must nominate the cash out choice each month if it desires month-end imbalance positions to be cashed out. The Company may elect not to satisfy cash out purchase requests or cash out sales requests during a month.

(ii) Burner Tip Imbalances Resulting in Net Deficiency

For STBA Imbalances which result in a net deficiency of volumes of gas by a STBA Group during the month, the Company shall charge the Supplier under the Standby Sales Service Rate Schedule if the Supplier has entered into a Standby Service Agreement or under the Deficiency Imbalance Sales Service Rate Schedule if the Supplier has not entered into a Standby Sales Service Agreement.

(iii) Exchange of Net Burner Tip Imbalances

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