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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 0  
INITIAL EFFECTIVE DATE: 04/01/98 SUPERSEDING REVISION:  
STAMPS:  
Cancelled by 1 Rev. Leaf No. 263 Effective 04/01/1999  
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SERVICE CLASSIFICATION No. 19 (Cont\*d)

SUPPLIER TRANSPORTATION, BALANCING AND AGGREGATION - Continued

such released transmission capacity will not be due any credit nor receive a surcharge for the difference between the cost of such capacity and the Company's weighted average cost.

In addition to meeting the City Gate balancing requirements set forth below, Suppliers must a meet minimum storage inventory level of 92% at November 30; a minimum inventory level of 80% at December 31; a minimum of 50% on January 31, a minimum of 22% on February 28 and a minimum of 17% on March 15. Supplier shall have five (5) days to correct inventory deficiencies as of such scheduled dates, after which any remaining deficiency will be automatically adjusted by the Company to meet the required level. The Supplier will be charged per Mcf for such automatic adjustment at the higher of the prevailing rate under Service Classification No. 11 or the Market Price of gas for that day which shall be determined by reference to The Gas Daily Index, "Daily Price Survey" for "Appalachia," "CNG North Point," plus all transportation costs to the Company's City Gate.

Also, the Supplier shall be required to provide the Company with the permission necessary to allow the Company to obtain access to the Supplier's storage balance information for the release described above.

Released capacity shall be subject to recall by the Company at its sole option as follows:

1. To the extent that the Customers\* non-utility supplies are reduced and the resulting supply deficiency is replaced by the Company-owned supplies; and
2. To the extent necessary in Force Majeure situations in order to stabilize system reliability; and
3. From November 1 to April 1, subject to Customer's approval, if such released capacity is not fully utilized by the Customer for on-system requirements and the Company requires additional upstream capacity to meet system operational needs. Upon recall, the Company shall release to the Customer that portion of the recalled capacity necessary to meet Customer's actual on-system requirements. Company and customer shall negotiate an appropriate means by which Customer shall be compensated for such recall.

The Company shall have no obligation to recall transmission or storage capacity released hereunder.

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