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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 0  
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SERVICE CLASSIFICATION No. 18 (Cont\*d)

CUSTOMER BALANCING AND AGGREGATION - Continued

a. Imbalances Resulting in Net Surplus

For CBA Imbalances which result in a net surplus of volumes of gas by a CBA Group during the month, the Company shall have the right to purchase, without further notice, the amount of gas above the no charge surplus imbalance tolerance level included in the transportation services of the Aggregator's CBA Customers 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.

b. Imbalances Resulting in Net Deficiency

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

c. Exchange of Net Imbalances

An Aggregator may exchange an imbalance due the Company under its CBA Service Agreement with an imbalance due from another Aggregator under another CBA Service Agreement for like transportation services. Monthly Metered Transportation customers may exchange only month end balances with other Monthly Metered CBAs. Daily Metered Transportation customers may exchange only daily imbalances with other like CBAs. Exchange of imbalances shall be accomplished upon notification of the exchange by the applicable Aggregator before the CBA Imbalance resolution due dates. Upon request of the Aggregator, the Company will provide other Aggregators with information regarding the Aggregator's imbalance status for the month. Exchanges of imbalances between CBA Service Agreements will be charged an exchange fee as set forth below.

d. Deliveries of CBA Net Surplus Imbalances During Subsequent Months

When operationally feasible, and only if, in the sole judgement 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 CBA Group for transportation to the Customer within the 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 CBA surplus imbalances will be charged a fee as set forth below.

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