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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 1  
INITIAL EFFECTIVE DATE: 05/01/02 SUPERSEDING REVISION: 0  
STAMPS: ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 00-G-1858 DATED 4/18/02.  
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SERVICE CLASSIFICATION No. 19 (Cont\*d)

SUPPLIER TRANSPORTATION, BALANCING AND AGGREGATION - Continued

A Supplier may exchange an imbalance due the Company under its STBA Service Agreement with an imbalance due from another Supplier under another STBA Service Agreement or an Aggregator under a CBA Service Agreement (for like transportation services). Monthly Metered Transportation Customers may exchange only month end balances with other Monthly Metered STBAs. Exchange of imbalances shall be accomplished upon notification of the exchange by the applicable Supplier before the STBA Imbalance resolution due dates. Upon request of the Supplier, the Company will provide other Suppliers with information regarding the Supplier's imbalance status for the month.

The net effect of all trades conducted during a monthly trading period must improve the STBA Supplier's relative imbalance position. That is, the net result of an STBA's Supplier'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 STBA Supplier (positive position) is smaller after all trades have been completed. If, at the conclusion of the trading period, an STBA Supplier's positive position is larger than its position at the initiation of trading, the Company will charge a rate equal to the interruptible storage rate (on a Mcf basis), which is charged by National Fuel Gas Supply Corporation 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 STBA/CBA Supplier.

(iv) Deliveries of STBA 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 sales service Customers, the Company may allow a transportation Customer to receive net surplus imbalances of a STBA Group for transportation to the Customer within the Company's territory in later months. Supplier must elect this option in writing or the Company will purchase said surplus volumes pursuant to Paragraph 4.b.(2)(i) above. Such delivery of Net STBA surplus imbalances will be charged a fee as set forth below.

5. Operational Flow Order ("OFO")

The Company reserves the right to issue Operational Flow Orders as described in General Information Section 20.e.

6. Discontinuance of Service

a. Discontinuance for Failure to Deliver Daily Quantity

The Company shall have the right to terminate service under this Service Classification to any Supplier that fails for any three (3) days to deliver at least ninety (90) percent of the applicable ADDQ for the Supplier's STBA Group, measured during a single month period. Upon termination, Supplier shall be prohibited from receiving service under this Service Classification for a period of not more than three

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