

PSC NO: 8 GAS  
NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
INITIAL EFFECTIVE DATE: 08/31/11

LEAF: 263  
REVISION: 9  
SUPERSEDING REVISION: 8

SERVICE CLASSIFICATION No. 19

SUPPLIER TRANSPORTATION, BALANCING AND AGGREGATION - Continued

Taking storage service injection rights into consideration, Suppliers should manage their storage inventories to equal or exceed SOM targets during April through October. Similarly, taking storage service withdrawal rights into consideration, Suppliers should manage their storage inventories equal or exceed EOM targets during November through March.

When Suppliers enroll Customers after the capacity allocation effective April 1, they will be allocated incremental storage capacity. The incremental capacity is assigned at the SOM during which the Supplier will begin to serve the Customer. For Customers enrolled after April 1, Suppliers receive the capacity together with associated storage gas inventory through a mandatory transfer and purchase of gas in storage from the Company. Suppliers will not have an option to purchase additional inventory from the Company beyond what is initially transferred to Suppliers from the Company.

When a Supplier fails to meet an EOM percentage level ("target"), the Company will notify the Supplier who shall correct the resulting inventory deficiency by cash out purchase from the Company as set forth in General Information Section 52, except as provided below. The first 2% of inventory deficiency will be priced at the Market Pricing Tier. Any remaining inventory deficiency will be priced at the higher of the Deficiency Pricing Tier 3 or the SC 11 Rate. In addition, the Supplier will be required to pay the Company all taxes and pipeline fees associated with moving or transferring the storage inventory to the Supplier. When a Supplier is more than 2% deficient, or deficient during any two consecutive months, the Company will report a Supplier's deficiency to Staff. If the Supplier fails to accept the storage transfer or remit payment for the storage inventory transferred, Supplier's STBA Agreement will be in default and the Supplier will be subject to the involuntary discontinuance of service procedures under the UBPs. In addition, the Company shall have the right to terminate service to any Supplier that fails to meet its EOM target more than twice during the previous 12-month period. Upon termination, the Supplier shall be prohibited from receiving service under STBA Service for a period of three (3) months.

If operating conditions permit, Company may waive the cash out for inventory deficiencies under 2%, except if the Supplier inventory deficiencies are under 2% during two consecutive months. In the latter case, the current month's deficiency will be resolved via cash out as described above. When the Company does not report a deficiency to Staff, the deficiency will not count as a failure to meet the Supplier's EOM target.

Issued by A. M. Cellino, President, 6363 Main Street, Williamsville, NY 14221  
(Name of Officer, Title, Address)