

PSC NO: 8 GAS
 NATIONAL FUEL GAS DISTRIBUTION CORPORATION
 INITIAL EFFECTIVE DATE: 10/01/03
 ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 00-G-1858 DATED 9/18/03.

LEAF: 262
 REVISION: 4
 SUPERSEDING REVISION: 3

SERVICE CLASSIFICATION No. 19 (Cont'd)

~~SUPPLIER TRANSPORTATION, BALANCING AND AGGREGATION - Continued~~

(iii) Return of Storage Capacity

Voluntary Return of Customers to the Company:

If a Supplier that has received storage capacity in the prior year returns Customers to the Company or has a reduced storage obligation due to reductions in Customer usage, the Supplier will return the storage capacity associated with the reductions in Customer usage to the Company and transfer the associated storage gas to the Company at the base storage transfer rate. The Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to the Company. If the quantity of capacity associated with returned Customers does not decrease a Supplier's capacity allocation by at least 2% over the previous allocation, then the capacity allocation will be set at the previous month's quantity.

Return Due to Termination of STBA Agreement:

If a Supplier's STBA Agreement is canceled or terminated, the Supplier will return the storage capacity to the Company and transfer the storage gas to the Company at the base storage transfer rate. The Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to the Company. The Supplier also authorizes the Company to act on the Supplier's behalf to confirm all nominations necessary to give effect to this clause.

(iv) Required Storage Inventory Levels

In addition to meeting the City Gate balancing requirements set forth ~~infra~~, Suppliers must maintain the start of the month (SOM) and end of the month (EOM) storage inventory levels as follows:

Month	Enrollment	
	Target	Target
April	0.00%	0.00%
May	14.00%	13.00%
June	29.00%	32.00%
July	43.00%	50.00%
August	57.00%	68.00%
September	71.00%	86.00%
October	86.00%	98.00%
November	100.00%	92.00%
December	80.00%	80.00%
January	60.00%	50.00%
February	40.00%	22.00%
March	20.00%	0.00%
March 15		12.00%

The inventory requirement for March 15 is 12.00%, as long as total STBA throughput is equal to or less than 20% of the eligible level. If throughput exceeds 20% of the total eligible level, the Company may petition the Commission to restore the inventory requirement to 17% or some other level.

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