

PSC NO: 8 GAS  
 NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
 INITIAL EFFECTIVE DATE: 8/01/05  
 ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 04-G-1047 DATED 7/22/05.

LEAF: 209  
 REVISION: 4  
 SUPERSEDING REVISION: 3

SERVICE CLASSIFICATION No. 13D (Cont'd)

DAILY METERED TRANSPORTATION (DMT) SERVICE - Continued

b. Daily Deficiency Imbalances

As used in this Rate Schedule, "deficiency imbalances" shall mean the amount by which the volume of gas delivered, to the Company for the Customer's account during the day after adjustment for line losses is less than the total amount of gas consumed by the Customer each day. The rates set forth below shall be applied to the daily deficiency volume occurring during each day of the billing month.

If on any day a SC 13D Customer's/Marketer's deficiency exceeds 10% and the combined deficiency imbalance of all SC 13D Customers exceeds 10% below the initial deficiency tolerance band, the SC 13D Customer's/Marketer's deficiency in excess of 10% will be cashed-out according to the following price schedule:

10% to 15% at 110% of Index  
 15% to 20% at 115% of Index  
 > than 20% at 140% of Index

4. Month End Imbalance Cash Out

At the end of the month, a SC 13D Customer's/Marketer's Daily Surplus Imbalances and Daily Deficiency Imbalances that were not cashed-out will be summed into a net imbalance volume for the SC 13D Customer/Marketer. A Month End Deficiency Imbalance occurs when the net imbalance volume is a quantity less than zero (imbalance due to the Company) and a Month End Surplus Imbalance occurs when the net imbalance volume is a quantity greater than zero (imbalance due from the Company).

a. Imbalance Resolution through ESS Transfer

A SC 13D Customer/Marketer is permitted to reduce or eliminate a Month End Deficiency Imbalance by transferring gas from its account for Enhanced Storage Service ("ESS") on NFGSC to the Company's ESS account, provided that the SC 13D Customer/Marketer has met its ESS end of the month target during the month of such deficiency and the transfer transaction results in an inventory balance above the end of the month target. Further, the SC 13D Customer/Marketer will be responsible for reimbursing the Company for any NFGSC trading fees as well as the applicable shrinkage and commodity transportation and storage withdrawal costs associated with the transfer of gas to the Company's ESS storage account.

b. Exchange of Net Imbalances

An SC 13D Customer/Marketer may exchange a month end Imbalance under its SC 13D Service Agreement with a month end Imbalance from another SC 13D Customer/Marketer under another SC 13D Service Agreement, a non-aggregated SC 16 Customer or from an STBA Supplier operating under an SC 19 Service Agreement. Exchange of imbalances shall be accomplished upon notification of the exchange by the applicable SC 13D Customer/Marketer before the SC 13D Imbalance resolution due dates. Upon request of the SC 13D Customer/Marketer, the Company will provide other SC 13D Customers/Marketers with information regarding the SC 13D Customer's/Marketer's imbalance status for the month.

Issued by D. J. Seeley, President, 6363 Main, Williamsville, NY 14221  
 (Name of Officer, Title, Address)