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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 1
INITIAL EFFECTIVE DATE: 04/01/99 SUPERSEDING REVISION: 0
STAMPS: ISSUED IN COMPLIANCE WITH ORDER IN CASE NO. 93-G-0932 DATED 11/03/98.
Cancelled by 2 Rev. Leaf No. 263 Effective 04/01/1999
RECEIVED: 02/01/99 STATUS: Cancelled EFFECTIVE: 04/01/99
SERVICE CLASSIFICATION No. 19 (Cont*d)

SUPPLIER TRANSPORTATION, BALANCING AND AGGREGATION - Continued

(3) Return of Storage Capacity

If a Supplier that has received storage capacity in the prior year elects to return storage capacity to the Company or a third party effective April 1, the Supplier may either (1) transfer the remaining storage gas to a third party, subject to applicable pipeline requirements and charges; or (2) transfer the storage gas to the Company at the lesser of (a) 95% of the Company's lowest monthly weighted average commodity cost of gas during the previous storage injection period (April through October), plus associated variable transportation costs to NFGSC's City Gate; or (b) 95% of the Market Price of gas for that day as posted in The Gas Daily Index, "Daily Price Survey" for "Appalachia," "CNG North Point," plus associated variable transportation costs to the Company's City Gate. The Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to the Company.

If a Supplier's STBA Agreement is canceled or terminated, the Company may recall ESS storage and associated EPT transmission capacity that has been released to the Supplier. The Company shall have the right but not the obligation to purchase the remaining storage gas at the lesser of (a) 95% of the Company's lowest monthly weighted average commodity cost of gas during the previous injection period (April through October), plus associated variable transportation costs to NFGSC's City Gate and a proportionate share of storage demand capacity charges on such volumes since April 1, or (b) 95% of the Market Price of gas for that day as posted by The Gas Daily Index, "Daily Price Survey" for "Appalachia," "CNG North Point," plus associated variable transportation costs to the Company's City Gate and proportionate storage demand capacity charges on such volumes since April 1. The Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to the Company.

(4) Required Storage Inventory Levels

In addition to meeting the City Gate balancing requirements set forth infra, Suppliers must maintain a storage inventory level no less than 86% at September 30; 98% at October 31; 92% through November 30; 80% through December 31; 50% through January 31; 22% through February 28, and 17% through March 15. Any deficiency will be automatically adjusted by the Company to meet the required level. The Supplier will be charged per Mcf for such automatic adjustment at the higher of \$7.00 per Mcf or the Market Price of gas for that day as posted in The Gas Daily Index, "Daily Price Survey" for "Appalachia," "CNG North Point," plus all transportation costs to the Company's City Gate.

Also, Supplier shall permit the Company to obtain access to the Supplier's storage balance information for the release described above.

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