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COMPANY: NATIONAL FUEL GAS DISTRIBUTION CORPORATION REVISION: 2
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SERVICE CLASSIFICATION No. 19 (Cont*d)

SUPPLIER TRANSPORTATION, BALANCING AND AGGREGATION - Continued

3. City Gate Balancing

a. City Gate Delivery Requirements

Receipt of natural gas at the City Gate under this Service Classification shall be limited to the sum of the DDQs for all Customers in a Supplier's STBA group (the ADDQ). The Supplier must deliver or cause to be delivered at the City Gate the ADDQ on each day of the month, within the tolerance band described below. The Company will deliver to each individual Customer the Customer's gas requirements and will provide daily City Gate balancing services to the extent actual City Gate deliveries differ from the ADDQ. Burner tip ("on-system") imbalances will be addressed as described below. The Company is not obligated to accept any volumes nominated by Supplier in excess of a group's ADDQ.

b. Daily City Gate Imbalance Charges

For amounts delivered to the City Gate by the Supplier that differ from the applicable ADDQ, the Supplier will incur the following charges:

(1) Charges for daily City Gate underdeliveries:

- (a) Except during OFO periods, for City Gate underdeliveries up to or equal to (5) percent of the applicable ADDQ, there will be no charge.
- (b) Except during OFO periods, for City Gate underdeliveries in excess of five (5) percent of the applicable ADDQ, the charge for gas supplied by the Company shall be equal to the published rate for Deficiency Imbalance supplies under Service Classification No. 11.

(2) Charges for daily City Gate Overdeliveries:

- (a) Except during OFO periods, for daily City Gate overdeliveries up to five (5) percent of the applicable ADDQ, there will be no charge.
- (b) City Gate overdeliveries in excess of five (5) percent of the applicable ADDQ may be rejected by the Company in its sole discretion.

4. STBA Burner Tip Imbalances

a. Definition of STBA Burner Tip Imbalance

For the customers included in the Supplier's STBA Service Agreement, ("STBA Group") the Company will net all the imbalances for which the Supplier is responsible pursuant to this Rate Schedule into a single imbalance ("STBA Imbalance"). A Supplier's STBA Service Agreement may aggregate only like transportation services (i.e., a STBA Service Agreement may aggregate only monthly metered transportation services with

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