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 SERVICE CLASSIFICATION No. 19 (Cont*d)

NEXTRECORD PPLIER TRANSPORTATION, BALANCING AND AGGREGATION - CONTINUED

C. INTERMEDIATE PIPELINE TRANSMISSION AND STORAGE CAPACITY OPTION

UPSTREAM CAPACITY REQUIREMENTS SHALL BE SATISFIED THROUGH A COMBINATION OF NFGSC STORAGE AND NFGSC TRANSMISSION INTERMEDIATE CAPACITY ASSIGNED TO THE SUPPLIER BY THE COMPANY, AND ELECTIVE UPSTREAM PIPELINE CAPACITY PROVIDED BY THE SUPPLIER.

(1) AVAILABILITY

THE STORAGE ALLOCATION OPTION IS AVAILABLE TO STBA SUPPLIERS FOR STBA VOLUMES ASSOCIATED WITH CUSTOMERS CONVERTING FROM SALES TO TRANSPORTATION SERVICE AFTER APRIL 30, 1996 ("CONVERTING CUSTOMERS"). AGGREGATED ANNUAL LOAD FOR SUCH CUSTOMERS MUST BE NO LESS THAN 5,000 MCF.

(2) STORAGE AND INTERMEDIATE PIPELINE TRANSMISSION CAPACITY ALLOCATION

(i) REQUIREMENTS

THE PERCENTAGE OF EXTREME PEAK DAY REQUIREMENTS TO BE SERVED THROUGH COMPANY'S ENHANCED STORAGE SERVICE ("ESS") STORAGE CAPACITY ON NFGSC SHALL BE AS FOLLOWS:

| STORAGE | AGGREGATED LOAD FACTOR (BASED ON ESTIMATED PEAK DAY CONSUMPTION) | PERCENT OF EXTREME PEAK DAY REQUIRE. MET BY ELECTIVE | PERCENT OF EXTREME PEAK DAY REQUIREMENTS MET |
|---------|---|--|--|
| | | UPSTREAM CAPACITY | BY NFGSC |
| | LESS THAN 40% | 67% | 33% |
| | GREATER THAN OR EQUAL TO 40% BUT LESS THAN 60% | 78% | 22% |
| | GREATER THAN OR EQUAL TO 60% BUT LESS THAN 80% | 89% | 11% |
| | EQUAL TO OR GREATER THAN 80% | 100% | 0% |

SUPPLIER SHALL TAKE RELEASE OF SUCH STORAGE CAPACITY FROM THE COMPANY AT THE MAXIMUM RATE UNDER NFGSC'S GAS TARIFF FILED WITH THE F.E.R.C.

(ii) INITIAL ASSIGNMENT OF ESS STORAGE CAPACITY

EACH YEAR, INTERESTED SUPPLIERS MAY REQUEST AN INITIAL ASSIGNMENT OF STORAGE CAPACITY, BASED ON THE FORMULA SET FORTH AT C.(2)(i) ABOVE, TO MEET THE SUPPLIER'S ESTIMATE OF MARKET SHARE FOR THE WINTER PERIOD. THE REQUEST DEADLINE FOR SUCH ASSIGNMENTS WILL BE MARCH 15 FOR AN EFFECTIVE DATE OF APRIL 1. FIFTEEN (15) DAYS PRIOR TO THE CLOSE OF NOMINATIONS FOR THE NOVEMBER BILLING MONTH, THE COMPANY WILL REDUCE THE QUANTITY OF STORAGE CAPACITY RELEASED TO MATCH THE SUPPLIER'S REVISED WINTER REQUIREMENTS BASED ON THE NUMBER OF CUSTOMERS AGGREGATED BY THE SUPPLIER, TO BE EFFECTIVE NOVEMBER 1, SO LONG AS SAID CAPACITY TO BE RETURNED TO THE COMPANY INCLUDES AN EQUAL VOLUME OF STORAGE GAS. THE COMPANY SHALL COMPENSATE SUPPLIER FOR SUCH STORAGE GAS TRANSFERRED AT A PRICE EQUAL TO THE COMPANY'S LOWEST MONTHLY WEIGHTED AVERAGE COMMODITY COST OF GAS DELIVERED TO THE COMPANY'S CITY GATE DURING THE PREVIOUS STORAGE INJECTION PERIOD (APRIL THROUGH OCTOBER), PLUS APPLICABLE STORAGE DEMAND CAPACITY CHARGES SINCE APRIL 1 FOR SUCH RETURNED VOLUMES. THE SUPPLIER SHALL BE RESPONSIBLE FOR ALL TAXES AND PIPELINE FEES ASSOCIATED WITH MOVING OR TRANSFERRING THE STORAGE GAS TO THE COMPANY.

ISSUED BY D. F. SMITH, PRESIDENT, 10 LAFAYETTE SQUARE, BUFFALO NY 14203
(NAME OF OFFICER, TITLE, ADDRESS)