

PSC NO: 9 GAS  
NATIONAL FUEL GAS DISTRIBUTION CORPORATION  
INITIAL EFFECTIVE DATE: 05/31/2016

SECTION: 0 LEAF: 113  
REVISION: 0  
SUPERSEDING REVISION:

## GENERAL INFORMATION (Cont'd)

### II.30. RULES FOR MONTH END IMBALANCE RESOLUTION

The Imbalance Holder is the Customer, Supplier or Marketer responsible for imbalance resolution as described in the Service Classification under which the Company provides service. For the purposes herein, Imbalance Holder's gas consumption and deliveries to the Company are equivalent to the gas consumption and deliveries to the Company of the Customers for which it bears imbalance responsibility, as described in the Service Classification under which the Company provides service.

An Imbalance Holder's Month End Imbalance is the burner tip imbalance calculated pursuant to terms of each Service Classification under which the Company provides service to the Customers for which the Imbalance Holder bears imbalance responsibility. Generally, an Imbalance Holder's total receipt volumes (gas delivered to the Company) are the sum of allocated transportation receipt volumes from city gate deliveries, local production pool receipts and local production excess volumes. This sum is reduced for shrinkage (allowance for losses incurred in the process of delivery) to determine total receipts. From this quantity, Total Monthly Consumption ("TMC"), as measured or estimated, is subtracted to determine the imbalance volume.

A Deficiency Imbalance (imbalance due to the Company) occurs when the volume of gas delivered to the Company for the Imbalance Holder during the month after adjustment for line losses is less than the total amount of gas consumed by the Imbalance Holder.

A Surplus Imbalance (imbalance due from the Company) occurs when the volume of gas delivered to the Company for the Imbalance Holder during the month after adjustment for line losses is greater than the total amount of gas consumed by the Imbalance Holder.

#### A. Month End Imbalance Calculation Process

For the month during which the Company provided service, an Imbalance Holder's imbalances are summed across all eligible Service Classifications to determine an Initial System Imbalance Volume ("ISIV") and position. If the ISIV is greater than zero, then the Imbalance Holder has a Surplus Imbalance with an initial long position. If the ISIV is less than zero, then the Imbalance Holder has a Deficiency Imbalance with an initial short position. A measure of the Imbalance Holder's imbalance position is calculated by dividing its ISIV by its TMC and converting the quotient into a percentage.

#### B. Cash Out of Imbalances

To resolve a Surplus Imbalance, the Company will purchase a volume of gas from the Imbalance Holder to reduce the imbalance volume to zero ("Cash Out Purchase"). To resolve a Deficiency Imbalance, the Company will sell a volume of gas to the Imbalance Holder to reduce the imbalance volume to zero ("Cash Out Sale"). The actual cash out volumes will be based upon ending imbalance volume following application of prior period adjustments and exchange of imbalances as described below. The cash out pricing tiers are as follows:

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(Name of Officer, Title, Address)