



***National Fuel Gas Distribution Corporation
New York Division
Gas Transportation Operating Procedures Manual***

February 12, 2015

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A. INTRODUCTION

1. Brief Description of GTOP Contents

Welcome to National Fuel Gas Distribution Corporation's ("Distribution") Transportation Program. Distribution operates more than 14,000 miles of pipeline throughout western New York and northwestern Pennsylvania and has offered transportation services since 1983.

As used throughout the Gas Transportation Operating Procedures Manual ("GTOP"), the term "Marketer" can be a gas marketer, aggregator (often referred to as "Supplier" in reference specifically to Distribution's Service Classification No. 19 – STBA Service) or one operating as an Agent for a marketer, aggregator, or customer for the purpose of arranging the delivery of gas supplies to Distribution's City Gate. Marketers or customers that designate an Agent to be their gas supplier shall clearly communicate this to Distribution. This Agent is then responsible to Distribution for the flow of gas including proper responses to system alerts and operational flow orders.

Throughout the GTOP there will be references to Distribution's website. For transportation purposes the URL is:

<http://www.nationalfuelgas.com/marketers/default.aspx>

Most selections will be no more than a couple of mouse clicks from the above link.

2. Disclaimers

Those obtaining copies of the GTOP from the internet are responsible for the maintenance and monitoring of any changes. Notices of changes will be placed on the internet for convenience.

Distribution assumes no responsibility should the GTOP holder fail to download notices in a timely manner.

Procedures contained in the GTOP not set forth in Distribution's tariff are subject to change upon thirty (30) days notice. Notice may be less than 30 days in circumstances where timely implementation of the New York Public Service Commission ("Commission") Orders are required.

If there are inconsistencies between any procedures contained in the GTOP and Distribution's tariff, the tariff shall control.

B. OVERVIEW OF THE COMPANY

1. Corporate Structure

a. Company Profile

- Corporate

National Fuel Gas Company (NYSE: NFG), incorporated in 1902, is a diversified energy company with its headquarters in Buffalo, New York. NFG's assets are distributed among five business segments: Exploration and Production, Pipeline and Storage, Utility, Energy Marketing and Gathering.

- Exploration and Production

Seneca Resources Corporation explores for, develops and purchases natural gas and oil reserves in California and Appalachia, including the Marcellus Shale.

- Pipeline and Storage

National Fuel Gas Supply Corporation ("NFGSC") provides interstate natural gas transmission and storage for affiliated and non-affiliated companies through an integrated gas pipeline and storage system that covers nearly 3,000 miles from southwestern Pennsylvania to the New York-Canadian border at the Niagara River.

Empire Pipeline, Inc. ("EPI") provides interstate natural gas transmission for affiliated and non-affiliated companies, including large industrial customers, utilities and power producers in New York., through a 249-mile natural gas pipeline system that runs from the New York-Canadian border at the Niagara River to Syracuse, New York, from near Rochester, New York to near Corning, New York and an extension from Corning to Tioga County, Pennsylvania.

- Utility

Distribution sells or transports natural gas to over 725,000 customers through a local distribution system located in western New York and northwestern Pennsylvania. The major areas served include Buffalo, Niagara Falls and Jamestown in New York, and Erie and Sharon in Pennsylvania.

- Energy Marketing

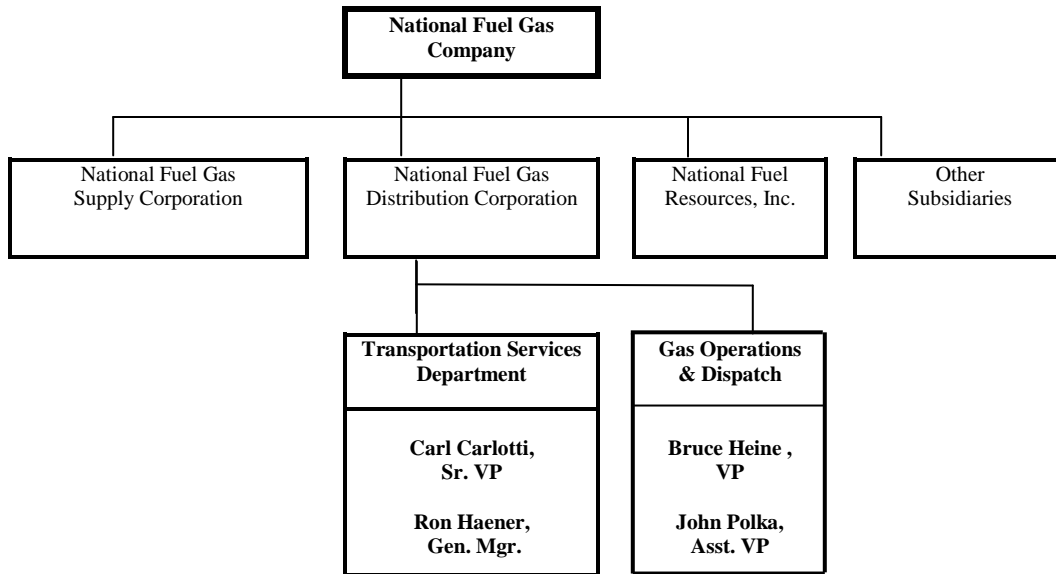
National Fuel Resources, Inc. is a natural gas marketer and registered energy service company ("ESCO") that provides services to industrial, wholesale, commercial, public authority and residential customers primarily in western and central New York and northwestern Pennsylvania.

- Gathering

National Fuel Gas Midstream Corporation's primary business is to build, own and operate gas processing and pipeline gathering facilities in the Appalachian region.

b. Table of Organization

For purposes of the GTOP, Distribution's corporate organizational chart is as follows:



c. Gas Operations Organization

The Gas Supply Administration Department manages Distribution's gas planning, purchase, upstream asset and system dispatch functions. The Vice President with responsibility over Gas Supply Administration is Bruce D. Heine. Questions concerning upstream capacity are handled by Gas Supply Administration and should be directed to Ken McAvoy at (716) 857-7960 or McAvoyK@natfuel.com. Marketer communications relating to operations, however, should be directed to David Wolford, as more fully described below.

d. Transportation Customer and Marketer Support Personnel/Services

The Transportation Services Department is Distribution's "one-stop" service organization to provide information and support to business parties involved with various aspects of transportation.

The following are the phone numbers and e-mail addresses of the persons to whom questions may be directed:

<u>Types of Questions</u>	<u>Person</u>	<u>Phone Number</u>	<u>e-mail Address</u>
Billing & Meter Reading	TSD Billing	(716) 857-7432	TSD-Billing@natfuel.com
Nominations, Gas Scheduling & Operations	Joanne Maciok	(716) 857-7670	MaciokJ@natfuel.com
Marketer Relations & General Issues	David Wolford	(716) 857-7483	WolfordD@natfuel.com

The general phone number for the Transportation Services Department is (716) 857-7432. A more detailed chart for direct-dial numbers and names of representatives is posted on Distribution's website.

e. Marketer Ombudsman

With respect to STBA service, dispute resolution procedures are set forth in the Commission's Uniform Business Practices. Other disputes may use the UBP procedure as a guide. In the event of unresolved disputes, a Marketer Ombudsman has been designated to address those concerns and to serve as a liaison between Marketers and Distribution. The Ombudsman is Bruce D. Heine. Mr. Heine may be contacted directly by phone; (716) 857-7957 or via email; HeineB@natfuel.com.

2. Affiliate Transaction Standards

Affiliate Rules are included in the GTOP as Appendix 9 and shall become effective on the date tariff sheets are effective pursuant to an order of "Commission" adopting the Joint Proposal as to the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corporation, filed April 15, 2005 in Case 04-G-1047. Distribution complies with these rules in all matters relating to transactions with National Fuel Resources, Inc.

In the event that a situation arises where there is concern that these standards are not being complied with, please contact Randy Rucinski at (716) 857-7237.

3. Territory

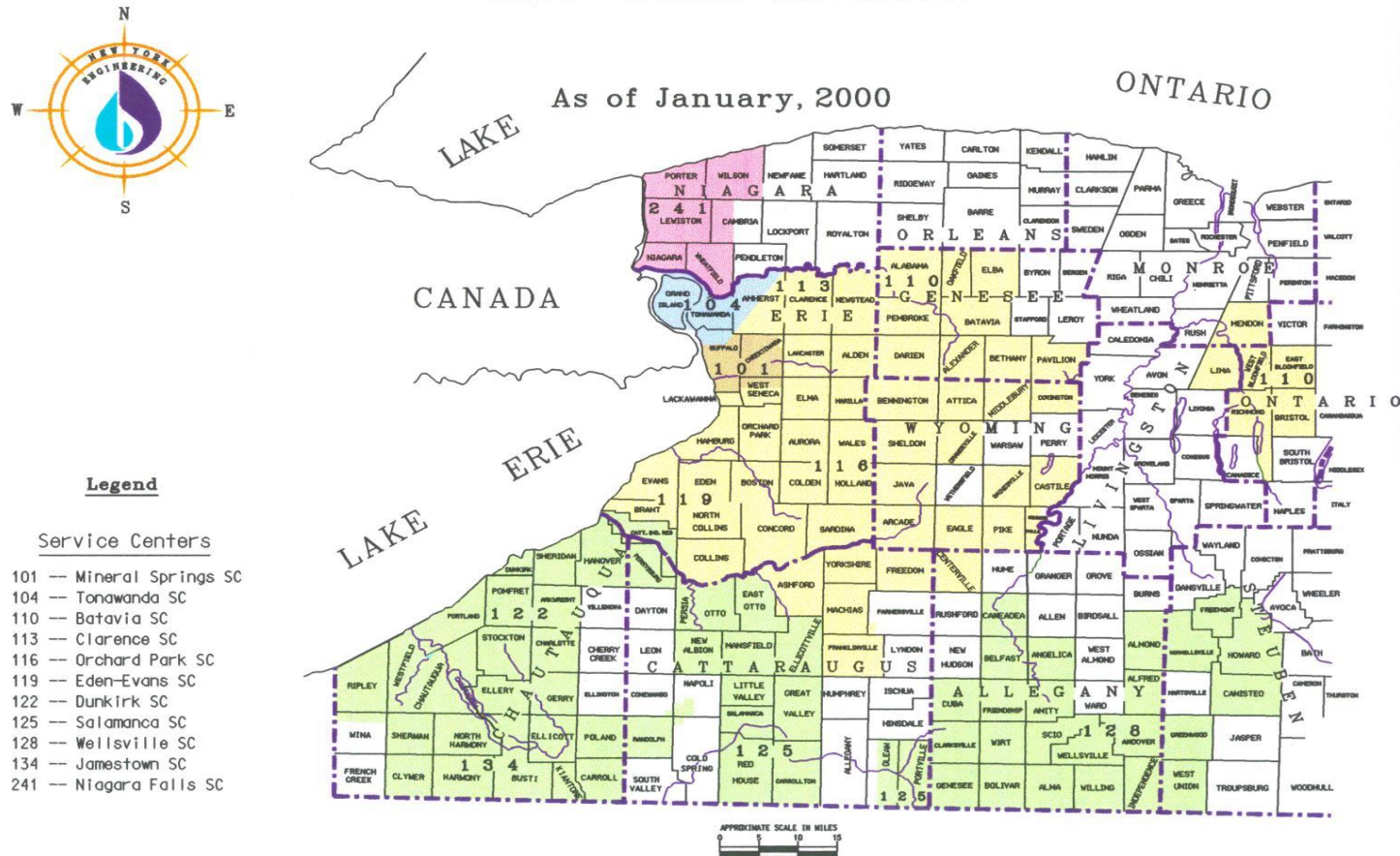
a. Municipalities Within Franchise Area

COUNTY	CITIES	VILLAGES	TOWNS
Allegany		Alfred	Alfred
Allegany			Alma
Allegany		Almond	Almond
Allegany			Amity
Allegany		Andover	Andover
Allegany		Angelica	Angelica
Allegany		Belmont	Belfast
Allegany		Bolivar & Richburg	Bolivar
Allegany			Caneadea
Allegany			Centerville
Allegany			Clarksville
Allegany		Cuba	Cuba
Allegany		Friendship	Friendship
Allegany			Genesee
Allegany			Independence
Allegany			Scio
Allegany		Wellsville	Wellsville
Allegany			Willing
Allegany		Richburg	Wirt
Cattaraugus			Ashford
Cattaraugus			Carrollton
Cattaraugus		East Randolph	Cold Spring
Cattaraugus			East Otto
Cattaraugus		Ellicottville	Ellicottville
Cattaraugus			Farmersville
Cattaraugus		Franklinville	Franklinville
Cattaraugus			Freedom
Cattaraugus			Great Valley
Cattaraugus		Little Valley	Little Valley
Cattaraugus			Machias
Cattaraugus			Mansfield
Cattaraugus		Randolph	Napoli
Cattaraugus			Randolph
Cattaraugus		Cattaraugus	New Albion
Cattaraugus	Olean		Olean
Cattaraugus			Otto
Cattaraugus		Perrysburg	Perrysburg
Cattaraugus		Gowanda	Persia
Cattaraugus		Portville	Portville
Cattaraugus			Red House
Cattaraugus	Salamanca		Salamanca
Cattaraugus		Delevan	Yorkshire
Chautauqua			Arkwright
Chautauqua	Jamestown/Bemus Point		Busti

COUNTY	CITIES	VILLAGES	TOWNS
Chautauqua		Celoron	Carroll
Chautauqua		Falconer	Charlotte
Chautauqua		Mayville & Lakewood	Chautauqua
Chautauqua		Panama	Clymer
Chautauqua	Dunkirk		Dunkirk
Chautauqua		Sinclairville	Ellery
Chautauqua			Ellicott
Chautauqua		Forestville	
Chautauqua		& Silver Creek	Hanover
Chautauqua		Harmony	
Chautauqua			Kiantone
Chautauqua			North Harmony
Chautauqua			Poland
Chautauqua		Fredonia	Pomfret
Chautauqua		Brocton	Portland
Chautauqua			Ripley
Chautauqua		Sheridan	
Chautauqua		Sherman	Sherman
Chautauqua		Cassadaga	Stockton
Chautauqua		Westfield	Westfield
Erie	Buffalo		
Erie	Lackawanna		
Erie		Alden	Alden
Erie		Williamsville	Amherst
Erie		East Aurora	Aurora
Erie			Boston
Erie		Farnham	Brant
Erie		Depew and Sloan	Cheektowaga
Erie			Clarence
Erie			Colden
Erie		Gowanda	Collins
Erie		Springville	Concord
Erie			Eden
Erie			Elma
Erie		Angola	Evans
Erie			Grand Island
Erie		Blasdell & Hamburg	Hamburg
Erie			Holland
Erie		Depew & Lancaster	Lancaster
Erie			Marilla
Erie		Akron	Newstead
Erie		North Collins	North Collins
Erie		Orchard Park	Orchard Park
Erie			Sardinia
Erie	Tonawanda	Kenmore	Tonawanda
Erie			Wales
Erie			West Seneca

COUNTY	CITIES	VILLAGES	TOWNS
Genesee			Alabama
Genesee		Alexander & Attica	Alexander
Genesee		Batavia	Batavia
Genesee			Bethany
Genesee			Darien
Genesee		Elba	Elba
Genesee		Oakfield	Oakfield
Genesee			Pavilion
Genesee		Corfu	Pembroke
Genesee			Stafford
Livingston		Lima	Lima
Monroe		Honeoye Falls	Mendon
Niagara			Cambria
Niagara		Lewiston	Lewiston
Niagara	Niagara Falls		Niagara
Niagara		Youngstown	Porter
Niagara	North Tonawanda		Wheatfield
Niagara		Wilson	Wilson
Ontario			Bristol
Ontario		E Bloomfield, Holcomb	East Bloomfield
Ontario			West Bloomfield
Ontario			Richmond
Steuben		Canisteo	Canisteo
Steuben			Fremont
Steuben			Greenwood
Steuben	Hornell	Arkport, Almond & N. Hornell	Hornellsville
Steuben			Howard
Steuben			West Union
Wyoming	Arcade	Arcade	
Wyoming		Attica	Attica
Wyoming			Bennington
Wyoming		Castile	Castile
Wyoming			Covington
Wyoming			Eagle
Wyoming		Gainesville &	
Wyoming		Silver Springs	Gainesville
Wyoming			Genesee Falls
Wyoming			Java
Wyoming		Wyoming	Middlebury
Wyoming			Orangeville
Wyoming			Pike
Wyoming			Sheldon

b. Map of Franchise Area



c. City Gate Stations and Pipelines Serving the Franchise Area

Distribution's system has access to several interstate pipelines via interconnections with NFGSC, itself an interstate pipeline. There are five designated receipt points for nominations from NFGSC into Distribution in New York:

	Point Name	DRN	Description
• 1.	NFGDC – NY	164296	(GENERAL CITYGATE)
• 2.	NFGDC – MSMX	163940	(MINERAL SPRINGS)
• 3.	NFGDC – VICK	163941	(VICKSBURG)
• 4.	NFGDC – ZOAR	280355	(ZOAR STATION)
• 5.	NFGDC – NASH	280356	(NASH ROAD)
• 6.	NFGDC – XM8	1387585	(LINE XM8)

NFGSC has interconnects with the following pipelines:

- Columbia Gas Transmission ("Columbia")
- Dominion Transmission ("DTI")
- Empire Pipeline
- Equitrans
- EMKEY Gathering, LLC
- Millennium Pipeline Company, LLC
- Tennessee Gas Pipeline ("Tennessee")
- Texas Eastern Transmission ("TET")
- Transcontinental Gas Pipe Line ("Transco")
- TransCanada Pipelines Ltd. ("TransCanada")

A standard-form agreement that sets forth rules and regulations governing interconnection with pipeline/gathering systems (other than FERC-regulated pipelines with approved tariffs) is attached as Appendix 7.

d. Local Production

Distribution has numerous gas production meters feeding directly into its distribution system. A standard-form agreement that sets forth rules and regulations governing interconnection with producers of natural gas is included in the GTOP as Appendix 8.

For the purposes of nomination, these meters are organized into pools at a logical pooling point.

4. Service Classifications

Distribution's tariff currently sets forth the service classifications identified in the following tables. The rates applicable to these services are posted on Distribution's website at:

<http://www.nationalfuelgas.com/marketers/nyrates/nyrates.aspx>

a. Sales Services

CUSTOMER SIZE	SERVICE CLASS	CUSTOMER/ SERVICE TYPE	DUAL FUEL REQ'D	TYPE OF SERVICE	COMMENTS/ DESCRIPTION
< 25,000 Mcf/Year	SC-1	Residential Sales Service	No	Firm	Unbundled sales and transportation service for residential customers. Delivery charges apply to sales and transportation customers. Gas sales rates apply only to sales customers.
	SC-2	HEAP Residential Assistance Sales Service	No	Firm	Residential heating customers who have qualified for emergency assistance under the Federal Home Energy Assistance Program ("HEAP").
	SC-2A	Elderly, Blind Or Disabled Payment-Troubled Residential Assistance Service	No	Firm	Limited to elderly, blind or disabled residential customers shall be the residential heating customers who are not currently receiving public assistance in support of their gas bill other than assistance under the Federal HEAP.
	SC-3	General Sales Service	No	Firm	Unbundled sales and transportation service for predominantly small volume non-residential customers. Delivery charges apply to sales and transportation customers. Gas sales rates apply only to sales customers.
	SC-4	Supplemental Sales Service	No	Firm	A firm sales service for customers with an independent supply of gas (e.g. gas supply from a local gas well) who wish to supplement this supply by purchasing gas from Distribution.
	SC-5	Load Balancing Technology Rate Sales Service	No	Firm	A firm sales service for customers using gas in high load factor equipment such as cogeneration, gas cooling, natural gas vehicles, etc.
	SC-6	Interruptible Supplemental Sales Service	No	Interruptible	A sales service for customers with an independent supply of gas (e.g. gas supply from a local gas well) who wish to supplement this supply by purchasing gas from Distribution on an interruptible basis.
	SC-7	Sales Service for Customers Operating Natural Gas Vehicles	No	Firm	A firm sales service for customers using gas in Natural Gas Vehicles utilizing either Distribution-owned or customer-owned filling facilities.

CUSTOMER SIZE	SERVICE CLASS	CUSTOMER/ SERVICE TYPE	DUAL FUEL REQ'D	TYPE OF SERVICE	COMMENTS/ DESCRIPTION
	SC-8	Seasonal Gas Air Conditioning Sales Service	No	Firm	A firm sales service for customers using gas in air conditioning equipment between the months of May and September.
Individual generating units <500 kilowatts	SC-9	Small Cogeneration Sales Service	No	Firm	Customers qualifying for this rate must own or operate a qualifying cogeneration facility as that term is defined in the Public Utility Regulatory Policies Act or the Public Service Law, as amended from time to time.
> 2,000,000 Mcf/year	SC-10	Sales Service for Customers Operating Cogeneration Facilities	No	Off Peak Firm	An off-peak firm sales service for customers using gas in a qualified cogeneration facility.
Transportation customers >3,500 Mcf/year	SC-11	Deficiency Imbalances Sales Service	No	Interruptible	Interruptible Sales Service available only to the extent that service to customers under firm sales classifications is not jeopardized or impaired
Transportation customers >3,500 Mcf/year	SC-12	Standby Sales Service	No	Firm	Standby Sales Service, comparable to the quality of service provided to the Distribution's firm bundled service customers, subject to the curtailment steps.
Transportation customers >3,500 Mcf/year	SC-14	Sales Service	No	Contractual	Sales Service is firm or interruptible and the degree to which such service is firm or interruptible shall be determined in the sales contract between the Distribution and the customer.
	SC-22	Transitional Propane Service	No	Firm	The Distribution will convert and provide propane service to customers receiving natural gas service in the Distribution's service territory under tariff specified conditions.
Generation <50 megawatts	SC-23	Distributed Generation Gas Sales Service	No	Firm	For non-residential customers where the gas is used directly for distributed generation less than 50 megawatts and where the Customer is anticipated to maintain a load factor of 50% or greater.
Residential Distributed Generation	SC-24	Distributed Generation Service	No	Firm	Sales to residential customers where the gas is used directly for distributed generation. Proof of operable DG unit may be required if monthly usage below 100 ccf May through November and below 250 ccf during other months.

b. Transportation and Aggregation Services

CUSTOMER SIZE	SERVICE CLASS	CUSTOMER/ SERVICE TYPE	DUAL FUEL REQ'D	TYPE OF SERVICE	COMMENTS/ DESCRIPTION
<25,000 Mcf/year	SC-1	Residential Unbundled Transportation Service	No	Firm	Delivery charges for customers served by Marketers qualifying under SC-19.
	SC-2	HEAP Transportation Service	No	Firm	Delivery charges, billed by the Company, for residential heating customers who have qualified for emergency assistance under HEAP.
<5,000 Mcf/year	SC-3	Small Volume Non-Residential	No	Firm	Delivery charges for customers served by Marketers qualifying under SC-19.
> 5,000 Mcf/year	SC-13M	Monthly Metered Transportation (MMT) Service	No	Firm	The primary transportation service used by most large volume customers. Imbalances are resolved under SC-19. Transportation rates are based on five annual volumetric categories. This is a firm transportation service that requires firm capacity on all upstream pipelines.
> 5,000 Mcf/year	SC-13D	Daily Metered Transportation (DMT) Service	No	Firm	Daily metered option for large volume customers to SC-13M. SC-13D requires telemetering to monitor daily deliveries and usage. Transportation rates are based on five annual volumetric categories. This is a firm transportation service that requires firm capacity on all upstream pipelines.
>300,000 Mcf/year	SC-15	Large Industrial Incentive Rate (LIIR)	No	Interruptible	For customers expanding existing facilities, the customer must demonstrate to the Distributions satisfaction that the expansion will result in a minimum employment increase of 5% of the facility's employee level prior to the expansion.
>200,000 Mcf/year	SC-16	Bypass Response- Individually Negotiated Contracts for Transportation Service	Yes	Interruptible	For customers operating large cogeneration facilities, the customer must totally revoke its right to firm service under the Distribution's tariff for all consumption by the facility and telemetering which allows the Distribution to monitor the customer's daily usage of gas.

CUSTOMER SIZE	SERVICE CLASS	CUSTOMER/SERVICE TYPE	DUAL FUEL REQ'D	TYPE OF SERVICE	COMMENTS/ DESCRIPTION
> 5,000 Mcf/year	SC-17	Transportation Service for Customers Operating Cogeneration Facilities	Yes	Interruptible	For customers operating non-utility cogeneration facilities, the customer must totally revoke its right to firm service under the Distribution's tariff for all consumption by the facility and telemetering which allows the Distribution to monitor the customer's daily usage of gas. Imbalances are resolved under SC-19.
Marketers: > 5,000 Mcf/year; Direct Customers: > 3,500 Mcf/year	SC-19	Supplier Transportation Balancing and Aggregation (STBA)	No	Firm	Aggregation service available to qualified Marketers and stand-alone end-user customers ("Direct Customers").
Generation >50 megawatts	SC-21	Basic Gas for Electric Generation Service Tariff	Yes	Interruptible	For customers operating generation facilities, the customer must totally revoke its right to firm service under the Distribution's tariff for all consumption by the facility and telemetering which allows the Distribution to monitor the customer's daily usage of gas
Generation <50 megawatts	SC-23	Distributed Generation Service	No	Firm	For non-residential customers where the gas is used directly for distributed generation less than 50 megawatts and where the Customer is anticipated to maintain a load factor of 50% or greater.
Residential Distributed Generation	SC-24	Distributed Generation Service	No	Firm	Transportation for residential customers where the gas is used directly for distributed generation. Proof of operable DG unit may be required if monthly usage below 100 ccf May through November and below 250 ccf during other months.

c. Utility Account Reclassification Certification Requests

Distribution relies upon a Customer's service classification to determine the Rate Schedules under which a customer may receive sales and/or transportation service. Additionally, the service classification impacts the application of sales tax as well as a customer's priority during Curtailment. For accounts with non-separately metered residential and commercial consumption, Distribution employs a 50% rule; the account will be classified based upon the predominant % of square footage (excluding common areas) associated with each type of consumption.

Distribution obtains the information to classify accounts at the time of service application. To the extent this information has become outdated, Customers should use the Reclassification Certification forms (illustrative copies shown in Appendices of this GTOP) to request a change in classification. Additionally, Customers that can elect their service classification (as described in the tariff) should use this form to request a change in classification. If accepted by Distribution, the account reclassification will become effective at the beginning of the customer's next billing cycle. The reclassification forms (in fillable PDF format) will be posted on Distribution's web site.

5. Customer Breakdown

Breakdown of Customers and Total Consumption (Mcf) as of December 31, 2014:

a. Sales Service

	<u># OF</u> <u>CUSTOMERS</u>	<u>ANNUAL CONSUMPTION</u>
Firm Residential Non-Heating	4,542	90,394
Firm Residential Heating	386,447	42,406,513
Firm Non-Residential (Commercial)	18,504	5,585,655
Firm Non-Residential (Industrial)	284	139,299
Interruptible	0	0
Electric Generation/Interdepartmental	0	0
Other	0	0
Total Sales	403,324	48,332,236

b. Transportation Service

	<u># OF</u> <u>CUSTOMERS</u>	<u>ANNUAL CONSUMPTION</u>
<u>Small Customer Aggregation</u>		
Residential Non-Heating	993	19,571
Residential Heating	99,324	12,974,838
Non-Residential (Commercial)	15,139	13,446,768
Non-Residential (Industrial)	198	1,484,534
<u>Large Volume Transportation</u>		
Firm	0	0
Interruptible	1	1,052,178
Electric Generation/Interdepartmental	0	0
Other (SC-13D, SC-13M)	1,421	24,498,965
Total Transportation	116,083	53,476,853

C. BUSINESS RULES GENERIC TO AGGREGATION AND LARGE VOLUME TRANSPORTATION CUSTOMERS

Uniform Business Practices ("UBPs")

Briefly described, the UBPs govern the working relationship between the utility and the Marketers (or, in the case of electric utilities ESCOs). On Distribution's system the UBPs apply to STBA Suppliers and to Marketers balancing SC-13D customers. Non-aggregated transportation customers who wish to conduct business as a "Direct Customer" under the UBPs should apply for STBA "stand-alone" service. Additionally, non-aggregated transportation customers may qualify to supply solely their own demand under SC-13D, in which case UBP provisions would apply on a more limited basis, e.g. UBPs concerning service to other customers would not apply. Transactions in the following areas are specifically addressed by the UBPs: creditworthiness, customer information (e.g. consumption figures), utility billing and collection, new service requests, switching requirements, slamming prevention process, metering (electric only), discontinuance of service and dispute resolution.

Distribution's general retail access practices are governed by the UBPs. Specific requirements for procedures not covered by the UBPs (such as nominations procedures) will be noticed in the usual manner. The full text of the UBPs is contained in the GTOP as Addendum 1.

Distribution Specific UBPs Elections & Clarifications

Switching Date: All customer switches occur on the meter read date. Generally, meters are read every other month. Estimated reads are used for months where actual reads are not made, either by schedule or through meter inaccessibility.

Fee Schedule: The following new fees have been adopted under the UBPs:

Special Meter Reading Fee	\$20
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Company contacts:

UBPs Questions	Michael Novak	(716) 857-7884
Dispute Resolution Procedures	Randy Rucinski	(716) 857-7237

Transportation Service Agreements

Customers who transport gas are required to sign a Transportation Service Agreement ("TSA"), applicable to the rate schedule under which they receive service unless such service is received at ceiling rates under SC-1, SC-3 or SC-13M.

D. GAS DELIVERY MANAGEMENT PROCEDURE FOR RESIDENTIAL AND SMALL VOLUME TRANSPORTATION CUSTOMERS

GENERAL

All residential and small volume non-residential customers are eligible to receive transportation service under SC-1 or SC-3 so long as they are enrolled with a STBA Supplier through the STBA tariff, SC-19. In addition, customers with consumption 3,500 Mcf or greater annually may elect to receive service under SC-19 as a Direct Customer and thereby, must comply with the procedures contained within this section. For Customers who are taking service at ceiling rates and are enrolled consistent with the UBP Appendix No. 2, Section 5.D in a Supplier's STBA (i.e. EDI enrollment), the enrollment acts as an affirmation that the Supplier has obtained customer consent, consistent with the UBPs. Direct Customers have implied customer consent because they act as their own Supplier and effectively enroll their own accounts when they enter into an STBA agreement.

The procedure for Marketers to apply for STBA service and begin customer enrollment is as follows:

1. Marketer Qualification

A Marketer interested in serving residential and small-volume non-residential transportation customers in Distribution's service territory is required to submit an application for STBA service. Marketers must also satisfy any Commission requirements provided with the UBPs. The NY Aggregation and Credit Application form is available on Distribution's website at

http://nationalfuelgas.com/marketers/New_Marketers/TSDB_CREDIT_APP.pdf

In order to qualify all Marketers will be evaluated for creditworthiness under the procedures set forth in the UBPs. Unless a better estimate is available, the Company will presume an initial annual consumption of 5,000 Mcf for credit evaluation purposes. When required, payment of security deposits can be made by cash or acceptable form of security such as an Irrevocable Standby Letter of Credit from a financial institution with a rating acceptable to Distribution or parent guaranty in like amount provided that the guarantor is rated no lower than BBB by Standard and Poors, Baa2 by Moody's or BBB by Fitch investment services. Upon approval by Distribution, the Marketer becomes a STBA Supplier and is authorized to enroll new and existing customers in an STBA aggregation group.

If a Marketer has not enrolled customers within one year of the initial application date, the Company will send email notice to the applicant that absent a request for a one-time, one-year extension, the application and any executed service agreements will be cancelled. Such cancellation will not prevent the Marketer from reapplying for service in the future.

2. Customer Enrollment

All STBA Suppliers are required to enroll customers via EDI transactions developed as a result of Case 98-M-0667 (see *infra* Section G.4). Direct Customers (acting as their own STBA Suppliers) that have not elected to implement EDI, for now, may continue to use Distribution's website to enroll customers. Upon approval of the STBA application, the STBA Supplier will receive a password for access to secured locations of the "Services for Marketers, Producers and Suppliers" sites on the website. For new Customers, there are additional initial steps (discussed below) to be completed prior to enrollment.

a. Existing Customers

Existing customers (customers served by Distribution or other STBA Suppliers) may join a STBA Supplier's STBA Group by contacting the Supplier and requesting service. Customers who contact Distribution for such service will be instructed to call a STBA Supplier and, upon request, will also be supplied with the Commission's list of approved Marketers.

i. Enrollment Procedures

STBA Suppliers are able to access all customer consumption history for the previous 24 months by entering a customer's nine-digit account number. Additionally, the following data are available for STBA Suppliers who both provide a customer's nine-digit account number and have received express customer consent:

- Customer payment history for the previous 24 months.
- Customer consent for release of payment history may be demonstrated by making customer consent or enrollment forms or contracts, containing clear language authorizing release, available for Distribution's inspection on 24 hours notice. In addition, Distribution will accept written authorization executed by a STBA Supplier, or the STBA Supplier's agent, on behalf of a customer who has verbally agreed to such an arrangement.

After a STBA Supplier has identified customers, the actual enrollment process may begin. *The process is paperless*, but requires that the STBA Supplier maintain customer records.

- Customers for whom the STBA Supplier has received consent to enroll are processed through EDI or where permissible by entering RBA numbers into the on-line enrollment form.
- Upon receipt of a valid customer's enrollment transaction, the customer's account is "locked out" of eligibility for enrollment in other STBA Groups until the earlier of (1) the next meter read date; or (2) the date a customer's denial of enrollment is registered by Distribution within the 15-day confirmation period.
- A "15-day confirmation letter" is mailed to the customer pursuant to the UBPs.
- On the first meter read date following the 15-day confirmation period, the customer's account will show that service has been "switched" to the STBA Supplier.

ii. Customer Consent

Evidence of customer consent for enrollment must be maintained by the STBA Supplier and available to Distribution on 24 hours notice. Pursuant to the UBPs, the following items are accepted as evidence of customer consent for enrollment:

- A customer enrollment form or contract.
- Audiotapes or third party verification of verbal consent.
- Electronic transmittal that can be shown to have originated with the customer.

In addition to language clearly indicating the customer's agreement to switch, where the STBA Supplier plans to issue a single-retailer bill to the STBA Customer, all enrollment applications (or telemarketing scripts) should include the following text:

I understand that all bills for natural gas service, excluding service calls and repairs traditionally billed by Distribution, will be issued to me by the [STBA Supplier]. I also understand that, if I have any questions about my bill, I should call [STBA Supplier]. If I smell gas or have any safety-related questions, however, I will still call Distribution.

All documentation and audiotapes must be maintained by the STBA Supplier for a period of six years.

iii. Enrollment Disputes

If a Supplier currently serving a customer ("Incumbent ESCO") receives a pending drop for a customer and pursuant to the applicable UBPs, has determined the customer does not wish to be switched to another ESCO/Marketer ("Pending ESCO") and wants to continue receiving its supply service from the Incumbent ESCO, then an Incumbent ESCO Reinstatement Request should be submitted to cancel the enrollment with the Pending ESCO. The Incumbent ESCO should email an Incumbent ESCO Reinstatement Request form to TSD-Enroll@natfuel.com attaching the PDF file to email message. The Subject Line should contain the words "Incumbent ESCO Reinstatement Request". The PDF form must be received by Distribution before the end of the Business Day prior to the planned effective date when the Customer is scheduled to be switched from the Incumbent ESCO, i.e. the Control Date (the first day of a billing cycle). Accepted forms are processed no later than the next business day after they are received. The results of processing are reflected in the applicable EDI transactions or secure web files. For example, if a reinstatement request is accepted, the pending drop transaction from Incumbent ESCO/Marketer will be canceled. The Pending ESCO will receive an analogous notification that the pending enrollment is being canceled.

The Incumbent ESCO Reinstatement Request is shown in the appendices of the GTOP and available in fillable PDF format on Distribution's web site along with a related Frequently Asked Questions posting.

b. New Customers

New customers (applicants for initiation of distribution and sales service) may join a Supplier's STBA Group by either (1) contacting Distribution, requesting new service and then contacting a STBA Supplier; or (2) consistent with New Delivery Service provisions contained within the UBPs, applying to a STBA Supplier who, as agent on behalf of the applicant, submits the application to Distribution.

i. Generally

New service (also known as "meter service") applications must be submitted on Distribution's pre-printed form, copies of which are available by contacting Distribution's Customer Response Center ("CRC") at (716) 686-6123 or (800) 365-3234. All applications should be submitted as follows:

- Completed applications for new service should be faxed to Distribution's CRC at (716) 857-6500.
- If submitted by a Marketer, the fax cover page should state the Marketer's name, address, telephone and fax numbers, and a contact person. If the contact person cannot be reached, the application will not be regarded as complete.
- Completed applications will be processed in the order in which they are received.
- Inquiries regarding pending applications or scheduling should be directed to the CRC at (716) 686-6123 or (800) 365-3234.

ii. Requirements for Residential New Service Customers

Residential customers may apply for meter service in the following manner.

(a) Customer Initiated Application for Service

- Making an application for meter service at one of Distribution's Consumer Assistance Center ("CAC"). If they are to be part of an STBA Group effective with the initiation of service they must present a signed copy of the STBA Customer Consent Form to the Distribution representative and allow a copy to be retained by the Distribution representative.
- Making a telephone application for service by calling Distribution's CRC at (716) 686-6123 or (800) 365-3234. The customer should request their order number. The customer should then notify their selected Marketer of their order number and date the service is scheduled to be turned on. The Marketer must fax or mail a copy of the STBA Customer Consent form (provided within this GTOP)

to Distribution indicating the order number and scheduled turn-on date on the form. Accounts will not be enrolled into any STBA without the completed Customer Consent Form.

(b) Marketer Initiated Application for Service:

Marketers, acting as agents for their clients, may fax or mail completed applications on behalf of their clients.

- Completed applications must be forwarded with either a fax cover sheet or forwarding letter clearly identifying: the Marketer's name, address, telephone and fax numbers and the contact person responsible for the transaction with their direct telephone number and/or telephone extension.
- Applications will be processed in the order in which they are received. If an application cannot be processed the Marketer will be contacted and advised what is required to complete the application. (In some instances the applicant may be required to contact Distribution directly or to go to one of Distribution's CACs to discuss the matter further.)
- The residential Customer Assisted Unlock Read ("CAUR") procedure will be used wherever possible. In this case the Marketer will be advised to have the customer call Distribution at (716) 686-6123 or (800) 365-3234 with the meter reading taken on the day they move to their new location.
- If the initiation of service requires Distribution to complete an onsite visit, the Marketer will be advised of the order number and scheduled date (and time if appropriate). The Marketer should provide this information to their customer. The customer may call Distribution at (716) 686-6123 or (800) 365-3234 to reschedule, if necessary.
- Marketers may also forward the completed application with a request to place the order on hold; indicating that the customer will call to schedule the service call. This alternative must be clearly indicated on the forwarding coversheet or correspondence.

iii. Requirements for Non-Residential Service Customers

All standard requirements for non-residential applications remain the same. The only exception is security. No security may be required if the applicant presents and allows Distribution to retain a copy of their contract with the approved STBA Marketer and provides evidence of customer consent. In the case of the latter, such evidence must be obtained from the Marketer.

Non-residential customers may apply for meter service in the following manner.

(a) Customer Initiated Application for Service

- The customer may make a telephone application for service by calling Distribution's CRC at (716) 686-6123 or (800) 365-3234. The customer will need to provide their Federal Taxpayer ID Number or Social Security Number in order to complete the application. The customer should request their order number. The customer should then notify their selected Marketer of their order number and date the service is scheduled to be turned on. The Marketer must fax or mail a copy of the STBA Customer Consent form (provided within this GTOP) to Distribution indicating the order number and scheduled turn-on date on the form. Accounts will not be enrolled into any STBA without the completed Customer Consent Form.
- The customer may make an application for meter service at one of Distribution's CACs. The customer will be required to provide supporting documents with the application. These may include appropriate identification, copies of corporate papers, corporate filing receipts and authorization or d/b/a certificates.

(b) Marketer Initiated Application Service

Marketers, acting as agents for their customers, may fax or mail completed non-residential applications on behalf of their customers.

- Completed applications and evidence of customer consent must be forwarded with either a fax cover sheet or forwarding letter clearly identifying: the Marketer's name, address, telephone and fax numbers and the contact person responsible for the transaction with their direct telephone number and/or telephone extension.
- Applications will be processed in the order in which they are received. If an application can not be processed the Marketer will be contacted and advised what is required to complete the application.
- The initiation of non-residential service requires Distribution to complete an onsite visit. The Marketer will be advised of the order number and scheduled date (and time if appropriate). The Marketer should provide this information to their customer and advise their customer that someone must be on premises to allow Distribution's representative access to the premises to check gas equipment. The customer may call Distribution at (716) 686-6123 or (800) 365-3234 to reschedule, if necessary.
- Marketers may also forward the completed application with the required supporting documentation and request to place the order on hold; indicating that the customer will call to schedule the service call. This alternative must be clearly indicated on the forwarding coversheet or correspondence. The Marketer will be advised of the work order number.

3. Delivery Quantity Determination Procedures

STBA Suppliers are responsible for delivering gas supply to Distribution's City Gate in amounts calculated by Distribution. For each customer, a Daily Delivery Quantity ("DDQ") is determined and combined with other customers' DDQs to produce the Aggregated Daily Delivery Quantity ("ADDQ"). When a Supplier elects to utilize an Upstream Agent to manage its upstream transportation and storage capacity, the Supplier remains ultimately responsible for meeting storage levels described herein and in the tariff. For example, when an Upstream Agent fails to deliver a Supplier's DDQ, it is as if the Supplier itself failed to meet the DDQ requirement.

a. Determination of DDQ and ADDQ

Distribution will determine, based upon each customer's historical load profile and/or estimates of consumption, a STBA Customer Group's projected normalized consumption for a given period; either monthly, weekly, or daily. Consumption estimates may be adjusted in response to meter readings, as available, weather forecasts and compensated for the difference between actual weather and previous weather forecasts. Based upon this projected consumption, Distribution will determine each customer's DDQ and, by summing all DDQs of the STBA customers in the Supplier's STBA Customer Group, the Supplier's STBA Customer Group's ADDQ. The DDQs and ADDQ so calculated will be used to determine the Supplier's daily City Gate delivery obligations. ADDQ information shall be posted by Distribution on its Transportation Scheduling System ("TSS"), or such other medium, as Distribution deems appropriate. A standard file format for DDQ data is included in the Appendices of the GTOP. Distribution will provide detailed DDQ data files in the Secure Transactions section of the Services For Marketers, Producers and Suppliers area of the NFGDC website.

A Supplier taking service under SC-19 (or any other Service Classification with city gate balancing governed by SC-19) accepts Distribution's calculation of the DDQ and/or ADDQ. Marketers or Direct Customers may request a change in the specified ADDQ if the Marketer or Direct Customer has specific knowledge that a customer's or customer group's consumption will be different than anticipated. Such requests should be submitted via TSS by 12:00 PM, on the business day prior to the Gas Day the change is requested to take effect. In the event of an emergency situation where TSS is unavailable, such requests may be written up and submitted via email to all three of the following:

WolfordD@natfuel.com, MaciokJ@natfuel.com, TSSsupport@natfuel.com. The "DDQ/PDQ Email Change Request" form is available on the NFGDC website at:

http://nationalfuelgas.com/marketers/TSS/ManualsAndForms/DDQ_PDOChangeRequest.pdf

The request should specify the amount by which the ADDQ should be changed as well as provide justification for the change. Distribution shall not be liable for the difference between the projected consumption and the consumption determination by Distribution.

b. 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. Distribution 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. Distribution is not obligated to accept any volumes nominated by supplier in excess of a Group's ADDQ.

c. 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:

i. Charges for Daily City Gate Underdeliveries

Except during Operation Flow Order ("OFO") periods, for City Gate underdeliveries up to or equal to five (5) percent of the applicable ADDQ, there will be no charge.

Except during OFO periods, for City Gate underdeliveries in excess of five (5) percent of the applicable ADDQ, to the extent such charges are not addressed under SC-12 service, the charge for gas supplied by Distribution shall be equal to the rate for Deficiency Imbalance supplies under SC-11.

ii. Charges for Daily City Gate Overdeliveries

Except during OFO periods, for City Gate overdeliveries nominated up to five percent of the applicable ADDQ, there will be no charge.

City Gate overdeliveries nominated in excess of five percent of the applicable ADDQ may be rejected by Distribution in its sole discretion.

See *infra* Section H.2 for more information concerning OFOs.

4. Capacity Assignment/Use Procedures

Three basic capacity components are utilized to serve customers: Upstream Capacity, Intermediate Capacity and Peak Balancing Service. Based upon historic weather data, an extreme peak day requirement is calculated by multiplying 74 degree-days times customer heat load per degree-day factor and adding it to the daily customer base load. This quantity is grossed up by the Distribution retainage rate and converted to dekatherms in order to calculate the City Gate requirement. Suppliers are allocated capacity to serve a Design Peak Requirement ("DPR"), defined as the design peak day customer load determinants for 62 degree-days, above which Peak Balancing Service is utilized. Generally 33% of the DPR (depending upon the customer load factor, this percentage may be lower) is met through Intermediate Capacity consisting of EFT deliveries of ESS withdrawals. The remaining portion of the DPR is met through Upstream Capacity delivered into NFGSC. Supplies delivered through Upstream Capacity are subsequently transported to the city gate through an additional allocation of Intermediate Capacity. Except in limited cases where Suppliers utilize their own capacity or local production, capacity is provided to Suppliers through the capacity release process.

Distribution releases pipeline capacity to Suppliers on a month-to-month basis. It is the responsibility of the Supplier to ensure that it is qualified to obtain capacity based upon the FERC tariff requirements and administrative procedures for each upstream interstate pipeline. Suppliers that fail to take the necessary steps to obtain the capacity release from Distribution in time to place a timely pipeline nomination for the first day of the calendar month will be considered out of compliance with the applicable reliability requirements in the terms and conditions of Distribution's tariff, operating agreements, or this manual. If a Supplier does not meet this requirement more than once in a 12-month period, this event will be reported to Commission Staff. If a Supplier fails to meet this requirement more than twice in a 12-month period, the Supplier's STBA Agreement will be in default and the Supplier will be subject to the involuntary discontinuance of service procedures under the UBPs. Upon termination, the Supplier shall be prohibited from receiving service under STBA Service for a period of three (3) months.

Suppliers and/or other parties may accept upstream capacity releases/assignments, i.e. act as Upstream Agents, for other STBA Suppliers and Direct Customers. The STBA Supplier and/or Direct Customer utilizing an Upstream Agent must submit an Upstream Agency Consent Form and Affidavit (see Appendices). Upstream Agents must provide Distribution with contact information, as necessary, for nomination and other related purposes. Distribution may require Upstream Agents to provide a copy of a redacted contract with the Upstream Agent to demonstrate that the Upstream Agent is obligated to meet the STBA Supplier's load.

a. Upstream Capacity Requirement

To satisfy the upstream capacity requirement under STBA service, except where Suppliers utilize their own grandfathered upstream capacity or local production (as explained below), Suppliers will receive a mandatory assignment of Distribution's upstream capacity under the Company's Mandatory Upstream Transmission Capacity ("MUTC") program. Where Suppliers utilize Grandfathered Upstream Transmission Capacity ("GUTC"), Grandfathered Intermediate Transmission Capacity ("GITC") or local production, Suppliers must demonstrate to Distribution's Gas Supply Administration Department [contact: Ken McAvoy, (716) 857-7960, McAvoyK@natfuel.com] that they have secured such capacity to serve small volume transportation customers (customers consuming 5000 Mcf or less with a right to receive average cost-based sales service) and large volume non-dual fuel critical service customers. Under STBA service, large volume critical service customers may satisfy the mandatory capacity requirement by demonstrating dual fuel ("DF") capabilities. The amount of GUTC or GITC available to Distribution's system cannot increase above the quantity that was established on November 1, 2007. Further, these quantities may decrease from time to time on a permanent basis as described below.

The table below summarizes the capacity and standby service requirements/options for transportation customers under both STBA service with a Supplier and Direct Customer transportation service:

Annual Mcf	Critical Service Customer		Non-Critical Service Customer	
	Supplier STBA	Direct Customer	Supplier STBA	Direct Customer
< 3500	Cap. Req'd.	N/A	Cap. Req'd.	N/A
3500 - 4999	Cap. Req'd.	Standby	Cap. Req'd.	Standby
> 5000	Cap. Req'd. or DF ⁽¹⁾	Cap. Req'd, Standby or DF ⁽¹⁾	No Cap. Req'd. ⁽²⁾	No Cap. Req'd.

Note (1): DF Capable

Note (2): While STBA Customers with annual consumption exceeding 5000 mcf do not have a mandatory capacity requirement, unless the necessary equipment allowing the Company to monitor the Customer's daily usage of gas is installed and operating, the Customer shall arrange for supply to be delivered, either directly or by displacement, on a firm basis for the entire route from the point of production to the Company's distribution system.

Note (3): While a Direct Customer may aggregate its own accounts into a Market Pool under STBA service and act as their own Supplier, the individual accounts will still have a capacity requirement based upon annual consumption. The table above pertains to Direct Customers that do not act on an aggregated basis.

Customers that are not subject to a mandatory capacity requirement, including those that waived their right to return to standard tariff rate service under the terms and conditions of Joint Proposal to Achieve a Comprehensive Restructuring of the Rates and Services of National Fuel Gas Distribution Corporation, filed January 23, 2002 in Case 00-G-1858, have a right to return to bundled incremental GAC sales service, if available.

b. Intermediate Capacity Requirement

Suppliers receive an allocation of Intermediate Transmission and Storage capacity on NFGSC to provide Suppliers with capacity from receipts into NFGSC to the City Gate. This capacity includes both EFT and ESS storage capacity. The capacity allocation is based upon a design peak day calculation. For example, 33% of the Supplier's DPR is met through EFT deliveries of ESS withdrawals when the load factor is less than 40%. For load factors in the 40% to 60% range, 22% is met through storage and in the 60% to 80% range, 11% is met through storage. Load factors over 80% are met entirely through firm transportation.

c. Mandatory Upstream Transmission Capacity Release Program

Capacity is released to Suppliers under Distribution's MUTC Release Program to satisfy the upstream capacity requirement under STBA service, except where Suppliers utilize their own grandfathered upstream capacity or local production. The amount of MUTC assigned will coincide with the Supplier's DPR established on or about the 17th of the preceding month. The rate for each capacity release path will be equal to Distribution's weighted average cost of capacity ("WACOC") and will be exempt from bidding requirements ("Retail Choice Bidding Exemption") and the prohibition against tying as described in section 284.8(h) of the FERC Regulations. MUTC releases will be recallable. No contract amendments will be permitted. Capacity may be re-released, however, any replacement shippers must remain subject to the obligations of Distribution's STBA program as described here-in, in the tariff and any applicable state regulations governing retail choice. Flow directives requiring Suppliers to utilize the MUTC in a prescribed manner may be issued from time-to-time based upon seasonal or weather-related factors. Additionally, Distribution may issue flow directives requiring Suppliers to utilize the MUTC to deliver gas to specific points necessary to balance the system. For example, a flow directive might require Suppliers to first deliver flowing gas up to their full upstream pipeline contract quantity before delivering gas from their ESS capacity or from their FSS capacity if applicable.

To satisfy the upstream capacity requirement, MUTC will be released for each April 1st on the following pipelines in approximately the following proportions based on the aggregate quantity of capacity available to all suppliers:

Tennessee FT-A: Zone 0 receipt and Zone 4 delivery	14.6%
Tennessee FT-A: Zone 1 receipt and Zone 4 delivery	17.2%
Tennessee FT-A: Zone 4 receipt and Zone 4 delivery	51.6%
Tennessee FT-A: Zone 1 receipt and Zone 5 delivery	2.6%
NFGSC ESS Storage Capacity (MSQ)/ ESS Withdrawals (MDWQ)	14.0%

To stabilize Supplier release quantities, subsequent incremental releases (to the extent available) will be made from the Zone 1 receipt and Zone 5 delivery path. Should the above capacity become fully subscribed via the MUTC Release Program or otherwise become unavailable, Distribution will identify another mix of capacity for subsequent MUTC releases. In such cases, Distribution will post a notice to its web site identifying the pipeline capacity/paths and proportions thereof.

The Intermediate capacity consisting of Supply EFT and ESS that will be released as a part of the MUTC program will be net of Supplier GITC, as applicable, and is additive to that assigned to meet the intermediate capacity requirement. Additionally, ESS inventory requirements (described below) are applicable to the sum of ESS capacity assigned.

In an effort to provide Marketers with an opportunity to gain access to their requested receipt points for the following heating season, Marketers may submit requests for a specific MUTC receipt point(s) and quantities by the close of Normal Business Hours on April 1st each year ("April 1 Requests"). Supplier access to specific receipt point(s) is subject

to availability and amendment of Distribution's upstream contracts by the upstream pipeline(s). The following "first come, first served" procedures will apply:

1. Allocation of receipt point capacity rights for the upcoming heating season will take place during the five business days following July 1st. Supplier requests submitted during Normal Business Hours on or between April 2nd and the June 30th deadline will be processed on a first come first served basis (i.e. priority will be given to requests with the earlier calendar date), however, April 1 requests will have priority over requests submitted on or between April 2nd and June 30th.
2. Where a tie between two or more requests exists, priority will be given to Suppliers currently allocated the same point adjusted for the lesser of the DPR (for customers served as of July 1st) or the requested amount of capacity. Otherwise, available receipt point capacity will be allocated in proportion to the lesser of each Supplier's DPR or the requested amount of capacity. In all cases, to the extent a Supplier places a higher priority on other requested receipt points, the DPR applicable to the contested point will be reduced accordingly.
3. Assignment of receipt point capacity at a given point does not guarantee that future incremental capacity will be made available to a Supplier at that point nor does it confer priority over another Supplier seeking capacity at that point. For planning purposes, Distribution will not unreasonably reject any receipt point request that can reasonably be supported by load growth projected between the request submission date and November 1st; however, priority will be given to Suppliers with actual load requirements over those with projected load requirements.

In any month prior to November, Suppliers may request capacity at the point(s) to be allocated on November 1 to the extent it is available. Such requests will be allocated each month on a first-come, first-served basis based upon the DPR calculated the month of the request. To the extent a Supplier places a higher priority on other requested receipt points, the DPR applicable to the point will be reduced accordingly. So long as the Supplier requests the same point and has sufficient customer requirements, the point allocation will roll from month-to-month except for November.

d. Demonstration of Grandfathered Upstream Capacity

To qualify as an acceptable alternative to MUTC, GUTC must have primary or in-path secondary receipt point access to liquid trading point(s) listed below or point(s) otherwise acceptable to Distribution.

Upstream Pipeline:

Columbia
DTI
EPI
Tennessee Gas Pipeline
TET
Transco
TransCanada

Liquid Trading Point(s)/Path(s):

Points in Appalachian Pool
South Point
Millennium – Corning
Zone 0, Zone L, Zone 4 [300 Line East of Sta. 315 and 200 Line South of Sta. 219]
Firm capacity path with receipt points within or south of Zone M1
Station 65
Dawn, AECOC Hub

To initiate the process to consider whether a liquid trading point or points should be added or removed, an interested party shall submit a written statement to Distribution identifying the proposed point(s) and providing a supporting explanation. To consider whether a point or points should be added or removed, Distribution shall conduct a Reliability Forum as described in Section G.3. Notice of receipt of a written statement will be provided by Distribution on its web site within thirty (30) days of receipt of the statement. Informal discussions addressing such proposals may be held in an effort to reach agreement on whether the identified points should be added to or removed from the above list. Upon agreement, Distribution shall modify its Gas Transportation Operating Procedures Manual to reflect the change adopted. In the event an agreement is not reached after ninety (90) days from the date that informal discussions begin, disputed matters may proceed to mediation by the Department of Public Service.

Marketers must align intermediate capacity primary receipt points with their GUTC primary delivery points. Distribution will attempt, to the extent operationally feasible, to accommodate Supplier requests by seeking to transfer its primary EFT receipt point capacity to those points desired by Suppliers. Supplier requests will be processed on a first-come,

first-served basis (i.e. priority will be given to requests with the earlier calendar date. A table listing Distribution's primary EFT receipt capacity quantities is maintained on Distribution's web site. Marketers must demonstrate their contract GUTC to satisfy upstream capacity requirements for a minimum five-month period effective November 1st of each year.

Suppliers demonstrating GUTC or GITC capacity must indicate to Distribution by April 1st of each year the specific capacity they intend to use to satisfy their upstream requirements for the following November through March winter period. Suppliers are required to submit for approval by the following July 1st copies of upstream contracts¹ indicating:

- Upstream pipeline
- Firm, non-recallable contract number
- Contract term that includes the five (5) winter months (November – March)
- Contract quantity maximum flow rate (Dth/day)
- Primary receipt point(s) and/or Distribution approved "liquid" points
- Primary delivery point(s) at Distribution approved interconnects into EFT receipt capacity

Suppliers that fail to indicate the specific capacity they plan to use for the following winter by April 1st will be required to meet the July 1st requirement within 30 days of the April 1st deadline. Assignment of receipt point capacity at a given point does not guarantee that incremental capacity will be made available to a Supplier at that point nor does it confer priority over another Supplier seeking capacity at that point. Incremental capacity at a receipt point will be allocated each month on a first-come, first-served basis based upon actual customer requirements. Further, so long as the Supplier requests the same point and has sufficient customer requirements, the point allocation will roll from month-to-month except for November.

A Supplier's grandfathered capacity may change over time, e.g. its GUTC may relocate to another upstream pipeline(s), however, the overall quantity of GUTC that may be delivered to Supply or GITC receipt capacity may not increase. If changes are made, Suppliers shall present their upstream capacity according to the following time-line and procedure:

1. A report describing the Supplier's plan for compliance is due to Distribution by April 1. Should a Supplier fail to submit the April 1 report or the changes to GUTC not be operationally acceptable, Distribution may consider this event to be a Supplier election to reduce its GUTC capacity.
2. A Supplier's total capacity obligation is determined by the sum of the upstream capacity requirements for each separate STBA it operates or for which it acts as Upstream Agent for another Supplier.
3. Suppliers must demonstrate GUTC or GITC sufficient to meet their grandfathered capacity levels by July 1. Absent such demonstration, the Supplier will be assigned MUTC to satisfy the upstream capacity requirement not satisfied by remaining GUTC or GITC, if any, and Distribution will consider this event to be a Supplier election to reduce its GUTC capacity to the levels demonstrated.
4. To the extent Suppliers demonstrate GUTC with primary delivery point capacity in excess of corresponding available intermediate receipt point capacity, the following tie-breakers will guide the allocation of such capacity:
 - First to Suppliers allocated the same receipt capacity at the conclusion of the previous five (5) winter months adjusted to lesser of the July DPR or the requested amount of capacity.
 - Second to Suppliers in proportion to the lesser of each Supplier's July DPR or the requested amount of capacity.

In either case, to the extent a Supplier places a higher priority on other requested receipt points, the DPR applicable to the contested point will be reduced accordingly.

¹ Suppliers may redact confidential information.

For planning purposes, Distribution will not unreasonably reject any receipt point request that can reasonably be supported by load growth projected between the request submission date and November 1; however, priority will be given to Suppliers with actual load requirements over those with projected load requirements.

While the quantity of GUTC or GITC available to the system may never increase, it may decrease. For example, in addition to the GUTC/GITC level reduction actions described above, a Supplier may make an election to reduce its GUTC or GITC capacity, in which case if the Supplier maintains its customers, it would subsequently meet its upstream capacity requirement via MUTC.

Each April 1, the Company will compare the DPR to be served by pipeline capacity upstream of NFGSC for the thirteen (13) months from and including the last April to the current April to identify the Peak Requirement Quantity ("PRQ"). Unless the Supplier elects to reduce its GUTC or GITC, there shall be no reduction to the Supplier's GUTC or GITC quantity if the PRQ equals or exceeds the quantity of GUTC or GITC provided by the Supplier, or if the decrease in PRQ from the last such comparison is less than 500 Dth. Otherwise, the Supplier's GUTC or GITC quantity will be reduced to the PRQ. In any case, if the Supplier's PRQ is zero (0) Dth, then the Supplier's GUTC or GITC shall be reduced to zero (0) Dth. Additionally, if the Supplier has not maintained its GUTC or GITC in whole or part, the Company will treat such event as a Supplier election to permanently reduce its GUTC or GITC and the Supplier's GUTC or GITC shall be reduced by the quantity that was not maintained. For each Supplier reduction, the total quantity of GUTC or GITC available to the system will be reduced in the same quantity as applicable to the Supplier.

A Supplier may not transfer its GUTC or GITC to another Supplier unless it accompanies the sale of its entire book of customers.

e. Additional Upstream Capacity Considerations (including Local Production)

Telemetered local production or non-telemetered local production (consistent with GTOP Section F.4) may be used to satisfy the upstream capacity requirement. Consistent with the procedures contained herein, Suppliers must demonstrate contracts to purchase such local production with terms and conditions comparable to those pertaining to upstream firm capacity contracts along with a demonstration of historic deliverability. Because local production feeds directly into Distribution's system, it also satisfies the intermediate capacity requirement (NFGSC EFT) for the quantity of local production demonstrated. When local production is demonstrated for a five-month period (November 1 – March 31) of each year, the intermediate capacity requirement associated with the upstream capacity is also satisfied for a 12-month period commencing as soon as the first day of the month that follows the date the capacity demonstration is accepted but no later than November 1. In any event, the same local production may not be used to satisfy the intermediate capacity of more than one Supplier at a time.

Local Production is not suitable as a substitute for intermediate capacity (the ESS storage allocation) because it is essentially, especially under the 65% level, a base loaded supply. Even though a Supplier could change nominations to match a lower ADDQ, the gas from the local production well would continue to flow. This differs from the ESS & associated EFT scenario where nominations and flow can be adjusted balancing market needs with storage activity.

In cases where other storage capacity in a Supplier's GUTC or GITC, for example FSS, is used as a substitute for ESS capacity or as an alternative to MUTC, the Supplier is required to provide Distribution with the permission necessary to allow access to the Supplier's storage balance information comparable to the access Distribution's tariff requires for ESS inventory information.

For Suppliers using Local Production as an alternative to MUTC, as they add customers, they have until the 24th before the month starts to demonstrate additional local production, if required. If they fail to demonstrate, the Supplier will be assigned MUTC to satisfy the incremental upstream capacity requirement associated with the new customers. As a planning strategy, Suppliers should project their customer count for the winter period and contract, in advance, for the Local Production necessary to serve the projected load. An April 1 demonstration of Local Production in excess of that required to serve the projected customer count in subsequent months will permit Suppliers to avoid a monthly demonstration. Additionally, it may help Distribution to determine the capacity requirements for the segment of the market it will serve through sales service.

As a means of ensuring that Distribution is able to meet its obligations under the Commission's 12/21/99 "Order Concerning Reliability," Suppliers shall enable Distribution to ascertain whether firm transportation is being used at primary delivery points into NFGSC as a part of the daily nomination/confirmation process. Such information may be provided to Distribution via pipeline Electronic Bulletin Boards ("EBBs"). In absence of such information, Distribution has the right to consider Supplier deliveries to be placed on an interruptible basis and has the right to reject them.

Appalachian production delivered into NFGSC may be used as a component of Supplier's GUTC on a year-to-year basis provided that such production has real time measurement and/or an Operational Balancing Agreement ("OBA") with NFGSC. Additionally, a demonstration of historical deliverability must be provided.

f. Capacity Allocation Example

The capacity allocation is based upon a peak day calculation. The most recent consumption history for a group of customers is normalized. This means that actual weather is factored out of the consumption quantities and replaced with normal weather resulting in normalized consumption.

The Monthly Base Load [D] is determined by averaging July and August consumption. The Daily Base Load [E] is determined by dividing the monthly base load by 31 days. The Winter Heat Load [H] is determined by subtracting the winter base load (equal to the monthly base load times five winter months) from the total winter consumption. The Heat Load per Degree Day factor [J] is then calculated dividing the winter heat load by the number of degree-days that occur during the normal winter.

The Extreme Peak Day Requirement [K] is calculated by multiplying 74 degree days times the heat load per degree day factor and adding it to the daily base load. This quantity is grossed up by the Distribution retainage rate and converted to dekatherms in order to calculate the City Gate requirement.

By tariff, 33% of the Supplier's DPR is met through EFT deliveries of ESS withdrawals when the load factor is less than 40%. For load factors in the 40% to 60% range, 22% is met through storage and in the 60% to 80% range, 11% is met through storage. Load factors over 80% are met entirely through firm transportation. The peak day requirement not met via storage is met by Supplier provided primary firm capacity into NFGSC followed by Peak Balancing Service when forecasted or actual heating degree days exceed 62. An assignment of EFT capacity is used to move Supplier provided capacity to the City Gate. The NFGSC EFT and ESS services are provided to Suppliers through the capacity release process.

The ESS storage capacity quantity [R] is determined by multiplying Maximum Daily Withdrawal Quantity or MDWQ [S] (which is equal to the peak day ESS/EFT delivery quantity) by 46.678. The Maximum Daily Injection Quantity or MDIQ [T] is equal to the storage capacity divided by 170.

The Supplier upstream firm capacity delivery quantity into NFGSC [U] is determined by grossing up the Upstream of NFGSC City Gate requirement [P] by NFGSC retainage. The total NFGSC EFT quantity [Y] is the sum of that associated with the upstream capacity and that associated with the ESS MDWQ.

TRANSMISSION AND STORAGE EXAMPLE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Normal DD	1244	1085	961	576	272	64	9	18	135	443	728	1082	6617
Normalized Load	173397	159434	140865	99427	65807	42469	35939	37136	51448	83279	116323	157293	1162817
Normalized Average Daily Consumption (Total/365)					3,185.8	C	Mcf/Day		3,320		Dth/Day		
Monthly Base Load (Average of July & August)					36,538	D	Mcf/Month		38,073		Dth/Month		
Daily Base Load				[G/151]	1,209.9	E	Mcf/Day		1,261		Dth/Day		
Normalized Winter Heat Load													
Winter Load (Jan, Feb, Mar, Nov & Dec)					747,312	F	Mcf		778,699		Dth		
Winter Base Load				[D*5]	<u>182,690</u>	G	Mcf		190,363		Dth		
Winter Heat Load				[F-G]	564,622	H	Mcf		583,386		Dth		
Peak Day Requirement													
Winter DD (Jan, Feb, Mar, Nov & Dec)					5,100	I							
Heat				[H/I]	110.7	J	Mcf/DD		115		Dth/DD		
Load/DD													
Extreme Peak Day for DD		74	****		9,402.5	K	Mcf		9,797		Dth		
=													
Supplier DPR		62	****		<u>8,073.9</u>	L	Mcf		8,413		Dth		
Extreme Peak Storage Requirement				[K-L]	<u>1,328.6</u>	M	Mcf	[M*O]	1,384	Q	Dth		
NFGDC Loss Allowance					2.03%	N							
BTU Factor					<u>1.042</u>	O							
City Gate Requirement				[K*O/(1-N)]	<u>10,000</u>	P	Dth	[Q/(1-N)]	1,413	R	Dth		
Load Factor (C/K)					33.9%								
Marketer Peak Day Requirements at City Gate													
Released ESS/EFT						33%	2,834	S	Dth				
EFT - Marketer Provided Capacity						67%	5,753	T	Dth				
					Total EFT	[P-R]	<u>8,587</u>						
Peak Balancing Service						[R]	<u>1,413</u>	U	Dth				
							10,000						
Storage Capacity Assignment Calculation													
MSQ						[S*46.678]	<u>132,285</u>	V	Dth				
MDWQ						[S]	<u>2,834</u>	W	Dth				
MDIQ						[V/170]	778	X	Dth				
Upstream Pipeline Capacity Requirement into NFGSC				Upstream FT MDTQ		[T/9890]	5,817	Y	Dth				

5. Nominating Procedures

GENERAL

Distribution utilizes a pathed nomination model with a central delivery point ("CDP"). Transportation to end-use customers takes place on an Mcf basis. The "Gas In" nomination is used to nominate gas from the NFGSC City Gate or Local Production Pools to the CDP. NFGSC City Gate receipts are nominated on a Dth basis and converted to Mcf using a monthly BTU factor based upon the actual City Gate BTU, lagged by two months. The BTU factors are posted on Distribution's website. A shrinkage factor is also applied to the volumes on the Gas In nomination. Production Pool receipts are nominated in terms of Mcf. A BTU of 1000 is presumed for conversion purposes.

DMT Market Pool Operators and STBA Suppliers do not directly nominate to individual burner tips because a nomination to the aggregation of all burner tips in the pool is implicit within the SC-19 aggregation or SC-13D transportation service. Gas Out nominations can also be used to transfer gas to other market pools (title transfer tracking). As an operational control, at the Timely Nomination cycle market pools may transfer gas to another market pool or from another market pool but not both on the same day. Daisy chain transfers are not permitted. Additionally, while DMT pools may transfer gas to either DMT or STBA pools, they may only receive transfers from other DMT pools.

Marketers and Direct Customers (or their Agents) place nominations utilizing Distribution's internet based Transportation Scheduling System ("TSS"). Distribution provides on-site nominations coverage during Normal Business Hours. Off-site after hours and weekend nomination coverage is also available by leaving a message on the Help Desk phone at (716) 857-7232. The call will be returned by an on-call analyst.

NAESB Standard Timeline

Nomination Timeline (All times listed are Eastern Clock Time)

Timely Nomination

Regular nomination to flow beginning the next Gas Day, placed by 12:30 PM to become effective at 10:00 AM on the next calendar day.

Evening Nomination

Intraday nomination to flow beginning the next Gas Day, placed by 7:00 PM to become effective at 10:00 AM on the next calendar day.

Intraday 1 Nomination

Intraday nomination to adjust flow for the current Gas Day, placed by 11:00 AM to become effective at 6:00 PM on the same calendar day. An Intraday 1 nomination to decrease flow must total at least one-third ($1/3$) of the preceding daily nomination on a contract by contract line item basis. Intraday nominations for lesser quantities will be scheduled accordingly.

Intraday 2 Nomination

Intraday nomination to adjust flow for the current Gas Day, placed by 6:00 PM to become effective at 10:00 PM on the same calendar day. An Intraday 2 nomination to decrease flow must total at least one-half ($1/2$) of the preceding daily nomination on a contract by contract line item basis. Intraday nominations for lesser quantities will be scheduled accordingly.

Note: See the Market Pool Manual on the NFGDC website for Intraday nomination scheduling $1/3$, and $1/2$ rule details.

Distribution accepts intraday Gas In and Gas Out nominations for DMT, SC-16 and STBA pools. Primarily, intraday nominations should be made to reestablish supplies to Distribution pools lost due to

upstream cuts. Nominating parties are reminded that timely nominations on normal business days provide the best opportunity to schedule gas.

6. Balancing & Cash Out Procedures

BURNER TIP IMBALANCES

Imbalances are calculated by subtracting the aggregated burner-tip consumption from the quantity of gas delivered after adjustment for line losses into an aggregation pool during a month. If gas delivered exceeds burner-tip consumption, then a surplus or “Surplus Imbalance” exists. The corresponding imbalance position is “long”. If gas delivered is less than burner-tip consumption, then a deficit or “Deficiency Imbalance” exists. The corresponding imbalance position is “short”.

The Company will resolve month end burner tip imbalances through cash out as set forth in General Information Section 52 of the tariff based upon a pricing mechanism as set forth in General Information Section 51 of the tariff. These tariff sections are summarized below. Limited exceptions to the month end cash out mechanism are as follows:

- where specified in the Company’s tariff
- use of SC-11 pricing to resolve Deficiency Imbalances when the Company issues a Notice of Unauthorized Period
- Company suspension of the cash-out mechanism

In reference to the last exception, the Company does not anticipate that this exception would routinely be implemented, if ever, and would not be undertaken or administered arbitrarily. The Company envisions that a suspension could occur in response to an industry event, man-made or natural, resulting in circumstances under which resolution of imbalances via cash-out would be detrimental to the integrity of the Company’s system. For example, if an earthquake occurred damaging facilities that provide access to gas supply at DTI South Point, the Company might suspend the cash out mechanism if it would help to ensure that other gas supplies are delivered to serve customers. Should the cash out be suspended, the Company will post notice on its web site as soon as practicable and no later than the beginning of imbalance trading and imbalances would be resolved through the rollover mechanism.

CASH OUT INDEX

The Daily Index price for the cash out of imbalances, used primarily for SC-13D service, will be established utilizing “Dominion South Point”, referred to in the SNL Natural Gas Index (“SNL”) as the “Dominion S” plus transportation costs (including upstream fuel shrinkage) to Company’s City Gate. For non-business days when no price is published, the price from another day for which a price was published will be utilized, consistent with industry conventions.

The Average Monthly Index, as applicable to month end imbalances for all transportation services, will be the average of each day’s Daily Index during the month.

CASH OUT PRICING MATRIX

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:

Tier	Transaction	Imbalance Position	Rate
Surplus Pricing Tier 3	Purchase	>20 % long	60 % of Index
Surplus Pricing Tier 2	Purchase	15% to 20 % long	85 % of Index
Surplus Pricing Tier 1	Purchase	5% to 15 % long	90 % of Index
Market Pricing Tier	Purchase or Sale	5 % long to 5% short	100% of Index
Deficiency Pricing Tier 1	Sale	5% to 15% short	110% of Index
Deficiency Pricing Tier 2	Sale	15% to 20% short	115% of Index
Deficiency Pricing Tier 3	Sale	>20% short	140% of Index

The Monthly Index price applicable to cash out activity will be posted on Distribution's web site prior to Imbalance Trading each month.

IMBALANCE RESOLUTION/CASH OUT PROCESS

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. Typically, the STBA Supplier or DMT Market Pool Operator are Imbalances Holders. 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. The process for determining imbalances and cash out responsibility is as follows:

1. Imbalances are calculated for the calendar month just completed at the Market Pool level. Total Monthly Consumption ("TMC"), as measured or estimated is subtracted from the sum of allocated transportation receipt volumes from city gate deliveries, local production pool receipts and local production excess volumes, reduced for shrinkage (allowance for losses incurred in the process of delivery).
 - a. An Imbalance Holder's Initial System Imbalance Volume ("ISIV") imbalance will be computed by summing the imbalances from all the market pools for which it bears imbalance responsibility and assigning the ISIV to a "Zero Pool", e.g. NNFGS00, for imbalance trading and billing purposes.
2. In addition to having an imbalance within the range 5% long to 5% short, an Imbalance Holder may be assigned to the Market Pricing Tier through one of two safe harbors:
 - a. The Company will sum the ISIV and TMC for all Imbalance Holders into system totals. A System Imbalance Position ("SIP") will be computed by dividing the system total ISIV by the system total TMC and converting the quotient into a percentage. If the SIP is within the range 5 % long to 5% short, then all Imbalance Holders will be assigned to the Market Pricing Tier.
 - b. For customer pools where the Company assigns an ADDQ, if the Imbalance Holder's total receipt volumes are within 2% of the total monthly ADDQ for each pool, the Imbalance Holder will be assigned to the Market Pricing Tier. For customer pools where the Company does not assign an ADDQ, the TMC for each customer pool will be substituted for the ADDQ.
3. Absent qualifying under a safe harbor provision, an Imbalance Holder's ISIV will be categorized as follows:
 - a. If the ISIV is greater than zero, then the Imbalance Holder has a Surplus Imbalance with an initial long position.
 - b. If the ISIV is less than zero, then the Imbalance Holder has a Deficiency Imbalance with an initial short position.
 - c. 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.

- d. Based upon its initial system imbalance position, the Imbalance Holder will be assigned to an initial pricing tier.
4. Before the start of imbalance trading, an Imbalance Holder's Pre-Trading System Imbalance Volume ("PSIV") will be calculated by applying prior period adjustments, if any, to its ISIV. The Imbalance Holder's pre-trading imbalance position is calculated by dividing its PSIV by its TMC and converting the quotient into a percentage.
 - a. If the resulting imbalance percentage moves closer to zero, the Imbalance Holder will be assigned to a pre-trading pricing tier based upon the adjusted percentage.
 - b. If the resulting imbalance percentage moves further from zero, the Imbalance Holder will be assigned to a pre-trading pricing tier equal to the initial pricing tier.
 - c. If the direction of imbalance reverses (Surplus Imbalance to Deficiency Imbalance or Deficiency Imbalance to Surplus Imbalance), the pre-trading pricing tier assigned to the Imbalance Holder will be the Market Pricing Tier.

IMBALANCE TRADING

The Company will provide Imbalance Holders with the means to exchange Month End Imbalances. Trading sessions will typically be scheduled to begin on the 10th business day following the end of the month (approximately on the 15th of the month). Morning and afternoon trading sessions will be conducted over a three business day period. Notice of any delay or alteration of the trading schedule will be posted on the Company's web site. Upon request of the Imbalance Holder, the Company will provide other Imbalance Holders with information regarding the Imbalance Holder's imbalance status for the month.

Each trade must improve an Imbalance Holder's imbalance position, i.e. the resulting imbalance volume must be closer to zero. In no event will the Company process trades that worsen an Imbalance Holder's imbalance volume. The Imbalance Holder's post-trading or Final System Imbalance Volume ("FSIV") will be calculated by adding the volumes from its trades to the PSIV.

POST-TRADING RESOLUTION AND APPLICATION OF CASH OUT TIERS

An Imbalance Holder's post-trading imbalance position is calculated by dividing its FSIV by its TMC and converting the quotient into a percentage. The Imbalance Holder's post-trading imbalance position will be used to determine the post-trading imbalance tier for cash out, however, the post-trading imbalance tier will not be worse than pre-trading imbalance tier.

If the volumetric range of the Imbalance Holder's Market Pricing Tier for a month is significantly smaller or otherwise inconsistent with that occurring during the normal course of business, the Company may override the post-trading imbalance tier calculation for that month and assign the Imbalance Holder to the Market Pricing Tier. Examples of such circumstances are:

- a. During the initial month in which an Imbalance Holder has an imbalance resulting from service under an eligible Service Classifications as described above.
- b. During the final month in which an Imbalance Holder has an imbalance resulting from service under an eligible Service Classifications as described above.

Finally, if the absolute value of an Imbalance Holder's FSIV is less than 1000 Mcf, it will be assigned to the Market Pricing Tier.

The Imbalance Holder will be cashed out at the tiers, beginning at the tiers furthest from the Market Pricing Tier until the imbalance volumes within all the tiers are reduced to zero. The Market Pricing Tier will be cashed out after all other tiers have been cashed out.

Cash Out Sales and Cash Out Purchases will be reflected on the next bill issued by the Company to the Imbalance Holder following the conclusion of trading sessions.

Examples showing application of the cash out mechanism to various imbalance scenarios are posted on Distribution's web site under the heading Imbalance Information at:

http://www.natfuel.com/marketers/NY_STBA/STBApage.aspx

IMBALANCE ROLLOVER PROCEDURES

The purpose of this section is to provide certainty in the procedures to apply if the cash-out were suspended, that is, to make clear that imbalances would be resolved through the rollover mechanism if the cash out mechanism were suspended.

In the unlikely event that the Company suspended the cash out mechanism, an Imbalance Rollover process would be applied at the Market pool level. Under this methodology, any deficiency or surplus is applied to the second month after the imbalance occurs, as operating conditions permit, as an addition to, or deduction from, the ADDQs calculated for that month. In practice, this has meant that January imbalances, for example, are applied to March ADDQs.

Circumstances might exist where Distribution elects to defer adjusting ADDQs. Operating conditions under which Distribution may elect to not adjust ADDQs to address rollover imbalances would include those that resulted in ADDQs inconsistent with underlying market demand. Distribution would post notice of such an election on its web site.

For example, a negative imbalance from March would usually be resolved by increasing Supplier ADDQs for May. If it is determined that the magnitude of the ADDQ increase would result in ADDQs larger than system operations could accommodate, Distribution might suspend the ADDQ increase for any portion of a month, e.g. a day(s), a weekend(s) or the entire month, until a month during which system operations permitted cancellation of the suspension. During the suspension, the rollover imbalance would continue to grow or shrink in accordance with the usual variances between ADDQs and actual customer demand. Suppliers could also request cash out of their imbalance when the suspension of the cash out mechanism is concluded.

CITY GATE IMBALANCES

Suppliers must deliver or cause to be delivered at the City Gate the ADDQ on each day of the month, within a tolerance band. A City Gate Imbalance exists to the extent actual City Gate deliveries differ from the ADDQ. When a City Gate Deficiency Imbalance exceeds the tolerance, an SC-11 sale will be made to adjust deliveries to be within tolerance.

7. Reconciliation/True-Ups

Any Reconciliation/True-Up rights are identified within the immediately preceding section.

8. Standby Services

SC-11: DEFICIENCY IMBALANCE SALES SERVICE FOR TRANSPORTATION CUSTOMERS

This service is applicable to all transportation service customers. SC-11 service provides for the interruptible sale of Distribution-owned gas to transportation customers to cover deficiency imbalances on an as-needed

basis. Interruptible service is available only to the extent that sales service to firm sales customers is not jeopardized. The rates charged under this schedule are in addition to the charges for Transportation Service.

Authorized Periods:

Above an initial 0 – 2% tier, the deficiency imbalance sales rate is 110% of the Total Gas Cost Rate in the months of April through October (non-winter period) for the month (including GAC). During November through March (winter period), the deficiency imbalance sales rate is 125% of the Total Gas Cost Rate for the month (including GAC). The table below summarizes:

0-2% (of actual consumption)	Total Gas Cost Rate (Equivalent to Distribution's Weighted Average Cost of Gas)
Above 2% (Nov. – Mar.)	125% of Total Gas Cost Rate (SC 11)
Above 2% (Apr. – Oct.)	110% of Total Gas Cost Rate (SC 11)

Unauthorized Periods:

The deficiency imbalance sales rate is 110% of the Total Gas Cost Rate in the months of April through October (non-winter period) for the month (including GAC) plus \$7.00 per Mcf. The deficiency imbalance sales rate is 125% of the per Mcf Gas Cost Rate during November through March (winter period), for the month (including GAC) plus \$7.00 per Mcf. The \$7.00 per Mcf additional charge shall be applied to deficiency imbalance volumes. During Unauthorized Periods on days when the Daily Index exceeds the Total Gas Cost Rate for the month, the deficiency imbalance sales rate shall be calculated using the Daily Index in place of the Total Gas Cost Rate.

Distribution will provide notice of an Unauthorized Period in the same manner as is provided for System Alerts and Operational Flow Orders (see Section G).

Additional Stipulations

- * Subject to all applicable local, state, and federal taxes.
- * Deficiency Imbalance shall be authorized unless Distribution issues a Notice of Unauthorized Period.

SC-12: STANDBY SALES SERVICE FOR TRANSPORTATION CUSTOMERS

This service is applicable to all Transportation Service Customers who have entered into Standby Sales Service Agreements with the Company, mandatory for customers heating any building solely by gas where persons reside. Sales service to transportation customers reserving a nomination amount of gas to cover deficiency imbalances. While SC-12 is a firm service, it is subject to curtailment. To qualify, a transportation customer must have entered into a Standby Sales Contract with Distribution. The rates charged under this schedule are in addition to the charges for Transportation Service.

Rate Components:

- * Monthly Standby Demand Charge (SB-DC) which is 125% of the per Mcf Demand Gas Cost Rate for the month.
- * Monthly Standby Commodity Charge (SB-CC) which is 125% of the per Mcf Commodity Gas Cost Rate for the month (including GAC).

SB-DC and SB-CC are applied for all customers taking service under this rate schedule and may be lowered or raised through negotiation and mutual agreement between Distribution and the customer.

Additional Stipulations:

- * Subject to all applicable local, state, and federal taxes.
- * The initial term of this Service Agreement shall be one year and will be automatically renewed for successive one-year terms unless the customer or Distribution terminates the Service Agreement by written notice more than 60 days prior to the end of the term.

SC-14: SALES SERVICE FOR TRANSPORTATION CUSTOMERS

This service is applicable to all transportation service customers who have entered into Sales Service Agreements with the Company. The service is an unbundled sale of Distribution-owned gas to customer nominating for monthly usage. To qualify, a transportation customer must have a Sales Service Contract with Distribution. The rates charged under this Schedule are in addition to the charges for Transportation Service.

Rate Components: The maximum default Sales Service Rate (SSR) consumed during the month shall be as listed below:

For Sales Service in the months of April through November (non-winter period) 110% of the per Mcf Gas Cost Rate (including GAC)

For Sales Service in the months of November through March (winter period) 125% of the per Mcf Gas Cost Rate for the month for the month (including GAC)

Distribution and the customer may negotiate a lower SSR than listed above with individual customers or flexibly price to meet the needs of specific customer classes (e.g., #6 oil boiler customers).

Additional Stipulations:

- * Service is firm or interruptible as specified by the contract.
- * Subject to all applicable local, state, and federal taxes.

9. Storage Peaking Services

a. Supplier Storage Transfers and Monitoring

STBA Suppliers receive storage capacity as a part of their intermediate capacity requirement and/or as a part of their MUTC requirement as well. Please refer to Section D.4 for a further explanation.

Suppliers will be required to follow a schedule set out by Distribution such that the particular storage levels are obtained throughout the year, to assure the Supplier's STBA customers' needs are met by the Supplier. Suppliers must meet end-of-month ("EOM") minimum storage inventory levels as specified in the table below:

Month	EOM Minimum Level %	Month	EOM Minimum Level %
April	No Minimum	October	95.0 %
May	12.0 %	November	90.0 %
June	29.0 %	December	75.0 %
July	46.0 %	January	50.0 %
August	63.0 %	February	28.0 %
September	80.0 %	March	No Minimum

When a Supplier elects to utilize an Upstream Agent to manage its storage capacity, the Supplier remains ultimately responsible for meeting storage levels described herein and in the tariff. For example, when an Upstream Agent fails to meet an EOM percentage level, it is as if the Supplier itself failed to meet the requirement.

Where other storage (e.g. FSS) capacity is substituted for ESS capacity, corresponding inventory percentages will be computed (and communicated to the Supplier) equating to the deliverability of the replaced ESS capacity.

When a Supplier fails to meet an EOM percentage level, Distribution will notify the Supplier who shall correct the resulting inventory deficiency by cash out purchase from the Company as set forth in Distribution's tariff, except as provided below. The first 2% of inventory deficiency will be priced at the Market Pricing Tier. Any remaining inventory deficiency will be priced at the higher of the Deficiency Pricing Tier 3 or the SC 11 Rate. Additionally, if operating conditions permit, Distribution may waive the cash out for inventory deficiencies under 2%, except if the Supplier inventory deficiencies are under 2% during two consecutive months. In the latter case, the current month's deficiency will be resolved via cash out as described above. When a Supplier is more than 2% deficient, or deficient during any two consecutive months, the Company will report a Supplier's deficiency to Commission Staff and the Supplier. If a Supplier does not agree with the storage inventory statement and/or believes that a pending adjustment will result in an inventory that equals or exceeds the EOM percentage level, the Supplier should submit a request to defer cash out via email to TSSsupport@natfuel.com. Distribution will review the claim and notify the Supplier if, or how much, corrective action is still required.

If after five (5) days the Supplier fails to resolve the EOM inventory deficiency by not accepting the storage inventory transfer, Supplier's STBA Agreement shall be in default and the Supplier may be subject to the involuntary discontinuance of service procedures under the UBPs.

In addition, Distribution shall have the right to terminate service to any Supplier that fails to meet its EOM percentage level more than twice during the previous 12-month period. Upon termination, the Supplier shall be prohibited from receiving service under STBA service for a period of three (3) months.

While there are no specific EOM storage inventory requirements for March 31 or April 30, Suppliers need to work with the service design and NFGSC tariff requirements to ensure that they are able to meet the requirements in subsequent non-heating season months.

By accepting release of storage capacity for STBA service, Suppliers grant Distribution the permission necessary to allow Distribution to obtain access to the Supplier's storage balance information for inventory transfer and monitoring purposes described above, including cases where the Supplier utilizes an Upstream Agent.

b. Storage Inventory Transfer Rates

Distribution will utilize a "Base Storage Transfer Rate" for calculating the price of all gas in storage transferred to Suppliers. The Base Storage Transfer Rate will equal the weighted average commodity cost of gas injected into storage during the injection months (April through October). For example, for storage gas supplies transferred during the month of May, the Base Storage Transfer Rate will equal the commodity cost of gas injected into storage during the month of April. For storage gas supplies transferred in the month of October, the Base Storage Transfer Rate will equal the average commodity cost of gas injected into storage during the months of April through September. During the withdrawal months (November through April), the Base Storage Transfer Rate will equal the commodity cost of gas injected into storage during the injection months (April through October).

Storage Gas Transfer Rate shall be the sum of (1) the Base Storage Transfer Rate, plus (2) the Demand Transfer Recovery Rate ("DTR rate"). The DTR rate shall equal the per Mcf System Average Unrecovered Demand Charge revenue beginning in the month of April through the initial month that storage capacity is

released to the Supplier. The System Average Unrecovered Demand Charge Revenue shall equal the sum of the differences between the average demand charge revenues and the average fixed demand costs beginning the month of April through the initial month that storage capacity is released to the Supplier. The DTR rate shall be filed with the Commission not less than three (3) business days prior to the beginning of the month for which the rate shall be in effect. All revenues received from such gas transfers shall be credited to the gas adjustment under Tariff General Information Section 19.f. (1). When, in the sole judgment of Distribution, operational conditions do not warrant transfers of storage gas, notice shall be issued on the Distribution website or other media advising Suppliers of a temporary suspension in storage release services. Storage inventory transfer rates are posted on Distribution's website.

c. Storage Capacity Assignment Quantities

Assignment of ESS Storage Capacity

The assignment is based upon the capacity requirements for the Aggregation Group each month during the year.

Additional Assignment of ESS Storage Capacity

If additional Customers join a Supplier's Aggregation Group, or if the usage history of the existing customers increases, Distribution will release additional capacity as required. The incremental capacity is assigned at the SOM during which the Supplier will begin to serve the customer. Suppliers receive the capacity together with associated storage gas inventory when they enroll customers through a mandatory transfer and purchase of gas in storage from Distribution. The quantity of gas transferred will be calculated using the transfer percentage for the month in which the capacity allocation increases. Suppliers will not have an option to purchase additional inventory from Distribution beyond what is initially transferred to Suppliers from Distribution.

Where Storage inventory will be transferred, as a percentage of the additional released capacity, as follows:

SOM Capacity Transfer	Transfer Percentage	SOM Capacity Transfer	Transfer Percentage
April	0.0 %	October	80.0 %
May	0.0 %	November	95.0 %
June	12.0 %	December	90.0 %
July	29.0 %	January	75.0 %
August	46.0 %	February	50.0 %
September	63.0 %	March	28.0 %

In addition, the Supplier will be required to pay Distribution for storage gas transferred and all taxes and pipeline fees associated with moving or transferring the storage gas to the Supplier. Distribution will inform the Marketer/capacity holder of the transfer requirements approximately ten days before the beginning of the month and will make best efforts to coordinate transfers taking place on the first of the month.

Return of Storage Capacity

When a Supplier returns customers to Distribution or loses customers to another Supplier or if the usage history of the existing customers decreases, the original Supplier will return the associated storage capacity to Distribution. Except by mutual agreement between the Supplier and the Company, the Supplier will sell, and

Distribution will purchase at the Base Storage Transfer Rate, storage inventory in proportion to the reduction in capacity. Distribution's default position is that it will not require Suppliers to sell inventory except for situations where the Supplier's STBA Agreement is being canceled or terminated. In effect, unless the Supplier wishes to sell the inventory associated with the return of storage capacity, such inventory will remain with the Supplier. When Distribution determines that it will require Suppliers to sell inventory, it will post notice on its web site prior to the beginning of the Return Month. The amount of inventory returned, shown in the table below, is based upon the following Start-of Month percentages for the months during which customers are returned.

Return Month	Inventory Return Requirement	Return Month	Inventory Return Requirement
April	0.0 %	October	80.0 %
May	0.0 %	November	95.0 %
June	12.0 %	December	90.0 %
July	29.0 %	January	75.0 %
August	46.0 %	February	50.0 %
September	63.0 %	March	28.0 %

Distribution presumes that Suppliers prefer to either retain their inventory or transfer gas to third parties. If a Supplier does want the Company to purchase storage gas, a request must be submitted via email to the following email addresses: WolfordD@natfuel.com, MaciokJ@natfuel.com, TSSsupport@natfuel.com. Such requests should be submitted at least two (2) business days prior to the start of the month. The inventory transfer must be completed within the first week of the month. The Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to Distribution.

Return of Storage Capacity upon STBA Agreement Cancellation or Termination

If a Supplier's STBA Agreement is canceled or terminated, Distribution will recall ESS storage capacity that has been released to the Supplier. Distribution will purchase the remaining storage gas at the Base Storage Transfer Rate. The Supplier will authorize Distribution to act on Supplier's behalf so that confirmation of nominations can take place to effect to return of storage gas. Such authorization includes nominations placed by Distribution on Supplier's behalf when the Supplier fails to place the applicable nominations itself. The Supplier shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to Distribution.

d. Storage Transfer Nominations

When the Supplier transfers gas to or from Distribution, the Transportation Services Department will contact the Supplier to facilitate nomination of the storage transfer within NFGSC. Suppliers must submit corresponding nominations and/or confirmations to NFGSC to effectuate the transfer. When Suppliers nominate storage transfers that do not involve Distribution, they should deal directly with NFGSC.

e. Storage Injection/Upstream Capacity Considerations

Some storage fields used to provide ESS can only be filled via deliveries at specific interconnects from Tennessee into NFGSC. In addition to meeting specific monthly inventory targets, Suppliers with Tennessee capacity need to nominate deliveries such that gas is injected into NFGSC's fields as described in Section 6.4 of the EFT Rate Schedule of NFGSC's FERC Gas Tariff.

During injection months (April through October), Distribution may issue a Storage Injection System Alert ("SISA") to provide nomination instructions for Suppliers with MUTC and/or GUTC with Tennessee Zone 4 and/or Zone 5 delivery points to NFGSC. Based upon NFGSC storage inventory location and status,

these instructions will require Suppliers to provide varying percentages of deliveries for ESS injections from Tennessee Zone 4 (for Hebron Storage) and/or Zone 5 (for Colden, Nashville, Perrysburg and Sheridan Storages). SISA will be communicated consistent with the procedures for System Alerts (see infra Section H.3), however, the standing condition (reason) is to direct storage injections such that storage operations are reliable, particularly during withdrawal months (November through March).

Nomination instructions provided through a SISA are in addition to ADDQ requirements at the city gate and may result in Supplier inventory levels in excess of the EOM inventory targets described above. Suppliers are hereby advised to manage storage levels such that sufficient ESS injection rights are available throughout the injection months.

By a Supplier's acceptance of a capacity release of MUTC or by Distribution's acceptance of a Supplier's GUTC with Tennessee Zone 4 and/or Zone 5 delivery points to NFGSC, Suppliers grant Distribution agency rights to access to Supplier's nomination and allocation information for deliveries of gas into NFGSC from Tennessee, from both pipelines, for monitoring purposes as described above.

10. Meter Reading

Most residential meters and many commercial meters are read every other month. Alternate month bills are based on estimated readings. A schedule identifying the calendar dates upon which meter cycles are read is posted on the website.

11. Summary of Applicable Fees, Charges and Penalties

Applicable Rates:

- Transportation charges, under the ESCO single bill option, are billed to the Supplier. Otherwise, bills are sent to the customer. See infra Section E for a schedule of SC-13M transportation rates.
- OFO related charges are billed to the Supplier.
- Charges for deliveries outside of ADDQ tolerance ranges are billed to the Supplier.
- When Distribution provides a billing service, the Supplier will be invoiced for balancing and capacity charges.
- Upstream Capacity: Surcharges/Credits for upstream capacity, as applicable, will be invoiced to the Supplier.
- STBA Delivery Charge: Each Mcf of net surplus imbalance gas exceeding the surplus imbalance tolerance level will be charged the STBA Delivery Charge at the time of delivery.

Additional Charge Information:

- All imbalances for the customers within each Supplier STBA Group will be netted against each other and combined into a single imbalance.
- Under the ESCO single bill option, all transportation-related charges and any STBA imbalance incurred under each STBA Service Agreement are compiled and billed to the STBA by Distribution.
- Daily deliveries by the Supplier must be within a 5% tolerance band of the ADDQ of all the customers in the STBA Group. During an OFO period, the tolerance band is 2%.

- STBA city gate imbalances resulting in a net deficiency of volumes of gas by a STBA Group during the month will be charged under the Standby Sales Service (SC-12) Rate Schedule up to their contracted level for Suppliers entered into a Standby Service Agreement, and under the Deficiency Imbalance Sales Service (SC-11) Rate Schedule for Suppliers not entered into a Standby Sales Service Agreement.
- A Supplier may exchange a surplus imbalance due under its STBA Service Agreement with a deficiency imbalance due from one or more Suppliers under another STBA Service Agreement or with one or more DMT Aggregators (month-end imbalances for daily transportation services) or non-aggregated SC-16 Customers upon notification of exchange before the STBA imbalance resolution due dates.
- Upon request of the Supplier, Distribution will provide other Aggregators and Suppliers with information regarding the Supplier's imbalance status for the month.
- Distribution can terminate service to an STBA Supplier that fails to deliver at least 95% of the Group's ADDQ for any three days or delivers zero one day during a single month.

12. Termination of Transportation Service

SUPPLIER TRANSPORTATION, BALANCING & AGGREGATION

The UBPs must be followed to discontinue this service. In addition, the following also apply:

- Default by Supplier of any terms or conditions contained in the SC-19 Service Agreement;
- By mutual agreement of Distribution and Supplier;
- At the discretion of Distribution to the extent necessary to preserve system operational integrity;
- Pursuant to an order of the Commission; and
- Upon 30 day written notice to Distribution, per SC-19 Service Agreement.

INACTIVE STBA CLOSURE

An STBA pool becomes "inactive" when all customers have been removed from the group. An STBA pool can become inactive for a number of reasons that may or may not result from termination of a Marketer's STBA. A marketer may continue to operate on the system, but may choose to "inactivate" one or more of its STBA pools while continuing to operate at least one of their other pools. It is also possible that a marketer would no longer be operating on the system at all, i.e. they would have NO active pools. This situation could arise from the voluntary decision of the marketer, or from other factors (bankruptcy, discontinuance proceedings, etc.).

Since ongoing end user adjustments (e.g. consumption adjustments) can occur for six years, an inactive pool could have end user adjustment transactions impacting its imbalance volume for up to six years from the date the pool became inactive. Procedures set forth below help to ensure that "inactive" pool imbalances are properly accounted for. It should be noted that the majority of the adjustments on these accounts generally occur within the first few months after the pool becomes inactive.

INACTIVE STBA CLOSURE METHODOLOGY

- An STBA will be considered to be "inactive" for the first month that all customers have been removed from the STBA group.
- Upon becoming inactive, all current and prior period imbalances as detailed on the TSS Group Imbalance Summary Listing (GISL) will be combined into a cumulative, single month imbalance.
- Prior period end use adjustments will flow into current month processing.

- The marketer will continue to have the right to trade and/or nominate their monthly imbalance during the entire six-year period following the inactivation of their pool.
- The marketer will need to continue to maintain their TSS rights if they want to avail themselves of their right to trade and/or nominate imbalances. Marketers should contact the Transportation Services Department at (716) 857-7232 with any questions regarding TSS access rights.
- Distribution will automatically cash out any post trade/post nominated surplus or deficiency imbalance on each “inactive” STBA pool beginning with the first monthly processing after the pool becomes inactive regardless of whether Distribution is accepting cash out requests.
- In any month where Distribution cashes out the imbalance by selling gas, a bill will be generated for those and any other charges. The bill will be sent to the last known address and normal collection procedures will be utilized.
- In those months where Distribution cashes out the imbalance by purchasing gas, a check will be generated and mailed to the last known address.
- Reactivation of an inactive STBA group will be allowed.

13. Billing

Customers have the right, exercised through Marketer service offerings to receive a single bill for monthly service from either the Marketer or the Utility. Additionally, a customer has a dual-bill option, i.e. to receive a bill for commodity service from the Marketer and a bill for delivery service from the Utility. EDI transactions are used by Marketers to identify the mode of customer billing. When EDI is used to enroll customers who do not receive service at ceiling rates, the EDI system may issue a rejection response. In these cases, the Marketer should contact Transportation Services to resolve customer billing disposition.

a. Marketer Combined Bill

Under Distribution’s tariff, the default billing method for customers transporting at ceiling rates² is the Single Retailer Model, where the marketer provides the consolidated retail billing to the customers. Because customers should contact Distribution for non-billing matters, this is not full Single Retailer Model implementation. Nevertheless, customers should direct billing inquiries to their Supplier. Transaction protocols for marketer single retailer billing are posted on Distribution’s web site and are included in the Appendices of the GTOP.

Distribution issues an invoice to the Supplier on, or about, the fifth (5th) business day of each month. The Supplier is billed for the transportation charges and the capacity charges for all customers in their group(s), as applicable. The customer transportation charges invoiced to the Supplier are calculated using a Calendar Month Estimate (“CME”) of the prior month’s consumption. Suppliers are provided with consumption data, as applicable, on the meter read cycles. Supplier and Direct Customer questions concerning this invoice should direct their questions to TSD Billing at (716) 857-7432, TSD-Billing@natfuel.com.

b. Utility Combined Bill

Distribution offers a “rate ready” billing service option, which includes a Company Purchase of Receivables (“POR”) for billing amounts due to Marketer from Customers, to all approved STBA Marketers on Distribution’s system as a means of providing a Utility Combined Bill. The POR feature is limited to accounts with consumption less than 25,000 Mcf/year. This billing service is often referred to as ‘Choice Billing’. Those selecting this option must execute a Consolidated Billing Service (“CBS”) Billing Services Agreement (“BSA”). The provisions of the BSA have been established through prior procedures and may be

² Customers transporting at non-ceiling rates may be limited to dual-bill or Utility Combined options.

changed prospectively. A standard form BSA, which is presented in the GTOP Appendices as a courtesy, contains the full details of the POR program.

Requests for initiating a CBS Service Agreement should be directed to Beverly Hogan at (716) 857-7950 or via email: HoganB@natfuel.com. This agreement may be part of the initial start up package or may be selected any time the STBA Marketer is operating on Distribution's system. Active marketers electing to participate in this service will have accounts moved into new groups by billing cycle. Moving accounts to billing service groups identifies accounts that link to Marketer provided data necessary for Distribution to provide the billing service. Each participating Marketer provides Distribution with specific data necessary to bill on behalf of the marketer. The Marketer has the option of having their logo appear on the "Marketer portion" of the bill. The Marketer logo must be submitted in 300 dpi or higher, black and white or 16 color gray scale and be a non-web graphic.

CBS is not intended to be a full-blown billing and accounting service but it does include the following features:

- Specified Rate for the Commodity (Rate times Volume)
- Specified percent off NFGDC total bundled bill
- Specified percent off NFGDC commodity
- Budget Plan, including monthly payment amount and year-to-date totals
- For non-POR accounts, a percentage based late payment charge, otherwise the late payment charge is set at 1.5% monthly.
- Supplier name, address, phone number(s), website, logo and up to 480 character bill message
- For non-POR accounts, payment (remittance) processing for Distribution and the Supplier
 - Wire transfers move money collected by Distribution for the Supplier to the Supplier's bank daily or as needed, based on customer payments.
- Customer payments are distributed between Distribution and the Supplier otherwise Distribution retains all customer payments.
- Company will remit payment twenty-three (23) days (plus two (2) business days for processing) following the Billing Date (or the next following business day if the 23rd day falls on a bank holiday or a Company holiday) of all Marketer charges billed to Customers in the previous month.
- Wire transfers move money collected by Distribution for the Supplier to the Supplier's bank daily.

Structured ASCII files are available to transfer information through Distribution's website to accommodate:

- Supplier additions and deletions of customers
- Miscellaneous data changes
- Billing and payment information

Suppliers utilizing CBS must have their own accounting system to fully process the data contained within the files. These files should be downloaded from Distribution's website daily and entered into Supplier systems so that in-house tracking of revenues and receivables can take place. Suppliers are responsible for reporting and paying all taxes associated with their bills.

It is recommended that Suppliers provide their rates to Distribution at least four (4) business days prior to the rate's effective date in order to ensure that the effective date can be honored. Rates received after this date but prior to preparation of the bill will be accepted on a "best efforts/first-come, first-served" basis. It is most unlikely that rates submitted after the close of business on the last business day prior to the 1st day of the month will be effective on the 1st day of the month. Rate submissions after the morning of the last business day are only slightly more advantaged, particularly when the 1st calendar day of the month falls on a weekend or if timing of a holiday period results in an extended period of non-business days at the end of a calendar month.

Some Suppliers use Distribution's Statement of Monthly Gas Supply Charge filing as a benchmark for setting their rates. Distribution's billing system provides the option of Supplier billing rates that are based upon a

percentage of the Distribution rates, e.g. 99%. Suppliers that use the percentage feature do not need to change their rates each month unless they wish to change the percentage.

For those Suppliers that add or subtract a monetary amount to Distribution's rate, it is best to submit rates as soon as they become available on the Commission's web site to secure the most advantageous position in the "best-efforts/first-come, first served" queue. Generally Distribution submits its filing as soon as the third business day prior to the 1st of the month, but is unable to guarantee this timing. Distribution, as explained in the tariff, is required to submit its filing to the Commission not less than three calendar (3) days prior to any change in the Monthly Gas Supply Charge and the Delivery Adjustment Charge, e.g. not less than three calendar (3) days prior to the 1st day of the following month. This timing falls within the natural gas industry's "bid week" which is critical in terms of the price discovery necessary to develop rates for the upcoming month.

Further, Distribution has the discretion to file a revised Monthly Gas Supply Charge Statement within five (5) calendar days of the first of the month of the initial filed Monthly Gas Supply Charge Statement when the replacement of estimated prices with actual prices results in a change in gas cost of more than 5%.

Instructions on how to access Distribution's filing from the Commission's web site are accessible from the Information For New York STBA Marketers/Suppliers web page at:

http://nationalfuelgas.com/marketers/NY_STBA/STBApage.aspx

Note that there is a lag between submission of the filing and availability from the Commission's website. Suppliers relying upon this filing are advised to start checking for the filing as soon as the third business day prior to the 1st of the month and submitting their rates as soon as possible. Keep in mind that while Suppliers have discretion to develop their rates in a manner of their own choosing, the timing of Distribution's filing is within the above-mentioned four (4) business days window and as described above, there is a chance and eventually likelihood that Suppliers pricing their rates as an offset to Distribution's rates will not see their rates go into effect for the 1st of the month.

Rates can be prorated across billing cycles if requested by the Supplier. There is no provision to change a rate once a bill has been issued. Without instructions otherwise, rates (or percentage instructions) remain unchanged from month to month.

All rates (including DSS Choice Billing) should be submitted to Transportation Service via email to TSD-Notify@natfuel.com. The rates must be submitted as an Excel workbook attachment to the email. The format for the workbook consists of eight columns with a header row consisting of eight columns. In addition to the header row, a row should be provided for each Rate Code for which a rate change is being submitted. An example is shown below:

Marketer ID	Rate Effective Date	Rate Code	Rate (\$ per ccf)	Prorate?	Commodity Discount	Total Bill Discount	Zero Percent Indic
999999	11/28/2012	1A	0.987654	Y			

Alternatively, a sample file may be obtained by contacting Transportation Services.

The subject line of the e-mail should be "Marketer Rate Change Request for" followed by the name of the Supplier. A confirmation of the rate change request will be sent via email within 2-3 hours (during the business day) to the sender and all cc's on the request. If such confirmation is not received, it is advised to contact Transportation Services to verify the request was received for processing.

A report of the rate changes processed will be available as report M2 – Marketer Rate Change Verification Report in the secured section of Distribution's website:

<http://nationalfuelgas.com/marketers/scripts/contents.asp>

The report will be available each business day by approximately 12:15 PM and will list all of the rates that were entered that day. It is the Supplier's responsibility to verify that its rate changes have been entered correctly. Since it is not possible to change rates retroactively, it is critical to be sure rates are correct prior to billing. Any corrections must be made by 4:00 PM on the effective date - notify Transportation Services immediately by email and/or phone if any corrections are necessary. Be sure to get confirmation that the corrections have been processed.

Note: To avoid potential confusion, if a rate is not changing, do not submit the same rate with a new effective date. Submitted rate changes where the rate does not actually change cannot be processed and therefore will not appear on the rate change verification report.

In emergency cases when email is not available, rates may be faxed to (716) 857-7479. Questions concerning Distribution's Billing Service may be addressed by contacting TSD Billing at (716) 857-7432. The Transportation Services Department is responsible for Supplier relations, including contracts, training and dispute resolution (billing issues).

c. Customer Deposits

Pursuant to the Commission Order Concerning ESCO Deposits and Prepayments, issued and effective May 9, 2002 in Case 00-M-0504, Suppliers must provide evidence of Creditworthiness to Distribution before requesting deposits or prepayments from their customers. Suppliers requesting such authority should contact the Transportation Services Department.

As a precondition, Suppliers must provide Distribution with affidavits or statements by an officer or other authorized employee of the Supplier stating whether all forms of contract for service to Customers include prepayment or deposit provisions. A suggested form of Affidavit is included in the Appendices hereto.

Before requesting deposits or prepayments, Suppliers must demonstrate a minimum bond rating as specified in the Creditworthiness Section of the Commission's UBPs. Absent meeting this requirement, Suppliers may request deposits if they maintain Escrow Account(s) or provide a letter of credit equal to the amount of deposits for each customer. The Supplier must provide proof that it maintains sufficient escrows or possesses letters of credit from institutions with a minimum "A" credit rating on a monthly basis.

d. Payment Processing and Remittance

Unless otherwise mutually agreed to in a BSA, payment for all Supplier Transportation, Balancing and Aggregation ("STBA") invoices must be paid by wire transfer. Please note the following information is required to make the wire transfer. Payment is to be made to: *National Fuel Gas Distribution Corporation*; forwarded to: JP Morgan Chase; account number: 226 101 4886; ABA number 021 000 021. Your aggregator identification number must be included on the wire transfer to ensure that your payment is credited to the correct account. The correct format is: Agg # 0009999. Distribution is not obligated to accept and post payments tendered in an incorrect format or with incomplete/incorrect instructions.

Please contact Cash Management at (716) 857-6859 with any questions regarding this procedure.

e. Application of Sales Tax

Overview

On bills prepared by National Fuel, the sales tax billed a Customer depends upon the customer type (residential versus non-residential); the customer's physical location (county code, town code, school district); any % reductions for partial residential usage; any "manufacturing" exemptions or other exemptions; and the effective state, county, city, and school district rates (as compiled in Publications 718 and 718-R). Based on the NY State Tax Law, each party is individually responsible for collecting the proper tax from their customers. At the time of customer enrollment, National Fuel provides information describing the sales tax

effect of exemptions and/or certifications, if any, it uses for billing. This information includes data related to the billing of sales tax, e.g. sales tax jurisdictions applicable to the account, associated sales tax rates, customer classification, etc.

New York State Department of Taxation & Finance (DTF) Information

A tool to assist Marketers in calculating the applicable sales tax rates, the DTF provides a web site at which a street address can be entered to find the sales tax jurisdiction(s), current jurisdiction code and tax rate on transactions involving sales or purchases of utilities or utility services. The URL for the Sales Tax on Utilities Jurisdiction and Rate Lookup is:

<http://www8.tax.ny.gov/JRLA/jrlaStart>

The DTF's web site does not have information indicating whether a location is residential or non-residential so it provides results for both outcomes. Additionally, the web site does not indicate if there are any Exemptions in place for the Customer, i.e. whether a DTF-385, ST-121 or other form of exemption is present.

In conjunction with Customer information provided by National Fuel (described above), Marketers can use the DTF web site to verify the sales tax rate that should be applied on the Customer's bill.

National Fuel Provided Information

Customer specific exemption information is made available to Marketers as a Secured Transaction (password required) within the Supplier / Customer Download Files, specifically within J0 - Aggregation Group Assignments file. The file contents are based upon information made available to the National Fuel for billing purposes and were possibly provided by the Customer's previous Marketer. The file contents are provided on an "as is" basis and do not necessarily reflect the information National Fuel would apply if it were providing gas commodity service to the Customer. Additionally, sales tax tables identifying codes and rates applicable to the Customer accounts identified in the Aggregation Group Assignments file are provided within the General Information Files. Use of this data is governed by the tariff and the Billing Services Agreement between National Fuel and the Marketer.

A value of 1.000 indicates that a Customer is exempt from sales tax at a given jurisdictional level (state, county, town and/or school district). A value of 0.625 in a county sales tax exemption field, for example, would mean that National Fuel's records indicate the Customer should only be billed at 37.5% of the applicable county sales tax rate. If the Customer is located at an address where the school district assesses a sales tax, the code applicable to the district will be present (otherwise the field will be empty).

Marketers should be advised that National Fuel's customer-specific exemptions are not transferrable. The Marketer is responsible for obtaining its own exemption documentation from the Customer. Marketers do not need to obtain customer level exemption documentation for class-specific exemptions, i.e. the residential exemption from state sales tax.

Customer Classification

A Customer's service classification is used determine the Rate Schedules under which a customer may receive sales and/or transportation service. In addition to the determining which rates are billed, the service classification impacts the application of sales tax. Should a Customer or Supplier believe the account is improper, the Customer may submit a request for reclassification as described in GTOP Section B.4.c.

Sales Tax Change Request Form

A Marketer can request that National Fuel change the sales tax amount applied to a Marketer's commodity charges by submitting a Commodity Sales Tax Change Request form (PDF file format*)
National Fuel reserves the right to seek documentation to support the requested change from the Marketer and/or Customer.

Questions

Questions concerning application of Sales Tax and/or submission of Reclassification Certifications should be directed to Transportation Services at (716) 857-7432 or by email: TSD-Billing@natfuel.com

E. GAS DELIVERY MANAGEMENT PROCEDURE FOR LARGER COMMERCIAL AND INDUSTRIAL CUSTOMERS, FIRM AND INTERRUPTIBLE

GENERAL

For larger customers who receive aggregation service under SC-19, the same procedures that apply to residential and small commercial customers, as explained in Section D apply. Whether or not SC-19 service is engaged, the rates applied to larger customers are generally the SC-13 Rate Schedules. The SC-13 rates include both a Minimum Charge ("MC") and a Transportation Charge ("TC"):

Class	Volume Mcf/year	SC-13M MC \$/Month	SC-13M TC \$/Mcf	SC-13D MC \$/Month	SC-13D TC \$/Mcf	Notes
1.1	5,000 - 24,999	322.45	1.49316	322.45	1.32630	
2.0	25,000 - 54,999	715.88	1.07791	715.88	0.91105	
3.0	55,000 - 149,999	1,729.43	0.77199	1,729.43	0.60513	
4.0	>= 150,000	3,827.22	0.29739	3,827.22	0.27684	Industrial
4.1	>= 150,000	3,827.28	0.52969	3,827.28	0.36283	Non-Industrial

The MC includes the first Mcf of gas transported. Rates contained within the GTOP are illustrative only. The current rates applicable to these services are posted on Distribution's website at:

<http://www.nationalfuelgas.com/marketers/nyrates/nyrates.aspx>

SC-13M - MONTHLY METERED TRANSPORTATION (MMT) SERVICE

This service is available to a single customer account that has totally revoked status as a firm sales customer under SC-1 or SC-3. For Customers who are taking service at ceiling rates and are enrolled consistent with the UBP Appendix No. 2, Section 5.D in a Supplier's STBA (i.e. EDI enrollment), the enrollment will be accepted in lieu of a TSA. Direct Customers also receive a TSA waiver because they act as their own Supplier and effectively enroll their own accounts when they enter into an STBA agreement. Customers receiving service at non-ceiling rates must enter into a TSA with the Company. A standard form TSA is included in the Appendices hereto.

Qualifying Requirements:

- * Customer arranges to deliver volumes of gas on a firm basis into Distribution's system, except if they have installed the necessary equipment, which allows Distribution to monitor the customer's daily usage of gas.
- * Customers with annual consumption exceeding 55,000 Mcf under a single account must install the necessary equipment allowing Distribution to monitor customer's daily usage of gas as a condition of service.
- * Any customer heating any building solely by gas where persons may dwell on a permanent basis must have contracted for Standby Sales Service to meet the entire needs of their facility, unless its consumption exceeds 5,000 Mcf, in which case capacity release is another option. This customer will also be allowed only firm service.

Additional Stipulations:

- * Take or Pay Recovery applies.

- * Surcharges, applied as specified with the General Information section of the tariff.
- * Subject to all applicable local, state, and federal taxes.
- * Late payment charges apply.
- * Economic Development Zone Rate Discounts for all qualified incremental consumption are available. The rates are specified in the tariff.
- * Business Development Rates, which offer a discounted rate to eligible customers, may be available.
- * Costs incurred by Distribution to engage the services of other transporters for customer requirements will be added to the applicable Base Rate.
- * Customer delivered gas must meet TSA (if applicable) and/or tariff specifications.
- * Distribution has right to suspend customer service.
- * Deliveries subject to available pipeline capacity.
- * The initial term of the TSA (if applicable) is one year, renewable annually, unless canceled by default of any of the terms or conditions of the contract, or by the customer or Company upon 60 days written prior notice to the end of a term, or otherwise by mutual agreement. If a customer elects to migrate to SC-13D service during the term of the TSA, the SC-13M TSA (if applicable) will be considered terminated by mutual agreement.
- * Customer, where necessary, will bear expense of installing facilities necessary to reserve firm sales or Standby Service for separately metered equipment.

SC-13D - DAILY METERED TRANSPORTATION (DMT) SERVICE

This service is available to a single customer with a TSA that has totally revoked status as a firm sales customer under SC-1 or SC-3. This service operates under the UBPs insofar as UBP Security provisions are applicable. Enrollment transactions (e.g. pool assignments) are performed via EDI. If a SC-13M customer elects to migrate to SC-13D service during the term of its SC-13M TSA (if applicable), a SC-13D TSA will be required. While the SC-13M TSA term is one year, renewable annually, a customer may switch to SC-13D service during the term of the SC-13M TSA. In this case the SC-13M TSA (if applicable) will be considered terminated by mutual agreement.

The following definitions are applicable to SC-13D service:

- DMT Aggregator (or DMT Supplier) – The third party (typically a Marketer) who agrees to be the Imbalance Holder, i.e. assume primary responsibility for balancing management and imbalance charges of a transportation customer in a DMT Customer pool; acting for gas supply purposes on behalf of the SC-13D customer.
- DMT Market Pool - a pool of customers who receive transportation service under rate schedule SC-13D.

DMT Aggregator's relieve SC-13D customers of primary responsibility for payment of burner-tip imbalances. Burner-tip imbalances are calculated on a per customer account basis, then "netted" to produce a single imbalance figure, against which charges are applied. The DMT Aggregator is financially liable for the net imbalances, but is given the added flexibility to cash out or "trade" month end imbalances with other DMT, non-aggregated SC-16 Customers and STBA Suppliers.

A DMT Aggregator signs a Daily Metered Transportation Imbalance Netting Agreement ("DMT-INA") with Distribution to net multiple DMT Market Pools. A form of the DMT-INA agreement is included in the GTOP Appendices.

Qualifying Requirements:

- * Customer arranges to deliver volumes of gas into Distribution's system.
- * The customer must have installed the necessary equipment acceptable to Distribution that allows Distribution to monitor the customer's daily usage of gas. The expense of this installation, as well as the operating costs of any third-party telecommunications and/or meter data collection services, will be borne by the customer.

- * Any customer heating any building solely by gas where persons may dwell on a permanent basis must have contracted for Standby Sales Service (or have Dual Fuel if annual consumption exceeds 5,000 Mcf) to meet the entire needs of their facility. Additionally, such customers may satisfy this requirement through firm upstream capacity. In any case, such a customer will also be allowed only firm service.

Additional Stipulations:

- * Daily imbalances exceeding or deficient by 10% or more of transported volumes are subject to cash out to the extent the cumulative daily imbalance of all SC-13D customers in marketer or direct customer pools exceeds or is deficient by 10% or more.
- * The Index price for the cash out of imbalances will be established based upon prices at DTI South Point referred in the SNL Natural Gas Index ("SNL") as "Dominion S" plus applicable transportation costs (including fuel).
- * When meter data is not available, Distribution will note on statements that data is missing. For imbalance calculation purposes, to the extent the missing readings cannot be obtained, the best available information will be used to calculate the imbalance position for the day and ultimately, for month-end.
- * DMT Suppliers have the responsibility to be in contact with their DMT customers and producers when usage and/or local production are being estimated. The Marketer should submit reads to the Transportation Services Department when the Company is unable to contact the meters. This communication should help improve the quality of estimates and reduce imbalance exposure when the actual readings become available.
- * Each day's imbalance stands on its own for imbalance calculation purposes; a prior day's imbalance will not offset the current day's imbalance.
- * There are no month-to-month Banking/Balancing services; all SC-13D month end imbalances are resolved through a combination of imbalance trading and cash out.
- * The month-end trading feature of Distribution's daily balancing service is enabled through SC-13D service provided either to Marketers or to individual Direct Customers.
- * To receive transportation service, unless an SC-13D Customer elects to receive service as a Direct Customer (and takes responsibility for its own nominations), it must be enrolled in a Marketer's daily pool. SC-13D customers that do not elect Direct Customer status and that are not enrolled in a Marketer's pool are eligible for sales service, as available and will not contribute towards the cumulative SC-13D imbalance position.
- * SC-13D customers that are not included in any DMT Market Pool or that do not receive service as a Direct Customer for a given month are eligible for sales service.
- * Take or Pay Recovery applies.
- * Subject to all applicable local, state, and federal taxes.
- * Transition Cost applies.
- * Late payment charges apply.
- * Economic Development Zone Rate Discounts for all qualified incremental consumption are available. The rates are specified in the tariff.
- * Business Development Rates, which offer a discounted rate to eligible customers, may be available.
- * Costs incurred by Distribution to engage the services of other transporters for customer requirements will be added to the applicable Base Rate.
- * Customer delivered gas must meet TSA and/or tariff specifications.
- * Distribution has right to suspend customer service.
- * Deliveries subject to available pipeline capacity.
- * The initial term of the TSA is one month, renewable month-to-month, unless canceled by default of any of the terms or conditions of the contract, or unilaterally by the Company or the Customer upon 15 days written prior notice to the end of a term, or otherwise by mutual agreement. If a SC-13D Customer is not enrolled in a DMT Market pool, the TSA is cancelled.

DMT-INA Application Process

1. Upon request to Distribution, a NY Aggregation and Credit Application will be sent to the interested party. It is also available on the web at:

http://www.nationalfuelgas.com/marketers/NY_STBA/NYAggregationAppl.pdf
2. The applicant then completes the application, attaches a customer list (name and RBA number) of each potential end user to be included in the applicant's DMT Market Pool, and returns both along with the required supplemental financial information to Distribution's Transportation Services Department, 6363 Main Street, Williamsville, NY 14221-5887.
3. The application is reviewed for determination of security deposit requirements.
4. Transportation Services forwards two original DMT-INA with applicable addenda to the applicant, along with a quotation regarding the required security deposit.
5. The applicant then signs (and has witnessed) both DMT-INA Agreements with applicable addenda and returns the executed agreements, along with the required security deposit (in any of the acceptable forms of cash, letter of credit, surety bond³, or parent guaranty).
6. Evidence of customer consent, signed by authorized individuals must be obtained by the DMT Supplier for each of the SC-13D customers to be included in the DMT Market Pool, and must be returned with the signed service agreements no later than the 15th day before the desired effective month of service initiation.

OTHER TRANSPORTATION SERVICES

Distribution also provides transportation service available to large customers under various schedules listed in Section B.4.b of the GTOP. While many of the procedures applicable to these services mirror those applicable to SC-13M and SC-13D customers, customers should contact the Transportation Services Department for specific detail applicable to these other transportation services. Customers receiving service under these services must enter into a TSA, if applicable, with the Company. A standard form TSA is included in the Appendices hereto.

1. Customer Eligibility/Enrollment Procedures

a. Initiation of Transportation Service

Contact usually starts with an inquiry from the marketer, customer, or Distribution Energy Service representative. The general phone number for Energy Services Department is (716) 857-7776. An application for Transportation Service is either faxed, mailed, or hand delivered to the inquiring party.

After the application for Transportation Service is returned, it is reviewed for completeness and Critical Service criteria (see definition in Glossary). If the account meets the Critical Service criteria, additional documents (either a Dual Fuel Affidavit or a Standby Sales Service Agreement) will be needed. If a TSA will be necessary, two original copies of the TSA are faxed, mailed, or hand delivered to the individual noted on the application for Transportation Service.

Once the signed TSA is returned, the Distribution section is completed on the application for Transportation Service. The properly executed TSA must be returned to Distribution's Transportation Services Department

³ Instrument available only for those marketer/ESCOs that already have a surety bond in place; no new surety bonds will be accepted.

no later than the 15th day of the month (for DMT service) or 30 days (for MMT service, if applicable) prior to the desired service initiation date. Documents received after these dates will be processed for the following month.

Copies of all forms mentioned above are included for reference in the Forms section of the GTOP.

b. Enrollment

Suppliers enroll transportation customers in market pools through EDI transactions (see *infra* Section D.2). Pools are segregated by rate schedule; there are no mixed DMT/MMT pools. Distribution presumes that Suppliers have authorization from Customers to add or remove said Customers to/from Market Pools. Customers may exist in only one pool at a time. STBA and DMT market pools grandfather from month to month. Additions and deletions must take place at least 15 calendar days prior to the next scheduled meter read date (see *infra* Section D.10), based upon billing cycle. Customers with operational telemetering are read on the first day of the calendar month. A DMT customer may only transport as part of a DMT Market Pool. A DMT pool can consist of a single DMT customer or may contain multiple DMT customers. If a DMT Supplier does not provide evidence of customer consent to the Company (when requested by the Company), the enrollment will not be processed.

2. Delivery Quantity Determination Procedures

DDQs apply to SC-13M customers as a basis for application of the daily city gate balancing requirement described in Section D.3. The calculation of DDQs is explained above in Section D.3. Distribution will provide detailed DDQ data files in the Secure Transactions section of the Services For Marketers, Producers and Suppliers area of the NFGDC website. Suppliers who believe that the DDQ for a particular customer is incorrect should submit a DDQ change request. Such requests should be submitted via TSS by 12:00 PM, on the business day prior to the Gas Day the change is requested to take effect. In the event of an emergency situation where TSS is unavailable, such requests should be submitted to all three of the following: WolfordD@natfuel.com, MaciokJ@natfuel.com, TSSsupport@natfuel.com. The “DDQ/PDQ Email Change Request” form is available on the NFGDC website at:

http://nationalfuelgas.com/marketers/TSS/ManualsAndForms/DDQ_PDQChangeRequest.pdf

The request should specify the amount by which the DDQ should be changed as well as provide justification for the change. Distribution shall not be liable for the difference between the projected consumption and the consumption determination by Distribution.

3. Capacity Assignment/Use Procedures

Capacity Assignment applies only to critical service SC-13M customers who elect STBA service. The procedures for those who require capacity are explained above in Section D.4.

a. Verification of Upstream Capacity

As specified in the tariff, except where the transportation Customer has installed the necessary equipment which allows Distribution to monitor the Customer’s daily usage of gas, the Customer shall arrange for supply to be delivered, either directly or by displacement, on a firm basis for the entire route from a liquid point of receipt to Distribution’s distribution system. In order to implement this tariff provision, STBA Suppliers serving SC-13M customers will continue to be required to utilize intermediate (NFGSC) firm capacity year round except where such customers are served with third party deliveries (i.e. local production) directly attached to Distribution’s system. As such, Distribution will continue its practice, where applicable, of rejecting nominations serving SC-13M customers that do not utilize firm transportation capacity at the city gate. On upstream pipelines, Marketer Pool operators will be required to demonstrate that they possess firm

transportation capacity (or purchase supplies from Suppliers with such capacity) back to a liquid receipt point during the winter months November through March.

Where local production is utilized, Marketer Pool Operators will be required to demonstrate firm purchase contracts with producers and/or Production Pool Operators at meters and/or pools demonstrating sufficient historical deliverability. In any case, each Marketer will be required to demonstrate capacity for 100% of the total Daily Delivery Quantity for all of the customers within its market pool.

During normal winter operations, Market Pool Operators will be required to demonstrate possession of compliant capacity but will not be required to utilize such capacity. However, if Distribution declares a Critical Period, utilization of compliant capacity may be required.

During the winter months November through March, Distribution will individually contact Marketer Pool Operators to spot check compliance. The Market Pool Operator will be required to demonstrate that its upstream capacity on the day of the spot check is compliant with Distribution's requirements. If Distribution determines that a Marketer's access to its firm capacity be restricted in any manner (e.g. upstream capacity released to another party on a non-recallable basis), such capacity will be considered non-compliant. Should the Market Pool Operator's upstream capacity not be compliant Distribution may reject the nomination from the marketer and apply appropriate penalties that result from the marketer failing to meet city gate delivery requirements. Further, pursuant to Distribution's tariff, Distribution may, depending on the circumstances, either (1) terminate the customer's TSA; or (2) require that all customers receiving service from the marketer be required to install daily measurement equipment at customer expense or purchase standby service, if available, in order to continue receiving transportation service from Distribution.

4. Nominating Procedures

See Section D.5.

5. Balancing & Cash Out Procedures

a. MMT (SC-13M)

Since SC-13M customers are served by STBA Suppliers, burner-tip imbalances are resolved under SC-19 (see *infra* D.6).

b. Daily Balancing as applied to DMT (SC-13D)

Each day Distribution will determine whether or not the SC-13D customers as a whole are operating within a specified delivery to usage tolerance range. During normal operations daily deliveries should match daily customer usages within a tolerance range of + or – 10%. During OFO periods this range can be reduced to as little as + or – 2%.

To determine cash out exposure, daily percentage imbalances will be determined at the pool level. A Supplier's DMT Market Pool imbalance percentage will be computed by summing the volume of gas delivered for all customers in the pool, adjusted for line losses, divided by the sum of the burner tip usages for all customers in the pool. A Distribution system DMT imbalance percentage will be similarly calculated based upon all SC-13D customers in all Supplier DMT Market Pools.

The Index Price for the cash out of imbalances will be established based upon prices at DTI South Point referred in the SNL Natural Gas Index ("SNL") as "Dominion S" plus transportation costs (including upstream fuel shrinkage) to Company's city gate. For non-business days when no price is published, the

price for the most recent day for which a price was published will be utilized. The DMT Supplier is responsible for all imbalance charges.

Distribution applies a No-Harm, No-Foul rule to system DMT imbalance, i.e. if the system DMT imbalance percentage is less than or equal to the applicable daily tolerance percentage then neither individual DMT Market Pools or the customers within those pools are not subject to daily cash out. If the system DMT imbalance percentage is greater than the applicable daily tolerance percentage then individual DMT Market Pools are subject to daily cash out at the daily cash out index rate if their imbalance percentage likewise exceeds the applicable daily tolerance. Individual DMT Market Pool imbalances in excess of the applicable daily tolerance percentage, except during an OFO, are only subject to cash out if the overall system is out of tolerance for that day in the same direction. DMT Pools are not subject to cash out if they are opposite to the direction of overall system imbalance. During an OFO, any pool out of tolerance in the direction of the OFO is cashed out even if the system is in balance.

Daily Surplus Imbalances

If on any day a SC 13D Customer's/Marketer's imbalance exceeds 10% and the SC 13D pools as a whole are above the initial surplus tolerance band, it will be cashed-out to return them to the 10% level as follows:

10% to 15% at 90% of Index
15% to 20% at 85% of Index
greater than 20% at 60% of Index

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 SC 13D pools as a whole are below the initial deficiency tolerance band, it will be cashed-out to return them to the 10% level as follows:

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

Each day's imbalance calculation stands on its own, i.e. there is no month-to-date imbalance netting. Further, DMT Suppliers may not exchange daily imbalances with other DMT Suppliers; only month-end imbalance exchanges are permitted.

NFGDC will provide daily DMT transportation reports based on the best available data for tracking purposes. Final daily and monthly imbalance positions and cash outs will be based solely on allocated volumes determined at monthly processing.

c. Month End Balancing as applied to DMT (SC-13D)

DMT Suppliers may exchange month end imbalances with other Imbalance Holders and imbalances are resolved via cash out as described in Section D.6.

6. DMT Supplier Financial Requirements

a. Creditworthiness Assessment

For those applicants that are publicly traded:

Bond ratings will be obtained (Moody's, Fitch, Standard & Poors and Dominion) to determine the initial creditworthiness of the applicant. Investment grade rated applicants must meet the minimum ratings set forth in the UBPs. These ratings are: BBB from Standard and Poors, Baa2 from Moody's and BBB from Fitch. Those applicants that are not investment grade or on a credit watch for downgrade will be required to post security. Those applicants with ratings in the mid to lower tier of investment grade may be required to provide additional information to complete a credit review. This information may include but not limited to: annual reports, the most recent three years audited financial statements, balance sheets and foot notes.

For those applicants which are not publicly traded:

Dun & Bradstreet ("D&B") reports will be utilized as the primary source of credit information to determine the creditworthiness of the applicant. The following standards will be used: a credit risk rating and a financial risk rating. Where D&B reports are utilized, the values for these ratings are on a scale of 1 through 5:

- "1" - assets, liabilities and payment history indicate little or no risk to creditors.
- "2" - assets, liabilities and payment history indicate some risk to creditors.
- "3" - assets, liabilities and payment history indicate a moderate risk to creditors.
- "4" - assets, liabilities and payment history indicate a greater than moderate risk to creditors.
- "5" - assets, liabilities and payment history indicate a severe risk to creditors.
- "Uncoded" - indicates that there is insufficient historical credit data available to make a reliable credit assessment of the applicant (such as the applicant being in business less than 14 months, change of ownership, etc.).

Upon receipt of the completed Credit Application, the Credit, Collections and Receivables Management Department will obtain various D&B reports for initial review and assessment. The reports will include, but not be limited to: Payment Analysis Report, Business Information Report, Comprehensive Report and Credit Score Report. Applicants may also be required to submit the most recent three years audited financial statements including income statements and balance sheets. All non-publicly available financial information will be reviewed and maintained in a confidential manner. If necessary, a formal confidentiality agreement will be executed regarding the use of this information. In addition, other criteria will be taken into consideration in assessing Distribution's potential risk exposure, such as: (1) established payment history of the applicant with Distribution and (2) the ratio of anticipated projected end-user volumes to assets available for payment; and (3) historical reliability of deliveries (nominations vs. deliveries).

"1" Rating

In general, if the reports indicate an overall rating of "1," no security deposit will be required at this time, subject to changes listed below. However, if anticipated projected end user volumes indicate a substantial risk exposure over and above indicated current assets available for payment, a security deposit may be required.

"2" Rating

If the reports indicate an overall rating of "2," additional background investigations will be completed. These investigations will include but not limited to: (1) an assessment of the applicant's payment history with Distribution; (2) compilation of other creditors' and trade creditor's reports; (3) request for financial statements, if necessary. Upon completion of a review of the additional information, a determination will be made regarding Distribution's risk exposure and a recommendation made to request a security deposit.

"3-5" Rating

If the reports indicate an overall rating of "3-5", a security deposit will be required. No further investigations will be made unless extenuating circumstances exist and the applicant brings those situations to the attention of the reviewer.

"Uncoded "

Any applicant with a rating of "Uncoded" will automatically be designated as having a rating of "3-5"; and be required to post a security deposit.

Changes Effecting Credit Risk Ratings

All established DMT Aggregators will be periodically reviewed to determine if: (1) there is a change in their bond or credit risk rating; (2) security will be required on a previously unsecured account; (3) the amount of security being held should be increased or decreased to meet projected future usage, based upon historical usage data. Changes indicating that a credit review may be necessary include, but are not limited to: (1) negative changes in bond ratings or placed on credit watch for downgrade; (2) significant changes in D&B (or similar) credit reports; (3) credit related information obtained from reliable sources; (4) a change in the number of end users; (5) a change from the established payment history; as well as any other information received regarding the financial standing of the DMT Aggregator.

b. Security Deposit Amount

The amount of a security deposit will be determined by the following guidelines, based upon the DMT-INA applicant's potential maximum liability.

- The average cost of gas for each month over the last three years.
 - The three (3) year period will be determined from the stated initiation date.
 - Cost of gas will include the Gross Receipts Tax ("GRT") plus the seasonal factor (either 110% in the non-winter months or 125% in the winter months) included in the proposed SC-11 rate.
- The aggregate ten day maximum consumption for the DMT Market Pool(s) based upon historical usage of each customer will be identified and multiplied by the corresponding cost of gas to determine the DMT-INA applicant's total potential liability. The ten maximum days need not be consecutive and are based upon the sum of usage for all customers during these three months.
- Monthly reviews will be conducted, based upon any changes, which may affect Distribution's risk exposure. Such reviews will be provided upon applicant request.
- Interest shall be paid to the customer upon the return of the deposit, or where the deposit has been held for a period of one year or more, the interest shall be credited to the customer no later than the first bill rendered after the next succeeding first day of October and at the expiration of each succeeding one year period.

c. **Acceptable Payment of Security**

Payment of security deposits can be made by cash or acceptable form of security such as a letter of credit or a parent guaranty (provided the issuing parent meets the creditworthiness standards) in like amount. Should you have any questions regarding security deposit requirements, please contact Distribution's Credit, Collections and Receivables Management Department (Credit Department) at (716) 857-7775. Cash security deposits will be paid interest at the rate currently set by the Commission. (Refer to Index of Rates and Charges for current effective rate.) Costs associated with the procurement of a letter of credit are subject to requirements and/or negotiations with the DMT-INA applicant's individual bank. The cost of a surety bond is subject to the requirements of the individual insurance company. Payment of these costs are not the responsibility of Distribution.

7. Reconciliation/True-Ups

Any Reconciliation/True-Up rights are identified within Section E.5.

8. Standby Services

SEE Section D.8.

9. Storage Peaking Services

SEE Section D.9.

10. Meter Reading

a. **GENERAL**

Most large industrial and commercial meters are read every month. When a read is not unavailable, monthly bills are based on estimated readings. A schedule identifying the calendar data upon which meter cycles are read is posted on the website.

b. **TELEMETERING**

Telemetry is add-on electronic equipment, connected to customer (usually DMT) gas meter(s) by Distribution, which collects and stores hourly readings from the meter(s) and then sends those hourly readings to a Distribution telemetry computer system. The software determines hourly consumption and posts those readings and/or consumption in any of a variety of formats. The resulting information is posted to the Distribution website for retrieval via the internet. Generally, telemetry information is available each morning between 11:00 a.m. and 12:00 p.m. for the previous Gas Day (ending at 10:00 a.m. on the current day).

DMT customer meter readings will be taken three times per day, at 10:00 a.m., 1:00 p.m., and 4:00 p.m. and reports will be made available to customers/marketers within one hour of those times on a best efforts basis.

All of the meters for each DMT Market Pool customer account must have telemetry equipment installed.

Telemetry equipment can provide the following benefits to customers and their Suppliers:

- Operation, maintenance, and accuracy of the telemetry components are all the responsibility of Distribution.

- Once each day, non-SC-13D customers receive a formatted report detailing gas consumption and meter readings; SC-13D customers receive multiple reports during the day - valuable information for production costing, scheduling, and budgeting.

The cost for telemetering components can range from about \$800 to about \$2,000 per meter, depending on what type of metering is in place at the customer's facility. This is a one-time charge, payable prior to installation. One telemetering unit can handle up to four meters, as long as those meters are in close proximity to one another.

Customers are responsible for third-party telecommunication (e.g. telephone line or wireless service and subscription) or meter data collection services related to providing meter data to the Company on a real-time basis.

The customer must supply a dedicated phone line to the meter location and must have the components listed under "Standard Requirements For Telemetering Capability," in the Telemetering Service Manual as posted on the Distribution website.

c. ACCESS TO TELEMETERING DATA

Distribution provides access to customer meter data for use in energy management services and for daily balancing. Data is provided to customers or their authorized representatives via the **Supplier / Customer Download Files** under the Secure Transactions section of Distribution's web site at:

<http://nationalfuelgas.com/marketers/scripts/contents.asp>

A Login ID and password will be provided for up to two contacts for each customer. Data is provided in both report form and graphical form at both the meter and customer account levels. Data can also be downloaded in ASCII files with the following format:

```
"RBA_NUM","RBA_NAME","SITE_ID","GAS_DAY","READ_TIME","READ","CORR_READ"  
"98765432","CUSTOMER NAME","009999999","20060601","11:00:00 ","24","87567"
```

Additionally, DMT Suppliers have access to aggregated DMT Customer telemetering data. To obtain access to telemetering data, contact the Transportation Services Help Desk at (716) 857-7232.

11. Summary of Applicable Fees, Charges and Penalties

Explained above and in Section D.11.

12. Termination of Transportation Service

For SC-13M customers with TSAs, the customer may terminate the Agreement on 60 days notice prior to the end of an annual term. For SC-13D, the customer may terminate the Agreement on 15 days notice prior to the end of a month.

For DMT Aggregators, the DMT-INA can be for a stated period of time or can be terminated by the following events:

- Default by DMT Aggregator of any terms or conditions contained in this Agreement;
- By mutual agreement of Distribution and DMT Aggregator;

- At the discretion of Distribution to the extent necessary to preserve system operational integrity;
- Pursuant to an order of the Commission; and
- Upon 30 day written notice to Distribution
- Failure to pay invoices when due.

The DMT Aggregator must send a letter if they choose to terminate this service.

STBA SERVICE - See Section D.12.

13. Billing Schedules

SC-13D TRANSPORTATION - Customers will be billed the month following the calendar month of consumption. For example, January is the consumption month and February is when the bill is rendered.

DMT-INA - The DMT Aggregator bill is rendered after trades are completed.

Approximate timing of Statement and Bill

- | | |
|--|--|
| • 1 st week of the month following the consumption period | Statements issued via TSS to Aggregators |
| • 20 th of the month following the consumption period | Deadline for Trading transactions |
| • 1 st of the month following the trading period | Bill sent to the DMT Aggregator |

STBA SERVICE - See Section D.13.

F. REQUIREMENTS OF POOL OPERATIONS

1. Listing of Marketer Contact Personnel

Distribution maintains up-to-date listings of all Marketers, Direct Customers and Energy Consultants along with contact information. A listing of all approved Suppliers for Residential and Non Residential Service can be found on Distribution's website at:

http://nationalfuelgas.com/forhome/NY/choosing_a_supplier.aspx#approvedgassuppliers

TSS is used to permit each business party to maintain its contact information over the internet under a secure format.

2. 7 Day, 24 Hour Communication Process

Each Marketer and Direct Customer shall provide Distribution with the names, addresses, e-mail addresses, fax numbers, and daytime and off-hours telephone numbers of the Marketer's personnel responsible for gas deliveries to Distribution and for responding to System Alerts ("SAs") and OFOs. In addition, Marketers should provide to Distribution contact information for:

- Retail sales contacts
- Billing contacts
- Regulatory contacts
- Credit contacts
- Media relations contact
- 24-hour contacts

It is critical that Distribution, Marketers and Direct Customers possess emergency contact information and have established procedures in place for reaching a responsible person at all times. Distribution, Marketers and Direct Customers are responsible for the delivery of gas to Distribution's City Gate, and so must maintain communications systems that support a 24 hour-per-day communication process. To verify the accuracy of 24-hour contact information, Distribution will conduct a Critical Day Simulation Exercise at least once per year.

Please see Section G., Communications Protocols for further information.

3. Distribution Contact Person Information

The contact names, phone & fax numbers and email addresses for Distribution are as follows:

General Information/Marketer Liaison:

David Wolford	(716) 857-7483	(716) 857-7479	WolfordD@natfuel.com
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24-hour help desk number:	(716) 857-7232
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Retail sales contact:

Robert Eck	(716) 857-7711	(716) 857-7254	EckR@natfuel.com
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Billing contact:

TSD Billing	(716) 857-7432	(716) 857-7479	TSD-Billing@natfuel.com
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Dispute Resolution/Regulatory contact:

Randy Rucinski	(716) 857-7237	(716) 857-7254	RucinskiR@natfuel.com
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Credit contact:

Richard Ott	(716) 857-7775	(716) 857-7479	OttR@natfuel.com
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Media Relations contact:

Karen Merkel*	(716) 857-7654	(716) 857-7439	MerkelK@natfuel.com
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GTOP contact:

Michael Novak	(716) 857-7884	(716) 857-7254	NovakM@natfuel.com
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The mailing address for the above contacts is:

National Fuel Gas Distribution Corporation
6363 Main St
Williamsville, NY 14221-5887

* 24-hour media relations contact is available by pager outside normal business hours. Pager access instructions are obtained through voicemail by calling (716) 609-0438.

4. Production Pool Operations & Other Producer Issues

a. General

Distribution has numerous gas production meters feeding directly into its distribution system. Approximately 7% of the gas flowing on Distribution's system comes from production within its New York franchise area.

b. Setup Procedures & Parameters

For the purposes of nomination, production meters are organized into Production Pools at a logical pooling point. The Production Pools are classified as monthly or daily pools. While any meter is eligible for inclusion in a monthly pool, meters are eligible for inclusion in daily pools based upon the presence of telemetric measurement and availability of volumetric information to Distribution on a real-time basis. Market Pool Operators serving large volume daily market pools (e.g. consisting of SC-13D customers) may only nominate production receipts from Daily Production Pools. Market Pool Operators serving STBA (SC-19 customers) may nominate production receipts from either Daily Production Pools or Monthly Production Pools.

Individual local production meters may be added to or deleted from existing Production Pools prior to the start of the coming month. Using TSS, Production Pool Operators must complete pool setup by the end (11:59 PM) of the day (approximately the seventh (7th) calendar day prior to the beginning of the next month) specified as the Pool Setup Deadline on Distribution's web site. To establish a new Production Pool, the pool operator must first contact Transportation Services Help Desk at (716) 857-7232 to name and create the pool within TSS.

As a measure of projected daily deliveries from a telemetered or non-telemetered Production Pool, a Production Daily Quantity (PDQ) is based upon historical production data. The first choice for the PDQ is the same month in the previous year (e.g. June/Current Year would be based upon June/Year Ago). The second choice is the last prior actual month (June/Current Year would be based upon April/Current Year). The third choice would be zero in the absence of the first two choices (or the production pool operator could provide an estimate). Receipt nominations by Market Pool Operators from Production Pools should total to 95%-105% of the PDQ on a daily basis. This is to ensure that the system operates in balance, i.e. on a gas-in, gas-out basis. Production Pool Operators are not to deliver gas into the system during the early part of the month in anticipation of nominations later during the month. Analogously, Market Pool Operators may not over nominate Production Pools early in the month in anticipation of increased production or reduced nominations later during the month. If total nominations on a daily basis exceed the high end of this tolerance band, Distribution will cut the nomination to the volume allowed by the high-end tolerance limit.

To accommodate changes in production operations that are not reflected in historical data, a Production Pool Operator may request a change to the PDQ calculated by Distribution. For example, a gathering system operator may inform Distribution that wells may have been added to the gathering system or are shut-in. In either case, the volume of gas expected to flow may be different than the historical average daily production. Such requests will, if submitted before noon and upon approval by Transportation Services, become effective for the next Gas Day. Requests submitted after noon become effective on the next following Gas Day, upon approval by Transportation Services. A PDQ Override may be entered which would supersede the original PDQ. Such requests should be submitted via TSS by 12:00 PM, on the business day prior to the Gas Day the change is requested to take effect. In the event of an emergency situation where TSS is unavailable, the request should be submitted via to all three of the following: WolfordD@natfuel.com, MaciokJ@natfuel.com, TSSsupport@natfuel.com.

The "DDQ/PDQ Email Change Request" form is available on the NFGDC website at:

http://www.nationalfuelgas.com/marketers/TSS/ManualsAndForms/DDQ_PDQChangeRequest.xls.

The request should specify the amount by which the PDQ should be changed as well as provide justification for the change.

Other rules applicable to Production Pools are as follows:

- Monthly, non-telemetered, production meters may only be included in Monthly Production Pools.
- Daily, telemetered, production meters may be included in either Daily or Monthly Production Pools.
- Daily Production Pools can be nominated to either DMT or STBA pools but gas is allocated into DMT pools ahead of STBA pools.
- Both Daily and Monthly Production Pools are “balanced” to a zero-imbalance position. Excess production can be allocated to an STBA pool or purchased by the Company but it cannot be allocated to a DMT pool.
- Production meters cannot be assigned to more than one Production Pool during a given month. If a meter is listed in more than one Production Pool, those Production Pools will be invalid (no nominations will be allowed against those pools) until such time as the issue of where the meter belongs is resolved.
- New local production meters may be added to a Production Pool during a month by contacting Transportation Services.

Further details on the day-to-day operations of Production Pools are contained within the TSS Production Pool Operator Manual available on the internet at:

<http://www.nationalfuelgas.com/marketers/TSS/ManualsAndForms/TSSPRODPOOLMANUAL.pdf>

c. Non-Telemetric Production Deliveries to Market Pools

To promote the use of local production without imposing a daily metering requirement, 100% of historical average daily production (represented by the PDQ) for the month shall be made available to meet extreme day requirements otherwise served by capacity upstream of the intermediate capacity. Where Distribution has more current information concerning production deliverability, it may use such information in place of the historical daily average production. Gas must be scheduled on a daily basis to be delivered to an STBA pool. In no event shall volumes under the 95%-105% tolerance level that are not scheduled for delivery to STBA pools be made available as a carryover for nominations to STBA pools on a subsequent day during the month.

Non-telemetered gas cannot be nominated or delivered to DMT Market Pools.

d. Receipt Facility Measurement

Measurement of gas is calculated following the recommendations of the ANSI/API 2530 “Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids” (A.G.A. Report No. 3) including the A.G.A. Manual for Determination of Supercompressibility Factors of Natural Gas or the A.G.A. Transmission Measurement Committee Report No. 8 “Compressibility and Supercompressibility for Natural Gas and Other Hydrocarbon Gases.” If the receipt facility gas flow characteristics are such that calculations cannot be performed consistent with the above-mentioned recommendations due to a decline in production or other operational matters, the Company shall have the right to turn off a meter until a replacement meter meeting the above specifications is installed.

Prior to executing its right to turn off a meter, Distribution shall notify the affected producer, in writing, identifying the meter(s) for which measurement calculations cannot be performed consistent with the above-mentioned recommendations. If the producer does not respond to notification, Distribution may shut off the meter 30 days after the date of such notification. If the producer responds within 30 days and agrees to installation of a suitable replacement meter(s), the meter(s) will continue to flow until at least 60 days after the date of the initial notification. Otherwise, Distribution may shut off the meter(s).

Within 60 days of the notification, if the producer identifies a Distribution approved contractor to perform meter installation(s) and an installation date(s) is set, the meter(s) will continue to flow until such installation

takes place. If the producer does not identify a contractor to perform the installation(s) and/or agree to an installation date(s), Distribution may shut off the meter(s).

If Distribution delays or cancels an installation, it shall notify the producer at least one business day in advance. A new installation date will be determined within 30 days of cancellation but will not necessarily be set within this period. The meter will continue to flow through the agreed upon new installation date. If the producer does not agree to a new installation date within 30 days of cancellation, Distribution may shut off the meter with at least one business day of written notice to the producer.

If the producer cancels a meter installation, it shall notify Distribution at least one business day in advance. A new installation date will be determined within 30 days of cancellation but will not necessarily be set within this period. The meter will continue to flow through the agreed upon new installation date. If the producer does not agree to an installation date within 30 days of cancellation, Distribution may shut off the meter with at least one business day of written notice to the producer.

If a producer cancels a meter installation without notice, Distribution may shut off the meter with at least one business day of written notice to the producer. If a producer cancels a meter installation with notice more than twice, Distribution may shut off the meter with at least one business day of written notice to the producer. Distribution may, however, elect a different course of action to the extent it believes the circumstances were beyond the producer's control and the producer is still making a good faith attempt to install suitable measurement.

e. Gas Quality: BTU Content

The Producer Interconnection Agreement (see Appendix 8) establishes a standard "heat" content range of 967 to 1100 BTUs for receipt of supplies into Distribution's system. Distribution may also accept any supplies that, as measured by Distribution or Distribution's agent, bear a heat content outside the standard range. While a BTU conversion factor of 1000 is presumed for nomination purposes, any production gas with a BTU content of at least 967 will be allocated as if the BTU was 1000. When the BTU content falls below 967, if Distribution accepts such supplies, the volumes received will be adjusted to reflect the lower content. For example, 1000 Mcf with a heat content of 965 BTU will be adjusted to 965 Mcf for allocation purposes. There is no corresponding upward adjustment when heat content exceeds 1100 BTU for local production purchases (above the standard range) nor is there an adjustment when heat content exceeds 1000 BTU for transportation of local production.

f. Gas Quality: Water Vapor Content

NFGDC - Maximum Allowable Water Vapor Content in pounds per million cubic feet (lbs./MMCF)

Updated: 6/25/2014

Pressure (psig)	Gas/Ambient Temperature in Degrees Fahrenheit												
	Up to 35° F	36-42°	43-47°	48-51°	52-57°	58-62°	63-67°	68-72°	73-77°	78-82°	83-87°	88-92°	93-120°
Up to 30	43	50	64	76	99	99	99	99	99	99	99	99	99
31 - 35	40	47	60	72	86	99	99	99	99	99	99	99	99
36 - 40	37	43	54	65	78	99	99	99	99	99	99	99	99
41 - 45	33	39	49	60	72	86	99	99	99	99	99	99	99
46 - 50	31	36	46	55	66	79	99	99	99	99	99	99	99
51 - 55	29	33	42	51	61	73	87	99	99	99	99	99	99
56 - 60	27	31	39	47	57	68	81	99	99	99	99	99	99
61 - 70	23	28	34	41	49	59	70	83	99	99	99	99	99
71 - 80	22	25	32	38	46	55	66	78	99	99	99	99	99
81 - 90	19	23	27	33	40	48	57	67	80	99	99	99	99
91 - 100	18	21	26	31	38	46	54	65	76	99	99	99	99
101-110	16	19	24	29	35	42	50	59	70	83	99	99	99
111-120	15	18	22	26	32	39	46	55	65	77	99	99	99
121-130	14	17	21	25	30	36	43	51	60	71	84	99	99
131-140	13	15	19	23	28	34	40	48	57	67	78	99	99
141-150	12	15	18	22	27	32	38	45	53	63	74	86	99
>150	7	7	7	7	7	7	7	7	7	7	7	7	7

Notes:

- 1.) If meter run has a temperature well, use gas temperature; otherwise, use ambient temperature, not taken in direct sunlight.
- 2.) Gas with water vapor content exceeding values indicated, or that is not merchantable, will be shut-in.
- 3.) By its tariff, NFGDC may limit the quantity of water vapor contained within the gas it receives to no more than seven (7) lbs. per MMCF of gas.

g. Production Retest Notification and Fees

The Producer Interconnection Agreement provides for testing of gas quality. Testing is coordinated through Distribution's Local Production Office in Erie, Pennsylvania. The point of contact for producer testing issues is:

Chuck Campbell **Phone:** (814) 871-8539 **Fax:** (814) 871-8672 **Email:** CampbellC@natfuel.com

The Local Production Office will coordinate the scheduling of the tests with Distribution's field personnel.

Where a test at an interconnection meter shows that the quality of gas does not meet Distribution's quality specification and/or is non-standard, Distribution will shut in the meter. The producer shall take corrective action and request a retest be performed by Distribution in order for the meter to be turned back on. The procedures below will apply in cases where the initial test requires that a production meter be shut off:

1. The Gas Quality Shut Off Notice will be faxed to Local Production Office from the Distribution Servicenter that performed the meter inspection/quality testing.
2. The Local Production Office will notify the producer by telephone of the shut off and remind the producer to contact the Local Production Office to schedule a retest when the quality issue has been addressed.
3. The shut off history on the meter for the previous 24 months is reviewed:
 - a. To determine if any additional equipment or change in procedure is required before the meter is turned back online. Distribution will notify the producer if such equipment or procedural change is necessary.
 - b. To determine the fee associated with the retest.

There is a charge of \$150 per meter for each scheduled service call, up to three, within the last 24-month period. For additional service calls during the same period, the charge shall be \$250 per service call. Distribution has the right to shut off and remove the meter permanently if service calls are in excess of five during the 24-month period.

4. The producer will notify Distribution by telephone that it is ready for a retest and, if applicable, it has installed any required equipment.
5. The Local Production Office will generate the work order instructing the Servicenter to retest the meter. The Servicenter will schedule the retest appointment with the producer.
6. If the retest shows the quality of gas to be satisfactory, and the installed equipment, if applicable, is functional, the meter will be turned on. If these conditions are not met, then the meter will remain off and the above process will be repeated.
7. If the retest was performed by the close of business on the 5th business day after the day the producer notified Distribution that it was ready for a retest, the Local Production Office will send an invoice to the producer in the appropriate amount.
8. In the event that Distribution performs the retest after the 5th business day, such retest will be free of charge and no invoice will be issued.
9. If the producer fails to pay the invoice by the due date, the meter will be shut in and not turned on until payment is received for the invoiced retest. An additional \$150 turn on fee must be paid prior to scheduling the turn on.
10. If a producer fails to appear for its scheduled retest, the meter will remain shut in and an invoice will be sent to the producer. The producer must call the Local Production Office again to repeat the above process.

h. Late Charts/Meter Readings

Pursuant to the Article V. of the Producer Interconnect Agreement, month-end orifice meter charts and index readings (from the correctors on displacement meters) are due no later than the fifth (5th) working day of the month. Working days are equivalent to the business days Distribution's office is open. To minimize confusion, the actual due date will be posted on Distribution's website:

http://www.natfuel.com/marketers/ProducerSupplierPostings/dist_due_dates.pdf

If charts/readings are not received on time, any gas associated with a late, end-of-the month chart or reading will not be allocated to transportation as an adjustment during a subsequent month. Instead, such volumes will be subject to cash out at 65% of the month-end Index Price. The purpose of this policy is to present an incentive for timely delivery of month-end orifice meter charts and index readings.

This index price will be based off the Dominion South Point price (as described on Leaf 210 of Distribution's tariff) and posted on the above mentioned website. In any month, Distribution reserves the right to suspend the cash out and process the gas associated with late chart(s) or index readings as transportation adjustments in the subsequent month. Distribution will post notification of suspension on its website by the 10th business day following month-end.

As a convenience, producers may enter displacement meter index readings online through a secure web site:

https://sbsprd.natfuel.com/psp/gmprd/nfsbsgm/sbsprd/c/nfom_gas_measurement.nfoc_gm_prod_rdg.gbl

A form available at:

<http://www.nationalfuelgas.com/supply/forms/NFGWebSiteAuthorizationMeasurementFormandDescriptions.pdf>

must be completed and faxed to (814) 871-8672 to obtain authorization to enter meter readings.

G. COMMUNICATIONS PROTOCOLS

Day-to-day communications protocols are governed generally by the UBPs, set forth infra at Section C.

1. Need for Open Lines Between Marketers and LDCs

The objective of this protocol is to enhance communications among LDCs, pipelines, Marketers and Direct Customers bringing gas to the LDC City Gate. Well-developed communications will reduce errors and will provide all entities with the information necessary to properly fulfill their responsibilities. Underlying the protocol is the recognition that as increasing numbers of customers opt for transportation service, the traditional bilateral communication between LDCs and customers increasingly becomes a communication loop including LDCs, pipelines, Marketers and Direct Customers.

Communication should be two-way, with numerous ways of communicating and in a manner that is clear and understandable. Each party must accept the responsibility for clarifying and understanding the messages being exchanged. Communication should be consistent within an organization and to the extent practical, consistent over time.

Communication among the LDC, Marketers and Direct Customers can occur on a regular basis (daily, monthly, seasonally), and on an as-needed basis (clarifications, alerts, operational flow orders, etc.). Different ways of communicating (telephone, fax, internet website, e-mail, mail, and face-to-face meetings) can be utilized depending upon the circumstances and the message to be conveyed.

2. Electronic Bulletin Board ("EBB")

Distribution Transportation Scheduling System ("TSS")

Distribution's TSS serves as its internet-based EBB. This online system allows users to communicate via a NAESB-compliant (as applicable) Customer Activities website. This includes nominations, confirmations, trading of imbalances, and month-end reports. This system embodies all existing policies and procedures utilized in gas management as contained in the GTOP.

Distribution Website:

The website also includes up-to-date information and announcements regarding procedural changes, System Alerts ("SAs"), and other useful information relating to the regulatory process of unbundling. These announcements are included in the web page entitled "What's New/Announcements (last update mo/day/year)" at

<http://www.nationalfuelgas.com/marketers/announce.asp>.

Distribution ensures the availability of password-secured operational information to assist Suppliers in making adequate deliveries to Distribution's City Gate. Such information includes ADDQs, pipeline contract numbers, reconciliation of differences picked up by Distribution in the confirmation process, degree-day information, SAs and OFOs, and daily consumption where there are daily meter reads.

Distribution makes every effort to ensure that previous month information is carried forward for Market Pool, Production Pool, and Aggregation Group setup in TSS. It is, however, the ultimate responsibility of the Operator of each of the Pools and Groups to ensure that the membership and related information of each Pool and Group is correct in TSS before the start of each calendar month.

Further, it is the ultimate responsibility of each Pool or Group Operator to ensure that all paperwork, supporting documentation or other written notification, or processes, as required in Distribution's tariff, TSS Operators' Manuals, website, the GTOP, Service Agreements or binding contracts, are submitted in a timely manner as prescribed in these respective documents.

In situations that Distribution deems “extreme circumstances,” Distribution, in its sole discretion, reserves the right to make exceptions to its internal policies and procedures.

3. Bi-Annual “Reliability Forums”

Reliable delivery of gas requires both communication and assets suited to service the unique operational needs of the distribution system. Discussion of reliability requirements may, upon LDC or Marketer request, be a topic on the agenda of a regularly scheduled meeting (as described in Section G.5 below).

4. EDI or Other Means of Transferring Information

a. General

For Direct Customers not currently transacting business via EDI, Distribution’s website is also used for customer enrollment and distribution of retail billing/measurement information. While access to some aspects of the enrollment and historical customer information are interactive in nature, the bulk of the data is provided in structured delimited ASCII flat files. Batch enrollment and historical data request transactions are also provided.

File layouts and narrative descriptions for these flat files are available on Distribution’s website at:

http://nationalfuelgas.com/marketers/tech_docs/markfile.aspx

The delimited ASCII flat files and Distribution’s form of electronic data exchange and should not be confused with X12 EDI standards required for Marketers. Access to the information available via ASCII flat files on the website is dependent upon qualification under aggregation services and a user ID/password obtained through Transportation Services Department.

b. Billing/Consumption History Requests

Marketers can request 24 months of consumption and billing history or for the life of the account if less than 24 months for a customer via the applicable EDI transaction. Marketers must have the consent of the customer and can access the information by using the nine-digit account number associated with the account.

Under limited special circumstances at the discretion of Distribution, such information will be provided through a manual process.

A signed customer consent must be sent to Distribution that clearly states the type of information the customer wants released. An example of such a request form is included in the Forms section of the Appendix to the GTOP.

c. Electronic Data Interchange

On July 23, 2001, the New York Public Service Commission issued Opinion 01-03 in Case 98-M-0667, approving policies and data standards for the implementation of electronic data interchange (EDI) in New York. The Commission’s decision, and subsequent decisions, continues the work of a collaborative industry effort that began in New York in 1998. Several other Orders detailing transaction sets and testing procedures have been issued subsequent to Opinion 01-03. The November 21, 2003 Order in Case 98-M-1343 ultimately drives the EDI requirement for New York market participants.

To exchange data using EDI transactions with Distribution, marketers must first complete Phase I Testing and Certification with DPS Staff covering a prescribed series of datasets and/or transactions based upon a marketer’s business plan (e.g. depending upon the billing scenarios employed by the marketer). Following DPS Phase I Certification, marketers must successfully complete Phase III Testing and Certification with Distribution. Detailed information on EDI standards and protocols in New York is publicly available on the Commission’s website at:

<http://www.dps.ny.gov/98m0667.htm>

Distribution generally performs EDI testing on an “as needed” basis upon Marketer request. Depending upon the demand for testing, Distribution will test in batch mode. Distribution will provide notification of batch scheduling on its website on those occasions where required testing impacts all or a significant majority of Marketers. On occasions where the Commission orders EDI changes but testing is not required by all parties and no effective date is specified within the Order, Distribution will post a schedule showing a cutover date to the updated transaction. Such date will be within 90 days of the effective date of the Order.

Phase III Testing is conducted in conformance with the New York EDI Technical Operating Profile document and its Supplements available at:

http://www.dps.ny.gov/98m0667_current.htm

A Marketer may request EDI testing by contacting Beverly Hogan at (716) 857-7950 or by email: HoganB@natfuel.com. Marketers will also be required to sign an EDI Trading Partner Agreement (TPA) prior to the exchange of EDI transactions. The form of TPA is North American Energy Standards Board, Retail Gas Quadrant Model Business Practice RXQ.6.1, adopted June 15, 2009. The form of TPA is available from NAESB through its web site www.naesb.org. Absent mutual agreement otherwise, to execute a TPA the Marketer must provide its D-U-N-S®(Number) as the Legal Entity Common Code. The D-U-N-S®(Number) from a Marketer’s parent, subsidiary or any other affiliate will not be accepted.

The Transportation Services Department will initiate the process and administer the TPAs for Distribution. Changes to Marketer information contained within the NAESB TPA Exhibits, if any, must be submitted to Distribution in written form five (5) business days in advance of the intended effective date. The written form should be an original signed letter on company letterhead, signed by a company officer. A courtesy email to Beverly Hogan would also be appreciated. Except for Direct Customers (as provided within the UBPs), all parties will be required to use EDI to conduct transactions covered by the UBPs, as applicable. Changes to the Trading Partner Worksheet may be communicated via email to the EDI Support Team (see EDI Contacts below) and will be verified as a part of EDI Testing.

Many Suppliers utilize third-party EDI Vendors to process EDI transactions. Should a Supplier wish to change their EDI Vendor, some (possibly all) EDI Testing may need to be re-completed. To initiate a change in EDI Vendors, the Supplier should contact the Transportation Services Department (Attn. Beverly Hogan) in written form at least two (2) months in advance of the intended effective date in order to ensure sufficient lead time for EDI Testing. The written form should be an original signed letter on company letterhead, signed by a company officer. A courtesy email would also be appreciated.

Distribution has contracted with EC Infosystems for EDI Technical Support Services. With regard to the processing of EDI transactions, Suppliers who receive EDI services from EC Infosystems will not be afforded any advantage over, or be treated any differently than those who receive EDI services from other EDI Vendors.

The EDI Contacts for Distribution are as follows:

Types of EDI Questions Person Phone Number e-mail Address

Business Issues & Testing Initiation	Beverly Hogan	(716) 857-7950	HoganB@natfuel.com
General Technical & Processing Issues, Testing, Network Outages	EDI Support Team	(516) 739-1001 ext. 25	nfg.edisupport@ecinfosystems.com
Regulatory Issues	Michael Novak	(716) 857-7884	NovakM@natfuel.com

In cases where a Marketer’s EDI system has failed unexpectedly or in cases of EDI system maintenance of extremely limited duration, the Marketer should contact Transportation Services to determine whether it is appropriate to utilize alternative means to communicate business transactions that normally occur via EDI. If appropriate, the Company will provide alternative communications on a short-term basis only.

5. Regular Meetings/Teleconferences

a. Regular Meetings

Distribution conducts regularly scheduled and announced meetings among Marketers, and Direct Customers prior to, after, and as needed during the heating season. The purpose of these meetings is to address issues of concern to the LDC as system operator, and Marketers, and Direct Customers as gas Suppliers. Agendas are formulated with input from all parties, and include open discussion as part of each meeting's agenda. Announcements of any upcoming meetings may be made via e-mail, fax, and posting on Distribution's website at:

<http://www.nationalfuelgas.com/marketers/announce.asp>

b. Teleconferences

Distribution leads frequent periodic interactive teleconferences with natural gas Suppliers serving customers behind its system. The purpose of these teleconferences is to discuss issues that impact the safety and reliability of gas supply on Distribution's system.

STANDING AGENDA FOR EACH OPERATIONAL TELECONFERENCE

Weather Forecast
Operational Update
Items as requested by participants via prior notice
Open Discussion

Effective and consistent communications are critical in order to reduce errors, and provide all entities with the information necessary to properly fulfill their respective responsibilities, both in normal and emergency circumstances. All Suppliers are strongly urged to participate in these teleconferences.

To participate, please consult Distribution's website at

<http://www.nationalfuelgas.com/marketers/announce.asp>

to obtain the teleconference schedule.

6. Distribution Contact Summary

As a convenience, contact phone numbers and email addresses contained elsewhere within the GTOP are reiterated below:

<u>Types of Questions</u>	<u>Person/Department</u>	<u>Phone Number</u>	<u>e-mail Address</u>
Affiliate Transaction Issues	Randy Rucinski	(716) 857-7237	RucinskiR@natfuel.com
ADDQ Adjustment Requests	David Wolford	(716) 857-7483	WolfordD@natfuel.com
Billing	TSD Billing	(716) 857-7432	TSD-Billing@natfuel.com
Credit/Security	Richard Ott	(716) 857-7775	OttR@natfuel.com
Dispute Resolution	Randy Rucinski	(716) 857-7237	RucinskiR@natfuel.com
EDI Business Issues	Beverly Hogan	(716) 857-7950	HoganB@natfuel.com
EDI General Technical Issues	EDI Support Team	(516) 739-1001 ext. 25	nfg.edisupport@ecinfosystems.com
EDI Regulatory Issues	Michael Novak	(716) 857-7884	NovakM@natfuel.com
EDI Testing	EDI Support Team	(516) 739-1001 ext. 25	nfg.edisupport@ecinfosystems.com

GTOP Manual	Michael Novak	(716) 857-7884	NovakM@natfuel.com
Large Customer Transportation Service Application	Energy Services	(716) 857-7776	
Marketer Ombudsman	Bruce Heine	(716) 857-7957	HeineB@natfuel.com
Marketer Relations	David Wolford	(716) 857-7483	WolfordD@natfuel.com
Media Relations	Karen Merkel	(716) 857-7654	MerkelK@natfuel.com
Meter Reading	TSD Billing	(716) 857-7432	TSD-Billing@natfuel.com
New Service Applications	Distribution CRC	(716) 686-6123 or (800) 365-3234	
Nominations, Gas Scheduling & Operations	Joanne Maciok	(716) 857-7670	MaciokJ@natfuel.com
Producer Testing	Chuck Campbell	(814) 871-8539	CampbellC@natfuel.com
Regulatory	Randy Rucinski	(716) 857-7237	RucinskiR@natfuel.com
Retail Sales Billing Service Agreements	Robert Eck	(716) 857-7711	EckR@natfuel.com
Billing Rate Instructions	Beverly Hogan	(716) 857-7950	HoganB@natfuel.com
	Joe Faxlanger	(716) 857-7291	FaxlangerJ@natfuel.com
Trans. Services Dept. Head	Karl Koch	(716) 857-7301	KochK@natfuel.com
24 Hour Emergency	Help Desk	(716) 857-7232	
Uniform Business Practices	Michael Novak	(716) 857-7884	NovakM@natfuel.com
Upstream Capacity Demonstration	Ken McAvoy	(716) 857-7960	McAvoyK@natfuel.com
Wire Transfer Contact	Cash Management	(716) 857-6859	

H. OPERATIONAL FLOW ORDERS

1. Description

During any period in which Distribution determines, in its sole discretion, that its ability to accommodate imbalances is restricted or impaired (i.e. "Critical Period"), or in order to maintain system operational integrity, or to prevent a curtailment, an OFO shall be issued on a minimum 24 hours notice. OFOs are issued when other actions have failed to eliminate reliability concerns. A Critical Period is a period of operational stress or impending potential stress that may impact the integrity of Distribution's system or a force majeure event. During Normal Business Hours, OFO notifications will be made via e-mail, posting on Distribution's website, and via phone and fax as necessary. At other times, the 24-hour contact information provided by Marketers and Direct Customers (refer to Section F.2) will be used to contact affected parties by phone.

2. Guidelines for Instituting an OFO

Distribution will provide 24 hours notice of an OFO unless circumstances exist which require an immediate response. When an OFO is preceded by a System Alert, the 24 hour notice will begin with the issuance of the System Alert. Distribution will endeavor to provide an eight-hour notice when a SA is changed to an OFO. OFO notice will meet the time requirements above, and will note the time of issuance, date and time the OFO takes effect, and estimated duration.

The OFO notice will communicate the actions required of Marketers and Direct Customers, the reasons for those actions required, and will provide periodic update(s) to enable parties to continue their planning functions. Such actions as required in the OFO notice will be limited in scope and duration and as localized as possible to meet the required objective. OFOs will be applied on a non-discriminatory basis to all similarly situated parties. Distribution will notify the Commission's Director of the Office of Water and Gas when an OFO is declared and again when the situation returns to normal. Distribution will respond to reasonable requests for information by parties within a reasonable time of the OFO event.

3. System Alerts

A System Alert ("SA") may be called during periods of projected increased or decreased consumer demand for, or supply of, natural gas that may cause system stress or threaten applicable storage or other pipeline contract limitations. A SA is a request for specific action on the part of an individual shipper, or all shippers. The shippers are expected to respond to SAs after Distribution provided notice, informing Distribution of their intended action. Where possible, a SA may be used to avoid an OFO but shall not be required as a condition to the issuance of an OFO. E-mail messages and/or web notices will include the following information:

- Date that the SA is issued
- Conditions (reason) for SA
- Requested action (e.g., increase or decrease nomination), if applicable
- Projected length of SA, if available

Distribution will maintain a record of the date, time, and person contacted, the requested action, and action taken. Distribution will notify affected parties via Distribution's website once the SA condition has ended.

4. Responsibilities of Marketers/Customers and LDCs during an OFO or SA

It is impossible to detail all the conditions under which a LDC may find it necessary to initiate an OFO. The following guidelines should apply to OFOs and OFO notifications:

- 1) The OFO notice shall meet minimum time requirements to designated Marketer or Direct Customer personnel and shall provide as much advance notice as possible. The date and time of issuance, date and time the OFO takes effect, and the estimated duration shall be included in the OFO notice.
- 2) The OFO notice should communicate clearly to designated Marketer or Direct Customer personnel the actions required as well as the reason for the required actions and provide periodic updates to enable parties to continue their planning functions.
- 3) Actions required by the OFO should be limited both in duration and scope to meet the required objective.
- 4) The required actions should be as localized as possible.
- 5) The OFO should be applied on a nondiscriminatory basis to all similarly situated parties.
- 6) The LDC should respond to reasonable requests for information by parties within a reasonable time after the OFO event.
- 7) The OFO shall not be issued to mitigate economic disparities.
- 8) The LDC shall notify the Director of the Office of Gas and Water of the New York State Department of Public Service when an OFO is declared and when the situation returns to normal.

Failure of the LDC to adhere to one or more of the above guidelines is not a basis for Marketers or Direct Customers not to comply with requirements of the OFO but may provide the basis for a complaint to the Commission regarding the LDC's behavior.

Some of the actions required by an OFO may include:

- Require Marketers to deliver gas to a specific point.
- Require Marketers to balance daily or to deliver a specified quantity of gas.
- Change daily nominations for customer groups being served with a flat monthly nomination.

Upon notice that an OFO will be issued, and for the duration of the OFO, the LDC must make authorized personnel available on a 24-hour-a-day, 7-day-a-week basis to handle the submission and processing of evening cycle and intraday nominations to facilitate the Marketer's and Direct Customer's response to the OFO.

If, during an OFO period, the LDC is aware of Marketers or Direct Customers that are not responding to the required actions, it should make all reasonable efforts to inform the non-responding Marketers and Direct Customers that required actions are not being taken. Lack of such notice shall not relieve any Marketer or Direct Customer of its obligations.

The Marketer, if necessary, should communicate with its customers to secure compliance with the conditions of a utility directed OFO. If the Marketer is aware of non-compliance of one or more of its customers, it shall notify the utility of the name(s), address and account number(s) of the end-user(s). During an OFO the application of penalties should be constructed not to penalize Marketers or Direct Customers whose imbalances work to benefit the integrity of the gas system.

5. Examples of Distribution OFOs

General OFO

Distribution may issue any OFOs reasonably required to maintain system operational integrity and to assure continued service to its firm Sales Service customers.

Overdelivery OFO

Overdelivery OFOs will be issued to restrict overdeliveries at the City Gate. During such a period, nominations that exceed the applicable DDQ or ADDQ by 2% shall be rejected.

Underdelivery OFO

Underdelivery OFOs will be issued to assure that adequate supplies are delivered to the City Gate. During such a period, the customer or customer's Agent shall be charged the higher of \$7.00 per Mcf or the highest per Mcf cost of gas purchased in Distribution's gas supply portfolio during the days of the OFO is applicable for underdeliveries between two percent and up to or equal to five percent of the applicable DDQ or ADDQ. For underdeliveries exceeding five (5) percent of the applicable DDQ or ADDQ, the customer or customer's Agent shall be charged the greater of \$10.00 or 125% of the highest per MCF cost of gas purchased in Distribution's gas supply portfolio during the days the OFO is applicable.

Distribution may also issue OFOs, which apply to transportation customers receiving daily-metered service under SC-13D as follows:

Modifications of Daily Surplus or Deficiency Tiers

The Company may lower the percentage levels of the Daily Deficiency or Surplus tiers for SC-13D service during an OFO. The Company may change the first imbalance tiers for Daily Surplus or Deficiency Imbalances as circumstances warrant. The first imbalance tier for Daily Surplus or Deficiency Imbalances may be reduced to a range of 0-2% and the second tier will be correspondingly modified to a range of 2-15%.

Modifications of Daily Deficiency Rate during an OFO


When the Company declares a deficiency OFO for Deficiency Imbalances outside the first tier, the applicable charge shall be the higher of the rate under SC-11 or the rate produced by the index calculation at the applicable tier level.

Suspension of "No Harm, No-Foul" Rule

During an OFO, the "no harm, no-foul" rule shall not apply to Deficiency Imbalances from 0-2%.

APPENDICES

FORMS & APPLICATIONS

**National Fuel**
TRANSPORTATION SCHEDULING SYSTEM (TSS)

Upstream Agency Consent Form and Affidavit

_____, (hereinafter referred to as 'Agent'), hereby consents to act as upstream agent for _____, (hereinafter referred to as 'Shipper') and agrees to accept and maintain any capacity releases or assignments made by NFGDC to Shipper beginning _____ and continuing so long as Shipper's STBA/SATS Agreement is effective, or until terminated by either party upon sixty (60) days written notice to NFGDC. Agent will become the customer of record of the applicable upstream Transportation Service Provider and warrants that it is contractually obligated to provide gas supply sufficient to meet the Shipper's ADDQ.

Agent: _____
Signature: _____
Name : _____
Title (Officer/Member Level): _____
Phone Number: (_____) _____

_____, as Shipper, appoints Agent to obtain capacity releases on behalf of Shipper as provided herein. Shipper shall remain the customer of record on NFGDC's Billing System.

Shipper: _____
Signature: _____
Name: _____
Title (Officer/Member Level): _____
Phone Number: (_____) _____
Aggregation Group #: _____

Mail completed form to:

National Fuel Gas Distribution Corporation
Transportation Services Department
6363 Main Street
Williamsville, NY 14221

FOR NFGDC TRANSPORTATION SERVICES DEPT. USE ONLY
Approved By _____ Date _____

NY AGGREGATION AND CREDIT APPLICATION

Date:

Rec by:

Name of Business:	
Address:	
Billing/Mailing Address:	
Contact Person:	
Telephone #:	FAX #:
If a subsidiary, list parent company name & headquarters address	
Name: _____	
Address: _____	
Type of Business:	DUNS # _____
<input type="checkbox"/> Corporation Date & State of Incorporation _____	
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Partnership
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Partnership
<input type="checkbox"/> School or School District	<input type="checkbox"/> Municipal Entity
<input type="checkbox"/> Church or Religious Institution	<input type="checkbox"/> Municipal Agency
<input type="checkbox"/> Not-for-Profit Organization	<input type="checkbox"/> Municipality

OFFICERS / PRINCIPALS OF BUSINESS APPLICANT

Name:	Title:
Home Address:	
Name:	Title:
Home Address:	
Name:	Title:
Home Address:	
Type of Aggregation Service Requested:	
Please check all that are requested:	
<input type="checkbox"/> Supplier Transportation, Balancing and Aggregation (STBA)	
Please check which billing models will be used:	
<input type="checkbox"/> Single Retailer (Marketer Consolidated Billing)	
<input type="checkbox"/> Choice (Utility Consolidated Billing) – Requires a separate Billing Service Agreement	
<input type="checkbox"/> Dual (Both Utility and Marketer Bill separately)	
<input type="checkbox"/> Daily Metered Transportation Aggregation (DMT)	

ADDITIONAL APPLICANT INFORMATION:

1.	Does your company currently purchase gas or transportation services from National Fuel Gas Distribution Corporation (NFGDC)? ____ yes ____ no
2.	If "yes", please enter your NFGDC account number from a recent bill: _____.
3.	Have you acted as a pool agent for any transportation gas pool on National Fuel Gas Distribution Corporation's system any time in the last twelve (12) months? ____ yes ____ no
4.	If applicable, when do you wish to initiate services as a Supplier Transportation, Balancing and Aggregator? _____ 20 ____.
5.	If applicable, when do you wish to initiate services as a Daily Metered Transportation Aggregator? _____ 20 ____.
6.	As a participant in NFGDC's STBA program, you are required to have upstream capacity on the major interstate pipeline systems. Are you an "approved bidder" or do you have an "approved agent" on National Fuel Gas Supply Corporation's and other major interstate pipeline systems? ____ yes ____ no

BANK REFERENCES:

Bank:	Phone #:
Address & Branch	
Bank:	Phone #:
Address & Branch	

ADDITIONAL CREDIT / TRADE REFERENCES:

Name:	Phone #:
Address:	
Name:	Phone #:
Address:	
Name:	Phone #:
Address:	

The undersigned hereby authorizes National Fuel Gas Distribution Corporation to make whatever credit inquiries it deems necessary in order to process this credit application; regarding any credit review or the collection of any debts accrued as a result of any credit extended as a result of their reliance on the information provided on or obtained from credit references given on this application. In addition, the undersigned hereby authorizes and instructs any person or credit reporting agency to compile and furnish National Fuel Gas Distribution Corporation any information it may have or may find necessary to obtain in response to requested credit inquiries. The undersigned further asserts that they have the authority to grant the permission to relinquish the requested information.

Signature Title Date

**National Fuel****CUSTOMER CONSENT FORM**

For customers who have elected to take natural gas sales service
from a supplier other than National Fuel Gas Distribution Corporation ("National Fuel")

Account Name: _____
(Please print or type your full legal name)

Please Check One of the Following:

New Customer _____ Existing National Fuel Customer _____ National Fuel Account # _____

Service Address: _____
(Please print or type the address that will receive natural gas from the supplier stated below)

City: _____ State: _____ Zip Code: _____

Phone Number: (_____) _____ - _____

To National Fuel:

I have agreed to purchase my natural gas from the following supplier instead of National Fuel:

Supplier's Name: _____

Supplier's Rate Code: _____ (for Choice Billing)

Supplier's Pool Name: _____ (obtain from Supplier)

I understand that I will not be a sales service customer of National Fuel. Also, I understand that all bills for natural gas charges will be billed at the above named Supplier's rates, but transportation charges shall continue to be billed at National Fuel's applicable rates. I also understand that if I have any questions about my bill, I should call the above supplier. However, if I smell gas or have any safety questions or concerns, I must call National Fuel at the phone number stated on my bill. Furthermore, I understand that this Customer Consent Form and the services that shall arise from signing this Customer Consent Form shall be subject to National Fuel's applicable tariffs and Gas Transportation Operating Procedures Manuals (collectively, the "Procedures"). If there are any inconsistencies between this Customer Consent Form and the Procedures, the Procedures shall prevail.

Signed: _____
(Customer Signature)

(type or print name)

Today's Date: _____

For Transportation Services Department Use Only

SC _____ App'd By _____ Date _____

Email Date/Time Stamp _____



National Fuel
TRANSPORTATION SCHEDULING SYSTEM (TSS)

SUPPLIER ACKNOWLEDGMENT FORM

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
(NFGDC)**

Applicable to NY and PA Divisions

I am a principal, authorized agent or representative of the marketer/broker identified below. Said marketer/broker is a "Supplier" as defined in Distribution's tariff which is available via a link on National Fuel Gas Company's web site at www.natfuel.com or at any Consumer Business office. On behalf of Supplier, I have reviewed and understand the city gate balancing services, rules and regulations. I understand that Supplier must pay all applicable penalties and charges incurred for city gate imbalances resulting from Supplier's nominations and deliveries. I also understand that failure to comply with these rules and regulations may result in disqualification of Supplier status and rejection of future nominations. By my signature below, the promises and understandings I have made herein shall be binding on Supplier, its successors and assigns.

PRINT NAME OF SUPPLIER

100% (100%)

AUTHORIZED SIGNATURE

DATE _____

PRINT NAME

TITLE (OFFICER/MEMBER LEVEL)

NOTARIZED BY

FOR NFGDC TRANSPORTATION SERVICES DEPT. USE ONLY

Approved By		Date	
-------------	--	------	--

**National Fuel**

Customer Deposit/Prepayment Affidavit

_____, (Hereinafter referred to as 'Supplier'), hereby affirms it has read and will comply with Distribution's Tariff at Service Classification No. 19, Section 25, concerning ESCO Requirements needed to qualify to accept Customer Deposits and Prepayments. Through this affidavit, Supplier indicates whether or not it accepts deposits or prepayments from Customers. Supplier also acknowledges responsibility to annually notify Distribution and the Commission of any changes to end user contracts and /or bond ratings.

Supplier Accepts:

Yes No

Customer Pre-payments.

☐☐

Customer Deposits.

☐☐If Supplier Accepts Customer **Pre-payments**:

Evidence of current bond rating is attached.

☐If Supplier Accepts Customer **Deposits**:

Evidence of current bond rating is attached.

☐

OR

Letter from Supplier's financial institution evidencing sufficient letter of credit or escrow balance and bond rating of issuing financial institution is attached.

☐

State of _____)ss.:

County of _____)

On the ____ day of _____, 20____, before me the undersigned, a notary public in and for the said state, personally appeared _____ acknowledging that (he/ she) is the _____ of _____. Personally known to me to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity.

NOTARY PUBLIC

Return To: National Fuel Distribution Corporation
Transportation Services Department
6363 Main St.
Williamsville, NY 14221-5887

FOR TRANSPORTATION SERVICES DEPT. USE ONLY

Appvd. By _____ Date _____



Market Pool/Production Pool Request Form

This form is used when requesting creation of a new, first-time Pool, and required for initial setup of a new Market Pool or a new Production Pool. To initiate a **new** Pool for use in TSS, complete the **Market Pool/Production Pool Request Form** following, and fax to the Transportation Services Department @ (716) 857-7479.

For Business Parties already transporting gas on NFGDC, *New* Pools should be established as early as possible in the month prior to the desired start month, but no later than fifteen (15) business days before the new month begins. Due to training considerations, a one-month advance notice to establish new pools is required for those Business Parties new to transporting gas on NFGDC.

Transportation Services will assign the name of a new Pool and will notify the Pool Operator of the pool name. It is always best to establish new Pools as early as possible before the new month begins.



National Fuel
TRANSPORTATION SCHEDULING SYSTEM (TSS)

Market Pool / Production Pool Request Form

(Used to establish NEW pools on NFGDC)

Date
(Month) (Day) (Year)

☐

Production Pool

☐

Market Pool

☐

Monthly

☐

Daily

Business Party Name:

(Type or Print Name)

Gas Scheduler Name:

(Last)

(First)

Phone Number ()

Gas Scheduler Signature:

Proposed Pool Initiation Date:

 / *****
(Month) (Year)

Pool Type (applies only to PA MMNGS):

☐

Intrastate

☐

Interstate

Billing Model:

☐

(NY-DMT)

☐

Dual

☐

(NY-STBA)

☐

Marketer Consolidated

☐

Utility Consolidated

☐

Dual

☐

(PA-DMT)

☐

Dual

☐

(PA-SATS)

☐

Dual

☐

Utility Consolidated

☐

(PA-MMNGS)

☐

Dual

☐

Utility Consolidated

***** New pools should be established at least fifteen (15) days before the beginning of the month


Fax to the NFGDC Transportation Services Dept. @ 716-857-7479
or Email to TSSsupport@natfuel.com

For NFGDC Transportation Services Dept. Use Only

Approved By

Date

Pool Name

	<h2 style="margin: 0;">National Fuel Gas Distribution Corporation</h2> <p style="margin: 0;"><u>Incumbent ESCO Reinstatement Request - NY Division Only</u></p>
<div style="display: flex; justify-content: space-between;"><div>Today's Date:</div><div>_____</div><div style="text-align: right;"><i>format: mm/dd/yyyy</i></div></div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"><div>Incumbent ESCO Name:</div><div>_____</div></div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"><div>Incumbent ESCO Gas Pool ID:</div><div>_____</div><div style="text-align: right;"><i>e.g. NXYZS01</i></div></div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"><div>Customer Name:</div><div>_____</div></div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"><div>Customer Account Number:</div><div>_____</div><div style="text-align: right;"><i>Provide all nine (9) digits: 1234567-89</i></div></div>	
INSTRUCTIONS:	<p>Please fill out one form per customer. Save the form as a PDF using Adobe® Acrobat®. When saving, provide a unique filename for each Reinstatement Request. Email the PDF file to: TSD-Enroll@natfuel.com</p>
<p>By submitting this form, the undersigned acknowledges:</p> <ol style="list-style-type: none">1) The Incumbent ESCO is prohibited from canceling a customer's enrollment with a pending ESCO unless it has specific authorization from the customer to cancel the pending enrollment.2) The Incumbent ESCO must retain verifiable authorization from the customer in a manner consistent with UBP Section 5.K.3.3) If the Incumbent ESCO cancels a pending enrollment, and the customer did not authorize the cancellation, it will be considered slamming, in which case, the ESCO's records could be subject to audit by Staff and the ESCO could be subjected to the consequences identified in UBP Section 2.D.5.b.4) The sole purpose of this form is for the Incumbent ESCO to request that service to the customer referenced above be reinstated as described in UBP Section 5.D.6. <div style="margin-top: 20px;"><div style="display: flex; justify-content: space-between;"><div>Incumbent ESCO Representative Name:</div><div>_____</div></div><div style="display: flex; justify-content: space-between; margin-top: 5px;"><div>Title:</div><div>_____</div></div><div style="display: flex; justify-content: space-between; margin-top: 5px;"><div>Phone:</div><div>_____</div></div><div style="display: flex; justify-content: space-between; margin-top: 5px;"><div>Email:</div><div>_____</div></div></div>	
<div style="border: 1px solid black; padding: 10px; margin: 0 auto; width: 80%;"><p style="margin: 0;"><u>For Transportation Services Department Use Only</u></p><div style="display: flex; justify-content: space-between; margin-top: 10px;"><div>Approved By _____</div><div>Date _____</div></div><div style="display: flex; justify-content: space-between; margin-top: 5px;"><div>Email Date/Time Stamp: _____</div><div></div></div></div>	


National Fuel

Utility Account Reclassification Certification

Residential to Non-Residential

Please complete this form and return it to National Fuel. Incomplete Forms will not be processed.

National Fuel Account Number		Type of Structure (college dorm, commercial with upstairs residential, etc.)			
Name		Check if applicable: Comm. Indus. Pub. Auth.			
Street Address		Percentage of non-residential use at property _____ %			
City	County			State	ZIP code
If this reclassification is for another location, provide address					
Street Address		Telephone Number () -			
City	County	State	ZIP code	Email Address	

Who should complete this form?

The Customer of record for the account indicated above should fill out and sign this form. Forms completed on behalf of Customers by Energy Service companies will not be accepted. National Fuel reserves the right to contact the Customer to verify the representations made in this form.

Account Classification - Consistent with National Fuel Gas Distribution Corporation's Tariff, P.S.C. No. 8 - Gas ("Tariff"):

Residential Service Classification: A Customer Account may be classified as Residential where consumption is less than 25,000,000 cubic feet per year for residential purposes in a one-family, two-family, three-family, or four-family dwelling, whether such service is individually or master metered, and in separately metered apartments in all other multiple-family dwellings.

Non-Residential Service Classification: A Customer Account may be classified as Commercial if:

- 1) the consumer is engaged in selling, warehousing, or distributing a commodity, or service, in some business activity or profession, or in some other form of economic, social, or cultural activity, not primarily involving the manufacturing or processing of a product; or
- 2) the Structure is an Apartment building consisting of five or more family units supplied by one meter; or
- 3) based upon the nature of consumer's primary business or economic activity at the location.

A Customer may be classified as Industrial if gas is consumed primarily to alter raw material into another form or product. Where gas is supplied to municipalities or divisions (agencies) of local, state or federal governments, a Customer may be classified as Public Authority.

> 50% Rule: Where gas used for non-residential and residential purposes is not separately metered, a non-residential Service Classification shall apply only if more than 50% of the pertinent structure's square footage is used for non-residential purposes.

Allocation Formula

Where the premises consists of both residential and non-residential (e.g. Commercial) space, the % applicable to commercial use should be calculated by the square footage of commercial use (excluding common areas) by the total square footage (excluding common areas). The result should be rounded to the nearest 10%. Hotels, motels, etc., may claim residential status for units occupied by the same occupant for at least 90 days.

Certification

I, the undersigned, certify that the above information is correct. Further I understand that if this information is accepted by National Fuel, my Account will be taxed as a Non-Residential Account, and to the extent any portion of the account should be taxed at residential rates or is otherwise exempt I am responsible for submitting the appropriate supporting information to National Fuel.

Mail Form to:	National Fuel Attn. Transportation Services 6363 Main Street Williamsville, NY 14221
or by Fax to:	(716) 857-7479
or by email to:	TSD-Billing@natfuel.com
Questions:	(716) 857-7432

Signature _____
 Name _____
 Title _____
 Date _____

For Transportation Services Department Use Only		
SC _____	App'd By _____	Date _____
Email Date/Time Stamp		


National Fuel

Utility Account Reclassification Certification

Non-Residential to Residential

Please complete this form and return it to National Fuel. Incomplete Forms will not be processed.

National Fuel Account Number		Type of Structure (college dorm, commercial with upstairs residential, etc.)			
Name		_____			
Street Address		Percentage of residential use at property _____ %			
City	County			State	ZIP code
If this reclassification is for another location, provide address					
Street Address		Telephone Number () - _____			
City	County	State	ZIP code	Email Address	

Who should complete this form?

The Customer of record for the account indicated above should fill out and sign this form. Forms completed on behalf of Customers by Energy Service companies will not be accepted. National Fuel reserves the right to contact the Customer to verify the representations made in this form.

Account Classification - Consistent with National Fuel Gas Distribution Corporation's Tariff, P.S.C. No. 8 - Gas ("Tariff"):

Residential Service Classification: A Customer Account may be classified as Residential where consumption is less than 25,000,000 cubic feet per year for residential purposes in a one-family, two-family, three-family, or four-family dwelling, whether such service is individually or master metered, and in separately metered apartments in all other multiple-family dwellings.

Non-Residential Service Classification: A Customer Account may be classified as Commercial if:

- 1) the consumer is engaged in selling, warehousing, or distributing a commodity, or service, in some business activity or profession, or in some other form of economic, social, or cultural activity, not primarily involving the manufacturing or processing of a product; or
- 2) the Structure is an Apartment building consisting of five or more family units supplied by one meter; or
- 3) based upon the nature of consumer's primary business or economic activity at the location.

A Customer may be classified as Industrial if gas is consumed primarily to alter raw material into another form or product. Where gas is supplied to municipalities or divisions (agencies) of local, state or federal governments, a Customer may be classified as Public Authority.

> 50% Rule: Where gas used for non-residential and residential purposes is not separately metered, a non-residential Service Classification shall apply only if more than 50% of the pertinent structure's square footage is used for non-residential purposes.

Allocation Formula

Where the premises consists of both residential and non-residential (e.g. Commercial) space, the % applicable to commercial use should be calculated by the square footage of commercial use (excluding common areas) by the total square footage (excluding common areas). The result should be rounded to the nearest 10%. Hotels, motels, etc., may claim residential status for units occupied by the same occupant for at least 90 days.

Certification

I, the undersigned, certify that the above information is correct. Further I understand that if this information is accepted by National Fuel, my Account will be taxed as a Residential Account, and to the extent any portion of the account should be taxed at non-residential rates and/or is otherwise exempt I am responsible for submitting the appropriate supporting information to National Fuel.

Mail Form to:	National Fuel Attn. Transportation Services 6363 Main Street Williamsville, NY 14221
or by Fax to:	(716) 857-7479
or by email to:	TSD-Billing@natfuel.com
Questions:	(716) 857-7432

Signature _____
 Name _____
 Title _____
 Date _____

For Transportation Services Department Use Only		
SC _____	App'd By _____	Date _____
Email Date/Time Stamp _____		

**National Fuel**

Marketer Sales Tax Rate Change Request Form - NY Division Only

Today's Date: _____ format: mm/dd/yyyy
 Marketer Name: _____
 Customer Name: _____
 Customer Account Number: _____ Provide all nine (9) digits: 1234567-89

Instructions:

Please fill out one form per customer. Save the form as a PDF using Adobe® Acrobat®. When saving, provide a unique filename for each Sales Tax Request Form. Email the PDF file to: TSD-Billing@natfuel.com

For Commercial Accounts Only

Account's Certified Residential Use for Energy Purchases: _____

The percentage entered above, if less than 75%, will be rounded to the nearest 10% amongst the following: 0%, 10%, 20%, 30%, 40%, 50%, 60%, 70%. If 75% or greater, the entire account is deemed residential for the NY State portion of the sales tax.

County sales tax exemption %	_____	
State sales tax exemption %	_____	The residential portion of the account is 100% exempt
Town sales tax exemption %	_____	Applicable to Batavia, Hornell, Salamanca & Olean
School Dist. sales tax exemption %	_____	Applicable to Batavia, Hornell, Lackawanna & Niagara Falls

Composite Sales Tax Rate to be applied to Marketer Commodity: _____ %

Marketer Comments (if any): _____

By submitting this form, the undersigned acknowledges:

- 1) Consistent with UBP Section 9.B.9, the Marketer acknowledges it is responsible for separately remitting its tax payments to the appropriate taxing authorities.
- 2) National Fuel Gas Distribution Corporation ("National Fuel") has the right to require Marketers to provide copies of Customer provided exemption information, upon request.
- 3) The Marketer has the consent of the Customer to submit the proposed Composite Sales Tax Rate.
- 4) The Marketer shall defend, indemnify and hold National Fuel harmless from and against any and all loss, damage, injury, suits, penalties, costs, liabilities and expenses (including, but not limited to, attorney fees and legal expenses) indemnifies the Company against any claims that may arise from National Fuel's the use of Marketer provided sales tax information.

Marketer Representative Name: _____

Title: _____

Phone: _____

Email: _____

For Transportation Services Department Use Only

SC _____ App'd By _____ Date _____

Email Date/Time Stamp _____

ACRONYMS

ADDQ	Aggregated Daily Delivery Quantity
AGA	American Gas Association
BCF	Billion Cubic Feet
BDR	Business Development Rate
BSA	Billing Services Agreement
BTU	British Thermal Unit
CAUR	Customer Assisted Unlock Read
CBS	Consolidated Billing Service
CCF	100 Cubic Feet (Volumetric) or approximately 1.03 therms
CDP	Central Delivery Point
CF	Cubic Foot
CIS	Customer Information System
CMR	Cost Mitigation Reserve
CME	Calendar Month Estimate
CTS	Customer Transportation Statement
CU FT/HR (CFH)	Cubic Feet Per Hour
°C	Degrees Celsius
DD	Degree Day
DDQ	Daily Delivery Quantity
DMT	Daily Metered Transportation
DF	Duel Fuel
DMT-INA	Daily Metered Transportation Imbalance Netting Agreement
DPR	Design Peak Requirement
DRN	Data Reference Number
DTH	Dekatherm, 10 Therms or 1,000,000 BTU's (Energy)
DTR	Demand Transfer Recovery Rate
EBB	Electronic Bulletin Board
EBD PTR	Elderly, Blind or Disabled Payment Troubled Residential Assistance Program
EDZR	Economic Development Zone Rate
EFT	Enhanced Firm Transportation
EIA	Energy Information Administration
ESCO	Energy Services Company
ESS	Enhanced Storage Service
°F	Degrees Fahrenheit
FERC	Federal Energy Regulatory Commission
FSIV	Final System Imbalance Volume
FSS	Firm Storage Service
FT	Firm Transportation
GAC	Gas Adjustment Clause
GITC	Grandfathered Intermediate Transportation Capacity
GRT	Gross Receipts Tax
GTOP	Gas Transportation Operating Procedures
GUTC	Grandfathered Upstream Transportation Capacity
HEAP	Home Energy Assistance Program
HEFPA	Home Energy Fair Practices Act
ISIV	Initial System Imbalance Volume
IT	Interruptible Transportation
LC	Letter of Credit
LDC	Local Distribution Company, (e.g. Distribution)
LIRA	Low Income Residential Assistance

MAOP	Maximum Allowable Operating Pressure
MC	Minimum Charge
MCF	Thousand Cubic Feet (volumetric) or approx. 10 therms
MDIQ	Maximum Daily Injection Quantity
MDQ	Maximum Daily Quantity
MSQ	Maximum Storage Quantity
MDTQ	Maximum Daily Transport Quantity
MDWQ	Maximum Daily Withdrawal Quantity
MMBTU	Million British Thermal Units
MMCF	Million Cubic Feet
MMDTH	Million Dekatherms
MMT	Monthly metered transportation
MUTC	Mandatory Upstream Transportation Capacity
NAESB	North American Energy Standards Board
NFGDC	National Fuel Gas Distribution Corporation
NFGSC	National Fuel Gas Supply Corporation
NGPA	Natural Gas Policy Act of 1978
NYMEX	New York Mercantile Exchange
NY PSC	New York Public Service Commission (a.k.a. PSC)
OBA	Operational Balancing Agreement
OFO	Operational Flow Order
PA PUC	Pennsylvania Public Utility Commission (a.k.a. PUC)
PDA	Pre-determined allocation
PDQ	Production Daily Quantity
POR	Purchase of Receivables
PRQ	Peak Requirement Quantity
PSI	Predetermined Scheduling Instructions
PSIV	Pre-Trading System Imbalance Volume
PSIG	Pounds Per Square Inch Gauge
ROR	Rate of Return
RTS	Revenue Tax Surcharge
SA	System Alert
SC	Service Class
SB-CC	Monthly Standby Commodity Charge
SB-DC	Monthly Standby Demand Charge
SCF	Standard Cubic Feet
SIP	System Imbalance Position
SISA	Storage Injection System Alert
STBA	Supplier Transportation, Balancing and Aggregation
T&E	Transportation & Exchange
TAQ	Total Annual Quantity
TC	Transportation Charge
TCF	Trillion Cubic Feet
Th	Therm or 100,000 BTU's (Energy)
TMC	Total Monthly Consumption
TPA	Trading Partner Agreement
TS	Transition Surcharge
TSA	Transportation Service Agreement
TSS	Transportation Scheduling System
UBPs	Uniform Business Practices
WACOC	Weighted Average Cost of Capacity
WACOG	Weighted Average Cost of Gas

DEFINITIONS

Access Controller	For a non-residential customer or multiple dwelling owner or manager, it is a party known to Distribution to be in control of access to the metering equipment of a customer.
Acquiring Shipper	In the context of capacity release, a shipper who acquires firm capacity rights from a releasing shipper (also known as “replacement shipper”).
Actual Reading	One obtained by a Distribution employee from either the meter or a remote registration device attached thereto.
Adjusted Gas Revenue (AGR)	The revenue realized from the applicable service classification rates and charges, minus revenue taxes, the minimum charge and cost of gas.
Affidavit	A statement written down and sworn to be true, usually before a notary public or other authorized official.
Aggregated Customers	Customers receiving service under Distribution’s SC-19 STBA or SC-13D.
Aggregated Daily Delivery Quantity (ADDQ)	The quantity of gas a Supplier-Aggregator is required to bring to Distribution each day for redelivery by Distribution to the Supplier’s market pool(s).
Aggregation	A) Grouping of customers organized by an Aggregator for the purpose of obtaining gas supplies from non-utility commodity suppliers. B) Also refers to the grouping of end users together to qualify for Distribution’s STBA (SC-19) and DMT (SC-13D) services.
Aggregation Pool Operator (AGPO)	See Aggregator.
Aggregator	An entity or company that consolidates a number of individual users and/or supplies into a group.
Aggregator Imbalance	The aggregated net surplus or deficiency quantity of gas for which the aggregator is responsible. For the customers included in the Aggregator’s pool, Distribution will net all the imbalances.
Alternate Fuel Capability	The ability of any user such as a non-residential facility, or critical care residential facilities such as nursing homes, to use more than one fuel, including natural gas, for the same purpose(s). Implies that the facilities for such use have actually been installed, are operable, and that an adequate supply of the alternate fuel is readily available on-site.
American Gas Association (AGA)	The AGA represents local natural gas utilities that deliver gas to homes and businesses in all 50 states. Additionally, AGA provides services to member natural gas pipelines, marketers, gatherers, international gas companies and a variety of industry associates. AGA acts as a clearinghouse for gas energy information, as a catalyst in technical and energy policy matters and as a powerful voice for its members.
Annual Period	The 12 months beginning with the month in which the customer first receives service under the applicable Service Classification and each succeeding 12-month period.
Application for Service	The written form for requesting any of Distribution’s service offerings. Completion of an Application For Service by any residential customer or non-residential customer shall constitute an agreement to accept gas service under the terms and conditions of Distribution’s tariff, including all applicable charges.
Arrears	Charges for non-residential and residential customers for which payment has not been made more than 20 calendar days after payment was due.
Authorized Period	A period during which SC-11 Interruptible Sales Service is available because service to Customers under firm sales classifications is not jeopardized or impaired.
Average Temperature (Mean)	The calculated average of the 24 hourly dry bulb atmospheric temperatures in degrees Fahrenheit recorded for each day.

BTU Content	British Thermal Unit as defined under Part 229 of the Commission's Regulations and, unless indicated otherwise, is expressed herein on the dry basis.
Backbill	The portion of any bill, other than a levelized bill, which represents charges not previously billed for service that was actually delivered to a non-residential customer during a period preceding the current billing cycle. A bill based on an actual reading rendered after one or more bills based on estimated or customer readings which exceeds by 50 percent or more the bill that would have been rendered under Distribution's standard estimation program is presumed to be a backbill.
Backup Supply Service	Energy provided to a pre-arranged customer to replace the loss of its sources and to cover that portion of demand that exceeds supply.
Balancing	Equalizing the volumes of gas withdrawn from a pipeline system with the volumes of gas injected into the pipeline. Penalties may be assessed for transportation imbalances beyond specified tolerances.
Base Load	The minimum amount of natural gas delivered or required over a given period of time at a steady rate. The minimum demand over a given period of time which is usually not temperature sensitive.
Base Rate	A charge normally set through rate proceedings by appropriate regulatory agencies and fixed until reviewed at future proceedings. It is calculated through multiplication of the rate from the appropriate rate schedule by the level of consumption. It does not include components that may vary from billing cycle to billing cycle, such as applicable surcharges.
Basis	The difference between the spot or cash price of a financial instrument or commodity and the price of the futures contract or a related derivative instrument. A seller is "short of the basis" if selling spot goods hedged by the purchases of futures. Someone who is "long of the basis" has bought spot goods and hedged them by the sale of futures. A basis point is one percent of one percent.
Billing Agency	A legal arrangement between a customer and a Marketer ("Billing Agency Agreement") in which a customer authorizes a marketer to act as Billing Agent to receive the customer's bills from Distribution; consolidate those bills with the Marketer's charges; re-bill the entire amount to the customer; receive payments from the customer and remit payments to the utility for its services. Marketers offering Billing Agency services may perform those services itself or obtain a third party to perform the services, but in either case, the Marketer is considered to be the customer's Billing Agent.
Billing Agency Agreement	A legal arrangement between a customer and a retail Supplier/Marketer ("Billing Agency Agreement") in which a Billing Agent is authorized by a customer to: receive the customer's bills from the utility; consolidate those bills with the retail Supplier's/Marketer's charges; rebill the entire amount to the customer in a single bill format; receive payments from the customer; and remit the appropriate part of payments to the utility. Retail Suppliers/Marketers offering billing agency services may perform those services itself or obtain a third party to perform the services, but in either case, the retail Supplier/Marketer is considered to be the customer's Billing Agent. Customers may also individually establish arrangements with third parties to perform similar services on their behalf, but those arrangements are not the subject of the UBPs.
Billing Cycle	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Billing Service Agreement	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.

Boiler	A device for generating steam for power, processing, or heating purposes or for producing hot water for heating purposes or hot water supply. Heat from an electrical combustion source is transmitted to a fluid contained within the tubes in the boiler shell. This fluid is delivered to an end-user at a desired pressure, temperature, and quality. Boilers are often classified as steam or hot water, low pressure or high pressure, capable of burning one fuel or a number of fuels.
Boiler Fuel	Fuels suitable for generating steam or hot water in large industrial or electrical generating utility applications.
Boiler Fuel Gas	Natural gas used as fuel for the generation of steam or hot water.
British Thermal Unit (BTU)	The amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit.
British Thermal Unit (Btu), Dry	A measure of the heating value of natural gas that is free of moisture, or contains less than seven pounds per Mcf of water vapor.
British Thermal Unit (Btu), Saturated	A measure of the heating value of natural gas that is fully saturated with water vapor under standard temperature, pressure and gravity conditions.
Bundled Sales Service	Service under which the cost of the gas and the cost of transporting it are combined into one retail price or rate. This is to be contrasted with unbundled services under which some or all of the different rate components are separately stated.
Burner Tip Consumption	Consumption at end-use customer's billing meter.
Burner Tip Imbalance	Imbalances are calculated by subtracting the burner-tip consumption from the quantity of gas delivered. If gas delivered exceeds burner-tip consumption, then a surplus exists. If gas delivered is less than burner-tip consumption, then a deficit exists.
Business Day	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Business Party	An entity that can establish and make use of production pools, aggregation and end-use market pools, STBA, and delegations.
Calendar Month Estimate (CME)	An estimate of the volume used during a calendar month based upon billing cycle meter readings and/or estimates, weather and/or proration.
Capacity (Gas)	The maximum amount of natural gas that can be produced, transported, stored, distributed, or utilized 1) in a given period of time under design conditions or 2) pursuant to the terms of a contract.
Capacity Charge	One element of a multi-part pricing method often used in energy transportation transactions. The Capacity Charge, sometimes called Demand Charge, is assessed on the amount of capacity being purchased or demanded. The Capacity Charge is typically expressed in \$/Dth/month.
Capacity Release	The assignment, allocation or release of transportation rights to another party authorized under applicable FERC orders and/or regulations. Releases are made on a permanent or temporary basis, and generally awarded to the highest bidder, except in the case of applicable retail customer choice programs and asset management arrangements.
Cash Out	The resolution of imbalances at the end of a period, usually a month, through cash payments.
Ceiling Rates	The maximum rates applicable under a Service Classification, i.e. non-discounted rates.
Central Delivery Points (CDP)	Primary receipt point for on-system contracts.
Choice Billing	Distribution's Utility Consolidated Billing Service that combines Marketer supply charges with utility delivery charges on one bill issued to the Customer by Distribution.
City Gate	The interconnection point between interstate and intrastate pipelines and the LDC. Also, the location at which natural gas ownership passes from one party to another, neither of which is the ultimate consumer.

City Gate Imbalance and Charges	Daily deliveries of gas supplies by a Supplier to its aggregated group(s) must be within a tolerance band of the sum of the DDQs (ADDQ) of the customers in the Supplier's Market Pool. Depending upon the service classification, underdeliveries below a tolerance band may result in cashout or sales service exposure. Similarly, overdeliveries may be rejected under service specified conditions.
City Gate Rate (Gate Rate)	The rate charged a distribution utility by its Suppliers. It refers to the cost of the natural gas at the point at which the distribution utility historically took title to the natural gas.
Class of Service	A group of customers with similar characteristics (e.g., residential, commercial, industrial, etc.) that are identified for the purpose of setting a rate for service.
Cogeneration	(1) Any of several processes which either use waste heat produced by electricity generating to satisfy thermal needs or process waste heat to electricity or produce mechanical energy. (2) The use of a single prime fuel source in a reciprocating engine or gas turbine to generate both electrical and thermal energy to optimize fuel efficiency. The dominant demand for energy may be either electrical or thermal. Usually it is thermal with excess electrical energy, if any, being transmitted into the local power supply companies' lines.
Commercial	A sector of customers or service defined as non-manufacturing business establishments, including but not limited to (i.e. apartment complexes = residential usage – but if in the complex or corp. name are commercial) hotels, motels, restaurants, wholesale businesses, retail stores, and health, social, and educational institutions. A utility may classify the commercial sector as all consumers whose demand or annual use exceeds some specified limit. The limit may be set by the utility based on the rate schedule of the utility.
Commission (a.k.a. PSC)	Public Service Commission of the State of New York.
Commodity Charge (or Rate)	A charge per unit of service actually delivered to the buyer, Compare Demand Charge.
Commodity Costs	Those costs that are allocated on the basis of actual use of service.
Competitive Transition Charge (CTC)	A non-bypassable charge, however designated, for recovery of stranded costs.
Confirmed Nominations	Pipeline verification that a change in a customer's level of transportation service will be matched by a change in supplier quantities.
Conjunctive Billing	The process of billing for several natural gas demands, services, or meters as if the billing were for a single demand, service, or meter. Conjunctive Billing is sometimes referred to as Combined Billing.
Consumer	The ultimate user of natural gas sometimes referred to as the end user or end use consumer.
Consumption Algorithm	A mathematical formula used to calculate a customer's daily consumption based on a customer's historical base load and heat use per effective degree-day factors.
Contract Term	The duration of effectiveness for a contract.
Control Number	The sequential number that determines a customer's meter read date.
Control Date	A date when a Customer's supply service may be switched from one ESCO to another ESCO or to or from Company provided sales service. See also Billing Cycle .
Conversion to Natural Gas	Changing customer's energy service to natural gas from some other fuel. The term includes adjustment of customers' appliances to perform satisfactorily with natural gas.
Core Customer	A customer that has no viable alternative fuel and relies on the utility for gas delivery and/or commodity service.

Core Market	Volumes that are transported and/or supplied by the local distribution company to firm customers with generally no alternative fuel capability.
Cost Mitigation Reserve (CMR)	A reserve established pursuant to the Commission's order dated October 21, 1998, issued in Case No. 98-G-1291.
Cost of Service	The total amount of money, including return on invested capital, operation and maintenance costs, administrative costs, taxes, and depreciation expense, to produce a utility service. Traditional utility cost of service may be expressed as Operating Costs + Taxes + (Rate of Return x [Cost of Plant Depreciation]).
Cramming	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Critical Day	A critical day exists when the LDC declares an OFO.
Critical Period	A Critical Period is a period of operational stress or impending potential stress that may impact the integrity of Distribution's system or a force majeure event.
Critical Service Customer	Any customer such as, but not limited to: homes, hospitals, nursing homes, residences, apartment buildings, condominiums, hotels, motels, dormitories, correctional institutions, and firehouses. Schools are not classified as critical service unless there are dormitories or other living facilities present. Similarly, churches and other religious organizations are not critical service facilities unless they include rectories and/or convents for living/sleeping.
Cubic Feet per Hour (Cu. Ft./Hr.) or (CFH)	The standard unit of measurement used to express the maximum firing rate (capability) of a natural gas-fired space-heating or process-use device.
Curtailment	A reduction, interruption or cessation of delivery service in response to a localized or general unavailability of gas supplies and/or transmission capacity. Procedures and priorities have been established for interrupting service during a gas shortage that begin with the lowest priority categories of non-core customers and reach the highest priority categories of core customers last.
Customer	An individual, firm or organization that purchases service at one location under one rate classification, contract, or schedule. If service is supplied at more than one location or under more than one rate schedule, each location and rate schedule may be counted as a separate customer. See Class of Service.
Customer Account Number	The utility specific unique identifier associated with a utility customer.
Customer Charge	A fixed amount to be paid periodically by the customer without regard to demand or energy consumption. See also Demand Charge.
Customer Consent Form	Form by which a transportation customer selects Supplier.
Customer Costs	The costs directly related to serving a customer, regardless of sales volume, such as meter reading, billing, and fixed charges for the minimum investment required to serve a customer.
Customer Delivery Points	Metered points of entry for gas delivered from the Distribution pipeline system to a customer's facility.
Customer Excess	Unused current-month deliveries; i.e., the quantity of gas delivered in any month which is greater than that amount left after applying previous months' banks of customer excess to current month consumption. (a.k.a. "Surplus Imbalance")
Cycle Billing	A billing procedure that provides for the billing of a portion of customers each working day so that all customers are billed within a predetermined period, such as one month, two months. etc. See also Billing Cycle.
Daily Delivery Quantity (DDQ)	The quantity of gas a Supplier is required to deliver to the city gate on a particular day for redelivery by the Company to the end user Customer.

Daily Metered Transportation (DMT)	Type of service under Distribution's SC-13D whereby the customer installs the necessary electronic equipment, acceptable to Distribution, which allows Distribution to monitor the customer's daily usage of gas.
Data Reference Number	The standard common code used within the gas industry to uniquely identify a gas nomination point. Where EDI nominations are available, its use is mandatory.
Declining Block Rate	A rate structure that prices successive blocks of power use at increasingly lower per-unit prices. The more energy a customer uses the lower the average price.
Deferred Payment Agreement	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Deficiency Imbalance	An imbalance due to the Company which 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.
Dekatherm	One million BTU's of energy. Also, ten therms.
Degree Day (DD)	A measure of the coldness of the weather experienced, based on the extent to which the daily mean temperature falls below a reference temperature, usually 65° F. For example, on a day when the mean outdoor dry-bulb temperature is 35° F, there would be 30 degree days experienced. A measure of seasonal variation and intensity of temperature. In residential customer load, the more degree days in a year than the "average," the higher the utility bill.
Deficiency Imbalance	The amount of gas used by customers that is greater than the current-month deliveries.
Deliverability	The amount of natural gas a well, field, pipeline, or distribution system can supply in a given period of time. Also, the practical output from a gas storage reservoir.
Delivery	In the context of futures trading, the tendering and receipt of the physical commodity to satisfy a futures contract.
Delivery Point	The point on a gas pipeline's system at which it delivers natural gas that it has transported.
Demand	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Demand Charge	The Demand Charge portion of rate design is expected to recover the costs associated with the level of demand for the particular service and will be paid even if no service is taken by the customer; a reservation charge. Included in demand charges are capital-related costs and the cost of operation and maintenance of transmission and distribution pipeline facilities.
Design Day	A 24-hour period of demand which is used as a basis for planning gas capacity requirements.
Design Peak Requirement	The design peak day customer load determinants to be served by a Supplier, i.e. the portion of the extreme peak day requirement for which the Supplier may be allocated capacity.
Direct Customer	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Distribution (Gas Utility) Company	A company that obtains the major portion of its natural gas operating revenues from the operation of a retail gas distribution system and that operates no transmission system other than incidental connections within its own system or to the system of another company. See also Local Distribution Company.
Distribution (Gas)	Mains, service connections, and equipment that carry or control the supply of natural gas from the point of local supply to and including the sales meters.

Distribution Line	Network-like pipeline that transports natural gas from a transmission line to an end-user's service line or to other distribution lines. Generally, large pipelines are laid in principal streets, with smaller lateral lines extending along side streets and connected at their ends to form a grid; sometimes lateral lines are brought to a dead end.
Distribution Loss	See Line Loss.
Downstream Pipeline	A pipeline receiving natural gas from another pipeline at an interconnection point. Compare Upstream Pipeline.
Dual Billing	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Dual Fuel (DF) Capacity	The capacity of an energy burning facility to use more than one kind of fuel, alternatively.
Efficiency (E)	Relating to heat, a percentage indicating the available Btu input that is converted to useful purposes. It is applied, generally, to combustion equipment. E equals Btu output over Btu input.
Elderly, Blind or Disabled Payment Troubled Residential Assistance Program (EBD PTR)	A program designed to assist our elderly, blind or disabled customers in the reduction of arrearages and ease the burden of financially troubled participants. Eligible customers will receive a lower gas rate, arrearage forgiveness and case management counseling. In addition, they may be eligible for repairs to heating equipment and weatherization and insulation of their residences.
Electronic Bulletin Board (EBB)	Generic name for the system of electronic posting of pipeline delivery information as mandated by the FERC.
End-User	One who actually consumes energy, as opposed to one who sells or resells it.
Energy Services Company (ESCO)	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Estimated Usage	Customer usage based on history, estimated and used in balancing and settlement for customers whose meters have not been read for the month. When actual meter reads are obtained adjustments will be made to the account.
Facility	An existing, planned location or site which is or will be constructed where natural gas is defined as an energy source.
Federal Energy Regulatory Commission (FERC)	The federal agency which regulates, <i>inter alia</i> , the transmission and sale of energy, including natural gas, in interstate commerce. FERC generally is the federal counterpart to state regulatory commissions.
Final System Imbalance Volume (FSIV)	For imbalance resolution purposes, an Imbalance Holder's FSIV is the volume subject to cash out following the application of imbalance trading volumes, if any, to its PSIV.
Firm Customer	A customer for whom contract demand is reserved and to whom the Supplier is obligated to provide service.
Firm Demand	The capacity that a Supplier is required by contract to provide (except during extreme emergencies).
Firm Gas	Gas sold on a continuous basis for a defined contract term (e.g., one year) under rate schedules or contracts that anticipate no interruptions, regardless of class of service, except for force majeure. Compare to Interruptible Gas.
Firm Service	Service, e.g. transportation, offered to customers under schedules or contracts that once scheduled, anticipates no interruptions, regardless of class of service, except for force majeure.
Fixed Charge	The charge calculated in rate design to recover all or a portion of the fixed costs of a utility plant, including the generation facility and transmission lines, meters, and some taxes.

Fixed Price	A contract in which a named, exact price is specified for commodities. A fixed price contract may have variations to the fixed price such as escalators or redeterminations for increased costs or incentives for meeting various goals.
Forecast Daily Requirement	The estimated daily consumption of an Aggregation Group/Market Pool as calculated by the Consumption Algorithm and forecast effective degree-days, for example, the ADDQ.
Force Majeure	A common law concept borrowed from the French civil law. "Force majeure" means superior or irresistible force that excuses a failure to perform. It has been defined by the United States Supreme Court as a cause that is "beyond the control and without the fault or negligence" of the party excused. Force majeure events also must not have been reasonably foreseeable: e.g., a blizzard in Houston in January may be a force majeure event, but a blizzard in Montana will not qualify.
Futures	A standardized contract for the purchase or sale of a commodity, which is traded for delivery in the future.
Futures Contract	An exchange-traded contract promising to buy or sell standard commodities or securities at a future date at a set price. Futures are "paper" deals and involve profit and loss on promises to deliver, not possession of the actual commodity. The main difference between a futures contract and a forward contract is that a futures contract is cash settled, or marked-to-market, daily. Additionally, the futures market requires that all market participants - sellers and buyers - alike post a performance bond called margin.
Gas Confirmation Process	The process by which transporters (e.g. pipelines and LDCs) compare and verify transportation nominations at points of interconnection, upstream and downstream, to schedule gas along the path of the Supplier's nomination.
Gas Day	A period of 24 consecutive hours beginning at 10:00 a.m. and ending at 10:00 a.m. Eastern Clock Time, next calendar day.
Gas Industry Standards Board (GISB)	A nonprofit North American industry association whose mission was "to develop and promote standards to simplify and expand electronic communications, and to simplify and streamline business practices that will lead to a seamless marketplace for natural gas." This organization has been succeeded by the North American Energy Standards Board (NAESB).
Gas Supply	Natural gas required to meet customers' needs, including as supply, interstate pipeline transportation, storage, losses and any other services required to transport such gas to Distribution's system boundary for subsequent delivery by Distribution to its customers and/or Aggregators.
Gas Transportation	A process whereby customers may purchase gas supply from Qualified Sellers and have it delivered using Distribution's gas distribution system. An entity selling capacity and energy to a retail Direct Customer.
Gas Week (Bid Week)	Usually the last full week each month when all parties (LDCs, Marketers, Shippers, etc.) firm up and finalize their required gas purchases and transportation arrangements for the upcoming month.
Gathering Line	Network-like pipeline that transports natural gas from individual wellheads to a compressor station, treating or processing plant, or main trunk transmission line. Gathering lines are generally relatively short in length, operate at a relatively low pressure, and are small in diameter.
Gross Receipts Tax (GRT)	The tax based on the total sales revenues derived from the furnishing of utility services.

Heat Content	The sum of the latent heat and sensible heat contained in a substance, above the heat contained at a specified temperature and pressure expressed as Btu or calories per unit of volume or weight.
Heating Degree Days	See Degree Day (DD).
Heating Value	The amount of heat produced by the complete combustion of a unit quantity of fuel. The gross, or higher, heating value is that which is obtained when all of the products of combustion are cooled to the temperature existing before combustion, the water vapor formed during combustion is condensed, and all the necessary corrections have been made. The net, or lower, heating value is obtained by subtracting the latent heat of vaporization of the water vapor formed by the combustion of the hydrogen in the fuel from the gross, or higher, heating value.
Hinshaw Pipeline	A pipeline company (defined by the Natural Gas Act and exempted from FERC jurisdiction under the NGA) defined as a regulated company engaged in transportation in interstate commerce, or the sale in interstate commerce for resale of natural gas received by that company from another person within or at the boundary of a state, if all the natural gas so received is ultimately consumed within such state. A Hinshaw pipeline may receive a certificate authorizing it to transport natural gas out of the state in which it is located, without giving up its status as a Hinshaw pipeline.
Home Energy Assistance Program (HEAP)	A federal benefit and assistance program that helps qualifying low income households pay their heating and cooling energy costs.
Home Energy Fair Practices Act (HEFPA)	HEFPA is the title part of the New York Public Service Law (sections 30 et seq.). HEFPA authorizes the Commission to adopt implementing regulations; these regulations are set forth in 16 NYCRR Part 11 and are referred to as HEFPA regulations. The law and regulations cover initiation and termination of service, credit and collection policies, security deposits and related rules for transactions between utilities and their customers.
Human Needs Customer	High priority customers such as residences, hospitals and nursing homes, for which failure to get gas could be life threatening. See also Critical Service Customer.
Imbalance Holder	The Customer, Supplier or Marketer responsible for imbalance resolution as described in the Service Classification under which the Company provides service.
Imbalance Trading	A feature of imbalance resolution whereby Imbalance Holders may reduce their end of month imbalances by trading amongst each other. Imbalance information is provided and trades are conducted via TSS.
Incremental Cost	The change in total costs when output is increased or decreased by an increment or block of output for which costs can be accurately determined, usually calculated as the change in cost divided by the change in volume (for example as cents per Mcf); marginal cost.
Incumbent ESCO	A term describing the current Supplier, when a Customer is scheduled to be switched to another ESCO or returned to Company provided sales service as of the next Control Date.
Industrial Bypass	A situation in which large industrial customers buy energy and/or transportation service directly from a non-utility supplier, bypassing the local utility system. Deregulation of supply and transmission in some instances has opened up the opportunity for large users to purchase services from a Supplier other than the local retail utility.

Industrial Customer	An industrial customer is generally defined as one engaged in manufacturing, construction, mining, agriculture, fishing and forestry establishments, Standard Industrial Classification (SIC) codes 01-39. The utility may classify industrial service using the SIC codes, or based on demand or annual usage exceeding some specified limit. The limit may be set by the utility based on the rate schedule of the utility.
Initial System Imbalance Volume (ISIV)	For imbalance resolution purposes, an Imbalance Holder's ISIV is computed each month by summing the imbalances from all the market pools for which it bears imbalance responsibility.
Input Rating	The designed rate of fuel acceptance by a burner. Usually expressed in BTH or CFH.
Interruptible Gas	Gas sold to customers with a provision that permits reduction or cessation of service under certain circumstances, as specified in the service contract.
Interruptible Load	Demand that can be interrupted by direct action of the supplying system's system operator in accordance with contractual provisions at times of seasonal peak load. It usually involves commercial and industrial consumers. In some instances the load reduction may be affected by direct action of the system operator (remote tripping) after notice to the consumer in accordance with contractual provisions. For example, loads that can be interrupted to fulfill planning or operation reserve requirements should be reported as Interruptible Load.
Interruptible Service	Transportation Service that is subject to interruption due to a lack of pipeline capacity at receipt points, delivery points and/or due to flowing constraints within the pipeline as the case may be. The scheduling priority for Interruptible Service is lower than that for Firm Service.
Interruptible Transportation (IT)	See Interruptible Service.
Interstate Gas	(1) Natural gas transported in interstate pipelines and consumed in a state other than the one in which it was produced or (2) Gas transported on a pipeline which travels through more than one state (and for purposes of the GTOP) is delivered to a receipt point within New York State.
Interstate Pipeline	A natural gas pipeline company that is engaged in the transportation of natural gas across state boundaries, and is therefore subject to FERC jurisdiction and/or FERC regulation under the NGA.
Interval Meters or Hourly Meters	Term used to describe a meter that measures usage in time increments during a billing period.
Intrastate Gas	Natural gas produced, sold and consumed in the same state without being transported in interstate commerce and not made subject to federal (FERC) jurisdiction.
Intrastate Pipeline	A natural gas pipeline company that is engaged in the transportation of natural gas not subject to FERC jurisdiction under the NGA.
Inverted Block Rate (Graduated Rate)	A rate structure that prices successive blocks of power use at increasingly higher per-unit prices. The more energy a customer uses the greater the average price.
Involuntary Switch	A process or situation where a customer's energy Supplier is changed from one provider to another without the customer's authorization. This would include situations where a customer returns to utility service as a result of a Supplier's failure to deliver. An involuntary switch that is not in accord with the "Discontinuance of Service" provision set forth in the rules is referred to as "slamming."
Late Payment	Any payment made more than 20 calendar days after the date payment was due. Payment is due whenever specified by Distribution on its bill, provided such date does not occur before personal service of the bill or three calendar days after the mailing of the bill.

Line Loss	The reduction in the quantity of natural gas flowing through a pipeline that results from leaks, venting, and other physical and operational circumstances on a pipeline system. Line Loss is sometimes referred to as Shrinkage or Distribution Loss.
Line Pack	Inventory of gas in a pipeline or in a gas distribution system.
Liquefied Natural Gas (LNG)	Natural gas that has been liquefied by reducing its temperature to minus 260 degrees Fahrenheit at atmospheric pressure. It remains a liquid at minus 116 degrees Fahrenheit and 673 psig. In volume, it occupies a volume 1/600 of that of the vapor.
Load Balancing	The process of reconciling differences that occur between the amount of natural gas delivered at the RDRP by an ESCO and the amount of natural gas delivered to the customer at the Retail Delivery Point adjusted for losses.
Load Factor	The ratio of average load to peak load during a specific period of time (usually a month) expressed as a percent. The load factor indicates to what degree energy has been consumed compared to maximum demand or the utilization of units relative to total system capability. It shows the variability in all customers' demand.
Load Profile	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Local Distribution Company (LDC)	The company whose primary function is to distribute gas supply procured by it or by Marketers or Direct Customers, to retail gas users. LDCs also provide transportation service to retail end users as well as other services.
Lockbox	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Losses	Losses are associated with all transmission and distribution service systems. Losses are the difference between the generation amount of energy produced and the metered amount of customer usage within a specific service area.
Lost and Unaccounted for Gas (LUFG)	The difference between the quantity of gas available from all sources (purchased, transported, and locally produced) and the quantity accounted for by customer usage or company uses.
Low Income Residential Assistance (LIRA)	A program designed to assist economically disadvantaged customers in the reduction of their arrearages. Eligible customers will receive a lower gas rate, arrearage forgiveness, a conservation credit (as earned), and case management counseling with referrals made to other available programs when appropriate.
MCF	One thousand (1000) cubic feet. This is a measure of gas usage. The average domestic user consumes 100-200 Mcf annually. Very roughly, 1 Mcf = 1 MMBtu = 1 Dth = 1 gigajoule.
Main	A main is a pipeline located on a public or private right-of-way, which is generally available or used to transport gas to more than one service line.
Main, Gas	Pipe used to carry natural gas from one point to another. As contrasted with service gas pipes, mains usually carry natural gas in large volume for general or collective use.
Margin	Money that buyers and sellers of futures and exchange-traded options must put up with the clearinghouse to assure performance on the contracts. For over-the-counter options, margins are negotiated between the counter-parties. In both cases, the amount of margin required varies with the price fluctuations of the underlying contract. Open positions are marked-to-market daily and, in times of extreme volatility, marked-to-market intra-day as well.
Marginal Cost	The increase or decrease in total costs brought about by a one-unit increase or decrease in output.
Market Participants	LDCs, Marketers or their agents, Direct Customers and pipelines involved in bringing gas to a LDC's City Gate.

Market Pool	A logical grouping of end-use transportation customer burner tips or an aggregation group designated and authorized to receive gas.
Market Pool Operator	The business party within TSS that has responsibility for setup and confirmation of Market Pools.
Market Pricing Tier	For imbalance resolution purposes, when an Imbalance Holder has an imbalance within the range 5% long to 5% short range, its cash outs are processed using market pricing as described in the tariff. The cash out prices for imbalances outside this range as either surcharged or discounted, as appropriate.
Marketer	A competitive gas supplier, equivalent to ESCO - See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Master Metering	The separate metering of individual units in a building which is required if the occupant has control over energy use in the unit and if benefits exceed costs.
Maximum Allowable Operating Pressure (MAOP)	The maximum pressure at which a gas system may be operated.
Maximum Daily Quantity (MDQ)	The contractual maximum daily quantity of gas that a customer may purchase from a supplier (in some cases, the LDC).
Maximum Demand	The greatest of all demands of the load that has occurred within a specified period of time.
Meter, Gas	An instrument for measuring and indicating, or recording, the volume of natural gas that has passed through it.
Meter Read Date	The date on which Distribution is scheduled to read a customer's meter each billing period.
Metering	Use of devices that measure and register the amount and/or direction of energy quantities relative to time.
Minimum Daily Gas Index	The average of the minimum daily prices from the Daily Price Survey from <u>Gas Daily</u> . To the extent that any publication or delivery area is no longer available, Distribution will, as a substitute, use equivalent prices from a standard recognized gas industry publication.
Minimum Purchase	Volume deducted from customer usage for minimum purchase tariff requirements associated with a customer's service class.
Month End Imbalance	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 adjusted by the allowance for losses incurred in the process of delivery) are the sum of allocated transportation receipt volumes from city gate deliveries, local production pool receipts and local production excess volumes.
Monthly Metered Transportation (MMT)	Transportation service offered by Distribution under SC-13M (aggregated under SC-19) in which the allocation period is the billing month. Imbalance and usage is based on cycle readings (except in the case of an OFO).
Natural Gas	A naturally occurring mixture of hydrocarbon and non-hydrocarbon gases found in porous geological formations beneath the earth's surface, often in association with petroleum. The principal constituent is methane, CH ₄ .

Natural Gas Policy Act of 1978 (NGPA)	A federal statute enacted in 1978 to phase out producer rate regulation between January 1, 1985 and July 1, 1987. The NGPA provides “maximum lawful prices” for those categories of natural gas that it subjects to price regulation. The NGPA also provides for “self-implementing” transportation services, without the need for prior certificates of public convenience and necessity from the FERC under the NGA, for certain qualifying transportation by interstate pipelines on behalf of intrastate pipelines or LDCs or by intrastate pipelines on behalf of interstate pipelines or LDCs served by an interstate pipeline.
New Delivery Customer	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
New York Mercantile Exchange (NYMEX)	The commodity exchange based in New York City where the natural gas futures and options contract and other energy futures are traded.
No-Bump Rule	Rule which protects a Shipper with flowing gas from losing capacity (being bumped) by a higher priority shipper in the interruptible queue deciding to increase its gas volumes.
No-Harm – No-Foul Rule	DMT daily city gate delivery rule whereby; no imbalance cashouts are required if deliveries to the overall DMT population is within tolerance.
Nominated Deliveries	The volume of gas requested for delivery to a customer or pool of customers.
Nomination	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Non-aggregated Transportation Customers	A customer, with annual natural gas consumption in excess of 3,500 Mcf, that acts on its own behalf as a Direct Customer under the UBPs in arranging to bring natural gas to the utility’s City Gate.
Non-Core Customer	A customer that has multiple fuel options and does not rely solely on the flow of gas for continued heat and other operations.
Non-residential Applicant	Any person, corporation or other entity that has requested and made application for gas service as a non-residential customer.
Non-residential Customer	Any person, corporation or other entity, supplied by Distribution with gas service under Distribution’s tariff and pursuant to an accepted application for service, who is not a residential customer as defined in Distribution’s tariff.
Non-utility Cogeneration Facility	Any cogeneration facility not selling gas to the public at retail pursuant to a franchise.
Notice of Proposed Rule Making (NPR)	A draft generic policy change promulgated by regulatory agencies.
Normal Business Hours	7:30 AM to 5:00 PM on normal business days, i.e. the hours staffed during the days on which the Company is open for regular business.
Normal Degree Days	Estimated (normalized) degree-days for a given day based on a historical average.
Normalized	Adjusted for weather using weather normalization (degree-day) factors.
North American Energy Standards Board (NAESB)	A nonprofit North American industry association whose mission is to “propose and adopt voluntary standards and model business practices designed to promote more competitive and efficient natural gas and electric service, as such standards apply to electronic data interchange (“EDI”) record formats and communications protocols and related business practices that streamline the transactional processes of the natural gas and electric industries.”
Off Peak	The period during a day, week, month or year when the load being delivered by a natural gas or electric system is not at or near the maximum volume delivered by that system for a similar period of time (night vs. day; Sunday vs. Tuesday).
Off-Peak Gas	Natural gas supplied during periods of relatively low system demands.
Open Access	Non-discriminatory, fully equal access to transportation or transmission services offered by a pipeline.

Operational Flow Orders (OFOs)	Orders which are issued by a pipeline to protect the operational integrity of the line. The orders may either restrict service or require affirmative action by shippers, such as line pack or draft.
Overdelivery	See Surplus Imbalance.
Payment, Timely	Is considered to be made on the date when it is received by Distribution or one of its authorized agents.
Peak Day	The day in which the highest volume of gas is delivered into the utility's system in order to meet usage demands. Related to operational deliverability of the entire system.
Peak Demand	The maximum load during a specified period of time.
Peak Month	The month in which the highest volume of gas is delivered into the utility's system in order to supply usage demands.
Pending ESCO	A term describing the prospective Supplier, when a Customer is scheduled to be switched from sales service or another Supplier as of the next Control Date.
Pipeline	An entity engaged in the transportation of natural gas in interstate or intrastate commerce. Also, the actual facility itself.
Point-to-Point Transmission Service	Open Access transmission service that is reserved and/or scheduled pursuant to the provisions of Distribution's FERC Statement of Operating Conditions.
Pool	Pools are groups of customers supplied by one Marketer.
Pool Agent	The Pool Agent is responsible for establishing and maintaining a Pool. Only the Pool Agent can change the parameters of a Pool.
Pool Operator	A general term that is applicable to either Market Pool Operators or Production Pool Operators. In most cases, this term is interchangeable with Pool Agent.
Pooling	Aggregation of customers by a Pool Agent to deliver natural gas supplies delivered to Distribution's distribution systems.
Pooling Point (1)	A physical or logical point where gas is aggregated from many receipt points to serve a number of contracts without tying a particular receipt point to a particular contract. Pooling points have traditionally been thought of as mainline pipeline receipt points. Under Order No. 636 that definition was expanded to include places where title passes from the gas merchant to the Shipper, or where aggregation, balancing and penalties are determined.
Pooling Point (2)	The point (either physical or logical) at which gas is aggregated from many receipt points in order to serve several contracts without tying a specific receipt point to a specific contract. "Paper pooling" refers to aggregation as a matter of accounting, as opposed to physical pooling in a supply basin.
Pre-determined Allocation (PDA)	A method of allocating the excess or shortage of natural gas to a Market Pool.
Pre-determined Scheduling Instructions (PSI)	Production Pool Operators may modify Market Pools assigned as recipients of gas nominations from Production Pools through the modification of the PSI in TSS. Modifications to the PSI will be effective the day of the change and forward.
Pre-Trading System Imbalance Volume (PSIV)	For imbalance resolution purposes, an Imbalance Holder's PSIV is computed each month by applying prior period adjustments, if any, to its ISIV. The resulting volume is available for imbalance trading.
Premises	Any building or buildings where natural gas burning equipment is located.
Price Majeure	The process of retrading interruptible gas, which is the result of significant upward or downward price adjustments.
Priority Allocation	Customer allocations in a SC-13D pool are made in the order set by the Pool Agent (i.e. Customer One gets all his nominated volume before Customer Two, etc.)

Producer	A working interest owner of an oil and/or gas well. A producer may sell its share of production through the operator of the well, or through another producer.
Production Pool	A grouping of local production meters.
Production Pool Excess Pre-determined Allocation (PPE PDA)	A process, which allows Production Pool Operators to determine which Market Pools, may receive excess gas.
Production Pool Operator	The business party within TSS that has responsibility for setup and confirmation of Production Pools. Local production meters are added to or deleted from Production Pools by the Production Pool Operator.
Production Pool Shortage Pre-determined Allocation (PPS PDA)	A process, which allows Production Pool Operators to determine which Market Pools, may be shorted.
Proration	A methodology whereby shippers are allocated a share of the difference between scheduled quantities and measured quantities based upon the proportionate share each shipper scheduled.
Public Service Commission of the State of New York (NYPSC or PSC)	The appointed regulatory body in New York State that governs procurement, gas sales and transportation services of Distribution.
Rate	The unit charge or charges made by an energy company or utility to customers for energy. Rate structures include: Block A rate that provides different unit charges for consumption falling within various blocks of demand or consumption. Flat: A rate that provides for a specified charge irrespective of the quantity used or the contract demand. Postage-Stamp: Transportation rate which applies for a given zone or area rather than the distance of actual transportation.
Rate Base	The value of property upon which a utility is given the opportunity to earn a specified rate of return as established by a regulatory authority. The value of property used by the utility in providing service and may be calculated by any one or a combination of the following accounting methods: fair value, prudent investment, reproduction cost, or original cost. The rate base may include a working capital allowance covering such elements as cash, working capital, materials and supplies, prepayments, minimum bank balances and tax offsets. The rate base may be adjusted by deductions for accumulated provision for depreciation, contributions in aid of construction, accumulated deferred income taxes, and accumulated deferred investment tax credits.
Ratepayer Billing Account (RBA)	A nine-digit number assigned to a transportation customer for identification purposes. See Distribution Utility Customer Account Number within the UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Rebundling	The process under which a Supplier may arrange supply, storage and/or transportation service to sell these combined services to a customer as a single product when permitted by applicable laws, rules and/or regulations, etc.
Recall Rights	The provision for a wholesale seller of power to cease to perform, generally in order to use such power to serve its indigenous retail loads.
Receipt Points	Metered points of entry for gas delivered into a transporter's system.
Redelivery	Delivery of natural gas by a transporter back to a Shipper or to a Shipper's account that the transporter had received from the Shipper.
Releasing Shipper	A Shipper who is the original capacity holder of firm space on a pipeline for which reservation fees are paid, and who desires to sell this capacity under the capacity release program.

Replacement Shipper	A Shipper who acquires firm transportation capacity through release by another Shipper under a pipeline's capacity release program (also known as "Acquiring Shipper").
Residential	Private household establishments which consume energy primarily for space heating, water heating, air conditioning, lighting, refrigeration, cooking and clothes drying. The classification of an individual consumer's account, where the use is both residential and commercial, is based on principal use.
Residential Applicant/Customer	Any person who requests gas service at a premises to be used as his or her residence or the residence of a third party on whose behalf the person is requesting service, and where the person meets the criteria set forth in 16 NYCRR, paragraph 11.2(a)(2).
Retail Access Program	The transmission, distribution, and delivery by Distribution to the customer of natural gas requirements, furnished to Distribution by the customer or by a third party on the customer's behalf pursuant to the provisions of Commission No. 207 and in particular Rule 39.
Retail Delivery Metering Point	The location where the gas service is metered or the location to which meter readings are compensated.
Retail Delivery Point	The point where Distribution's retail distribution system connects to the customer's service entrance at the customer's premises.
Retail Distribution Receipt Point (RDRP)	The point(s) of receipt of natural gas into the distribution system.
Retail Supplier	An energy services company who has registered with the Commission, been approved as a provider of natural gas service to customers in New York, and has met all other approval requirements of Distribution.
Restricted STBA	For purposes of EDI and creditworthiness requirements, an STBA Group that limits enrollments to STBA Customer accounts under common ownership. All Restricted STBAs are also Direct Customers.
Seasonal Customer	A short-term customer that can be non-residential or residential (see HEFPA and/or 16 NYCRR). This would apply to Transportation and Consumer Business type customers.
Service Classification (SC)	Each of Distribution's rates and service offerings is a Service Classification, such as SC-13 is Firm Transportation Service.
Service Line	The piping, including associated metering and pressure reducing appurtenances, that transports gas below grade from a main to the first accessible fitting inside the wall of a customer's building, when a meter is located within the building; if a meter is located outside the building, the service line will be deemed to terminate at the outside of the building foundation wall.
Service Requestor	The Business Party Name for the Market Pool Operator or owner.
Shortfall	The quantity of customer usage exceeding the quantity of gas delivered into Distribution's system for a transportation customer.
Short-term Customer	A customer who requested service for a period of time up to two years.
Shrinkage	See Line Loss.
Slamming	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Special Meter Read	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Special Needs Customer	See UBP Definitions in GTOP Addendum 1, SECTION 1, Appendix B.
Spot Market	Commodity transactions in which the transaction commencement is near term (e.g., within ten days) and the contract duration is relatively short (e.g., 30 days).
Spot Purchases	A short-term single shipment sale of gas on an interruptible or best efforts basis. Spot purchases are often made to fulfill a certain portion of energy requirements, to meet unanticipated energy needs, or to take advantage of low prices.

Standard Cubic Foot (SCF)	One cubic foot of natural gas as measured at standard conditions of 60°F and one atmosphere of barometric pressure.
Standby Sales Service	Mandatory for all heating needs of customers which heat any building solely by gas where persons reside, including apartment houses, prisons, dormitories, nursing homes, hospitals, hotels, and other buildings where persons may dwell on a permanent basis.
Standby Service	Support service that is available, as needed, to supplement a consumer, a utility system, or to another utility to replace normally scheduled energy that becomes unavailable.
Supplier Transportation Balancing and Aggregation (STBA)	Service available under Distribution's SC-19 whereby Distribution will provide transportation and balancing services to facilitate the redelivery of gas supplies from the City Gate to the customer.
Surplus Delivery	See Surplus Imbalance.
STBA Customer	Transportation Service customer who has elected an alternative gas Supplier approved under the terms of SC-19 of Distribution's tariff.
STBA Group	The Supplier's Group of STBA customers.
STBA Imbalance	Net imbalances developed by the STBA Group and the primary financial responsibility of the Supplier.
Straight Gas Utility	A utility company that derives the major portion of its total sales revenues from natural gas operations. Compare to combined gas and electric utility, a.k.a. Combination Utility.
Supplier	(1) Signatory to an STBA Agreement who, in the sole judgment of Distribution, has been determined creditworthy for participation in the STBA program or (2) A third party provider, aggregator or Marketer of natural gas.
Surplus Imbalance	An imbalance due from the Company which 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.
System Alert	An announcement of actual or pending events that if unchecked may result in an OFO.
System Imbalance Position (SIP)	Where the "system total" is computed by summing volumes attributable to all Imbalance Holders, a percentage imbalance computed each month for by dividing the system total ISIV by the system total TMC and converting the quotient into a percentage.
System Supply	Natural gas supplies purchased, owned and sold by Distribution to retail sales customers.
Tampered Equipment	Any service-related equipment that has been subjected either to unauthorized interference so as to reduce the accuracy or eliminate the measurement of gas service, or to unauthorized connection occurring after a company has physically-disconnected service.
Tariff	A document filed by a regulated entity with either a federal or state commission. It lists the services the entity will provide, rates the regulated entity will charge to provide service to its customers, and the terms and conditions that it will follow in providing service.
Telemetry	Process by which measured quantities of gas are transmitted through telecommunication to a remote location.
Therm	A unit of heating value equivalent to 100,000 British thermal units (Btu) (0.1 MMBtu).
Throughput	The volume of gas flowing through a pipeline or distribution system.
Total Annual Quantity (TAQ)	The maximum annual quantity of gas a company is contractually obligated to deliver per year.
Transition Costs	Costs associated with the change of an industry from a regulated, bundled service to a competitive open-access service, including "Stranded Costs."
Transportation Customer	Transportation Service customer of Distribution.

Unauthorized Period	A period during which SC-11 Interruptible Sales Service is unavailable on an authorized basis because service to customers under firm sales classifications is jeopardized or impaired. During an unauthorized period, a surcharge is applied to the rate that would be charged for SC-11 gas during an authorized period.
Unbundled Services	The selling and pricing of energy services separately, as opposed to offering services "bundled" into packages with a single price for the whole package. With unbundling, separate fees are charged for each service based upon only the costs of providing that service. (i.e. transportation, storage, generation, production, etc.).
Uniform Business Practices (UBPs)	Refers to the guidelines adopted by the Commission in Case No. 98-M-1343 as of April 15, 1999.
Upstream Agent	A party that upon completion of an Upstream Agency Consent Form and Affidavit accepted by Distribution takes assignment of upstream transportation and storage capacity on behalf of an STBA Supplier and assumes management and city gate delivery responsibilities under SC 19.
Upstream Capacity	Transportation or storage capacity on a pipeline upstream of Distribution.
Upstream Pipeline	(1) An interstate pipeline or intrastate pipeline to which Distribution is physically connected and from which Distribution may take deliveries of gas or (2) The pipeline delivering natural gas to a downstream pipeline at an interconnection point along the transportation path to the consumer.
Voluntary Switch	A process or situation where a customer's energy Supplier is changed from one provider to another with the customer's direct authorization.
Website	Site on internet worldwide web established and maintained by Distribution for transacting business.
Weighted Average Cost of Gas (WACOG)	The weighted average unit cost of a supply of natural gas; WACOG is calculated as the total cost of all natural gas purchased during a base period divided by either the total quantity purchased (unit of production) or the system throughput (unit of sales) during the same period.
Weighted Average Cost of Capacity (WACOC)	The weighted average cost of capacity, in terms of reservation cost, for upstream pipeline capacity released as a part of Distribution's MUTC Release Program.
Wellhead Price	The price received by the producer for sales at the well.
Zero Pool	For imbalance resolution purposes, a pool set up to handle all the imbalances for which an Imbalance Holder is responsible. The Zero Pool is also used for imbalance trading and for billing purposes, to handle cash out amounts.

FILE FORMATS

Electronic Exchange of Daily Delivery Quantity Data

ADDQ information (in PDF format) can be obtained through TSS each morning after 8:45 AM by executing the TSS shortcuts EADDQ (for aggregation market pools) or EEDDQ (for SC-16 market pools).

Additionally, ADDQ information is available in the standard file format for electronic exchange of daily delivery quantity data between LDCs and Marketers approved in the Commission's Opinion and Order on Implementation of Electronic Data Interchange (Opinion No. 00-05), issued April 12, 2000. As a general description, this is a flat ASCII file in comma separated value (.CSV) format. The first row of the file is comprised of the standard field names or standard abbreviations for the data elements in the order in which the corresponding data is to appear in all subsequent rows. The CSV ADDQ flat file contains one row of data per pool. Should a Marketer operate several pools, one row of data is provided per pool. In the case of non-aggregation transportation pools, one row of data is provided per RBA.

Distribution's implementation has the following file layout:

Field Name	Abbreviation
Transaction ID	Tran ID
System Date	Sys Date
Utility DUNS	TSP
Marketer DUNS	Svc Req
Transaction Type	TT
Unit of Measure For Energy	Units
ADDQ for Month/Year	Acct Per
Pool ID	Svc Req K
Account Number	Dn K
ADDQ for Day 1	A1
ADDQ for Day 2	A2
ADDQ for Day 3	A3
...	
ADDQ for Day 31	A31
Contact Name	Contact Name
Contact Phone	Contact Phone

To obtain a file in this format, TSS shortcuts EADDQF (for aggregation market pools) or EEDDQF (for MMT or DMT market pools) should be utilized.

RULES & PROCEDURES

Affiliate Rules

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

Affiliate Rules

1.0 Affiliate Relations – In General

- 1.1 National Fuel Gas Distribution Company (“NFGD”) and National Fuel Gas Company’s (“NFG”) ⁴ other subsidiaries will be operated as separate entities.
- 1.2 Any transfer of assets or the provision of goods or services, other than tariffed services and corporate governance, administrative, legal and accounting services by NFGD to an unregulated subsidiary or an unregulated subsidiary to NFGD, will be pursuant to regulations of the Securities Exchange Commission (“SEC”) and the Public Service Commission of New York (“PSC”).
- 1.3 Cost allocation guidelines if amended and/or supplemented will be filed with the Director of the Office of Accounting and Finance of the Department of Public Service 30 days prior to becoming effective.
- 1.4 All cost allocations will be subject to review during rate proceedings.

2.0 Non-Discriminatory Application of Tariffed Services

- 2.1 NFGD shall apply its tariffs in a nondiscriminatory manner.
- 2.2 NFGD shall not apply a tariff provision in any manner that would give its affiliates an unreasonable preference over other parties with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or non-delivery, and all other services provided to its affiliates.
- 2.3 Tariff provisions cannot be waived by NFGD absent prior approval of the PSC.

⁴ NFG holding company is registered as a holding company under the Public Utility Holding Company Act of 1935.

- 2.4 If a tariff provision is not mandatory or permits discretionary waivers, NFGD shall grant the waivers without preference to its affiliates. NFGD shall apply the provisions of its Gas Transportation Operating Procedures Manual without preference to its affiliates.
- 2.5 NFGD shall process requests for distribution services promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period.
- 2.6 If NFGD provides a distribution service discount, fee waiver or rebate to customers of its affiliated marketer, NFGD shall offer the same distribution service discount, fee waiver or rebate to other similarly situated parties. Offers shall not be tied to any unrelated service, incentive or offer on behalf of either the natural gas distribution company or its affiliates.

3.0 Personnel

- 3.1 Unregulated affiliates will have separate operating employees.
- 3.2 Non-administrative operating officers of NFGD will not be operating officers of any of the unregulated subsidiaries.
- 3.3 Officers of NFG may be officers of NFGD.
- 3.4 Employees may be transferred between NFGD and an unregulated affiliate upon mutual agreement. Employees transferred to a marketing affiliate may not be reemployed by NFGD for a minimum of 12 months from the transfer date. Employees returning to NFGD from a marketing affiliate may not be transferred to a marketing affiliate for a minimum of 24 months from the date of return or in the case of a transfer to an unregulated affiliate, for a minimum of 12 months. The foregoing limitations will not apply to employees covered by a collective bargaining agreement.
- 3.5 NFGD will not restrict by any means the employment with marketers of employees of NFGD unless NFGD applies the same restriction to its affiliated marketer(s). NFGD may negotiate restrictive employment conditions in severance agreements with employees under which the employee, as a result of a bargained-for exchange, receives value.

- 3.6 The foregoing provision in no way restricts the loaning of employees from any affiliate to NFGD to respond to an emergency that threatens the safety or reliability of service to consumers. Nor does the foregoing provision restrict the “loaned and borrowed labor” arrangement traditionally maintained between NFGD and National Fuel Gas Supply Corporation (“NFGS”) for routine system operational purposes.
- 3.7 The compensation of NFGD employees may not be tied to the performance of any of NFG’s unregulated subsidiaries. However, the stock of NFG may be used as an element of compensation and the compensation of common officers of NFG and NFGD may be based upon the operations of NFG and NFGD.
- 3.8 The employees of NFG, NFGD, NFGS and the unregulated affiliates may participate in common pension and benefit plans.

4.0 Goods, Services and Transactions Between NFGD and Affiliates

- 4.1 NFGD shall justly and reasonably allocate to its affiliates the costs or expenses for general administration or support services provided to said entities.
- 4.2 NFGD shall not condition or tie the provision of any product, service or price agreement by it (including release of interstate pipeline capacity) to the provision of any product or service by its affiliates.
- 4.3 NFGD shall not give its affiliates preference over non-affiliated marketers in the provision of goods and services including processing requests for information, complaints and responses to service interruptions. NFGD shall provide comparable treatment in its provision of such goods and services without regard to a customer’s chosen marketer.
- 4.4 NFGD and affiliated marketers shall not be located in the same building or share office structures or centralized computer and/or communication networks. The NFG Corporate Website and corporate-governance transactions (such as those performed for financial reporting purposes) are exempt from the restriction pertaining to joint use of centralized computer and/or communications network.

- 4.5 NFGD shall maintain separate books and records from its affiliates. Further transactions between NFGD and its affiliates shall not involve cross-subsidies. Any shared facilities shall be fully and transparently allocated between the distribution company and affiliates. NFGD's accounts and records shall be maintained such that the costs incurred on behalf of an affiliate may be clearly identified.
- 4.6 NFGD may provide other services to affiliates, except that NFGD may not use any of its marketing or sales employees to provide services to NFGS or an affiliated marketer. NFGS and the affiliated marketers shall compensate NFGD for the services of employees performing such services in accordance with the orders, rules and regulations of the SEC governing same.
- 4.7 NFGD's affiliates, including NFGS and any affiliated marketers may provide services to NFGD, subject to any applicable requirements of this PSC, the SEC and the Federal Energy Regulatory Commission.
- 4.8 Common property/casualty and other business insurance policies may cover NFG, NFGD, NFGS, and other affiliates. The costs of such policies shall be allocated among the entities in an equitable manner.
- 4.9 Notwithstanding the above, the Commission's Order on Rehearing in Case 98-G-0122 – Proceeding on Motion of the Commission to Review the Bypass Policy Relating to Pricing of Gas for Electric Generation, dated June 29, 2001, and any additional review of that order, continues to control the issues resolved there.

5.0 Customer Information

- 5.1 Release of proprietary customer information relating to customers within NFGD's service territory shall be subject to the Uniform Business Practices ("UBPs") and, if required, prior authorization by the customer and subject to the customer's direction regarding the person(s) to whom the information may be released. If a customer authorizes the release of information to an affiliate and one or more of the affiliate's competitors, NFGD shall make that information available to the affiliate and such competitors on an equal and contemporaneous basis.

- 5.2 NFGD will not disclose to marketing or pipeline affiliates any customer or marketer information that it receives from a marketer, non-affiliated pipeline or gatherer, customer, or potential customer, which is not available from sources other than NFGD. Excluded from this restriction is operational information supplied to a pipeline affiliate necessary to implement changes in system operations.
- 5.3 Subject to customer privacy or confidentiality constraints, NFGD shall not disclose, directly or indirectly, any customer proprietary information to its affiliate unless authorized by the customer or the UBPs.
- 5.4 Distribution shall not disclose to its affiliates including marketing affiliates any information relating to the availability of transportation services that it does not disclose to all marketers at the same time. Excluded from this restriction is operational information supplied to a pipeline affiliate necessary to conduct day-to-day and long term system operations.

6.0 Customer Communications

- 6.1 NFGD shall not directly or by implication, represent to any customer, natural gas supplier or third party that an advantage may accrue to any party through use of NFGD's affiliates, such as:
 - a. That the PSC regulated services provided by NFGD are of a superior quality when such services are purchased from its affiliated marketer; or
 - b. That the commodity services (for natural gas) are being provided by NFGD when they are in fact being provided by an affiliated marketer;
 - c. That the natural gas purchased from a non-affiliated marketer may not be reliably delivered;
 - d. That natural gas must be purchased from an affiliated marketer in order to receive the PSC regulated services.
- 6.2 On a one-time basis NFGD shall disclose to all of its affiliated marketer's customers the distinction between the LDC and its marketing affiliate. NFGD will disclose the same information to new customers of its marketing affiliate in the anti-slamming letter required by the UBPs. Proposed disclosure language shall be distributed to the marketer signatories to this agreement and shall be subject to their approval.

7.0 Standards of Competitive Conduct

The following standards of competitive conduct shall govern NFGD's relationship with any energy supply and energy service affiliates:

- 7.1 There are no restrictions on affiliates using the same name, trade names, trademarks, service name, service mark or a derivative of a name, of NFG or NFGD, or in identifying itself as being affiliated with NFG or NFGD. However, NFGD will not provide sales leads for customers in its service territory to any affiliate and will refrain from giving any appearance that NFGD speaks on behalf of an affiliate or that an affiliate speaks on behalf of NFGD. If a customer requests information about securing any service or product offered within the service territory by an affiliate, NFGD may provide a list of all companies known to NFGD operating in the service territory who provide the service or product, which may include an affiliate, but NFGD will not promote its affiliate.
- 7.2 NFGD will not represent to any entity that an advantage may accrue to anyone in the use of NFGD's services as a result of that customer, supplier or third party dealing with any affiliate. This standard does not prohibit two or more of the unregulated subsidiaries from lawfully packaging their services.
- 7.3 All similarly situated customers, including but not limited to energy services companies and customers of energy service companies, whether affiliated or unaffiliated, will pay the same rates for NFGD's utility services. NFGD shall apply any tariff provision in the same manner if there is discretion in the application of the provision.

8.0 Enforcement of Standards

- 8.1 If any competitor or customer of NFGD believes that NFGD has violated the standards of conduct established in this section of the agreement, such competitor or customer may file a complaint in writing with NFGD. NFGD will respond to the complaint in writing within 20 business days after receipt of the complaint. Within 15 business days after the filing of such response, NFGD and the complaining party will meet in an attempt to resolve the matter informally. If NFGD and the complaining party are not able to resolve the matter informally, the matter will be subject to the Dispute Resolution Procedures in accordance with the UBPs.
- 8.2 Nothing in this section prevents the PSC from taking action to enforce its statutory obligations.

Interconnection Rules and Procedures

Rules

1. The interconnection applicant is responsible for all reasonable incremental costs.
2. The Company shall not unreasonably restrict, constrain or deny application for or operation of an interconnection if the applicant meets the rules for such service. Provided, however, that the operation of interconnections may be restricted or constrained by the Company in furtherance of and to the extent of the Company's obligations and requirements to manage system flows, dispatching and reliability needs. The Company shall not provide any advantages, services, or competitive information to an affiliate or other entity that is not provided contemporaneously and in a similar manner to others similarly situated.
3. Interconnection procedures may distinguish among interconnections with producers, interstate pipelines, and intrastate pipelines and gatherers to the extent such distinctions are technically or operationally justified.
4. The tariff shall provide that the Company will respond within 30 days of any application for an interconnection point and the response will either accept the request or will describe modifications required to accept the application.
5. General technical, operational and engineering specifications are to be provided in the Procedures Manual within 30 days of the Commission's approval of the Joint Proposal. More detailed requirements unique to the application may be set forth in the Interconnection Agreement.
6. Any party may complain to the Commission for resolution of a problem under these rules. Any party may also raise concerns in confidence to the Department of Public Service ("Department") but the nature of those concerns may be disclosed to Distribution at the Department's discretion. The Interconnection Agreement and these rules are subject to modification by the Commission upon notice as provided by law. The parties agree that Distribution maintains all of its rights under federal and state constitutional, statutory and case law.

Interconnection Procedures

1. The applicant will submit the application for interconnection service. The application must at a minimum describe gas flows on the interconnecting system.
2. The applicant must agree to some form of creditworthiness to the extent appropriate for the service being provided.

3. Distribution will provide a written response to the applicant within 30 days of receipt of an application. The response will provide an estimate of the cost of the work requested and the time of completion or, if necessary, request more information concerning the request. The Company's response will contain an estimated completion date. If the Company determines that it cannot meet the estimated completion date, it shall notify the applicant and provide an explanation together with a new estimate of the completion date.
4. The Interconnection Agreement will be executed by the parties before the Company orders equipment and work is commenced.
5. If requested by the applicant, the Company will schedule field meetings within 60 days of receipt of the fully completed application, unless field information is needed to complete the application.
6. Payment will be submitted to Distribution before construction commences.
7. Upon completion of the interconnection, gas will be accepted to flow if it meets the standards for service requested.

STANDARD-FORM AGREEMENTS**Pipeline/Gatherer Interconnection Agreement****INTERCONNECTION AGREEMENT**

THIS INTERCONNECTION AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, 20__, by and between _____, hereinafter, "Operator,"

and

NATIONAL FUEL GAS DISTRIBUTION CORPORATION, 6363 Main Street, Williamsville, New York, 14221, hereinafter, "NFGDC."

WITNESSETH

WHEREAS, NFGDC is a public utility authorized to purchase and transport natural gas and to provide retail natural gas service subject to the jurisdiction of the Public Utility Commission of the Commonwealth of Pennsylvania and the New York Public Service Commission; and

WHEREAS, by means of facilities operated by it, Operator proposes to deliver into facilities owned and operated by NFGDC natural gas; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, NFGDC and Operator agree as follows:

ARTICLE I.**DEFINITIONS**

(A) "Receipt Point" means the point of interconnection between Operator's facilities and the facilities of NFGDC located immediately upstream of NFGDC's measurement facility which is used to identify such point of interconnection in Exhibit A.

(B) "Exhibit A" means the document entitled "Exhibit A" which is attached hereto (and by such attachment, made a part hereof), as said document may be amended or supplemented, from time to time.

(C) "Btu" means the amount of heat required to raise the temperature of one (1) pound of water from fifty-eight degrees Fahrenheit (58° F) to fifty-nine degrees Fahrenheit (59° F).

(D) “Cubic Foot” means the volume of gas contained in one (1) cubic foot of space at a standard pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute and a standard temperature of sixty degrees Fahrenheit (60° F), under standard gravitational force.

(E) “Mcf” means one thousand (1,000) cubic feet of gas, determined on the measurement basis set forth in this Agreement.

(F) “Day” means the twenty-four (24) hour period commencing at ten o’clock a.m., Eastern Time (10:00 a.m.) on one calendar day and ending at 10:00 a.m., Eastern Time on the following calendar day.

(G) “Month” means the period commencing at ten o’clock a.m., Eastern Time (10:00 a.m.) on the first day of a calendar month and ending at 10:00 a.m., Eastern Time on the first day of the next calendar month, or as otherwise established by the Gas Industry Standards Board (“GISB”).

(H) “Operator’s Gas” means the natural gas delivered into NFGDC’s facilities at any given time at any given Receipt Point.

(I) “Written Notice” means notice by written correspondence, facsimile transmission, e-mail, or other reliable electronic means.

ARTICLE II.

DELIVERY OF GAS INTO NFGDC’S FACILITIES

(A) Any interconnection with NFGDC’s system shall be made consistent with the policies described in the “National Fuel Gas Distribution Corporation Meter Station Installation Policy” (the “Policy”). NFGDC shall incorporate the Policy into the Gas Transportation Operating Procedures Manual (“GTOP”) filed with the New York State Public Service Commission and applicable to operations in New York State. In addition, this Agreement is subject to NFGDC’s Interconnection Rules & Procedures as set forth in a certain Joint Proposal, at Appendix F, filed by NFGDC with the Public Service Commission of the State of New York on January 23, 2002. In the event NFGDC proposes changes to the Interconnection Rules & Procedures, NFGDC shall send such proposed changes to Operator in electronic format at least thirty (30) days prior to the effective date of such changes. In the event Operator has an objection to any such change proposed by NFGDC, Operator shall, no later than twenty (20) days after receipt of such proposed changes, raise such objection with the Public Service Commission of the State of New York (with respect to an Agreement governing interconnection in New York State) or the Public Utility Commission of the Commonwealth of Pennsylvania (with respect to an Agreement governing interconnection in Pennsylvania) in accordance with the provisions of Article XII, Paragraph G.

(B) Operator shall not deliver (or permit the delivery of) any quantity of gas into any facility owned or operated by NFGDC other than at the Receipt Point(s) identified on Exhibit A (the “Exhibit A Receipt Point(s)”). No Receipt Point shall be deemed to have been added to Exhibit A, and Exhibit A shall not be deemed to have been otherwise amended or supplemented, unless and until such amendment or supplement of Exhibit A shall be evidenced by a writing executed by Operator and NFGDC.

(C) Operator shall deliver gas at a pressure sufficient to enable such gas to enter NFGDC’s facilities against the pressure prevailing therein from time to time, provided, however, that Operator shall not deliver gas at any Receipt Point at a pressure in excess of the maximum operating pressure reasonably designated by NFGDC and posted by NFGDC on its web site.

(D) Operator shall not install or operate (or permit any other entity to install or operate) compression facilities in order to deliver gas into any NFGDC facility (“NFGDC-Related Compression Operations”) without providing fourteen (14) days written notice to NFGDC.

(E) Operator warrants that all NFGDC-Related Compression Operations shall be conducted in a manner (i) so as to prevent the pulsations therefrom from interfering with NFGDC’s measurement at any Receipt Point, and (ii) so that compressed gas will be delivered to NFGDC at a temperature not exceeding one hundred twenty degrees Fahrenheit (120° F).

(F) Operator shall give NFGDC written notice at least twenty-four (24) hours prior to the commencement of (and any material change in) NFGDC-Related Compression Operations.

(G) Operator shall give NFGDC written notice prior to any material change in the maintenance routine applicable to any compressor used in NFGDC-Related Compression Operations.

(H) In the event that the installation, operation and/or maintenance of any compressor used in NFGDC-Related Compression Operations requires (in NFGDC’s reasonable judgment) modification(s) to any facility owned or operated by NFGDC, the cost of such modification(s) shall be borne by Operator. Upon notice from Operator that Operator plans to install or modify NFGDC-Related Compression Operations, NFGDC shall meet with Operator to discuss the need for modification(s) of any facility owned or operated by NFGDC resulting from the proposed NFGDC-Related Compression Operations. If such modification(s) are found to be necessary by NFGDC, then NFGDC shall advise Operator in a timely manner of the estimated costs of such modification(s) and the anticipated time to complete such modification(s). Notwithstanding NFGDC’s efforts to provide such notice to Operator, Operator shall remain solely responsible for costs incurred by NFGDC from planned modification(s) and/or unforeseen modification(s) of NFGDC owned and operated facilities as contemplated hereunder.

(I) Operator shall, at its own cost and expense, (i) obtain, provide NFGDC with, and maintain any easement(s) or other land interest(s) which, in NFGDC's judgment as to type and extent, are reasonably necessary for the installation, operation and maintenance of NFGDC's receipt and related measurement facilities; and (ii) provide NFGDC with a copy of the recorded instruments evidencing the same.

(J) Measurement and other equipment shall be owned by the party indicated in the Table attached as Exhibit B, except as otherwise agreed to in writing by the parties and be installed, at Operator's expense, at each Exhibit A Receipt Point facility, which, in NFGDC's reasonable judgment, may be necessary to accommodate the deliveries of gas received and projected to be received by it at the Receipt Points (the "Receipt Facilities"). The normal operation, calibration, maintenance, adjustment and repair of the measurement equipment and other equipment shall be performed by the owner of such equipment indicated in the Table attached as Exhibit B, except as otherwise agreed to in writing by the parties. Modifications to Receipt Facilities resulting from changes in Operator's operations shall be performed at Operator's cost and expense. The Receipt Facilities shall be operated in accordance with the applicable specifications of the Gas Measurement Committee of the Natural Gas Department of the American Gas Association, as amended from time to time, or in accordance with any other mutually agreeable standard commonly accepted in the industry.

(K) Nothing shall prevent NFGDC from seeking approval from the appropriate regulatory authority of a Receipt Facility Maintenance Fee(s) which shall be applicable, from time to time, pursuant to the provisions of NFGDC's Tariff. In this connection, Operator agrees that NFGDC shall have the right to file with any regulatory authority having jurisdiction, and to make effective, (i) initial and revised rates and charges applicable to NFGDC's operations hereunder, (ii) changes in any provision of the General Terms and Conditions of NFGDC's Tariff applicable to NFGDC's operations hereunder, and (iii) the terms and conditions of this Agreement (hereinafter, collectively, the "Receipt Parameters"). NFGDC agrees that Operator may protest or contest any such filing and/or may seek from any duly constituted regulatory authority having jurisdiction such revision of any one or more of the Receipt Parameters as may be necessary or appropriate to cause the same to be, in all respects, just and reasonable.

(L) Operator shall, at its own cost and expense, provide, operate and maintain in safe and efficient operating condition such regulators, relief valves, and other equipment as may be necessary in NFGDC's reasonable judgment to avoid excessive pressures (and the risk of such pressures) in facilities owned and operated by NFGDC or its customers.

(M) Operator acknowledges that:

- (1) The Receipt Points identified in Exhibit A are located on NFGDC's gas distribution facilities;
- (2) NFGDC must, at all times, be in a position to operate, maintain, enhance, and/or replace any one or more of its facilities in such a

manner, at such times, and under such circumstances as will enable it to furnish and provide facilities and service which are safe and adequate and in all respects just and reasonable;

(3) The maximum operating pressure applicable to Operator's delivery of gas into NFGDC's facilities may vary from time to time in order to enable NFGDC to satisfy its public service obligations, and such pressures shall be posted on NFGDC's web site. In the event NFGDC proposes changes to the maximum operating pressures posted on its web site, NFGDC shall send notice of such proposed changes to Operator in electronic format at least thirty (30) days prior to the effective date of such changes, provided however, that NFGDC shall be entitled to change such operating pressures on shorter notice, or without prior notice, to Operator as reasonably required for NFGDC to satisfy its public service obligations, provided that if NFGDC changes the maximum operating pressure without prior notice to Operator, it shall provide notice to Operator as soon as reasonably possible after such change. In those situations where NFGDC changes the maximum operating pressure on notice shorter than thirty (30) days, and upon request of Operator, NFGDC shall provide Operator with an explanation of the reason for the change in the maximum operating pressure, to the best of NFGDC's knowledge;

(4) In furtherance of its public service obligations, NFGDC reserves its right to restrict and/or completely stop Operator's deliveries at any one or more Receipt Points insofar as reasonably necessary.

ARTICLE III.

MEASUREMENT

(A) The unit of volume for purposes of measurement of the gas delivered into NFGDC's facilities at the respective Exhibit A Receipt Points shall be Mcf.

(B) For purposes of measurement and meter calibration, the atmospheric pressure shall be deemed to be constant at fourteen and four-tenths (14.4) pounds per square inch absolute.

(C) Unless otherwise agreed to by the parties, temperature compensation measurement equipment shall be utilized by NFGDC.

(D) The total heating value of the gas delivered into NFGDC's facilities at the respective Exhibit A Receipt Points shall be determined by tests of samples of gas collected at said Receipt Points. The unit of measurement of heating value shall be Btu,

as measured through chromatographic analysis, by a calorimeter, or by any other acceptable industry method for establishing heating value, and determined on an anhydrous (dry) basis, at sixty degrees Fahrenheit (60° F), at a standard pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute. For all Receipt Points under this Agreement, NFGDC shall perform, at its expense, Btu determinations at least once annually to assess compliance with the provisions of Article IV, Paragraph A(8). Btu determinations that are made by NFGDC at Operator's request shall be made by NFGDC at Operator's cost and expense. It shall be Operator's responsibility to provide such Btu determinations to shippers on its system for purposes of delivering appropriate volumes to Exhibit A Receipt Points. NFGDC will apply Btu determinations in the same fashion as it does with respect to similarly situated regulated entities (i.e., for accounting purposes, NFGDC shall use a two (2) month lag in the application of Btu values to account for Operator's deliveries at said Receipt Point(s)).

(E) At Operator's request, NFGDC's test of the accuracy of any meter or other measurement equipment owned and used by NFGDC to measure volumes of gas delivered into its facilities shall be arranged and conducted, insofar as reasonably practicable, so as to permit representatives of Operator to be present. In those instances where Operator has not made a specific request to be present during such meter accuracy tests, NFGDC shall endeavor to contact Operator telephonically in advance of such meter accuracy tests so that Operator may be present during such test. Notwithstanding the above, for Receipt Points flowing an anticipated average daily volume greater than One Thousand (1000) DTH based on a rolling twelve (12) month average, NFGDC shall, at its expense, test the accuracy of said meters on a quarterly basis. For all other Receipt Points under this Agreement, NFGDC shall, at its expense, test the accuracy of said meters at least annually. If, upon any such test (whether conducted at Operator's request or upon NFGDC's own initiative) any such meter or measurement equipment shall be found to be inaccurate, NFGDC shall adjust the same as soon as practicable to read correctly; and

(1) If such inaccuracy is less than two percent (2%), the previous readings shall be deemed correct, and, in the event such test was conducted at Operator's request, Operator shall bear all costs of such test;

(2) If such inaccuracy is two percent (2%) or more, the previous readings shall be corrected to zero (0) error for the period of time during which such meter or other measurement equipment is known or agreed to have been inaccurate. If the length of such period of inaccuracy is not known or agreed upon, such correction shall be made for a period equal to one-half (½) of the time which has elapsed since the date of the last calibration;

(3) If any such meter or other measurement equipment is out of service, or inaccurate by two percent (2%) or more, under circumstances where the correction of previous readings of such equipment to "zero (0) error" is not feasible, then the volume of gas delivered during the period shall be estimated (a) by using data recorded by any check-measuring equipment, if

installed and registering accurately, or (b) if such check-measuring equipment is not installed or registering inaccurately, by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation, or (c) if neither such method is feasible, by estimating the quantity delivered based upon deliveries under similar conditions during a period when equipment was registering accurately.

This Paragraph E shall also apply to those meters owned by Operator, as indicated in Exhibit B hereto, provided that Operator shall assume the duties of NFGDC and NFGDC shall enjoy the rights of Operator as set forth earlier in this Paragraph E with respect to such meters owned by Operator.

ARTICLE IV.

GAS QUALITY

(A) Operator understands and acknowledges that NFGDC will not continuously monitor, test, or otherwise inspect Operator's Gas prior to the delivery thereof into NFGDC's facilities. Operator further acknowledges that, irrespective of the contractual disposition of Operator's Gas, all such gas is commingled with, and becomes an inseparable part of, the gas supply used by NFGDC to satisfy its obligations to its retail and transportation customers. Accordingly, Operator expressly warrants and represents that (i) Operator's Gas shall, in all respects and at all times, consist solely of gas which is merchantable, and (ii) without limitation of the generality of the foregoing, Operator's Gas shall at all times, and in all respects, meet at least the following minimum quality specifications:

(1) Operator's Gas shall be entirely free of dust, objectionable odors, and, subject to the provisions of Article IV(A)(3), all other gaseous and solid matter which might damage or interfere with the proper operation of the pipelines, regulators, meters or other equipment and apparatus through which it flows or in which it is used;

(2) Operator's Gas shall be entirely free of all hydrocarbon liquids and other material in liquid form, including, without limitation, water, glycol, brines, condensate and oil;

(3) All gas delivered by Operator to NFGDC hereunder into NFGDC's facilities through any Receipt Point listed on the attached Exhibit A shall be dehydrated by Operator for removal of water present therein in a vapor state to a level determined acceptable by NFGDC ("Acceptable Level"), at its sole discretion, from time to time, provided such level is not arbitrary as to Operator when compared to other third party gas entering NFGDC's facilities. In no event shall the Acceptable Level, as determined by NFGDC, be required to be less

than seven (7) pounds of water vapor (H_2O) per million cubic feet. NFGDC shall provide Operator with a chart designating the Acceptable Level for each respective Receipt Point. NFGDC shall also provide Operator with thirty (30) days' notice of any change in an Acceptable Level;

(4) Operator's Gas shall contain not more than twenty (20) grains of total sulfur (S), nor more than three-tenths (0.3) grain of hydrogen sulfide (H_2S) per one hundred (100) cubic feet;

(5) Operator's Gas shall contain not more than one-tenth of one percent (0.01 of 1%) by volume of oxygen (O_2);

(6) Operator's Gas shall contain not more than five percent (5%) by volume of a combined total of carbon dioxide (CO_2) and nitrogen (N_2) components; provided, however, (i) that the total carbon dioxide (CO_2) content of Operator's Gas shall not exceed two percent (2%) by volume, and, (ii) that Operator's Gas shall be entirely free of NO_x compounds;

(7) Operator's Gas shall have a temperature of not more than one hundred twenty degrees Fahrenheit ($120^\circ F$); and

(8) Operator's Gas shall have a total heat content of not less than nine hundred sixty seven (967) Btu per cubic foot, and not more than eleven hundred (1,100) Btu per cubic foot (determined on the measurement basis set forth in this Agreement), provided, however, that NFGDC shall have the option (but never the obligation) to accept Operator's Gas having a heat content outside of said range, when in NFGDC's sole judgment, such different heat content does not prevent such gas from being merchantable and fit for use in NFGDC's retail markets.

(B) Operator shall make every reasonable effort to keep Operator's Gas entirely free of oxygen (O_2).

(C) Operator shall furnish, install, operate, maintain and keep in efficient and safe operating condition, at Operator's sole cost and expense, such drips, separators, dehydrators, alcohol bottles, gas cleaners, treatment facilities, and any other devices or equipment as may be or become reasonably necessary to effect compliance with the quality specifications set forth in this Article.

(D) In addition to any other remedy which may be available to NFGDC hereunder, or under any provision of law, in respect of Operator's undertakings expressed in this Article, NFGDC shall have and be entitled to exercise any one or more of the

following rights, options and remedies, on a non-exclusive basis, in the event of any breach by Operator of any one or more of said undertakings, to wit:

- (1) Upon notice to Operator, treat or process Operator's Gas, at Operator's sole cost and expense, insofar as reasonably necessary in NFGDC's judgment to cause the same to conform to the quality specifications set forth in this Article, provided that said notice shall include NFGDC's anticipated cost to treat or process said gas;
- (2) Continue to receive Operator's Gas, with or without treatment or processing thereof;
- (3) Discontinue receiving Operator's Gas at the affected Receipt Point(s) until the occasion(s) for the exercise of a remedy by NFGDC has, in NFGDC's reasonable judgment, been corrected;
- (4) Terminate this Agreement as respects the delivery of Operator's Gas into NFGDC's facilities at the affected Receipt Point(s) in the event that, in NFGDC's reasonable judgment, the occasion for NFGDC's exercise of a remedy cannot be corrected at a reasonable cost in a reasonable time. NFGDC shall not terminate this Agreement pursuant to this provision unless Operator has failed to cure any breach of this Agreement within thirty (30) days following written notice of such breach by NFGDC; and
- (5) Clean-up and/or repair, at Operator's sole cost and expense, all facilities, equipment and apparatus affected by the occasion for NFGDC's exercise of a remedy.

ARTICLE V.

CHART CHANGES AND INDEX READINGS

(A) Operator shall, at its own cost and expense, (i) change the charts on each orifice meter associated with the Exhibit A Receipt Points (the "Charts"), on the first (1st) working day of each month, (ii) mail the removed Charts to NFGDC on or before the fifth (5th) working day of each month, (iii) change the Charts regularly, once each seven (7) day period following said first (1st) working day, and (iv) mail these removed Charts to NFGDC within three (3) working days of each such Chart change.

(B) Insofar as applicable, Operator shall, at its own cost and expense, read each displacement meter associated with any Exhibit A Receipt Point on the first (1st) working day of each month and shall mail all such index information to NFGDC on or before the fifth (5th) working day of each month.

(C) All Charts and all index information shall be addressed to “NATIONAL FUEL GAS DISTRIBUTION CORPORATION, GAS MEASUREMENT DEPARTMENT, 717 STATE STREET – SUITE 700, ERIE, PENNSYLVANIA, 16501.

(D) Operator understands that NFGDC is not able to account for and/or allocate Operator’s Gas without using the Chart or index information (as the case may be) referred to in this Article. Accordingly, given (i) the incremental expense and other costs which will be incurred by NFGDC in the event of its tardy receipt of the Chart or index information referred to in this Article; (ii) the difficulty of quantifying such costs and expenses, and (iii) the inconvenience and practical infeasibility of otherwise providing an adequate remedy in respect of Operator’s breach of its undertakings expressed in this Article, it is agreed as follows:

In the event that either of the following conditions are met, to wit: (i) Operator shall fail to mail any Chart or index information as stipulated in this Article, or (ii) NFGDC shall fail to receive said Chart or index information on or before the fifth (5th) working day following the mailing date stipulated in this Article, then NFGDC shall be relieved of any obligation to account for any of the production in a timely manner, but NFGDC will endeavor to account for such production in the next accounting cycle. This provision shall not apply if the measurement of gas does not require said Chart or index information.

ARTICLE VI.

TERM

(A) This Agreement shall have no force or effect unless and until it shall have been executed by each of the parties identified on the first page hereof (the “Effective Date”).

(B) The term of this Agreement shall extend until the first anniversary of the Effective Date, and, unless otherwise lawfully terminated, this Agreement shall continue in effect month to month thereafter, until the same is terminated by Operator, by written notice to NFGDC, no later than thirty (30) days prior to the termination date. Notwithstanding the above, either party shall be entitled to terminate this Agreement for cause.

(C) Notwithstanding any other provision of this Agreement, and in addition to any other right or remedy available to NFGDC hereunder or under any provision of law, NFGDC shall have the following rights, exercisable at NFGDC’s sole option, to wit:

(1) Terminate this Agreement and remove all Receipt Facilities owned by NFGDC at the Exhibit A Receipt Points, or suspend or cease receiving Operator’s Gas at any one or more of the Exhibit A Receipt

Points, upon thirty (30) days' prior written notice to Operator, in the event that Operator should (i) for any reason experience a loss or cancellation of the security required to be provided by Operator pursuant to Article X hereof, or (ii) for any reason unrelated to NFGDC's inability or unwillingness to receive Operator's Gas at one or more of the Exhibit A Receipt Points, deliver through each of the affected Exhibit A Receipt Points a volume of less than three hundred (300) Mcf during any period of three hundred sixty five (365) consecutive calendar days following the Effective Date; and

(2) Terminate this Agreement as to the affected Receipt Point(s) and remove all Receipt Facilities owned by NFGDC at the affected Receipt Point(s), or suspend or cease receiving Operator's Gas at any affected Receipt Point(s), upon thirty (30) days' prior written notice to Operator, in the event that Operator should repeatedly violate, in NFGDC's opinion, the standards contained in Article IV. For purposes of this Section, the term "repeatedly violate" shall mean six (6) or more violations in any given two (2) year period, each of which violation Operator fails to cure within thirty (30) days of notice by NFGDC. Notwithstanding the above, NFGDC shall be fully entitled to discontinue receiving Operator's gas at any affected Receipt Point(s) in the event of a violation by Operator, in accordance with the provisions of Article IV, Paragraph(D)(3).

ARTICLE VII.

GOVERNMENTAL REGULATION

(A) This Agreement and the respective obligations of the parties hereunder shall be subject to all valid applicable federal, state and local laws, orders, rules and regulations, whether in effect on the date hereof, or becoming effective thereafter. The parties shall be entitled to regard all laws, orders, rules and regulations issued by any federal, state or local regulatory or governmental body as valid and may act in accordance therewith until such time as same shall have been invalidated by final judgment (no longer subject to judicial review) of a court of competent jurisdiction. Neither party shall be held in default for failure to perform hereunder if such failure is due to compliance with laws, orders, rules or regulations of any such duly constituted authorities. Nothing contained herein, however, shall be construed as affecting any party's right(s) to contest the validity or applicability of any such law, order, rule or regulation.

(B) It is agreed that each party, and their respective obligations under this Agreement are, or in the future may become, subject to the continuing jurisdiction of various regulatory authorities, and that this Agreement may be modified by the rules, regulations, orders or directives of such authorities. In the event any such regulatory

authority issues a rule, regulation, order or directive modifying or requiring modification of this Agreement, this Agreement will become effective as modified, unless either party objects to such modification and elects to terminate this Agreement by providing written notice to the other party within thirty (30) days of such regulatory authority's action. In the event of such a termination, this Agreement shall be null and void.

ARTICLE VIII.

FORCE MAJEURE

(A) In the event either NFGDC or Operator is rendered unable, in whole or in part, by force majeure to carry out their respective obligations under this Agreement, other than to make payments due hereunder or to maintain minimum gas quality specifications, it is agreed that the obligations of the party claiming such inability to perform, so far as they are affected by such force majeure, shall be suspended from the inception of and during the continuance of such inability so caused but for no longer period; provided that the party claiming such inability gives notice and reasonably full particulars of such force majeure event relied upon; and provided further that the party claiming such inability shall promptly and diligently take such action as may be necessary and reasonably practicable to correct, or cause to be corrected, such inability.

(B) The term "force majeure" as employed herein shall mean, without limitation, acts of God, governmental action or regulation, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, storm warnings, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or pipelines, the necessity for making repairs to or alterations of machinery or pipelines, freezing of pipelines, and any other causes, whether of the kind herein enumerated or otherwise, not under or within the control of the party claiming inability to perform and which, by the exercise of reasonable diligence, such party is unable to prevent or overcome.

(C) The settlement of strikes, lockouts or any such labor disputes shall be entirely within the discretion of the party having the difficulty, and the above requirement that any force majeure event shall be remedied promptly and diligently shall not require the settlement of strikes, lockouts or other labor disputes by acceding to the demands of any opposing party when such course is inadvisable in the discretion of the party having the difficulty.

ARTICLE IX.

NOTICE

(A) All notices required by the following sections:

Article II, Paragraph A
Article II, Paragraph C
Article II, Paragraph M(3)
Article III, Paragraph (E)

shall be provided in accordance with the provisions of such sections. Any other notice, request, statement, bill or invoice provided for in this Agreement shall be in writing, unless otherwise provided herein, and shall be sent by prepaid mail, facsimile, or by overnight delivery, addressed to the party to whom given, at such party's address stated below, or at such other address as such party may in and by such notice direct hereafter, provided however that any notice of default, breach or termination of this Agreement by either party shall be sent by certified mail, addressed to the party to whom given, at such party's address stated below. Facsimile notices, requests, statements, bills or invoices shall be deemed given only when facsimile receipt is confirmed.

Notice shall be sent:

(1) To NFGDC:

National Fuel Gas Distribution Corporation
Gas Measurement Department
717 State Street – Suite 700
Erie, PA 16501
24-Hour Telephone: (800) 444-3130 Emergencies Only
Facsimile: (814) 871-8672

(2) To Operator:

(B) The parties shall provide each other with a current telephone number, facsimile number and address at which the party or the party's representatives may be contacted at all hours. For themselves and their agents, NFGDC and Operator agree to the recording of all telephone conversations during which NFGDC notifies Operator to suspend or cease deliveries into any facility owned or operated by NFGDC.

ARTICLE X.

OPERATOR'S CREDITWORTHINESS

(A) At its option, NFGDC may (i) suspend its receipt of Operator's Gas, or (ii) terminate this Agreement, in the event that Operator is or has become insolvent or fails within a reasonable period, upon NFGDC's request, to demonstrate creditworthiness, or in the event that Operator incurs a poor credit history with respect to any service provided by NFGDC or as established by a reliable reporting agency.

(B) With respect to Operator's creditworthiness, subject to NFGDC's approval as to below subsection X(B)(3), any of the following means of security shall be accepted by NFGDC as sufficient security in respect to any remedy afforded NFGDC under this Agreement or any provision of law:

(1) A security deposit in the amount of Seventeen Thousand Five Hundred Dollars (\$17,500) or higher, to be held in a non-interest-bearing general account by NFGDC for the term of this Agreement;

(2) An irrevocable letter of credit issued by a financial institution acceptable to NFGDC and in a form acceptable to NFGDC with a face amount of Seventeen Thousand Five Hundred Dollars (\$17,500) or higher for the term of this Agreement; or

(3) At Operator's option and subject to NFGDC's approval, a copy of the most recent audited financial statements of Operator (or of a guarantor of Operator's performance hereunder) showing a net worth in excess of Thirty Thousand Dollars (\$30,000), or a copy of the most recent unaudited financial statements of Operator (or of a guarantor of Operator's performance hereunder) showing a net worth of at least Forty Thousand Dollars (\$40,000), in which event, Operator shall also provide NFGDC with evidence of its ownership of unencumbered assets valued, in the aggregate, in excess of Seventeen Thousand Five Hundred Dollars (\$17,500) or higher in each state in which Operator conducts any business with NFGDC.

(C) In connection with Article X, Paragraph B(3), NFGDC reserves the right to require Operator to establish or demonstrate its creditworthiness, from time to time, during the term of this Agreement.

ARTICLE XI.

RESPONSIBILITY FOR GAS

(A) Nothing in this Agreement shall affect the title to gas tendered by Operator for receipt by NFGDC.

(B) Operator shall be deemed in exclusive control and possession of gas while on Operator's system until such gas has been delivered to NFGDC at the Receipt Point(s). NFGDC shall be deemed to be in exclusive control and possession of such gas while on NFGDC's system.

(C) Operator represents that it will have, at the time of delivery of gas to NFGDC, good right to deliver the gas and, provided Operator has good right to deliver said gas, NFGDC represents that it will have, at the time of delivery of gas to NFGDC, good right to receive said gas.

(D) Except insofar as NFGDC is in breach of its obligations or has an obligation to indemnify and save Operator harmless pursuant to this Article XI, Operator agrees to indemnify NFGDC and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any adverse claims of any and all persons to said gas and/or to royalties, taxes, license fees, or charges thereon which are applicable for such delivery of gas to NFGDC and to indemnify NFGDC and save it harmless from all taxes or assessments which may be levied or assessed upon such delivery and which are by law payable by and the obligation of the party making such delivery.

(E) Except insofar as Operator is in breach of its obligations or has an obligation to indemnify and save NFGDC harmless pursuant to this Article XI, NFGDC agrees to indemnify Operator and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any adverse claims of any and all persons to said gas accepted for receipt by NFGDC and/or to royalties, taxes, license fees, or charges thereon which are applicable for such receipt of gas to NFGDC and to indemnify Operator and save it harmless from all taxes or assessments which may be levied or assessed upon such receipt and which are by law payable by and the obligation of the party receiving such delivery.

(F) If Operator's right to deliver gas to be accepted by NFGDC is questioned, disputed or involved in any action, Operator shall not qualify for and/or shall be ineligible to continue to receive service hereunder until such time as Operator's right to deliver is free from question; provided, however, NFGDC shall allow Operator to qualify for and/or continue receiving service hereunder if Operator furnishes security satisfactory to NFGDC.

ARTICLE XII.

MISCELLANEOUS

(A) This document shall not be construed as an agreement running with the land.

(B) No change, modification or alteration of this Agreement shall be or become effective until executed in writing by the parties hereto, and no course of dealing between the parties shall be construed to alter the terms hereof, except as expressly stated herein.

(C) No waiver by any party of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any other default or defaults, whether of a like or of a different character.

(D) Operator (or its designee) and NFGDC shall respond to requests for confirmations of shipper nominations within the applicable time limits set forth in the GISB standards. Operator acknowledges that NFGDC is under no obligation to schedule unconfirmed nominations.

(E) Any company which shall succeed by purchase, merger or consolidation of the gas related properties, substantially as an entirety, of NFGDC or of Operator, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Either party may, without relieving itself of its obligations under this Agreement, assign any of its rights hereunder to a company with which it is affiliated, but otherwise, no assignment of this Agreement or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto in writing of the other party. Consent shall not be unreasonably withheld.

(F) The headings contained in this Agreement are intended solely for convenience and do not constitute any part of the agreement between the parties and shall not be used in any manner in construing this Agreement.

(G) (1) Agreement Governing Interconnection in New York State:

This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of New York, excluding, however, any such law which would direct the application of the law of another jurisdiction. The parties (i) submit to the jurisdiction of the United States District Court for the Western District of New York, and, in the event that such court lacks subject matter jurisdiction, to the New York State Supreme Court, Erie County, and, as respects those matters which are subject to the exclusive or primary jurisdiction of the Public Service Commission of the State of New York, to that Commission, and (ii) waive any right or entitlement which they or any of them might otherwise have to cause any dispute arising under this Agreement to be adjudicated, determined or resolved pursuant to the law of any other jurisdiction, or, in or by any other court(s) or tribunal(s). Provided, however, that the parties may bring disputed matters before the Public Service Commission of the State of New York according to dispute resolution procedures under NFGDC's Interconnection Rules & Procedures approved by the Public Service Commission of the State of New York and set forth in a certain Joint Proposal, at Appendix F, filed by NFGDC with the Public Service Commission of the State of New York on January 23, 2002.

(2) Agreement Governing Interconnection in Pennsylvania

This Agreement shall be construed, enforced and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, excluding, however, any such law which would direct the application of the law of another jurisdiction. The parties (i) submit to the jurisdiction of the United States District Court for the Western District of Pennsylvania, and, in the event that such court lacks subject matter jurisdiction, to the Erie County Court of Common Pleas, Commonwealth of Pennsylvania, and, as respects those matters which are subject to the exclusive or primary jurisdiction of the Pennsylvania Public Utility Commission, to that Commission, and (ii) waive any right or entitlement which they or any of them might otherwise have to cause any dispute arising under this Agreement to be adjudicated, determined or resolved pursuant to the law of any other jurisdiction, or, in or by any other court(s) or tribunal(s). Provided, however, that the parties may bring disputed matters before the Pennsylvania Public Utility Commission according to that Commission's applicable procedures.

(H) So that there will be certainty as to the actual agreement between the parties, it is mutually understood and agreed that this Interconnection Agreement and the Exhibit A attached hereto, as the same may be impacted by any applicable provision of NFGDC's Tariff, is intended to constitute the final expression, as well as the complete, exclusive and integrated statement, of the terms of the parties' agreement relative to the interconnection and other transactions described therein.

(I) No presumption shall operate in favor of or against either party hereto as a result of any responsibility either party may have had for drafting this Agreement.

(J) This Agreement establishes rights and obligations only as between the parties to this Agreement and only with respect to the subject matter of this Agreement.

(K) This document and the agreement memorialized thereby shall be without force and effect unless all of the parties identified on the first page of this document shall have fully executed the same prior to _____, 20__, as evidenced by duplicate or counterpart originals thereof which are in each party's possession prior to five o'clock p.m. (5:00 p.m.) Eastern Time on that date.

_____ Operator	NATIONAL FUEL GAS DISTRIBUTION CORPORATION
By _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

INTERCONNECTION AGREEMENT

Between

NFGDC and _____

EXHIBIT A

Receipt Points(s):

EXHIBIT B

Table of Equipment Ownership and Responsibilities

<u>Equipment</u>	<u>Installed by</u>	<u>Owned by</u>	<u>Maintained by</u>	<u>Paid by</u>
Meter/Recording instrument	NFGDC	NFGDC	NFGDC	NFGDC
Meter run and valves	Operator	Operator	Operator	Operator
Regulator	Operator	Operator	Operator	Operator
Drying Equipment	Operator	Operator	Operator	Operator
Odorizing Equipment	NFGDC	NFGDC	NFGDC	Operator
“Pop-offs”/Relief valves	Operator	NFGDC	NFGDC	Operator
Heaters	Operator	Operator	Operator	Operator
Water separator/drips	Operator	Operator	Operator	Operator
Communications facilities	Operator	Operator	Operator	Operator
Telemetrics/Teleflow	NFGDC	NFGDC	NFGDC	Operator

Standard-Form Producer Interconnection Agreement**PRODUCER INTERCONNECTION AGREEMENT**

THIS INTERCONNECTION AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, _____, by and between _____, hereinafter, "Operator,"

and

NATIONAL FUEL GAS DISTRIBUTION CORPORATION, 6363 Main Street, Williamsville, New York, 14221-5887, hereinafter, "NFGDC."

WITNESSETH

WHEREAS, NFGDC is a public utility authorized and obligated to receive and transport natural gas and to provide retail natural gas service subject to the jurisdiction of the Public Service Commission of the State of New York hereinafter, "NYSPSC"; and

WHEREAS, NFGDC is a public utility authorized and obligated to receive and transport natural gas and to provide retail natural gas service subject to the jurisdiction of the Pennsylvania Public Utility Commission, hereinafter, "PAPUC"; and

WHEREAS, by means of facilities operated by it, Operator proposes to deliver to, and deliver into facilities owned and operated by NFGDC natural gas produced in the State of New York or deliver into facilities owned and operated by NFGDC natural gas produced in the Commonwealth of Pennsylvania; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, NFGDC and Operator agree as follows:

ARTICLE 1. DEFINITIONS

1.1 "Receipt Point" means the point of interconnection between Operator's facilities and the facilities of NFGDC located immediately upstream of NFGDC's measurement facility which is used to identify such point of interconnection in Exhibit A.

1.2 "Exhibit A" means the document entitled "Exhibit A" which is attached hereto (and by such attachment, made a part hereof), as said document may be amended or supplemented, from time to time.

1.3 "Btu" or "British Thermal Unit" means, generally, the amount of heat required to raise the temperature of 1 pound of liquid water by 1°F at a constant pressure of one atmosphere and is a measure of heat value (energy content). Btu is calculated in conformance with applicable ANSI/API and A.G.A. recommendations.

1.4 "Cubic Foot" means the volume of gas contained in one (1) cubic foot of space at a standard pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute and a standard temperature of sixty degrees Fahrenheit (60° F), under standard gravitational force.

1.5 "Mcf" means one thousand (1,000) cubic feet of gas, determined on the measurement basis set forth in this Agreement.

1.6 “Meter Location” means the state, New York or Pennsylvania, in which an individual meter on Exhibit A is geographically located.

1.7 “NFGDC’s Tariff” or “Tariff” means NFGDC’s Schedule For Gas Service Applicable In The Entire Territory (PSC No. 8 – GAS, as amended from time to time, or any superseding tariff), for gas delivered by Operator in New York or Rates, Rules And Regulations Governing The Furnishing of Natural Gas Service (Gas--Pa. P.U.C. No. 9, as amended from time to time, or any superseding tariff) for gas delivered by Operator in Pennsylvania. Meter Location determines the applicable Tariff.

1.8 “Gas Transportation Operating Procedures Manual” or “GTOP” is a document describing operating procedures, protocols and business practices for transportation service, as amended from time to time. The GTOP applicable to gas delivered by Operator in New York is filed with the NYSPSC and the GTOP applicable to gas delivered by Operator in Pennsylvania is filed with the PAPUC. Each GTOP is posted on the NFGDC web site. Meter Location determines the applicable GTOP.

1.9 “Day” means the twenty-four (24) hour period commencing at an hour specified in the tariff of an interstate pipeline delivering gas to NFGDC at a city gate station, or as otherwise specified in NFGDC’s GTOP.

1.10 “Month” means the period commencing on the first Day of a calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

1.11 “Operator’s Gas” means the natural gas delivered into NFGDC’s facilities at any given time at any given Receipt Point.

1.12 “Commission” means the NYSPSC or PAPUC depending on Meter Location.

1.13 “NFGDC Contacts Addendum” means the document so entitled which is attached hereto (and by such attachment, made a part hereof), providing NFGDC contact information pertinent to this Agreement. Said document may be amended or supplemented, from time to time by NFGDC and communicated to Operator through facsimile, e-mail or a posting to the NFGDC website,

1.14 “Operator Contacts Addendum” means the document so entitled which is attached hereto (and by such attachment, made a part hereof), providing Operator contact information pertinent to this Agreement. Said document may be amended or supplemented, from time to time by Operator and communicated to NFGDC as provided therein.

1.15 “Gas Scheduling” means the administrative function(s) of arranging for Operator’s Gas to be delivered for the account of NFGDC transportation customers and/or their suppliers, including nominations, confirmations, pool assignments and related activities.

ARTICLE 2. DELIVERY OF GAS INTO NFGDC FACILITIES

2.1 Operator shall not deliver (or permit the delivery of) any gas into any facility owned or operated by NFGDC other than at a Receipt Point identified on Exhibit A at the time of such delivery (the “Exhibit A Receipt Point(s)”). No Receipt Point shall be deemed to have been added to Exhibit A, and Exhibit A shall not be deemed to have been otherwise amended or supplemented, unless and until such amendment or supplement of Exhibit A shall be evidenced by a writing executed by Operator and NFGDC.

2.2 Operator warrants and represents as follows:

2.2.1 All gas delivered into NFGDC's facilities at any one Receipt Point shall be gas produced exclusively from wells configured to deliver to such Receipt Point.

2.2.2 Gas produced or scheduled by Operator to be produced from additional well(s) flowing through a Receipt Point identified in Exhibit A shall be authorized and gas received therefrom accepted by Distribution at the designated Receipt Point so long as:

2.2.2.1 Operator provides Distribution with 15 days written notice of its intent to add said additional well(s), together with the scheduled turn-on date; and

2.2.2.2 The well has been tested by or caused to be tested by Distribution and the results therefrom meet Distribution's satisfaction;

2.2.2.3 Provided, however, if Distribution fails to perform or cause to perform such well test by Operator's scheduled turn-on date, as provided in subdivision (i) above, said well(s) may nonetheless be turned on and production therefrom shall be accepted by Distribution at the designated Receipt Point, subject to Operator's sole liability for damages resulting from such production, and further subject to Distribution's determination, upon testing at any later date, that such gas is not acceptable pursuant to the terms and conditions of this Agreement.

2.2.2.4 The criteria contained in paragraph 2.2.2 shall also apply to new or different formations of gas that are accessed from an existing well already flowing through a Receipt Point identified on Exhibit A.

2.3 Operator shall deliver gas at a pressure sufficient to enable such gas to enter NFGDC's facilities against the pressure prevailing therein from time to time, provided, however, that Operator shall not deliver gas at any Receipt Point at a pressure in excess of the pressure designated by NFGDC.

2.4 Operator shall not install or operate (or permit any other entity to install or operate) compression facilities in order to deliver gas into any NFGDC facility ("NFGDC-Related Compression Operations") without the express prior written consent of NFGDC, which consent shall not be unreasonably withheld.

2.5 Operator warrants that all NFGDC-Related Compression Operations shall be conducted in a manner (i) so as to prevent the pulsations therefrom from interfering with NFGDC's measurement at any Receipt Point, and (ii) so that compressed gas will be delivered to NFGDC at a temperature not exceeding one hundred twenty degrees Fahrenheit (120° F).

2.6 Operator shall give NFGDC written notice at least fourteen (14) days prior to the commencement of (and any material change in) authorized NFGDC-Related Compression Operations.

2.7 Operator shall give NFGDC written notice at least twenty-four (24) hours prior to any material change in the maintenance routine applicable to any compressor used in NFGDC-Related Compression Operations. For purposes of this subsection, "material" shall mean any change that may produce a variance in gas volumes or pressure.

2.8 In the event that the installation, operation and/or maintenance of Operator's compressor used in NFGDC-Related Compression Operations requires (in NFGDC's reasonable judgment) modification(s) to any facility owned or operated by NFGDC, the cost of such modification(s) shall be borne by Operator. Operator shall consult with NFGDC so as to assist NFGDC in ascertaining the extent to which such modification may be indicated, and on the basis of such consultation and NFGDC's own judgment, NFGDC shall endeavor to notify Operator of its determination prior to the date scheduled by Operator for such installation, operation and/or maintenance.

Notwithstanding NFGDC's efforts to provide such notice to Operator, Operator shall remain solely responsible for costs incurred by NFGDC in the event resulting and reasonably unforeseen modification of NFGDC facilities are required.

2.9 Operator shall, at its own cost and expense, (i) obtain, provide NFGDC with, and maintain any easement(s) or other land interest(s) which, in NFGDC's judgment as to type and extent, are reasonably necessary for the installation, operation and maintenance of NFGDC's receipt and related measurement facilities; and (ii) upon NFGDC's request, provide NFGDC with a copy of the recorded instruments evidencing such land interests and NFGDC's beneficial interest therein.

2.10 Receipt facilities shall be installed, owned and maintained by and at the expense of either NFGDC or Operator according to the below schedule. Such equipment shall be installed at each Exhibit A Receipt Point facility, which, in NFGDC's reasonable judgment, may be necessary to accommodate the deliveries of gas received and projected to be received by it at the Receipt Points. The normal operation, calibration, maintenance, adjustment and repair of the measurement equipment shall be performed by the owner of the equipment. Modifications to Receipt Facilities resulting from changes in Operator's operations shall be performed at Operator's cost and expense. The Receipt Facilities shall be operated in accordance with the applicable specifications of the Gas Measurement Committee of the Natural Gas Department of the American Gas Association, as amended from time to time, or in accordance with any other mutually agreeable standard commonly accepted in the industry.

Equipment	Install By	Own By	Maintain By	Paid By
Meter/Recording instrument	NFGDC	NFGDC	NFGDC	Either*
Meter run and valves	Either	Either	Either	Operator
Regulator	Operator	Operator	Operator	Operator
Drying Equipment	Operator	Operator	Operator	Operator
Odorizing Equipment	NFGDC	NFGDC	NFGDC	Operator
"Pop-offs"/Relief valves	Either	Either	NFGDC	Operator
Mainline valve	Either**	NFGDC	NFGDC	Operator
Heaters	Operator	Operator	Operator	Operator
Water separator/drips	Operator	Operator	Operator	Operator
Communications facilities	Operator	Operator	Operator	Operator
Telemetrics/Teleflow	NFGDC	NFGDC	NFGDC	Operator

* NFGDC for initial installation and replacements due to normal wear and tear; otherwise by Operator except on a case by case basis.

**Pursuant to a determination by NFGDC

2.11 Operator shall pay to NFGDC the Receipt Facility Maintenance Fee(s), if any, which shall be applicable, from time to time, pursuant to the provisions of NFGDC's Tariff. In this connection, Operator agrees that NFGDC shall have the unilateral right, exercisable at its sole option, to file with any regulatory authority having jurisdiction, and to make effective, (i) initial and revised rates and charges applicable to NFGDC's operations hereunder, (ii) changes in any provision of the General Terms and Conditions of NFGDC's Tariff applicable to NFGDC's operations hereunder, and (iii) the terms and conditions of this Agreement (hereinafter, collectively, the "Receipt Parameters"). NFGDC agrees that Operator may protest or contest any such filing and/or may seek from any duly constituted regulatory authority having jurisdiction such revision of any one or more of the Receipt Parameters as may be necessary or appropriate to cause the same to be, in all respects, just and reasonable.

2.12 Operator shall, at its own cost and expense, provide, operate and maintain in safe and efficient operating condition such regulators, relief valves, and other equipment as may be

necessary in NFGDC's reasonable judgment to avoid excessive pressures (and the risk of such pressures) in facilities owned and operated by NFGDC or its customers.

2.13 Operator acknowledges that:

2.13.1 The Receipt Points identified in Exhibit A are located on NFGDC's gas distribution facilities;

2.13.2 NFGDC must, at all times, be in a position to operate, maintain, enhance, and/or replace any one or more of its facilities in such a manner, at such times, and under such circumstances as will enable it to furnish and provide facilities and service which are safe and adequate and in all respects just and reasonable;

2.13.3 The maximum and/or minimum delivery pressures or other parameters applicable to Operator's delivery of gas into NFGDC's facilities may vary from time to time, in light of the above, and in order to enable NFGDC to satisfy its retail market requirements, including but not limited to its firm service obligations, transportation obligations, and to ensure the maintenance of safe operating conditions throughout its system, including, but not limited to, the maintenance, enhancement and/or improvement of its facilities;

2.13.4 Operator acknowledges NFGDC's right (a) to restrict and/or completely stop Operator's deliveries at any one or more Receipt Points insofar as reasonably necessary in NFGDC's judgment to accommodate the above requirements, and/or (b) to designate and re-designate, from time to time, the maximum pressure or other delivery parameter(s) temporarily applicable to deliveries of gas by Operator at any one or more Receipt Points; and

2.13.5 Without limitation of the remedies available to NFGDC in respect of any breach of this Agreement, a breach of any one or more of the obligations undertaken by Operator under paragraphs 2.1, 2.2, 2.3 and 2.5 of this Article 2 shall constitute a material breach of this Agreement.

ARTICLE 3. MEASUREMENT

3.1 Measurement of Operator's Gas shall be in accordance with the Tariff and GTOP requirements applicable to gas delivered into NFGDC's facilities for transportation service and/or applicable to production facility gas measurement.

3.2 The unit of volume for purposes of measurement of the gas delivered into NFGDC's facilities at the respective Exhibit A Receipt Points shall be Mcf.

3.3 The total heating value of the gas delivered into NFGDC's facilities at the respective Exhibit A Receipt Points shall be determined by tests of samples of gas collected at said Receipt Points at such time(s) as may be determined by NFGDC. The unit of measurement of heating value shall be Btu. Btu determinations shall be made as often as NFGDC deems appropriate, and at NFGDC's expense, provided, however, that Btu determinations which are made by NFGDC at Operator's request shall be made by NFGDC at Operator's cost and expense.

3.4 If undertaken at Operator's request, NFGDC's test of the accuracy of any meter or other measurement equipment owned and used by NFGDC to measure volumes of gas delivered into its facilities shall be arranged and conducted, insofar as reasonably practicable, so as to permit representatives of Operator to be present. If, upon any such test (whether conducted at Operator's request or upon NFGDC's own initiative) any such meter or measurement equipment shall be found to be inaccurate, NFGDC shall adjust the same as soon as practicable to read correctly; and

3.4.1 If such inaccuracy is less than three percent (3%), the previous readings shall be deemed correct, and, in the event such test was conducted at Operator's request, Operator shall bear all costs of such test;

3.4.2 If such inaccuracy is three percent (3%) or more, the previous readings shall be corrected to zero (0) error for the period of time during which such meter or other measurement equipment is known or agreed to have been inaccurate. If the length of such period of inaccuracy is not known or agreed upon, such correction shall be made for a period equal to one-half ($\frac{1}{2}$) of the time which has elapsed since the date of the last calibration, provided, however, that such correction period shall not exceed thirty (30) days.

If any such meter or other measurement equipment is out of service, or inaccurate by three percent (3%) or more, under circumstances where the correction of previous readings of such equipment to "zero (0) error" is not feasible, then the volume of gas delivered during the period shall be estimated (a) by using data recorded by any check-measuring equipment, if installed and registering accurately, or (b) if such check-measuring equipment is not installed or registering inaccurately, by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation, or (c) if neither such method is feasible, by estimating the quantity delivered based upon deliveries under similar conditions during a period when equipment was registering accurately.

ARTICLE 4. GAS QUALITY

4.1 Operator understands and acknowledges that NFGDC will not continuously monitor, test, or otherwise inspect Operator's Gas prior to the delivery thereof into NFGDC's facilities. Operator further acknowledges that, irrespective of the contractual disposition of Operator's Gas, all such gas is commingled with, and becomes an inseparable part of, the gas supply used by NFGDC to satisfy its obligations to its retail and transportation customers. Accordingly, Operator expressly warrants and represents that (i) Operator's Gas shall, in all respects and at all times, consist solely of gas which is merchantable and fit for use by NFGDC's retail customers, and (ii) without limitation of the generality of the foregoing, Operator's Gas shall at all times, and in all respects, shall conform to the Tariff and GTOP requirements applicable to gas delivered into NFGDC's facilities for transportation service, and meet at least the following minimum quality specifications:

4.1.1 Operator's Gas shall be entirely free of all hydrocarbon liquids and other material in liquid form, including, without limitation, water, glycol, brines, condensate and oil;

4.1.2 All gas delivered by Operator to NFGDC hereunder into NFGDC's facilities through any Receipt Point listed on the attached Exhibit A shall be dehydrated by Operator for removal of water present therein in a vapor state to a level determined acceptable by NFGDC, at its sole discretion, from time to time. In no event shall the acceptable level, as determined by NFGDC, be required to be less than the maximum water vapor (H_2O) per million cubic feet level specified in the Tariff;

4.1.3 Operator's Gas shall be entirely free of NOx compounds;

4.2 To the extent accepting Operator's Gas does not prevent gas delivered to customers from being merchantable and fit for use in its retail markets, NFGDC shall have the option (but never the obligation), to relax gas quality requirements, from time to time, by describing permissible variations in its GTOP.

4.3 Operator shall furnish, install, operate, maintain and keep in efficient and safe operating condition, at Operator's sole cost and expense, such drips, separators, dehydrators, alcohol bottles, gas cleaners, treatment facilities, and any other devices or equipment as may be or

become reasonably necessary to effect compliance with the quality specifications set forth in this Article.

4.4 In addition to any other remedy which may be available to NFGDC hereunder, or under any provision of law, in respect of Operator's undertakings expressed in this Article, NFGDC shall have and be entitled to exercise any one or more of the following rights, options and remedies, on a non-exclusive basis, in the event of any breach by Operator of any one or more of said undertakings, to wit:

4.4.1 Upon notice to Operator, treat or process Operator's Gas, at Operator's sole cost and expense, insofar as reasonably necessary in NFGDC's judgment to cause the same to conform to the quality specifications set forth in this Article;

4.4.2 Continue to receive Operator's Gas, with or without treatment or processing thereof;

4.4.3 Discontinue receiving Operator's Gas at the affected Receipt Point(s) until the occasion(s) for the exercise of a remedy by NFGDC has, in NFGDC's reasonable judgment, been corrected;

4.4.4 Terminate this Agreement as respects the delivery of Operator's Gas into NFGDC's facilities at the affected Receipt Point(s) in the event that, in NFGDC's reasonable judgment, the occasion for NFGDC's exercise of a remedy cannot be corrected at a reasonable cost in a reasonable time;

4.4.5 Require Operator to cease receiving into Operator's facilities production attributable to the source which occasioned NFGDC's exercise of a remedy; and

4.4.6 Clean-up and/or repair, at Operator's sole cost and expense, all facilities, equipment and apparatus affected by the occasion for NFGDC's exercise of a remedy. NFGDC shall endeavor to notify the Operator prior to taking such remedial action.

ARTICLE 5. CHART CHANGES AND INDEX READINGS

5.1 Operator shall, at its own cost and expense, (i) change the charts on each orifice meter associated with the Exhibit A Receipt Points (the "Charts"), on the first (1st) working day of each month, (ii) mail the removed Charts to NFGDC on or before the fifth (5th) working day of each month, (iii) change the Charts regularly, once each seven (7) day period following said first (1st) working day, or on a 31-day cycle in the case of 31-day charts, and (iv) mail these removed Charts to NFGDC within three (3) working days of each such chart change.

5.2 Insofar as applicable, Operator shall, at its own cost and expense, read each displacement meter associated with any Exhibit A Receipt Point on the first (1st) working day of each month and shall mail, or, with confirmed receipt, e-mail or fax all such index information to NFGDC on or before the fifth (5th) working day of each month.

5.3 All charts and all index information shall be addressed to "NATIONAL FUEL GAS DISTRIBUTION CORPORATION" at the address provided for Gas Measurement in the NFGDC Contacts Addendum.

5.4 Operator understands that NFGDC is not able to account for and/or allocate Operator's Gas without using the Chart or index information (as the case may be) referred to in this Article. Accordingly, given (i) the incremental expense and other costs which will be incurred by NFGDC in the event of its tardy receipt of the Chart or index information referred to in this Article; (ii) the difficulty of quantifying such costs and expenses, and (iii) the inconvenience and practical infeasibility of otherwise providing an adequate remedy in respect of Operator's breach of its undertakings expressed in this Article, it is agreed as follows:

In the event that either of the following conditions are met, to wit: (i) Operator shall fail to mail any Chart or index information as stipulated in this Article, or (ii) NFGDC shall fail to receive said Chart or index information on or before the fifth (5th) working day following the mailing date stipulated in this Article, then NFGDC shall be relieved of any obligation to account for any of the production in a timely manner but will endeavor to account for such production in the next accounting period.

ARTICLE 6. TERM

6.1 This Agreement shall have no force or effect unless and until it shall have been executed by each of the parties identified on the first page hereof and by each of the parties identified in the Addendum thereto, if any (the "Effective Date"). Thereafter, and unless and until NFGDC shall have notified each of the other parties who executed this Agreement (the "Non-NFGDC Parties") that all applicable gas disposition agreements have become effective, no right or entitlement shall accrue to any Non-NFGDC Party due to the execution of this Agreement.

6.2 The term of this Agreement shall extend until the first anniversary of the Effective Date, and, unless otherwise lawfully terminated, this Agreement shall continue in effect thereafter, until the same is terminated by any party to this Agreement, if any, by written notice to all other such parties, no later than thirty (30) days prior to the beginning of a calendar month.

6.3 Notwithstanding any other provision of this Agreement, and in addition to any other right or remedy available to NFGDC hereunder or under any provision of law, NFGDC shall have the following rights, exercisable at NFGDC's sole option, to wit:

6.3.1 Terminate this Agreement and remove all Receipt Facilities at the Exhibit A Receipt Points, or suspend or cease receiving Operator's Gas at any one or more of the Exhibit A Receipt Points, upon thirty (30) days' prior written notice to Operator, in the event that Operator should for any reason experience a loss or cancellation of the security required to be provided by Operator pursuant to Article IX hereof; and

6.3.2 Terminate this Agreement as to the affected Receipt Point(s) and remove all Receipt Facilities at the affected Receipt Point(s), or suspend or cease receiving Operator's Gas at any affected Receipt Point(s), upon thirty (30) days' prior written notice to Operator, in the event that Operator should (i) fail to provide satisfactory title to the production or (ii) repeatedly violate, in NFGDC's sole opinion, the standards contained in Article IV.

ARTICLE 7. GOVERNMENTAL REGULATION

7.1 This Agreement and the respective obligations of the parties hereunder shall be subject to all valid applicable federal, state and local laws, orders, rules and regulations, whether in effect on the date hereof, or becoming effective thereafter. The parties shall be entitled to regard all laws, orders, rules and regulations issued by any federal, state or local regulatory or governmental body as valid and may act in accordance therewith until such time as same shall have been invalidated by final judgment (no longer subject to judicial review) of a court of competent jurisdiction. Neither party shall be held in default for failure to perform hereunder if such failure is due to compliance with laws, orders, rules or regulations of any such duly constituted authorities. Nothing contained herein, however, shall be construed as affecting any party's right(s) to contest the validity or applicability of any such law, order, rule or regulation.

ARTICLE 8. FORCE MAJEURE

8.1 In the event either NFGDC or Operator is rendered unable, in whole or in part, by force majeure to carry out their respective obligations under this Agreement, other than to make payments due hereunder or to maintain minimum gas quality specifications, it is agreed that the obligations of the party claiming such inability to perform, so far as they are affected by such force majeure, shall be suspended from the inception of and during the continuance of such inability so caused but for no longer period; provided that the party claiming such inability gives notice and reasonably full particulars of such force majeure event relied upon; and provided further that the party claiming such inability shall promptly and diligently take such action as may be necessary and reasonably practicable to correct, or cause to be corrected, such inability.

8.2 The term "force majeure" as employed herein shall mean, without limitation, acts of God, Governmental action or regulation, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, storm warnings, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or pipelines, the necessity for making repairs to or alterations of machinery or pipelines, freezing of pipelines, and any other causes, whether of the kind herein enumerated or otherwise, not under or within the control of the party claiming inability to perform and which, by the exercise of reasonable diligence, such party is unable to prevent or overcome.

8.3 The settlement of strikes, lockouts or any such labor disputes shall be entirely within the discretion of the party having the difficulty, and the above requirement that any force majeure event shall be remedied promptly and diligently shall not require the settlement of strikes, lockouts or other labor disputes by acceding to the demands of any opposing party when such course is inadvisable in the discretion of the party having the difficulty.

8.4 Force majeure shall not include failure or disruption of technical systems or products within the reasonable control of the party claiming force majeure which arise as a result of any leap year.

ARTICLE 9. NOTICE

9.1 Every notice, request, statement, bill or invoice provided for in this Agreement shall be in writing, unless otherwise provided herein, and shall be sent by prepaid mail, facsimile, or by overnight delivery, addressed to the party to whom given, at such party's address stated below, or at such other address as such party may in and by such notice direct hereafter. Facsimile notices, requests, statements, bills or invoices shall be deemed given only when facsimile receipt is confirmed.

9.1.1 Notice to NFGDC shall be sent to the address provided for Notices in the NFGDC Contacts Addendum.

9.1.2 Notice to Operator shall be sent to the address provided for Notices in the Operator Contacts Addendum.

9.2 Operator shall provide NFGDC with a current telephone number, facsimile number and E-mail address at which Operator or Operator's representatives may be contacted at all hours using the Operator Contacts Addendum or other mutually agreeable form that minimally provides the same information contained therein. For themselves and their agents, NFGDC and Operator agree to the recording of all telephone conversations during which NFGDC notifies Operator to suspend or cease deliveries into any facility owned or operated by NFGDC.

ARTICLE 10. OPERATOR'S CREDITWORTHINESS

10.1 At its sole option, NFGDC may (i) suspend its receipt of Operator's Gas, or (ii) terminate this Agreement, in the event that Operator is or has become insolvent or fails within a reasonable

period, upon NFGDC's request, to demonstrate creditworthiness, or in the event that Operator incurs a poor credit history with respect to any service provided by NFGDC or as established by a reliable reporting agency.

10.2 As a demonstration of Operator's creditworthiness and as security in respect of any remedy afforded NFGDC under this Agreement or under any provision of law, Operator agrees to provide NFGDC, prior to the Effective Date, and to keep in force throughout the term of this Agreement, any one of the following:

10.2.1 A security deposit in the amount of Ten Thousand Dollars (\$10,000), to be held in a non-interest-bearing general account by NFGDC;

10.2.2 An irrevocable letter of credit issued by a financial institution acceptable to NFGDC and in a form acceptable to NFGDC with a face amount of Ten Thousand Dollars (\$10,000); or

10.2.3 At NFGDC's sole discretion, a copy of the most recent audited financial statements of Operator (or of a guarantor of Operator's performance hereunder) showing a net worth in excess of Thirty Thousand Dollars (\$30,000), or a copy of the most recent unaudited financial statements of Operator (or of a guarantor of Operator's performance hereunder) showing a net worth of at least Forty Thousand Dollars (\$40,000), in which event, Operator shall also provide NFGDC with evidence of its ownership of unencumbered assets valued, in the aggregate, in excess of Ten Thousand Dollars (\$10,000) in each state in which Operator conducts any business with NFGDC.

10.2.4 Security, in a form acceptable to NFGDC, provided on behalf of Operator by a creditworthy third party, including but not limited to a marketer, individual, or other entity.

10.3 NFGDC reserves the right to require Operator to establish or demonstrate its creditworthiness, from time to time, during the term of this Agreement.

ARTICLE 11. TITLE TO GAS

11.1 Nothing in this Agreement shall affect the title to Operator's Gas.

11.2 Operator shall indemnify NFGDC against, and hold it harmless from, and undertake the defense of NFGDC with respect to, all suits, actions, claims, debts, accounts, damages, costs, losses and expenses (including attorneys' fees) arising from or out of adverse claims of any and all persons or entities to Operator's Gas, or to royalties, overriding royalties or other payments with respect thereto, or to taxes, licenses, fees, or charges with respect to Operator's Gas or the disposition thereof (hereinafter, respectively "Adverse Claim To Operator's Gas"). Except insofar as Operator is in breach of its obligations or has an obligation to indemnify and save NFGDC harmless pursuant to this section XI (B), NFGDC agrees to indemnify and save Operator harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising out of adverse claims of any and all persons to the natural gas after receipt by NFGDC of Operator's gas for redelivery by NFGDC (whether by means of transportation service or NFGDC commodity service) according to NFGDC's tariff.

11.3 In the event of any Adverse Claim To Operator's Gas, NFGDC may, at its sole discretion, suspend receipts of Operator's Gas at the Receipt Point(s) where the affected gas is delivered into NFGDC's facilities (without incurring any liability to Operator or any other entity interested in Operator's Gas) until such claim is finally determined and the prevailing party(ies) agree(s) to be bound by this Agreement, or until Operator furnishes NFGDC a bond, in form and amount and with sureties acceptable to NFGDC, conditioned to hold NFGDC harmless from any such Adverse Claim To Operator's Gas, or until Operator demonstrates, to NFGDC's satisfaction, that such gas subject to an adverse claim does not constitute any portion of Operator's Gas

11.4 Operator agrees to provide NFGDC, upon request, evidence reasonably satisfactory to NFGDC of Operator's right to handle and deliver into NFGDC's facilities, one hundred percent (100%) of the gas comprising Operator's Gas.

ARTICLE 12. REMEDIES

12.1 In addition to any other remedy available to NFGDC under this Agreement or any provision of law, Operator shall indemnify NFGDC against, hold it harmless from, and undertake the defense of NFGDC with respect to all suits, actions, claims, losses, damages (including punitive damages and economic losses), injuries (including personal injury and death), debts, accounts, costs and expenses (including attorneys' fees and other expenses incurred by NFGDC in responding to, and in partial or full satisfaction of, any such suits, actions, claims, losses, damages and injuries) related to and/or arising from or out of any breach by Operator of any provision of this Agreement.

ARTICLE 13. MISCELLANEOUS

13.1 This document shall not be construed as an agreement running with the land.

13.2 No change, modification or alteration of this Agreement shall be or become effective until executed in writing by the parties hereto, and no course of dealing between the parties shall be construed to alter the terms hereof, except as expressly stated herein.

13.3 No waiver by any party of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any other default or defaults, whether of a like or of a different character.

13.4 Not less than five (5) working days prior to the first day of each calendar month during the term of this Agreement, Operator shall provide NFGDC with update(s), if any, to the identity of the entity and person who shall conduct Gas Scheduling for Operator's Gas at each of the Exhibit A Receipt Points. In the absence of Operator's timely notification to this effect, NFGDC may (but shall not be obligated to) deem the authority of the entity and person identified in Operator's last previous timely notification to continue until its receipt of the Operator's next timely notification under this paragraph.

13.5 Any company which shall succeed by purchase, merger or consolidation of the gas related properties, substantially as an entirety, of NFGDC or of Operator, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Either party may, without relieving itself of its obligations under this Agreement, assign any of its rights hereunder to a company with which it is affiliated, but otherwise, no assignment of this Agreement or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto in writing of the other party. Consent shall not be unreasonably withheld.

13.6 The headings contained in this Agreement are intended solely for convenience and do not constitute any part of the agreement between the parties and shall not be used in any manner in construing this Agreement.

13.7 With respect to Meter Location, this Agreement shall be construed, enforced and interpreted in accordance with the laws of

13.7.1 the State of New York, excluding, however, any such law which would direct the application of the law of another jurisdiction. The parties (i) submit to the jurisdiction of the United States District Court for the Western District of New York, and, in the event that such court lacks subject matter jurisdiction, to the New York State Supreme Court, Erie County,

and, as respects those matters which are subject to the exclusive or primary jurisdiction of the NYSPSC, and (ii) waive any right or entitlement which they or any of them might otherwise have to cause any dispute arising under this Agreement to be adjudicated, determined or resolved pursuant to the law of any other jurisdiction, or, in or by any other court(s) or tribunal(s). Provided, however, that the parties may bring disputed matters before the NYSPSC according to dispute resolution procedures under NFGDC's Interconnection Rules and Procedures set forth in NFGDC's GTOP.

13.7.2 the Commonwealth of Pennsylvania, excluding, however, any such law which would direct the application of the law of another jurisdiction. The parties (i) submit to the jurisdiction of the United States District Court for the Western District of Pennsylvania, and, in the event that such court lacks subject matter jurisdiction, to the Court of Common Pleas of Erie County, Pennsylvania, and, as respects those matters which are subject to the exclusive or primary jurisdiction of the PAPUC, and (ii) waive any right or entitlement which they or any of them might otherwise have to cause any dispute arising under this Agreement to be adjudicated, determined or resolved pursuant to the law of any other jurisdiction, or, in or by any other court(s) or tribunal(s). Provided, however, that the parties may follow the dispute resolution procedures applicable to Suppliers as set forth in NFGDC's Tariff under Rate Schedule SATS, Special Provision § U(19), as revised.

13.8 So that there will be certainty as to the actual agreement between the parties, it is mutually understood and agreed that this Interconnection Agreement and the Exhibit A attached hereto, as the same may be impacted by any applicable provision of NFGDC's Tariff and GTOP, are intended to constitute the final expression, as well as the complete, exclusive and integrated statement, of the terms of the parties' agreement relative to the interconnection and other transactions described therein. If there is any inconsistency between this Agreement and the Tariff, either as presently in effect or as amended, then the provisions of the Tariff shall apply.

13.9 No presumption shall operate in favor of or against either party hereto as a result of any responsibility either party may have had for drafting this Agreement.

(OPERATOR)

NATIONAL FUEL GAS DISTRIBUTION
CORPORATION

By _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**PRODUCER INTERCONNECTION AGREEMENT
NFGDC CONTACTS ADDENDUM**

CONTACT INFORMATION:

24-Hour Telephone: (800) 444-3130 EMERGENCIES ONLY

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

Legal/Contract Notices	Rates & Regulatory Affairs 6363 Main Street Williamsville, NY 14221 Facsimile: (716) 857-7254 Attn. Randy Rucinski Email: rucinski@natfuel.com
Gas Supply/Contracting	Gas Supply Administration Department 6363 Main Street Williamsville, NY 14221 Phone (716) 857-7107 Facsimile: (716) 857-7823 Email: michalskib@natfuel.com
Gas Measurement/Gas Testing	Gas Measurement Department 717 State Street – Suite 700 Erie, PA 16501 Phone (844) NFG-WELL (844) 634-9355 Facsimile: (814) 871-8672 Email: NFG_GM@natfuel.com
Field Operations/Meter Sets	Gas Measurement Department 717 State Street – Suite 700 Erie, PA 16501 Phone (814) 871-8539 Facsimile: (814) 871-8672 Email: CampbellC@natfuel.com
Gas Scheduling	Transportation Service Department 6363 Main Street Williamsville, NY 14221 Phone (716) 857-7232 Facsimile: (716) 857-7479 Email: TSSsupport@natfuel.com
Credit	Credit, Collections & Receivables Management 6363 Main Street Williamsville, NY 14221 Phone (716) 857-7210 Facsimile: (716) 857-7479 Email: MiliottoA@natfuel.com

PRODUCER INTERCONNECTION AGREEMENT
OPERATOR CONTACTS ADDENDUM

CONTACT INFORMATION: Operator: _____

Legal/Contract Notices	Name: _____ Address: _____ Title: _____ City/State/Zip: _____ Phone(1): _____ Phone(2): _____ Facsimile: _____ Email: _____
Emergency (24-Hour)	Name: _____ Address: _____ Title: _____ City/State/Zip: _____ Phone(1): _____ Phone(2): _____ Facsimile: _____ Email: _____
Field/Gas Testing/Operations	Name: _____ Address: _____ Title: _____ City/State/Zip: _____ Phone(1): _____ Phone(2): _____ Facsimile: _____ Email: _____
Accounting/Invoices	Name: _____ Address: _____ Title: _____ City/State/Zip: _____ Phone(1): _____ Phone(2): _____ Facsimile: _____ Email: _____
Other: _____	Name: _____ Address: _____ Title: _____ City/State/Zip: _____ Phone(1): _____ Phone(2): _____ Facsimile: _____ Email: _____

Updated Addendums should be sent to NFGDC by facsimile: (814) 871-8672 or E-mail: NFG_GM@natfuel.com

Daily Metered Transportation - Imbalance Netting Agreement (DMT-INA)**DAILY METERED TRANSPORTATION
IMBALANCE NETTING AGREEMENT**

AGREEMENT made as of the ____ day of 20____, by and between _____
 _____ Aggregator Name

("Aggregator") having offices at _____ and
 _____ Aggregator Address

National Fuel Gas Distribution Corporation, a New York corporation, with offices at 6363 Main Street,
 Williamsville, New York, 14221-5887 ("Company").

DEFINITIONS APPLICABLE TO THIS AGREEMENT

Terms and conditions in this Agreement not defined below shall have their meaning as defined or utilized in the Company's Tariff for gas service, PSC No. 8 - GAS.

Aggregator	Signatory to this Agreement who, in the judgment of Company, has been determined creditworthy for participation in DMT Customer imbalance management (i.e. the DMT Supplier or Marketer under SC 13D.)
DMT	Daily Metered Transportation
DMT Customer	SC 13D Transportation service customer who has appointed Aggregator.
DMT Market Pool	The pool or group of DMT Customers enrolled by the Aggregator.
DMT Imbalance	Net imbalances developed by the DMT Market Pool and the primary financial responsibility of the Aggregator.
Commission	Public Service Commission of the State of New York
SC 13D	Service Classification No. 13D under Company's tariff.
Tariff	Company's Schedule of Gas service, P.S.C. No. 8, GAS, or successor.
Transportation Customer	Transportation service customer of Company pursuant to an effective Transportation Service Agreement.
UBPs	Uniform Business practices as adopted by the Commission.

WHEREAS, Aggregator desires to participate in Company's DMT program by performing imbalance management services for DMT Customer(s) under SC 13D;

WHEREAS, Aggregator wishes to assume responsibility for payment, on behalf of its DMT Customer(s), of DMT Imbalance charges incurred by DMT Customer account(s) in Aggregator's DMT Market Pool;

WHEREAS, Aggregator wishes to do all things necessary to effectuate all services under Company's DMT program as set forth under SC 13D;

WHEREAS, Company is willing to provide such services to Aggregator as are necessary and sufficient to effectuate the DMT program under SC 13D in accordance with all laws, rules, regulations, permits, orders and authorization applicable to the DMT program, or any part thereof.

The parties agree as follows:

A. Designation as Aggregator:

Company shall accept designation and appointment of Aggregator, and identification of DMT Market Pool, upon receipt of a valid enrollment, upon the terms and conditions contained in this Agreement and SC 13D. The Aggregator, upon request, shall provide the Company with evidence of Customer consent.

B. Identification of DMT Customer:

DMT Customers shall be identified by the Aggregator by enrolling DMT Customers into the Aggregator's DMT Market Pool, subject to the terms and conditions contained therein and under SC 13D. All necessary customer information shall be communicated to the Company via Electronic Data Interchange (EDI), the Company's Web Site or other protocol established by the Company. Notification and execution of Customer switches including switches from the Company to the Aggregator, as well as the timing thereof, shall be governed by the applicable provisions of the UBPs.

C. Term of Agreement:

The term of this Agreement shall commence on _____ and shall continue through _____
(beginning date)
(ending date), and renew annually for successive terms ending each _____ unless
otherwise terminated by the following events:

1. Default by Aggregator of any terms or conditions contained in this Agreement;
2. By mutual agreement of Company and Aggregator;
3. At the discretion of Company to the extent necessary to preserve system operational integrity;
4. Pursuant to an order of the Commission.

D. Aggregator's Duties and Obligations:

1. Aggregator hereby assumes primary responsibility for DMT Customer transportation nominations and for DMT Imbalances as calculated and billed by Company under SC 13D.
2. DMT Imbalances shall be resolved as described under SC 13D. Aggregator shall be billed for applicable imbalance services pursuant to the Tariff.
3. All other terms and conditions under SC 13D and Company's Tariff apply as if fully stated herein, and as amended from time to time.

E. Company's Duties and Obligations:

1. Company shall accept Aggregator's DMT Market Pool, as described in B above, and shall provide all services required to effectuate service under SC 13D.
2. Company shall bill Aggregator on a monthly basis for DMT Imbalance charges and imbalance cash out charges (as applicable), plus applicable fees, taxes and surcharges incurred.

3. Company shall bill DMT Customer for DMT delivery charges, plus applicable fees, taxes and surcharges incurred.
4. All other terms and conditions under SC 13D and Company's Tariff apply as if fully stated herein.

F. Rates and Charges:

Applicable rates and charges for DMT service shall be billed to Aggregator pursuant to SC 13D.

G. Consequences of Default:

In the event Aggregator fails to comply with any of the terms and conditions set forth herein and under SC 13D, this Agreement shall terminate and Company shall refund Aggregator's security deposit minus amounts due Company for services rendered under SC 13D or any applicable Service Classification for past DMT Imbalances, fees, and residual DMT Imbalances, if applicable.

H. Incorporation by Reference:

A copy of the currently effective form of SC 13D is attached hereto and is incorporated herein. All terms not otherwise defined in the Agreement shall have the same meaning as set forth in SC 13D. If there is any inconsistency between this Agreement, SC 13D and other provisions of the Tariff, either as presently effective or as amended, then the provisions of SC 13D and the Tariff shall apply.

I. Notices:

All notices, invoices and billing should be directed in care of the Transportation Services Department; inquiries regarding rates should be directed to the Energy Services Dept.; nominations and other correspondence pursuant to this Agreement shall be sent to the Transportation Services Department at the following address:

To Company: National Fuel Gas Distribution Corporation
6363 Main Street
Williamsville, New York 14221-5887

To Aggregator:

(name)

(address)

J. Limitation on Company's Liability:

Company shall not be liable for any error in judgment or any mistake of law or fact or any act done in good faith in the exercise of the powers and authority herein conferred or for any loss, damage, delay or failure to perform in whole or in part resulting from causes beyond Company's control, including, but not limited to, fires, strikes, insurrections, riots, embargoes, shortages in supplies, delays in transportation, or requirements of any governmental authority. Furthermore, in no event shall Company be liable for consequential, punitive, incidental, indirect or special damages in the provision of services hereunder.

K. Aggregator Indemnity Obligations:

Aggregator shall indemnify, save harmless and, at Company's option, defend Company from and against any and all losses, claims, demands, damages, costs (including, without limitations,

reasonable attorneys' fees), expenses, liabilities, proceedings, suits, actions, restrictions, injunctions, fines, judgments, penalties and assessments which Company may suffer for, on account of, by reason of or in connection with any adverse claim of any person or persons to the gas purchased by Company under SC 13D, regarding purchases of DMT Month End Surplus Imbalances, and in connection with any bodily injury, including death to any person or persons (including, without limitation, Aggregator's employees) or any damage to or destruction of any property, including, without limitation, loss of use thereof, arising out of, in any manner connected with or resulting from the goods, work or services furnished by Aggregator with respect to this Agreement. The provisions of this Paragraph K shall survive the termination or expiration of this Agreement.

L. Entire Contract:

This agreement and express incorporations sets forth the entire contract between the parties concerning the subject hereof, and supersedes all prior and contemporaneous written or oral negotiations and agreements between them concerning the subject hereof.

M. Modification of Agreement:

Any amendment to this Agreement may be made in the sole discretion of Company so long as such changes are not inconsistent with the Tariff and any modification of this Agreement must be in writing and signed by both parties, except that modifications of the Tariff affecting this Agreement shall modify this agreement automatically with no further writings.

N. Interpretation of Agreement:

The interpretation, construction, and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law regarding the conflicts of law, and the parties to this Agreement hereby submit and consent to the jurisdiction of the courts of the State of New York (including, without limitation, the federal courts located within the State of New York) in any action brought to enforce (or otherwise relating to) this Agreement.

O. Drafting Presumptions:

No presumption shall operate in favor of Aggregator or against Company as a result of drafting this Agreement.

P. Waiver:

No waiver by any party of any one or more defaults by the other in performance of any provisions of this Agreement shall operate or be construed as a waiver of any other default or defaults, whether of a like or different character.

Q. Assignment:

Aggregator shall not assign this Agreement, or any of its rights, duties or obligations hereunder without the prior written consent of Customer.

R. Severability:

If any provision of this Agreement is determined to be invalid or unenforceable or contrary to Commission Rules or law, the provision shall be deemed to be void as of the date of this Agreement and shall not be part of this Agreement and shall otherwise be severable from the remainder of this Agreement and shall not cause the invalidity or unenforceability of the remainder of this Agreement. If any provision of this Agreement does not comply with any law, ordinance or regulation of any governmental or quasi-governmental authority, now existing or hereinafter enacted, such provision shall to the extent possible be interpreted in such a manner so as to comply with such law, ordinance or regulation, or if

such interpretation is not possible, it shall be deemed amended to satisfy the requirements thereof.

S. Creditworthiness:

In order to qualify for service hereunder, DMT Aggregator will be required to meet Company's credit requirements according to criteria contained in the Commission's Uniform Business Practices. Aggregator agrees to execute, on an ongoing basis, at the discretion of Company, any other agreements necessary in order to remain qualified as a DMT Aggregator. Failure to execute said other Agreements shall constitute default.

IN WITNESS WHEREOF, the parties, intending to be legally bound, have caused this Agreement to be signed by their duly authorized officers as of the day and year first above written.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

(Witness)

By: _____

Title: _____
(please type/print name & title of person signing)

(Witness)

By: _____

Title: _____
(please type/print name & title of person signing)

Billing Services Agreement for Consolidated Billing Service**Billing Services Agreement for Consolidated Billing Service
Under Service Classification No. 19**

BILLING SERVICES AGREEMENT ("Agreement") entered into this ____ day of _____, 20____, by and between National Fuel Gas Distribution Corporation ("Company") and _____ ("Marketer") (the "Parties").

WHEREAS Marketer is receiving service from Company as a "Supplier" under Service Classification No. 19, Supplier Transportation, Balancing and Aggregation ("STBA" or "STBA tariff"), such service classification being contained and subsumed in Company's tariff, P.S.C. No. 8 – GAS ("Tariff");

WHEREAS by means of such STBA service Marketer purchases natural gas commodity on behalf of STBA customers ("Customers") on Company's system and causes such natural gas commodity to be delivered to the Company for redelivery, or transportation, by the Company to Marketer's Customers;

WHEREAS as a result, Marketer is interested in charging such Customers ("Customer Accounts") for Marketer's commodity service ("Marketer charges"), and Company is interested in charging the same Customers for Company's transportation and other services ("Company charges"), on a single bill that includes Marketer charges and Company charges;

WHEREAS Marketer has elected to receive, and Company agrees to provide, a consolidated billing service ("CBS"), pursuant to the STBA tariff;

WHEREAS, with respect to Customer Accounts for Customers that consume less than 25,000 Mcf annually, Marketer has requested that Company purchase, free and clear of all liens, claims and encumbrances, without recourse except as described in this Agreement, all amounts billed by Company hereunder on Marketer's behalf and make payments to Marketer relating to such purchases;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants, conditions and terms set forth below, Marketer and Company agree as follows:

A. Applicable Tariff and Operating Procedures

1. **Tariff and Operating Procedures.** The terms and conditions of the Tariff, STBA agreements, Gas Transportation Operating Procedures ("GTOP" or "Operating Procedures") and the New York State Public Service Commission's ("NYPSC") Uniform Business Practices ("UBPs"), as applicable, are fully incorporated in this Agreement except as otherwise expressly stated herein.

2. Tariff Controls. If there is any inconsistency between this Agreement and the Tariff (including the STBA tariff contained within the Tariff), in its current form or as subsequently amended, then the provisions of the Tariff shall apply.

B. Consolidated Billing and Purchase of Accounts Receivable

1. Billing Service. Pursuant to the STBA tariff, Marketer hereby elects to receive CBS and authorizes Company to perform certain retail billing functions for Marketer's Customers, as defined in the STBA tariff and the UBPs, including invoicing, remittance processing and customer service activities. Marketer and Company shall comply in every respect with the provisions of CBS under the STBA tariff, Company's Tariff and, where applicable, the UBPs. Service hereunder is available only to Customers and not for retail customers under any other service classifications.

2. Purchase of Accounts Receivable.

a. For Customer Accounts with annual consumption less than 25,000 Mcf and subject to the other terms and conditions of this Agreement: Marketer hereby assigns, sells and conveys to Company free and clear of all liens, claims and encumbrances, and Company agrees to purchase without recourse except as described in sections B ¶11 and ¶12 below, Marketer's right, title and interest in all accounts receivable, being amounts due from all such Customers as shown on CBS bills issued by Company on and after the effective date of this Agreement ("Purchased Customer Accounts").

b. Title to Marketer's Purchased Customer Accounts shall pass to Company as of the date bills are issued by Company (the "Billing Date"), and as of such Billing Date Marketer shall have no rights in or to the Purchased Customer Accounts and shall not seek to collect in any manner such amounts from Customers or pledge or attempt to encumber such amounts as security.

3. Rate-Ready Service. CBS is a "rate ready" service, as defined in the UBPs. Marketer shall provide to Company all rates, charges and other information, including Customer Account information, necessary for billing purposes, in a form and manner determined by Company, at least four (4) business days prior to the Customers' Meter Read Date. Such information shall be deemed received for processing only upon Company's express confirmation of receipt. Company shall not be responsible for billing errors or delays caused by Marketer's failure to timely and properly provide accurate billing information to Company. Marketer agrees to indemnify Company against any and all actions, charges, complaints, proceedings, liabilities, damages, penalties and fines resulting from errors caused by untimely or inaccurate information provided by Marketer.

4. Bills based on Meter Reads. Bills issued by Company shall be based on actual or estimated meter readings retrieved by Company in the manner, and according to procedures, utilized for Company's general billing practices. Meter readings are recorded for billing purposes on the Meter Read Date or on such other special reading date as the Company may determine appropriate. Marketer will not be responsible for billing errors resulting from meter reading inaccuracies or errors. Consumption adjustments shall be reflected on subsequent Customer bills in the ordinary course of billing. Company reserves the right; however, to re-bill Customers or issue corrected

bills if justified by the circumstances and as permitted by the UBPs and Company's Tariff.

5. Bill Content. CBS bills will display Marketer's charges. The Company will calculate the Customer's total Marketer charge(s) by multiplying the commodity rate(s), provided by Marketer, by the consumption determined by Company. CBS bills will also identify Marketer as the Customer's natural gas Marketer, and will set forth a phone number at which Marketer can be reached for Customer inquiries. Company's charges will also be displayed on the bill in the manner prescribed by the Tariff and NYPSC directives, orders, rules and regulations.

6. Taxes. Company is not responsible for the paying or remitting to the applicable taxing authorities, on behalf of Marketer, of any federal, state or local taxes as a result of this Agreement. Company will calculate and identify the sales and use tax applicable to Marketer's charges and will provide such calculations to Marketer. Marketer shall be liable for and pay all such taxes and shall indemnify, defend and hold harmless Company from and against any and all liability for such taxes and any interest, penalties and attorney fees.

7. Late Payment Charges. Late payment charges ("LPC") shall be assessed on Customers by Company for untimely payment of amounts billed. The LPC for unpaid Company charges shall be 1.5% per month (also assessed on unpaid LPCs), or as otherwise directed by the NYPSC. The LPC for unpaid Marketer charges shall be 1.5% per month. Provided, however, that for Customer Accounts that are not Purchased Customer Accounts, the LPC shall be designated by Marketer (subject to Company's billing capabilities) pursuant to Marketer's agreement with the Customer. The LPC, if assessed, shall be inclusive of all billed charges. To the extent necessary, Marketer hereby grants, assigns and delegates to Company all of Marketer's rights to assess and collect a LPC on the Marketer's charges included in the CBS bill. LPC proceeds collected on Purchased Customer Accounts shall be retained by the Company. LPC proceeds collected on Customer Accounts that are not Purchased Customer Accounts shall be remitted to Marketer.

8. Budget Billing. Company offers budget billing (also known as balanced billing) through CBS for the entire bill as a Customer option, and will provide such service according to Company procedures for Budget Billing.

9. Authorized Payment Agencies. Customers may pay CBS bills at authorized payment agencies in the same manner as is permitted for Company bills.

10. Billing and Collection Procedures; Security Interest; Setoff.

a. Company charges and Marketer charges will be shown on CBS bills and collected by Company. Company shall have the exclusive right to receive and process Customer payments, and will perform for itself and on behalf of Marketer required billing and collection activities on Customer Accounts in conformance with the Home Energy Fair Practices Act ("HEFPA") with respect to residential Customers and in accordance with Part 13 of 16 NYCRR with respect to non-residential Customers.

b. Marketer hereby grants, assigns and delegates to Company all of Marketer's rights under New York law and regulations to terminate and suspend Marketer's service to a Customer who fails to make full payment of all amounts due for such service on the CBS bill.

c. Company agrees to indemnify Marketer against any and all actions, charges, complaints, proceedings, liabilities, damages, penalties and fines resulting from Company's failure to properly apply HEFPA procedures for billing and collection activities as provided in this Agreement.

d. For non-residential Customers, Company shall terminate its transportation service and the Marketer's commodity service where: (i) the Customer fails to make full payment of all amounts due on the CBS bill; (ii) the Customer Account is a Purchased Customer Account; and (iii) the Marketer has executed and furnished Company with an affidavit from an officer of Marketer attesting to the representation and warranty set forth below at section C ¶5. The Company's receipt of such properly executed affidavit shall be condition of service under this Agreement. Marketer will indemnify Company for any cost, expense, or penalty incurred if any of Marketer's Customer's service is terminated for non-payment and the Customer establishes that it did not receive such notification.

e. Any Customer payment or portion thereof that is billed by Company and received by Marketer shall be held by Marketer in trust as the property of Company and shall be remitted in full to Company within three (3) business days without any deduction or set-off by Marketer.

f. For Customer Accounts that are not Purchased Customer Accounts, Marketer agrees to permit Company to set-off any unsatisfied Marketer obligations to Company with proceeds received from Customers' payments of Marketer charges, with the remainder, if any, remitted to Marketer in the ordinary course. Marketer hereby grants a security interest in such Customer Accounts and Company may in its discretion perfect a security interest in such Customer Accounts to the extent necessary in order to give effect to this Agreement.

11. Purchase Amount. Subject to the other terms and conditions of this Agreement: For Purchased Customer Accounts, Company shall pay Marketer an amount equal to ____% for residential amounts billed (inclusive of taxes pursuant to above section B ¶6), and ____% of non-residential amounts billed (also inclusive of taxes) hereunder. The above payment percentages are subject to changes as approved by the NYPSC. For current balances on Purchased Customer Accounts, Company will remit payment twenty-three (23) days (plus two (2) business days for processing) following the Billing Date (or the next following business day if the 23rd day falls on a bank holiday or a Company holiday) of all Marketer charges billed to Customers in the previous month. For Budget Billing CBS bills, the amount purchased shall be based on the total billed amount without regard to current debit or credit balances, provided, however, that the amount remitted shall be equal to the Budget Bill amount as stated on the CBS bill. Upon termination of the Customer's commodity service with Marketer, Budget Billed Customer debits or credits shall be treated as follows: debit amounts shall be charged to the Customer in a final bill, and shall be redeemed to Marketer according

to the procedure described herein. Credit amounts shall be credited to the Customer and deducted from future Purchased Customer Account amounts redeemed to Marketer.

12. Other Deductions.

a. Company's payment obligation to Marketer in accordance with above section B ¶11 shall be subject to netting of all amounts owed to Company by the Marketer for STBA services and/or other charges under the Tariff or GTOP, including (but not limited to):

- Special meter read fees;
- Customer usage history fees;
- Gas imbalance charges;
- Billing and payment processing charges;
- Amounts due under other Marketer accounts;
- Amounts disputed by Marketer's Customers as described below; and
- At the time the amount is written off by the Company or when Customer's service is restored with a different marketer, billed amounts in excess of the amount necessary to restore Customer service pursuant to Public Service Law §32(5)(d).

Such amounts deducted from Company's payment to Marketer in accordance with section B ¶11 shall be itemized and described by Company at the time of payment. At Marketer's request, Company agrees to provide Marketer with calculations and other documentation supporting such deductions.

b. Disputed Amounts. An amount is deemed disputed if a Customer initiates a bill complaint under Part 12 of the NYPSC's Rules of Procedure (16 NYCRR Part 12) questioning the validity of Marketer's bill, charges or services. A Customer's claim of inability to pay or inaccurate meter reading shall not constitute a dispute for purposes of Company's obligation to pay Marketer amounts billed.

13. Bill Format. Company shall determine CBS bill format, subject to changes at Company's discretion and to accommodate bill content requirements under the UBPs and applicable directives of the NYPSC. At Marketer's option, Marketer's logo will be printed (according to the capabilities of CBS) so long as Marketer's logo is provided in an acceptable electronic format at least thirty (30) days before it is to be used. Both Parties' bill message spacing shall be governed by the Parties' agreement and CBS capabilities but shall not be less than four hundred eighty (480) characters for either Party. Information required by statute, regulation or order shall be printed on or inserted into CBS bills without additional charge so long as inserts do not exceed one-half ounce in weight. Additional bill inserts may be provided at negotiated rates. Company reserves the right to reject bill message or bill insert content requested by Marketer if Company in its sole judgment finds such content inappropriate or otherwise offensive.

14. Customer Inquiries. Company will receive and endeavor to process Customer inquiries relating to the CBS bill. Provided, however, that Customer inquiries relating to Marketer's rates or services shall be directed to Marketer's phone number shown on the bill. Marketer shall remain obligated to maintain a system capable of handling Customer complaints.

15. Security Deposits. Marketer hereby grants, assigns and delegates to Company Marketer's complete right to obtain security deposits and other forms of security. Existing deposits held on Customer Accounts shall be refunded to Customer or transferred to Company within five (5) days of commencement of service hereunder.

C. Representation and Warranties

1. Agreement Not for the Benefit of Third Parties. Marketer warrants and hereby agrees that it is not entitled to and shall not pledge Company's credit for any purpose whatsoever. This Agreement is for the benefit of the Parties hereto and not for the benefit of third parties, except to the extent of any amounts payable to Marketer under this Agreement to the extent Marketer grants a security interest to its bona fide lender in amounts due to Marketer pursuant to this Agreement.

2. Marketer Eligibility. Marketer represents and warrants, and shall demonstrate at Company's request, that it has satisfied all requirements to qualify as an eligible gas marketer in New York State for service to the class of Customers served under this Agreement, and will continue to be in compliance with such requirements and subsequently adopted laws and regulatory requirements throughout the term of this Agreement.

3. No Encumbrances. Marketer warrants and shall demonstrate to Company that Purchased Customer Accounts are unencumbered and not subject to a security interest or lien held by a third party. Marketer further warrants that it will not allow any interest or permit any third party to assert a claim of any type on those Purchased Customer Accounts or any new Purchased Customer Accounts opened during the term of this Agreement.

4. Late Payment Charge. Marketer represents and warrants that Marketer's Customers billed under this Agreement have received notice that a LPC of 1.5% per month shall be assessed as described in this Agreement and any and all Customer Accounts or portions thereof are subject to a LPC at such rate.

5. Non-residential Service Termination. Marketer represents and warrants and shall demonstrate at Company's request that it has notified its current non-residential Customers and will notify its future non-residential Customers that Company is permitted to terminate the non-residential Customer for non-payment of Marketer charges.

6. Marketer charges. Marketer represents and warrants that Marketer charges reflect and are limited exclusively to charges for Marketer's gas commodity service or other authorized charges as provided under the STBA tariff or Commission regulations, orders or directives.

7. Security Deposits. Marketer represents and warrants that deposits previously held on Customer Accounts will be returned to Customers or refunded to Company within five (5) business days of commencement of service hereunder.

D. Term of Agreement

Service shall commence under this Agreement on the date an executed copy of this Agreement is received or the date set forth on the signature page attached hereto and continues on a month-to-month basis unless terminated as follows: Either Party shall have the right to terminate this Agreement on thirty (30) days written notice; provided, however, that this Agreement may be terminated by Company (i) on one (1) day's written notice if the STBA agreement is terminated for any reason or if Marketer or a creditor commences a proceeding or any other action under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to Company or any creditor, or seeking to adjudicate Marketer as bankrupt or insolvent, or seeking reorganization, dissolution, winding up, liquidation or other relief with respect to Marketer or Marketer's debts, or seeking appointment of a receiver, trustee, custodian or other similar official for Marketer, or Marketer makes a general assignment for the benefit of Marketer's creditors; (ii) on not less than fifteen (15) days written notice if Marketer breaches any provision hereof and does not cure said breach within the fifteen (15) day period, such fifteen (15) day periods to run concurrently; or (iii) on one (1) day's written notice following issuance of an order or ruling by the NYPSC materially impacting any of the terms or conditions herein. Termination of this Agreement shall not suspend or discontinue Marketer's right to offer single-retailer billing or dual billing.

E. Miscellaneous

1. Liability. Company shall not be liable for any damages arising from CBS bills rendered based on untimely or inaccurate rate information provided by Marketer. Company's total cumulative liability to Marketer for all claims of any kind associated with Company's performance under this Agreement shall in no case exceed the payment or remittance amounts otherwise due under this Agreement. In no event, shall Company be liable for special, punitive, indirect or consequential damages, nor shall any action or inaction on Marketer's part, constitute a waiver by Company of any cause of action or defense. Company shall have no obligation to pursue, or assist Marketer in pursuing, any claim Marketer may have against any third party.

2. Further Indemnification. Marketer, to the fullest extent allowed by law, shall indemnify, defend and hold harmless and shall reimburse Company, from and against any and all damages, losses, liabilities, obligations, judgments, orders, writs, injunctions, decrees, fines, penalties, taxes, costs, suits, charges, expenses (including attorneys' fees), claims, investigations, proceedings, or causes of action (collectively, "Damages") which may at any time be imposed on, incurred by, or asserted against Company by third parties (including Customers) that are directly or indirectly caused by, arise out of or under, associated with, incident to or in connection with this Agreement, including, but not limited to any of the following: (i) Marketer's acts or omissions regarding Customer Accounts or Marketer charges; (ii) any claim, demand, cause of action, litigation, suit, proceeding, hearing or investigation (collectively, "Claims") by any persons for payments based upon any agreement or understanding alleged to have been made by such person, directly or indirectly, with Marketer or any of its representatives, in connection with any of

the transactions contemplated by this Agreement; (iii) any Claims with respect to the action or inaction of Marketer or its representatives, which is contrary to the requirements of this Agreement; (iv) any inaccuracy in or other breach of any representation or warranty made by Marketer in this Agreement; (v) any failure by Marketer to perform or comply, in whole or in part, with any covenant, agreement or provision of this Agreement; and (vi) any costs and expenses, including reasonable fees and attorneys' fees associated with all Damages incurred by Company in connection with any Claims subject to indemnification rights as provided herein.

3. Force Majeure. Any delays in or failure of performance by the Parties shall not constitute a default and shall be excused under this Agreement, if and to the extent such delays or failures of performance are caused by occurrences that are both: (1) beyond the reasonable control of the Parties, including, but not limited to, acts of God, compliance with any order or request of any governmental or judicial authority, compliance with Company's public service obligations, riots or strikes or other concerted acts of workers, storms, fires, floods, and accidents; and (2) beyond the ability of the Parties to prevent, by the exercise of reasonable diligence.

4. Additional Personnel. Marketer agrees that Company shall have no obligation to Marketer to add personnel, equipment or facilities in order to perform any activities under this Agreement.

5. Notice. Any notice to be provided under this Agreement will be deemed given, and any other document to be delivered hereunder will be deemed delivered, if in writing and (a) delivered by hand, (b) deposited for next business day delivery (fee prepaid) with an established overnight delivery service, or (c) mailed by certified mail (return receipt requested) postage prepaid, addressed to the recipient at the address set forth below for that Party (or at some other address as that Party may from time-to-time designate by giving written notice thereof).

Notice to: National Fuel Gas Distribution Corporation
Rates & Regulatory Affairs
6363 Main Street
Williamsville, NY 14221
Fax no. (716) 857-7254

Attention:
Randy Rucinski

Marketer:

6. Financing Statements. At Company's request, Marketer shall execute and deliver to Company all financing statements, and amendments thereof, and other documents and instruments that Company may request to perfect, protect or establish the security interests granted hereunder or to provide notice of Company's purchase of Marketer's Purchased Customer Accounts, or Company may execute and file any financing statements and amendments without Marketer's signature which Marketer

hereby authorizes. Marketer hereby ratifies and consents to the filing of any such financing statements by Company prior to the date this Agreement is executed.

7. Complete Agreement. This Agreement is the complete agreement between the Parties as to the subject matter hereof, all prior contracts, commitments, proposals, negotiations concerning the subject matter hereof are superseded and merged herein.

8. Amendments. Notwithstanding any provision of this Agreement, Company may at any time propose and file with the NYPSC changes to the rates, terms and conditions of the Tariff, and/or Operating Procedures. Such amendment or modification shall be effective with respect to service pursuant to this Agreement on the date specified by the NYPSC.

9. Assignment. Neither Party shall assign any of its rights or obligations under this Agreement without the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld, except that Marketer, upon ten (10) days' prior written notice to Company, may assign all or any part of the monies payable by Company under this Agreement without the consent of Company, to any party, lender, or financial institution. Marketer shall at all times remain liable for the repayment on demand to Company of all obligations owed Company. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until such obligations are expressly assumed by the assignee in writing.

10. Waiver and Modification. No modification or waiver of all or any part of this Agreement will be valid unless in writing and signed by the Parties. No such waiver shall apply prospectively to subsequent events unless expressly stated. No delay or failure on Company's part in exercising any right, privilege or option hereunder shall operate as a waiver of such or of any other right, privilege or option.

11. Dispute Resolution. Dispute resolution procedures, if utilized, shall be governed by the UBPs.

12. Applicable Law. This Agreement is made in the State of New York and shall be governed by and construed in accordance with the laws of New York State, without regard to conflict of law principles.

13. Venue. At Company's option, all actions and proceedings based on, arising from or relating to this Agreement shall be litigated in the Supreme Court of the State of New York, County of Erie. Marketer consents to the jurisdiction of such court and waives any and all rights to transfer or change the venue of any such action or proceeding to any other court.

14. Waiver of Jury Trial. MUTUAL WAIVER OF RIGHT TO JURY TRIAL. MARKETER AND COMPANY EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION BASED UPON, ARISING FROM, OR IN ANY WAY RELATING TO: (I) THIS AGREEMENT, OR ANY SUPPLEMENT OR AMENDMENT HERETO; OR (II) ANY OTHER PRIOR, PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN COMPANY AND MARKETER; OR (III) ANY CONDUCT, ACTS OR OMISSIONS BY COMPANY OR MARKETER OR ANY OF COMPANY'S OR MARKETER'S RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR ANY OTHER PERSONS AFFILIATED WITH COMPANY OR

MARKETER; IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE.

15. Captions and Headings. The captions and headings herein are for convenience only and are not to be construed as a part of this Agreement, nor shall the same be construed as defining or limiting in any way the scope or intent of the provisions hereof.

The above terms and conditions are acknowledged and agreed as of this ____ day of _____, 20____.

MARKETER

By _____
Signed Print Name & Title

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

By _____
Signed Print Name & Title

Transportation Service Agreement***National Fuel*****TRANSPORTATION SERVICE AGREEMENT**

PARTIES: The parties to this Transportation Service Agreement ("Agreement") are National Fuel Gas Distribution Corporation ("Company") and

Customer Name ("Customer")

RBA #

Address transportation service requested at.

Customer Phone Number (including weekends)

FAX number

PURPOSE: Upon receipt and approval of this form by Company, Customer will be entitled to transportation service pursuant to Company's Service Classification No. ____.

RIGHTS & DUTIES: Company shall render service pursuant to the applicable terms and conditions contained in said Service Classification No. _____. All general terms and conditions set forth in Company's tariff for natural gas service (P.S.C. No. 8 – GAS) apply as if fully stated herein. Customer expressly acknowledges that this Agreement incorporates the terms and conditions applicable to transportation service set forth in Company's tariff, as amended from time-to-time.

TERMS: *For Service Classification No. 13D:* the term of this Agreement shall be one (1) month beginning the first day transportation service commences. Unless otherwise canceled or terminated, this Agreement shall renew monthly for successive one-month terms. Customer or Company may terminate this Agreement unilaterally on fifteen (15) days notice prior to the end of a monthly term or by mutual agreement.

For Other Service Classifications: the term of this Agreement shall be twelve (12) months beginning the first day transportation service commences. Unless otherwise canceled or terminated, this Agreement shall renew annually for successive one-year terms. Customer or Company may terminate this Agreement unilaterally on sixty (60) days notice prior to the end of an annual term or by mutual agreement.

BILLING: Bills for service hereunder are due upon receipt. Customer may appoint an agent for billing purposes, subject to Company's approval.

DEFAULT: Failure to comply with any of the terms, conditions, rules or regulations contained and incorporated in this Agreement shall constitute default, whereupon the non-defaulting party may elect to terminate this Agreement.

ACKNOWLEDGMENT

The parties acknowledge that they are fully bound by the terms and conditions of this Agreement. Customer also acknowledges that it has been offered a copy of the Service Classification set forth above and the Company's "Transportation Manual."

Customer's Signature

National Fuel Gas Distribution Corporation

Print Customer NameBy:

Bruce D. Heine, Vice President

TitleDate:

Date:

Supplier Transportation, Balancing and Aggregation Service Agreement

STBA Service Agreement No. _____

SERVICE AGREEMENT FOR
SUPPLIER TRANSPORTATION, BALANCING AND AGGREGATION
UNDER SERVICE CLASSIFICATION NO. 19

AGREEMENT made as of the _____ day of _____, 20 _____,
by and between _____, a _____ corporation having offices at
_____ (“Supplier”) and National Fuel Gas Distribution Corporation, a New
York corporation, with offices at 6363 Main Street, Williamsville, New York, 14221 (“Company”).

DEFINITIONS APPLICABLE TO THIS AGREEMENT

Terms and conditions in this Agreement not defined below shall have their meaning utilized in the Company’s tariff for gas service, PSC No. 8 - GAS.

Control Date	Customer’s meter read date.
Supplier	Signatory to this Agreement who, in the sole judgment of Company, has been determined creditworthy for participation in the STBA program
STBA	Supplier Transportation, Balancing and Aggregation
STBA Customer	Transportation service customer who has selected Supplier under an effective Customer Consent Form
STBA Group	The Supplier’s group of STBA Customers
STBA Imbalance	Net imbalances developed by the STBA Group and the primary financial responsibility of the Supplier
Commission	Public Service Commission of the State of New York
SC 19	Service Classification No. 19 under Company’s tariff
Transportation Customer	Transportation service customer of Company pursuant to an effective Transportation Service Agreement.
UBPs	Uniform Business Practices as adopted by the Commission
Web Site	Site on internet world-wide web established and maintained by Company for transacting business hereunder

WHEREAS, Supplier desires to participate in Company’s STBA program under SC 19;

WHEREAS, Supplier wishes to do all things necessary to effectuate all services under Company’s STBA program as set forth under SC 19;

WHEREAS, Company is willing to provide such services to Supplier as are necessary and sufficient to effectuate the STBA program under SC 19 in accordance with all laws, rules, regulations, permits, orders and authorizations applicable to the STBA program, or any part thereof.

The parties agree as follows:

A. Designation as Supplier:

Company shall accept designation and appointment of Supplier, and identification of STBA Group, upon the terms and conditions contained in this Agreement and SC 19.

B. Identification of STBA Customers:

STBA Customers shall be identified by the Supplier on a list provided to the Company showing the name and account number of each Customer properly enrolled. All information shall be communicated to the Company via Electronic Data Interchange (EDI), the Company's Web Site or other protocol established by the Company. Notification and execution of Customer switches, including switches from the Company to a Supplier, shall be governed by the applicable provisions of the UBPs. All switches shall occur on the Customer's Control Date.

C. Term of Agreement:

The term of this Agreement shall commence on _____ and shall continue through _____ unless otherwise terminated by mutual agreement or default of any terms and conditions applicable to service hereunder.

D. Supplier further agrees as follows:

1. Supplier will deliver natural gas to the Company's City Gate on behalf of STBA Customers included in Supplier's STBA Group.
2. Supplier is bound by the terms and conditions of the transportation service classification applicable to the STBA Customers in Supplier's STBA Group and Service Classification No. 19 in accordance with any changes or modifications thereof as approved by the Commission.
3. Supplier warrants that all information provided to the Company for the purpose of qualifying for service under Service Classification No. 19 is true, timely and accurate and Supplier acknowledges that such information has been provided to the Company for the purpose of inducing the Company to provide service pursuant to Service Classification No. 19.
4. As a condition of service under Service Classification No. 19, Supplier shall satisfy the credit criteria set forth in the General Information section of Company's tariff. Supplier acknowledges that its creditworthiness may be periodically reviewed during service hereunder, and any security requirement modified as determined by the Company to accommodate changes in the Supplier's financial standing, fitness to serve or ADDQ for Supplier's STBA Group.
5. Supplier acknowledges that its obligations to deliver natural gas on behalf of its STBA Customers will not be abated under any circumstances, including a breach of the obligations by any STBA Customer to the Supplier, except for events of Force Majeure as specified in Service Classification No. 19 or actions by the Company that prevent performance by Supplier.
6. Supplier shall comply with all applicable provisions of the UBPs for transacting business hereunder.

E. Company's Duties and Obligations:

1. Company shall accept Supplier's STBA Group, as determined according to STBA enrollment procedures, and shall provide all services required to effectuate service under SC 19.
2. Company shall bill Supplier on a monthly basis for services rendered or to be rendered.
3. Company shall comply with all applicable provisions of the UBPs for transacting business hereunder.
4. All other terms and conditions under SC 19 and Company's tariff apply as if fully stated herein.

F. Rates and Charges:

Rates and charges for STBA service shall be billed to Supplier pursuant to SC 19.

G. Incorporation by Reference:

A copy of the currently-effective form of SC 19 is attached hereto and is incorporated herein. If there is any inconsistency between this Agreement and SC 19, either as presently effective or as amended, then the provisions of SC 19 shall apply.

H. Notices:

All notices, invoices and other correspondence sent pursuant to this Agreement shall be addressed to the following parties:

To Company: National Fuel Gas Distribution Corporation
Transportation Services Department
6363 Main Street
Williamsville, NY 14221

To Supplier: _____

I. Limitation on Company's Liability:

Company shall not be liable for any error in judgment or any mistake of law or fact or any act done in good faith in the exercise of the powers and authority herein conferred or for any loss, damage, delay or failure to perform in whole or in part resulting from causes beyond Company's control, including, but not limited to, fires, strikes, insurrections, riots, embargoes, shortages in supplies, delays in transportation, or requirements of any governmental authority. Furthermore, in no event shall Company be liable for consequential, punitive, incidental, indirect or special damages in the provision of services hereunder.

J. Supplier Indemnity Obligations:

Supplier shall indemnify, save harmless and, at Company's option, defend Company from and against any and all losses, claims, demands, damages, costs (including, without limitations, reasonable attorneys' fees), expenses, liabilities, proceedings, suits, actions, restrictions, injunctions, fines, judgments, penalties and assessments which Company may suffer for, on account of, by reason of or in connection with any adverse claim of any person or persons to

the gas purchased by Company under SC 19, regarding cashout purchases of Burner Tip Net Surplus Imbalances, and in connection with any bodily injury, including death to any person or persons (including, without limitation, Supplier's employees) or any damage to or destruction of any property, including, without limitation, loss of use thereof, arising out of, in any manner connected with or resulting from the goods, work or services furnished by Supplier with respect to this Agreement. The provisions of this Paragraph J shall survive the termination or expiration of this Agreement.

K. Entire Contract:

This agreement and express incorporation sets forth the entire contract between the parties concerning the subject hereof, and supersedes all prior and contemporaneous written or oral negotiations and agreements between them concerning the subject hereof.

L. Modification of Agreement:

Any amendment to this Agreement may be made in the sole discretion of Company so long as such changes are not inconsistent with the applicable tariff(s) and any modification of this Agreement must be in writing and signed by both parties.

M. Interpretation of Agreement:

The interpretation, construction, and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law regarding the conflicts of law, and the parties to this Agreement hereby submit and consent to the jurisdiction of the courts of the State of New York (including, without limitation, the federal courts located within the State of New York) in any action brought to enforce (other otherwise relating to) this Agreement.

N. Drafting Presumptions:

No presumption shall operate in favor of Supplier or against Company as a result of drafting this Agreement.

O. Waiver:

No waiver by any party of any one or more defaults by the other in performance of any provisions of this Agreement shall operate or be construed as a waiver of any other default or defaults, whether of a like or different character.

P. Assignment:

Supplier shall not assign this Agreement, or any of its rights, duties or obligations hereunder without the prior written consent of the Company.

Q. Severability:

If any provision of this Agreement is determined to be invalid or unenforceable or contrary to Commission rules or law, the provision shall be deemed to be void as of the date of this Agreement and shall not be part of this Agreement and shall otherwise be severable from the remainder of this Agreement and shall not cause the invalidity or unenforceability of the remainder of this Agreement. If any provision of this Agreement does not comply with any law, ordinance or regulation of any governmental or quasi-governmental authority, now existing or hereinafter enacted, such provision shall to the extent possible be interpreted in

such a manner so as to comply with such law, ordinance or regulation, or if such interpretation is not possible, it shall be deemed amended to satisfy the requirements thereof.

- R. Service under this Agreement is in accordance with SC 19, as amended from time to time. If there is any inconsistency between this Agreement and SC 19, either as presently in effect or as amended, then the provisions of SC 19 shall apply.
- S. Unless specified otherwise, business transactions under this Agreement shall be governed by the UBPs.
- T. Unauthorized Customer switches, called "slamming," are strictly prohibited. Suppliers shall be subject to penalties under the UBPs for any confirmed slamming activities.

IN WITNESS WHEREOF, the parties, intending to be legally bound, have caused this Agreement to be signed by their duly authorized officers as of the day and year first above written.

Company Representative

Title: _____

Supplier Representative

Title: _____

Addendum 1. Uniform Business Practices

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

UNIFORM BUSINESS PRACTICES
CASE 98-M-1343

JANUARY 2015

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SECTION 1: DEFINITIONS

As used in the Uniform Business Practices (UBP), the following terms shall have the following meanings:

Assignment – Transfer by one ESCO to another ESCO of its rights and responsibilities relating to provision of electric and/or gas supply under a sales agreement.

Bill ready – A consolidated billing practice that requires each non-billing party, after receiving customers' usage data, to calculate its charges and send via EDI charges, billing information, and bill messages to the billing party in a form that allows the transfer of the information to the bill in a format the billing party selects.

Billing cycle – The period for which a customer is billed for usage of electricity or natural gas.

Billing services agreement (BSA) – An agreement between the distribution utility and the ESCO stating the billing practices and procedures and the rights and responsibilities of billing and non-billing parties relating to issuance of consolidated bills to customers.

Budget billing – A billing plan that provides for level or uniform amounts due each billing period over a set number of periods, typically 12 months, and determined by dividing projected annual charges by the number of periods. Installment amounts may be adjusted during the period and may include reconciliations at the end of the budget period to account for differences between actual charges and installment amounts.

Business day – Monday through Friday, except for public holidays.

Consolidated billing – A billing option that provides customers with a single bill combining charges from more than one service provider and issued by a distribution utility providing delivery service (utility consolidated bill) or by a commodity supplier (ESCO consolidated bill).

Customer inquiry – A question or request for information from a customer relating to a rate, term, or condition of service provided by an ESCO, distribution utility or other service provider.

Cramming – The addition of unauthorized charges to a customer's bill.

Deferred payment agreement (DPA) – A fair and equitable payment plan agreed upon by a customer and utility and/or a customer and an ESCO that allows a customer to pay an overdue amount in installments. A DPA is based upon the customer's financial circumstances and ability to pay the overdue amount while making payment on current charges.

Demand – The amount of electricity or natural gas that is or could be immediately needed by a customer at any given point in time referred to as customer load. For consolidated billing, the term is used in the context of "billing period demand" for customer bills.

Electric – The amount of electricity, measured in kilowatts (kW), that a customer uses at a point in time, the customer's usage averaged over a period, or capacity of facilities reserved for the customer for stand-by or other service.

Natural Gas – The amount of gas measured in cubic feet or therms that a customer uses or may use over a period, or capacity of facilities reserved for the customer for stand-by or other service.

Direct customer – An entity that purchases and schedules delivery of electricity or natural gas for its own consumption and not for resale. A customer with an aggregated minimum peak connected load of 1 MW to a designated zonal service point qualifies for direct purchase and scheduling of electricity provided the customer complies with NYISO requirements. A customer with annual usage of a minimum of 3,500 dekatherms of natural gas at a single service point qualifies for direct purchase and scheduling of natural gas.

Distribution utility – A gas or electric corporation owning, operating or managing electric or gas facilities for the purpose of distributing gas or electricity to end users.

Distribution utility customer account number – A number used by a distribution utility to identify the account of a utility customer.

Distribution utility tariff – A schedule of rates, terms and conditions of services provided by a distribution utility.

Door-to-door sales – The sale of energy services in which the ESCO or the ESCO's representative personally solicits the sale, and the buyer's agreement or offer to purchase is made at a place other than the place of business of the seller; provided that "door-to-door sales" shall not include any sale which is conducted and consummated entirely by mail, telephone or other electronic means, or during a scheduled appointment at the premises of a buyer of nonresidential utility service, or through solicitations of commercial accounts at trade or business shows, conventions or expositions.

Drop – A transaction that closes a customer's account with a provider. This term is used when: (1) a customer's enrollment is pending and the customer rescinds the enrollment; (2) a customer enrolled with an ESCO returns to distribution utility service or enrolls with another ESCO; or (3) the ESCO discontinues service to a customer.

Dual billing – A billing option that provides for separate calculation of charges and presentation of bills to the customer by the distribution utility and ESCO.

Electronic data interchange (EDI) – The computer-to-computer exchange of routine information in a standard format using established data processing protocols. EDI transactions are used in retail access programs to switch customers from one supplier to another or to exchange customers' history, usage or billing data between a distribution utility or MDSP and an ESCO. Transaction set standards, processing protocols and test plans are authorized in orders issued by the Public Service Commission in Case 98-M-0667, In the Matter of Electronic Data Interchange and available on the Department of Public Service website at: www.dps.ny.gov/98m0667.htm.

Energy broker – A non-utility entity that performs energy management or procurement functions on behalf of customers or ESCOs but does not make retail energy sales to customers.

Energy services company (ESCO) – An entity eligible to sell electricity and/or natural gas to end-use customers using the transmission or distribution system of a utility. ESCOs may perform other retail service functions.

ESCO marketing representative – An entity that is the ESCO, an employee of the ESCO, an agent of the ESCO, or a contractor/vendor conducting, on behalf of the ESCO or ESCOs, any marketing activity that is designed to enroll customers with the ESCO. It also includes subcontractors, employees, agents, vendors and representatives not directly

contracted by the ESCO who conduct marketing or sales activities on behalf of the ESCO.

Enroll/Enrollment – The process used to switch a customer from a distribution utility to an ESCO or from one ESCO to another.

Enrollment date – The effective date for commencement of electric or natural gas service from an ESCO or distribution utility.

Guarantor – An entity that agrees to pay another's debt or perform another's duty, liability or obligation.

Independent Third Party Verification – the confirmation of a customer's agreement take service from an ESCO or authorization for the ESCO to request information by a Verification Agent.

Interval data – Actual energy usage for a specific time interval for a specific period recorded by a meter or other measurement device.

Load profile – Actual or estimated customer energy usage by interval over a period representing usage for a customer or average usage for a customer class.

Lockbox – A billing payment receipt method agreed upon by a distribution utility and an ESCO, involving use of a third party financial institution to receive and disburse customer payments.

Marketing - The publication, dissemination or distribution of informational and advertising materials regarding the ESCO's services and products to the public by print, broadcast, electronic media, direct mail or by telecommunication.

Meter – A device for determination of the units of electric or natural gas service supplied to consumers.

Meter Data Service Provider (MDSP) – An entity that provides meter data services, consisting of meter readings, meter data translations, and customer association, validation, editing and estimation.

Meter Service Provider (MSP) – An entity that installs, maintains, tests and removes meters, or other measurement devices and related equipment.

Multi-retailer model – A model for retail access that involves provision of electric or natural gas supply and of delivery service, provided separately to end use customers by two or more entities.

New York State Independent System Operator (NYISO) - An independent management organization, authorized by the Federal Energy Regulatory Commission, operating the bulk electric transmission system.

New delivery customer – A customer initiating delivery service by a distribution utility.

Nomination – A request for delivery of a physical quantity of natural gas or for its delivery at a specific point under a purchase, sale, or transportation agreement.

Office of Consumer Services – Office, within the Department of Public Service, which receives and makes determinations concerning customer complaints. Office of Consumer Services (OCS) identifies the exiting Office or its successor in the event the Office name is changed.

Pay-as-you-get-paid method – A payment processing method offered by a billing party presenting consolidated bills, whereby the billing party forwards payment to the non-billing party after receiving payment from the customer.

Pending enrollment – A stage in processing an enrollment that commences with validation of an enrollment transaction request and ends on the enrollment date that the new supplier is expected to deliver energy.

Pending ESCO – An ESCO is a pending ESCO from the date of receipt of an EDI notice containing the effective date for a customer's enrollment until the ESCO commences commodity service for that customer.

Plain Language – Written in clear and coherent manner using words with common and everyday meaning and avoiding legal or energy industry terms, acronyms and abbreviations that a person of ordinary intelligence would not be expected to understand. If use of a technical term is necessary, the term is clearly defined in the portion of the text where it is used.

Purchased accounts receivable – A debt owed to an ESCO by a customer for receipt of supplies of gas or electricity and transferred to a distribution utility in exchange for consideration.

With recourse – Purchase of accounts receivable with recourse by a distribution utility means that the ESCO remains liable if its customers fail to make payments. A distribution utility that purchases accounts receivable with recourse sends payments to an ESCO at predetermined intervals for amounts billed that are not in dispute and may offset subsequent purchase payments against or obtain reimbursement from an ESCO of any unpaid amounts.

Without recourse – Purchase of accounts receivable without recourse by a distribution utility means that the ESCO is not liable if its customers fail to make payments. A distribution utility that purchases accounts receivable without recourse sends payments to an ESCO at predetermined intervals for amounts billed that are not in dispute and has no right to seek reimbursement from an ESCO of any unpaid amounts.

Rate ready – A consolidated billing practice that requires each non-billing party to furnish in advance of the billing cycle, rates, rate codes or prices (fixed and/or variable), tax rates, billing information, and bill messages to the billing party. The billing party, after receipt of usage data from the MDSP, uses the information on record to calculate the non-billing party's charges.

Residential customer – An individual or occupant of a residential premise as defined in 16 NYCRR Part 11.2(a)(2).

Sales agreement – An agreement between a customer and an ESCO that contains the terms and conditions governing the supply of electricity and/or natural gas provided by an ESCO. The agreement may be a written contract signed by the customer or a statement supporting a customer's verifiable verbal or electronic authorization to enter into an agreement with the ESCO for the services specified.

Single retailer model – A model for retail access that involves provision of electric and/or natural gas service to end users by an ESCO that purchases delivery service from the distribution utility and resells it along with electricity and/or natural gas to end users.

Slamming – Enrollment of a customer by an ESCO without authorization.

Small non-residential customer – a non-residential electricity customer in a utility service classification that does not have a demand rate element or a non-residential natural gas customer in a utility service classification that provides firm service.

Special meter reading – An actual meter reading performed, upon request, on a date that is different than the regularly scheduled meter reading date.

Special needs customer – A customer who has a certified medical emergency condition, who is elderly, blind or physically challenged, or who may suffer serious impairment to health or safety as a result of service termination during cold weather periods and, thus, is eligible for special procedures before termination of service under the Home Energy Fair Practices Act (HEFPA) (Public Service Law §32(3)).

Switch – Transfer of a customer from one ESCO to another, from a distribution utility to an ESCO, or from an ESCO to a distribution utility.

Switching cycle – For electric service, the period between the date of the last meter read and the next regularly scheduled meter read. For gas customers, the period between the date of the last meter read and the next regularly scheduled meter read or the first day of the month and the first day of the following month.

Termination Fee – An amount specified in an ESCO sales agreement where such agreement permits the ESCO to assess and collect a charge in such amount to a customer who terminates the agreement before the end of a term described in that agreement, regardless of whether the assessed amount is identified as a fee, a charge, liquidated damages or a methodology for the calculation of damages, and regardless of whether it is fixed, scaled or subject to calculation based on market factors.

Verification Agent - An entity that is an independent vendor/contractor conducting, on behalf of the ESCO, verification of an agreement, resulting, at least in part, from telephonic or door-to-door marketing, with a customer to initiate service and begin enrollment or to obtain customer authorization for release of information, as required by Section 5, Attachment 1 of the UBP.

SECTION 2: ELIGIBILITY REQUIREMENTS**A. Applicability**

This Section sets forth the process that an applicant is required to follow for a Department of Public Service (the Department) finding of eligibility to sell natural gas or electricity as an ESCO, that an ESCO is required to follow to maintain eligibility, and that a distribution utility is required to follow for discontinuance of an ESCO's or Direct Customer's participation in a distribution utility's retail access program.

B. Application Requirements

1. Applicants seeking eligibility to sell natural gas and/or electricity as ESCOs are required to submit to the Department an application package containing the following information and attachments:
 - a. A completed Retail Access Eligibility Form, available on the Department website: www.dps.ny.gov
 - b. A sample standard Sales Agreement for each customer class that meets the requirements set forth in Section 5.B.3, *infra*.
 - c. Sample forms of the notices sent upon assignment of sales agreements, discontinuance of service, or transfer of customers to other providers.
 - d. A sample ESCO bill used when dual billing is in effect and, if applicable, a sample ESCO consolidated bill, with terms stated in clear, plain language;
 - e. Procedures used to obtain customer authorization for ESCO access to a customers' historic usage or credit information;
 - f. Sample copies of informational and promotional materials that the ESCO uses for mass marketing purposes;
 - g. Proof of registration with the New York State Department of State;
 - h. Internal procedures for prevention of slamming and cramming;
 - i. Name, postal and e-mail addresses, and telephone and fax numbers for the applicant's main office;
 - j. Names and addresses of any entities that hold ownership interests of 10% or more in the ESCO, including a contact name for corporate entities and partnerships;
 - k. Detailed explanation of any criminal or regulatory sanctions imposed during the previous 36 months against any senior officers of the ESCO or any entities holding ownership interests of 10% or more in the ESCO;
 - l. A copy of the ESCO's quality assurance program, which is designed to monitor (a) compliance with Section 10 of the UBP and (b) accuracy of the ESCO marketing materials provided to prospective customers;
 - m. A completed Service Provider Contact Form, which can be found on the Department's website <http://www.dps.ny.gov/ocs.html>, identifying the ESCO's employee(s) responsible for resolving consumer complaints received by the Department and referred to the ESCO; and

- n. A list of the entities, including contractors and sub-contractors, that will market to customers on behalf of the ESCO. The list must include the entities' names, addresses, phone numbers and owners, managers, and/or principals. This list must be updated regularly as entities are added or removed.
2. Applicants shall submit to the Department Test Moderator designated EDI transactions required for syntactical verification in the Phase I testing program. The Department shall maintain a list of ESCOs that successfully complete Phase I test requirements by transaction type.
3. An ESCO that knowingly makes false statements in its application package is subject to denial or revocation of eligibility.
4. If the application package contains information that is a trade secret or sensitive for security reasons, the applicant may request that the Department withhold disclosure of the information, pursuant to the Freedom of Information Law (Public Officers Law Article 6) and Public Service Commission regulations (16 NYCRR §6-1.3).

C. Department Review Process

The Department shall review the application package and conduct EDI Phase I testing as required for each applicant. An ESCO shall notify the Department of any major changes in the information submitted in the Retail Access Eligibility Form and/or application package that occurs during the Department review process. The Department shall advise the applicant, in writing, if the applicant submitted the required information and EDI testing is successfully completed.

1. ESCOs deemed eligible to provide commodity service by the Department must begin serving customers within two-years from the date of the letter notifying the ESCO of their eligibility status (eligibility letter). The ESCO that does not begin serving customers within such two-year period may be required to conduct additional EDI testing before enrollments will be processed.

D. Maintaining ESCO Eligibility Status

1. An ESCO shall submit by January 31 each year (January 31 Statement):
 - a. a statement that the information and attachments in its Retail Access Eligibility Form and application package are current; or
2. An ESCO shall update all the information it submitted in its original application package to the Department every three years, starting from the date of its eligibility letter, consistent with the requirements of UBP Section 2.B. An ESCO's status as an eligible supplier is continuous from the date of the Department eligibility letter, unless revoked or otherwise limited in accordance with UBP Section 2.D.5. If the three year anniversary date falls within one month of January 31, the ESCO shall resubmit its application package in lieu of the January 31 statement.
 - a. a description of revisions to the Retail Access Eligibility Form and application package and a copy of the revised portions or, at the ESCO's option, a copy of the revised portions identifying the revisions by highlighting or other means.

3. An ESCO shall file with the Secretary, a separate average unit price for products with no energy-related value added services for each of four groups of customers and by load zone: i) residential price fixed for a minimum 12 month period; ii) residential variable price; iii) small commercial price fixed for a minimum 12 month period and iv) small commercial variable price. The averages should be weighted by the amount of commodity sold at each price within each customer category. ESCOs shall also file the number of customers purchasing products in those categories. ESCOs shall file the required information quarterly, reflecting data over that period, within 30 days of the end of each calendar quarter (i.e., data must be provided no later than April 30th, July 30th, October 30th and January 30th of each year).¹
4. An ESCO shall submit at other times during the year:
 - a. A description of any major change in the Retail Access Eligibility Form and/or application package and a copy of the revised portions or, at the ESCO's option, a copy of the revised portions identifying the revisions by highlighting or other means. For purposes of Subdivision D of this Section, the term, "major change," means a revision in the terms and conditions applicable to the business relationship between the ESCO and its customers, including provisions governing the process for termination of sales agreements.
 - b. Changes in marketing plans, including changes to the list required in subsection B.1.n of this Section of the UBP.
 - c. Changes in the ESCO's business and customer service information displayed on the Department's Website.
 - d. At least once every thirty days, each ESCO serving residential and/or small non-residential customers must post a price for each product it offers to those customer classes (e.g., fixed-price, variable-price, renewable energy, with each type of value-added service, etc) on the Power to Choose website. The posted prices shall not include any introductory, promotional or "teaser" rate. Each ESCO must guarantee to charge new customers no more than the price of the ESCOs posted offers at the time of the customer's agreement for each product.
 - e. Changes in personnel responsible for resolving consumer complaints received by the Department and referred to the ESCO.
5. An ESCO may be subject to the consequences listed in UBP Section 2.D.5.b for reasons, including, but not limited to:
 - a. false or misleading information in the application package;
 - b. failure to adhere to the policies and procedures described in its Sales Agreement;
 - c. failure to comply with required customer protections;

¹ If the Power-to-Choose website is modified to allow ESCOs to file this information there, the Department may notify ESCOs that compliance with this provision may be accomplished in that manner.

- d. failure to comply with applicable NYISO requirements, reporting requirements, or Department oversight requirements;
 - e. failure to provide notice to the Department of any material changes in the information contained in the Retail Access Eligibility Form or application package;
 - f. failure to comply with the UBP terms and conditions, including discontinuance requirements;
 - g. failure to comply with EDI transaction set standards and processing protocols and/or use properly functioning EDI systems;
 - h. repeated failures to comply with price reporting requirements, reporting misleading price information, or continuing to fail to comply with price reporting requirements after withdrawal of eligibility to enroll new customers;
 - i. failure to comply with the Commission's Environmental Disclosure Requirements or failure to comply with other Commission Orders, Rules or Regulations;
 - j. failure to reply to a complaint filed with the Department and referred to the ESCO within the timeframe established by the Department's Office of Consumer Services which is not less than five days;
 - k. any of the reasons stated in Subdivision F of this Section; or
 - l. failure to comply with any of the Marketing Standards set forth in Section 10 of the UBP.
6. In determining the appropriate consequence for a failure or non-compliance in one or more of the categories set forth in UBP Section 2.D.4, the Commission or Department may take into account the nature, the circumstances, including the scope of harm to individual customers, and the gravity of the failure or non-compliance, as well as the ESCO's history of previous violations.
- a. The Commission or Department shall:
 - 1. Notify the ESCO in writing of its failure to comply and request that the ESCO take appropriate corrective action or provide remedies within the directed cure period, which will be based on a reasonable amount of time given the nature of the issue to be cured.
 - 2. Upon failure of the ESCO to take corrective actions or provide remedies within the cure period, the Commission may impose the consequences listed in subparagraph b of this paragraph.
 - 3. Consequences shall not be imposed until after the ESCO is provided notice and an opportunity to respond.
 - 4. The notice of consequences imposed by the Commission will be published on the Department's website.
 - b. Consequences for non-compliance in one or more of the categories set forth in UBP Section 2.D.5 may include one or more of the following restrictions on an ESCO's opportunity to sell electricity and/or natural gas to retail customers:

1. Suspension from a specific Commission approved retail program in either a specific service territory or all territories in New York;
 2. Suspension of the ability to enroll new customers in either a specific service territory or all service territories in New York;
 3. Imposition of a requirement to record all telephonic marketing presentations, which shall be made available to the Department for review;
 4. Reimbursements to customers who did not receive savings promised in the ESCO's sales agreement/Customer Disclosure Statement or substantially demonstrated to have been included in the ESCO's marketing presentation or to customers who incurred costs as a result of the ESCO's failure to comply with the marketing standards set forth in Section 10 of the UBP;
 5. Release of customers from sales agreements without imposition of early termination fees;
 6. Revocation of an ESCO's eligibility to operate in New York; and,
 7. Any other measures that the Commission may deem appropriate.
- c. Consequences imposed pursuant to this paragraph shall continue to apply until the ESCO's failure to comply with the UBP has been cured or the Commission or Department has determined that no further cure is necessary.
7. An ESCO's eligibility to serve customers is valid unless: the ESCO abandons its eligibility status; or such status is revoked by the Commission through a final order pursuant to UBP Section 2.D.5.
 8. The Department shall notify distribution utilities upon notice to the ESCO, and the NYISO if applicable, of any determination to revoke an ESCO's eligibility to sell natural gas and/or electricity. The distribution utility shall notify the ESCO's customers, in accordance with paragraph 3 of Subdivision F of this Section, of any Department revocation of an ESCO's eligibility.
- E. Distribution Utility Requirements
1. After receipt of the Department's compliance letter, the ESCO shall notify the distribution utility, and NYISO if applicable, of its eligibility status and intent to complete the process to commence operation in the distribution utility's service area, including execution of any operating agreement that is required.
 2. Upon satisfaction of the distribution utility's and, if applicable the NYISO's requirements, and successful completion of EDI testing conducted by the distribution utility, the ESCO may enter into an operating agreement, if any is required, with the distribution utility to commence operations in its service territory.
- F. Discontinuance of an ESCO's and Direct Customer's Participation in a Retail Access Program
1. In accordance with the procedures established in this Subdivision, a distribution utility may discontinue an ESCO's or Direct Customer's participation in its retail access program for the following reasons:
 - a. Failure to act that is likely to cause, or has caused, a significant risk or condition that compromises the safety, system security, or operational

- reliability of the distribution utility 's system, and the ESCO or Direct Customer failed to eliminate immediately the risk or condition upon verified receipt of a non-EDI notice;
- b. Failure to provide natural gas (provided zero quantity) to the distribution utility's city gate;
 - c. Failure to pay an invoice upon the due date;
 - d. Failure to provide for delivery of at least 95% of the amount of natural gas directed by a distribution utility for delivery or at least 80% of the daily metered usage of the ESCO's customers or a Direct Customer's specified load or lower percentages included in a balancing program established in a distribution utility's tariff and/or any operating agreement;
 - e. Failure to maintain a creditworthiness standard or provide required security;
 - f. Failure to comply with the terms and conditions of a distribution utility's tariff, operating agreement, or Gas Transportation Operating Procedures (GTOP) Manual to the extent that said documents are consistent with the provisions of the UBP;
 - g. Discontinuance of an ESCO's or Direct Customer's participation in a distribution utility's retail access program by the NYISO; or,
 - h. Commission determination that an ESCO is not eligible to sell natural gas or electricity to retail customers.
2. To initiate the discontinuance process, a distribution utility shall send a non-EDI discontinuance notice by overnight mail and verified receipt, to the ESCO or Direct Customer and the Department. The notice shall contain the following information:
 - a. The reason, cure period, if any, and effective date for the discontinuance;
 - b. A statement that the distribution utility shall notify the ESCO's customers of the discontinuance if the ESCO fails to correct the deficiency described in the notice within the cure period, unless the Department directs the distribution utility to stop the discontinuance process;
 - c. The distribution utility may suspend the ESCO's right to enroll customers until correction of the deficiency; and
 - d. Correction of the deficiency within the cure period, or a Department directive, will end the discontinuance process.
 3. The distribution utility shall send notices to the ESCO's customers informing them of the discontinuance and providing the following information:
 - a. The discontinuance shall or did occur on one of the following dates selected by the distribution utility: the scheduled meter read date, the first day of the month, or another date, if readings are estimated, or on the date of a special meter read;
 - b. Customers have the option to select another ESCO or return to full utility service or, if a program authorizing random assignment is in effect, to enroll with a designated ESCO through that program;

- c. Names and telephone numbers of ESCOs offering service to retail customers in the distribution utility's service territory;
 - d. Any ESCO selected by a customer may file an enrollment request on the customer's behalf with the distribution utility, and the distribution utility shall charge no fee for changing the customer's provider to the new ESCO; and,
 - e. During any interim between discontinuance of a customer's current ESCO and enrollment with a new ESCO, the distribution utility shall provide service under its applicable tariff, unless the distribution utility notified the customer that it is terminating its delivery services to the customer on or before the discontinuance date.
- 4. The distribution utility shall submit a sample copy of its discontinuance notice to the Department for review and approval prior to distribution to customers.
 - 5. The distribution utility may request permission from the Department to expedite the discontinuance process, upon a showing that it is necessary for safe and adequate service or in the public interest. Any expeditious discontinuance process shall include the ESCO or Direct Customer, and the distribution utility.
 - 6. Upon any discontinuance, an ESCO or Direct Customer shall remain responsible for payment or reimbursement of any and all sums owed under the distribution utility tariffs, any tariffs on file with the FERC and service agreements relating thereto, or any agreements between the ESCO and the distribution utility.
 - 7. The notice requirements and time limits for a distribution utility to discontinue an ESCO's or Direct Customer's participation in a distribution utility's retail access program (discontinue participation) are:
 - a. Upon a distribution utility determination that an ESCO's or Direct Customer's action, or failure to act, is likely to cause, or has caused, a significant risk or condition that compromises the safety, system security, or operational reliability of the distribution utility's system and that the ESCO or Direct Customer failed to eliminate immediately the risk or condition upon verified receipt of a non-EDI notice, the distribution utility may discontinue participation as soon as practicable.
 - b. Upon a distribution utility determination that an ESCO or Direct Customer responsible for the delivery of natural gas failed, except under force majeure conditions, to deliver natural gas (provided zero quantity) to the distribution utility's service territory for its load, the distribution utility may discontinue participation no sooner than two business days after receipt by the ESCO or Direct Customer of a discontinuance notice.
 - c. Upon a distribution utility determination that an ESCO or Direct Customer failed to pay an invoice on the due date, as specified in the distribution utility's tariff, and the ESCO's or Direct Customer's required security or credit limit is insufficient to cover the unpaid amount, with interest, the distribution utility may discontinue participation no sooner than ten business days (cure period) after receipt by the ESCO or Direct Customer of a discontinuance notice. If the ESCO or Direct Customer pays the amount due on or before the expiration of the cure period, the distribution utility shall stop the process to discontinue participation.

- d. Upon a distribution utility determination that an ESCO or Direct Customer responsible for the nomination and delivery of natural gas failed, except in force majeure conditions, to nominate and/or deliver sufficient natural gas to the distribution utility's service territory to satisfy at least 95% of the amount of natural gas directed by a distribution utility for delivery or at least 80% of the daily metered usage of the ESCO's customers or the Direct Customer's specified load or lower percentages included in a balancing program established in a distribution utility's tariffs and/or any operating agreement on any three days during any month, the distribution utility may initiate a discontinuance process no sooner than five business days (cure period) after receipt by the ESCO or Direct Customer of a discontinuance notice. If the ESCO or Direct Customer provides adequate assurances and a description of any necessary process changes that ensure adequate nominations and deliveries on or before the expiration of the cure period, the distribution utility shall stop the discontinuance process. Upon a determination to continue the discontinuance process because the assurances and proposed process changes are inadequate, the distribution utility shall notify the ESCO or Direct Customer that it will discontinue participation no later than 15 business days from the expiration of the cure period. The distribution utility shall notify the ESCO's customers that the distribution utility will discontinue participation on or before the expiration of 15 business days from the end of the cure period. If a failure to provide sufficient natural gas for any 3 days during a calendar month occurred during the past 12 months and the distribution utility sent a related discontinuance notice for each occurrence, it may discontinue participation no sooner than two business days after receipt by an ESCO or Direct Customer of a discontinuance notice.
- e. Upon a distribution utility determination that an ESCO or Direct Customer failed to provide or maintain a creditworthiness standard or required security, the distribution utility may initiate a discontinuance process no sooner than five business days (cure period) after receipt by the ESCO or Direct Customer of a discontinuance notice. If the ESCO or Direct Customer satisfies the creditworthiness standard or provides the required security on or before the expiration of the cure period, the distribution utility shall stop the discontinuance process. Upon a determination to continue with the discontinuance process because the ESCO or Direct Customer failed to comply with the creditworthiness standard or provide adequate security, the distribution utility shall notify the ESCO or Direct Customer that it will discontinue participation no later than 15 business days from the expiration of the cure period. The distribution utility shall notify the ESCO's customers that it will discontinue participation on or before 15 days from the expiration of the cure period. If a failure to comply with the creditworthiness standard or provide adequate security occurred twice during the past 12 months and the distribution utility sent a related discontinuance notice for each failure, it may discontinue participation no sooner than two business days after receipt by an ESCO or Direct Customer of a discontinuance notice.

- f. Upon a distribution utility determination that an ESCO or Direct Customer failed, except in force majeure conditions, to comply with any other applicable provision of the distribution utility's tariff, operating agreement, or GTOP manual, the distribution utility may initiate a discontinuance process no sooner than ten business days (cure period) after receipt by the ESCO or Direct Customer of a discontinuance notice. If the ESCO or Direct Customer provides adequate assurances and a description of any necessary process changes that ensure compliance on or before the expiration of the cure period, the distribution utility shall stop the discontinuance process. Upon a determination to continue the discontinuance process because the assurances and proposed process changes are inadequate, the distribution utility shall notify the ESCO or Direct Customer that it will discontinue participation no later than 15 business days from the expiration of the cure period. The distribution utility shall notify the ESCO's customers that it will discontinue participation on or before the expiration of 15 business days after the end of the cure period.

SECTION 3: CREDITWORTHINESS**A. Applicability**

This Section establishes creditworthiness standards that apply to ESCOs and Direct Customers. An ESCO's and Direct Customer's participation in a distribution utility's retail access program is contingent upon satisfaction of creditworthiness requirements and provision of any security.

B. ESCOs

1. An ESCO shall satisfy a distribution utility's creditworthiness requirements if:
 - a. The ESCO, or a guarantor, maintains a minimum rating from one of the rating agencies and no rating below the minimum from one of the other two rating agencies. For the purposes of this Section, minimum rating shall mean "BBB" from Standard & Poor's, "Baa2" from Moody's Investor Service, or "BBB" from Fitch Ratings (minimum rating); or,
 - b. The ESCO enters into a billing arrangement with the distribution utility, whereby the distribution utility bills customers on behalf of the ESCO and retains the funds it collects to offset any balancing and billing service charges provided that the distribution utility has a priority security interest with a first right of access to the funds. The ESCO shall submit an affidavit from a senior officer attesting to such utility interest and right. Except that an ESCO serving customers outside of such billing arrangement, must satisfy the security requirements of UBP Section 3.D with respect to those customers.
2. If an ESCO, or a guarantor, is not rated by Standard & Poor's, Moody's Investor Service or Fitch Ratings, it shall satisfy a distribution utility's creditworthiness requirements if the ESCO, or a guarantor:
 - a. Maintains a minimum "1A2" rating from Dun & Bradstreet (Dun and Bradstreet minimum rating) and the ESCO maintains 24 months good payment history with the distribution utility; and,
 - b. Provides any security required by the distribution utility, calculated in accordance with Subdivision D, after deduction of the following unsecured credit allowances:

<u>Rating</u>	<u>Unsecured Credit Allowance</u>
5A1 or 5A2	30% of an ESCO's tangible net worth, up to 5% of the distribution utility's average monthly revenues for the applicable service
4A1 or 4A2	30% of an ESCO's tangible net worth, up to 5% of the distribution utility's average monthly revenues for the applicable service
3A1 or 3A2	30% of an ESCO's tangible net worth, up to 5% of the distribution utility's average monthly revenues for the applicable service
2A1 or 2A2	50% of an ESCO's tangible net worth, up to \$500,000
1A1 or 1A2	50% of an ESCO's tangible net worth, up to \$375,000

An ESCO shall provide information, upon request of the distribution utility, to enable the distribution utility to verify the ESCO's equity. The distribution utility may request reasonable information to obtain the verification and shall safeguard it as confidential information and protect it from public disclosure. The distribution utility may deny the unsecured credit allowance to any ESCO that fails to provide the requested information.

3. A distribution utility may require an ESCO to provide and maintain security in the full amount of the distribution utility's credit risk, calculated in accordance with Subdivision D, if:
 - a. The ESCO, or a guarantor, is not rated;
 - b. The ESCO, or a guarantor, with a minimum rating is placed on credit watch with negative implications or is rated below the minimum rating;
 - c. The ESCO, or a guarantor, is rated below the Dun & Bradstreet minimum rating or the ESCO fails to maintain 24 months good payment history with the distribution utility; or,
 - d. An ESCO issuing consolidated bills fails to render timely bills to customers or to make timely payments to the distribution utility.
4. If a distribution utility's credit risk, associated with an ESCO's participation in its retail access program, exceeds 5% of the distribution utility's average monthly revenues for the applicable service, the distribution utility may require the ESCO, in addition to maintaining a minimum rating, to provide and maintain security in the amount of such excess credit risk.

C. Direct Customers

A Direct Customer shall satisfy a distribution utility's creditworthiness requirements if:

1. Its account is current and remained current for the past 12 months; and,
2. If its debt is rated, it maintains a minimum rating of its long-term unsecured debt securities from one of the rating agencies and no rating below the minimum rating from one of the other two rating agencies.

D. Calculation of Credit Risk and Security

The distribution utility shall calculate its credit risk and establish its security requirements as follows:

1. Delivery Service Risk

- a. For an ESCO that issues a consolidated bill under a multi-retailer model, a distribution utility may require security in an amount no greater than 45 days of peak usage of the ESCO's customers' projected energy requirements during the next 12 months, priced at the distribution utility's applicable delivery service rate and including relevant customer charges.
- b. For an ESCO that bills customers for delivery and commodity services under a single retailer model, a distribution utility may require security in an amount no greater than 60 days of peak usage of the ESCO's customers' projected energy requirements during the next 12 months, priced at the distribution utility's applicable delivery service rate and including relevant customer charges.
- c. Upon an ESCO request, the distribution utility shall establish separate security requirements for summer (April 1 - October 31) and winter (November 1 - March 31) and may retain winter security until the end of two months (April and May) after the end of the winter period.

2. Natural Gas Imbalance Risk

- a. The distribution utility may require an ESCO or Direct Customer to provide security in an amount no greater than the ESCO's customers' or a Direct Customer's projected maximum daily quantity times peak forecasted NYMEX price for the next 12 months and for upstream capacity to the city gate times 10 days.
- b. Upon the request of an ESCO or Direct Customer, the distribution utility shall establish separate security requirements for summer (April 1 - October 31) and winter (November 1 - March 31) and may retain winter security until the end of two months (April and May) after the end of the winter period.

3. Major Change in Risk

- a. A major change shall mean a change in credit risk of more than the greater of 10% or \$200,000.
- b. The ESCO or Direct Customer shall promptly notify the distribution utility and the Department of any major change in credit and or rating risk.
- c. The distribution utility may require an ESCO or a Direct Customer, within five days, to provide additional amounts of security if a major change occurs to increase its credit risk, as follows:
 1. If Standard & Poors, Moody's Investor Service, or Fitch Ratings downgrades an ESCO's, or its guarantor's, rating or a Direct Customer's

debt below the minimum rating or Dun & Bradstreet downgrades an ESCO's, or its guarantor's, rating or a Direct Customer's debt; or,

2. An increase occurs in customer usage or in energy prices and such increase is sustained for at least 30 days.
- d. In the event that a major change occurs to decrease a distribution utility's credit and/or rating risk, results in compliance by an ESCO or Direct Customer with creditworthiness requirements, and elimination of the basis for holding some or all of the security, the distribution utility shall return or release the excess amount of the ESCO's or Direct Customer's security with accumulated interest, if applicable. The distribution utility shall return such amount within five business days after receipt of an ESCO or Direct Customer notice informing the distribution utility of the occurrence of such major change.

E. Security Instruments

1. The following financial arrangements are acceptable methods of providing security:
 - a. Deposit or prepayment, which shall accumulate interest at the applicable rate per annum approved by the Public Service Commission for "Other Customer Capital";
 - b. Standby irrevocable letter of credit or surety bond issued by a bank, insurance company or other financial institution with at least an "A" bond rating;
 - c. Security interest in collateral; or,
 - d. Guarantee by another party or entity with a credit rating of at least "BBB" by S&P, "Baa2" by Moody's, or "BBB" by Fitch; or
 - e. Other means of providing or establishing adequate security.
2. A distribution utility may refuse to accept any of these methods for just cause provided that its policy is applied in a nondiscriminatory manner to any ESCO.
3. If the credit rating of a bank, insurance company, or other financial institution that issues a letter of credit or surety bond to an ESCO or Direct Customer falls below an "A" rating, the distribution utility shall allow a minimum of five business days for an ESCO or Direct Customer to obtain a substitute letter of credit or surety bond from an "A" rated bank, insurance company, or other financial institution.

F. Lockbox

If the distribution utility and ESCO arrange for a lockbox, security requirements are reduced by 50% provided that the arrangement includes the following:

1. Agreement on allocation of funds and the first right of the distribution utility, in the event of an ESCO's financial difficulty, to obtain funds in the lockbox deposited to the credit of the ESCO;
2. Establishment of rules for managing the lockbox;
3. Agreement on conditions for terminating the lockbox for non-compliance with the rules or for failure to receive customer payments on a timely basis; and,

4. Responsibility of an ESCO for any costs associated with implementing and administering the lockbox.

G. Calling on Security

1. If an ESCO or Direct Customer fails to pay the distribution utility, in accordance with UPB Section 7, Invoices, the distribution utility may draw from security provided that the distribution utility notifies the ESCO or Direct Customer five business days' in advance of the withdrawal and the ESCO or Direct Customer fails to make full payment before the expiration of the five business days.
2. If an ESCO receives a discontinuance notice or elects to discontinue service to customers and owes amounts to the distribution utility, the distribution utility may draw from the security provided by the ESCO without prior notice.
3. If an ESCO files a petition or an involuntary petition is filed against an ESCO under the laws pertaining to bankruptcy, the distribution utility may draw from security, to the extent permitted by applicable law.

H. Application by Distribution Utilities

1. Within ten business days after receipt of a complete ESCO application, a distribution utility shall complete its evaluation of initial creditworthiness, state the rationale for its determination, and provide the calculation supporting the credit limit and any resulting security requirement.
2. A distribution utility shall perform, at least annually, an evaluation, at no charge, of an ESCO's satisfaction of creditworthiness standards and security requirements.
3. A distribution utility shall perform evaluations of creditworthiness, security requirements, and security calculations in a non-discriminatory and reasonable manner.
4. Pending resolution of any dispute, the ESCO or Direct Customer shall provide requested security within the time required in this Section.
5. A distribution utility may reduce or eliminate any security requirement provided that it reduces or eliminates the requirement in a nondiscriminatory manner for any ESCO or Direct Customer. The distribution utility may request reasonable information to evaluate credit risk. If an ESCO or Direct Customer fails to provide the requested information, a distribution utility may deny the ESCO or Direct Customer an opportunity to provide lower or no security.

SECTION 4: CUSTOMER INFORMATION**A. Applicability**

This Section establishes practices for release of customer information by distribution utilities or MDSPs to ESCOs and Direct Customers and identifies the content of information sets. The distribution utility or MDSP and an ESCO shall use EDI standards, to the extent developed, for transmittal of customer information and may transmit data, in addition to the minimum information required, via EDI or by means of an alternative system.

B. Customer Authorization Process

The distribution utility or MDSP shall provide information about a specific customer requested by an ESCO authorized by the customer to receive the information.

1. An ESCO shall obtain customer authorization to request information, in accordance with the procedures in UBP Section 5, Changes in Service Providers, Attachments 1, 2, and 3. An ESCO shall inform its customers of the types of information to be obtained, to whom it will be given, how it will be used, and how long the authorizations will be valid. The authorization is valid for no longer than six months unless the sales agreement provides for a longer time.
2. A distribution utility and a MDSP shall assume that an ESCO obtained proper customer authorization if the ESCO is eligible to provide service and submits a valid information request.
3. An ESCO shall retain, for a minimum of two years or for the length of the sales agreement whichever is longer, verifiable proof of authorization for each customer. Verification records shall be provided by an ESCO, upon request of the Department, within five calendar days after a request is made. Locations for storage of the records shall be at the discretion of the ESCOs.
4. Upon request of a customer, a distribution utility and/or MDSP shall block access by ESCOs to information about the customer.
5. An ESCO and its agent shall comply with statutory and regulatory requirements pertaining to applicable state and federal do-not-call registries.

C. Customer Information Provided to ESCOs¹

1. Release of Information. A distribution utility and a MDSP shall use the following practices for transferring customer information to an ESCO:
 - a. A distribution utility shall provide the information in the Billing Determinant Information Set upon acceptance of an ESCO's enrollment request and the information in the Customer Contact Information Set and the Credit Information Set, upon ESCO request.

¹ Upon enrollment of a customer, an ESCO shall receive usage data and any subsequent changes, corrections and adjustments to previously supplied data or estimated consumption for a period, at the same time that the distribution utility validates them for use. An ESCO issuing consolidated bills is entitled to receive billing information, in accordance with UBP Section 9, Billing and Payment Processing.

- b. The distribution utility or MDSP shall respond within two business days to valid requests for information as established in EDI transaction standards and within five business days to requests for data and information for which an EDI transaction standard is not available. The distribution utility or MDSP shall provide the reason for rejection of any valid information request.
2. Customer Contact Information Set. The distribution utility or MDSP, to the extent it possesses the information, shall provide, upon an ESCO request, consumption history for an electric account and consumption history and/or¹ a gas profile for a gas account.
 - a. Consumption history² for an electric or gas account shall include:
 1. Customer's service address;
 2. Electric or gas account indicator;
 3. Sales tax district used by the distribution utility and whether the utility identifies the customer as tax exempt;
 4. Rate service class and subclass or rider by account and by meter, where applicable;
 5. Electric load profile reference category or code, if not based on service class, whether the customer's account is settled with the ISO utilizing an actual 'hourly' or a 'class shape' methodology, or Installed Capacity (ICAP) tag, which indicates the customer's peak electricity demand;
 6. Customer's number of meters and meter numbers;
 7. Whether the customer receives any special delivery or commodity "first through the meter" incentives, or incentives from the New York Power Authority;
 8. The customer's Standard Industrial Classification (SIC) code;
 9. Usage type (e.g., kWh or therm), reporting period, and type of consumption (actual, estimated, or billed);
 10. Whether the customer's commodity service is currently provided by the utility;
 11. Whether the customer receives Home Energy Assistance Program benefits or is enrolled in the low income assistance program administered by the utility;
 12. 12 months, or the life of the account, whichever is less, of customer data via EDI and, upon separate request, an additional 12 months, or the life of the account, whichever is less, of customer data via EDI or an alternative system at the discretion of the distribution utility or MDSP, and, where

¹ If a distribution utility or MDSP offer a gas profile and consumption history, an ESCO may choose either option. A distribution utility or MDSP shall make available, upon request, class average load profiles for electric customers.

² A distribution utility or MDSP, in addition to EDI transmittal, may provide Web based access to customer history information.

applicable, demand information;¹ if the customer has more than one meter associated with an account, the distribution utility or MDSP shall provide the applicable information, if available, for each meter; and

13. Electronic interval data in summary form (billing determinants aggregated in the rating periods under a distribution utility's tariffs) via EDI, and if requested in detail, via an acceptable alternative electronic format.
- b. A gas profile for a gas account shall include:
 1. Customer's service address;
 2. Gas account indicator;
 3. Customer's number of meters and meter numbers;
 4. Sales tax district used by the distribution utility for billing and whether the utility identifies the customer as tax exempt;;
 5. The customer's Standard Industrial Classification (SIC) code;
 6. Whether the customer's commodity service is currently provided by the utility;
 7. Whether the customer receives Home Energy Assistance Program benefits or is enrolled in the low income assistance program administered by the utility;
 8. Rate service class and subclass or rider, by account and by meter, where applicable;
 9. Date of gas profile; and,
 10. Weather normalization forecast of the customer's gas consumption for the most recent 12 months or life of the account, whichever is less, and the factors used to develop the forecast.
3. Billing Determinant Information Set. Upon acceptance of an ESCO enrollment request, a distribution utility shall provide the following billing information for an electric or gas account, as applicable²:
 - a. Customer's service address, and billing address, if different;
 - b. Electric and/or gas account indicator;
 - c. Meter reading date or cycle and reporting period;
 - d. Billing date or cycle and billing period;
 - e. Meter number, if available;
 - f. Distribution utility rate class and subclass, by meter;
 - g. Description of usage measurement type and reporting period;
 - h. Customer's load profile group, for electric accounts only;
 - i. Life support equipment indicator;

¹ A distribution utility may provide data for a standard 24 months or life of the account, whichever is less, as part of its Customer Contract Information Set.

² As specified in the EDI standard for an enrollment request and response, the distribution utility may transmit additional data elements, based upon the request, the responding distribution utility, and the commodity type.

- j. Gas pool indicator, for gas accounts only;
 - k. Gas capacity/assignment obligation code;
 - l. Customer's location based marginal pricing zone, for electric accounts only; and,
 - m. Budget billing indicator.¹
4. Credit Information Set. The distribution utility or MDSP shall provide credit information for the most recent 24 months or life of the account, whichever is less, upon receipt of an ESCO's electronic or written affirmation that the customer provided authorization for release of the information to the ESCO. Credit information shall include number of times a late payment charge was assessed and incidents of service disconnection.

D. Direct Customer Information

A Direct Customer shall receive usage data and any subsequent changes, corrections and adjustments to previously supplied data, and estimated consumption for a period, at the same time that the distribution utility validates them for use. The distribution utility or MDSP shall make available, upon request, to an electric Direct Customer, a class load profile for its service class.

E. Charges for Customer Information

No distribution utility or MDSP shall impose charges upon ESCOs or Direct Customers for provision of the information described in this Section. The distribution utility may impose an incremental cost based fee, authorized in tariffs for an ESCO's request for customer data for a period in excess of 24 months or for detailed interval data per account for any length of time.

F. Unauthorized Information Release

An ESCO, its employees, agents, and designees, are prohibited from selling, disclosing or providing any customer information obtained from a distribution utility or MDSP, in accordance with this Section, to others, including their affiliates, unless such sale, disclosure or provision is required to facilitate or maintain service to the customer or is specifically authorized by the customer or required by legal authority. If such authorization is requested from the customer, the ESCO shall, prior to authorization, describe to the customer the information it intends to release and the recipient of the information.

¹ This indicator is limited to 12 month levelized payment plans and does not include other payment plans.

SECTION 5: CHANGES IN SERVICE PROVIDERS**A. Applicability**

This Section establishes practices for receiving, processing, and fulfilling requests for changing a customer's electricity or natural gas provider and for obtaining a customer's authorization for the change. A change in a provider includes transfer from: (1) one ESCO to another; (2) an ESCO to a distribution utility; and (3) a distribution utility to an ESCO. This Section also establishes practices for: an ESCO's drop of a customer or a customer's drop of an ESCO, retention of an ESCO after a customer's relocation within a distribution utility's service area, assignment of a customer, and initiation or discontinuance of procurement of electricity or natural gas supplies by a Direct Customer. This Section does not establish practices for obtaining other energy-related services or changing billing options.

The process of changing a service provider is comprised of two steps. For enrollment with an ESCO, the first step is obtaining customer agreement, and any required third party verification, to accept electric and/or natural gas service according to the terms and conditions of an offer. A sales agreement establishes the terms and conditions of the customer's business arrangement with the ESCO. The second step is enrollment and the distribution utility's modification of its records to list the customer's transfer to a provider on a specific date. The second step is primarily between the ESCO and the distribution utility.

B. Customer Agreement

An ESCO, or its agent, may solicit and enter into a sales agreement with a customer subject to the following requirements.

1. The ESCO shall obtain a customer agreement to initiate service and enroll a customer and customer authorization to release information to the ESCO by means of one of the following methods.
 - a. Telephone agreement and authorization, preceded, or followed within three business days, by provision of a sales agreement, in accordance with requirements in Attachment 1 – Telephonic Agreement and Authorization/Third Party Verification Requirements;
 - b. Electronic agreement and authorization, attached to an electronic version of the sales agreement, in accordance with requirements in Attachment 2 – Electronic Agreement and Authorization Requirements; or
 - c. Written agreement bearing a customer's signature on a sales agreement (original or fax copy of a signed document), in accordance with requirements in Attachment 3 – Written Agreement and Authorization Requirements.
2. For any sale that originated through or included either a door-to-door or telephonic marketing component, each enrollment is only valid with an independent third party verification.
3. The ESCO shall provide residential customers the right to cancel a sales agreement within three business days after its receipt (cancellation period).

4. The standard Sales Agreements for each customer class shall include the following information written in plain language:
 - a. Terms and conditions applicable to the business relationship between the ESCO and the customer which includes:
 1. provisions governing the process for rescinding or terminating an agreement by the ESCO or the customer including provisions stating that a residential customer may rescind the agreement within three business days after its receipt;
 2. the placeholder for the price or how the price is determined, the terms and conditions of the agreement, including the term and end date, if any, of the agreement, the amount of the termination fee and the method of calculating the termination fee, if any, the amount of late payment fees, if applicable, and the provisions, if any, for the renewal of the agreement; and,
 3. a clear description of the conditions, if any, that must be present in order for savings to be provided to the customer, if savings are guaranteed.
 - b. Such contract shall also include on the first page thereof a Customer Disclosure Statement (the Statement). The text within this Statement shall state in plain language the terms and conditions described above and set forth in Attachment 4 – Sample Customer Disclosure Statement. When the form contract is used by the ESCO as its agreement with the customer, the Customer Disclosure Statement shall also contain the price term of the agreement. In the event that the text in the Statement differs from or is in conflict with a term stated elsewhere in the agreement, the term described by the text in the Statement shall constitute the agreement with the customer notwithstanding a conflicting term expressed elsewhere in the agreement.
 - c. Procedures for resolving disputes between the ESCO and a customer;
 - d. Consumer protections provided by the ESCO to the customer;
 - e. Method for applying payments and consequences of non-payment;
 - f. Any charges and fees, services, options or products offered by the ESCO;
 - g. Department contact information, including the Department ESCO hotline at 1-888-697-7728;
 - h. ESCO contact information, including a local or toll-free number from the customer's service location, and procedures used for after-hours contacts and emergency contacts, including transfer of emergency calls directly to a distribution utility and/or an answering machine message that includes an emergency number for direct contact with the distribution utility.
 - i. A statement that the ESCO shall provide at least 15 calendar days notice prior to any cancellation of service to a customer; and
 - j. If a condition of service, a statement that the ESCO reserves the right to assign the contract to another ESCO.
 - k. A statement explaining that, for Low Income Assistance Program enrollees and/or HEAP recipients, there is a guarantee of savings compared to what the

customer would have been charged by the utility, or that the ESCO is providing energy-related services designed to reduce the customer's overall energy bill.

5. Additional terms and conditions applicable to residential customers and customers solicited via door-to-door sales include:
 - a. Prepayments – no agreement for the provision of energy by an ESCO shall require a prepayment. Where an ESCO is the billing party, it may offer a customer an option of prepayment. Any agreement providing for prepayment may be cancelled by the customer, without penalty within 90 calendar days from the date of such agreement. Any unused portion of the prepayment shall be returned to the customer within 30 business days following cancellation of the agreement.
 - b. Termination fees – no agreement for the provision of energy by an ESCO shall require a termination or early cancellation fee in excess of either a) \$100 for any contract with a remaining term of less than 12 months; or b) \$200 for any contract with a remaining term of more than 12 months or; c) twice the estimated bill for energy services for an average month, provided that an estimate of an average monthly bill was provided to the customer when the offer was made by the ESCO along with the amount of any early termination fee. To calculate such average monthly bill, the ESCO may use an average of the customer's actual usage for the previous twelve months or if such data is unavailable at the time the offer is made apply the usage for a typical customer in that service classification as reported by the distribution utility or the Commission, and multiply it by the ESCO's estimate of the average annual rate that will be charged under the agreement.
 - c. Variable charges – all variable charges must be clearly and conspicuously identified in all contracts, sales agreements and marketing materials.
 - d. Material changes and renewals– no material changes shall be made in the terms or duration of any contract for the provision of energy by an ESCO without the express consent of the customer obtained under the methods authorized in the UBP. This shall not restrict an ESCO from renewing a contract by clearly informing the customer in writing, not less than thirty days nor more than sixty days prior to the renewal date, of the renewal terms and the customer's option to reject the renewal terms. A customer shall not be charged a termination fee as set forth in Section 5.B.3.1.a herein, if the customer objects to such renewal within three business days of receipt of the first billing statement under the agreement as renewed. Regarding contract renewals, with the exception of a rate change, or an initial sales agreement that specifies that the agreement renews on a monthly basis with a variable rate methodology which was specified in the initial sales agreement, all changes will be considered material and will require that the ESCO obtain the customer's express consent for renewal.
 - e. A renewal notice in the standardized format provided by the Department, must be used.

- f. The renewal notice must be enclosed in an envelope which states in bold lettering: "IMPORTANT: YOUR [ESCO NAME] CONTRACT RENEWAL OFFER IS ENCLOSED. THIS MAY AFFECT THE PRICE YOU PAY FOR ENERGY SUPPLY."
- g. When a fixed-price agreement is renewed as a fixed-price agreement, the ESCO shall provide the customer with an additional notice before the issuance of the first billing statement under the terms of the contract as renewed, but not more than 10 days prior to the date of the issuance of that bill. This notice shall inform the customer of the new rate and of his or her opportunity to object to the renewal, without the imposition of any early termination fees, within three days of receiving the first billing statement under the terms of the contract as renewed.

C. Provision of List of ESCOs to Customers

Distribution utilities shall offer to provide a customer who requests initiation of delivery service with an up-to-date list of ESCOs and provide the list at any time, upon request of any customer.

D. Customer Enrollment Procedures

1. An ESCO shall transmit:
 - a. An electric enrollment request to a distribution utility no later than 5 business days prior to the effective date of the enrollment.
 - b. A gas enrollment request to a distribution utility no later than 15 calendar days prior to the effective date of the enrollment.
 - c. The enrollment request shall contain at a minimum, the information required for processing set forth in Attachment 5, Enrollment Request.
2. The distribution utility shall process enrollment requests in the order received.
3. The distribution utility shall accept only one valid enrollment request¹ for each commodity per customer during a switching cycle. If the distribution utility receives multiple enrollment requests for the same customer during a switching cycle, it shall accept the first valid enrollment request and reject subsequent requests.
4. An ESCO shall submit an enrollment request after it obtains customer authorization, and third party verification where required, and it has provided the sales agreement to the customer. For telephonic enrollments, in which the ESCO sends the customer the sales agreement via US Mail, the ESCO shall provide for two business days for the customer to receive the sales agreement.
5. After receipt of an enrollment request, the distribution utility shall, within one business day, acknowledge its receipt, and provide a response indicating rejection and the reason, or acceptance and the effective date for the change of provider.
6. Upon acceptance of an enrollment request, the distribution utility shall contemporaneously send a notice to the incumbent ESCO that the customer's service with that ESCO will be terminated on the effective date of the new

¹ Criteria for determining the validity of an EDI transaction are described in the EDI processing protocols adopted in Case 98-M-0667, Electronic Data Interchange.

- enrollment. In the event that the distribution utility receives notice from the pending ESCO, the incumbent ESCO (with specific customer authorization for each cancellation), or the customer, prior to the effective date that a pending enrollment is cancelled, the distribution utility shall transmit a request to reinstate service to the incumbent ESCO, unless the incumbent ESCO previously terminated service to the customer or the customer requests a return to full utility service.
7. With the exception of a new installation use of an interim estimate of consumption or a special meter reading,¹ a change of providers is effective: for an electric customer, on the next regularly scheduled meter reading date; and, for a gas customer, on the next regularly scheduled meter reading date or the first day of the month, in accordance with provisions set forth in the distribution utility's tariff.² The distribution utility shall set the effective date, which shall be no sooner than 5 business days after receipt of an enrollment request. Service to new delivery customers is effective after the installation is complete and, if necessary, inspected.
 8. An off-cycle change of an electric service provider is allowed no later than 15 calendar days before the date requested for the change if a new ESCO or a customer arranges for a special meter reading or agrees to accept an interim date for estimating consumption. The ESCO or customer is required to pay the cost for any special meter reading, in accordance with provisions set forth in the distribution utility's tariff. A change based upon an interim estimate of consumption or a special meter reading is effective on the date of the interim estimate or special meter reading. Off-cycle changes of gas service providers are allowed if the incumbent and new ESCO agree on an effective date no later than 15 calendar days following the request.

E. Customer Notification

1. The distribution utility shall send no later than one calendar day after acceptance of an enrollment request a verification letter to the customer notifying the customer of the acceptance. The notice shall inform the customer that if the enrollment is unauthorized or the customer decides to cancel it, the customer is required immediately to so notify the distribution utility and the pending ESCO.
2. Upon receipt of such cancellation, the distribution utility shall cancel the pending enrollment and reinstate the customer with the incumbent ESCO, if any, or the distribution utility, provided that the distribution utility is notified prior to the planned effective date. If the distribution utility is notified on or after the planned effective date, the change to the new provider shall occur and remain effective for one billing cycle. The customer shall return to full utility service at the end of the

¹ If meters are read bimonthly and bills are issued monthly using estimated usage, the effective date for the interim months is the date usage is estimated for billing purposes.

² If meters are not read within two business days of the scheduled meter reading day, the distribution utility or MDSP shall estimate usage as of the scheduled meter reading day. The effective date for a change of provider is that date, except where changes of natural gas suppliers are scheduled for the first of the month.

next switching cycle, unless the customer is enrolled by another ESCO in accordance with this section prior to the next switching cycle.

3. If a customer notifies the pending ESCO of such cancellation, the pending ESCO shall send a customer's drop request to the distribution utility within one business day.

F. Rejection of Enrollment Requests

The distribution utility may reject an enrollment request for any of the following reasons:

1. Inability to validate the transaction;
2. Missing or inaccurate data in the enrollment request;
3. ESCO's ineligibility to provide service in the specified territory;
4. No active or pending delivery service;
5. A pending valid prior enrollment request; or
6. The account is coded as ineligible for switching.

G. Customer Relocations Within a Service Territory

1. A customer requesting relocation of service within a distribution utility's service territory and continuation of its ESCO service, arranges for continuation at the new location of delivery service by contacting the distribution utility and of commodity service by contacting the ESCO.¹ Each provider contacted by the customer shall remind the customer of the need to contact the other provider to initiate the change in service or arrange for a conference call with the other provider and customer, and within two days, notify the other provider that a customer requested relocation of service.
2. The distribution utility's representative shall inform the customer, or the customer's agent, and the ESCO of the effective dates, contingent upon the customer's approval, for discontinuance of service at one location and commencement of service at the new location. The ESCO shall confirm to the distribution utility that it shall continue service to the customer at the new location.
3. In the event that the ESCO is unable, or does not wish to continue service to the customer at the new location, the distribution utility shall provide full utility service to the customer.

H. Customers Returning to Full Utility Service

1. A customer arranges for a return to full utility service by contacting either the ESCO or the distribution utility in accordance with this paragraph. An ESCO contacted by the customer shall, within one business day, process the customer's request to return to full utility service. A utility contacted by a customer shall remind the customer to contact the ESCO about the customer's returning to full utility service provided, however, that if the customer has already contacted the

¹ In the Single Retailer Model, the customer contacts only its ESCO. The ESCO notifies the distribution utility of the customer's new service location and mailing address, if applicable. Direct customers contact only the distribution utility.

ESCO or wants to proceed without contacting the ESCO, the utility shall, within one business day, process the customer's request to return to full utility service. If a change to full utility service results in restrictions on the customer's right to choose another supplier or application of a rate that is different than the one applicable to other full service customers, the distribution utility shall provide advance notice to the customer.

2. A Direct Customer that intends to change from procuring its own supplies to full utility service shall notify the distribution utility.
 3. No ESCO shall transfer 5,000 or more customers during a billing cycle to full utility service, unless it provides no less than 60 calendar days notice to the distribution utility and Department. The transfers shall occur on the customers' regularly scheduled meter reading dates, unless the distribution utility and ESCO agree to a different schedule.
 4. The following process sets forth the steps for an ESCO's return of a customer to full utility service.
 - a. An ESCO may discontinue service to a customer and return the customer to full utility service provided that the ESCO notifies the customer and the distribution utility no later than 15 calendar days before the effective date of the drop. The ESCO's right to discontinue service to any customer is subject to any limitations contained in its sales agreement.
 - b. An ESCO's notice to retail customers shall provide the following information:
 1. Effective date of the discontinuance, established by the distribution utility, unless the ESCO arranged for an off-cycle date;
 2. Statement that the customer has the option to select another ESCO, receive full utility service from the distribution utility, or, if available in the distribution utility's service area and the customer is eligible, accept random assignment by the distribution utility to an ESCO; and,
 3. Statement that customer shall receive full utility service until the customer selects a new ESCO and the change in providers is effective, unless the distribution utility notified the customer that it will terminate its delivery service on or before the discontinuance date.
 - c. The ESCO shall provide a sample form of the notice it plans to send to its customers when it transfers 5,000 or more customers to the Department for review no later than five calendar days before mailing the notice to customers.
- I. New Delivery Customers
1. A customer may initiate distribution utility delivery service and subsequently enter into a customer agreement with an ESCO for commodity supply, or arrange for both services at the same time.
 2. A customer may authorize an ESCO to act as the customer's agent (ESCO agent) in establishing distribution utility service. The ESCO agent shall retain, and produce upon request, documentation that the customer authorized the ESCO to act as the customer's agent.

3. An ESCO acting as a customer's agent shall establish a new delivery account on behalf of the customer and enroll the customer with the distribution utility so that ESCO commodity service commences when distribution utility delivery service begins. The ESCO shall retain, and produce upon request, documentation that the customer authorized the ESCO to act as the customer's agent. An ESCO that is a customer's agent is authorized to submit the customer's application for new delivery service, in compliance with requirements for such applications stated in the law, rules and distribution utility tariffs. An ESCO shall provide the customer's name, service address and, if different, mailing address, telephone number, customer's requested service date for initiation of delivery service, and information about any special need customers, including any need for life support equipment. An ESCO shall refer a customer directly to a distribution utility for arrangement of distribution related matters, such as contribution-in-aid of construction and construction of facilities necessary to provide delivery service and settling of arrears and posting security.
4. Upon a customer's application for service, the distribution utility shall provide an ESCO with the effective date for initiation of delivery service and any other customer information provided to an ESCO in an acceptance of an enrollment request. The distribution utility may notify the customer of the acceptance.

J. Multiple Assignments of Sales Agreements

1. An ESCO may assign all or a portion of its sales agreements to other ESCOs provided that the assigned sales agreements clearly authorize such assignments or the ESCO provides notice to its customers prior to the assignments and an opportunity for each customer to choose another ESCO or return to full utility service. An ESCO shall provide a written notice no later than 30 calendar days prior to the assignment or transfer date to each customer and distribution utility. The notice to the distribution utility shall include a copy of the assignment document, with financial information redacted, executed by the officers of the involved ESCOs, and a copy of the notice sent to the customer, or, if a form notice, a copy of the form and a list of recipients.
2. The assignment documents shall specify the party responsible for payment or reimbursement of any and all sums owed under any distribution utility tariff or Federal Energy Regulatory Commission tariff and any service agreements relating thereto, and under any agreements between ESCOs and distribution utilities and between ESCOs and their customers.
3. An ESCO's notices to customers shall provide the following information:
 - a. Effective date of the assignment;
 - b. The name, mailing and e-mail addresses, and telephone number of the assigned ESCO; and,
 - c. Any changes in the prices, terms and conditions of service, to the extent permitted by the sales agreement.
4. The ESCO shall provide sample forms and any major modifications of such notices to the Department for review no later than five calendar days before mailing them to customers.

5. The distribution utility shall, within two business days after receipt of an assignment request, acknowledge and initiate processing of the request and send written notice of the request to the ESCO's assigned customer.

K. Unauthorized Customer Transfers

1. A change of a customer to another energy provider without the customer's authorization, commonly known as slamming, is not permitted. The distribution utility shall report slamming allegations to the Department on at least a monthly basis.
2. An ESCO that engages in slamming shall refund to a customer the difference between charges imposed by the slamming ESCO that exceed the amount the customer would have paid its incumbent provider and pay any reasonable costs incurred by the distribution utility to change the customer's provider from the ESCO that engaged in slamming to another provider.
3. ESCOs shall retain for two years or for the length of the sales agreement whichever is longer, documentation of a customer's authorization to change providers. Such documentation shall comply with the requirements described in Attachments 1, 2 or 3.

L. Lists of ESCO Customers, Budget Billing, Charges and Fees

1. A distribution utility, upon an ESCO's request, shall provide at no charge, once each calendar quarter, a list of the ESCO's customers at the time of the request and, monthly, the number of accounts enrolled with an ESCO and the ESCO's sales (kWh and/or dekatherms). ESCOs may obtain such customer lists at other times for cost-based fees set forth in distribution utility tariffs.
2. A distribution utility shall adjust its bills rendered under a budget billing plan on the effective date for changing a provider and include the adjustments in the customer's next bill.
3. Upon enrollment of a distribution utility customer with an ESCO or return of an ESCO customer to full utility service, a distribution utility shall impose no restrictions on the number or frequency of changes of gas or electricity providers, except as provided in this paragraph. The distribution utility shall accept only one valid enrollment request for each commodity per customer during a switching cycle. If multiple requests are received for the same customer during a switching cycle, the distribution utility shall accept the first valid enrollment request and reject subsequent enrollment requests.
4. A distribution utility shall impose no charge for changing a customer's gas or electricity provider.
5. A distribution utility may establish a fee in its tariffs for a special meter reading.

Attachment 1**Telephonic Agreement and Authorization/Third Party Verification Requirements**

- A. To enter into a telephonic agreement with a customer to initiate service and begin enrollment or to obtain customer authorization for release of information, after the marketing call has ended, the transaction shall include an independent third party verification, in which an independent entity calls the potential customer and audio records the telephone conversation with the potential customer. The independent third party verification shall be conducted without the ESCO marketing representative's presence, either on the telephone or in person. The conversation shall contain the following information, as applicable, to substantiate the customer's agreement or authorization in the order described below. The following information shall be used in satisfying the independent third party verification requirement for sales which originated or included a door-to-door marketing component as well.
1. A statement that the conversation is recorded and that oral acceptance of the ESCO's offer is an agreement to initiate service and begin enrollment;
 2. A question to the customer asking if he or she understands that the specific ESCO is not the distribution utility.
 3. A statement from the customer verifying the customer's name, postal and any e-mail address (if the customer chooses to provide it), distribution utility customer account number, and any additional information needed to verify the customer's identity.
 4. A statement from the customer that he or she has authority to make changes to this account.
 5. A question to the customer inquiring if the ESCO marketing representative began his or her interaction by stating his or her name and that he or she represents the ESCO, not the customer's utility, and an affirmative response from the customer.
 6. A question to the customer inquiring if the ESCO marketing representative provided the customer with the ESCO's contact information in written form, and an affirmative response from the customer.
 7. A question to the customer inquiring if the ESCO marketing representative provided copies of, or access to, the ESCO Consumer Bill or Rights, and an affirmative response from the customer.
 8. A question to the customer asking if the ESCO marketing representative explained that the price of ____ (electricity and/or natural gas) is ____ under the contract, and an affirmative response from the customer.
 9. A question to the customer asking if the ESCO marketing representative explained that the contract term is for ____ months and that the early termination fee (if any) is ____, and an affirmative response from the customer.
 10. A question to the customer asking if the ESCO marketing representative stated whether savings were guaranteed, and a response from the customer. If the customer states that the ESCO marketing representative guaranteed savings, a

- question to the customer of what savings were guaranteed, and a response from the customer.
11. A description in plain language of the prices, terms and conditions of the ESCO's offer, including a statement of the circumstances, if any, under which the ESCO may assess an early termination fee and the amount of any such assessment or how the assessment is calculated;
 12. If savings are guaranteed, or guaranteed under only certain circumstances, the ESCO must provide a plain language description of the conditions that must be present in order for the savings to occur;
 13. A statement from the ESCO that energy supply will be provided by the ESCO, and that energy delivery shall continue to be provided by the customer's utility; and that said utility will also be available to respond to leaks or other emergencies should they occur;
 14. A statement from the customer, in response to a question from the verification agent, accepting such terms and conditions;
 15. A description of the types of information that the ESCO needs to obtain from a distribution utility or MDSP and the purposes of its use, a request that the customer provide authorization for release of this information, and the effective duration of the authorization;
 16. A statement from the customer providing such authorization;
 17. A statement from the customer, in response to a question from the verification agent, that the customer has or has not already received a written copy of the sales agreement.
 18. If the customer affirms that he or she has already received a written copy of the sales agreement, a statement that a residential customer may rescind the agreement within three business days after the date of the verification call.
 19. If the third party verification is one required for a written or electronic agreement, a statement of the customer, in response to a question from the verification agent, that the customer has signed and/or submitted the sales agreement.
 20. If the customer does not affirm that he or she has already received a written copy of the sales agreement, then, a statement in plain language that a customer will receive a written copy of the sales agreement by mail, e-mail or fax; that a residential customer may rescind the agreement within three business days after the latter of the date of its receipt, or the date of the verification call; how such rescission can be accomplished, and that in the absence of such rescission, an enforceable agreement will be created; a statement that a customer may rescind the authorization for release of information at any time; provision of a local or toll-free telephone number or e-mail address to the customer for these purposes; upon cancellation of the agreement, the ESCO shall provide a cancellation number to the customer during the telephone call or in response to an e-mail message; and
 21. A statement from the customer verifying the date and time of the verification telephone call.

- B. The ESCO, or its agent, shall provide a copy of any Customer Disclosure Statement and sales agreement to the customer by mail, e-mail or fax within three business days after the telephone agreement and independent third party verification occurs. The sales agreement shall set forth the customer's rights and responsibilities and describe the offer in detail, including the specific prices, terms, and conditions of ESCO service. Such agreement shall be substantially the same, in form and content, as the sample contract submitted to the Department pursuant to Section 2.B.1.b.
- C. The independent third party verification shall be conducted in the same language used in marketing or sales materials presented to the customer, and communicated clearly and in plain language.
- D. An ESCO shall retain independent third party verification records for two years from the effective date of the agreement and/or authorization or for the length of the sales agreement whichever is longer. In the event of any dispute involving agreement, authorization and/or the independent third party verification, the ESCO shall make available the audio recording of the customer's agreement and/or authorization, including the independent third party verification within five business days after a request from the Department.

Attachment 2**Electronic Agreement and Authorization Requirements**

- A. To enter into an electronic agreement with a customer to initiate service and begin enrollment or to obtain customer authorization for release of information, an ESCO, or its agent, shall electronically record communications with the potential customer. As required in Section 5, the Electronic Agreement and authorization may also require an independent third party verification call, which must include the information in Attachment 1. An ESCO shall provide the following electronic information, as applicable, to substantiate the customer's agreement and/or authorization:
1. A statement that electronic acceptance of a sales agreement is an agreement to initiate service and begin enrollment;
 2. The Customer Disclosure Statement and the sales agreement containing the prices, terms and conditions applicable to the customer, which, if printed as a physical document, would be substantially the same, in form, and content, as the sample contract submitted to the Department pursuant to Section 2.B.1.b.
 3. If savings are guaranteed, or guaranteed under only certain circumstances, the ESCO must provide a written statement which includes a plain language description of the conditions that must be present in order for the savings to be provided;
 4. An identification number and date to allow the customer to verify the specific sales agreement to which the customer assents;
 5. A statement from the ESCO that energy supply will be provided by the ESCO, and that energy delivery shall continue to be provided by the customer's utility; and that said utility will also be available to respond to leaks or other emergencies should they occur;
 6. A requirement that the customer accept or not accept the sales agreement by clicking the appropriate box, displayed as part of the terms and conditions; after the customer clicks the appropriate box to accept the sales agreement, the system shall display a conspicuous notice that the ESCO accepts the customer;
 7. Use of an electronic process that prompts a customer to print or save the sales agreement and provides an option for the customer to request a hard copy of the sales agreement; an ESCO shall send the hard copy by mail within three business days after a customer's request;
 8. A description of the types of information that the ESCO needs to obtain from a distribution utility or MDSP and the purposes of its use, a request that the customer provide authorization for release of this information, and the effective duration of the authorization;
 9. A requirement that the customer agree or not agree to provide such authorization by clicking the appropriate box, displayed as part of the terms and conditions;
 10. A statement that a residential customer may rescind the agreement and authorization within three business days after electronic acceptance of the sales

- agreement; a statement that a customer may rescind the authorization for release of information at any time; provision of a local or toll-free telephone number, and/or an e-mail address for these purposes; upon cancellation of the agreement, the ESCO shall provide a cancellation number;
11. Verification of the date and time of the electronic agreement and authorization; and
 12. Provision by the customer of the customer's name, address, distribution utility customer account number, and any additional information to verify the customer's identity.
- B. The ESCO shall, within three business days of any final agreement to initiate service to a customer, send an electronic confirmation notice to the customer at the customer's e-mail address.
 - C. The ESCO shall use an encryption standard that ensures the privacy of electronically transferred customer information, including information relating to enrollment, renewal, re-negotiation, and cancellation.
 - D. Upon request of a customer, the ESCO shall make available additional copies of the sales agreement throughout its duration. An ESCO shall provide a toll-free telephone number and e-mail address for a customer to request a copy of the sales agreement.
 - E. An ESCO shall retain documentation of a customer's agreement in a retrievable format for two years from the effective date of the customer's acceptance and/or authorization or for the length of the sales agreement whichever is longer. In the event of any dispute involving an electronic agreement or authorization, the ESCO shall provide a copy of the customer's acceptance of the sales agreement and/or authorization for release of information or provide on-line access to the acceptance and/or authorization within five calendar days after a request from the Department.

Attachment 3**Written Agreement and Authorization Requirements**

- A. An ESCO may enter into a written agreement (original or fax copy of a signed document) with a customer to initiate service and begin enrollment or to obtain customer authorization for release of information. As required in Section 5, the Electronic Agreement and authorization may also require an independent third party verification call, which must include the information in Attachment 1. A sales agreement shall contain, in addition to the Customer Disclosure Statement discussed in UBP Section 2.B.1.b.2, the following information, as applicable:
1. A statement that a signature on a sales agreement is an agreement to initiate service and begin enrollment;
 2. A description of the specific prices, terms, and conditions of ESCO service applicable to the customer, which is substantially the same, in form and content, as the sample contract submitted to the Department pursuant to Section 2.B.1.b and, if savings are guaranteed, or guaranteed under only certain circumstances, the ESCO must provide a plain language description of the conditions that must be present in order for the savings to be provided;
 3. A description of the types of information that the ESCO needs to obtain from a distribution utility or MDSP, the purposes of its use, and effective duration of the authorization;
 4. A statement that acceptance of the agreement is an authorization for release of such information;
 5. A customer signature and date; the sales agreement shall be physically separate from any check, prize or other document that confers any benefit on the customer as a result of the customer's selection of the ESCO;
 6. A statement that a residential customer may rescind the agreement within three business days after signing the sales agreement; a statement that a customer may rescind the authorization for release of information at any time; provision of a local, toll-free telephone number, and/or e-mail address for these purposes; the customer may fax a copy of a signed sales agreement to the ESCO; upon cancellation of the agreement, the ESCO shall provide a cancellation number; and
 7. The customer's name, mail and any e-mail address (if the customer chooses to provide it), distribution utility account number, and any additional information to verify the customer's identity.
 8. A statement from the ESCO that energy supply will be provided by the ESCO, and that energy delivery shall continue to be provided by the customer's utility; and that said utility will also be available to respond to leaks or other emergencies should they occur;
- B. ESCOs shall retain written agreements and/or authorizations for two years from the effective date of the agreement and/or authorization or for the length of the agreement whichever is longer. In the event of any dispute involving a sales agreement or

authorization, the ESCO shall provide a copy of the sales agreement and/or authorization within five business days after a request from the Department.

Attachment 4**Sample Customer Disclosure Statement**

Price	
Fixed or Variable and, if variable, how the price is determined	
Length of the agreement and end date	
Process customer may use to rescind the agreement without penalty	
Amount of Early Termination Fee and method of calculation	
Amount of Late Payment Fee and method of calculation	
Provisions for renewal of the agreement	
Conditions under which savings to the customer are guaranteed	

Attachment 5**Enrollment and Drop Requests Information Requirements**

- A. An ESCO shall provide the following information for enrollment requests, and an ESCO or distribution utility shall provide the following information for drop requests:
 - 1. Utility ID (DUNS# or tax ID);
 - 2. ESCO ID (DUNS# or tax ID);
 - 3. Commodity requested (electric or gas); and,
 - 4. Customer's utility account number (including check digit, if applicable).
- B. The following information is required for enrollment requests:
 - 1. Customer's bill option;
 - 2. For distribution utility rate ready consolidated billing:
 - a. an ESCO's fixed charge, commodity price, sales and use tax rate or rate code;
 - b. ESCO customer account number;
 - c. budget billing status indicator; and,
 - d. tax exemption percent and portion taxed as residential.
 - 3. For Single Retailer Model: special needs indicator;
 - 4. For gas service: gas capacity assignment/obligation indicator, and, if applicable, gas pool ID, gas supply service options, and human needs indicator;
 - 5. For electric service: indicator for a partial requirements customer, if applicable.
- C. The following information is required for drop requests:
 - 1. Reason for the drop;
 - 2. For distribution utility request, service end date;
 - 3. For ESCO initiated request, effective date of customer move, if applicable; and
 - 4. For ESCO initiated request in Single Retailer Model, customer's service and mailing address.

SECTION 6: CUSTOMER INQUIRIES**A. Applicability**

This Section establishes requirements for responses by an ESCO or distribution utility to retail access customer inquiries. An ESCO or distribution utility shall respond to customer inquiries sent by means of electronic mail, telecommunication services, mail, or in meetings. The subjects raised in inquiries may result in the filing of complaints.

B. General

1. Distribution utilities and ESCOs shall provide consistent and fair treatment to customers.
2. Distribution utilities and ESCOs shall maintain processes and procedures to resolve customer inquiries without undue discrimination and in an efficient manner and provide an acknowledgement or response to a customer inquiry within 2 days and, if only an acknowledgement is provided, a response within 14 days.
3. Distribution utilities and ESCOs shall provide local or toll-free telephone access from the customer's service area to customer service representatives (CSRs) responsible for responding to customer inquiries and complaints.
4. CSRs shall obtain information from the customer to access and verify the account or premises information. Once verification is made, the CSR shall determine the nature of the inquiry, and, based on this determination, decide whether the distribution utility or the ESCO is responsible for assisting the customer.
5. The CSR shall follow normal procedures for responding to inquiries. If the inquiry is specific to another provider's service, the CSR shall take one of the following actions:
 - a. Forward/transfer the inquiry to the responsible party;
 - b. Direct the customer to contact the responsible party; or,
 - c. Contact the responsible party to resolve the matter and provide a response to the customer.
6. Each distribution utility and ESCO shall maintain a customer service group to coordinate and communicate information regarding customer inquiries and designate a representative to provide information relating to customer inquiries to the Department.
7. ESCOs may provide a teletypewriter (TTY) system or access to TTY number, consistent with distribution utility tariffs.

C. Specific Requests for Information

1. A distribution utility or ESCO shall respond directly to customer inquiries for any information that is related to commodity supply and/or delivery service, to the extent it has the necessary information to respond.
2. The entity responsible for the accuracy of meter readings shall respond to customer inquiries related to usage.

3. The distribution utility and ESCO shall respond to customer inquiries about billing and payment processing, in accordance with UBP Section 9, Billing and Payment Processing.

D. Emergency Contacts

1. An emergency call means any communication from a customer concerning an emergency situation relating to the distribution system, including, but not limited to, reports of gas odor, natural disaster, downed wires, electrical contact, or fire.
2. The ESCO CSR shall transfer emergency telephone calls directly to the distribution utility or provide the distribution utility's emergency number for direct contact to the distribution utility. If no ESCO CSR is available, the ESCO shall provide for after-hours emergency contacts, including transfer of emergency calls directly to a distribution utility or an answering machine message that includes an emergency number for direct contact to the distribution utility.
3. Each ESCO shall provide periodic notices or bill messages to its customers directing them to contact the distribution utility in emergency situations and providing the emergency number.

SECTION 7: DISTRIBUTION UTILITY INVOICES**A. Applicability**

This Section establishes procedures for invoices of charges for services provided by the distribution utility directly to an ESCO or Direct Customer. A distribution utility and ESCO or Direct Customer may agree to establish other arrangements and procedures for presentation and collection of invoices for services rendered.

B. Invoices

1. An ESCO or Direct Customer shall pay the full amount due, without deduction, set-off or counterclaim, within 20 calendar days after the date of electronic transmittal or postmarked date (due date). Subsequent to the due date, charges are overdue and subject to late payment charges at the rate of 1.5% per month. The overdue charges include the amount overdue, any other arrears, and unpaid late payment charges. The distribution utility may provide, upon request, supporting or back-up data in electronic form, if available on its computer system.
2. A distribution utility shall provide interest at the rate of 1.5% on an overpayment caused by the distribution utility's erroneous billing, provided that it may, without applying interest, credit all or a portion of the overpayment to the next bill issued within 30 days and/or refund all or a portion of the overpayment, upon request, within 30 days after its receipt. The distribution utility shall refund any credit balances, upon request.
3. An ESCO or Direct Customer shall make payments by means of an electronic funds transfer. A distribution utility shall use any partial payments first to pay any arrears and second to pay current charges.

C. Billing Inquiries and Disputes

1. An ESCO or Direct Customer shall make any claims relating to inaccuracies of invoices in writing no later than 90 calendar days after the date of electronic transmittal or postmarked date. ESCOs and/or Direct Customers are responsible for payment of disputed charges during any pending dispute.
2. A distribution utility shall designate an employee and provide a telephone number and e-mail address for receipt of inquiries from an ESCO or Direct Customer relating to invoices. The employee shall direct an ESCO or Direct Customer that presents an inquiry or complaint to the responsible and knowledgeable person able to explain charges on an invoice.
3. A distribution utility shall acknowledge in writing receipt of an inquiry within five calendar days after its receipt. A distribution utility shall investigate and respond in writing to the inquiry within 20 calendar days after its receipt.
4. A distribution utility shall refund any overpayments, including interest, within five calendar days after it makes a determination that an ESCO or Direct Customer made an overpayment. It may provide the refund by applying a credit to any overdue amounts or making direct payment of any remainder. The distribution utility shall provide refunds by means of an electronic funds transfer.

Interest is calculated at the rate of 1.5 % per month from the date of the overpayment to the refund.

5. No interest is required on overpayments voluntarily made by an ESCO or Direct Customer to an account, unless an overpayment is applied to security.

**SECTION 8: DISPUTES INVOLVING DISTRIBUTION UTILITIES,
ESCOs OR DIRECT CUSTOMERS**

A. Applicability

This Section describes the dispute resolution processes available at the Department to resolve disputes relating to competitive energy markets involving utilities, ESCOs and/or Direct Customers, including disputes alleging anti-competitive practices. The processes are not available to resolve disputes between retail customers and ESCOs or distribution utilities. They are also not applicable to matters that, in the opinion of the Department Staff, should be submitted by formal petition to the Public Service Commission for its determination or are pending before a court, state or federal agency. The availability of the processes does not limit the rights of a distribution utility, ESCO or Direct Customer to submit any dispute to another body for resolution.

B. Dispute Resolution Processes

The parties shall in good faith use reasonable efforts to resolve any dispute before invoking any of these processes. Distribution utility tariffs and operating and service agreements between the parties shall identify the processes used to resolve disputes, and shall refer to the dispute resolution processes described in this Section as acceptable processes to resolve disputes.

1. Standard Process

The parties shall use a method to send documents described in this paragraph that will verify the date of receipt.

Any distribution utility, ESCO or Direct Customer may initiate a formal dispute resolution process by providing written notice to the opposing party and Department Staff. Such notice shall include a statement that the UBP dispute resolution process is initiated, a description of the dispute, and a proposed resolution with supporting rationale. Department Staff may participate in the process at this or any later point to facilitate the parties' discussions and to assist the parties in reaching a mutually acceptable resolution.

- a. No later than ten calendar days following receipt of the dispute description, if no mutually acceptable resolution is reached, the opposing party shall provide a written response containing an alternative proposal for resolution with supporting rationale and send a copy to Department Staff.
- b. No later than ten days after receipt of the response, if no mutually acceptable resolution is reached, any party or Department Staff may request that the parties schedule a meeting for further discussions. The parties shall meet no later than 15 calendar days following such request, upon advance notice to Department Staff, unless the parties and Department Staff agree upon another date. The Department may assign one or more Staff members to assist the parties in resolving the dispute.
- c. If no mutually acceptable resolution is reached within 40 calendar days after receipt of the written description of the dispute, any party may request an

initial decision from the Department. A party to the dispute may appeal the initial decision to the Public Service Commission.

- d. If the parties reach a mutually acceptable resolution of the dispute, they shall provide to Department Staff a description of the general terms of the resolution.

2. Expedited Process

In the event that an emergency situation arises to justify immediate resolution of a dispute, any party may file a formal dispute resolution request with the Secretary to the Public Service Commission asking for expedited resolution. An emergency situation includes, but is not limited to, a threat to public safety or system reliability or a significant financial risk to the parties or the public. The filing party shall provide a copy of the request to other involved parties and the Department Staff designated to receive information related to dispute resolution under this Section. The request shall describe in detail the emergency situation requiring expedited resolution, state in detail the facts of the dispute, and, to the extent known, set forth the positions of the parties.

SECTION 9: BILLING AND PAYMENT PROCESSING

A. Applicability

This Section establishes requirements¹ for billing and payment processing options offered by a distribution utility and ESCO in a multi-retailer model. This Section does not establish requirements for billing and payment processing in the single retailer model. A distribution utility and ESCO shall comply with the requirements established in this Section, unless they agree upon modifications or other procedures for billing and payment processing in a Billing Services Agreement.

B. Billing and Payment Processing Options: General Requirements

1. A distribution utility shall offer to ESCOs without undue discrimination the billing and payment processing options available in its service territory.
2. A customer participating in a retail access program shall select from the billing and payment processing options offered by ESCOs.
3. A distribution utility shall allow its customers to select, through their ESCOs, one of the billing and payment options available in the distribution utility's service territory. An ESCO may offer to its customers billing and payment processing options available in the customer's service territory and shall maintain or provide for the capability of issuing a separate bill for its services under the dual billing option. An ESCO customer may direct the billing party to send its consolidated bills or dual bills to a third party for processing and payment.
4. A distribution utility or ESCO may perform the responsibilities of a billing party for a customer and the other provider (non-billing party) based upon the billing and payment processing options available to the customer and the customer's choice.
5. A distribution utility or MDSP shall make validated usage information available to the billing and non-billing parties at the time that the distribution utility or MDSP determines that the information is acceptable.²
6. Information on customer usage, billing, and credit is confidential. A distribution utility or MDSP may release such information, upon a customer's authorization, in accordance with the UBP Section 5, Changes in Service Providers.
7. A distribution utility and ESCO shall demonstrate the technical capability to exchange information electronically for their billing and payment processing options.
8. An ESCO shall provide 60 calendar days notice by mail, e-mail or fax to a distribution utility of any plan to offer a billing option that is not currently offered to its customers. The distribution utility may agree to a shorter notice period preceding initiation of the option. The 60 calendar-day notice shall not impose any obligation on any party to proceed without a successful test of data exchange capability and the fulfillment of other obligations described in this Section. If an ESCO later changes its system, it shall provide adequate advance notice and conduct any additional testing required.

¹ The requirements are applicable when EDI is available upon issuance by the Commission of data standards applicable to a bill model and operational upon successful completion of the testing required for a bill model.

² A distribution utility or MDSP shall provide electronic interval data in summary form (billing determinants aggregated in the rating periods under a distribution utility's tariffs) via EDI and, if requested, in detail via an acceptable alternative electronic format if retrieved from meters.

9. A distribution utility and an ESCO are responsible for separately remitting their tax payments to the appropriate taxing authorities.
10. Where the ESCO is the billing party, it may offer a customer an option of prepayment. Where a distribution utility is the consolidated billing party, the distribution utility is not required to support processing of prepayments or application of customer prepayments to ESCO charges.

C. Consolidated Billing: General Requirements

1. A distribution utility and ESCO shall establish in a billing services agreement (BSA) detailed expectations for their responsibilities, including consequences for any failure to carry out such responsibilities.
2. A distribution utility may use the bill ready or rate ready method¹ for issuing consolidated bills. An ESCO that offers consolidated billing shall use a bill ready method.
3. A customer receiving delivery service from a distribution utility that is a combination natural gas and electric corporation (combination retail access customer) may receive a consolidated bill for both energy services if:
 - a. The distribution utility issues the consolidated bill;
 - b. One ESCO supplies the customer with both natural gas and electricity;
 - c. An ESCO supplying only one of the commodities agrees to bill for charges for the service provided by the other ESCO; or,
 - d. Separate distribution utility accounts are established for each service.
4. A combination retail access customer may receive separate consolidated bills for each commodity or a dual bill for one commodity and a consolidated bill for the other provided that the distribution utility's system is capable of providing separate accounts for each commodity. A distribution utility shall establish bill cycles and payment due dates. A distribution utility may charge a fee, as set forth in its tariff, to an ESCO to establish, upon the ESCO's request, a separate account for one of the commodities the distribution utility provides.

D. Consolidated Billing: Functions and Responsibilities

1. A billing party shall perform the following functions and responsibilities:
 - a. If the bill ready method is used, receive bill charges and other billing information from the non-billing party;
 - b. If the rate ready method is used, receive rates, rate codes and/or prices (fixed and/or variable) and other billing information from the non-billing party;
 - c. Receive bill messages and bill inserts from the non-billing party;
 - d. If the bill ready method is used, acknowledge receipt of the non-billing party's information and accept or reject it;
 - e. If the rate ready method is used,¹ calculate billed charges, including sales and use taxes; the non-billing party is required to provide the customer's sales and use tax rate to the billing party;

¹ A distribution utility electing the rate ready method for utility consolidated billing is not obligated to calculate or bill separately for other goods and services that an ESCO may provide.

- f. Print or make available electronically consolidated bills that state the non-billing party's charges, including taxes, arrearages, late fees, and bill messages;
 - g. Insert in bill envelopes consolidated bills and inserts required by statute, regulation or Public Service Commission order;
 - h. Stamp, sort and mail consolidated bills or, if authorized, transmit bills electronically;
 - i. Cancel and rebill charges;
 - j. Notify the non-billing party of amounts billed, by account, within two business days after rendering bills to customers;
 - k. Receive and record customer payments;
 - l. Allocate and transmit the non-billing party's share of receipts, by account, to the non-billing party;
 - m. Respond to general inquiries and complaints about the bill and its format; refer customers to the non-billing party for inquiries and complaints related to the non-billing party's rates, charges, services, or calculations; and,
 - n. Maintain records of billing information, including amounts collected, remaining and transferred, and dates.
2. If the bill ready method is used, each party shall calculate and separately state sales and use taxes applicable to its charges; if the rate ready method is used, the billing party shall calculate and separately state the state sales and use taxes applicable to its charges and the non-billing party's charges.
 3. A party that requires a customer's deposit shall administer it. If a non-billing party applies a customer deposit to an outstanding balance, it shall notify the billing party.
 4. Upon receipt of payments, a non-billing party shall notify the billing party.
 5. To initiate consolidated billing using the rate ready method, the non-billing party shall provide the billing party with the rates, rate codes, and/or prices (fixed and/or variable) and tax rates necessary to calculate the non-billing party's charges. The billing party shall specify in the BSA the number of prices for each service class per commodity accepted, deadline for transmission, effective date, and acceptable frequency of changes.²
 6. The billing party may process special handling requests from customers provided that it obtains agreement from the non-billing party for requests that affect it;
 7. The billing party is not required to calculate or provide separate statements to customers regarding gross receipts taxes applicable to a non-billing party's charges. The non-billing party may calculate and provide information on the gross receipts taxes applicable to its charges in a bill message or, if the bill ready method is used, as a line item on the bill.
 8. The non-billing party may offer special billing features, such as budget billing or average payment plans.

¹ A distribution utility is not required to calculate or bill for ESCO services that are not directly related to the commodity it delivers.

² If a billing party's billing system is capable of providing the service, a billing party shall, upon request, apply a different rate, rate code, and/or price and tax rate to usage during different portions of the billing cycle to service provided after the effective date of the change. The non-billing party shall request a change in the rate, rate code, and/or price no later than four business days prior to the effective date requested.

E. Consolidated Billing: Initiation, Changes or Discontinuance**1. Initiation**

- a. An ESCO that proposes to issue consolidated bills shall establish and provide to a distribution utility written procedures for billing and payment processing that ensure billing accuracy and timeliness, proper distribution of a distribution utility's bill messages and inserts, and proper allocation and transfer of distribution utility funds.
- b. No distribution utility may impose a fee on an ESCO to process its application to offer consolidated billing.

2. Changes

A request to change a customer's billing option shall be made on or before 15 calendar days prior to the scheduled meter reading date.

3. Suspension and Discontinuance

- a. A distribution utility may suspend or discontinue an ESCO's right to offer consolidated billing as a billing party or a non-billing party for failure to comply with a BSA. Suspension of the right to offer consolidated billing means that the ESCO is prohibited from offering consolidated billing to new customers.
- b. Upon a determination by a distribution utility to suspend or discontinue an ESCO's right to offer consolidated billing to customers, it shall provide notice on or before 15 calendar days prior to the proposed date for the suspension or discontinuance (cure period) to the ESCO and state the reason for its determination. Upon failure of the ESCO to correct the deficiency on or before the expiration of the cure period, the distribution utility may require a change to dual billing for the ESCO's customers.
- c. Upon discontinuance of consolidated billing rights, an ESCO may reapply to the distribution utility to offer consolidated billing. A distribution utility shall expedite consideration of such requests. Customers may begin receiving consolidated bills again after requirements are satisfied, including submission of transaction requests to establish consolidated billing for customers.

F. Consolidated Billing: Customer Requests

1. A customer may request an ESCO to change its billing option. The ESCO shall request the bill option change on or before 15 calendar days prior to the scheduled meter reading date. An EDI change request is used to request a change in a customer's bill option. After receipt of the change request, a distribution utility shall, within one business day, acknowledge receipt of the request and, within two days, provide a response indicating rejection and the reason or acceptance and the effective date.
2. No distribution utility may impose a charge on a customer or an ESCO for changing a billing option.
3. When more than one request to change a customer's billing option is transmitted for a billing cycle, a billing party shall accept the last timely request received.
4. A distribution utility may deny a request to initiate consolidated billing or discontinue consolidated billing for a customer with an amount past due for at least 38 calendar days, unless the past due amount is subject to a DPA and the customer is fulfilling DPA obligations.

G. Consolidated Billing: Content

1. A billing party may decide upon the format for its consolidated bill provided that it states a summary of total charges and separately states distribution utility and ESCO charges in sufficient detail to allow a customer to judge their accuracy. Such separate statements shall appear in clearly separated portions of the bill and identify their source, distribution utility or ESCO. An ESCO that provides consolidated billing shall state on its consolidated bill the unadjusted distribution utility charges for delivery services provided by a distribution utility, without change.
2. A consolidated bill shall contain the information listed in Attachment 1, General Information, preferably in a summary section. The billing party may place the information on the bill in any order or location.
3. A consolidated bill shall contain the information listed in Attachment 2, Distribution Utility Content, separately stated for each distribution utility.
4. A consolidated bill shall contain the information listed in Attachment 3, ESCO Content, separately stated for each ESCO.
5. If the rate ready method is used, the ESCO shall provide to the distribution utility information listed in Attachment 3, ESCO Section Content, to the extent necessary for the distribution utility to calculate and issue bills. To initiate utility consolidated billing using the rate ready method, an ESCO shall provide the information to the distribution utility on or before 15 calendar days prior to the scheduled meter reading date. An ESCO may request a price or rate change no later than four business days prior to its effective date.
6. If a billing party and non-billing party agree to show the non-billing party's logo on the bill, the non-billing party shall provide it in an acceptable electronic format at least thirty days before its initial use.
7. If the rate ready method is used, a non-billing party is not required to provide information after it is initially submitted, except when a change is made.
8. When an ESCO issues a consolidated bill and the distribution utility transmits bill ready data, the distribution utility shall transmit to the ESCO at the appropriate time the applicable information listed in Attachment 2, Distribution Utility Content, items d – q, and the customer's name and service address.
9. When an ESCO issues consolidated bills on behalf of other ESCOs and distribution utilities and the other ESCOs provide information, the non-billing ESCOs shall provide bill ready information listed in Attachment 3, ESCO Content to the billing ESCO.
10. No party shall engage in cramming.
11. A non-billing party may display its bill messages up to 480 characters in length on the bill provided that the billing party raises no reasonable objection to the message. There is no limit in message length for the billing party. If the bill ready method is used, the non-billing party shall transmit the text of the messages or agreed upon message codes in the same EDI transaction as the billed charges. If the rate ready method is used, a non-billing party shall submit a common bill message on or before 15 calendar days before the date used. Unless a final print date is provided, the billing party shall continue to print the message on bills until the non-billing party transmits a different message or requests its discontinuance. In emergencies requiring printing of messages on bills, the billing party shall accommodate the needs of the non-billing party, if practicable.

12. The billing party shall, in a timely manner, print on bills or insert into bill envelopes information that a statute, regulation, or Public Service Commission order requires a distribution utility or ESCO to send to its customers. The billing party may not assess charges for inclusion of required inserts that do not exceed one-half ounce. A distribution utility may charge for any excess weight in accordance with its tariff. The party responsible for providing the information shall submit it to the billing party. If the information is provided in a bill insert, the responsible party shall deliver the inserts in preprinted bulk form in a proper size on or before 15 calendar days before the date requested for initiation of distribution to customers to a location designated by the billing party.
13. Due dates and other general payment terms and conditions shall be identical for distribution utility and ESCO charges, unless different terms and conditions would have no impact on them. In the event of a conflict, the distribution utility's payment terms and conditions shall govern.

H. Consolidated Billing: Bill Issuance

1. No late charge may be applied to customers' bills for distribution utility charges, if payment is received by the billing party within the grace period.
2. If the bill ready method is used, the non-billing party shall transmit its charges and other information to the billing party on or before two business days after receipt of valid usage data for a customer account. If the rate ready method is used, the non-billing party shall transmit any revisions in rate and/or price data to the billing party on or before four business days prior to the prescribed date.
3. If the bill ready method is used, a billing party that receives a non-billing party's transaction within the prescribed time and rejects the transaction for cause shall, within one business day after receipt of the transaction, send the non-billing party an EDI reject transaction and state the reason for the rejection. The non-billing party may, if time permits, submit a corrected file containing billing charges for inclusion in the current billing statement.
4. If a non-billing party's transaction is sent to the billing party outside the prescribed time frame, the billing party may reject the transaction and shall notify the non-billing party on or before two business days after its receipt that the charges were not billed. The non-billing party may resubmit its charges the following billing period in accordance with prescribed time limits and without late charges. If the bill ready method is used, the non-billing party may submit a separate bill to the customer and notify the billing party of the action. The parties may also agree that the billing party shall hold the non-billing party's charges for inclusion in the next bill.
5. If a non-billing party's transaction is accepted using the bill ready method, the billing party shall render a bill within two business days after receipt of the transaction. If a rate ready method is used, a billing party shall render a bill in accordance with the distribution utility's regular bill issuance schedule. A bill is rendered upon transfer to the custody of the U.S. Postal Service or other delivery service or, if authorized by a customer, sent electronically to a valid e-mail address or telefax number, displayed on a secure website, or presented directly to the customer or customer's representative.
6. If the billing party has not purchased a non-billing party's accounts receivable, is able to process the non-billing party's transaction, and is unable to render a bill within the prescribed

time, the billing party shall notify the non-billing party immediately. A billing party shall afford customers the same grace period to pay the bill.

7. If the rate ready method is used, the billing party shall provide to the non-billing party within two business days after bill issuance, a statement of the accounts billed, date of issuance and amount of the non-billing party's charges shown on the bill (past due, current, and late payment charges and taxes).

I. Consolidated Billing: Cancellations and Rebills

1. If non-billing party errors occur and are not corrected before the bill is issued, a billing party is not required to cancel bills or issue new bills. The non-billing party shall provide any necessary explanations to the customer and billing party and make any necessary adjustments on the next bill.
2. If billing party errors cause the non-billing party charges to miss the billing window, the billing party shall cancel and reissue the bills within two business days after notification, unless the billing party and non-billing party arrange an alternative bill correction process.¹ A billing party shall afford customers the same grace period to pay bills.
3. If no party errs, the parties may agree to cancel and rebill.
4. To cancel a bill, a billing party shall:
 - a. Cancel usage by billing period;
 - b. Send consumption in the cancel transaction that matches consumption sent in the original transaction;
 - c. Send cancelled usage at the same level of detail as the original usage;
 - d. Using the rate ready method, if a bill is to be cancelled and reissued, recalculate charges and issue revised bills to customers within two business days after receipt of the revised usage data;
 - e. Using the bill ready method, if a bill is to be cancelled and reissued, issue the revised bill to customers within two business days after receipt of the revised usage data.
5. To restate usage for a period, the distribution utility or MDSP shall first cancel usage for that period and then send the full set of restatement transactions.

J. Consolidated Billing: Payment Processing and Remittance

1. The parties shall set forth their responsibilities, performance parameters, financial arrangements and other details associated with payment processing and remittance in a BSA, subject to the requirements in this Section.
 - a. In the Pay-as-You-Get-Paid Method, the billing party sends payments to the non-billing party, within two business days of receipt and posting of the funds and processes the payments in accordance with the required priority for application of payments established in this Section.
 - b. A BSA shall establish procedures for processing payments made on any purchased accounts receivable.
2. Payment Processing

¹ Such errors do not include usage-related adjustments necessary when an actual meter reading becomes available to replace an estimated reading required, for example, because a customer denies access to a meter.

- a. The billing party shall notify the non-billing party that payment is received and send payments to the non-billing party, within two business days after receipt and posting, by use of Electronic Funds Transfer (EFT), Automated Clearing House (ACH), or similar means to banks or other entities as agreed upon by the parties. The notice shall include, in account detail, the payments received from customers, the date payments are posted, the date payments are transferred, and the amounts allocated to the non-billing party's charges.
 - b. The billing party may impose late payment charges on unpaid amounts not in dispute for the non-billing party provided the terms of the late payment charges are stated in a tariff or a sales agreement and previously disclosed to the customers. If the bill ready method is used, each party shall calculate its late payment charges. If the rate ready method is used, the billing party shall calculate the non-billing party's late payment charges under terms agreed upon by the parties. If a customer's check is returned for any reason, the billing party may charge the customer's account for the return fee and any reasonable administrative fee.
 - c. Upon failure of the billing party to pay the non-billing party its proper share of customer payments within two business days after their receipt and posting or at the time agreed upon when accounts receivable are purchased, the billing party shall pay interest on the unremitted amount. The billing party shall calculate the interest at the rate of 1.5 percent per month from the date the payment was due to be received by the non-billing party or its bank.¹ The payment of interest is in addition to, and not in lieu of, the rights and remedies otherwise available to the parties.
3. Collections

The billing party is not responsible for collection of non-billing party funds, unless agreed to in a BSA.
 4. Application of payments
 - a. The billing party² shall allocate customer payments to the following categories of charges on the bill or contained in a notice that are not in dispute in this order of priority of payment: (1) amounts owed to avoid termination, suspension or disconnection of commodity or delivery service; (2) amounts owed under a DPA, including installment payments and current charges; (3) arrears; and (4) current charges not associated with a DPA. The billing party shall pro-rate payments to the charges within each category in proportion to each party's charges in that category. After satisfaction of the charges in a category, assuming available funds, the remainder of the payment shall apply to the next highest category according to the priority of payments and in the same manner as described above until the payment is exhausted.
 - b. The billing party may retain any payment amounts in excess of the amounts due as prepayments for future charges or return the excess amounts to customers. The billing

¹ Upon request, the billing party shall provide the non-billing party with a verified copy of the posting log of payments received and transferred to the non-billing party during any calendar month specified by the non-billing party.

² Distribution utilities supplying delivery service for both natural gas and electricity to customers receiving consolidated bills shall apply the receipts to the separate services in accordance with their regular procedures. Where a consolidated bill displays delivery charges for separate gas and electric distribution utilities, the customer's payments shall be first prorated between the utility accounts in accordance with the amount each is due compared with the total amount due both distribution utilities.

party shall, in a timely manner, combine any excess payment amounts with the customer's payment on the next bill, and allocate and pro-rate the sum as set forth in Section 9.J.4.a.¹

- c. When the billing or non-billing party enters into a multi-month payment agreement with a customer or waives any charges, that party shall notify the other party of such action.
- d. The billing party shall hold payments received without account numbers or enough information for the billing party to identify the accounts and attempt to obtain information to identify the payer. If sufficient information is not obtained to identify the account information prior to the next bill, the billing party shall present the unpaid amount and late charge, if applicable, on the bill. If the customer contacts the billing party to inquire about the late charge and the lack of payment credit, the billing party shall resolve the matter and reverse the late charges. The billing party shall notify the non-billing party of the matter and its resolution and then allocate payments as necessary to balance the account.

5. Multiple Account Payment Processing

Processing of a single customer payment for multiple accounts requires proactive action on the part of the billing party and the non-billing party to apply payments correctly. The parties shall set forth arrangements for multiple account payment processing in a BSA.

6. Non-billing Party's Balance

- a. Except as provided in Section 9.J.6 d., when a final bill is issued, the billing party shall maintain a current and past due balance for each account of the non-billing party until payment of the last bill issued for service provided by the non-billing party or 23 days after issuance of such bill, whichever is sooner. After such time, the account shall be considered "inactive."
- b. Except as provided in Section 9.J.6 d., when a customer changes to a new ESCO, the billing party shall continue to receive and apply a customer's payments for the active account of the prior ESCO. If the customer does not pay the outstanding balance owed to the prior ESCO on or before 23 days after the final bill containing the prior ESCO's charges is issued, the billing party shall notify the ESCO and report the balance due.
- c. With regard to a new distribution utility/ESCO relationship following a change of ESCOs or a change in a distribution utility, the new billing party shall, upon request of the new non-billing party, bill for the balances that may exist at the time of the change. The new billing party may include the arrears on current bills or in a separate bill if its billing system is not capable of accepting prior charges. If a change of providers occurs, a distribution utility is not required to post any arrears of the prior ESCO on consolidated bills issued after the final billing of its charges, unless the arrears become the property of the new ESCO and it provides documentation of its property right to the distribution utility.
- d. Upon ESCO termination of the commodity supply of a residential customer due to failure to pay charges, the billing party shall maintain a current and past due balance for the account of the terminating ESCO for one year from the date of termination by the ESCO.

¹ Where the customer elects to make a charitable donation, such as funding a low income program, satisfaction of the donation shall be made prior to allocation and pro-ration of the customer's excess payment.

In the event that the terminating ESCO seeks suspension of delivery service within one year of the termination, or the residential customer has a DPA, the billing party shall maintain a current and past due balance for each account of the terminating ESCO until the arrears are paid in full.

7. Customer Disputes: Initiating a Bill Complaint

- a. A customer or authorized representative may initiate a customer complaint regarding some or all of the charges on the customer's bill at any time.
- b. When a complaint relates to the entire bill, to only the billing party's charges or services, or, using the rate ready method, to calculation of the billing or non-billing party's charges, the customer should contact the billing party. The billing party shall resolve the complaint and, if appropriate, place the customer's account in dispute. In the event the inquiry concerns only a non-billing party's bill, charges, services, or calculations, the billing party shall refer the customer to the non-billing party.

8. Customer Complaints: Notification

- a. Upon a determination that a complaint affects the entire bill, the billing party shall notify the non-billing party of the subject and amount in dispute, if known.
- b. The non-billing party shall inform the billing party of disputes related to non-billing party charges that would affect the billing process.
- c. Once such complaints are resolved and the billed amounts are no longer in dispute, the other party shall be notified.

K. Consolidated Billing: Call Centers

A billing party shall provide call centers with toll-free or local telephone access available 24 hours a day and an answering machine or voice mail service during the hours when call center staff is not available. A billing party shall maintain adequate staff to respond to customers' inquiries or refer inquiries to the non-billing party, where appropriate, within two business days.

L. Dual Billing

1. The distribution utility and ESCO, acting as separate billing parties, shall render separate bills directly to the customer or the customer's representative. The customer or its representative shall pay the distribution utility and the ESCO separately.
2. The distribution utility's bill shall conform to the standards set by the Public Service Commission.
3. The distribution utility or MDSP shall transmit usage data to the ESCO at the time the information is available for rendering bills to customers, which may or may not coincide with meter reading cycle dates.
4. The ESCO may decide upon its bill format provided that it states its charges in sufficient detail to allow customers to judge the accuracy of their bills. At a minimum, an ESCO shall provide the following information:
 - a. Customer's name and billing address and, if different, service address;
 - b. Customer's account number or ID;
 - c. Period or date associated with each product or service billed;
 - d. Name of the entity rendering the bill;
 - e. Address to which payments should be sent or the location where payments may be made;

- f. Local or toll free number for billing inquiries; if an ESCO enrolls and communicates with customers electronically, an e-mail address and telephone number with area code;
 - g. Due date for payment and a statement that late payment charges shall apply to payments received after the due date; and
 - h. Amount and date of payments received since the last bill.
- 5. Whenever a distribution utility or MDSP cancels consumption for an account, it shall provide a notice of cancellation and restated billing parameters for the account to an ESCO and a distribution utility, if applicable, and shall:
 - a. Cancel usage by billing period;
 - b. Send consumption in the cancel transaction that matches consumption sent in the original transaction;
 - c. Send cancelled usage at the same level of detail as the original usage; and,
 - d. To restate usage for a period, cancel usage for that period and send the full set of billing parameter restatements.

Attachment 1**General Information**

- A. Customer name
- B. Service address
- C. Billing address, if different than service address
- D. Billing party account number, if any
- E. Start of billing cycle period (prior meter reading date for metered customers)
- F. Starting period meter reading (for metered customers)
- G. End of billing cycle period (current meter reading date for metered customers)
- H. Ending period meter reading (for metered customers)
- I. Billing period metered usage, any multiplier necessary to convert usage to billing units and resulting billing units (for metered customers)
- J. Billing period demand, if applicable
- K. Indicators, if usage is estimated, actual or customer provided
- L. Total current charges (total of billing and non-billing party charges, including late charges and taxes)
- M. Total prior billed charges (total of billing and non-billing party prior bill charges, including prior late charges and taxes)
- N. Total credits since last bill (total of billing and non-billing party credits);
- O. Date through which the credits are applied
- P. Total current bill (total of billing and non-billing party charges plus prior bill charges less credits)
- Q. Billing party name (and billing party logo, if billing party wishes it shown)
- R. Billing party address
- S. Billing party toll-free or local telephone number, and for a billing party that enrolls and communicates electronically with customers, an e-mail address and telephone number with area code, in lieu of a toll-free or local telephone number
- T. Distribution utility toll free-or local telephone number and emergency telephone number
- U. Method and location for payments
- V. Date of bill
- W. Payment due date
- X. Billing party messages of any length that apply in general to the bill and services provided by billing and non-billing parties, that are not reasonably objectionable to the parties

Attachment 2**Distribution Utility Content**

- A. Distribution utility name, and logo, if the parties agree
- B. Distribution utility address, if the distribution utility is not the billing party
- C. Distribution utility toll-free or local telephone number for inquiries about the distribution utility portion of the bill, if the distribution utility is not the billing party, and distribution utility emergency number
- D. Distribution utility customer account number, if the distribution utility is not the billing party
- E. Distribution utility rate classification identifier
- F. Distribution utility rates per billing unit, if applicable
- G. Distribution utility rates not based on billing units, if applicable, and unbundled, if applicable
- H. Distribution utility charge adjustments and adders, separately stated
- I. Taxes on distribution utility charges, if separately stated
- J. Billing period total distribution utility charges
- K. Prior billing period total distribution utility charges, including any prior late charges
- L. Credits on prior distribution utility charges
- M. Net prior distribution utility balance remaining, unless included in total prior billed charges stated in the General Information Section
- N. Late charge for unpaid prior distribution utility balance, unless included in total prior billed charges stated in the General Information Section
- O. Total amount due for distribution utility services
- P. If a budget bill, applicable billing information and resulting budget bill amount due for distribution utility services
- Q. The distribution utility's bill message, if any, up to 480 characters, if the distribution utility is not the billing party

Attachment 3**ESCO Content**

- A. ESCO name and logo, if parties agree
- B. ESCO address, if the ESCO is not the billing party
- C. ESCO toll-free or local telephone number for billing inquiries if the ESCO is not the billing party; ESCOs that enroll and communicate electronically with customer may provide an e-mail address and telephone number with area code in lieu of a toll-free or local telephone number; if a rate ready method is used, the billing party shall include a notice directing ESCO customers to call the billing party first to clarify bill calculations
- D. ESCO account number, if the ESCO is not the billing party and has a unique account number
- E. ESCO rate classification, if applicable
- F. ESCO rate per billing unit, if applicable
- G. ESCO rate not based on distribution utility unit, if applicable
- H. ESCO charge adjustments and adders, if any, separately stated
- I. Taxes on ESCO charges, if required to be separately stated
- J. Billing period total ESCO charges
- K. Prior billing period total ESCO charges, including any prior late charges, unless included in total prior billed charges stated in the General Information Section
- L. Credits on prior ESCO charges
- M. Net prior ESCO balance remaining
- N. Total amount due for ESCO services
- O. If a budget bill, applicable billing information and resulting budget bill amount due
- P. The ESCO's bill message, if any, up to 480 characters, if the ESCO is the non-billing party.

SECTION 10: MARKETING STANDARDS**A. Applicability**

This Section describes the standards that ESCOs and ESCO marketing representatives must follow when marketing to customers in New York.

B. Training of Marketing Representatives

1. ESCOs shall ensure that the training of their marketing representatives includes:
 - a. Knowledge of this Section and awareness of the other Sections of the New York Uniform Business Practices;
 - b. Knowledge of the ESCO's products and services;
 - c. Knowledge of ESCO rates, payment options and the customers' right to cancel, including the applicability of an early termination fee;
 - d. Knowledge of the applicable provisions of the Home Energy Fair Practices Act that pertains to residential customers; and,
 - e. The ability to provide the customer with a toll-free number from which the customer may obtain information about the ESCO's mechanisms for handling billing questions, disputes, and complaints.

C. Contact with Customers**1. In-Person Contact with Customers¹**

ESCO marketing representatives who contact customers in person at a location other than the ESCO's place of business for the purpose of selling any product or service offered by the ESCO shall, before making any other statements or representations to the customer:

- a. Introduce him or herself with an opening statement that identifies the ESCO which he or she represents as an Energy Services Company, identifies him or herself as a representative of that specific ESCO; explains that he or she does not represent the distribution utility; and, explains the purpose of the solicitation.
- b. Produce identification, to be visible at all times thereafter, which:
 1. Prominently displays in reasonable size type face the full name of the marketing representative;
 2. Displays a photograph of the marketing representative and depicts the legitimate trade name and logo of the ESCO they are representing;
 3. Provides the ESCO telephone number for inquires, verification and complaints.
- c. During the sales presentation, the marketing representative must also state that if customer purchases natural gas and/or electricity from the ESCO, that the customer's utility will continue to deliver their energy and will respond to any leaks or emergencies. This requirement may be fulfilled either (a) by an oral statement by the ESCO marketing representative, or (b) written material left by the ESCO marketing representative. Further, ESCOs that are affiliates of distribution utilities should not describe or disclose their relationship to the distribution utility unless such information is specifically requested by the customer.

¹ Including but not limited to marketing encompassed in the definition of door to door sales.

- d. An ESCO marketing representative must provide each prospective residential customer a business card or similar tangible object with the ESCO marketing representative's name; ESCO's name, address, and phone number; date and time of visit and website information for inquiries, verification and complaints.
 - e. An ESCO marketing representative must provide each prospective residential customer or customer that is marketed to via door to door marketing, with a copy of the ESCO Consumers Bill of Rights, before the ESCO marketing representative makes his or her sales presentation.
 - f. An ESCO marketing representative must provide the customer with written information regarding ESCO products and services immediately upon request which must include the ESCO's name and telephone number for inquiries, verification and complaints. Any written materials, including contracts, sales agreements, marketing materials and the ESCO Consumers Bill of Rights, must be provided to the customer in the same language utilized to solicit the customer.
 - g. Where it is apparent that the customer's English language skills are insufficient to allow the customer to understand and respond to the information conveyed by the ESCO marketing representative or where the customer or another third party informs the ESCO marketing representative of this circumstance, the ESCO marketing representative shall either find a representative in the area who is fluent in the customer's language to continue the marketing activity in his/her stead or terminate the in-person contact with the customer. The use of translation services and language identification cards is permitted.
 - h. An ESCO marketing representative must leave the premises of a customer when requested to do so by the customer or the owner/occupant of the premises.
 - i. As stated in Section 5.B.2, before the ESCO may enroll a customer with whom the ESCO's contact originated through or included a door-to-door marketing component, the customer's agreement must be confirmed through independent third party verification in conformance with Section 5, Attachment 1, after the marketing representative has left the customer's premises.
 - j. All ESCOs who have ESCO marketing representatives conducting door-to-door marketing must maintain a daily record, by zip code, of the territories in which the ESCO's marketing representatives have conducted door-to-door marketing. The information should be in a form that can be reported to Staff upon request, and should be retained by the ESCO for a minimum of six months.
2. Telephone Contact with Customers
- ESCO marketing representatives who contact customers by telephone for the purpose of selling any product or service offered by the ESCO shall:
- a. Provide the ESCO marketing representative's first name and, on request, the identification number;
 - b. State the name of the ESCO on whose behalf the call is being made;
 - c. Never represent that the ESCO marketing representative is an employee or representative or acting on behalf of a distribution utility. In addition, the ESCO marketing representative must clearly indicate that taking service from an ESCO will not affect the

- customer's distribution service and such service will continue to be provided by the customer's distribution utility;
- d. State the purpose of the telephone call;
 - e. Where it is apparent that the customer's English language skills are insufficient to allow the customer to understand and respond to the information conveyed by the ESCO representative or where the customer or another third party informs the ESCO marketing representative of this circumstance, the ESCO marketing representative will immediately transfer the customer to a representative who speaks the customer's language, if such a representative is available, or terminate the call; and,
 - f. Remove Customers' names from the marketing database upon Customers' request.
 - g. When marketing to residential customers the ESCO marketing representative must also:
 1. Explain that he or she does not represent the distribution utility;
 2. Explain the purpose of the solicitation;
 3. Notify each prospective customer of the ESCO Consumer Bill of Rights, where they can find it, and also provide a copy of the ESCO Consumer Bill of Rights with any written material sent to the customer including the sales agreement ; and,
 4. Provide any written materials, including contracts, sales agreements, marketing materials and the ESCO Consumers Bill of Rights, must be provided to the customer in the same language utilized to solicit the customer.
 - h. As stated in Section 5.B.2, before the ESCO may enroll a customer with whom the ESCO's contact originated through or included a telephonic component, the customer's agreement must be confirmed through independent third party verification in accordance with Section 5, Attachment 1.
3. Electronic Enrollments
- a. When marketing to residential customers the ESCO Consumer Bill of Rights should be provided to prospective customers as a non-avoidable screen which a customer must affirmatively acknowledge to verify they have seen the document, prior to effecting an enrollment.
4. Conduct
- ESCOs shall:
- a. Not engage in misleading or deceptive conduct as defined by State or federal law, or by Commission rule, regulation or Order;
 - b. Not make false or misleading representations including misrepresenting rates or savings offered by the ESCO;
 - c. Provide the customer with written information, upon request, or with a website address at which information can be obtained, if the customer requests such information via the internet;
 - d. Use reasonable efforts to provide accurate and timely information about services and products. Such information will include information about rates, contract terms, early termination fees and right of cancellation consistent with Section 2 of the UBP and any other relevant Section;

- e. Ensure that any product or service offerings that are made by an ESCO contain information written in plain language that is designed to be understood by the customer. This shall include providing any written information to the customer in a language in which the ESCO representative has substantive discussions with the customer or in which a contract is negotiated;
 - f. Investigate customer inquiries and complaints concerning marketing practices within five days of receipt of the complaint; and,
 - g. Cooperate with the Department and PSC regarding marketing practices proscribed by the UBP and with local law enforcement in investigations concerning deceptive marketing practices.
5. Dispute Resolution
- ESCOs will maintain an internal process for handling customer complaints and resolving disputes arising from marketing activities and shall respond promptly to complaints forwarded by the Department.