

**NATIONAL FUEL GAS DISTRIBUTION CORPORATION
PENNSYLVANIA DIVISION
GAS EMERGENCY PLAN**

National Fuel Gas Distribution Corporation ("Company" or "Distribution") is filing the following Natural Gas Emergency Plan ("Plan") with the Pennsylvania Public Utilities Commission ("Commission"), in accordance with the requirements set forth at 52 Pa. Code § 59.71-59.75, reflecting the Company's unique operational characteristics and design criteria. The Plan contains simplified and understandable rules and regulations so that all of the Company's customers and all natural gas suppliers licensed to provide services to their customers can have a responsive action plan in place to protect themselves and their property in the event of a crisis. The Company's Natural Gas Emergency Plan can also be located at the Company's website www.nationalfuelgas.com under utility services. The Company shall file revisions to the Plan when and as appropriate, or as directed by the Commission.

As part of the emergency planning process the Company shall attempt to make every reasonable effort to make contractual or informal arrangements with our transportation customers, sales customers and others to obtain supplies or, as an alternative, to implement usage reductions so that resorting to firm service reductions under § 59.73 Emergency Action can be avoided, or the severity of the supply or capacity disruption can be mitigated. The purpose of these arrangements is to provide a means to minimize the potential of supply shortfalls that threaten public health and safety, and not to make up for inadequate performance by individual parties.

The Company's natural gas emergency plan includes provisions addressing:

(1a) Load Management Actions:

- a) If not already in effect, declare overrun service to be unavailable for all transportation service customers without contractual standby service.
- b) Interrupt all Load Balancing Service retail sales volumes in excess of established customer Billing Demand Units.
- c) Interrupt customer loads categorized as interruptible, whether contractual or by character of service.

(1b) Operational Flow Orders:

- a) 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 short-term curtailment, an OFO shall be issued. 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. Non-compliance with OFOs, in addition to penalties, could lead the system into a curtailment situation. A primary

purpose of an OFO is to keep or restore the system or an affected part of the system into operational balance. Upon request of a Direct Customer or a Natural Gas Supplier (NGS), Distribution shall consider, if time permits, adjustments to deliveries or consumption outside of Daily Demand Quantity (DDQ) levels/tolerances if, in Distribution's sole discretion, such adjustments benefit system operations and are confirmable by Distribution.

b) Distribution will attempt to provide 24 hours notice of an OFO unless circumstances exist which require an immediate response. The OFO notice 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.

(2) Voluntary usage reductions:

To the extent possible Distribution will appeal to all gas customers to voluntarily reduce gas usage. The Company has a communications plan containing a series of pre-drafted news releases and a list of media contacts, phone numbers, fax numbers, and e-mail addresses. During a natural gas event information will be developed and disseminated through Distribution's Corporate Communications department. The Company will coordinate with the necessary officials and/or agencies to keep the public apprised of the status and duration of any natural gas event.

The company will attempt to reach larger commercial and industrial customers by issuing news bulletins, through any means necessary, requesting that nonessential natural gas usage be reduced.

Appeals will also be made to residential and smaller commercial customers, including requests that they turn their thermostats back by (number) degrees and maintain that temperature until further notice. In addition other small, non-residential customers who use natural gas for purposes other than space heating would be encouraged to reduce their natural gas consumption by a minimum of (number) %.

The company has established a toll free emergency hotline at (number). Customers may call this number to hear more information on the status of this emergency and updates will be offered frequently as National Fuel continues to monitor conditions and the status of natural gas deliveries on its system. Customers may also refer to the company's web site at www.nationalfuelgas.com, under the "Utility Services" section of the web site and click on "Gas Emergency Plan" for up to date information.

(3) Mandatory usage reductions:

(a) An emergency exists whenever the aggregate demand of firm service customers on the Company's system or confined segment of the system exceeds or threatens to exceed the gas supply or capacity that is actually and lawfully available to the Company to meet

the demands, and the actual or threatened excess creates an immediate threat to the Company's operating integrity with respect to Priority 1 customers as defined in subsection (i).

(b) If, in the sole judgement of the Company, there is sufficient time, the Company shall use reasonable business and operational efforts to: interrupt all interruptible services, issue operations flow orders, and call for voluntary usage reductions by all customers before taking action under subsection (c). The Company shall take these three actions sequentially to the extent feasible.

(c) In the event of an emergency as described in subsection (a), the Company may require each commercial and industrial retail and transportation customer that is not a Priority 1 customer under subsection (i) to reduce its consumption of gas.

(1) The reduction required shall be determined by the Company without regard to priorities of use, as necessary to minimize the potential threat to public health and safety.

(2) The minimum authorized usage may not be lower than the minimum usage of firm service for plant protection use, provided the customer takes retail service, or if a transportation service customer delivers or causes to be delivered at the city gate the Daily Deliver Quantity (DDQ) for each day of the month, within the appropriate tolerance bands.

(3) When all other service has been curtailed except for Priority 1 service and the Company continues to be unable to meet Priority 1 requirements, the Company shall utilize measures designed to minimize harm to customers if curtailments to plant protection use are found to be necessary.

(4) Consistent with the Company's responsibility to maintain system integrity at all times, the Company shall restore service as soon as practicable to any gas-fired electric generation facility that is deemed critical to electric system reliability by the electrical system's control area operator, provided the customer takes retail service, or if a transportation service customer delivers or causes to be delivered at the city gate the Daily Deliver Quantity (DDQ) for each day of the month, within the appropriate tolerance bands.

(d) Mandatory reduction under subsection (c) shall be for a period specified by the Company until further notice. The Company may change a customer's authorized usage, upon notice, at any time during an emergency.

(e) Mandatory reductions under subsection (c) shall be for a maximum duration of 5 business days unless extended by Commission order. As an alternative to extending mandatory reductions under subsection (c), the Commission may order the Company to initiate priority-based curtailments under subsection (f).

(f) In determining whether to order the Company to initiate priority-based curtailments, the Commission will examine whether the Company did the following:

- (1) Interrupted all interruptible services.
- (2) Issued operation flow orders.
- (3) Called for voluntary usage reduction by all customers.

(g) Upon issuance of a Commission order to initiate priority-based curtailments, the Company shall provide all affected customers the maximum notice possible, via telephone, fax or electronic data interchange, specifying the curtailment percentage of the customer's firm gas service and resulting allowances as may be the case.

(h) Upon issuance of a Commission order to initiate priority-based curtailments, the available gas supplies to the Company shall be prorated, if practicable, among its customers according to the following priorities of use:

- (1) Customers in a higher priority category shall not be curtailed until all customers falling into a lower priority category have been restricted to plant protection use levels, unless operational circumstances or physical limitations warrant a different result.
- (2) Where only a partial restriction of a classification is required, implementation shall be prorata, to the extent practical under the circumstances as set forth in the Company's curtailment plan.

(i) Following are the priority categories, listed in descending order, pertaining to the curtailment of firm services:

- (1) Priority 1. Service for essential human needs use.
- (2) Priority 2. Firm services not included in essential human needs use.
 - (2.1) Plant protection gas
 - (2.2) All other consumption not contained in (2.1) above and Priority 1. Service for essential human needs use (excluding plant protection gas).
 - (2.3) Intermediate Volume Industrial Service (IVIS) / Commercial / Public Authority consuming > 12,000 Mcf per year (excluding plant protection gas).
 - (2.4) Large Volume Industrial Service (LVIS), all industrial accounts consuming greater than 50,000 Mcf per year (excluding plant protection gas).

(2.5) Large Industrial Service (LIS), all industrial accounts consuming greater than 200,000 Mcf per year (excluding plant protection gas).

(j) The Company may discontinue service, for the duration of an emergency, to a customer that continues to take gas in violation of § 59.73

(k) Definitions:

The following words and terms have the following meanings unless the text clearly indicates otherwise:

(1) Alternate fuel - Any fuel other than natural gas.

(2) Alternate fuel capability - The installed and operable ability to use any fuel other than natural gas on a time sensitive basis.

(3) Commercial use - Gas usage by customers engaged primarily in the sale of goods and services including consumption by office buildings, institutions and government agencies.

(4) Essential human needs - Gas usage in any building where persons normally dwell including residences, apartment houses, dormitories, hotels, hospitals and nursing homes.

(5) Firm service - Natural gas service offered to consumers under tariffs or contracts that anticipate no interruption.

(6) Industrial use - Gas usage by customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.

(7) Interruptible service - Natural gas services that can be temporarily discontinued under term and conditions specified by tariff or contract.

(8) Plant protection use - Minimum usage of natural gas required to prevent physical harm to an industrial or commercial consumer's facility, or danger to personnel at the facility, when the protection cannot be afforded through the use of an alternate fuel. Plant protection use includes usage necessary for the protection of the material in process as would otherwise be destroyed, but does not include deliveries required to maintain production.

(9) Residential use - Gas usage in a residential dwelling or unit for space heating, air conditioning, cooking, water heating or other domestic purpose.

(4) Issuance of periodic reports to the media concerning the existing natural gas emergency:

The Company has a communications plan containing a series of pre-drafted news releases and a list of media contacts, phone numbers, fax numbers, and e-mail addresses. During

a natural gas emergency information will be developed and disseminated through Distribution's Corporate Communications department. The Company will coordinate with public officials, regulatory agencies, media, and civil defense in keeping the public advised of the status and duration of a service interruption.

Further, the company has established a toll free emergency hotline at (number). Customers may call this number to hear more information on the status of an emergency and updates will be offered frequently as National Fuel continues to monitor conditions and the status of natural gas deliveries on its system. Customers may also refer to the company's web site at www.nationalfuelgas.com, under the "Utility Services" section of the web site and click on "Gas Emergency Plan" for up to date information.

(5) Notice to affected customers and natural gas suppliers of the expected initiation of emergency actions under § 59.73:

After the Company determines the appropriate emergency action, the Company shall issue notices to affected customers and their natural gas suppliers (NGSs) as soon as reasonably possible.

- a) Energy Services/Consumer Business notifies large customers via phone, fax and/or e-mail, with a follow-up letter.
- b) Corporate Communications notifies customers through various media outlets.
- c) Transportation Services notifies NGSs via NFG web-site and e-mail lists; reminding them of their obligation to deliver or cause to be delivered at the city gate the Daily Delivered Quantity (DDQ) for each day of the month, for each of their transportation service customers, within the appropriate tolerance bands.
- d) Government Affairs contacts local officials.
- e) Rates & Regulatory Affairs contacts the Commission

(6) Customer and NGS delivery requirements that apply during the term of emergency action under § 59.73, regardless of customer-specific usage reductions that arise or may arise from end-use curtailments:

- a) Transportation Service may be interrupted or curtailed whenever the Company invokes emergency action provisions as set forth in this Gas Emergency Plan.
- b) Transportation Service Customers must deliver or cause to be delivered at the city gate the Daily Delivery Quantity (DDQ) for each day of the month, within the appropriate tolerance bands.
- c) In the event of interruption or curtailment of Transportation Service and during such period of interruption or curtailment, the Transportation Service Customer must sell to

the Company all or a portion of the Customer's supply of gas at the higher of: the city gate cost of the appropriated natural gas, including transportation charges up to the Company's city gate, or the reasonable cost actually paid by the customer for delivered substitute energy, as documented to the Company.

(7) A procedure for focusing emergency measures to confined geographic or operational portions, segments or zones of the Distribution system where a natural gas emergency exists:

After the Company has defined the geographic or operational segment(s) or zone(s) of the system where a natural gas emergency exists, and an assessment has been made of the natural gas emergency, then that particular event will be coordinated between the company's gas supply, transportation and operations areas (Emergency Response Team).

The Emergency Response Team, based on the Company's definition of the geographic or operational segment(s) or zone(s) of the system where a natural gas emergency exists, and an assessment has been made of the natural gas emergency, will implement the necessary actions required to restore the system to normal operations.

(8) Procedures for establishing communications with the electric system control area operators, when the Company provides gas service to electric generation stations:

a) Electrical system control area operator(s) shall be notified via telephone, fax and/or EDI upon curtailment of gas service to a gas-fired electric generation facility without alternate fuel capability.

b) If a curtailed gas-fired electric generator is deemed critical to electric system reliability by the electric system control operator and does not have alternate fuel capability, gas service shall be restored as soon as practicable provided that gas system integrity can be maintained. Also provided the customer takes retail service, or if a transportation service customer delivers or causes to be delivered at the city gate the Daily Deliver Quantity (DDQ) for each day of the month, within the appropriate tolerance bands.