

**SERVICE AGREEMENT FOR
SMALL AGGREGATION TRANSPORTATION SUPPLIER SERVICE**

AGREEMENT made as of the ____ day of _____, 19____, (“SATS Service Agreement”) by and between _____, a _____ corporation having offices at _____ (“SATS Supplier”) and National Fuel Gas Distribution Corporation, a New York corporation, with offices at 10 Lafayette Square, Buffalo, New York, 14203 (“Company”).

WHEREAS, effective April 1, 1999, the Company offers a program in which it provides gas transportation service to residential and small commercial customers of the Company, and offers gas aggregation service to suppliers;

WHEREAS, under the program, the Company’s Pennsylvania customers will have the opportunity to secure their gas supplies from the participating suppliers that have been qualified to participate in the program and the customers will then continue to use the Company to transport their gas supplies;

WHEREAS, the SATS Supplier in the program shall be assuming responsibilities which have heretofore been obligations of the Company;

WHEREAS, the SATS Supplier desires to participate in the program under Rate Schedule SATS and the Company and the SATS Supplier both desire to ensure that the Company’s SATC Customers continue to receive adequate and reliable service both in terms of gas supplies as well as transportation;

WHEREAS, SATS Supplier wishes to do all things necessary to effectuate services under Company's Program as set forth under Rate Schedule SATS;

WHEREAS, Company is willing to provide such services to SATS Supplier as are necessary and sufficient to effectuate the Program under the Rate Schedules SATS and SATC in accordance with all applicable laws, rules, regulations, permits, orders and authorizations.

NOW THEREFORE in consideration of the mutual promises and covenants contained in this SATS Service Agreement, the SATS Supplier and the Company agree to the following terms and conditions:

I.

DEFINITIONS

Words and phrases in this Agreement not defined below shall have the same meaning as utilized in the Company's tariff for gas service under Rate Schedule SATS.

Billing Cycle	The regularly occurring period, of approximately 30 days, in which a customer's consumption is measured and the customer is billed for gas service. A Billing Cycle need not coincide with a calendar month.
Commission	The Pennsylvania Public Utility Commission.
Control Date	Customer meter read (estimated or actual) date used to determine end and start of the billing cycle for the customer.
Customer List	List of customers eligible to receive service provided by SATS Suppliers under Rate Schedule SATS.
SATS	Small Aggregation Transportation Supplier Service under Rate Schedule SATS.
SATC	Small Aggregation Transportation Customer Service under Rate Schedule SATC.
SATC Customer	Transportation service customer under Rate Schedule SATC who has selected an SATS Supplier.
SATC Group	The Supplier's group of SATC Customers.
SATS Supplier	Third-party Supplier and Signatory to this SATS Service Agreement who has met the necessary criteria for participation under Rate Schedule SATS.
Program	System-Wide Customer Choice program under Rate Schedules SATS and SATC by which retail customers may purchase gas supply from either the Company or a SATS Supplier.
Third-party Supplier	A non-utility supplier of natural gas commodity service to retail end users.

II.

TERM

The initial term of this SATS Service Agreement shall be for a period ending March 31, 2000 and renewable annually for successive terms ending each March 31 thereafter unless canceled by default of any terms or conditions hereof, or by the Company or the SATS Supplier on sixty (60) days written notice prior to the end of a term, or otherwise by mutual agreement.

III.

DESIGNATION AS SATS SUPPLIER

Company shall accept each SATC Customer's designation and appointment of an SATS Supplier, and identification of an SATC Group, upon the terms and conditions contained in Rate Schedules SATS and SATC and this SATS Service Agreement.

IV.

SATS SUPPLIER REQUIREMENTS

A. General

As a condition of qualifying for service under Rate Schedule SATS, SATS Supplier shall satisfy the criteria set forth in the Rate Schedule SATS. With regard to financial fitness requirements, SATS Supplier acknowledges that its creditworthiness may be periodically reviewed during service hereunder, and any security requirement may be modified as determined by the Company to accommodate changes in the SATS Supplier's financial standing or the Aggregated Daily Delivery Quantity ("ADDQ") for SATS Supplier's SATC Group, as such ADDQ is defined in the Rate Schedule SATS. SATS Supplier further agrees to comply with operational fitness standards set forth in Rate Schedule SATS, and shall meet such additional standards as required by the Commission.

B. Creditworthiness

The SATS Supplier shall, upon request, provide the Company, on a confidential basis, with balance sheet and other financial statements, and with appropriate trade and banking references. The Company shall perform a credit analysis and determine an appropriate security requirement according to the criteria set forth in the tariff. SATS Supplier agrees that, in the event it defaults on its obligations under this SATS Service Agreement, Company shall have the right to use cash deposits or the proceeds from any bond, irrevocable letter of credit, or other financial instrument or guarantee to satisfy SATS Supplier's obligations under this SATS Service Agreement. These proceeds may be used to secure additional gas supplies including payment of the costs of the gas

supplies themselves, the costs of transportation, storage, gathering and other related costs incurred in bringing those gas supplies into the Company's system. The proceeds from such instruments shall also be used to satisfy any outstanding claims that the Company may have against SATS Supplier, including imbalance charges, cash-out charges, pipeline penalty charges, and other amounts owed to the Company, and arising from, SATS Supplier's participation in the Program.

C. Termination of Participation.

In the event SATS Supplier elects, or is forced, to terminate its participation in the Program in accordance with the provisions of this SATS Service Agreement, it shall continue its obligation to maintain its financial security instrument until it has satisfied all of its outstanding claims of the Company.

D. Standards of Conduct.

In addition to the above financial requirements, the Company may impose reasonable standards of conduct for SATS Supplier, as a prerequisite for their participation in the Program. SATS Supplier acknowledges that in its capacity as a SATS Supplier in this program, it has a continuing responsibility to conduct its business in a legal and ethical manner. If, as a result of SATC Customers' complaints, and/or from its own investigation, the Company and/or the Commission determines that SATS Supplier is not operating under this SATS Service Agreement in an ethical and/or legal manner, then the Company shall have the unilateral right to cancel this SATS Service Agreement and deny SATS Supplier's further participation in this program.

E. SATS Supplier List.

Company will maintain a list of SATS Suppliers who have met the program's financial and performance requirements. This list will be made available to customers upon request.

V.

SERVICE PROVIDED UNDER THIS AGREEMENT

A. Identification of SATC Customers

SATC Customers shall be identified by the SATS Supplier on a list electronically communicated to the Company showing the name and nine digit account number of each SATC Customer for which SATS Supplier has obtained written consent to supply that customer under the Program. During the Enrollment Period for the Program, as such is defined in the Rate Schedule SATS, such list shall be provided weekly. Each SATC Customer's enrollment in SATS Supplier's SATC Group shall be subject to confirmation by the Company. If customer indicates it did not enroll, customer will not be enrolled. Thereafter, SATS Supplier will notify the Company of any SATC

Customer that is deleted from SATS Supplier's SATC Group pursuant to the SATS Rate Schedule by providing the Company with a list showing such deletion(s) from the SATC Group no later than ten (10) business days prior to the SATC Customer's Control Date. Failure to provide the Company with such notification will be construed as SATS Supplier's assent that the SATC Group has not changed.

B. Transportation General Terms and Conditions

SATS Supplier is bound by the general terms and conditions applicable to transportation customers, as appended to the SATS Service Agreement at Appendix A and made a part hereof.

C. Deliveries of SATS Supplier Gas Suppliers

SATS Supplier will deliver natural gas to the Company's City Gate for transportation to SATC Customers included in SATS Supplier's SATC Group. Except for capacity retained by the Company, the SATS Supplier will be required to provide sufficient transportation and storage capacity to meet the estimated extreme day requirements of their SATC Group. The requirements are set out in the Special Provisions, Section C, 1-4 of Rate Schedule SATS. The specific segments of capacity and the specific pipeline transfer points SATS Supplier shall use to meet the requirements of Rate Schedule SATS Sections C2, C3 and/or C4 for any month shall be identified on Appendix B, and made a part hereof.

D. Information Provided

SATS Supplier warrants that all information provided to the Company for the purpose of qualifying for service under the Rate Schedule SATS is true, timely and accurate.

E. Obligation To Deliver

SATS Supplier acknowledges that its obligation to deliver natural gas for its SATC Customers will not be abated under any circumstances, including a breach of the obligations by any SATC Customer to the SATS Supplier, except for events of Force Majeure as specified in the Rate Schedule SATS or actions by the Company that prevent performance by SATS Supplier.

F. Marketing Practices

1. SATS Supplier shall not telemarket to customers between the hours of 9:00 p.m. and 8:00 a.m.; and;
2. SATS Supplier shall make no further contact with customers who have stated to the SATS Supplier that they wish not to be contacted.

G. Fuel Retention

In addition to any retainage required for deliveries of supplies into any interstate pipeline, as provided by that pipeline's tariff from time-to-time, SATS Supplier acknowledges that Company shall retain a percentage of the total volumes received by Company for the account of SATS Supplier for loss allowance, as provided under Rate Schedule SATS. Any SATS Supplier deliveries into interstate pipeline capacity retained by the Company shall also require the appropriate retainage as provided by that pipeline's tariff from time-to-time.

H. Rate Schedule SATS

All other terms and conditions under the Rate Schedule SATS, and the Program approved by the Commission, and Company's tariff apply as if fully stated herein.

VI.

COMPANY'S DUTIES AND OBLIGATIONS

A. The Company shall accept SATS Supplier's SATC Group, subject to check at any time by the Company, and shall provide all services required by its tariff to effectuate service to such group under Rate Schedule SATS.

B. The Company intends to have the capability to bill on a daily basis. However, until further notice, the Company shall bill the SATS Supplier on a monthly basis for services rendered or to be rendered. When daily billing is practicable and where the Company determines appropriate, upon notice, shall bill the SATS Supplier on a daily basis for services rendered or to be rendered.

VII.

RATES AND CHARGES

A. SATS Rates

Rates and charges for SATS Service shall be billed to SATS Supplier pursuant to Rate Schedule SATS and the General Terms and Conditions Relating to Transportation Service. Rates and charges for SATC Service shall be billed by the Company directly to SATC Customers.

B. Billing Service

1. **Unless SATS Supplier elects the Utility Single-Bill Method described in 2 below,** SATC Customers shall be billed by the Company for services provided under Rate Schedule SATC. SATS Supplier shall be responsible for billing its SATC Customers for

SATS Supplier's services, subject to the consumer protection requirements contained in the Rate Schedule SATS and the Commission's regulations and policies.

2. By checking and signing below the SATS Supplier elects that the Company will bill the SATC Customer for gas supplies sold by the SATS Supplier to SATC Customers, subject to the terms stated herein. Supplier hereby elects the Company Billing Service and agrees to purchase Company's billing service as provided pursuant to this ARTICLE VII, Section B.

CHECK HERE IF BILLING SERVICE IS SELECTED

SATS Supplier Signature

a. SATS Supplier elects to have the Company bill its SATS Customers for its gas supplies. SATS Supplier understands that the Company shall provide billing services pursuant to the requirements of its Transportation Tariffs.

b. The rate to be charged by the Company to the SATS Supplier for such billing service shall be \$.20 for each bill rendered to an SATC Customer. For any additional services provided to the SATS Supplier, such as providing bill inserts, an additional charge shall be negotiated and described and separately as an amendment to this SATS Service Agreement.

c. The Company shall provide the SATS Supplier with meter reading information and other reports in the Company's standard electronic format on a basis corresponding to the SATC Customers' Billing Cycles. The SATS Supplier shall provide the Company with all required SATS Supplier billing and rate information necessary for Customer billing as determined by the Company. The SATS Supplier shall provide such billing information in the Company's required format. The SATS Supplier shall provide the Company with said SATS Supplier billing information no later than three (3) business days before the last day of the month.

d. The SATS Supplier agrees all payments received by the Company first be applied to amounts due the Company, including installment payments of amounts due the Company under an existing payment plan. The SATS Supplier agrees that SATC Customers with arrearages that do not have a valid payment plan with the Company shall be required to execute a payment plan with the Company prior to participation in the Program.

e. To the extent the Company provides a budget billing service option, if a budget payment customer falls behind in its budget payments, any payments

received shall be first applied to the Company's account for the Customer, until the Company's account is made current.

f. If the Company provides billing service for the SATS Supplier, the Company, at its sole discretion may offer to purchase the SATS Supplier's accounts receivable at a discounted rate.

VIII.

INCORPORATION BY REFERENCE

Rate Schedule SATS is incorporated in this SATS Service Agreement as if fully stated herein. If there is any inconsistency between this SATS Service Agreement and Rate Schedule SATS, in its current form or as amended by the Commission, then the provisions of Rate Schedule SATS shall apply.

IX.

NOTICES

All notices (except for charts and readings), invoices and other correspondence sent pursuant to this SATS Service Agreement shall be addressed to the following parties:

To Company: National Fuel Gas Distribution Corporation
Transportation Services Department
10 Lafayette Square, 8th Floor
Buffalo, New York 14203

To SATS Supplier: _____

X.

LIMITATION ON COMPANY'S LIABILITY

Company shall not be liable to SATS Supplier 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 to SATS Supplier for consequential, punitive, incidental, indirect or special damages in the provision of services hereunder.

XI.

SATS SUPPLIER INDEMNITY OBLIGATIONS

SATS 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 attorney's 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 service provided by the SATS Supplier under Rate Schedule SATS pursuant to this SATS Service Agreement, and in connection with any bodily injury, including death to any person or persons (including, without limitation, SATS Suppliers' 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 SATS Supplier with respect to this SATS Service Agreement. Provided, however, Supplier will have no such liability arising solely from the delivery of gas as provided by this SATS Service Agreement. The provisions of this Article XI. shall survive the termination or expiration of this SATS Service Agreement.

XII.

MISCELLANEOUS

A. Entire Contract

This SATS Service 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.

B. Modification of Agreement

Any amendment to this SATS Service 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 SATS Service Agreement must be in writing and signed by both parties.

C. Interpretation of SATS Service Agreement

The interpretation, construction, and performance of this SATS Service Agreement shall be in accordance with the laws of the Commonwealth of Pennsylvania, without recourse to the law

regarding the conflicts of law, and the parties to this SATS Service Agreement hereby submit and consent to the jurisdiction of the courts of the Commonwealth of Pennsylvania (including, without limitation, the federal courts located within the Commonwealth of Pennsylvania) in any action brought to enforce (or otherwise relating to) this SATS Service Agreement.

D. Drafting Presumptions

No presumption shall operate in favor of SATS Supplier or against Company as a result of drafting this SATS Service Agreement.

E. Waiver

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

F. Assignment

SATS Supplier shall not assign this SATS Service Agreement, or any of its rights, duties or obligations hereunder without the prior written consent of the Company.

G. Severability

If any provision of this SATS Service 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 SATS Service Agreement and shall not be part of this SATS Service Agreement and shall otherwise be severable from the remainder of this SATS Service Agreement and shall not cause the invalidity or unenforceability of the remainder of this SATS Service Agreement. If any provision of this SATS Service 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.

H. Construction with Rate Schedule SATS

Service under this SATS Service Agreement is in accordance with the Rate Schedule SATS, as amended from time to time. If there is any inconsistency between this SATS Service Agreement and the Rate Schedule SATS, either as presently in effect or as amended, then the provisions of the Rate Schedule SATS shall apply.

I. Regulatory Approval

The parties shall use their best efforts to obtain, maintain and extend such Commission authorizations as may be necessary to permit the full performance of this SATS Service Agreement after the date hereof in accordance with its terms.

J. The respective obligations of the parties under the SATS Service Agreement are subject to valid laws, orders, rules and regulations of the Commission or other duly constituted authorities having jurisdiction.

K. SATS Supplier agrees to provide Company with a copy of all contracts for the purchase of gas to be transported hereunder, redacted for confidential pricing language. SATS Supplier also agrees to provide Company with each and every amendment to said contracts within seven (7) days of its effective date.

L. SATS Supplier agrees to provide Company with a copy of all contracts for comparable capacity it shall use to meet its customers' estimated extreme day requirements, also redacted for confidential pricing language.

IN WITNESS WHEREOF, the parties, intending to be legally bound, have caused this SATS Service Agreement to be signed by their duly authorized officers as of the day and year first above written.

("SATS Supplier")

Officer or authorized representative
Name: _____
Title: _____

NATIONAL FUEL GAS DISTRIBUTION
CORPORATION ("Company")

Officer or authorized representative
Name: _____
Title: _____