

Valley Energy, Inc.
New York Division

P.S.C. No. 1 Gas
Leaf No. 60
Revision No. 3
Superseding Revision No. 2

GENERAL INFORMATION

12. LIABILITY OF COMPANY:

The Company will not be liable for any injury, casualty or damage resulting in any way from the supply or use of gas or from the presence or operation of the Company's structures, equipment, pipes, appliances or devices on the customer's premises, except injuries or damages resulting from the negligence of the Company.

The Company will endeavor at all times to provide a regular and uninterrupted supply of service, but in case the supply of service shall be interrupted or irregular or defective or fail from causes beyond its control or through ordinary negligence of employees, the Company will not be liable thereof.

13. SERVICE:

A. Gas Curtailment Plan

The Company may, pursuant to the orders of the New York Public Service Commission, conserve the supply of gas for higher priority customers, curtail or discontinue service to lower priority customers when in the Company's sole judgment it deems its gas supply to be insufficient to meet all requirements of its existing customers. The Company may curtail or discontinue gas service in accordance to the curtailment plan set forth below without incurring any liability for any subsequent loss or damage that the customer may sustain through such curtailment or discontinuance.

The Company shall implement a curtailment only as a last resort. Mutual aid, contractual and other non-curtailment supply management tools, Operational Flow Orders, interruption of contractually-interruptible load, and supply acquisition shall be utilized before a curtailment is declared.

As circumstances permit, the Company will initially seek voluntary curtailments to alleviate an emergency situation. Economic considerations shall not be the basis for a curtailment. Curtailments shall be limited in scope and duration as necessary to alleviate an emergency and shall be localized to the extent possible.

(a) Curtailment Notification:

The Company will provide periodic updates to Marketers and curtailed customers so that they can plan accordingly.

The Company will notify the Director of the Office of Gas and Water of the New York State Department of Public Service when a curtailment is declared and when the situation returns to normal.

(b) Marketer and Direct Customer Compliance:

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

Date of Issue: December 4, 2007 Date Effective: December 5, 2007

Issued by: Robert J. Crocker, President & CEO, 523 S. Keystone Ave., Sayre, PA 18840

Issued in compliance with order in Case 06-G-0059 dated August 23, 2007