

Valley Energy, Inc.
New York Division

P.S.C. No. 1 Gas
Original Leaf No. 60.1
Revised Leaf No. 0

GENERAL INFORMATION

13. Service: (Cont'd.)

A. Gas Curtailment Plan (Cont'd.)

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

Upon the request of the Company, each Marketer serving transportation customers on the Company's system shall provide to the Company a plan for curtailment of its customers.

(c) Gas Requirements during a Curtailment:

During a period of curtailment, the Company will acquire gas intended for lower priority customers at the citygate. Marketers and Direct Customers whose gas is diverted by the Company will be required to continue making nominations of gas throughout the curtailment period up to their maximum delivery obligation as directed by the Company, unless qualified upstream force majeure interruptions or curtailments prevent Marketers or Direct Customers from securing or delivering such supplies.

(d) Compensation:

The Marketer will be the party compensated for the diverted gas. To the extent individual transportation customers are affected by directing the payment to the Marketer, they will enter into contractual arrangements with the Marketer that clearly spell out the resolution of compensation issues between the customer and the Marketer related to occasions when gas supplies are diverted.

Compensation for the diverted gas will be the market price of gas, defined as the Dominion South or Dominion North Daily Market Price (\$US/MMBtu). If it can be demonstrated by the Marketer or Direct Customer, with adequate support, that a contract calls for a higher price, the Company would reimburse the Marketer or Direct Customer at the contract price.

(e) Order of Curtailment:

To the extent the physical operation of its system permits, the Company shall curtail service to its customers in the following order. The Company reserves the right to curtail service out of the order of the priorities listed in order to maintain system integrity.

- (1) Interruptible service requirements.
- (2) Dual-fuel requirements for customers with full facilities to burn an alternate fuel (in lieu of gas).
- (3) Other dual-fuel requirements (excluding plant protection) but only to the extent of such capability.

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

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