

Valley Energy, Inc.
New York Division

P.S.C. No. 1 Gas
Leaf No. 87.9
Revision No. 0
Superceding Revision No.

GENERAL INFORMATION

23. CREDITWORTHINESS: (Cont'd)

D. Lockbox Mechanism (Cont'd)

- (4) The allocation of funds in the lockbox between the Company and the Marketer, and other administrative rules, must be agreed to by both parties, with the Company having first rights on funds in the lockbox to off-set Company charges. The administrative rules shall specify the terms under which the lockbox mechanism shall be terminated for non-compliance.
- (5) The Company, after petition to the PSC, is permitted to terminate the lockbox and request full security if expected Customer payments are not received in a timely manner.

G. Calling on Security

- (1) The Company may call upon the security posted by the Marketer/Direct Customer after providing five (5) calendar days notice to the Marketer /Direct Customer if the Marketer/ Direct Customer fails to pay the Company on a timely basis, unless the Marketer /Direct Customer makes payment in full within the five (5) calendar day notice period.
- (2) The Company may call upon the security posted by the Marketer/ Direct Customer without prior notice:
 - (a) if the Marketer /Direct Customer files a petition in bankruptcy (or equivalent, including the filing of an involuntary petition in bankruptcy against the Marketer/ Direct Customer); or
 - (b) if the Marketer ceases service to its customers.
- (3) The Marketer must replenish or reinstate the required security within five (5) calendar days where
 - (a) the Marketer's credit rating or security is no longer adequate regarding the Company's credit requirements, and/or

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