

**Valley Energy, Inc.**  
New York Division

P.S.C. No. 1 Gas  
Leaf No. 87.4  
Revision No. 1  
Superseding Revision No.

#### GENERAL INFORMATION

#### 22. SYSTEM ALERTS (SAs) AND OPERATIONAL FLOW ORDERS (OFOS): (Cont'd.)

##### D. Charges and Penalties

- (1) Marketers(s) and Direct Customer(s) who fail to comply with the OFO shall be subject to:
  - (a) The Non-Performance provisions of General Information Section 21.A. of this Schedule; and
  - (b) A penalty of \$2.50 per therm for all quantities determined to be in non-compliance with the OFO requirements.
- (2) Marketer(s)/Direct Customer(s) will not be subject to the penalty provisions if their behavior provides relief for the operational problem for which the OFO was issued.

#### 23. CREDITWORTHINESS:

##### A. Applicability

- (1) Applicable to each Marketer selling natural gas to retail Customers, and retail Customers procuring their own energy supplies (Direct Customers).
  - (a) No security is required from the Marketer to the extent the Company bills Customers on behalf of the Marketer. In such instances, the Company will have the right to retain funds collected from the Customer to off-set charges due the Company from the Marketer/Pool.
  - (b) A Marketer's//Direct Customer's participation pursuant to this Schedule is contingent upon the Marketer/Direct Customer satisfying a credit appraisal based on independent bond/credit ratings and supplying any security that may be found necessary to meet the Company's credit requirements.
  - (c) Credit appraisals and security requirements will be reviewed by the Company annually, at a minimum.

Date of Issue: January 31, 2005      Date Effective: February 1, 2005  
Issued by: Robert J. Crocker, President & CEO, Sayre, PA 18840  
Issued in compliance with order in Case 04-G-0821 dated January 21, 2005