

Valley Energy, Inc.
New York Division

P.S.C. No. 1 Gas
Leaf No. 87.1
Revision No. 1
Superseding Revision No.

GENERAL INFORMATION

21. NON-PERFORMANCE AND MARKETER CONDITIONS OF SERVICE:

A. Non-Performance

Marketers/Direct Customers who fail to perform on the Company's system will be penalized. Penalties shall include, costs or penalties incurred by the Company as a result of the Marketer's/Direct Customer's failure to perform, suspension from being allowed to operate on the Company's system, monetary penalties such as forfeiture of security deposit and, permanent exclusion from doing business on the Company's system.

Non-performance is defined as the failure to comply with Operational Flow orders (OFOs) nomination deadlines, nomination and delivery of gas supplies as directed by the Company for aggregated transportation services, or any other activity which might jeopardize the efficient operation of the Company's system.

B. Marketer Conditions of Residential Transportation Service

- (1) Contracts between the Marketers and customers contain specific language advising customers of protections that have been waived in the transaction. Each Marketer must file with the PSC a copy of its standard contract.
- (2) A system to handle customer complains is operational and that the PSC Help and Hotline numbers are provided to customers.
- (3) The bills rendered will be clear and in plain language, and the PSC shall receive a sample copy.

C. Marketer Conditions of Non-Residential Aggregation Transportation Service. Contracts between the Marketers and customers contain a statement advising the customers of protections that have been waived in the transaction. Each Marketer will file with the PSC a copy of its standard contract.

D. Upstream Capacity Requirements:

This section is applicable to: (1) all Core Customers and (2) all Critical Care Customers. A Core Customer/Critical Care Customer or its Marketer shall be required to demonstrate through an affidavit signed by an officer of its company, that it has and will continue to have: (1) non-recallable firm primary point deliverability on an Upstream Pipeline(s) at the Receipt Point(s) designated by the Company or (2) Company recallable firm primary point deliverability on an Upstream Pipeline(s) at the Receipt Point(s) designated by the Company. The Upstream Capacity must be capable of fully meeting expected daily and seasonal requirements-, recognizing that the capacity requirements are generally less in summer and transition months (April - October) than during winter months (November - March).

If a Core Customer or its Marketer cannot make the demonstration detailed above, the Customer must either (a) elect reservation of the "Sales Customer" status for a one year period if the Company has sufficient capacity available to offer such service, or (b) be designated as firm secondary. After the conclusion of the one year period, a Customer electing (a) above may be designated as not wishing to reserve their "Sales Customer" status, or terminate their election of Standby Sales Service, provided the requirements set forth above have been satisfied.

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Issued by: Robert J. Crocker, President & CEO, Sayre, PA 18840

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