

Valley Energy, Inc.
New York Division

P.S.C. No. 1 Gas
Leaf No. 87.5
Revision No. 1
Superseding Revision No.

GENERAL INFORMATION

23. CREDITWORTHINESS: (Cont'd.)

B. Creditworthiness Determinants

- (1) A Marketer can satisfy the Company's credit requirement by:
 - (a) it or its guarantor having a minimum rating of "BBB" from Standard & Poor's Corporate Credit Rating (S&P's), "Baa2" from Moody's Bond Ratings, as published by Financial information Services (Moody's), or "BBB" from Long Term Ratings, as published by Fitch IBCA, Inc. (Fitch) (Minimum Rating); or by posting security in acceptable form as defined below in Section 23.D.
- (2) The Company has the option to require a Marketer having the Minimum Rating to post security:
 - (a) for the amount by which the Company's credit exposure for any Marketer exceeds 5% of the Company's applicable revenues for the applicable time period; or
 - (b) for the full amount of the credit exposure if the Marketer or its guarantor is at the minimum Rating and is placed on credit watch with negative implications by any of the three designated rating agencies or the Company receives information that indicates that the Marketer's or its guarantor's credit rating could be downgraded below the Minimum Rating. if the Marketer's or it guarantor's credit rating is not downgraded in the ensuing sixty (60) days the security requirement will be lifted, or
 - (c) for a Marketer that has failed to render timely payments to the Company and its credit rating is less than "BBB" by S&P.

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