

Valley Energy, Inc.
New York Division

P.S.C. No. 1 Gas
Leaf No. 105
Revision No. 1
Superseding Revision No.

SERVICE CLASSIFICATION NO. 6 (Cont'd.)

The Marketer shall notify the Company dispatcher 48 hours prior to the commencement of transportation service of the transportation quantities to be delivered. For customers that are required to submit monthly nominations to the Company the Marketer or Customer may make a monthly nomination for deliveries on an equal daily basis during said month. Any deviation from the scheduled daily deliveries shall be reported to the Company 24 hours prior to said deviation.

A Marketer desiring to provide transportation service shall designate by signed affidavit a spokesperson having authority to notify the Company dispatcher of: total daily deliveries and each customer's allocation of such deliveries.

Load Balancing Charge

- a) A charge of \$0.111 per MCF shall be billed to Marketers for all gas consumed by all of its customers.

Daily Imbalance Charges

A Marketer's daily gas delivery requirements shall consist of the MDTQ for its customers.

Monthly Cash-Out

At the conclusion of every month, the Company will cash out imbalances between Marketer Customers' receipts and Third Party Supplier deliveries as follows:

- a) overdeliveries of between 0% and 2 ½% will be cashed out at a price equal to the Company's lowest cost supply for the month;
- b) overdeliveries of between 2 ½% and 10% will be cashed out at 90% of the price of Company's lowest cost supply during the month;
- c) overdeliveries in excess of 10% will be cashed out at 75% of the price of Company's lowest cost supply during the month;
- d) underdeliveries of between 0% and 2 ½% will be cashed out at the monthly floor price for service under Rate Schedule - Interruptible Transportation Service less any Company margin embedded in the floor price;
- e) underdeliveries of between 2 ½% and 10% will be cashed out at the greater of the monthly floor price for service under Rate Schedule - Interruptible Transportation Service less any Company margin embedded in the floor price plus two (2) cents per Ccf or the average of the month's four weekly prices published in Natural Gas Week for Zone 6 for Transcontinental Gas Pipe Line Corp. and Zone 3 (M3) for Texas Eastern Transmission Corp. plus two (2) cents per Ccf; and

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