

Valley Energy, Inc.
New York Division

P.S.C. No. 1 Gas
Leaf No. 104
Revision No. 1
Superseding Revision No.

SERVICE CLASSIFICATION NO. 6

TRANSPORTATION BALANCING SERVICE

APPLICABLE TO THE USE OF SERVICE FOR:

Transportation Customers taking service pursuant to Service classification No. 5 of this Schedule. Each Customer subject to this service classification shall be part of an Aggregation Pool managed by a Marketer/Direct Customer.

CHARACTER OF SERVICE:

Balancing of pipeline-quality, natural gas deliveries will be from a designated Receipt Point within the Company's service territory to which this Schedule applies to a designated Delivery Point(s). Service hereunder provides for the following:

- A. Each Customer shall have a Maximum Daily Transportation Quantity (MDTQ) for the purposes of monthly balancing. The sum of the individual Customer MDTQs within an Aggregation Pool will be the Maximum Daily Aggregation Pool Quantity (MDAPQ) for the Aggregation Pool.
- B. Daily consumption variations from the Daily Aggregated Volume (DAV) will be cashed out in accordance with the balancing provisions set forth below.

PRICE/BALANCING (Per Month)

The Marketer/Direct Customer for each Pool shall pay a monthly charges for balancing service during the term of service as set forth below:

The Company will balance fluctuations between Marketer/Direct Customer daily gas deliveries and their customers' Daily Gas Consumption Requirements. The Company will balance monthly fluctuations between Marketer gas deliveries and their customers' actual gas consumption by the cash settlement procedures set forth below. The Company provides balancing only for the inadvertent fluctuations between Marketer deliveries and their customers' consumption. Balancing is not intended to use for speculation as to energy prices, to borrow gas for later replacement, or to store gas for future use during periods of interruption or curtailment. The Marketer shall use it is best efforts, including ongoing communication with customers, to balance its daily gas purchases, nominations, and deliveries with daily customer gas consumption requirements.

To the extent that a Marketer wishes to provide service to customers under Service Classification No.. 5, a Marketer must agree to make daily deliveries of the actual gas consumed daily by customers a Marketer provides gas to.

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