

Valley Energy, Inc.
New York Division

Superseding

P.S.C. No. 1 Gas
Original Leaf No. 103
Revised Leaf No. 0

SERVICE CLASSIFICATION NO. 5

TAKE OR PAY SURCHARGE:

The rate per Mcf as provided herein shall be subject each month to a surcharge to recover Take or Pay surcharges being directly billed to the Company pursuant to General Information Rule 15 (F). The Take or Pay surcharge shall be reflected each month in the Statement of Adjustments to Transportation Rate and shall be filed with the Commission.

INCREASE IN RATES AND CHARGES:

The rates and charges under this Service Classification are increased by tax factors pursuant to General Information Rule 16.

ALLOWANCE FOR LOSSES:

The Company shall retain 1.7% of all gas received for fuel used and unaccounted for.

BALANCING OF DELIVERIES:

The volume of natural gas metered monthly at the customer's location shall be considered gas delivered pursuant to this schedule except that when metered volumes exceed those delivered into the Company's facilities, the excess shall be billed at the appropriate retail sales rates. Any excess deliveries into the Company's facilities shall be the first gas consumed in the next billing cycle. The customer shall consider this excess when nominating gas for the next billing cycle and shall attempt to balance natural gas deliveries with natural gas requirements. If deliveries into the Company's facilities exceed the customer's metered volumes by greater than twenty percent (20%) in any month, the Company may, at its option, terminate receipt of gas pursuant to this schedule. For customers served according to Service Classification No. 4 the Company is not obligated to deliver any daily volume of natural gas. Any volume taken in excess of that authorized by the Company shall constitute an unauthorized overrun and is subject to the overrun provisions of Service Classification No. 4.

TERMS OF PAYMENT:

Customers' bills will be computed at the rates shown above and are subject to a late payment charge of 1 1/4% per monthly billing period in accordance with General Information Rule 7.A.(f).

MONTHLY BILLING INFORMATION:

For the purposes of this schedule the customer's billing cycle shall be a calendar month

Date of Issue: Sept. 1, 2003 Date Effective: November 1, 2003

Issued by: Robert J. Crocker, President & CEO, 523 S. Keystone Ave., Sayre, PA 18840
