

Valley Energy, Inc.
New York Division

P.S.C. No. 1 Gas
Leaf No. 106
Revision No. 1
Superseding Revision No.

SERVICE CLASSIFICATION NO. 6 (Cont'd.)

Monthly Cash Out (Cont'd.)

- f) underdeliveries of more than 10% will be cashed out at the greater of 125% 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 month's highest weekly price 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.

The offering of gas service above the 5% allowed imbalance for the month is at the sole discretion of the Company. If it determines that it cannot continue to provide such service or that it must limit such service, it will notify Third Party Suppliers. The use of service above the level allowed by the Company after notification shall constitute unauthorized use and shall be subject to the charges specified in the "Unauthorized Use" section of the appropriate Rate Schedule.

INCREASE IN PRICES AND CHARGES APPLICABLE WHERE SERVICE IS SUPPLIED:

The prices and charges under this service classification will be increased by a surcharge pursuant to General information Section 16 of this Schedule to reflect the tax rates applicable within the municipality where the Customer takes service.

TERM:

Transportation Balancing Service will be provided so long as the Customer is taking service in accordance with Service Classification No. 5 of this Schedule.

GENERAL TERMS AND CONDITIONS OF SERVICE:

To the extent not Inconsistent with the provisions of this service classification, service provided hereunder shall be in accordance with the general terms and conditions of service set forth In the General Information Section(s) of this Schedule.

Customers requiring transportation of gas from the Company's receipt point(s) to the Customers' facilities at a delivery point within the Company's service territory, must execute a Transportation Service Agreement with the Company for such service in accordance with the provisions of this Schedule and the applicable transportation service classification.

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