

**PSC No. 1 Gas**  
**Valley Energy, Inc.**  
 Initial Effective Date **June 27, 2006**

Statement Type: GAC  
**Statement No. 34**  
 Page 1 of 1

**VALLEY ENERGY, INC.**  
**Statement of Gas Adjustment Charge**  
**EFFECTIVE MONTH: JULY YEAR: 2006**

Applicable to Service Classifications No. 1, 4, 5 of P.S.C. No. 1 Gas  
 Calculated on **June 27, 2006** using supplier rates forecasted to be in effect on **July 1, 2006**  
**(Per Mcf)**

	<u>S.C. No. 1</u>	<u>S. C. No. 4</u>	<u>S. C. No. 5</u>
<b><u>A.) Average Commodity Cost per Mcf</u></b>			
The average commodity cost of gas (as defined on General Information Leaf No. 8H of P.S.C. No. 1-Gas) determined on <b>June 27, 2006</b> by applying the rates and charges of the Company's gas suppliers which are or will be in effect on the date the gas cost adjustment becomes effective to the quantities of gas supplied to the Company during the 12 months ended <b>May 31, 2006</b> .			
	\$ 5.9977	\$ 5.9977	\$ 5.9977
<b><u>B.) Average Demand Cost per Mcf</u></b>			
The average demand costs determined on <b>June 27, 2006</b> by applying the rates and charges of the Company's gas suppliers which are or will be in effect on the date the gas cost adjustment becomes effective to the quantities of gas supplied, except that for service on an interruptible basis, to the Company during the 12 month ended <b>May 31, 2006</b> .			
	0.3666	-	0.3666
<b><u>C.) Average Cost of Gas per Mcf</u></b>	6.3643	5.9977	6.3643
Difference (average cost of gas - commodity cost of gas)			0.3666
Average Cost multiplied by the LAUF factor 1.0149	6.4591	6.0871	0.3721
<b><u>D.) Annual Surcharge Adjustment</u></b>	0.2882	0.7108	-
<b><u>E.) Gas Cost Adjustment</u></b>	6.7473	6.7979	0.3721
<b><u>F.) Merchant Function Charge</u></b>	N/A	N/A	N/A
<b><u>G.) TOTAL GAS COST PER MCF</u></b>	\$ <b>6.7473</b>	\$ <b>6.7979</b>	\$ <b>0.3721</b>

Issue Date: **June 27, 2006**

Issued By: Marjorie Johnston, Vice President & Treasurer