

PSC No. 1 Gas
Valley Energy, Inc.
 Initial Effective Date **January 5, 2007**

Statement Type: GAC
Statement No. 40
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VALLEY ENERGY, INC.
Statement of Gas Adjustment Charge
EFFECTIVE MONTH: JANUARY YEAR: 2007

Applicable to Service Classifications No. 1, 4, 5 of P.S.C. No. 1 Gas
 Calculated on **December 31, 2006** using supplier rates forecasted to be in effect on **January 5, 2007**
 (Per Mcf)

	<u>S.C. No. 1</u>	<u>S. C. No. 4</u>	<u>S. C. No. 5</u>
<u>A.) Average Commodity Cost per Mcf</u>			
The average commodity cost of gas (as defined on General Information Leaf No. 8H of P.S.C. No. 1-Gas) determined on December 31, 2006 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 November 30, 2006 .			
	\$ 6.2577	\$ 6.2577	\$ 6.2577
<u>B.) Average Demand Cost per Mcf</u>			
The average demand costs determined on December 31, 2006 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 November 30, 2006 .			
	0.3368	-	0.3368
<u>C.) Average Cost of Gas per Mcf</u>	6.5945	6.2577	6.5945
Difference (average cost of gas - commodity cost of gas)			0.3368
Average Cost multiplied by the LAUF factor 1.0149	6.6928	6.3509	0.3418
<u>D.) Annual Surcharge Adjustment</u>	0.0229	0.0477	-
<u>E.) Gas Cost Adjustment</u>	6.7157	6.3986	0.3418
<u>F.) Merchant Function Charge</u>	N/A	N/A	N/A
<u>G.) TOTAL GAS COST PER MCF</u>	\$ 6.7157	\$ 6.3986	\$ 0.3418

Issue Date: **January 2, 2007**

Issued By: Marjorie Johnston, Vice President & Treasurer