

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

Statement Type: GAC  
**Statement No. 27**  
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**VALLEY ENERGY, INC.**  
**Statement of Gas Adjustment Charge**  
**EFFECTIVE: January 1, 2006**

Applicable to Service Classifications No. 1, 4, 5 of P.S.C. No. 1 Gas  
 Calculated on **December 28, 2005** using supplier rates forecasted to be in effect on **January 1, 2006**  
 (Per Mcf)

	<u><b>S.C. No. 1</b></u>	<u><b>S. C. No. 4</b></u>	<u><b>S. C. No. 5</b></u>
<u><b>Average Cost of Gas</b></u>			
The average cost of gas (as defined on General Information Rule 14.C of P.S.C. No. 1 determined on <b>December 28, 2005</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 months ended <b>November 30, 2005</b> .	\$10.5888		\$10.5888
<u><b>Commodity cost of Gas</b></u>			
The average commodity cost of gas (as defined on General Information Leaf No. 8H of P.S.C. No. 1-Gas) determined on <b>December 28, 2005</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>November 30, 2005</b> .		\$10.2786	\$10.2786
<u><b>Cost of Gas</b></u>	\$10.5888	\$10.2786	
<u><b>Difference (average cost of gas - commodity cost of gas)</b></u>			\$0.3102
<u><b>Difference</b></u>			
Difference multiplied by the LAUF factor 1.0149	\$10.7466	\$10.4318	\$0.3148
Annual Surcharge Adjustment	\$0.7108	\$0.2882	
<b>Gas Adjustment Charge:</b>	\$11.4574	\$10.7199	\$0.3148

Issue Date: **December 28, 2005**

Issued By: Marjorie Johnston, Vice President & Treasurer