

Valley Energy, Inc.
New York Division

P.S.C. No. 1 Gas
Leaf No. 67.1
Revision No. 1
Superseding Revision No. __

GENERAL INFORMATION

14. Adjustment Of Rates In Accordance With The Cost Of Purchased Gas: (Cont'd.)

B. Gas Supply Charge (Cont'd.)

1. Average Cost of Gas (Cont'd.)

- (b) The Average Commodity Cost of Gas shall be applying the variable rates and charges of the transporters, storage and peaking providers, and suppliers to the billing determinants associated with the transportation, storage and/or peaking, and gas supply, for the forecasted quantities of gas to be taken for delivery to the Companies own customers during the month in which the gas adjustment will be in effect. Average Commodity Gas Cost may include, but is not limited to, purchased gas cost, storage gas costs, propane air, variable transportation costs, fuel retention costs, and applicable surcharges and taxes.

C. Statement of Gas Supply Charge:

The Gas Supply Charge computed as provided herein, will be applied to the total measured quantities included in bills for which meters are read or estimated on and after the first day of the billing month following the computation date. The rate of adjustment shall continue in effect until changed.

Not less than three (3) days prior to any change in the gas adjustment resulting from this provision for adjustment of rates according to changes in the cost of gas, a statement showing the present average cost of gas, the date at which and the period for which the average was determined, and the amount of adjustment per 100 cubic feet, together with the period such rate adjustment per 100 cubic feet will remain in effect, will be duly filed with the Public Service Commission apart from the Rate Schedule. Such statement will be available to the public at Company offices at which applications for service may be made.

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