

**Valley Energy, Inc.**  
New York Division  
Initial Effective Date: December 28, 2018

P.S.C. No. 1 Gas  
Leaf No. 67  
Revision No. 4  
Superseding Revision No. 3

#### GENERAL INFORMATION

#### **14. ADJUSTMENT OF RATES IN ACCORDANCE WITH THE COST OF PURCHASED GAS:**

A. Factor of Adjustment:

The rates for gas service under Service Classifications Nos. 1 and 4 of this tariff shall be increased each month by a factor of 1.0149 to reflect lost and unaccounted for gas. The factor of adjustment shall be established in the Company's rate case proceeding before the Public Service Commission.

B. Gas Supply Charge

The Gas Supply Charge is designed to collect the gas expense incurred by the Company to serve customers taking service under Service Classification Nos. 1 and 4. The Gas Supply Charge shall be equal to the Average Cost of Gas used in the retail gas operations of the Company multiplied by the factor of adjustment and rounded to the nearest 0.0001 cents per Ccf adjusted for all appropriate surcharges and refunds, including but not limited to the Annual Surcharge or Refund, Gas Supplier Refunds, and all other adjustments approved by the New York State Public Service Commission.

1. Average Cost of Gas

The Average Cost of Gas shall be computed at least once each year for the twelve months ending August 31 and it shall be computed upon any change in the rates and charges of any supplier of gas to the Company for the twelve months immediately preceding the computation date. The Average Cost of Gas shall be equal to the sum of the Average Demand Cost of Gas and the Average Commodity Cost of Gas as computed herein, multiplied by the Factor of Adjustment rounded to the nearest 0.001, adjusted for all appropriate surcharges and refunds, including but not limited to the Annual Surcharge or Refund, Gas Supplier Refunds, and all other adjustments approved by the New York State Public Service Commission.

(a) The Average Demand Cost of Gas shall be computed by applying the fixed rates and charges the fixed rates and charges of the transporters, storage providers, and suppliers to the billing determinates associated with pipeline capacity, storage capacity, and suppliers reservation charges and dividing by the quantities of gas taken for delivery to the Company's own sales customers for the 12 calendar months immediately preceding the computation date. These costs will be further adjusted by reducing the demand costs by the weighted average cost of the capacity, peaking service, and storage services assigned to core transportation customers.

Date of Issue: November 19, 2018

Issued by: Edward E. Rogers, President & CEO, 523 S. Keystone Ave., Sayre, PA 18840

Issued in compliance with order in Case 04-G-0821 dated January 21, 2005