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January 31, 2005

**VIA ELECTRONIC FILING**

Hon. Jaclyn A. Brilling  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

Re: Case No. 04-G-0821 - Valley Energy, Inc. – Gas Rates

Dear Secretary Brilling:

In accordance with the order issued on January 21, 2005 in the above-referenced proceeding by the New York State Public Service Commission (“Commission”), Valley Energy, Inc. (“Valley Energy”) hereby files its Tariff Supplement No. 3 for its Schedule for Gas Service, P.S.C. No. 1 – Gas, as well as the following First and revised tariff leaves for the same document:

Second Revised Leaf No. 3 to PSC No. 1 Gas  
Second Revised Leaf No. 4 to PSC No. 1 Gas  
Second Revised Leaf No. 7 to PSC No. 1 Gas  
Second Revised Leaf No. 24 to PSC No. 1 Gas  
Second Revised Leaf No. 26 to PSC No. 1 Gas  
Second Revised Leaf No. 59 to PSC No. 1 Gas  
Second Revised Leaf No. 60 to PSC No. 1 Gas  
Second Revised Leaf No. 62 to PSC No. 1 Gas  
Second Revised Leaf No. 67 to PSC No. 1 Gas  
First Revised Leaf No. 67.1 to PSC No. 1 Gas  
First Revised Leaf No. 67.2 to PSC No. 1 Gas  
First Revised Leaf No. 67.3 to PSC No. 1 Gas  
Second Revised Leaf No. 68 to PSC No. 1 Gas  
Second Revised Leaf No. 69 to PSC No. 1 Gas

January 31, 2005

Page 2

Second Revised Leaf No. 70 to PSC No. 1 Gas  
Second Revised Leaf No. 71 to PSC No. 1 Gas  
Second Revised Leaf No. 72 to PSC No. 1 Gas  
First Revised Leaf No. 87.1 to PSC No. 1 Gas  
First Revised Leaf No. 87.2 to PSC No. 1 Gas  
First Revised Leaf No. 87.3 to PSC No. 1 Gas  
First Revised Leaf No. 87.4 to PSC No. 1 Gas  
First Revised Leaf No. 87.5 to PSC No. 1 Gas  
First Revised Leaf No. 87.6 to PSC No. 1 Gas  
First Revised Leaf No. 87.7 to PSC No. 1 Gas  
First Revised Leaf No. 87.8 to PSC No. 1 Gas  
First Revised Leaf No. 87.9 to PSC No. 1 Gas  
First Revised Leaf No. 87.10 to PSC No. 1 Gas  
First Revised Leaf No. 87.11 to PSC No. 1 Gas  
First Revised Leaf No. 87.12 to PSC No. 1 Gas  
First Revised Leaf No. 87.13 to PSC No. 1 Gas  
First Revised Leaf No. 87.14 to PSC No. 1 Gas  
First Revised Leaf No. 87.15 to PSC No. 1 Gas  
First Revised Leaf No. 87.16 to PSC No. 1 Gas  
First Revised Leaf No. 87.17 to PSC No. 1 Gas  
First Revised Leaf No. 87.18 to PSC No. 1 Gas  
First Revised Leaf No. 87.19 to PSC No. 1 Gas  
First Revised Leaf No. 87.20 to PSC No. 1 Gas  
First Revised Leaf No. 87.21 to PSC No. 1 Gas  
First Revised Leaf No. 87.22 to PSC No. 1 Gas  
Second Revised Leaf No. 88 to PSC No. 1 Gas  
Second Revised Leaf No. 94 to PSC No. 1 Gas  
Second Revised Leaf No. 95 to PSC No. 1 Gas  
First Revised Leaf No. 96.1 to PSC No. 1 Gas  
First Revised Leaf No. 96.2 to PSC No. 1 Gas  
First Revised Leaf No. 96.3 to PSC No. 1 Gas  
Second Revised Leaf No. 97 to PSC No. 1 Gas  
Second Revised Leaf No. 102 to PSC No. 1 Gas  
Second Revised Leaf No. 103 to PSC No. 1 Gas  
First Revised Leaf No. 103.1 to PSC No. 1 Gas  
First Revised Leaf No. 104 to PSC No. 1 Gas  
First Revised Leaf No. 105 to PSC No. 1 Gas  
First Revised Leaf No. 106 to PSC No. 1 Gas

Pursuant to the Commission's direction in the referenced order, the enclosed supplement cancels the tariff leaves that were filed by Valley Energy on July 1, 2004.

January 31, 2005

Page 3

In order to obtain the required revenue adjustment of \$53,733, Valley Energy increased the S.C. 1 and S.C. 4 minimum charges. The S.C. 1 charge is increased from the Staff proposed \$7.41 to \$7.62. In addition, the SC 4 minimum charge has been increased from the Staff proposed \$190.72 to \$196.74.

This modification is revenue neutral. The change accurately reflects that all revenues generated from charges related to a firm customer under S.C. 5 paying a charge equal to the difference between the Average cost of gas and the Commodity cost of gas are credited toward gas costs. This reduces annual gas costs by \$3,051 to all sales customers (SC-1 and SC-4).

If you have any questions, please call me at (518) 320-3420.

Very truly yours,

COUCH WHITE, LLP

*s/James S. King*

James S. King

JSK/mep

Enclosures

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