

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

Statement Type: GAC  
**Statement No. 36**  
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**VALLEY ENERGY, INC.**  
**Statement of Gas Adjustment Charge**  
**EFFECTIVE MONTH: SEPTEMBER YEAR: 2006**

Applicable to Service Classifications No. 1, 4, 5 of P.S.C. No. 1 Gas  
 Calculated on **August 29, 2006** using supplier rates forecasted to be in effect on **September 1, 2006**  
 (Per Mcf)

	<u>S.C. No. 1</u>	<u>S. C. No. 4</u>	<u>S. C. No. 5</u>
<b><u>A.) Average Commodity Cost per Mcf</u></b>			
The average commodity cost of gas (as defined on General Information Leaf No. 8H of P.S.C. No. 1-Gas) determined on <b>August 29, 2006</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>July 31, 2006</b> .			
	\$ 6.3550	\$ 6.3550	\$ 6.3550
<b><u>B.) Average Demand Cost per Mcf</u></b>			
The average demand costs determined on <b>August 29, 2006</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 month ended <b>July 31, 2006</b> .			
	0.3632	-	0.3632
<b><u>C.) Average Cost of Gas per Mcf</u></b>	6.7182	6.3550	6.7182
Difference (average cost of gas - commodity cost of gas)			0.3632
Average Cost multiplied by the LAUF factor 1.0149	6.8183	6.4497	0.3686
<b><u>D.) Annual Surcharge Adjustment</u></b>	0.2882	0.7108	-
<b><u>E.) Gas Cost Adjustment</u></b>	7.1065	7.1605	0.3686
<b><u>F.) Merchant Function Charge</u></b>	N/A	N/A	N/A
<b><u>G.) TOTAL GAS COST PER MCF</u></b>	\$ 7.1065	\$ 7.1605	\$ 0.3686

Issue Date: **August 29, 2006**  
 Issued By: Marjorie Johnston, Vice President & Treasurer