

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

Statement Type: GAC
Statement No. 38
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VALLEY ENERGY, INC.
Statement of Gas Adjustment Charge
EFFECTIVE MONTH: NOVEMBER YEAR: 2006

Applicable to Service Classifications No. 1, 4, 5 of P.S.C. No. 1 Gas
Calculated on **October 26 2006** using supplier rates forecasted to be in effect on **November 1, 2006**
(Per Mcf)

	<u>S.C. No. 1</u>	<u>S. C. No. 4</u>	<u>S. C. No. 5</u>
<u>A.) Average Commodity Cost per Mcf</u>			
The average commodity cost of gas (as defined on General Information Leaf No. 8H of P.S.C. No. 1-Gas) determined on October 26, 2006 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 September 30, 2006 .			
	\$ 7.3081	\$ 7.3081	\$ 7.3081
<u>B.) Average Demand Cost per Mcf</u>			
The average demand costs determined on October 26 2006 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 September 30, 2006 .			
	0.3539	-	0.3539
<u>C.) Average Cost of Gas per Mcf</u>	7.6620	7.3081	7.6620
Difference (average cost of gas - commodity cost of gas)			0.3539
Average Cost multiplied by the LAUF factor 1.0149	7.7762	7.4170	0.3592
<u>D.) Annual Surcharge Adjustment</u>	0.2882	0.7108	-
<u>E.) Gas Cost Adjustment</u>	8.0643	8.1278	0.3592
<u>F.) Merchant Function Charge</u>	N/A	N/A	N/A
<u>G.) TOTAL GAS COST PER MCF</u>	\$ 8.0643	\$ 8.1278	\$ 0.3592

Issue Date: **October 26 2006**

Issued By: Marjorie Johnston, Vice President & Treasurer