

PSC No. 1 Gas**Valley Energy, Inc.**

Initial Effective Date November 1, 2003

Statement Type: GAC

Statement No. 1

Page 1 of 1

VALLEY ENERGY, INC.
Statement of Gas Adjustment Charge
EFFECTIVE: November 1, 2003

Applicable to Service Classifications No. 1, 4, 5 of P.S.C. No. 1 Gas
 Calculated on October 23, 2003 using suppliers rates in effect on November 31, 2003
 (Per Mcf)

	<u>S.C. No. 1</u>	<u>S. C. No. 4</u>	<u>S. C. No. 5</u>
<u>Average Cost of Gas</u>			
The average cost of gas (as defined on General Information Rule 14.C of P.S.C. No. 1 determined on October 23, 2003 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 months ended August 31, 2003	\$8.2476		\$8.2476
<u>Commodity cost of Gas</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 23, 2003 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 August 31, 2003		\$5.2490	\$5.2490
<u>Base Cost of Gas</u>			
The base cost of gas for determining the gas cost adjustment	\$3.0000	\$2.5000	\$0.00
<u>Difference</u>	\$5.2476	\$2.7490	\$2.9986
<u>Difference</u>			
Difference multiplied by the tax factor of adjustment of 1.034	\$5.4260	\$2.8425	\$3.1006
Annual Surcharge Adjustment	(\$0.4081)	\$0.9181	\$0.00
Gas Adjustment Charge:	\$5.0179	\$3.7606	\$3.1006

Issue Date: October 23, 2003

Issued By: Marjorie Johnston, Vice President & Treasurer