

PSC No. 1 Gas
Valley Energy, Inc.
 Initial Effective Date **August 1,2004**

Statement Type: GAC
Statement No. 10
 Page 1 of 1

VALLEY ENERGY, INC.
Statement of Gas Adjustment Charge
EFFECTIVE: August 1, 2004

Applicable to Service Classifications No. 1, 4, 5 of P.S.C. No. 1 Gas
 Calculated on **July 27, 2004** using supplier rates forecasted to be in effect on **August 1, 2004**
 (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 July 27, 2004 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 June 30, 2004.	\$6.0662		\$6.0662
<u>Commodity cost of Gas</u>			
The average commodity cost of gas (as defined on General Information Leaf No. 8H P.S.C. No. 1-Gas) determined on July 27, 2004 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 June 30, 2004.		\$5.9972	\$5.9972
<u>Base Cost of Gas</u>			
The base cost of gas for determining the gas cost adjustment	\$3.0000	\$2.5000	
<u>Difference</u>	\$3.0662	\$3.4972	\$0.0690
<u>Difference</u>			
Difference multiplied by the tax factor of adjustment of 1.034	\$3.1705		
Difference multiplied by the tax factor of adjustment of 1.039		\$3.6336	\$0.0713
Annual Surcharge Adjustment	\$0.0312	\$0.0094	\$0.00
Gas Adjustment Charge:	\$3.2016	\$3.6430	\$0.0713

Issue Date: **August 1, 2004**

Issued By: Marjorie Johnston, Vice President & Treasurer