

Valley Energy, Inc.
New York Division

Superseding

P.S.C. No. 1 Gas
Original Leaf No. 67
Revised Leaf No. 0

GENERAL INFORMATION

14. GAS ADJUSTMENT CLAUSE APPLICABLE TO S.C. NO. 1:

A. Factor of Adjustment:

The rates for gas service under Service Classification No. 1 of this tariff shall be subject each month to an addition or deduction of 0.01034 cents per 100 cubic feet for each 0.01 cent per 100 cubic feet increase or decrease in the total average cost of gas above or below the specified base cost to Valley Energy. The factor of adjustment may be recomputed whenever there is a change in the applicable revenue tax.

B. Base Cost of Gas:

The base cost of gas per 100 cubic feet is \$.30000.

C. Average Cost of Gas:

The average cost of gas shall be computed at least once each year for the twelve months ending August 31 and it shall be computed upon any change in the rates and charges of any supplier of gas to the Company for the twelve months immediately preceding the computation date, as follows:

- (a) By applying the rates and charges of the Company's gas suppliers which are or will be in effect on the date the gas adjustment becomes effective to the respective quantities of gas taken from each supplier by the Company for resale to consumers for all service except that supplied on an interruptible basis, during such twelve months.
- (b) By applying the average unit cost of the basic liquefied petroleum feedstock and enrichment products in storage at the date of computation to the quantities of said products used in the manufacture of gas for the Company's own customers during such twelve months.
- (c) Dividing the total cost of gas, purchased and manufactured, by the quantity of gas sold by the Company to consumers for all service, except that supplied on an interruptible basis, during such twelve months.

Date of Issue: Sept. 1, 2003 Date Effective: November 1, 2003

Issued by: Robert J. Crocker, President & CEO, 523 S. Keystone Ave., Sayre, PA 18840

Issued under authority of order of the Public Service Commission, in Case 09-M-0489