

Valley Energy, Inc.
New York Division

P.S.C. No. 1 Gas
Leaf No. 67.3
Revision No. 0
Supceding Revision No.

GENERAL INFORMATION

14. Adjustment Of Rates In Accordance With The Cost Of Purchased Gas: (Cont'd.)

F. Annual Surcharge or Refund: (Cont'd.)

- (a) By taking the cost of purchased gas adjusted for suppliers refunds and subtracting there from an amount equal to: (i) the Gas Adjustment revenues adjusted to eliminate the revenue tax effect, (ii) costs recorded during the determination period assignable to gas sold to customers not subject to the Gas Supply Charge; and (iii) (a) the previous year's over-collection with interest to the extent not refunded, or (b) adding the previous year's under-collection with interest to the extent not recovered.
- (b) The amount derived in paragraph (1) of this subdivision shall be divided by the quantities of gas sold by the Company to its customers during the determination period to determine the surcharge or refund rate. The Factor of Adjustment as stated in 14.A. in effect on the date the surcharge or refund becomes effective shall be applied to this amount.
- (c) The determination period to be used in the computation of the surcharge or refund shall be the 12 months ended August 31 of each year. The surcharge or refund computation shall be filed with the Commission on or before October 15 of the calendar year in which it is to become effective.
- (d) The surcharge or refund shall be effective with the first December billing of each year.
- (e) Interim refunds or surcharges during the 12-month period ended August 31st will be permitted for the purpose of preventing large over-collection or under-collection balances from accruing at August 31st. The methodology used to determine the amount of over-collection or under-collection and the method of refund or surcharge shall be determined by the utility and filed with the Commission.

Date of Issue:	<u>July 1, 2004</u>	Date Effective:	<u>November 1, 2004</u>
----------------	---------------------	-----------------	-------------------------

Issued by:	<u>Robert J. Crocker, President & CEO, 523 S. Keystone Ave., Sayre, PA 18840</u>
------------	--