

Valley Energy, Inc.
New York Division

P.S.C. No. 1 Gas
Leaf No. 67.2
Revision No. 1
Superseding Revision No.

GENERAL INFORMATION

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

D. Refund Provision Applicable to All Service Classifications:

In the event that the rates and charges of the Company's gas supplier or suppliers are retroactively reduced, the total amount of refund, including interest, related to sales subject to the Gas Cost Adjustment, shall be credited to customers as follows:

- (a) The Company shall determine that portion of gas sales during the refund period which was related to sales under this tariff and shall calculate the portion of the refund which applies to customers served under S.C. Nos. 1 and 4.
- (b) The rate of refund shall be computed by dividing the total amount to be refunded by the corresponding estimated sales for the next successive 12 calendar months. All refunds concluding during the twelve months ending August 31 of each year will be reconciled with amounts intended to be refunded during that period with any difference applied to the Annual Surcharge or Refund Computation.
- (c) Interest shall be computed on the un-refunded balance from the date of receipt of the refund until the refund is returned to the customers, at least at the rate prescribed by the Commission for consumer deposits.
- (d) Where exceptional circumstances warrant, the utility may petition the Commission for waiver of the above refund plan.

E. Supplier Take or Pay Surcharge:

Customers taking service under S.C. Nos. 1 and 4 shall be subject through the Gas Cost Adjustment, and S.C. No. 5 through a separate Statement of Adjustments to Gas Transportation Rate, to supplier Take or Pay (TOP) contraction reformation cost adjustments calculated pursuant to Opinion 89-5 issued March 29, 1989, by the Public Service Commission and the Commission's Order Approving Settlement issued April 5, 1993, in the Case 88-G-062.

The Company shall bill its customers 90% of TOP contract reformation costs both current and heretofore deferred, plus carrying costs on the portion of deferred amounts being absorbed, over a four-year period. There shall be an annual reconciliation and true-up of actual TOP costs that are both incurred and to be recovered hereunder by the Company with actual recoveries from ratepayers.

F. Annual Surcharge or Refund:

A surcharge or refund to recover gas adjustment under-collections or refund gas adjustment over-collections from customers served under Service Classifications No. 1 and 4 shall be computed as follows:

Date of Issue: January 31, 2005 Date Effective: February 1, 2005
Issued by: Robert J. Crocker, President & CEO, Sayre, PA 18840
Issued in compliance with order in Case 04-G-0821 dated January 21, 2005