

GAS COST RATE

On March 6, 2023, Valley Energy filed to increase the Gas Cost Rate charged to Pennsylvania customers from \$8.2047 per Mcf to \$9.4342 per Mcf for bills issued on or after March 16, 2023. Valley's wholesale suppliers continue to charge high prices for the natural gas that we buy to serve our customers. The warmer-than-normal winter weather also caused us to undercollect other costs that are included in the Gas Cost Rate. Adjusting the rate now will help to mitigate larger increases in the 2023-24 winter season.

The Gas Cost Rate reflects the actual cost of the natural gas a customer consumes. All costs that we incur to provide the supply for our gas customers are passed along to them with no mark-up by Valley Energy. Valley Energy does not profit from the price of gas, which appears on your bill as the Gas Cost Rate.

Valley Energy files a Gas Cost Rate filing each year with the Pennsylvania Public Utility Commission. If approved, the Gas Cost Rate is adjusted annually on Nov. 1. The filing takes into account the previous year's cost of gas charged to the consumer compared to the actual cost of gas to procure in addition to the anticipated cost of gas and revenues from customers for the next year. If our actual costs and revenues vary from the projections, then we may file an interim adjustment like this to revise the rate before a large undercollection accrues.

Simplified example calculations can be found on the reverse side of this document.

If you are having difficulty paying your heating bill, call Valley Energy at 1-800-998-4427 to learn more about budget billing and available payment options. If you are on a limited or fixed income, you may be eligible for assistance through Valley Energy's Dollar Energy Fund or a federally funded Low-Income Home Energy Assistance Program (LIHEAP) grant.

Visit Valley Energy's website at www.valley-energy.com for additional information on energy efficiency tips and our We Care Program designed to assist customers.

Example 1 – when cost of gas for consumers is less than cost of gas purchased by Valley Energy.

Year 1

Cost of gas in year 1 is \$4.00/Mcf

Cost charged to customer in year 1 is \$3.00/Mcf, results is in an **under** collection of \$1.00/Mcf.

Year 2

Cost of gas in year 2 is projected to be \$5.00/Mcf

Cost charged to customer would be calculated by **adding**/subtracting the projected cost in year 2 and the **under**/over collected amount from year 1.

Cost charged to consumer would be:

\$5.00/Mcf (projected cost) + \$1.00/Mcf (under collection from year 1) = \$6.00/Mcf

Example 2 - when cost of gas for consumers is more than cost of gas purchased by Valley Energy.

Year 1

Cost of gas in year 1 is \$3.00/Mcf

Cost charged to customer in year 1 is \$4.00/Mcf, results is in an **over** collection of \$1.00/Mcf.

Year 2

Cost of gas in year 2 is projected to be \$5.00/Mcf

Cost charged to customer would be calculated by adding/**subtracting** the under/**over** collected amount from year 1 from the projected cost in year 2.

Cost charged to consumer would be:

\$5.00/Mcf (projected cost) - \$1.00/Mcf (over collection from year 1) = \$4.00/Mcf