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July 29, 2019

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

**RE: Valley Energy, Inc. – Supplement No. 49 to Tariff Gas – Pa. P.U.C. No. 2;
Docket No. R-2019-3008209 (Replacement Schedules/Tariff Pages)**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") are the following replacement schedules and tariff pages for Valley Energy, Inc.'s ("Valley" or the "Company") Supplement No. 49 to Tariff Electric – Pa. P.U.C. No. 2 ("Supplement No. 49") filed on July 1, 2019:

- Tab D: Spreadsheets Supporting Proposed Rates, including Schedules:
 - A(R);
 - B(R); B1(R); B1-1(R); B1-2(R); B2(R); B2-1(R); B3(R); B4(R); B4-1(R); B4-2(R); B5(R); B5-1(R); B5-2(R); and
 - C1(R); C1-1(R); C1-2(R); C1-3(R); C1-4(R); C1-5(R); C1-6(R); C1-7(R); C1-8(R); C2(R); C3(R); and C4(R);
- Tab E: Rate of Return Information, including Schedule C1-2(R); and
- Tab F: Proposed Tariff Supplement No. 49, including:
 - Seventh Revised Page No. 36;
 - Seventh Revised Page No. 43;
 - Sixth Revised Page No. 44;
 - Seventh Revised Page No. 49;
 - Twenty-Third Revised Page No. 50;
 - Fourth Revised Page No. 58; and
 - Twenty-First Revised Page No. 78.

The replacement schedules corrects Valley's depreciation expense calculation. This correction reduces the requested increase to distribution revenues from \$1,034,000 to \$834,497.

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Rosemary Chiavetta, Secretary
July 29, 2019
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If you have any questions regarding the enclosed documents, please feel free to contact the undersigned.

As shown by the attached Certificate of Service, the statutory parties are being duly served with a copy of this filing. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By



Adeolu A. Bakare

Counsel to Valley Energy, Inc.

c: Chief Administrative Law Judge Charles E. Rainey, Jr. (via E-Mail and First-Class Mail)
Erin Laudenslager, Bureau of Technical Utility Services (via E-Mail and First-Class Mail)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

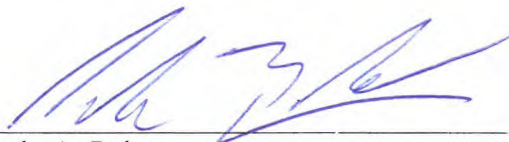
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Adeolu A. Bakare

Counsel to Valley Energy, Inc.

Dated this 29th day of July, 2019, at Harrisburg, Pennsylvania.

D

A(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020
INDEX TO SCHEDULES

Line	SCHEDULE	DESCRIPTION	PERIOD
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2			
3	RATES AND REVENUE		
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5	B1 (R)	Summary Of Sales, Customers And Revenue At Present Rates	Historic Year December 31, 2018
6	B1-1 (R)	Billing Units, Rates And Revenue At Present Rates	Historic Year December 31, 2018
7	B1-2 (R)	Bill Analysis- Revenues Under Present Rates	Historic Year December 31, 2018
8	B2 (R)	Summary Of Sales, Customers And Revenue At Present Rates	Future Test Year December 31, 2019
9	B2-1 (R)	Billing Units, Rates And Revenue At Present Rates	Future Test Year December 31, 2019
10	B3 (R)	Number of Customers Served Whose Bills Will be Increased	Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
11	B4 (R)	Summary Of Sales, Customers And Revenue At Present and Proposed Rates	Fully Projected Future Test Year December 31, 2020
12	B4-1 (R)	Billing Units, Rates And Revenue At PRESENT Rates	Fully Projected Future Test Year December 31, 2020
13	B4-2 (R)	Billing Units, Rates And Revenue At PROPOSED Rates	Fully Projected Future Test Year December 31, 2020
14			
15	TARIFF RATES		
16	B5	Summary Of Present And Proposed Tariff Rates	Historic Year December 31, 2018 and Fully Projected Future Test Year December 31, 2020
17	B5-1	Bill Comparisons (including GCR)	Fully Projected Future Test Year December 31, 2020
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22	C1-1 (R)	Support Sheet No. 1- Operating Expense and Going-Level Adjustments	Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
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27	C1-6 (R)	Support Sheet No. 6- Computation of Rate Base	Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
28	C1-7 (R)	Comparison to Prior Rate Case	Prior Rate Case and Fully Projected Future Test Year December 31, 2020
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B(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Operating Revenue Under Present Rates and Proposed Rates
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 b[4]

Line	Operating Revenues	Historic Year December 31, 2018		PRESENT RATES Future Test Year December 31, 2019	PRESENT RATES Fully Projected Future Test Year December 31, 2020	PROPOSED RATES Fully Projected Future Test Year December 31, 2020
		Per Books	Distribution Only	Distribution Only	Distribution Only	Distribution Only
1	Residential sales	\$4,634,028	\$2,312,839	\$2,223,177	2,244,657	2,729,930
2	Commercial and Industrial sales	2,371,653	\$849,525	716,103	717,758	873,024
3	Transportation	2,602,478	2,121,242	2,060,232	2,074,472	2,268,479
4	Subtotal	9,608,159	5,283,606	4,999,512	5,036,887	5,871,433
5						
6	Forfeited Discounts	19,054	19,054	19,054	19,054	19,054
7	Other Gas revenue	3,429	3,429	3,429	3,429	3,429
8						
9	Total Operating Revenues	\$9,630,642	\$5,306,089	\$5,021,995	\$5,059,370	\$5,893,916

B1(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Summary Of Sales, Customers And Revenue At Present Rates
Historic Year December 31, 2018

Line	Rate Class	Volumes (ccf)	Customers	Revenue - Present Rates		
				Fixed Customer Charge	Variable Distribution-Commodity	Distribution Total
1	<u>Residential Sales Customers</u>					
2	Rate R- Residential	6,046,406	6,058	\$763,266	\$1,549,573	2,312,839
3						
4	<u>Commercial and Industrial Sales Customers</u>					
5	Rate C- Commercial	2,704,420	803	173,484	544,021	717,505
6	Rate I- Large Industrial Firm	0	0	0	0	0
7	Rate IS- Interruptible Service	564,410	3	2,412	36,134	38,546
8	Rate SI- Small Industrial	643,401	6	4,891	88,583	93,474
9		3,912,231	812	180,787	668,738	849,525
10						
11	<u>Transportation Customers</u>					
12	Transport. Firm	2,494,440	11	8,844	343,434	352,278
13	Transport. Firm- Fixed		2	743,610		743,610
14	Transport. Firm- Volumetric	8,938,555	1		411,174	411,174
15	Transport. Firm- DDQ	927,322	53	11,412	186,540	197,952
16	Transport. Interruptible	6,438,740	5	4,020	412,208	416,228
17		18,799,057	72	767,886	1,353,356	2,121,242
18						
19	TOTAL	28,757,694	6,942	\$1,711,939	\$3,571,667	\$5,283,606

31-1(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Billing Units, Rates And Revenue At Present Rates
Historic Year December 31, 2018

Line	Description	Rate R- Residential	Rate C- Commercial	Rate I- Large Industrial Firm	Rate IS- Interruptible Service	Rate SI- Small Industrial	Transport. Firm	Transport. Firm- Contract	Transport. Firm- DDQ	Transport. Interruptible	Total
1		BILLING UNITS									
2	ccf Sales	6,046,406	2,704,420	0	564,410	643,401	2,494,440	8,938,555	927,322	6,438,740	28,757,694
3											
4	Number of Bills	72,692	9,638	0	36	73	132	36	634	60	83,301
5	Average Monthly Bills	6,058	803	0	3	6	11	3	53	5	6,942
6											
7		RATES AND CHARGES									
8		Tariff Rates									
9	Customer Charge	\$10.50	\$18.00	\$0.00	\$67.00	\$67.00	\$67.00	\$0.00	\$18.00	\$67.00	
10											
11	Commodity Block 1	\$0.25628	\$0.201160	\$0.10466	\$0.064020	\$0.137680	\$0.137680	\$0.0460	\$0.201160	\$0.064020	
12	Commodity Block 2			\$0.06429				\$0.0465			
13	Commodity Block 3			\$0.04212							
14	Commodity Block 4										
15											
16	Demand Block 1			\$1.149023							
17	Demand Block 2			\$0.596273							
18	Fixed Monthly #1							\$25,000			
19	Fixed Monthly #2 Jan-Sep							\$36,875			
20	Fixed Monthly #2 Oct-Dec							\$37,245			
21		COMPUTATION OF REVENUE									
22	Fixed Charge Revenue	763,266	173,484	0	2,412	4,891	8,844	743,610	11,412	4,020	1,711,939
23	Volumetric Revenue	1,549,573	544,021	0	36,134	88,583	343,434	411,174	186,540	412,208	3,571,667
24	Total Distribution Revenue	\$2,312,839	\$717,505	\$0	\$38,546	\$93,474	\$352,278	\$1,154,784	\$197,952	\$416,228	\$5,283,606
25											
26		BILLING UNITS- DETAIL									
27	ccf Sales	6,046,406	2,704,420	0	564,410	643,401	2,494,440	8,938,555	927,322	6,438,740	28,757,694
28							21.82% Firm / (Firm+Contract)				
29											

Block 1= Jan-Nov rate
Block 2= Dec rate

B1-2(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Bill Analysis- Revenues Under Present Rates
Historic Year December 31, 2018

Line	Customer Type	Per Books 12/31/2018 Revenue	GCR	STAS	Unbilled	Margin	Bill Analysis Margin	Difference (\$)
1	Residential sales	\$4,634,028	\$2,358,210	(\$17,664)	(\$19,587)	\$2,313,069	\$2,312,839	\$230
2	Commercial and Industrial sales	2,371,653	1,528,734	(6,548)	(6,529)	855,996	849,525	\$6,471
3	Transportation	2,602,478		(7,328)		2,609,806	2,121,242	\$488,564
4		9,608,159	\$3,886,944	(\$31,540)	(\$26,116)	\$5,778,871	\$5,283,606	\$495,265
5								
6	GCR under (over)	(556,659)						
7	Forfeited Discounts	19,054						
8	Other	3,429						
9		\$9,073,983						

B2(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Summary Of Sales, Customers And Revenue At Present Rates
Future Test Year December 31, 2019

Line	Rate Class	Volumes (ccf)	Customers	Revenue - Present Rates		Distribution Total
				Fixed Customer Charge	Variable Distribution-Commodity	
1	<u>Residential Sales Customers</u>					
2	Rate R- Residential	5,621,653	6,210	\$782,460	\$1,440,717	2,223,177
3						
4	<u>Commercial and Industrial Sales Customers</u>					
5	Rate C- Commercial	2,446,133	805	173,880	492,064	665,944
6	Rate I- Large Industrial Firm	0	0	0	0	0
7	Rate IS- Interruptible Service	540,070	3	2,412	34,575	36,987
8	Rate SI- Small Industrial	72,313	4	3,216	9,956	13,172
9		3,058,516	812	179,508	536,595	716,103
10						
11	<u>Transportation Customers</u>					
12	Transport. Firm	2,477,467	11	8,844	341,098	349,942
13	Transport. Firm- Fixed		2	749,205		749,205
14	Transport. Firm- Volumetric	8,877,735	1		413,228	413,228
15	Transport. Firm- DDQ	860,473	53	11,412	173,093	184,505
16	Transport. Interruptible	5,612,809	5	4,020	359,332	363,352
17		17,828,485	72	773,481	1,286,751	2,060,232
18						
19	TOTAL	26,508,654	7,094	\$1,735,449	\$3,264,063	\$4,999,512

B3(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Number of Customers Served Whose Bills Will be Increased
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 b[3]

<u>Line</u>	<u>Customer Type</u>	<u>Average Number of Customers During the Year</u>		
		<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>
1	Residential sales	6,058	6,210	6,270
2	Commercial and Industrial sales	812	812	814
3	Transportation	72	72	72
4	Total Customers Served	6,942	7,094	7,156
5				
6				
7				

34-1(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Billing Units, Rates And Revenue At PRESENT Rates
Fully Projected Future Test Year December 31, 2020

Line	Description	Rate R- Residential	Rate C- Commercial	Rate I- Large Industrial Firm	Rate IS- Interruptible Service	Rate SI- Small Industrial	Transport. Firm	Transport. Firm- Contract	Transport. Firm- DDQ	Transport. Interruptible	Total
1		BILLING UNITS									
2	ccf Sales	5,675,968	2,452,210	0	540,070	72,313	2,477,467	8,877,735	860,473	5,612,809	26,569,046
3											
4	Number of Bills	75,240	9,684	0	36	48	132	36	634	60	85,870
5	Average Monthly Bills	6,270	807	0	3	4	11	3	53	5	7,156
6											
7		RATES AND CHARGES									
8		Tariff Rates									
9	Customer Charge	\$10.50	\$18.00	\$0.00	\$67.00	\$67.00	\$67.00	\$0.00	\$18.00	\$67.00	
10											
11	Commodity Block 1	\$0.256280	\$0.201160	\$0.104664	\$0.064020	\$0.137680	\$0.137680	\$0.04700	\$0.201160	\$0.064020	
12	Commodity Block 2			\$0.064289				\$0.04700			
13	Commodity Block 3			\$0.042116				9.31% Dec %			
14	Commodity Block 4										
15											
16	Demand Block 1			\$1.149023							
17	Demand Block 2			\$0.596273							
18	Fixed Monthly #1							25,000			
19	Fixed Monthly #2 Jan-Sep							38,000	38,860	3.303%	
20	Fixed Monthly #2 Oct-Dec							39,140			
21											
22	Fixed Charge Revenue	790,020	174,312	0	2,412	3,216	8,844	759,420	11,412	4,020	1,753,656
23	Volumetric Revenue	1,454,637	493,287		34,575	9,956	341,098	417,254	173,093	359,332	3,283,231
24	Total Distribution Revenue	\$2,244,657	\$667,599	\$0	\$36,987	\$13,172	\$349,942	\$1,176,674	\$184,505	\$363,352	\$5,036,887
25											
26		BILLING UNITS- DETAIL									
27	ccf Sales	5,675,968	2,452,210		540,070	72,313	2,477,467	8,877,735	860,473	5,612,809	26,569,046
28	Customers	6,270	807		3	4	11	3	53	5	7,156
29							21.82% Firm / (Firm+Contract)				

34-2(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Billing Units, Rates And Revenue At PROPOSED Rates
Fully Projected Future Test Year December 31, 2020

Line	Description	Rate R- Residential	Rate C- Commercial	Rate I- Large Industrial Firm	Rate IS- Interruptible Service	Rate SI- Small Industrial	Transport. Firm	Transport. Firm- Contract	Transport. Firm- DDQ	Transport. Interruptible	Total
1		BILLING UNITS									
2	ccf Sales	5,675,968	2,452,210	0	540,070	72,313	2,477,467	8,877,735	860,473	5,612,809	26,569,046
3											
4	Number of Bills	75,240	9,684	0	36	48	132	36	634	60	85,870
5	Average Monthly Bills	6,270	807	0	3	4	11	3	53	5	7,156
6											
7		RATES AND CHARGES									
8		Tariff Rates									
9	Customer Chrg Input rates	\$12.79	\$21.93	\$0.00	\$81.64	\$81.64	\$81.64	\$0.00	\$21.93	\$81.64	
10											
11	Commodity Block 1	\$0.31142	\$0.24453	\$0.12729	\$0.07786	\$0.16743	\$0.16743	\$0.04700	\$0.24453	\$0.07786	
12	Commodity Block 2			\$0.07819				\$0.04700			
13	Commodity Block 3			\$0.05122				9.31% Dec %			
14	Commodity Block 4										
15											
16	Demand Block 1			\$1.39742							
17	Demand Block 2			\$0.72517							
18	Fixed Monthly #1							25,000			
19	Fixed Monthly #2 Jan-Sep							38,000			
20	Fixed Monthly #2 Oct-Dec							39,140			
21		COMPUTATION OF REVENUE									
22	Fixed Charge Revenue	962,320	212,370	0	2,939	3,919	10,776	759,420	13,904	4,898	1,970,546
23	Volumetric Revenue	1,767,610	599,639		42,050	12,107	414,802	417,254	210,412	437,013	3,900,887
24	Total Distribution Revenue	\$2,729,930	\$812,009	\$0	\$44,989	\$16,026	\$425,579	\$1,176,674	\$224,315	\$441,912	\$5,871,433
25	Target	2,729,905	811,919		44,983	16,020	425,592	1,176,674	224,391	441,901	5,871,384
26		BILLING UNITS- DETAIL									
27	Block 1 ccf Sales	5,675,968	2,452,210	0	540,070	72,313	2,477,467	8,877,735	860,473	5,612,809	26,569,046
28											

Block 1= Jan-Nov rate
Block 2= Dec rate

Summary Of Present And Proposed Tariff Rates
Historic Year December 31, 2018 and Fully Projected Future Test Year December 31, 2020

Line	Present Rates (excluding GCR)	GCR Current	Present Rates (including GCR)	Proposed Rates (excluding GCR)	GCR Current	Proposed Rates (including GCR)	Proposed Increase (excluding GCR)	Proposed Increase (including GCR)
Rate R- Residential								
1								
2	Customer Charge per Bill	\$10.50	\$10.50	\$12.79		\$12.79	21.81%	21.81%
3								
4	<u>Commodity charge per ccf</u>							
5	All usage	\$0.256280	\$0.296500	\$0.55278	\$0.311420	\$0.310400	\$0.62182	21.52% 12.49%
6	Rate C- Commercial							
7	Customer Charge per Bill	\$18.00	\$18.00	\$21.93		\$21.93	21.83%	21.83%
8								
9	<u>Commodity charge per ccf</u>							
10	All usage	\$0.201160	\$0.296500	\$0.49766	\$0.244530	\$0.310400	\$0.55493	21.56% 11.51%
11	Rate I- Large Industrial Firm							
12	Customer Charge per Bill	\$0.00	\$0.00	\$0.00		\$0.00		
13								
14	<u>Commodity charge per ccf</u>							
15	Block 1	\$0.104664	\$0.296500	\$0.40116	\$0.127290	\$0.310400	\$0.43769	21.62% 9.11%
16	Block 2	\$0.064289	\$0.296500	\$0.36079	\$0.078190	\$0.310400	\$0.38859	21.62% 7.71%
17	Block 3	\$0.042116	\$0.296500	\$0.33862	\$0.051220	\$0.310400	\$0.36162	21.62% 6.79%
18								
19	<u>Demand charge per mcf</u>							
20	Block 1	\$1.149023		\$1.14902	\$1.397420		\$1.39742	21.62% 21.62%
21	Block 2	\$0.596273		\$0.59627	\$0.725170		\$0.72517	21.62% 21.62%
22	Rate IS- Interruptible Service							
23	Customer Charge per Bill	\$67.00	\$67.00	\$81.64		\$81.64	21.85%	21.85%
24								
25	<u>Transport charge per ccf</u>							
26	All usage	\$0.064020	\$0.06402	\$0.077860		\$0.07786	21.62%	21.62%
27	Rate SI- Small Industrial							
28	Customer Charge per Bill	\$67.00	\$67.00	\$81.64		\$81.64	21.85%	21.85%
29								
30	<u>Demand charge per mcf</u>							
31	All usage	\$0.137680	\$0.296500	\$0.43418	\$0.167430	\$0.310400	\$0.47783	21.61% 10.05%
32	Transport. Firm							
33	Customer Charge per Bill	\$67.00	\$67.00	\$81.64		\$81.64	21.85%	
34								
35	<u>Transport charge per ccf</u>							
36	All usage	\$0.137680	\$0.137680	\$0.167430		\$0.167430	21.61%	21.61%
37	Transport. Firm- DDQ							
38	Customer Charge per Bill	\$18.00	\$18.00	\$21.93		\$21.93	21.83%	21.83%
39								
40	<u>Transport charge per ccf</u>							
41	All usage	\$0.201160	\$0.201160	\$0.244530		\$0.244530	21.56%	21.56%
42	Transport. Interruptible							
43	Customer Charge per Bill	\$67.00	\$67.00	\$81.64		\$81.64	21.85%	
44								
45	<u>Transport charge per ccf</u>							
46	All usage	\$0.064020	\$0.064020	\$0.077860		\$0.077860	21.62%	21.62%

35-1(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Bill Comparisons (including GCR)
Fully Projected Future Test Year December 31, 2020
Rate R- Residential

Line	Average	Sales (ccf)	Present Rates		Proposed Rates		Increase	
			Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	\$ per Monthly	%
1		Minimum	\$10.50		\$12.79		\$2.29	21.81%
2		10	16.03	\$1.60278	19.01	\$1.90082	2.98	18.60%
3		20	21.56	1.07778	25.23	1.26132	3.67	17.03%
4	All Residential, Apr-Sep	36	30.40	0.84445	35.18	0.97710	4.78	15.71%
5		50	38.14	0.76278	43.88	0.87762	5.74	15.06%
6	All Residential, Annual	71	49.75	0.70067	56.94	0.80196	7.19	14.46%
7	All Residential, Oct-Mar	106	69.09	0.65184	78.70	0.74248	9.61	13.91%
8		150	93.42	0.62278	106.06	0.70709	12.65	13.54%
9		200	121.06	0.60528	137.15	0.68577	16.10	13.30%
10		250	148.70	0.59478	168.25	0.67298	19.55	13.15%

Rate C- Commercial

Line	Average	Sales (ccf)	Present Rates		Proposed Rates		Increase	
			Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	\$ per Monthly	%
16		Minimum	\$18.00		\$21.93		\$3.93	21.83%
17		25	30.44	\$1.21766	35.80	\$1.43213	5.36	17.61%
18		50	42.88	0.85766	49.68	0.99353	6.79	15.84%
19		100	67.77	0.67766	77.42	0.77423	9.66	14.25%
20		200	117.53	0.58766	132.92	0.66458	15.38	13.09%
21	All Commercial, Annual	247	140.92	0.57053	159.00	0.64372	18.08	12.83%
22		300	167.30	0.55766	188.41	0.62803	21.11	12.62%
23		400	217.06	0.54266	243.90	0.60976	26.84	12.36%
24		500	266.83	0.53366	299.40	0.59879	32.57	12.20%
25		750	391.25	0.52166	438.13	0.58417	46.88	11.98%
26		1,000	515.66	0.51566	576.86	0.57686	61.20	11.87%

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Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Bill Comparisons (including GCR)
Fully Projected Future Test Year December 31, 2020
Rate SI- Small Industrial

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Average	Sales (ccf)	Present Rates		Proposed Rates		Increase	
		Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	\$ per Monthly	%
	Minimum	\$67.00		\$81.64		\$14.64	21.85%
	2,000	935.36	\$0.46768	1,037.30	\$0.51865	101.94	10.90%
	4,000	1,803.72	0.45093	1,992.96	0.49824	189.24	10.49%
	6,000	2,672.08	0.44535	2,948.62	0.49144	276.54	10.35%
	8,000	3,540.44	0.44256	3,904.28	0.48804	363.84	10.28%
	10,000	4,408.80	0.44088	4,859.94	0.48599	451.14	10.23%
	12,000	5,277.16	0.43976	5,815.60	0.48463	538.44	10.20%
	14,000	6,145.52	0.43897	6,771.26	0.48366	625.74	10.18%
	16,000	7,013.88	0.43837	7,726.92	0.48293	713.04	10.17%
	18,000	7,882.24	0.43790	8,682.58	0.48237	800.34	10.15%
	20,000	8,750.60	0.43753	9,638.24	0.48191	887.64	10.14%

B5-2(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Bill Comparisons (excluding GCR)
Fully Projected Future Test Year December 31, 2020
Rate SI- Small Industrial

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Average	Sales (ccf)	Present Rates		Proposed Rates		Increase	
		Monthly Bill	Cost per ccf	Monthly Bill	Cost per ccf	\$ per Monthly	%
	Minimum	\$67.00		\$81.64		\$14.64	21.85%
	2,000	342.36	\$0.17118	416.50	\$0.20825	74.14	21.66%
	4,000	617.72	0.15443	751.36	0.18784	133.64	21.63%
	6,000	893.08	0.14885	1,086.22	0.18104	193.14	21.63%
	8,000	1,168.44	0.14606	1,421.08	0.17764	252.64	21.62%
	10,000	1,443.80	0.14438	1,755.94	0.17559	312.14	21.62%
	12,000	1,719.16	0.14326	2,090.80	0.17423	371.64	21.62%
	14,000	1,994.52	0.14247	2,425.66	0.17326	431.14	21.62%
	16,000	2,269.88	0.14187	2,760.52	0.17253	490.64	21.62%
	18,000	2,545.24	0.14140	3,095.38	0.17197	550.14	21.61%
	20,000	2,820.60	0.14103	3,430.24	0.17151	609.64	21.61%

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Net Operating Income And Rates of Return
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 c[1]

Line	Description	Historic Year December 31, 2018		Future Test Year	PRESENT RATES	PROPOSED RATES
		Per Books	Distribution Only	December 31, 2019	Fully Projected Future Test Year December 31, 2020	Fully Projected Future Test Year December 31, 2020
				Distribution Only	Distribution Only	Distribution Only
1	<u>REVENUE</u>					
2	Residential	\$4,634,028	\$2,312,839	\$2,223,177	\$2,244,657	2,729,930
3	Commercial and industrial	2,371,653	849,525	716,103	717,758	873,024
4	Transportation	2,602,478	2,121,242	2,060,232	2,074,472	2,268,479
5	Operating revenue	9,608,159	5,283,606	4,999,512	5,036,887	5,871,433
6	Other revenue, net	22,483	22,483	22,483	22,483	22,483
7	Total Revenue	9,630,642	5,306,089	5,021,995	5,059,370	5,893,916
8	<i>ccf</i>	28,757,694		26,508,654		26,569,046
9	<u>EXPENSES</u>					
10	Purchased gas	3,349,457				
11	Distribution	1,349,824	1,349,824	1,444,764	1,480,806	1,480,806
12	Customer accounting & collection expenses	640,292	640,292	723,546	743,530	743,530
13	Uncollectible costs to recover in GCR				(45,369)	(45,369)
14	Administrative & general expenses	811,119	811,119	885,303	913,205	913,205
15	Total Operating expenses	6,150,692	2,801,234	3,053,613	3,092,172	3,092,172
16						
17	Depreciation expense	832,784	832,784	902,784	971,413	971,413
18	Taxes other than income	32,930	32,930	34,296	34,296	34,296
19	Rate case expense amortization				90,333	90,333
20	Total Expenses	7,016,406	3,666,949	3,990,694	4,188,214	4,188,214
21						
22	Net operating income before income taxes	2,614,236	1,639,141	1,031,302	871,156	1,705,702
23						
24	Income tax expense	541,437	224,461	82,437	16,653	257,770
25						
26	NET UTILITY OPERATING INCOME (LOSS)	\$2,072,799	\$1,414,680	\$948,865	\$854,504	\$1,447,932
27						
28	RATE BASE (B)	\$15,356,139	\$15,356,139	\$15,356,139	\$17,402,604	\$17,402,604
29	RATE OF RETURN ON RATE BASE (A / B)	13.50%	9.21%	6.18%	4.91%	8.32%
30						

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Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Net Operating Income And Rates of Return
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 c[1] - Support Sheet No. 1
Support Sheet No. 1- Operating Expense and Going-Level Adjustments

Line	Acct.	Account Description	Year 2016	Year 2017	Historic Year December 31, 2018	Changes 2018-2019				Future Test Year December 31, 2019
						Labor	Overheads	Trans- portation, Materials & Supplies	Other	
1		<u>Gas Cost</u>								
2	804	Gas Purchased	\$2,868,627	\$3,137,230	\$3,349,457				(\$3,349,457)	\$0
3		<i>Total Other Power Supply Expenses</i>	2,868,627	3,137,230	3,349,457	0	0	0	(3,349,457)	0
4										
5		<u>Distribution Expenses</u>								
6	842	Fuel	20,229	22,625	32,754	0	0	0	(808)	31,946
7	870	Labor Operation Supervision/Eng.	65,207	80,117	158,043	(8,172)	5,743	(5,808)	0	149,806
8	871	Distribtuion Load Dispatching	5,017	5,744	0	0	0	5,427	0	5,427
9	874	Mains and Services	407,628	425,516	449,307	13,795	39,671	1,450	0	504,223
10	875	Measuring and regulating- general	45,070	59,771	49,260	3,946	9,335	2,785	0	65,326
11	876	Industrial / commercial meters and regula	53,818	53,967	65,404	(64)	5,866	381	0	71,587
12	877	Measuring and regulating- city gate	54,341	36,857	45,851	150	898	(887)	0	46,012
13	878	Meters and house regulators	132,974	139,432	144,075	2,690	18,423	2,916	0	168,104
14	879	Customer installations	131,225	106,627	114,336	1,274	13,532	(269)	0	128,874
15	880	Other operating expense	2,555	3,642	3,893	0	0	117	0	4,010
16	881	Rents	2,626	1,045	1,871	0	0	0	41	1,912
17		<i>Total Operation</i>	920,691	935,343	1,064,795	13,619	93,469	6,110	(768)	1,177,226
18										
19	885	Supervision and engineering	30,192	25,260	25,312	67	2,841	97	0	28,318
20	886	Structures and improvements	26,214	26,268	37,189	(132)	3,336	(258)	0	40,136
21	887	Mains	86,502	89,887	56,809	(58,644)	10,104	27,810	0	36,078
22	889	Measuring and regulating- general	22,206	34,174	27,158	(3,706)	(4,079)	(1,655)	0	17,719
23	890	Measuring and regulating- industrial	24,466	18,826	17,371	140	1,453	(2,129)	0	16,835
24	891	Measuring and regulating- city gate	8,130	6,827	11,207	(788)	460	(7)	0	10,872
25	892	Services	51,810	79,353	53,701	1,052	3,866	979	0	59,598
26	893	Meters and house regulators	104,484	65,985	56,283	(670)	4,241	(1,870)	0	57,984
27		<i>Total Maintenance</i>	354,003	346,580	285,030	(62,680)	22,223	22,966	0	267,539
28		<i>Total Distribution Expenses</i>	1,274,694	1,281,923	1,349,824	(49,060)	115,692	29,076	(768)	1,444,764

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Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Net Operating Income And Rates of Return
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 c[1] - Support Sheet No. 1
Support Sheet No. 1- Operating Expense and Going-Level Adjustments

		Changes 2019-2020						
Line	Acct.	Account Description	Future Test Year December 31, 2019	Labor	Overheads	Trans- portation, Materials & Supplies	Other	Fully Projected Future Test Year December 31, 2020
1		<u>Gas Cost</u>						
2	804	Gas Purchased	\$0					\$0
3		<i>Total Other Power Supply Expenses</i>	0	0	0	0	0	0
4								
5		<u>Distribution Expenses</u>						
6	842	Fuel	31,946	0	0	0	958	32,904
7	870	Labor Operation Supervision/Eng.	149,806	1,757	1,997	142	0	153,703
8	871	Distribtuion Load Dispatching	5,427	0	0	163	0	5,590
9	874	Mains and Services	504,223	5,975	2,170	2,329	0	514,698
10	875	Measuring and regulating- general	65,326	603	685	467	0	67,081
11	876	Industrial / commercial meters and regula	71,587	762	866	260	0	73,475
12	877	Measuring and regulating- city gate	46,012	120	137	1,083	0	47,351
13	878	Meters and house regulators	168,104	1,718	1,952	789	0	172,563
14	879	Customer installations	128,874	1,387	1,576	432	0	132,269
15	880	Other operating expense	4,010	0	0	120	0	4,130
16	881	Rents	1,912	0	0	0	57	1,969
17		<i>Total Operation</i>	1,177,226	12,322	9,384	5,786	1,016	1,205,733
18								
19	885	Supervision and engineering	28,318	329	373	36	0	29,056
20	886	Structures and improvements	40,136	437	496	123	0	41,191
21	887	Mains	36,078	(1,481)	707	1,437	0	36,742
22	889	Measuring and regulating- general	17,719	58	65	389	0	18,231
23	890	Measuring and regulating- industrial	16,835	163	185	101	0	17,284
24	891	Measuring and regulating- city gate	10,872	681	106	106	0	11,765
25	892	Services	59,598	369	419	874	0	61,261
26	893	Meters and house regulators	57,984	532	604	423	0	59,542
27		<i>Total Maintenance</i>	267,539	1,086	2,958	3,489	0	275,072
28		<i>Total Distribution Expenses</i>	1,444,764	13,408	12,342	9,276	1,016	1,480,806

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Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Net Operating Income And Rates of Return
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 c[1] - Support Sheet No. 1
Support Sheet No. 1- Operating Expense and Going-Level Adjustments

Line	Acct.	Account Description	Year 2016	Year 2017	Historic Year December 31, 2018	Changes 2018-2019				Future Test Year December 31, 2019
						Labor	Overheads	Trans- portation, Materials & Supplies	Other	
29										
30		<u>Customer Accounting & Collection Expenses:</u>								
31	902	Meter Reading Expense	84,694	105,993	84,847	2,581	11,195	(1,540)	0	97,083
32	903	Customer Records & Collection Exp	432,803	448,576	467,965	71	24,698	4,395	2,512	499,643
33	904	Uncollectible Accounts	20,749	39,383	54,012	0	0	0	43,852	97,864
34	905	Miscellaneous customer	4,132	15,190	28,364	0	0	(4,627)	0	23,736
35	909	Info & Instructional Advert Expense	2,527	1,240	1,276	0	0	0	(76)	1,200
36	913	Advertising Expense	6,986	4,143	3,828	0	0	0	192	4,021
37		<i>Total Customer Accounting & Collection</i>	551,892	614,525	640,292	2,652	35,893	(1,772)	46,481	723,546
38										
39		<u>Administrative & General Expenses:</u>								
40	920	Administrative & General Salaries	443,785	522,228	442,616	10,371	69,965	132	0	523,084
41	921	Office Supplies & Expenses	27,755	37,612	52,025	0	0	3,167	17,334	72,525
42	923	Outside Services Employed	69,146	77,054	115,613	0	0	0	(33,866)	81,747
43	924	Property Insurance	10,930	11,156	11,456	0	0	0	244	11,700
44	925	Injuries and damage	60,294	56,695	55,616	0	0	0	2,532	58,148
45	926	Employee Pensions & Benefits	834	2,916	2,150	0	0	0	926	3,076
46	928	Regulatory commission expenses	41,372	38,446	35,992	0	0	0	1,409	37,401
47	930	General advertising	49,048	52,295	73,436	289	0	0	(2,489)	71,236
48	932	Maintenance of general plant	10,639	19,478	22,214	461	2,404	900	406	26,385
49		<i>Total Administrative & General Expenses</i>	713,803	817,879	811,119	11,121	72,369	4,198	(13,504)	885,303
50										
51		Total Oper & Maint Expense	\$5,409,015	\$5,851,557	\$6,150,692	(\$35,287)	\$223,954	\$31,503	(\$3,317,248)	\$3,053,613

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Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Net Operating Income And Rates of Return
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 c[1] - Support Sheet No. 1
Support Sheet No. 1- Operating Expense and Going-Level Adjustments

Changes 2019-2020

Line	Acct.	Account Description	Future Test Year December 31, 2019	Labor	Overheads	Trans- portation, Materials & Supplies	Other	Fully Projected Future Test Year December 31, 2020
29								
30		<u>Customer Accounting & Collection Expenses:</u>						
31	902	Meter Reading Expense	97,083	964	1,095	526	0	99,668
32	903	Customer Records & Collection Exp	499,643	4,102	4,663	1,636	3,194	513,237
33	904	Uncollectible Accounts	97,864	0	0	0	2,936	100,799
34	905	Miscellaneous customer	23,736	0	0	712	0	24,449
35	909	Info & Instructional Advert Expense	1,200	0	0	0	36	1,236
36	913	Advertising Expense	4,021	0	0	0	121	4,141
37		<i>Total Customer Accounting & Collection</i>	723,546	5,066	5,758	2,873	6,287	743,530
38								
39		<u>Administrative & General Expenses:</u>						
40	920	Administrative & General Salaries	523,084	6,117	6,952	544	0	536,697
41	921	Office Supplies & Expenses	72,525	0	0	402	1,774	74,701
42	923	Outside Services Employed	81,747	0	0	0	5,952	87,699
43	924	Property Insurance	11,700	0	0	0	351	12,051
44	925	Injuries and damage	58,148	0	0	0	1,744	59,893
45	926	Employee Pensions & Benefits	3,076	0	0	0	92	3,168
46	928	Regulatory commission expenses	37,401	0	0	0	1,122	38,524
47	930	General advertising	71,236	298	0	0	1,839	73,373
48	932	Maintenance of general plant	26,385	230	261	113	110	27,098
49		<i>Total Administrative & General Expenses</i>	885,303	6,645	7,214	1,058	12,985	913,205
50								
51		Total Oper & Maint Expense	\$3,053,613	\$25,119	\$25,314	\$13,207	\$20,287	\$3,137,541

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Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

**Support Sheet No. 2- Summary of Cost of Capital and Fair Rate of Return Based upon a
 Hypothetical Ratemaking Capital Structure
 12/31/2020**

<u>Line</u>	<u>Type of Capital</u>	<u>Ratios (1)</u>	<u>Cost Rate</u>	<u>Weighted Cost Rat</u>
1	Long-Term Debt	47.45%	4.98%	2.36%
2	Common Equity	52.55%	11.35%	5.96%
3	Total	<u>52.55%</u>		<u>8.32%</u>
4	TargetROR			<u>8.32%</u>

6 [1] Recommended hypothetical capital structure ratios as discussed in direct testimony.

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Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Net Operating Income And Rates of Return
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 c[1]
Support Sheet No. 3- Taxes Other Than Income

Line	Description	Historic Year December 31, 2018		Future Test Year December 31, 2019	PRESENT RATES Fully Projected Future Test Year December 31, 2020	PROPOSED RATES Fully Projected Future Test Year December 31, 2020
		Per Books	Distribution Only	Distribution Only	Distribution Only	Distribution Only
1	<u>Taxes other than income:</u>					
2	Pennsylvania Use Tax	(1,366)	(1,366)	0	0	0
3	Public Utility Realty Tax	10,000	10,000	10,000	10,000	10,000
4	Pennsylvania PUC assessment	24,296	24,296	24,296	24,296	24,296
5		<u>\$32,930</u>	<u>\$32,930</u>	<u>\$34,296</u>	<u>\$34,296</u>	<u>\$34,296</u>
6						
7	Rate case expense amortization					
8	Estimated expenses				\$271,000	
9	Amortization period (years)				3	
10	Annual amortization expense				<u>\$90,333</u>	<u>\$90,333</u>

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Net Operating Income And Rates of Return
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 c[1]
Support Sheet No. 4- Income Tax Calculations

Line	Description	Historic Year December 31, 2018		Future Test Year December 31, 2019	PRESENT RATES Fully Projected Future Test Year December 31, 2020	PROPOSED RATES Fully Projected Future Test Year December 31, 2020	
		Per Books	Distribution Only	Distribution Only	Distribution Only	Distribution Only	
1	Net Operating Income Excluding Income Taxes	\$2,614,236	\$1,639,141	\$1,031,302	\$871,156	\$1,705,702	
2							
3	<u>Non-Operating Expenses:</u>						
4	Synchronized interest expense:						
5	Rate base	15,356,139	15,356,139	15,356,139	17,402,604	17,402,604	
6	Less: CWIP	(114,497)	(114,497)	(114,497)	(114,497)	(114,497)	
7	Rate base for interest computation	15,241,642	15,241,642	15,241,642	17,288,107	17,288,107	
8	Weighted Cost of debt	2.360%	2.360%	2.360%	2.360%	2.360%	
9	Synchronized interest expense	359,703	359,703	359,703	407,999	407,999	
10	Taxable income before depreciation tax adjustments	2,254,533	1,279,438	671,599	463,157	1,297,703	
11							
12	<u>Pennsylvania depreciation adjustment:</u>						
13	Tax depreciation (using DDB method)	(1,620,820)	(1,620,820)	(1,642,204)	(1,573,006)	(1,573,006)	
14	Book depreciation	832,784	832,784	902,784	971,413	971,413	
15	Pennsylvania depreciation adjustment	(788,036)	(788,036)	(739,420)	(601,593)	(601,593)	
16	Pennsylvania taxable income	1,466,498	44,748	163,364	(138,436)	696,110	
17	Regulatory Pennsylvania income tax expense	9.99%	146,503	4,470	16,320	(13,830)	69,541
18							
19	<u>Federal depreciation adjustment:</u>						
20	Tax depreciation (using SL method)	(1,016,616)	(1,016,616)	(1,199,660)	(1,259,685)	(1,259,685)	
21	Book depreciation	832,784	832,784	902,784	971,413	971,413	
22	Federal depreciation adjustment	(183,832)	(183,832)	(296,876)	(288,272)	(288,272)	
23							
24	Taxable income before depreciation tax adjustments	2,254,533	1,279,438	671,599	463,157	1,297,703	
25	Federal depreciation adjustment	(183,832)	(183,832)	(296,876)	(288,272)	(288,272)	
26	Pennsylvania income tax expense	(146,503)	(4,470)	(16,320)	13,830	(69,541)	
27	Federal taxable income	1,924,198	1,091,136	358,403	188,715	939,889	
28	Regulatory Federal income tax expense	21.00%	404,082	229,139	75,265	39,630	197,377
29	EDIT Accretion	(9,148)	(9,148)	(9,148)	(9,148)	(9,148)	
30	Regulatory Total income tax expense	\$541,437	\$224,461	\$82,437	\$16,653	\$257,770	
31							
32	<u>Deferred Federal Income Tax expense (included in above):</u>						
33	Tax depreciation (using SL method)	1,016,616	1,016,616	1,199,660	1,259,685	1,259,685	
34	Tax depreciation (using DDB method)	1,620,820	1,620,820	1,642,204	1,573,006	1,573,006	
35		604,204	604,204	442,544	313,321	313,321	
36	Federal tax rate	21.00%	21.00%	21.00%	21.00%	21.00%	
37	Deferred Federal income tax (credit)	\$126,883	\$126,883	\$92,934	\$65,797	\$65,797	
38							
39	Combined statutory tax rate	28.89%					

C1-6(R)

Valley Energy Company (PA)
 Rate Case with Fully Projected Future Test Year 2020

Net Operating Income And Rates of Return
 Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
 Answer to 52 Pa. Code 53.52 c[1]
 Support Sheet No. 6- Computation of Rate Base

Line	Description	Source	12/31/2017	Historic Year December 31, 2018	Future Test Year December 31, 2019	Fully Projected Future Test Year December 31, 2020
1	<u>Utility Plant in Service</u>					
2	Assets	Schedule C3(R)		\$ 30,596,938	\$ 33,129,952	\$ 34,714,831
3	Less: Accumulated Depreciation	Schedule C3(R)		(14,355,012)	(15,392,958)	(16,499,533)
4				16,241,926	17,736,994	18,215,298
5	Construction work in progress	Schedule C2(R)		114,497	114,497	114,497
6	Less: Accumulated deferred income taxes	Line 33		(172,321)	(169,558)	(165,352)
7	Less: Excess deferred income taxes (EDIT)	Line 40		(82,329)	(73,182)	(64,034)
8	Less: Customer deposits	Schedule C2(R)		(362,607)	(362,607)	(362,607)
9	Natural gas inventories- avg balance for year	Trial Balances		650,909	650,909	650,909
10	Unbundled, to be Recovered in GCR	To Schedule C4(R)		(650,909)	(650,909)	(650,909)
11	Accrued OPEB Liability / OPEB asset, net	Line 47		(899,115)	(899,115)	(899,115)
12	Materials & Supplies	Schedule C2(R)		161,817	161,817	161,817
13				15,001,868	16,508,847	17,000,504
14	Cash Working Capital Allowance	Line 26		354,271	385,989	402,100
15	RATE BASE			\$ 15,356,139	\$ 16,894,836	\$ 17,402,604

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C1-6(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Net Operating Income And Rates of Return
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 c[1]
Support Sheet No. 6- Computation of Rate Base

Line	Description	Source	12/31/2017	Historic Year December 31, 2018	Future Test Year December 31, 2019	Fully Projected Future Test Year December 31, 2020
17	<u>Cash Working Capital Allowance:</u>					
18	Operating Expenses	Schedule C1(R)		\$ 7,016,406	\$ 3,990,694	\$ 4,188,214
19						
20	Deductions:					
21	Purchased Gas	Schedule C1(R)		3,349,457	0	0
22	Depreciation Expense	Schedule C1(R)		832,784	902,784	971,413
23	Total Deductions			4,182,242	902,784	971,413
24	Cash Operating Expenses			2,834,164	3,087,909	3,216,801
25	Cash Operating Expenses Ratio			1/8	1/8	1/8
26	Cash Working Capital Allowance			\$ 354,271	\$ 385,989	\$ 402,100
27						
28	<u>Regulatory Accumulated deferred income tax:</u>					
29	Accumulated depreciation based on tax expense borne by ratepayers			24,757,048	25,956,710	27,216,395
30	Accumulated depreciation based on taxes paid by company			25,577,626	26,764,127	28,003,786
31	(Excess) depreciation taken by company			(820,578)	(807,417)	(787,391)
32	Federal tax rate			21.00%	21.00%	21.00%
33	Regulatory Accumulated deferred income tax (liability)			\$ (172,321)	\$ (169,558)	\$ (165,352)
34						
35	<u>Excess deferred income tax:(EDIT)</u>					
36	Accumulated depreciation based on tax expense borne by ratepayers		23,781,445			
37	Accumulated depreciation based on taxes paid by company		24,485,114			
38	(Excess) depreciation taken by company		(703,669)			
39	Change in Federal tax rate		13.00%			
40	Excess deferred income tax:(EDIT)		(91,477)	(82,329)	(73,182)	(64,034)
41	Annual Amortization	10		(9,148)	(9,148)	(9,148)
42						
43	<u>Accrued OPEB Liability / OPEB asset, net</u>					
44	Accrued postretirement cost			(743,778)	(743,778)	(743,778)
45	Regulatory asset- OPEB			(369,507)	(369,507)	(369,507)
46	Deferred tax asset related to OPEB			214,171	214,171	214,171
47				(899,115)	(899,115)	(899,115)
48						

C1-7(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Comparison to Prior Rate Case
Prior Rate Case and Fully Projected Future Test Year December 31, 2020

Line	Description	Fully Projected Future Test Year December 31, 2020	R-2010-2174470, Settlement	Difference	Gross-Up for GRT	Revenue Requirement Effect
1	Revenue	5,059,370	3,811,183	1,248,187	1.0000	(1,248,187)
2	<i>ccf</i>	<i>26,569,046</i>	<i>28,625,433</i>			
3						
4						
5	O&M	3,092,172	2,063,997	1,028,175	1.0000	1,028,175
6	Taxes other than income, Rate Case	124,629	122,410	2,219	1.0000	2,219
7	Depreciation	971,413	648,782	322,631	1.0000	322,631
8	Income tax	16,653	33,188			
9	Net Income	854,504	942,806			
10						
11	Rate Base	\$17,402,604	\$11,412,287	5,990,317		
12	Required Return	8.32%	8.26%			
13	Target Return	1,447,897	942,806	505,091	1.0000	505,091
14						
15	Income Tax Expense	257,770	33,188	224,582	1.0000	224,582
16						
17	Rounding					(14)
18	Revenue Increase Required					834,497
19						
20	<i>Check</i>					834,497

01-8(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Allocation of Customer Charge Costs
Future Test Year Ended 12/31/2020

Line	Description	Fully Projected Future Test Year December 31, 2020	Weight for Non- Residential	6,270 Residential	886 Non- Residential, Weighted	7,156 Total	Residential	Residential per Customer- Month
1	Meter reading	99,668	2.00	6,270	1,772	8,042	77.97%	\$1.03
2	Meter operations costs	172,563	2.00	6,270	1,772	8,042	77.97%	\$1.79
3	Services maintenance	61,261	2.50	6,270	2,215	8,485	73.90%	\$0.60
4	Meter maintenance	59,542	2.00	6,270	1,772	8,042	77.97%	\$0.62
5	Billing	513,237	3.00	6,270	2,658	8,928	70.23%	\$4.79
6	Depreciation- Services	295,716	2.50	6,270	2,215	8,485	73.90%	\$2.90
7	Depreciation- Meters	79,332	2.00	6,270	1,772	8,042	77.97%	\$0.82
8		1,281,319						\$12.56
9								
10	Services, net	5,283,630	2.50	6,270	2,215	8,485	73.90%	\$51.89
11	Meters, net	1,582,913	2.00	6,270	1,772	8,042	77.97%	\$16.40
12	ADIT	(76,771)	2.38	6,270	2,112	8,382	74.80%	(\$0.76)
13		6,789,772					2	\$67.53
14	Return	8.32%						8.32%
15		564,909						\$5.62
16	Tax gross up	1,40631						1.40631
17		794,439						\$7.90
18								
19	Customer revenue requirement	2,075,759						\$20.46
20								
21	ADIT, EDIT total	229,386						
22	Services / Meters, net	6,866,543						
23	All utility plant, net	20,516,764						
24	Services / Meters %	33.47%						
25	Services / Meters ADIT, EDIT	76,771						

C2(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Balance Sheets
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 c[2]

Line	Account Title	Per Books 12/31/2018	Pro Forma 12/31/2019	Pro Forma 12/31/2020
1	Assets and Other Debits			
2	<u>Utility Plant</u>			
12	Gas plant in service for ratemaking	\$30,596,938	\$33,129,952	\$34,714,831
13	Adjustments, net	3,436,141	1,018,039	901,402
14	Construction work in progress	114,497	114,497	114,497
15	Accumulated depreciation for ratemaking	(14,355,012)	(15,392,958)	(16,499,533)
16	<i>Total utility plant</i>	<u>19,792,564</u>	<u>18,869,530</u>	<u>19,231,197</u>
17				
18	<u>Other Property and Investments:</u>			
19	RS Plan Prepayment	376,096	376,096	376,096
20	Regulatory asset	3,604	3,604	3,604
21	<i>Total other property and investments</i>	<u>379,700</u>	<u>379,700</u>	<u>379,700</u>
22				
23	<u>Current Assets:</u>			
24	Cash	2,280,513	2,280,513	2,280,513
25	Customer accounts receivable	1,009,868	1,009,868	1,009,868
26	Advances to affiliates	320,112	320,112	320,112
27	Natural gas inventories	808,335	808,335	808,335
28	Materials and supplies	161,817	161,817	161,817
29	Prepayments	84,404	84,404	84,404
30	<i>Total current assets</i>	<u>4,665,049</u>	<u>4,665,049</u>	<u>4,665,049</u>
31				
32	Total Assets and Other Debits	<u>\$24,837,313</u>	<u>\$23,914,279</u>	<u>\$24,275,946</u>
33				

C2(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Balance Sheets
Years Ended 12/31/2018, 12/31/2019 and 12/31/2020
Answer to 52 Pa. Code 53.52 c[2]

Line	Account Title	Per Books 12/31/2018	Pro Forma 12/31/2019	Pro Forma 12/31/2020
34	Liabilities and Other Credits			
35				
36	<u>Proprietary Capital:</u>			
37	Common stock Issued	\$768,293	\$768,293	\$768,293
38	Retained earnings	10,072,152	11,021,017	11,875,520
39	<i>Total proprietary capital</i>	10,840,445	11,789,310	12,643,813
40				
41	<u>Long-Term Debt:</u>			
42	Long Term Debt incl Cap Leases	7,749,435	7,176,436	6,603,437
43	<i>Total long-term debt</i>	7,749,435	7,176,436	6,603,437
44				
45	<u>Current and Accrued Liabilities:</u>			
46	Cash (over) under		(1,298,900)	(1,218,737)
47	Current maturities of Long Term Debt	572,999	572,999	572,999
48	Accounts payable and accruals	804,121	804,121	804,121
49	Due for purchased gas	519,724	519,724	519,724
50	Customer deposits	362,607	362,607	362,607
51	Over collected gas costs	283,450	283,450	283,450
52	<i>Total current and accrued liabilities</i>	2,542,901	1,244,001	1,324,164
53				
54	<u>Deferred Credits and Other Liabilities:</u>			
55	Deferred taxes	2,392,000	2,392,000	2,392,000
56	Accrued postretirement cost	858,090	858,090	858,090
57	Regulatory liability	454,442	454,442	454,442
58	<i>Total deferred credits</i>	3,704,532	3,704,532	3,704,532
59				
60	Total Liabilities and Other Credits	\$24,837,313	\$23,914,279	\$24,275,946

Line	Acct No.	Account Title	Accumulated Depreciation								
			Depr. Rate	12/31/2017	Year 2018	12/31/2018	Year 2019	12/31/2019	Year 2020	12/31/2020	
1		<i>Distribution Plant.</i>									
2	114	Gas Plant Acquisition Adjustment	3.47%	2,109,977	116,637		2,226,614	116,637	2,343,250	116,637	2,459,887
3	366	Trans. Structures and improvements	0.62%	3,909	266		4,175	301	4,476	694	5,170
4	367	Trans. Mains	1.79%	988,738	34,350		1,023,088	34,350	1,057,437	34,350	1,091,787
5	369	Trans. Meas / Reg Sta Equip	4.40%	204,542	11,314	(1,192)	214,664	12,911	227,575	12,911	240,486
6	369A	Trans CIAC		338,692	120,306		458,998	0	458,998	0	458,998
7	375	Structures and improvements	2.63%	74,264	2,352		76,616	2,561	79,177	2,908	82,085
8	376S	Mains- Steel	3.15%	2,016,306	101,628	(8,234)	2,109,700	103,347	2,213,047	105,017	2,318,064
9	376P	Mains- Plastic	2.02%	2,687,923	161,247	(12,439)	2,836,731	172,020	3,008,751	184,446	3,193,197
10	378	Meas / Reg Sta Equip	6.72%	755,259	55,696		810,955	60,981	871,936	68,535	940,472
11	380S	Services- Steel	3.04%	177,536	16,162	(10,766)	182,932	16,348	199,279	16,348	215,627
12	380P	Services- Plastic	3.41%	2,686,143	252,908	(27,671)	2,911,380	265,184	3,176,564	279,369	3,455,932
13	381	Meters	2.74%	756,603	45,487		802,090	46,990	849,080	49,079	898,159
14	381AMR	Transponders- Old	2.74%	119,388	20,428		139,816	20,428	160,243	20,428	180,671
15	381T	Transponders- New	2.74%		3,626		3,626	12,006	15,632	17,237	32,869
16	383	House regulators	3.22%	188,884	9,702		198,586	9,777	208,362	9,825	218,187
17	385	Indu Meas / Reg Sta Equip	4.11%	605,058	36,066		641,124	37,178	678,301	38,703	717,004
18	387	Other equipment	3.66%	5,103	365		5,468	365	5,833	365	6,199
19		Total Distribution Plant		13,718,325	988,540	(60,302)	14,646,563	911,382	15,557,944	956,851	16,514,795
20											
21		<i>General Plant</i>									
22	390	Structures & Improvements	2.43%	531,688	28,246	(9,816)	550,118	35,084	585,202	40,813	626,015
23	391	Office Furniture & Equipment	6.75%	73,244	4,654		77,898	4,761	82,660	4,829	87,489
24	391C	Computer equipment	6.75%	427,454	36,790		464,244	44,620	508,864	52,156	561,021
25	392	Transportation Equipment	12.00%	500,757	106,485		607,242	116,752	723,994	121,012	845,007
26	393	Stores Equipment	6.67%	10,348	1,995		12,343	1,995	14,338	1,995	16,332
27	394	Tools, Shop & Garage Equipment	5.00%	564,984	24,179		589,163	25,989	615,152	28,521	643,673
28	396	Power Operated / Communication	6.67%	91,574	14,000		105,574	14,000	119,574	17,035	136,608
29		Fully Depreciated					0	0	0	0	0
30	398	Miscellaneous Equipment	0.00%	(9,781)			(9,781)	0	(9,781)	0	(9,781)
31	301	Intangible plant, organization	0.00%		0		0	0	0	0	0
32	304	MGP , Tx-Dx-Gen ROW	0.00%		0	(2,740)	(2,740)	0	(2,740)	0	(2,740)
33		Total General Plant		2,190,268	216,349	(12,556)	2,394,061	243,201	2,637,262	266,361	2,903,623
34											
35		Less: Acquisition, CIAC		(2,448,669)	(236,943)	0	(2,685,612)	(116,637)	(2,802,248)	(116,637)	(2,918,885)
36		Total Plant in Service		\$13,459,924	\$967,946	(\$72,858)	\$14,355,012	\$1,037,946	\$15,392,958	\$1,106,575	\$16,499,533
37											
38		Less: Clearing, Charged to NY			(\$135,162)			(\$135,162)		(\$135,162)	
					\$832,784			\$902,784		\$971,413	

C4(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

Unbundled Costs to Recover in GCR
Fully Projected Future Test Year December 31, 2020

Line	Description	Source	Revenue Requirement Effect
1	<u>Rate Base Items</u>		
2	Natural gas inventories- avg balance for year	C1-6(R)	650,909
3	Target Return on Rate Base	C1(R)	8.32%
4			<u>54,156</u>
5			
6	Statutory tax rate	C1-4(R)	28.89%
7	Gross-up for Income Tax		1.41
8	Return on Natural gas inventories		<u>76,160</u>
9			
10	<u>Uncollectible Accounts</u>		
11	Uncollectible Accounts expense- FPPTY	C1-1(R)	100,799
12			
13	Total Operating revenue, Test Year	C1(R)	9,608,159
14	Distribution revenue, Test Year	C1(R)	<u>5,283,606</u>
15	Distribution portion of revenue		54.99%
16	Distribution portion of Uncollectible accounts		55,430
17	Commodity portion of Uncollectible accounts		45,369
18			
19	Unbundled costs to recover in GCR		<u><u>121,529</u></u>
20			
21	Residential sales ccf		5,675,968
22	Commercial sales ccf		<u>3,064,594</u>
23			<u>8,740,562</u>
24	Unbundled costs per ccf		\$0.01390
25	GCR- June 2019		<u>\$0.29650</u>
26	GCR with Unbundled costs		<u>\$0.31040</u>
27			

E

C1-2(R)

Valley Energy Company (PA)
Rate Case with Fully Projected Future Test Year 2020

**Support Sheet No. 2- Summary of Cost of Capital and Fair Rate of Return Based upon a
Hypothetical Ratemaking Capital Structure
12/31/2020**

<u>Line</u>	<u>Type of Capital</u>	<u>Ratios (1)</u>	<u>Cost Rate</u>	<u>Weighted Cost Rat</u>
1	Long-Term Debt	47.45%	4.98%	2.36%
2	Common Equity	52.55%	11.35%	5.96%
3	Total	<u>52.55%</u>		<u>8.32%</u>
4	TargetROR			<u>8.32%</u>
5				
6	[1] Recommended hypothetical capital structure ratios as discussed in direct testimony.			

F

RATE "C" - COMMERCIAL RATE

AVAILABILITY

This rate is applicable to natural and manufactured gas service for all commercial purposes. Service will be supplied only where the Company's facilities and available quantity of gas are suitable to the service desired.

MONTHLY DISTRIBUTION RATE

Customer charge per month	\$21.93	(I)
All gas purchased per month	\$0.244530 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

The minimum monthly charge is \$21.93. (I)

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month of the intervening period.

The minimum charge provision in this Rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

NET PAYMENT PERIOD

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of this bill and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

(I) Indicates Increase (C) Indicates Change

Issued: July 1, 2019

Effective: August 30, 2019

By: Edward E. Rogers, President & Chief Executive Officer
523 S. Keystone Ave.
Sayre, PA 18840-0340
(570) 888-9664

(C)

RATE "IS" – INDUSTRIAL INTERRUPTIBLE SERVICE (Continued)

INTERRUPTIBILITY OF SERVICE (Continued)

Company will endeavor to give Customer at least two hours advance notice of the time that gas service will be discontinued, or allocation will be increased or decreased. As soon as Company's supply and peak load conditions permit, Company will advise Customer promptly as to when service will be reestablished, or a change in allocation will be made.

Any volume of natural gas taken by Customer under this rate schedule in excess of the daily quantity limited by curtailment or interruption, or allocated by Company's authorized representative shall constitute unauthorized overrun volume.

When the unauthorized overrun volume on any day exceeds the quantity limited by curtailment, or interruption, or allocated to Customer, the Customer shall pay for such unauthorized overrun volume at a rate of five dollars (\$5.00) per Ccf in addition to the charges otherwise payable by Customer under this rate schedule. However, the Company shall have the right, without obligation, to waive any payment for unauthorized overrun volume if on the day the overrun was incurred deliveries to Company from its supplier did not exceed Company's then established daily maximum demand volume.

DISTRIBUTION RATE PER MONTH

Customer charge per month	\$81.64	(I)
Per 100 cu. ft. (Ccf) for all gas billed	\$0.077860 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of a State Tax Surcharge, Rider "B".

(I) Indicates Increase (C) Indicates Change

Issued: July 1, 2019

Effective: August 30, 2019

By: Edward E. Rogers, President & Chief Executive Officer (C)
 523 S. Keystone Ave.
 Sayre, PA 18840-0340
 (570) 888-9664

RATE "IS" - INDUSTRIAL INTERRUPTIBLE SERVICE (Continued)

AUTOMATIC METER READING EQUIPMENT

In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines, ethernet connections and/or wireless communication devices and associated plans, and telemetering equipment shall be at the expense of the Customer. The equipment and labor cost may be paid by Customer over a two (2) year or some lesser period by means of a monthly surcharge designed to recover the cost of the equipment plus interest equal to the Company's overall rate of return as authorized from time to time by the Pennsylvania Public Utility Commission. All maintenance performed by the Company at the request of the Customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced and wireless communication subscription plans. The meter and associated telemetering equipment shall be the property of the Company.

MONTHLY MINIMUM CHARGE

The monthly minimum charge under this rate shall be \$81.64. (I)

The monthly minimum charge for any month that the Company requires that service be interrupted shall be prorated in proportion to the number of days in which service was interrupted, as related to thirty (30) days.

(C) Indicates Change (I) Indicates Increase

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RATE "SI" – SMALL INDUSTRIAL

AVAILABILITY

Available to any Industrial customer using less than 1,000 Mcf per day.

CHARACTER OF SERVICE

Continuous natural gas of 1,000 or more Btu per cubic foot. Normal pressure not more than 9" nor less than 4" water column.

MONTHLY DISTRIBUTION RATE

Customer charge per month	\$81.64	(I)
All gas purchased per month	\$0.167430 per Ccf	(I)

GAS SUPPLY SERVICE

Any customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff.

OTHER RATE PROVISIONS

This Schedule is subject to adjustment application of State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

The net minimum monthly charge is \$81.64. (I)

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month of the intervening period.

The minimum charge provision in this rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

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RATE "R" - RESIDENTIAL RATE

AVAILABILITY

Available to any residential customer using gas for any purpose.

CHARACTER OF SERVICE

Continuous natural gas 1,000 or more Btu per cubic foot. Normal pressure not more than 9" nor less than 4" water column.

MONTHLY DISTRIBUTION RATE

Customer charge per month	\$12.79	(I)
All gas purchased per month	\$0.311420 per Ccf	(I)

GAS SUPPLY SERVICE

Any Customer receiving service under this classification who has not contracted with a Natural Gas Supplier (NGS) to receive their natural gas commodity will receive Gas Supply Service as per Rider A of this Tariff. The total gas cost rate is \$0.31040 per Ccf. (I)

OTHER RATE PROVISIONS

This schedule is subject to adjustment application of State Tax Surcharge, Rider "B".

MONTHLY MINIMUM CHARGE

The net minimum monthly charge is \$12.79. (I)

If service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same premises within twelve months unless it shall receive an amount equal to the minimum charge for each month of the intervening period.

The minimum charge provision in this rate will be waived only in the event the premises have been completely vacated, and only so long as the same are unoccupied and not used.

NET PAYMENT PERIOD

Customer's bills will be computed at the net rates shown above, and this amount will be due twenty-one (21) days from the date of the bill and after twenty-six (26) days, 1-1/4% will be added per month to a maximum of 15% per annum.

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RATE SCHEDULE "T" - TRANSPORTATION SERVICE (Continued)

RATE FOR SERVICE (Continued)

5. Overrun Penalties - Any unauthorized withdrawals from the Company's facilities in excess of a customer's contract for Standby Service or any unauthorized withdrawals from the Company's facilities, for a customer not selecting Standby Service, in excess of that customer's delivery for that day shall be considered overrun gas subject to a penalty of the market value of gas (if consumed but not delivered by an NGS) plus \$3.00 per Ccf multiplied by any excess quantity withdrawn; provided, however, no penalty charge shall be imposed if the Company has an adequate supply of gas available.

6. Transportation Storage Service - The Company shall notify all customers receiving service under Rate Schedule "T" of any available storage capacity prior to April 30 of each year. Available capacity shall be allocated on a pro-rata basis according to requests received. The customer(s) electing this service shall be required to have a balance of zero (0) by March 31 of the succeeding year at which time the Company will determine available capacity for the next twelve months and notify customers pursuant to the notification provisions above.

Delivery of natural gas withdrawn from storage shall be on an interruptible basis.

The charge for this service shall be in addition to other transportation fees and shall be the Company's monthly cost for storage service and the related transportation to the Company's facilities. The current cost for storage service is as follows:

- a. A demand charge of \$98 per Mcf of annual storage capacity.
- b. A fee for interruptible delivery of \$0.01393 per Ccf transported.

Any customer(s) purchasing natural gas pursuant to an applicable retail rate schedule (including the current Gas Cost Rate) who has selected the interruptible Transportation Storage Service option shall receive a credit for retail purchases equivalent to that portion of gas costs related to storage fees. The present storage cost component of the currently effective Gas Cost Rate is \$0.31040 per Ccf purchased. (I)

7. Automatic Meter Reading Equipment - In order to utilize this service, automatic meter reading equipment is required. Customer shall pay for all costs incurred by the Company to install automatic meter reading equipment as required by the Company and provide access for such equipment. The cost of installing automatic meter reading equipment plus all costs associated with dedicated telephone lines, ethernet connections and/or wireless communication devices and associated plans, and telemetering equipment shall be at the expense of the Customer. The equipment and labor cost shall be paid by the customer prior to commencement of service. A dedicated telephone line must be provided by the customer, and the customer shall be responsible for maintaining the line. All maintenance performed by the Company at the request of the customer on automatic meter reading equipment will be paid by the Customer. Such charges shall also include battery costs, when a battery must be replaced and wireless communication subscription plans. The meter and associated telemetering equipment shall be the property of the Company. (C)
(C)
(C)

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RIDER "A" - GAS COST RATE

PROVISION FOR GAS COST RATE

The gas cost rate shall be applied to each Mcf (1,000 cubic feet) of gas supplied under Rate Schedules R, RC, C, SI, IS, I of this Tariff.

Gas Cost Rate	\$3.1040 per Mcf	(I)
	\$0.31040 per Ccf	(I)

COMPUTATION AND APPLICATION OF GAS COST RATE

The gas cost rate shall be computed to the nearest one hundredth of a cent (\$0.0001) per Mcf in accordance with the formula set forth below:

$$GCR = \frac{(C - E)}{S}$$

Each gas cost rate so computed shall be applied to customers' bills for twelve (12) monthly billing period commencing with November; provided, however, that such rate may be revised on an interim basis subject to approval of the Pennsylvania Utility Commission upon determination that the effective rate will result in material over or under collections if not revised. Such interim revised rate shall become effective ten (10) days from the date of filing unless otherwise denied or modified by the Commission.

DEFINITIONS

"GCR" -- gas cost rate determined to the nearest one-hundredth of a cent (\$0.0001) to be applied to each Mcf of gas supplied under Rate Schedules R, RC, C, SI, IS, I of this Tariff.

"C" -- the current cost of gas, determined as follows: (a) for all types of purchased gas, project the gas costs as defined by 66 Pa.C.S. §1307(h), including, but not limited to, any fees or costs incurred for gas acquisition and management, including credit costs, and any costs for risk management (e.g., calls, straddles, options, collars, etc.), for the computation year (adjusted for net current gas stored); plus (b) the arithmetical sum of (1) the projected book value of noncurrent gas at the beginning of the computation year, minus (2) the projected book value of noncurrent gas at the end of the computation year, adjusted (3) for any forecasted credits, including Standby Credits, profit margins and costs of Off-system Sales, and gas costs related to Alternate Fuel Delivery customers.

"E" -- experienced net over collection (or under collection) of the cost of purchased gas for twelve (12) month period ending with the August billing period, including interest.

"S" – projected Mcf of gas to be billed to customers during the computation year. (C)

Interest shall be computed monthly at the prime rate for commercial borrowing from the month the over or under collection occurs to the effective month such over collection is refunded or such under collection is recouped.

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