

PSC No: 7 Gas  
Corning Natural Gas Corporation  
Initial Effective Date: 09/01/2012

Leaf: 73  
Revision: 0  
Superseding Revision:

22. Gas Adjustment Clause

Factor of Adjustment:

The rates for gas service under all service classifications shall be subject each month to an addition or deduction per 100 cubic feet for each \$.01 per 100 cubic feet increase or decrease in the average cost of gas. The Current fixed factor of adjustment is 1.010132 per ccf. Effective 9/01/2012 per Case#11-G-0280 "Issued and Effective April 20, 2012", the factor of adjustment will be 1.0081 per ccf. A dead band ranging from 1.0000 to 1.0194 will also be established for the LAUF incentive mechanism as discussed on page 35 of the Joint Proposal. All firm customers will be charged or credited, as the case may be, for differences between the fixed FOA and the actual FOA within the dead band. The Company will not recover the portion of the actual losses beyond the upper limit of the dead band. In the event the Company's actual FOA goes below 1.0000, all resulting benefits beyond the dead band will be awarded to all firm customers. The dead band will become effective for the annual GAC reconciliation 12 months ended August 31, 2013. The FOA and the dead band limits are fixed throughout the Rate Plan or until changed by the Commission. The LAUF incentive surcharge or refund will be collected through the DRA. A sample calculation of the FOA and the surcharge/refund amount for firm full service and transportation customers is shown in detail in Appendix P.

Gas Supply Charge:

The GSC will be the sum of the Total Average Cost of Gas, the Supplier Refund Adjustment, the Annual Reconciliation Adjustment and other PSC approved adjustments. The Total Average Cost of Gas is the sum of the Demand Cost Component and the Commodity Cost Component multiplied by the Factor of Adjustment. The Demand Cost Component shall be determined by dividing the Company's Pipeline Capacity Costs by the forecasted normalized annual gas purchases. The Commodity Cost Component shall be determined by dividing the Company's gas supply costs for the month in which the GSC will be in effect by the forecasted normalized quantities of gas purchased for the month that the GSC will be in effect. Should the Company once again be responsible for its own gas storage fill, the GSC will also include a component to recover the carrying cost of the gas storage inventory. This component will remain as an available option until new delivery rates are approved by the commission.

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Issued Under Authority of PSC order Dated April 20, 2012 in Case No. 11-G-0280.

Issued by Michael German, C.E.O. and President, Corning, NY 14830