

PSC No:5 Gas  
Corning Natural Gas Corporation  
Initial Effective Date: 06/20/2012

Leaf: 76.2  
Revision: 1  
Superseding Revision 0

## Revenue Decoupling Mechanism

Case# 11-G-0280 agrees that, subject to the following modifications, the RDM adopted in the 2009 Rate Order will continue to apply to Residential Customers taking service under current Corning SC 1, Corning SC 14, Hammondsport SC 1, and Hammondsport SC 7, or SC 1 and SC 14 under tariff consolidation. Actual billed delivery service revenues are defined as the billed revenue from delivery rates adjusted for the WNC, excluding Gross Receipts Taxes, MFC revenue, DRA, RDM, economic development discounts, discounts associated with any low income program, and all other applicable credits and surcharges. The allowed delivery service revenue will be based on a delivery revenue target for each Rate Year ending April 30th as set forth in Appendix Q of the JP in Case# 11-G-0280. The annual RDM Period is defined as the 12 months ending April 30 and each succeeding 12-month period thereafter. Under the RDM, actual billed delivery service revenues for each annual period commencing with the Rate Year will be reconciled by comparing actual annual billed delivery service revenues with the allowed delivery service revenues (the RDM target per customer multiplied by the actual average number of customers). The Company will surcharge or refund customers if the actual billed delivery service revenues differ from allowed delivery service revenues. Any over- or under- collection at the end of the reconciliation period will include simple interest at the prevailing other customer capital rate issued by the Commission. The shortfall or excess will be surcharged or refunded to residential customers on a volumetric basis over the 12-month period commencing September 1. The rate per ccf will be developed using a forecast level of throughput for residential customers. All refunds or surcharges will be subject to reconciliation and included in the subsequent RDM reconciliation.

Case# 11-G-0280 agrees that the Company will develop a customer count proxy for each rate code applicable to the RDM. The customer count proxy for each rate code will be developed by taking that rate code's monthly volume billed in the first block divided by 3 ccf. On June 15, the Company will make an annual filing that will set forth the results of the operation of the RDM mechanism. The Company's annual filing will include an analysis that will compare (i) the Company's applicable customer count, (ii) the customer count proxy for each applicable rate code, and (iii) the proposed surcharge or refund.

Issued Under Authority of Order of PSC Dated August 20, 2009 in Case No. 08-G-1137. "

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