

PSC No:4 Gas
Corning Natural Gas Corporation
Initial Effective Date: 05/01/12

Leaf: 75
Revision: 9
Superseding Revision: 7

"Issued in Compliance with Commission Order "11-G-0280" Issued and Effective April 20, 2012"

Refund Provision: (Continued)

- intended to be refunded during that period with any difference applied to the Annual Surcharge or Refund Computation.
- C. That portion of the refund which applied to the S.C. No. 3 customer will be determined by actual consumption for the period of refund and made in a lump sum payment.
- II. Interest shall be computed on the unrefunded 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.

Upstream Capacity Assignment Revenues

The Company will not share in the revenues generated by a third party (e.g., an asset manager) through off-system sales and capacity release transactions. The Company, however, shall be permitted to retain 15% of any off-system and/or capacity release revenues generated via assets it does not release to a third party and the third party is not compensated or allowed to profit at the expense of the firm ratepayer from the transaction using such assets, 85% of such revenues shall be returned to customers via the Gas adjustment clause (GAC). All revenues generated by the asset manager shall be returned to customers via the GAC.

Delivery Rate Adjustment (DRA)

The DRA will be derived from the net combination of the per unit credit or surcharge related to the reconciliation of the revenue imputation for , local production above and beyond the first \$545,284 which were imputed in base rates. Any amounts above or below the \$545,284 will be shared between the customer and company on an 80/20 basis (Rate Order Case 11-G-0280). Once the annual shareholders' 20% local production share from access, transportation and reimbursement revenues provides a combined total of \$200,000 the sharing mechanism between customers and shareholders for all local production revenues shall be reset to 90% for customers and 10% for shareholders for all revenues above \$200,000, annually. The customer portion if any will be refunded via this mechanism. The DRA will also include 20% carrying costs related to gas storage balances as explained in the Merchant Function Charge section on leaf 75-2. In addition pipeline refunds, customer share of any transportation revenue mechanisms approved by the Commission and Second Stage Rate Adjustment approved in Case 08-G-1137 shall be included. In addition, Beginning with Rate Year 1, all existing and future contract revenues (i.e., revenues from dual-fuel and interruptible customers, as well as from customers served under negotiated contracts, but excluding revenues from access for and transportation of local production, shall be shared 90%/10% between customers and shareholders, respectively, above and below a target of \$1,867,042 for Rate Year 1(May 1, 2012 - April 30, 2013), \$1,924,096 for Rate Year 2 (May 1, 2013 - April 30, 2014) and \$1,972,436 Rate Year 3 (May 1, 2014 - April 30, 2015), imputed in base delivery Rates. Corning will defer the customers' share of any difference between the imputed contracts revenue and the actual contracts revenue for each Rate Year, or any 12-month period subsequent to Rate Year 3. Also, any surcharge/ refund

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