PSC No: 6 Gas Leaf: 7
Corning Natural Gas Corporation Revision 6
Initial Effective Date: 05/01/2012 Superseding Revision: 4

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

Where exceptional circumstances warrant, the Company may petition the Commission for waiver of the above refund plan.

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
Ashare 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 approved by the Commission.

A statement to implement the DRA will be filed by November 15th of each year with the effective date of January 1st. The DRA will remain in effect for 12 months and be derived including interest on the unrecovered balance or the unrefunded balance owed to customers, whichever may be the case. Interest on the unrefunded or unrecovered balance will be computed using the Commission approved unadjusted customer deposit rate. The initial DRA should reflect the reconciliation for the period October 1st, 2006 through September 30th, 2007. Based on results of the above reconciliation or flow-back mechanisms for the previous twelve months ended September 30th, to the extent the net DRA credit or surcharge is not fully passed back or recovered during the twelve month period the credit or surcharge is in effect, the remaining refund or surcharge balance will be included in the derivation of the next effective DRA.

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