

PSC No:4 Gas  
Corning Natural Gas Corporation  
Initial Effective Date: 06/01/2006

Leaf: 75  
Revision: 1  
Superseding Revision: 0

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

Eighty-five percent (85%) of all revenues from upstream capacity assignment, net of applicable taxes, shall be credited to firm customers through the gas adjustment clause.

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 the forecast usage of certain SC2/SC7 customers, the per unit credit or surcharge related to the reconciliation of the revenue imputation for Bath/Hammondsport sales and the credit resulting from any revenues generated by receipt of local production gas.

A statement to implement the DRA will be filed by November 15th of each year with the effective date of January 1<sup>st</sup>. 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 June 1st, 2006 through September 30<sup>th</sup>, 2007. Based on results of the above reconciliation or flow-back mechanisms for the previous twelve months ended September 30<sup>th</sup>. 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 under Authority of Order of PSC Dated May 22, 2006 in Case No. 05-G-1359

Issued by Thomas K. Barry, Chairman, President & C.E.O., Corning, NY 14830