

PSC No: 5 Gas
Corning Natural Gas Corporation
Initial Effective Date: 04/01/2008

Leaf: 87
Revision 0
Superseding Revision:

W. Information Applicable to Transportation of Gas Service: (Cont'd.)
2) Monthly Balancing, (Cont'd)

f) Only the difference above or below the monthly balancing tolerance is cashed out. The balancing tolerance level for the month will roll to the next month. The difference above or below the monthly balancing tolerance will be cashed out by applying the appropriate Monthly Index Price Adjustment to the difference as it is stepped through the tiers. I.e., if a Customer's account is out of balance by +31% the Company would deduct the first 10% (the Balancing Tolerance), then apply the factor of 90% of index to the amount between 10 and 15%, then apply the factor of 85% of index to the amount between 15 and 20% at the next tier and then apply the factor of 75% of index to the remainder over 20% at the final tier and accumulate the calculations. The first 10% (the Balancing Tolerance) of the imbalance is not cashed out in any case.

g) The SC14, SC6, SC4 (Hammondsport) SC5 and SC7 (Hammondsport) Customer/Marketer shall monitor actual gas usage and the daily nomination is to be adjusted to follow changes in the actual volumes used. Operations during critical periods may require closer scrutiny. When the total gas requirements on the Company's system are estimated to approach the contract limits of the Company, the Marketer will be notified (see Communication Protocol in GTO) that the daily delivery will be limited to the actual gas flowing under the Transport Service Agreement. The notice of these critical period conditions when the daily volume will be limited will be posted on the Web site and made by e-mail, telephone or fax, absent exigent circumstances, at least 24 hours prior to the affected gas day. This notice will be based on the forecasted weather conditions and the anticipated requirements of customers. Earlier notice will be provided, if possible. Notice to a Marketer will be made in less than 24 hours if a shorter notice is received by Corning of an interruption in Customer's supply.

h) The notices will be made in the form of an "Alert" or a "Restriction" advisory. When possible, Corning will issue an "Alert" to ward off possible restriction conditions. The next step, as conditions require, is a "Restriction or OFO" notice. The decision to impose restrictions is based on Corning's forecast of the weather and the gas requirements that are necessary to meet that forecast. During the time that restrictions are in effect, the customer must limit usage to the volume actually transported by the company for the customer. If this reduction cannot be made, tariff rate gas will be supplied by Corning, if it is available from system supply.

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