

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

Leaf: 86  
Revision 0  
Superseding Revision:

W. Information Applicable to Transportation of Gas Service: (Cont'd.)

This will be accomplished by the Company providing a calculation of the Average Daily Quantity indicating what the average daily use is in a historic usage matrix showing consumption by customer class by Marketer with monthly degree-days. The S.C. No. 14 marketers and Corning may charge the nomination of such quantities upon mutual agreement.

d) In order to keep monthly imbalances at a minimum, SC6, SC14, SC5 and SC7 (Hammondsport) Aggregation Groups will be allowed to trade imbalances at month end with other SC14 and SC6 Small Customer Aggregation Pools or SC7, SC11 and SC4 (Hammondsport) Direct Customers. The trading will occur prior to any cash out procedures being applied.

e) Cash-outs will be market based regardless of a deficiency or a surplus and calculated as follows:

- i) The Monthly Deficiency Price Index would equal the monthly average of the Applicable daily index midpoint prices as published in Gas Daily plus the monthly average cost of transportation plus the average variable capacity costs plus fuel losses from the index point (DTI South Point to Corning's City Gate). The sum of the items above is then multiplied by the appropriate Index Price Adjustment shown in the table below.
- ii) The Monthly Surplus Price Index would equal the monthly average of the Applicable daily index midpoint prices as published in Gas Daily plus monthly average cost of transportation. The sum of the items above is then multiplied by the appropriate Index Price Adjustment shown in the table below.
- iii) Multipliers will be progressively stiffer as the imbalance worsens.

Monthly Balancing Index Price Table

| Deficiency Imbalance | Index Price Adj. | Surplus Imbalance | Index Price Adj. |
|----------------------|------------------|-------------------|------------------|
| 0 to -10%            | No Cash out      | 0 to +10%         | No Cash out      |
| <-10% to -15%        | 110% of Index    | >+10% to +15%     | 90% of Index     |
| <-15% to -20%        | 115% of Index    | >+15% to +20%     | 85% of Index     |
| <-20% or greater     | 125% of Index    | >+20% or greater  | 75% of Index     |

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