

PSC No:4 Gas  
Corning Natural Gas Corporation  
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Revision: 0  
Superseding Revision:

#### Collection of Take-or-Pay Charges

In accordance with the provisions of the settlement agreement approved in Case No. 88-G-062, a surcharge shall be calculated which will allow for recovery of approximately 96% (the Company will absorb approximately 4%) of take-or-pay charges together with interest calculated at the unadjusted customer deposit rate.

The Company shall determine and allocate the total anticipated annual net charges, including interest. Commodity billed charges from suppliers shall be allocated entirely to firm sales customers. The amounts so determined shall be divided by the applicable volumes to obtain the resulting surcharge. The surcharge developed for the firm sales customers served by S.C. Nos. 1, 2 and 5 shall be included in the monthly billing rates by use of the Gas Adjustment. For transportation customers served by S.C. Nos. 6, 7 and 10 the surcharge shall be added to the appropriate transportation rate.

#### Collection of Transition Costs

In accordance with the provisions of the PSC Orders dated December 20, 1994 and March 28, 1996 in the Restructuring Case No. 93-G-0932, FERC Order 636 transition costs will be recovered in the following manner. Account 191 costs will be recovered through the gas cost adjustment. Stranded Investment and Gas Supply Realignment Costs shall be recovered from core customers through the gas adjustment, and from transportation customers who took transportation service prior to March 28, 1996 through a surcharge equal to 50% of the per unit charge being collected from core customers. Transportation customers who pay directly for upstream capacity shall be exempt from the collection of Transition costs. Customers who switch from sales service to transportation service subsequent to March 28, 1996 shall be subject to the same transition cost surcharge as sales customers. However, if such customers demonstrate that they pay a portion of transition costs directly to a pipeline, credit shall be applied for that portion of the transition costs.

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