

PSC No:4 Gas  
Corning Natural Gas Corporation  
Initial Effective Date: 04/10/2004

Leaf: 80.4  
Revision: 1  
Superseding Revision: 0

Daily 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

K) Only the difference above or below the daily balancing tolerance is cashed out. The balancing tolerance level for the month will roll to the next month. The difference above or below the balancing tolerance will be cashed out by applying the appropriate 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 amount above 20% at the final tier and accumulate the calculations). The first 10% of the imbalance (the Balancing Tolerance) is not cashed out in any case.

## 2) Monthly Balancing

A) SC6 and SC4 (Hammondsport) customers who have not elected to daily balance and SC14, SC5 and SC7 (Hammondsport) Customers/Marketers will still be balanced on a monthly basis. Daily delivery requirements for S.C. No.14 Customers/Marketers shall be set at weather normalized average quantities for the customer pool. 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.

B) 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.

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

"Issued Under the Authority of PSC Order Dated Nov 25, 2003 in Case No. 02-G-0003"

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