

PSC No:4 Gas  
Corning Natural Gas Corporation  
Initial Effective Date: 12/01/2003

Leaf: 80.3  
Revision: 0  
Superseding Revision:

F) When imbalance trading occurs, both trading parties must improve their balancing position and those positions need to move them closer to a zero imbalance position.

G) The SC 7 Customers pool shall include all customers balanced under SC7 provisions, including, where applicable, SC6, SC7, SC 11 (if agreed to pursuant to contract) that daily balance accounts. The measurement of whether these Customers are within the balancing tolerance would be based on the pool in its entirety.

H) In order to keep monthly imbalances at a minimum, SC7, SC11, and SC4 (Hammondsport) Direct Customers will be allowed to trade imbalances at month end with any other SC7, SC11 and SC4 customer or with any SC6 Direct Customer/Pool or SC14 Small Customer Aggregation Pool.

I) Each month, the Company will notify the customer of its imbalances by close of business on the 3rd business day of the month immediately following the month for which imbalances are to be traded. The Customer or its Marketer/Agent must inform the Company of the trades by the close of business on the 7th business day of the month. The trading will occur prior to any cash out procedures being applied. This will be done by e-mail or faxes in the interim until the Company can provide a Web site for such transactions.

i) SC7 & SC11 Direct Customers with multiple accounts and SC6 Customers electing daily balancing may submit one nomination for the accounts in the pool to the Company for balancing and imbalance trading purposes.

J) Cash-outs will be market based regardless of a deficiency or a surplus and calculated as described in the following provisions:

i) The Daily Deficiency Price Index will equal the applicable daily index midpoint price as published in Gas Daily + cost of transportation + variable capacity costs + 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 as shown in the table below.

ii) The Daily Surplus Price Index will equal Applicable daily index midpoint price as published in Gas Daily plus the cost of transportation. The sum of these items would be multiplied by the appropriate Index Price Adjustment as shown in the table below.

iii) Multipliers would be progressively stiffer as the imbalance worsens.

"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