

April 19, 2010

Hon. Jaclyn A. Brilling
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Dear Secretary Brilling

On December 18, 2009 and April 1, 2010 the company received a refund from Tennessee Gas Pipeline Company (TGP) in the amount of \$70,308.46 and \$23,016.48 respectively. These refunds result from Tennessee Gas Pipeline Company, FERC Docket Nos. RP91-203-076 and RP92-132-064.

During the 1990's, Tennessee Gas Pipeline collected a PCB surcharge from our customers to aide in PCB cleanup expenses. The end result is that there was a surcharge overage; therefore, the customers that TGP collected surcharges from are entitled to refunds. TGP transported natural gas for and collected PCB surcharges from Corning Natural Gas Corp. Therefore, Corning Natural Gas is entitled to a refund in accordance with TGP's PCB Approved Settlement. The total refund due Corning Natural Gas is \$375,456.33. As indicated above a total of \$93,324.94 has been received to date and deferred on the Company's books for the benefit of Corning's customers.

The Commission has required NFG in Case 09-G-0354 (February 12, 2010 Order) to pass these Tennessee PCB refunds back to all customers (sales and transportation via delivery adjustment clause) because most customers during that time period were full bundled service customers. Corning proposes to pass back the \$93,324.94 refund via the Delivery Rate adjustment (DRA) consistent with the Commission determination in Case 09-G-0354.

The Company will revise its' DRA to reflect the refund. The revised DRA will be effective the 1st day of the month following the Commission approval of the Company's refund plan.

Attached are revised DRA Tariff PSC No. 4 Leaf 75 Rev. 7 Superseding Rev 6, PSC No. 5 Leaf 76 Rev. 5 Superseding Rev. 4 and Leaf 76-1 Rev. 3 Superseding 2, PSC No. 6 Leaf 7 Rev. 4 Superseding Rev 3 and Leaf 7-1 Revision 1 Superseding Rev. 0 to permit pipeline refunds to be included. In addition the tariffs have been further modified to allow for customer share of any transportation revenue mechanisms approved by the Commission and Second Stage Rate Adjustment approved in Case 08-G-1137.

Please direct any questions regarding this matter to me.

Very truly yours,

Firouzeh Sarhangi
CFO
Enclosure