

PSC No:4 Gas
Corning Natural Gas Corporation
Initial Effective Date: 06/20/2012

Leaf: 80.4.4
Revision: 1
Superseding Revision:0

"Issued in Compliance with Commission Order "11-G-0280" Issued and Effective April 20, 2012"

K) On a daily basis, only the difference above or below the daily balancing tolerance is cashed out. Although, all month end imbalances shall be cashed out, even volumes within the balancing tolerance. 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 +30% the company would deduct the first 5% (the Balancing Tolerance), then apply the factor of 95% of index to the amount between 5% and 10%, then apply the factor of 90% of index to the amount between 10% and 15% at the next tier and then apply the factor of 80% of index to the amount between 15% and 20% any volume above 20% would have a factor of 50% applied to it.. if a Customer's account is out of balance by -30% the company would deduct the first -5% (the Balancing Tolerance), then apply the factor of 105% of index to the amount between -5% and -10%, then apply the factor of 110% of index to the amount between -10% and -15% at the next tier and then apply the factor of 120% of index to the amount between -15% and -20% any volume above -20% would have a factor of 150% applied to it.

The above calculations are based on the 4th period balancing tiers (effective 10/1/13). The balancing tiers change from period to period effective 5/1/12.

2) Monthly Balancing

A) SC6 and SC4 (Hammondsport) customers who have not elected to daily balance and SC14, SC5 SC3/SC4 (Bath) and SC7 (Hammondsport) Customers/Marketers will still be balanced on a monthly basis. The Daily Contract Quantity (DCQ), defined as the average volume of gas the customer is required to deliver to Corning Gas each day, but can and should be changed mid-month if temperatures or other events cause usage to vary significantly from the average in order to minimize end of month imbalances/ cashouts, shall be calculated as follows:

1)The DCQ shall be calculated for each month by dividing the lowest monthly usage for that month, in the four prior years by the number of days in the meter reading cycle.

2) The customer/marketer shall be informed by the fifteenth of the month of the calculated DCQ prior to the month in which gas will be delivered. During the month, the DCQ may be revised upon notification to the customer/marketer by 12:00 PM on the business day prior to the gas day the change is to take effect. Reasons for changing a DCQ may include but are not limited to: increased or decreased customer usage due to unexpected weather and production or usage patterns. Marketers or Direct Customers may request a change in the specified DCQ if the Marketer or Direct Customer has specific knowledge that a customer's or customer group's consumption will be different than anticipated. Such requests should be emailed or faxed to The Company by 12:00 PM, on the business day prior to the gas day the change is requested to take effect. The request should specify the amount by which the DCQ should be changed as well as provide justification for the change. The change will not take effect until acknowledged and approved by The Company.

Corning can change the nomination upon notification to the customer/marketer by 12:00 PM (noon) on the business day prior to the gas day the change is to take effect.

Issued by Michael German, President & C.E.O., Corning, NY 14830