

V. Adjustment of Rates in Accordance with Changes in the Cost of Purchased Gas: (Cont'd.)

5. Supplier Refund Provisions:

In the event that the rates and charges of the Company's gas supplier or suppliers are retroactively reduced, the total amount of refund, including interest, related to sales subject to the Gas Cost Adjustment, shall be credited to customers as follows:

- (a) All refunds received each month will be combined for purposes of determining the refund credit. The rate of refund shall be computed by dividing the total amount to be refunded by the corresponding estimated sales for the next successive 12 calendar months provided, however, such refund credit rate shall be subject to adjustment in the twelfth month if actual sales have varied significantly from estimated sales. All refunds included during the 12 months ending August 31 of each year will be reconciled with amounts intended to be refunded during that period with any difference applied to the Annual Surcharge or Refund Computation.
- (b) Interest shall be computed on the unrefunded balance from the date of receipt of the refund until the refund is returned to the customers at the rate prescribed by the Commission.
- (c) Where exceptional circumstances warrant, the utility may petition the Commission for waiver of the above refund plan.

6. Gas System Benefits Charge (GSBC) - (Residential Customers and Small Commercial Customers (Usage < 5,000 MCF Annually Only))

On June 23, 2008 the New York State Public Service Commission (NYSPSC) issued an order in Case 07-M-0548 Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard ("EEPS"). In that order as amended on July 3, 2008 determined that a Gas System Benefits Charge ("GSBC") should be established for New York gas utilities that have 14,000 customers or more. As such, the Company was required to establish a GSBC effective October 1, 2008 and collect from its customers \$148,647 annually until December 31, 2011. One quarter of the annual amount was collected in the last quarter of 2008. On June 21, 2010 the New York State Public Service Commission (NYSPSC) issued an order in Case 07-M-0548 and Case 08-G-1010 adding a small volume commercial program to its existing residential program. As such, the Company is now required to establish a GSBC effective October 1, 2010 (see Statement Type: GSBC, Statement No. 2) and collect from its residential and small volume commercial customers \$152,498 annually. These funds will be used for Commission approved energy efficiency initiatives in the Corning franchise area. The funds collected will be reconciled to energy efficiency expenditures annually. Any over or under collection will be included in the GSBC rate determination for the following year. The Company is also required to file a plan with the Commission that establishes energy efficiency programs consisted with its order in Case 07-M-0548 and Case 08-G-1010.

"Issued Under Authority of Order of PSC Dated June 21, 2010 in Case No. 08-G-1010."

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