

PSC No:4 Gas
Corning Natural Gas Corporation
Initial Effective Date: 7/20/2010

Leaf: 75
Revision: 7
Superseding Revision: 6

Refund Provision: (Continued)

intended to be refunded during that period with any difference applied to the Annual Surcharge or Refund Computation.

- C. That portion of the refund which applied to the S.C. No. 3 customer will be determined by actual consumption for the period of refund and made in a lump sum payment.
- II. 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 least, at the rate prescribed by the Commission.

Upstream Capacity Assignment Revenues

Eighty-five percent (85%) of all revenues from upstream capacity assignment, net of applicable taxes, shall be credited to firm customers through the gas adjustment clause.

Delivery Rate Adjustment (DRA)

The DRA will be derived from the net combination of the per unit credit or surcharge related to the reconciliation of the revenue imputation for Bath sales, Corning transportation charges for Hammondsport delivery and the credit resulting from any revenues generated by receipt of local production above and beyond the first \$250,000 which were imputed in base rates. Any amounts above or below the \$250,000 will be shared between the customer and company on an 80/20 basis (Rate Order Case 08-G-1137). The customer portion if any will be refunded via this mechanism. The DRA will also include 20% carrying costs related to gas storage balances as explained in the Merchant Function Charge section on leaf 75-2. In addition pipeline refunds, customer share of any transportation revenue mechanisms approved by the Commission and Second Stage Rate Adjustment approved in Case 08-G-1137 shall be included.

A statement to implement the DRA will be filed by November 15th of each year with the effective date of January 1st. The DRA will remain in effect for 12 months and be derived including interest on the unrecovered balance or the unrefunded balance owed to customers, whichever may be the case. Interest on the unrefunded or unrecovered balance will be computed using the Commission approved unadjusted customer deposit rate. The initial DRA should reflect the reconciliation for the period October 1st, 2006 through September 30th, 2007. Based on results of the above reconciliation or flow-back mechanisms for the previous twelve months ended September 30th, to the extent the net DRA credit or surcharge is not fully passed back or recovered during the twelve month period the credit or surcharge is in effect, the remaining refund or surcharge balance will be included in the derivation of the next effective DRA.

Issued by Michael German, President and C.E.O., Corning, N.Y. 14830