

PSC No:4 Gas  
Corning Natural Gas Corporation  
Initial Effective Date: 06/01/2006

Leaf: 80.4  
Revision: 2  
Superseding Revision: 1

#### Daily Balancing Index Price Table

Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -10%	No Cash out	0 to +10%	No Cash out
<-10% to -15%	110% of Index	>+10% to +15%	90% of Index
<-15% to -20%	115% of Index	>+15% to +20%	85% of Index
<-20% or greater	125% of Index	>+20% or greater	75% of Index

K) Only the difference above or below the daily balancing tolerance is cashed out. The balancing tolerance level for the month will roll to the next month. 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 +31% the company would deduct the first 10% (the Balancing Tolerance), then apply the factor of 90% of index to the amount between 10% and 15%, then apply the factor of 85% of index to the amount between 15% and 20% at the next tier and then apply the factor of 75% of index to the amount above 20% at the final tier and accumulate the calculations). The first 10% of the imbalance (the Balancing Tolerance) is not cashed out in any case.

#### 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 Minimum Daily Contract Quantity (MDCQ), defined as the minimum volume of gas the customer is required to deliver to Corning Gas each day shall be calculated as follows:

1) The MDCQ 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 MDCQ prior to the month in which gas will be delivered. During the month, the MDCQ 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 MDCQ 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 MDCQ 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 MDCQ 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 Under the Authority of PSC Order Dated May 22, 2006 in Case No. 05-G-1359"

Issued by Thomas K. Barry, Chairman, President & C.E.O., Corning, NY 14830