

PSC No: 5 Gas  
Corning Natural Gas Corporation  
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Superseding Revision:

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

- (a) By taking the cost of purchased gas adjusted for supplier refunds for the 12 months ended August 31 of each year and subtracting therefrom an amount equal to the sum of (1) the base cost of gas as defined in Rule V.2 multiplied by the quantities of gas purchased for firm customers, (2) the gas cost adjustment revenues exclusive of gross revenue taxes and supplier refunds (3) the costs assignable to gas purchased for resale to SC3 customers, and (4) either (i) the previous year's over-collection with interest to the extent not refunded, or (ii) adding the previous year's under-collection with interest to the extent not recovered. The previous year referred to above in (1)(i) and (ii) is the 12 months ended August 31 of the second preceding year prior to the year for which the calculation is being made.
- (b) A surcharge or refund rate to be shown on the statement of gas cost adjustment shall be determined by dividing the amount derived in (a) above by the quantities of gas purchased for the Company's firm customers during the determination period, and by applying the factor of adjustment as stated in Rule V.1 in effect on the date the surcharge or refund becomes effective to the amount so determined.

Transition Surcharge

The portion of capacity costs associated with customers that have switched from sales to transportation service, or who have had capacity assigned but are no longer taking such assignment shall be collected through a surcharge.

The costs associated with the above capacity shall be recovered through a per unit charge to firm sales and post-aggregation (8/20/98) firm transportation customers. The per unit charge for sales customers served under service classifications 1 and 2 will be included in the Company's GAC mechanism. The per unit charge for transportation customers served under service classification 4 and 7 will be in the form of a surcharge on their bills.

The calculation of capacity costs related to customers migrating to transportation shall be as follows: (continued on next leaf)

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