



# CORNING

N A T U R A L G A S C O R P O R A T I O N

330 West William Street P.O. Box 58 Corning, New York 14830-0058 607-936-3755

Kathleen H. Burgess  
Secretary  
State of New York Public Service Commission  
New York State Department of Public Service  
Three Empire State Plaza  
Albany, New York 12223

September 26, 2018

Re: CASE 17-M-0815 - Proceeding on Motion of the Commission on Changes in Law that May Affect Rates.

Dear Secretary Burgess:

On August 9, 2018 the Commission issued an Order in Case 17-M-0815- Order Determining Rate Treatment of Tax Changes. On page 52 Corning was directed to work with Staff to develop a more accurate estimate of the revenue requirement impact of the tax benefits prior to submitting its sur-credit tariff filing. On September, 14 2018 Corning Natural Gas Corp. filed its revised calculation with the Commission Secretary and Staff per the Commission Order. Staff reviewed the Company's September 14, 2018 and proposed additional revisions. Attached is the Company's sur-credit calculation that incorporates Staff's September 14, 2018 revisions.

The attached calculation presents the tax benefits on the Company's revenue requirement from Case 16-G-0369. The tax benefit thru 9/30/18 is amortized over 3 years and the amounts for the twelve months ended September 30, 2019 and 2020 is subject to a one-year amortization. The impacts on Accumulated Deferred Income Taxes will be deferred until the Company's next base rate case.

The customers will experience a decrease of 5.20% on their overall bill in year 1 (effective 10/1/2018) and 7.83% in year 2 (effective 10/1/2019).

The Company is filing its work papers supporting its tax benefit tax calculation, as well as, rate allocation calculation. The work papers include the book entries that the Company will record. The Company with this filing is providing the necessary tariff revisions required to implement the Commission Order.

During the course of Staff's review a question arose as to the treatment of Net Operating Losses ("NOL") in prior Corning rate cases. The Company and Staff agreed that additional time was needed to review and analyze this item's historical ratemaking treatment. Therefore, the impact of the NOL has not been included in the net tax benefit calculation noted above. In accordance with the Commission directive in Case 17-M-0815<sup>1</sup> the Company will defer the tax implication of the NOL until the final review is completed.

Yours truly,

Firouzeh Sarhangi  
Chief Financial Officer

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<sup>1</sup> The Commission directed that all net benefits of the Tax Cut and Job Act of 2017 be deferred for ultimate disposition by the Commission