

**Corning Natural Gas Corporation**  
**Impact of Tax Cuts and Jobs Act of 2017**  
**Summary**

<b>Summary</b>	<b>Rate Change</b>		
	<b>Rate Change 10/1/18</b>	<b>10/1/19</b>	
Protected Amount (Tax Depreciation)	(5,494,772)	(3,496,673)	<b>Amounts Deferred until next Rate Case</b>
Unprotected (Other Timing Differences) Compressor	1,415,658	900,873	<b>Amounts Deferred until next Rate Case</b>
Unprotected (Other Timing Differences)-All Other	362,820	230,885	<b>Amounts Deferred until next Rate Case</b>
Deferred Tax Reserve Not Subject to Base Rates	(216,787)	(72,262)	<b>Amounts Deferred until next Rate Case</b>
Amount of Revenue Requirement Deferred to 9/30/18	(593,828)	-	
Amount of Revenue Requirement Eligible for Sur Credit at 10/1/18	<u>(1,119,776)</u>	<u>(1,914,597)</u>	
	<u>(5,646,685)</u>	<u>(4,351,774)</u>	

		Amortization Period	10/1/2018/ to 9/30/2019	10/1/2019 to 9/30/2020	Total
			Rate Change 10/1/18	Rate Change 10/1/19 *	
<b><u>Impact Blend Rate to 9/30/2018</u></b>					
Protected Amount (Tax Depreciation)	(5,494,772)	51	-	-	-
Unprotected (Other Timing Differences) Compressor	1,415,658	51	-	-	-
Unprotected (Other Timing Differences)-All Other	362,820	3	-	-	-
Deferred Tax Reserve Not Subject to Base Rates	(216,787)	3	-	-	-
Amount of Revenue Requirement Deferred to 9/30/18	(593,828)	3	(197,942.79)	(197,942.79)	(395,885.58)
Amount of Revenue Requirement Eligible for Sur Credit at 10/1/18	<u>(1,119,776)</u>	1	<u>(1,119,775.85)</u>	-	-
	(5,646,685)		(1,317,718.64)	(197,942.79)	(395,885.58)
<b><u>Incremental Amount Blended Rate to Statutory Rate of 21%</u></b>					
Protected Amount (Tax Depreciation)	(3,496,673)	51	-	-	-
Unprotected (Other Timing Differences) Compressor	900,873	51	-	-	-
Unprotected (Other Timing Differences)-All Other	230,885	3	-	-	-
Deferred Tax Reserve Not Subject to Base Rates	(72,262)	3	-	-	-
Amount of Revenue Requirement Eligible for Sur Credit at 10/1/19	<u>(1,914,597)</u>	1	-	<u>(1,914,597.00)</u>	-
	(4,351,774)		-	<u>(1,914,597.00)</u>	-
			(1,317,718.64)	(2,112,539.79)	(395,885.58)
Delivery Revenue			15,242,482	16,842,140	16,042,311
Total Revenues			25,363,882	26,963,540	26,163,711
% on					
Delivery Revenue			-8.65%	-12.54%	-2.47%
Total Revenues			-5.20%	-7.83%	-1.51%

\*Amount if no rate case filing in 1st quarter of 2019

**Corning Natural Gas Corporation  
Impact of Tax Cuts and Jobs Act of 2017  
Revenue Requirement Analysis**

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	Per Commission Order Case 16-G-0369			Per Tax Cut and Jobs Act 2017		
	Rate Year 1 with Revenue Increase	Rate Year 2 with Revenue Increase	Rate Year 3 with Revenue Increase	Rate Year 1 with Revenue Increase	Rate Year 2 with Revenue Increase	Rate Year 3 with Revenue Increase
<b>Operating Revenues</b>	\$ 28,068,861	\$ 28,833,653	\$ 29,547,642	\$ 27,732,106	\$ 28,062,432	\$ 28,741,021
Purchased Gas	10,121,400	10,121,400	10,121,400	10,121,400	10,121,400	10,121,400
Operating & Maintenance Expense	8,041,416	8,207,355	8,387,598	8,037,371	8,198,092	8,377,910
Depreciation Expense	1,762,366	1,911,062	2,021,432	1,762,366	1,911,062	2,021,432
Accelerated Recovery of Plant	176,735	176,735	176,735	176,735	176,735	176,735
Taxes Other Than FIT	2,955,548	3,110,532	3,273,781	2,951,344	3,100,904	3,263,711
<b>Total Operating Expense</b>	<b>23,057,465</b>	<b>23,527,084</b>	<b>23,980,946</b>	<b>23,049,216</b>	<b>23,508,193</b>	<b>23,961,188</b>
<b>Operating Income Before Income Taxes</b>	<b>5,011,396</b>	<b>5,306,570</b>	<b>5,566,696</b>	<b>4,682,891</b>	<b>4,554,239</b>	<b>4,779,833</b>
<b>State Income Taxes</b>						
Current	41,851	54,635	68,277	20,498	5,734	17,131
Deferred	142,884	141,291	139,698	142,884	141,291	139,698
<b>Total State Income Taxes</b>	<b>184,735</b>	<b>195,927</b>	<b>207,975</b>	<b>163,382</b>	<b>147,025</b>	<b>156,829</b>
<b>Federal Income Taxes</b>						
Current	1,127,423	1,204,711	1,271,426	859,914	596,366	630,792
Deferred	248,683	248,682	248,682	209,039	153,597	153,597
<b>Total Federal Income Taxes</b>	<b>1,376,106</b>	<b>1,453,393</b>	<b>1,520,108</b>	<b>1,068,953</b>	<b>749,963</b>	<b>784,390</b>
<b>Operating Income</b>	<b>3,450,555</b>	<b>3,657,251</b>	<b>3,838,612</b>	<b>3,450,556</b>	<b>3,657,251</b>	<b>3,838,614</b>
<b>Rate Base</b>	\$ 57,630,832	\$ 61,083,022	\$ 64,112,131	\$ 57,630,832	\$ 61,083,022	\$ 64,112,131
<b>Rate of Return</b>	<b>5.99%</b>	<b>5.99%</b>	<b>5.99%</b>	<b>5.99%</b>	<b>5.99%</b>	<b>5.99%</b>

	Per Commission Order Case 16-G-0369			Per Tax Cut and Jobs Act 2017		
	Rate Year 1 with Revenue Increase	Rate Year 2 with Revenue Increase	Rate Year 3 with Revenue Increase	Rate Year 1 with Revenue Increase	Rate Year 2 with Revenue Increase	Rate Year 3 with Revenue Increase
<b>Deferred Taxes</b>						
Root Pipeline Project CIAC-State	41,336	40,512	39,688	41,336	41,336	41,336
Root Pipeline Project CIAC-Federal	197,949	194,003	190,057	197,949	197,949	197,949
Root Pipeline Project Tax Depreciation-State	(12,600)	(13,899)	(15,127)	(12,600)	(12,600)	(12,600)
Root Pipeline Project Tax Depreciation-Federal	(127,918)	(129,016)	(126,460)	(127,918)	(127,918)	(127,918)
Tax on Accelerated Recovery -State	243,099	237,279	231,219	243,099	243,099	243,099
Tax on Accelerated Recovery -Federal	1,161,765	1,131,321	1,099,625	1,161,765	1,161,765	1,161,765
Compressor Station-State CIAC	819,831	800,234	780,637	819,831	819,831	819,831
Compressor Station-Federal CIAC	3,647,194	3,560,010	3,472,826	3,647,194	3,647,194	3,647,194
Dalrymple-State CIAC	22,882	22,473	22,065	22,882	22,882	22,882
Dalrymple-Federal CIAC	101,559	99,698	97,838	101,559	101,559	101,559
Accel. Depreciation-State	(1,310,811)	(1,487,680)	(1,677,758)	(1,310,811)	(1,310,811)	(1,310,811)
Accel. Depreciation-Compressor Station 100% Bonus Deprec.	(3,341,367)	(3,341,367)	(3,341,367)	(3,341,367)	(3,341,367)	(3,341,367)
Accel. Depreciation-Federal	(10,814,947)	(11,154,620)	(11,560,168)	(10,814,948)	(10,814,948)	(10,814,948)
State Tax Other-Deferred Debits	(75,686)	(52,062)	(31,709)	(75,686)	(75,686)	(75,686)
State Tax Other-Deferred Credits	(519)	(792)	(1,376)	(519)	(519)	(519)
Federal Tax Other-Deferred Debits	(395,896)	(272,325)	(165,862)	(395,896)	(395,896)	(395,896)
Federal Tax Other-Deferred Credits	(2,717)	(4,142)	(7,196)	(2,717)	(2,717)	(2,717)
<b>Total Deferred Taxes</b>	<b>(9,846,848)</b>	<b>(10,370,371)</b>	<b>(10,993,067)</b>	<b>(9,846,848)</b>	<b>(9,846,848)</b>	<b>(9,846,848)</b>
June to Dec				34%		7
Jan to May				21%		5

	Per Commission Order Case 16-G-0369			Per Tax Cut and Jobs Act 2017		
	Rate Year 1 with Revenue Increase	Rate Year 2 with Revenue Increase	Rate Year 3 with Revenue Increase	Rate Year 1 with Revenue Increase	Rate Year 2 with Revenue Increase	Rate Year 3 with Revenue Increase
<b>Deferred Taxes</b>						
Root Pipeline Project CIAC-State	41,336	40,512	39,688	41,336	41,336	41,336
Root Pipeline Project CIAC-Federal	197,949	194,003	190,057	197,949	197,949	197,949
Root Pipeline Project Tax Depreciation-State	(12,600)	(13,899)	(15,127)	(12,600)	(12,600)	(12,600)
Root Pipeline Project Tax Depreciation-Federal	(127,918)	(129,016)	(126,460)	(127,918)	(127,918)	(127,918)
Tax on Accelerated Recovery -State	243,099	237,279	231,219	243,099	243,099	243,099
Tax on Accelerated Recovery -Federal	1,161,765	1,131,321	1,099,625	1,161,765	1,161,765	1,161,765
Compressor Station-State CIAC	819,831	800,234	780,637	819,831	819,831	819,831
Compressor Station-Federal CIAC	3,647,194	3,560,010	3,472,826	3,647,194	3,647,194	3,647,194
Dalrymple-State CIAC	22,882	22,473	22,065	22,882	22,882	22,882
Dalrymple-Federal CIAC	101,559	99,698	97,838	101,559	101,559	101,559
Accel. Depreciation-State	(1,310,811)	(1,487,680)	(1,677,758)	(1,310,811)	(1,310,811)	(1,310,811)
Accel. Depreciation-Compressor Station 100% Bonus Deprec.	(3,341,367)	(3,341,367)	(3,341,367)	(3,341,367)	(3,341,367)	(3,341,367)
Accel. Depreciation-Federal	(10,814,947)	(11,154,620)	(11,560,168)	(10,814,948)	(10,814,948)	(10,814,948)
State Tax Other-Deferred Debits	(75,686)	(52,062)	(31,709)	(75,686)	(75,686)	(75,686)
State Tax Other-Deferred Credits	(519)	(792)	(1,376)	(519)	(519)	(519)
Federal Tax Other-Deferred Debits	(395,896)	(272,325)	(165,862)	(395,896)	(395,896)	(395,896)
Federal Tax Other-Deferred Credits	(2,717)	(4,142)	(7,196)	(2,717)	(2,717)	(2,717)
<b>Total Deferred Taxes</b>	<b>(9,846,848)</b>	<b>(10,370,371)</b>	<b>(10,993,067)</b>	<b>(9,846,848)</b>	<b>(9,846,848)</b>	<b>(9,846,848)</b>
June to Dec				34%		7
Jan to May				21%		5

**Corning Natural Gas Corporation**  
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	Federal Income tax @34%			5/31/2019
	5/31/2018	5/31/2019	5/31/2020	RY2
	RY1	RY2	RY3	
<b>Deferred Taxes</b>				41,336
Root Pipeline Project CIAC-State				197,949
Root Pipeline Project CIAC-Federal	197,949	197,949	197,949	(12,600)
Root Pipeline Project Tax Depreciation-State				(127,918)
Root Pipeline Project Tax Depreciation-Federal	(127,918)	(127,918)	(127,918)	243,099
Tax on Accelerated Recovery -State				1,161,765
Tax on Accelerated Recovery -Federal	1,161,765	1,161,765	1,161,765	819,831
Compressor Station-State CIAC	3,647,194	3,647,194	3,647,194	22,882
Compressor Station-Federal CIAC				101,559
Dalrymple-State CIAC	101,559	101,559	101,559	(1,310,811)
Dalrymple-Federal CIAC				-
Accel. Depreciation-State	(3,341,367)	(3,341,367)	(3,341,367)	(14,156,315)
Accel. Depreciation-Federal	(10,814,948)	(10,814,948)	(10,814,948)	(75,686)
State Tax Other-Deferred Debits				(619)
State Tax Other-Deferred Credits				(395,696)
Federal Tax Other-Deferred Debits	(395,896)	(395,896)	(395,896)	(2,717)
Federal Tax Other-Deferred Credits	(2,717)	(2,717)	(2,717)	(9,846,848)
<b>Total Deferred Taxes</b>	(9,574,379)	(9,574,379)	(9,574,379)	
	19.83%			34%
	8.75%			21%
	28.58%	84.07%	61.76%	61.76%

		5/31/2018	5/31/2019	5/31/2020
<b>Deferred Taxes</b>				
Root Pipeline Project CIAC-State		-	-	-
Root Pipeline Project CIAC-Federal	Unprotected	166,413	122,262	122,262
Root Pipeline Project Tax Depreciation-State		-	-	-
Root Pipeline Project Tax Depreciation-Federal	Unprotected	(107,539)	(79,008)	(79,008)
Tax on Accelerated Recovery -State		-	-	-
Tax on Accelerated Recovery -Federal	Unprotected	976,680	717,561	717,561
Compressor Station-State CIAC		-	-	-
Compressor Station-Federal CIAC	Unprotected	3,066,146	2,252,678	2,252,678
Dalrymple-State CIAC		-	-	-
Dalrymple-Federal CIAC	Unprotected	85,379	62,728	62,728
Accel. Depreciation-State		-	-	-
Accel. Depreciation-Compressor Station 100% Bonus Deprec.	Protected	(2,809,041)	(2,063,786)	(2,063,786)
Accel. Depreciation-Federal	Protected	(9,091,978)	(6,679,821)	(6,679,821)
State Tax Other-Deferred Debits		-	-	-
State Tax Other-Deferred Credits		-	-	-
Federal Tax Other-Deferred Debits	Unprotected	(332,824)	(244,524)	(244,524)
Federal Tax Other-Deferred Credits	Unprotected	(2,284)	(1,678)	(1,678)
<b>Total Deferred Taxes</b>		(8,049,049)	(5,913,587)	(5,913,587)
		(1,525,330)	(3,660,792)	(3,660,792)
	Protected	(1,722,970)	(4,135,127)	(4,135,127)
	Unprotected	197,640	474,335	474,335
		(1,525,330)	(3,660,792)	(3,660,792)
		(1,722,970)	(4,135,127)	(4,135,127)
		197,640	474,335	474,335
		(1,525,330)	(3,660,792)	(3,660,792)
Pre Tax ROR		8.67%	8.67%	8.67%
		(132,246)	(317,391)	(317,391)

	Revenue Requirement Change		
	Rate Year 1 Change in Revenue Increase	Rate Year 2 Change in Revenue Increase	Rate Year 3 Change in Revenue Increase
<b>Operating Revenues</b>	\$ (336,755)	\$ (771,221)	\$ (806,621)
Purchased Gas			
Operating & Maintenance Expense			
Depreciation Expense	(336,755)	(336,755)	(336,755)
Accelerated Recovery of Plant	-	(771,221)	(771,221)
Taxes Other Than FIT	-	-	(806,621)
<b>Total Operating Expense</b>	(336,755)	(1,107,976)	(1,914,597)
			(3,359,328)

**Operating Income Before Income Taxes**

State Income Taxes

Current

Deferred

**Total State Income Taxes**

Federal Income Taxes

Current

Deferred

**Total Federal Income Taxes**

**Operating Income**

**Rate Base**

**Rate of Return**

**Corning Natural Gas Corporation**  
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	State Income Tax		
	Twelve Months		
	5/31/2018	5/31/2019	5/31/2020
<u>Deferred Taxes</u>	<u>RY1</u>	<u>RY2</u>	<u>RY3</u>
Root Pipeline Project CIAC-State	41,336	41,336	41,336
Root Pipeline Project CIAC-Federal			
Root Pipeline Project Tax Depreciation-State	(12,600)	(12,600)	(12,600)
Root Pipeline Project Tax Depreciation-Federal			
Tax on Accelerated Recovery -State	243,099	243,099	243,099
Tax on Accelerated Recovery -Federal			
Compressor Station-State CIAC	819,831	819,831	819,831
Compressor Station-Federal CIAC			
Dalrymple-State CIAC	22,882	22,882	22,882
Dalrymple-Federal CIAC			
Accel. Depreciation-State	(1,310,811)	(1,310,811)	(1,310,811)
Accel. Depreciation-Compressor Station 100% Bonus Deprec.			
Accel. Depreciation-Federal			
State Tax Other-Deferred Debits	(75,686)	(75,686)	(75,686)
State Tax Other-Deferred Credits	(519)	(519)	(519)
Federal Tax Other-Deferred Debits			
Federal Tax Other-Deferred Credits			
<b>Total Deferred Taxes</b>	<u>(272,468)</u>	<u>(272,468)</u>	<u>(272,468)</u>

<u>Deferred Taxes</u>
Root Pipeline Project CIAC-State
Root Pipeline Project CIAC-Federal
Root Pipeline Project Tax Depreciation-State
Root Pipeline Project Tax Depreciation-Federal
Tax on Accelerated Recovery -State
Tax on Accelerated Recovery -Federal
Compressor Station-State CIAC
Compressor Station-Federal CIAC
Dalrymple-State CIAC
Dalrymple-Federal CIAC
Accel. Depreciation-State
Accel. Depreciation-Compressor Station 100% Bonus Deprec.
Accel. Depreciation-Federal
State Tax Other-Deferred Debits
State Tax Other-Deferred Credits
Federal Tax Other-Deferred Debits
Federal Tax Other-Deferred Credits
<b>Total Deferred Taxes</b>

**Operating Revenues**

Purchased Gas
Operating & Maintenance Expense
Depreciation Expense
Accelerated Recovery of Plant
Taxes Other Than FIT
<b>Total Operating Expense</b>

**Operating Income Before Income Taxes**

<u>State Income Taxes</u>
Current
Deferred
<b>Total State Income Taxes</b>

Federal Income Taxes

Current
Deferred
<b>Total Federal Income Taxes</b>

**Operating Income**

**Rate Base**

**Rate of Return**

**Corning Natural Gas Corporation**  
**Impact of Tax Cuts and Jobs Act of 2017**  
**Per Joint Proposal Case 16-G-0369**

June to Dec	34%	7	19.83%				
Jan to May	21%	5	<u>8.75%</u>	84.07%	61.76%	61.76%	Attachment B
			28.58%				Page 1 of 2

	Twelve Months		
	5/31/2018	5/31/2019	5/31/2020
	RY1	RY2	RY3
<b>Deferred Taxes</b>			
Root Pipeline Project CIAC-Federal	197,949	197,949	197,949
Root Pipeline Project Tax Depreciation-Federal	(127,918)	(127,918)	(127,918)
Tax on Accelerated Recovery -Federal	1,161,765	1,161,765	1,161,765
Compressor Station-Federal CIAC	3,647,194	3,647,194	3,647,194
Dalrymple-Federal CIAC	101,559	101,559	101,559
Accel. Depreciation-Compressor Station 100% Bonus Deprec.	(3,341,367)	(3,341,367)	(3,341,367)
Accel. Depreciation-Federal	(10,814,948)	(10,814,948)	(10,814,948)
Federal Tax Other-Deferred Debits	(395,896)	(395,896)	(395,896)
Federal Tax Other-Deferred Credits	(2,717)	(2,717)	(2,717)
<b>Total Deferred Taxes</b>	<u>(9,574,379)</u>	<u>(9,574,379)</u>	<u>(9,574,379)</u>

		Twelve Months		
		5/31/2018	5/31/2019	5/31/2020
<b>Deferred Taxes</b>				
Root Pipeline Project CIAC-Federal	Unprotected	166,413	122,262	122,262
Root Pipeline Project Tax Depreciation-Federal	Unprotected	(107,539)	(79,008)	(79,008)
Tax on Accelerated Recovery -Federal	Unprotected	976,680	717,561	717,561
Compressor Station-Federal CIAC	Unprotected	3,066,146	2,252,678	2,252,678
Dalrymple-Federal CIAC	Unprotected	85,379	62,728	62,728
Accel. Depreciation-Compressor Station 100% Bonus Deprec.	Protected	(2,809,041)	(2,063,786)	(2,063,786)
Accel. Depreciation-Federal	Protected	(9,091,978)	(6,679,821)	(6,679,821)
Federal Tax Other-Deferred Debits	Unprotected	(332,824)	(244,524)	(244,524)
Federal Tax Other-Deferred Credits	Unprotected	(2,284)	(1,678)	(1,678)
<b>Total Deferred Taxes</b>		<u>(8,049,049)</u>	<u>(5,913,587)</u>	<u>(5,913,587)</u>
		(1,525,330)	(3,660,792)	(3,660,792)

		5/31/2018			5/31/2019			5/31/2020		
		Protected	Unprotected	Total	Protected	Unprotected	Total	Protected	Unprotected	Total
<b>Per Rate Case</b>										
Root Pipeline Project CIAC-Federal			31,536	31,536		75,686	75,686		75,686	75,686
Root Pipeline Project Tax Depreciation-Federal			(20,379)	(20,379)		(48,910)	(48,910)		(48,910)	(48,910)
Tax on Accelerated Recovery -Federal			185,085	185,085		444,204	444,204		444,204	444,204
Compressor Station-Federal CIAC			581,048	581,048		1,394,515	1,394,515		1,394,515	1,394,515
Dalrymple-Federal CIAC			16,180	16,180		38,831	38,831		38,831	38,831
Accel. Depreciation-Compressor Station 100% Bonus Deprec.		(532,326)		(532,326)	(1,277,582)		(1,277,582)	(1,277,582)		(1,277,582)
Accel. Depreciation-Federal		(1,722,970)		(1,722,970)	(4,135,127)		(4,135,127)	(4,135,127)		(4,135,127)
Federal Tax Other-Deferred Debits			(63,072)	(63,072)		(151,372)	(151,372)		(151,372)	(151,372)
Federal Tax Other-Deferred Credits			(433)	(433)		(1,039)	(1,039)		(1,039)	(1,039)
		<u>(2,255,295)</u>	<u>729,965</u>	<u>(1,525,330)</u>	<u>(5,412,709)</u>	<u>1,751,917</u>	<u>(3,660,792)</u>	<u>(5,412,709)</u>	<u>1,751,917</u>	<u>(3,660,792)</u>
				(3,157,413)	1,021,951			-	-	

**Corning Natural Gas Corporation  
Impact of Tax Cuts and Jobs Act of 2017  
Per Joint Proposal Case 16-G-0369**

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Per Fiscal Yr.	9/30/2018		9/30/2019		9/30/2020	
	<u>Protected</u>	<u>Unprotected</u>	<u>Protected</u>	<u>Unprotected</u>	<u>Protected</u>	<u>Unprotected</u>
Per Revenue Requirement						
RY1	(2,255,295)	-	-	-	-	-
RY2	(1,052,471)	-	(2,104,942)	-	-	-
RY3	-	-	-	-	-	-
	<u>(3,307,766)</u>	<u>-</u>	<u>(2,104,942)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue Factor	1.66117		1.66117			
Excess Amount Subject to Deferral Protected	(5,494,772)		(3,496,673)			

RY1						
Root Pipeline Project CIAC-Federal		31,536				
Root Pipeline Project Tax Depreciation-Federal		(20,379)				
Tax on Accelerated Recovery -Federal		185,085				
Compressor Station-Federal CIAC		581,048				
Dalrymple-Federal CIAC		16,180				
Accel. Depreciation-Compressor Station 100% Bonus Deprec.		-				
Federal Tax Other-Deferred Debits		(63,072)				
Federal Tax Other-Deferred Credits		(433)				

RY2						
Root Pipeline Project CIAC-Federal		14,717		29,434		
Root Pipeline Project Tax Depreciation-Federal		(9,510)		(19,020)		
Tax on Accelerated Recovery -Federal		86,373		172,746		
Compressor Station-Federal CIAC		271,156		542,311		
Dalrymple-Federal CIAC		7,551		15,101		
Accel. Depreciation-Compressor Station 100% Bonus Deprec.		-		-		
Federal Tax Other-Deferred Debits		(29,433)		(58,867)		
Federal Tax Other-Deferred Credits		(202)		(404)		
	<u>-</u>	<u>(202)</u>	<u>-</u>	<u>(404)</u>		

Revenue Factor		1.66117		1.66117		
Excess Amount Subject to Deferral Unprotected		1,778,478		1,131,758		
		218,412				
		362,820				

**Book Entry**

<u>Protected (Per Revenue Requirement)</u>				
Acc Def Inc Tax-Lib. Depr	282010	9,571	6,091	
Acc Def Inc Tax-Assets-Cng	282020	3,061,970	1,948,526	0.29%
Acc Def Inc Tax-Assets-Bath	282030	185,855	118,272	92.57%
Acc Def Inc Tax-Assets-H'sport	282040	50,370	32,054	5.62%
Acc Def Inc Tax-Assets-Due Customers Protected	253040	(3,307,766)	(2,104,942)	1.52%
Gross up to Revenue Requirement	253040	(2,187,005)	(1,391,731)	100.00%
Deferred Regulatory Tax Asset Protected	186XX	2,187,005	1,391,731	

**Unprotected (Per Revenue Requirement)**

Accum Def Inc Tax-FIT (Compr)	190000	(868,567)	(552,725)	
Accum Def Inc Tax-FIT (Dalry)	190020	(23,730)	(15,101)	
Acc Def Income Tax-Other	283000	(178,318)	(113,475)	
Acc Def Inc Tax-Assets-Due Customers Unprotected	253920	1,070,616	681,301	
Gross up to Revenue Requirement	253920	707,862	450,458	
Deferred Regulatory Tax Asset Unprotected	186XX	(707,862)	(450,458)	

Revenue Requirement Factor                      1.66117

**Revenue Requirement Change**

	<b>Amount</b>
RY1	\$ (336,755)
RY2	(771,221)
RY3	(806,621)
	<u>\$ (1,914,597)</u>

\*Per Appendix B Page 1 of 1

**Tax Impact on Current Revenue Requirement**

	<u>9/30/2018</u>	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2019*</u>
RY1	(336,755)	(336,755)	\$(336,755)	\$(336,755)
RY2	(257,074)	(514,148)	(771,221)	(771,221)
RY3	-	(268,874)	(537,747)	(806,621)
	<u>(593,828)</u>	<u>(1,119,776)</u>	<u>(1,645,723)</u>	<u>(1,914,597)</u>
			(3,359,328)	(3,628,201)

\*Amount if no rate case filing in 1st quarter of 2019

**Corning Natural Gas Corporation**  
**Impact of Tax Cuts and Jobs Act of 2017**  
**Tax Reserves Not Subject to Base Rate Treatment**

-1

	YTD	Deferred Tax			9/30/2018	9/30/2019	
	9/30/2017	@ 34%	71.32%	61.76%	Change Y1	Change Y2	Attachment C
<b><u>Deferred Tax Reserve Not Subject to Base Rates</u></b>							
GAC - Corning Operations	904,293	(307,460)	(219,291.09)	(189,901.56)	88,168.58	29,389.53	
FAS 106 Post-retirement Benefits	78,305	(26,624)	(18,988.92)	(16,444.01)	7,634.72	2,544.91	
Ratable Pension Expense	485,116	(164,939)	(117,640.55)	(101,874.29)	47,298.78	15,766.26	
Deferred Pension	(742,466.94)	252,439	180,048.23	155,918.06	(72,390.53)	(24,130.18)	
Fixed Interest		-	-	-	-	-	
Safety & Reliability Shortfall	146,859	(49,932)	(35,613.22)	(30,840.32)	14,318.72	4,772.91	
Customer Affiliate Allocation Shortfall	87,785	(29,847)	(21,287.86)	(18,434.85)	8,559.04	2,853.01	
Customer Make Whole Increase	91,987	(31,276)	(22,306.89)	(19,317.31)	8,968.75	2,989.58	
Corning Revenue Decoupling	89,857	(30,551)	(21,790.24)	(18,869.90)	8,761.03	2,920.34	
Hammondsport Revenue Decoupling	26,054	(8,858)	(6,318.07)	(5,471.32)	2,540.26	846.75	
Corning/Hammondsport MFC	(103,008)	35,023	24,979.50	21,631.73	(10,043.30)	(3,347.77)	
Bath MFC	8,561	(2,911)	(2,076.04)	(1,797.81)	834.70	278.23	
Property Tax Reconciliation	756,400	(257,176)	(183,427.08)	(158,844.07)	73,749.03	24,583.01	
Contract Customer Reconciliation	512,332	(174,193)	(124,240.52)	(107,589.73)	49,952.37	16,650.79	
Leak Repair/Survey	349,547	(118,846)	(84,765.15)	(73,404.87)	34,080.83	11,360.28	
Def Debit-Rate Case 2016	443,474	(150,781)	(107,542.42)	(93,129.52)	43,238.70	14,412.90	
Gas Cost - Parking Fees		-	-	-	-	-	
Deferred Delivery Rate Adjustment	486,262	(165,329)	(117,918.57)	(102,115.05)	47,410.56	15,803.52	
		(1,231,261)	(878,179)	(760,485)	353,082	117,694	470,776 Dr283
Revenue Factor					1,66117	1,66117	Cr 253
Excess Amount Subject to Deferral Unprotected					586,531	195,510	
Refunds From Suppliers (Pending)	(123,743)	42,073	30,007.77	25,986.11	(12,064.98)	(4,021.66)	
FASB 106 Postretirement Benefits	(1,390,237)	472,680	337,132.37	291,949.68	(135,548.07)	(45,182.69)	
Deferred Interest On FAS 106	(263,713)	89,663	63,950.49	55,379.81	(25,712.05)	(8,570.68)	
Deferred Gas System Benefits Charge	(280,036)	95,212	67,908.63	58,807.47	(27,303.47)	(9,101.16)	
Deferred Local Production Due	(126,622)	43,051	30,705.71	26,590.52	(12,345.60)	(4,115.20)	
Deferred Credits-2015 Regulatory Liability	(48,522)	16,497	11,766.55	10,189.59	(4,730.88)	(1,576.96)	
Deferred Credits-2016 Regulatory Liability	(50,000)	17,000	12,125.00	10,500.00	(4,875.00)	(1,625.00)	
		776,177	553,597	479,403	(222,580)	(74,193)	(296,773) Cr283
Revenue Factor					1,66117	1,66117	Dr 253
Excess Amount Subject to Deferral Unprotected					(369,744)	(123,248)	
Book Entries							
<b><u>Deferred Tax Reserve Not Subject to Base Rates</u></b>							
Acc Def Income Tax-Other	283000				353,082	117,694	
Acc Def Income Tax-Other	283000				(222,580)	(74,193)	
Acc Def Income Tax-Other	283000				-	-	
Acc Def Inc Tax-Assets-Due Customers Unprotected	253920				(130,502)	(43,501)	
Gross up to Revenue Requirement	253920				(86,285)	(28,762)	
Deferred Regulatory Tax Asset Unprotected	186XX				86,285	28,762	

**Corning Natural Gas Corporation  
Impact of Tax Cuts and Jobs Act of 2017  
Net Operating Losses and Other  
Subject to Further Review By PSC**

Attachment D

**Net Operating Losses (NOL's)**

		<b>Balance</b>	<b>As Adjusted Balance</b>		
		<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	
Per Books		@ 34%	71.32%	61.76%	
Taxes Accrued-Fit 2008	236200	199,736.00	142,458.76	123,366.35	
Taxes Accrued-Fit 2006	236340	958,011.00	683,287.26	591,712.68	
Taxes Accrued-Fit 2007	236360	214,696.00	153,128.76	132,606.35	
Taxes Accrued-Fit 2009	236380	884,982.00	631,200.40	546,606.53	
Taxes Accrued-Fit 2010	236400	119,539.00	85,259.43	73,832.91	
Taxes Accrued-Fit 2011	236420	851,606.00	607,395.46	525,991.94	
Taxes Accrued-Fit 2012	236440	1,246,596.28	889,116.46	769,956.53	
Taxes Accrued-Fit 2013	236460	(606,877.16)	(432,846.21)	(374,835.89)	
Taxes Accrued-Fit 2014	236500	(1,222,164.52)	(871,690.87)	(754,866.32)	
Taxes Accrued-Fit 2015	236550	(477,383.68)	(340,486.89)	(294,854.63)	
Taxes Accrued-Fit 2016	236580	142,582.09	101,694.58	88,065.41	
Taxes Accrued-Fit 2017	236600	(129,437.39)	(92,319.31)	(79,946.62)	
		2,181,885.62	1,556,197.83	1,347,635.24	
Revenue Factor			625,687.79	208,562.60	834,250.38
Excess Amount Subject to Deferral Unprotected			<u>1,661.17</u>	<u>1,661.17</u>	Cr 236
			1,039,376	346,459	Dr 409 Tax Expense

**Book Entries**

Net Operating Losses (NOL's)					
Taxes Accrued-Fit 2008	236200		(57,277)	(19,092)	
Taxes Accrued-Fit 2006	236340		(274,724)	(91,575)	
Taxes Accrued-Fit 2007	236360		(61,567)	(20,522)	
Taxes Accrued-Fit 2009	236380		(253,782)	(84,594)	
Taxes Accrued-Fit 2010	236400		(34,280)	(11,427)	
Taxes Accrued-Fit 2011	236420		(244,211)	(81,404)	
Taxes Accrued-Fit 2012	236440		(357,480)	(119,160)	
Taxes Accrued-Fit 2013	236460		174,031	58,010	
Taxes Accrued-Fit 2014	236500		350,474	116,825	
Taxes Accrued-Fit 2015	236550		136,897	45,632	
Taxes Accrued-Fit 2016	236580		(40,888)	(13,629)	
Taxes Accrued-Fit 2017	236600		37,118	12,373	
Acc Def Inc Tax-Assets-Due Customers Unprotected	253920		625,688	208,563	
Gross up to Revenue Requirement	253920		413,688	137,896	
Deferred Regulatory Tax Asset Unprotected	186XX		(413,688)	(137,896)	

**Amounts Not Subject to Staff Recommendation**

			<b>As Adjusted Balance</b>	
			<u>9/30/2018</u>	<u>9/30/2019</u>
Taxes Acc-Non Utility Fit 2013	236530	73,291.00	52,273.73	45,267.97

**Deferred Tax Reserve Not Subject to Base Rates GAAP Presentation/Other**

Deferred Comp	(1,443,729)	490,868	350,104.28	303,183.09	(140,763.58)	
Unfunded Pension Liability	4,642,637	(1,578,497)	(1,125,839.47)	(974,953.77)	452,657.11	
Unfunded OPEB Liability	<u>208,913</u>	<u>(71,030)</u>	<u>(50,661.40)</u>	<u>(43,871.73)</u>	<u>20,369.02</u>	150,885.70
	4,851,550	(1,649,527)	(1,176,501)	(1,018,826)	473,026	6,789.67
Deferred Pension Offset to Unfunded Liability	(4,851,550)	1,649,527	1,176,501	1,018,826	(473,026)	157,675
<b>Below the Line Charge</b>					(140,763.58)	(157,675)
						(46,921.19)

**Book Entry**

Acc Def Income Tax-Other	283000				(140,763.58)	
Provision for Deferred Tax	410.1				140,763.58	(46,921.19)
<b>To record write down of deferred taxes on below the line (non utility) costs</b>						46,921.19

Deferred Pension	(5,594,017)	1,901,966	1,356,549	1,174,744	(545,417)	
Deferred Pension Offset to Unfunded Liability	4,851,550	(1,649,527)	(1,176,501)	(1,018,826)	473,026	(181,806)
Deferred Pension Offset to Current Liability Liability	742,467	(252,439)	(180,048)	(155,918)	72,391	157,675
Check	-	-	-	-	0	24,130
						(0)



**Tax Cut and Jobs Act -2017  
Refund Rate**

Attachment E

Service Class	Rate Code	RY 2			Rate Per CCF	RY 3			Rate Per CCF
		Revenue Target Allocation *	10/1/2018 Rate Reduction	Rate Year 2 Total CCF**		Revenue Target Allocation *	10/1/2019 Rate Reduction	Rate Year 3 Total CCF**	
SC-1 Residential	RI,RO,TI,TO,VRO,HR,HRO	9,916,195	(857,259.01)	11,811,834	(0.0726)	10,988,249	(1,378,276)	11,882,340	(0.1160)
SC-3 Commercial	CI,CO,HC,HCO,MI,MO, OTF,SC5,VCO,VMO	1,292,488	(111,736.10)	2,206,576	(0.0506)	1,419,914	(178,102)	2,206,576	(0.0807)
SC-8 Hammondsport Trans	HT,HTF,HTO	123,400	(10,667.98)	555,621	(0.0192)	120,225	(15,080)	555,621	(0.0271)
SC-14 AGR Residential	ARO,HA	1,211,651	(104,747.71)	1,581,058	(0.0663)	1,336,383	(167,625)	1,581,058	(0.1060)
SC-14 AGR Commercial & Public Authority	ACO,HAC,AMO	741,568	(64,108.85)	1,624,230	(0.0395)	820,989	(102,978)	1,624,230	(0.0634)
SC-6 Commercial Trans	CT,DOT,MTO, PTO,CTO,VTO,MT,PT	556,258	(48,088.73)	2,135,963	(0.0225)	613,066	(76,898)	2,135,963	(0.0360)
SC-7 Industrial Trans	IT,ITO	905,975	(78,321.90)	7,415,256	(0.0106)	998,498	(125,243)	7,415,256	(0.0169)
Bath E G & W - Firm SC-1		327,736	(28,332.91)	2,691,807	(0.0105)	361,374	(45,328)	2,691,807	(0.0168)
Bath E G & W - Trans SC-3 & SC-4		167,211	(14,455.46)	1,321,972	(0.0109)	183,441	(23,009)	1,321,972	(0.0174)
		15,242,482	(1,317,719)	31,344,317		16,842,139	(2,112,540)	31,414,823	
			(1,317,719)				(2,112,540)		
	Delivery Rates		15,242,482				16,842,140		
	% Decrease		-8.65%				-12.54%		

\* Per Case 16-G-0369 Appendix T Page 1 of 0

\*\* Per Case 16-G-0369 Appendix D Page 1 of 1