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CASE 15-G-0213

REPORT ON NEW YORK STATE GAS SUPPLY READINESS FOR THE 2015-2016 WINTER

CORNING NATURAL GAS CORPORATION

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NEW YORK STATE OF OPPORTUNITY | Department of Public Service

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Three Empire State Plaza, Albany, NY 12223-1350
www.dps.ny.gov

May 15, 2015

Dear Russ:

Staff is conducting its annual review of each gas utility's supply and reliability plans as well as its preparedness for the upcoming winter. The review is to focus on six issues:

1. gas portfolio and purchasing strategy for the 2015-16 send out year;
2. expected portfolio changes over the next five years;
3. gas system operations and optimization;
4. supply diversity and price risk management;
5. evolving market conditions; and,
6. impacts on customer bills.

Staff's data request is attached and it should be noted that we continue to make changes to the questions and forms **(Changes are in Bold)**. As was done last year, please complete and return the data request and associated forms electronically and refrain from submitting hard copies. In the event that any of the information provided is considered privileged by your company, include the label "business confidential" and file with the Records Access Officer as described on the Department's website. Also, please include the case number **(Case 15-G-0213)** in all cover letters, so that the filing can be properly managed.

Your initial responses should be provided to us no later than **July 7, 2015, which hopefully will give each of you sufficient time to supply end-of-month June data with the initial submission.** Updates will be required within the first week of each month for September, October and November in order to complete our review process. **Our report to the Commission is scheduled for October 15, 2015.** Additional updates may be required if conditions warrant.

We will contact you to arrange the formal meetings to discuss your company's winter outlook. We anticipate that the meetings will begin the week of **July 27th**. If you have any questions, please call John Sano at (518) 486-2433 or Davide Maioriello (518) 474-8392. We can also be reached at: John.Sano@dps.ny.gov or davide.maioriello@dps.ny.gov.

Sincerely,

Charles Puglisi, Chief
Gas Policy and Supply Section
Office of Utility Rates and Services

Case 15-G-0213 - Winter Supply Review Data Request

Issues 1 and 2

Please provide the following information related to your company's portfolio and purchasing strategy for the upcoming 2015-16 send out year and anticipated portfolio changes over the next five years, and :

1. Table 1: System design day capacity. Please include all capacity volumes and specify if the volume supports sales or transportation customers. Last year's 2014-15 Table 1 (final update) data is to be included for purposes of comparison.

   Capacity is for sales customers. However 3,401Dt/d is released to marketers serving CNGC residential transport customers.

Case 15-G-0213 - Winter Supply 2015-16 Forms

Table 1 - Total System Firm Peak Day Capacity (DT)

Company: **Corning Natural Gas Corp.**
Submission Date: **7/7/15**
Version #: **1**

	2014-15 Winter	2015-16 Winter
Flowing Supplies	9,590	9,590
Storage Withdrawals	11,850	11,850
Winter Peaking Service *	0	0
LNG	0	0
CNG	0	0
Cogen Supplies	0	0
Local Production*	11,000	11,000
Marketer Provided Supplies*	3,401	3,401
Total	35,841	35,841

* Local Production, landfill gas, etc. delivered directly into the LDC distribution system.

Winter Peaking Service

Daily Price Indexed Contracts	0	Firm Primary Capacity Supported?
Non Daily Price Indexed Contracts	0	(storage, other?)

Marketer Provided Supplies

Retail Access Supplies	0	mandatory assignment of company capacity
Retail Access Supplies	0	marketer owned capacity (grandfathered capacity)
Other Supplies	0	marketer owned capacity

2. Table 2: Estimated annual, winter season, and daily requirements for last year and the next five years, using design weather. Include a description of the design weather criteria and explain any changes from the previous year. Specifically, since many areas of the state experienced weather that was more than 10% colder than normal, how does that experience impact your daily or winter season design parameters and are there any changes required? The 2014-15 actual data experienced last year is to be included for purposes of comparison.

Case 15-G-0213 - Winter Supply 2015-16 Forms

Table 2 - Estimated Design Weather Requirements (MDT)

Company Corning Natural Gas Corp.
Submission Date 7/7/15
Version #: 1

	2014-15 Forecast	2014-15 Actual	2015-16	2016-17	2017-18	2018-19	2019-20
Annual							
Firm							
Sales	1972	1751	1973	1974	1974	1975	1975
Transportation	7533	9393	7533	7533	7533	7534	7534
Non-Firm							
Sales	0	0	0	0	0	0	0
Transportation	0	0	0	0	0	0	0
Total	9505	?	9506	9507	9507	9509	9509
Winter Season							
Firm							
Sales	1409	1326	1410	1410	1410	1411	1411
Transportation	4670	5605	4670	4670	4670	4670	4670
Non-Firm							
Sales	0		0	0	0	0	0
Transportation	0		0	0	0	0	0
Total	6079	6931	6080	6080	6080	6081	6081
Peak Day							
Firm							
Sales	17.5	14.5	17.5	17.5	17.5	18.0	18.0
Transportation	44.1	43.1	44.1	44.1	44.1	44.2	44.2
Total	61.6	57.6	61.6	61.6	61.6	62.2	62.2

1/ Design Weather is defined as:

Annual	7655	HDD
Winter	6044	HDD
Peak Day	74	HDD

The Corning service territory experienced 18.7% increase in HDD over normal weather for the period and a 4.2% increase above design weather HDD. Both Core and Transportation customer seasonal and peak usage increased. However no interruption of service or curtailment was experienced. The company is not changing any operational capability. For the second winter period in a row the company has experienced colder than normal weather and still has not had a need to issue Operational Flow Orders or curtailments

3. Table 3: Same information as requested in (2), but using normal weather. Include a description of the normal weather criteria and the calculation methodology. The 2014-15 data submitted last year is to be included for purposes of comparison.

Case 15-G-0213 - Winter Supply 2015-16 Forms

Table 3 - Estimated Normal Weather Requirements (MDT)

Company: Corning Natural Gas Corp.
Submission Date: 7/7/15
Version #: 1

	2014-15 Forecast	2014-15 Actual	2015-16	2016-17	2017-18	2018-19	2019-20
Annual							
Firm							
Sales	1651	1751	1652	1652	1652	1653	1653
Transportation	6067	9393	6069	6071	6071	6071	6071
Non-Firm							
Sales	0	0	0	0	0	0	0
Transportation	0	0	0	0	0	0	0
Total	7718	?	7721	7723	7723	7724	7724
Winter Season							
Firm							
Sales	1155	1326	1156	1156	1156	1157	1157
Transportation	5414	5605	5415	5416	5416	5416	5416
Non-Firm							
Sales	0		0	0	0	0	0
Transportation	0		0	0	0	0	0
Total	6569	6931	6571	6572	6572	6573	6573
Peak Day							
Firm							
Sales	14.8	14.5	14.8	14.8	14.8	14.8	14.8
Transportation	43	43.1	43	43	43	43	43
Total	57.8	57.6	57.8	57.8	57.8	57.8	57.8

1/ Normal Weather is defined as:

Annual	6724	HDD
Winter	5309	HDD
Peak Day	65	HDD

4. Identify your source for heating degree day (HDD) data, including the specific weather data points used for forecast purposes. Describe your source and/or your calculation of design day and design winter data (i.e. calculated from normal usage or an actual historic period). Identify the time periods used to develop usage per HDD for both design and normal usage, and explain the frequency of updates. **If 30 years of HDD data is not being used for design day, winter and annual determinations, please explain why.** Please explain how usage per HDD for the peak period is identified, calculated and verified.

CNGC currently uses the Accuweather temperature data from the city of Corning as this is near the geographic center of our compact franchise area. CNGC utilizes 30 years of normalized historical data to develop design and normal usage. The model is updated every six months.

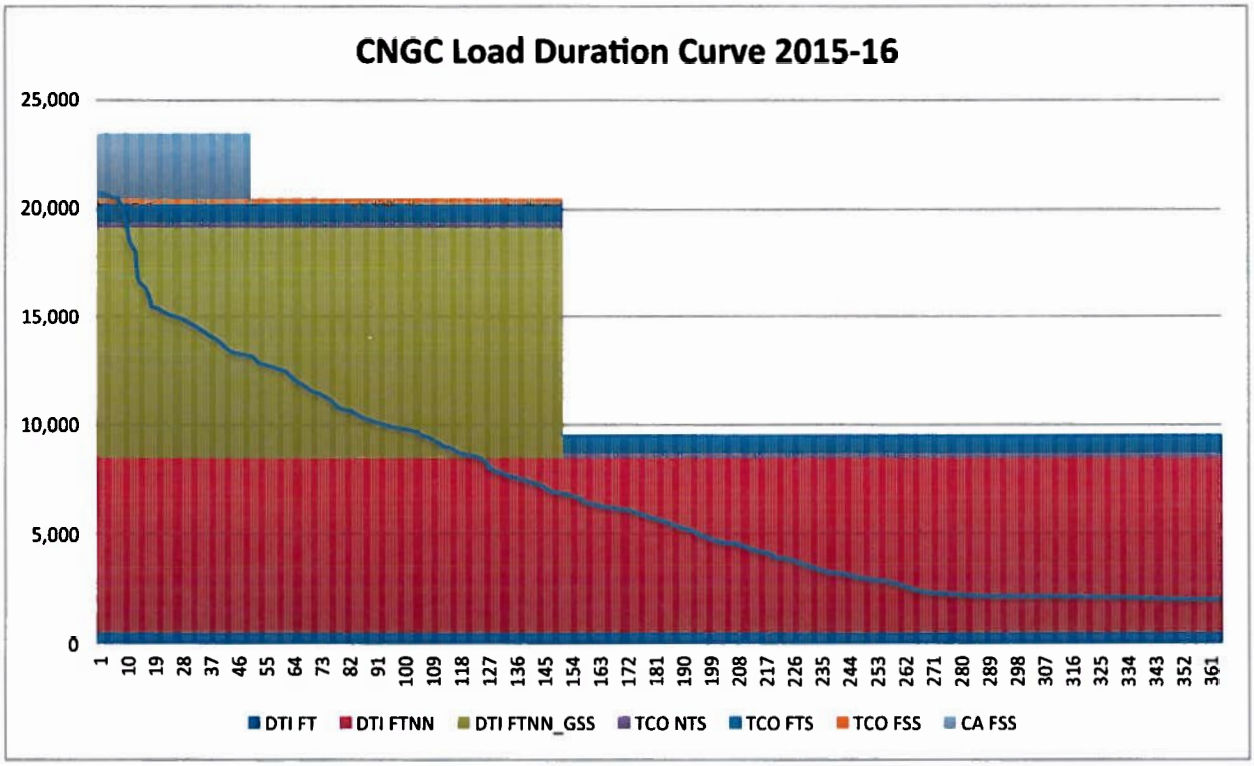
5. Describe the load forecasting tools used to develop the above forecasts. Indicate how any natural gas efficiency programs conducted by your company, contractors or the New York State Energy Research and Development Authority (NYSERDA) have been incorporated into these forecasts and your capacity planning. Provide a summary of the projected energy savings and the actual savings realized to date. How are these savings translated into the normal usage projection in Table 3?

As identified in the answer above CNGC utilizes a predictive model based on 30 years of weather and throughput data. To date the model does not incorporated any new demand reduction component based on energy efficiency modeling. As the model is updated on a six month basis the data that is captured will incorporate any reduction in usage do to energy efficiency.

6. What is your current forecast/planning horizon for supply and capacity purposes? Why? If you aren't using a minimum of five years for system planning, please explain.

CNGC currently utilizes a five year planning model for capacity and demand models. This is a reasonable period for developing predicted capacity needs and it corosponds with preudent capacity contracting practices which provide for delivery security while still providing the LDC flexibility with regard to assessing new opportunities. CNGC typically does not procure supply for more than 12 months in advance. It has suppliers that agree to serve for up to 24 months but it does not hedge more than 5 months in advance. The company desires to keep it supply options flexible as more local supply opportunities develop.

7. A winter season load duration curve for 2015-16 send out year that shows how supplies can meet a severe winter season.



Issue 3

Please provide the following information related to your company's operations and optimization procedures:

8. A send out schedule (or curve) for forecasting requirements under the varying conditions that are considered in developing the estimates (e.g., temperature, wind, weekend/weekday, etc.).

CNGC typically only looks at the two operating scenarios required in this report, that being the normal 65HDD and the design of 74HDD. However the data utilized in this model is utilized for a daily forecast report. All forecast take into account the effects of tempurature, wind, weekend/weekday/Holiday.

9. Gas supply portfolio information **(highlight changes as indicated on the charts)**:
   a. Table 4: Transportation capacity data including contract volumes and expiration dates. Please be prepared to discuss how the capacity is actually used during our meeting.

Case 15-G-0213 - Winter Supply 2015-16 Forms

Table 4 - Firm Transportation Capacity*

(2015-16 Winter)

Company: **Corning Natural Gas Corp.**
Submission Date: **7/7/15**
Version #: **1**

Pipeline Company Name	Rate Schedule	Daily Quanity (DT)	Winter Quanity (MDT)	Annual Quanity (MDT)	Expiration Date
Flowing Gas To Citygate					
Dominion Transmission, Inc.	FT	500	76	183	3/31/29
Dominion Transmission, Inc.	FTNN	8,012	1,210	2,924	3/31/22
Columbia Transmission (via MPL)	NTS	250	38	91	3/31/23
Columbia Transmission (via MPL)	FTS	828	125	125	3/31/23
Upstream Pipeline Support 1/					
TRANSCO	FT	898	136	328	11/1/20
Tennessee Gas Pipeline	FT-A	3,854	582	1,407	3/31/16
Deliveries from Storage					
Crestwood Arlington Thomas Corners	FSS	3,000	150	360	3/31/25
Columbia Transmission (via MPL)	SST	222	34	81	3/31/23
Dominion Transmission, Inc.	FTNN-GSS	10,635	1,606	1,606	3/31/22
Winter Peaking Service					
Total (Flowing Gas to City Gate, Deliveries from Storage, and Winter Peaking Service)					
		23,447	3,239	5,370	

* Please highlight any changes from the previous year's report.

1/ Capacity used to deliver gas to pipelines that deliver to the citygate.

b. Table 5: Storage capacity data, including contract volumes and expiration dates. **Also, please indicate your monthly storage injection and withdrawal plan description from April through March.** At our meeting, please be prepared to provide the current average price of gas in storage and your forecast for November 1.

Case 15-G-0213 - Winter Supply 2015-16 Forms

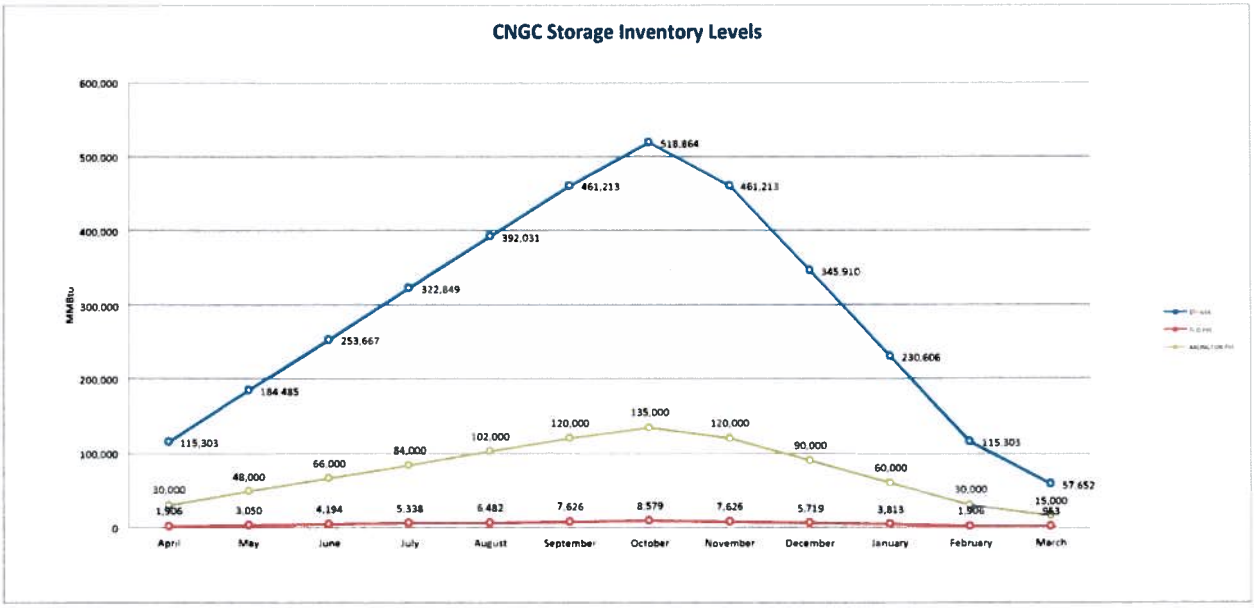
Table 5 - Firm Storage Capacity*

(2015-16 Winter)

Company: **Corning Natural Gas Corp.**
Submission Date: **7/7/15**
Version #: **1**

Storage Company Name	Rate Schedule	Daily Quantity (DT)	Winter Quantity (MDT)	Expiration Date
Market Area Storage				
Crestwood Arlington Thomas Corners	FSS	3,000	150	3/31/25
Dominion Transmission, Inc.	GSS	10,635	577	3/31/22
Columbia Transmission (via MPL)	FSS	222	10	3/31/23
Total		13,857	737	
Production Area Storage				
Total		13,857	737	

* Please highlight any changes from the previous year's report.



c. Table 6: Gas supply contract data including contract volumes, terms and expiration dates.

Case 15-G-0213 - Winter Supply 2015-16 Forms

Table 6 - Gas Supply Contracts

(2015-16)

Company: Corning Natural Gas Corporation
Submission Date: 7/7/15
Version #: 1

Transporter	Supplier	Receipt Point	Contract Number	Daily Quantity (DT) [A]	Winter Quantity (MDT)	Annual Quantity (MDT)	Pricing Terms *	Flexibility	Expiration Date	Supply Basin **
Long Term (>5 years) by FT										
Intermediate Term (1 to 5 years) by FT										
TEUSA	TEUSA	Stateline Station CNG	N/A	3,500	357	913	[redacted]	0 - 11,000Dth/d	Month to Month	M
Short Term (<1 year) by FT										
CNGC	Undetermined	DTI NP CNG	N/A	250	33	33	[redacted]		11/1/15 - 3/31/16	A
CNGC	Undetermined	DTI NP CNG	N/A	250	33	33			11/1/15 - 3/31/16	A
CNGC	Various	DTI & MPL	N/A	500	63	173		1,500 - 15,000Dth/d		A
Purchases other than by FT										
Total				4,500	485	1,151				

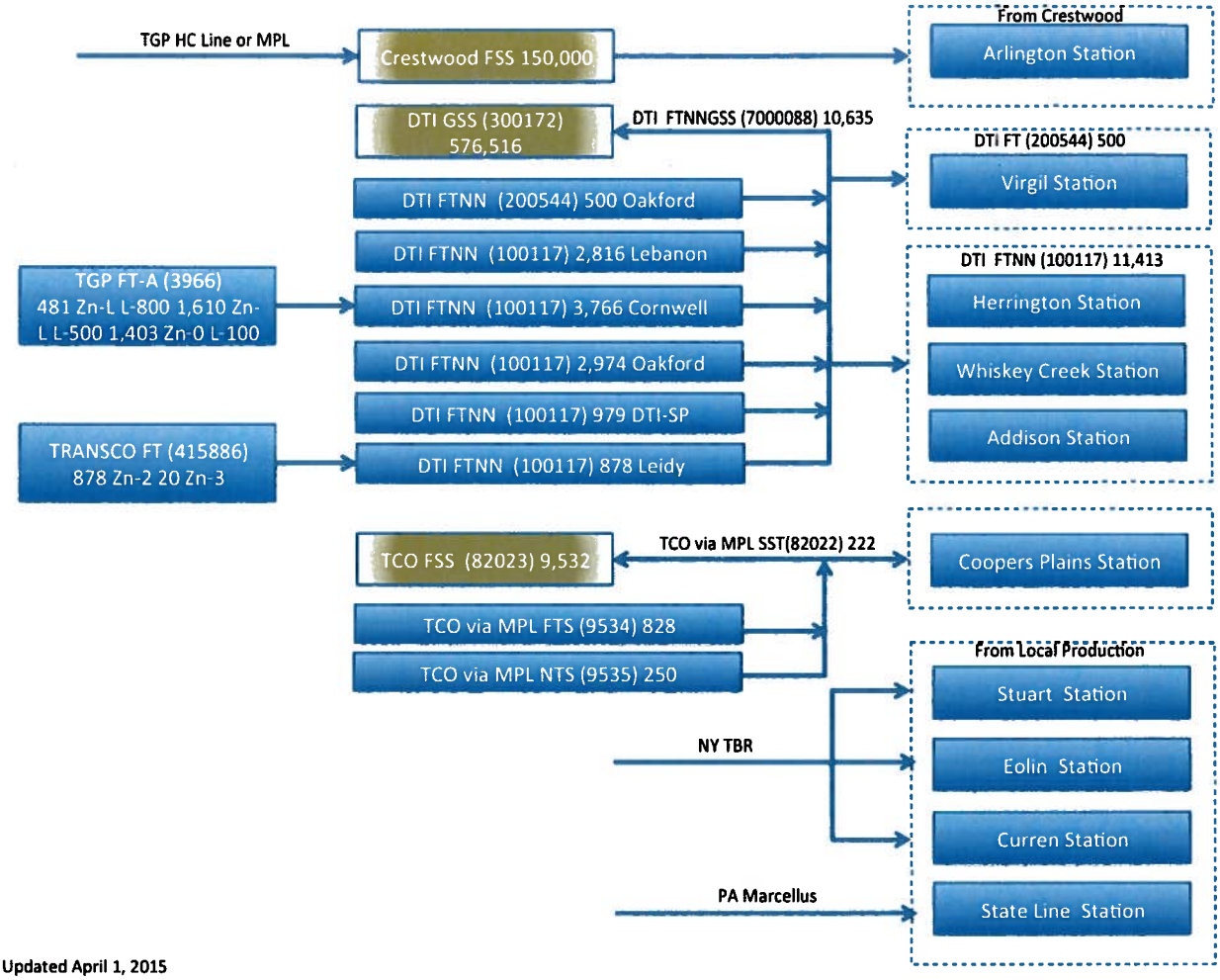
* Fixed Price, Monthly Index (Identify Index), First of Month (FOM), Daily Indexed (Identify Index), etc.

** Mark "M" for Marcellus, "C" for Canadian, "G" for Gulf, or "W" for West/Mid-Continent supplies or leave blank for others if not known.

[A] If daily amounts differ by winter month, please show on separate form

10. Please provide a flow diagram of the gas system showing how the assets included in Tables 4, 5 and 6 are utilized to provide service to your customers. Are you aware of any pipeline or other capacity asset projects that will impact your ability to deliver or supply gas (i.e. Constitution Pipeline, NFGS Tuscarora Project)?

CNGC's ability to deliver or supply gas will not be impacted by either of the identified projects. The company is not aware of any projects that will impact it operational capability.



11. Describe, if applicable, current practices and any anticipated changes related to on-system peaking facilities and other peak shaving techniques.

    None

12. A list of the dates, times and durations of all OFOs and interruptions or curtailments on your system during the 2014-15 heating season. Please differentiate the interruptions and curtailments between electric generator and other interruptible customer class curtailments.

    None

13. An explanation of how the company determines capacity and peaking supplies required for each of its interruptible service classes.

    CNGC does not have any interruptible customers

14. A description of the long and short term forecasting process used for gas dispatch purposes. Include all weather services and a description of any in-house software utilized. Please explain how accurate your short term forecasts were during the 2014-15 heating season by using a back cast after the actual weather is known.

    Both long-term and short-term forecasting utilize the same weather and flow model which is a Microsoft Excel based model of normalized flow and weather data. Each day CNGC plugs in the projected weather data for the forward 7 days. The critical weather information is predicted average temperature for each 24 hour period. The information drives the forecasted firm sales and transportation model. CNGC utilizes Accuweather for forecast data. Back cast show inaccuracy in predicting temperature sensitive demand. The company is working Gasday of Marquette University to improve the current forecasting model.

15. If your company has had a management audit within the last three years, please list any recommendations from that audit that relate to gas supply procurement, load forecasting, gas price risk management, or system planning. Explain whether or not these recommendations have been implemented, and the status of any changes.

    No audits have been conducted

16. A detailed description of any existing asset management or asset optimization advisory agreement, as well as any such agreements being considered or planned.

    No audits have been conducted

17. A description of your company's plans and strategy with respect to off-system sales, capacity release and streaming arrangements for the 2015-16 winter season as well as any such transactions that extend beyond the 2015-16 winter.

    The company has managed its own assets internally since 4/1/14. The company has releases pipeline assets on TGP/DTI/Transco on a month to month and term basis and will continue to do so in fashion that does not interfere with its capability to economically and reliable serve its core customers and ensure system integrity.

18. Status of mandatory capacity release and grandfathered capacity programs.
    a. Status of marketer compliance with the Commission's primary point capacity requirement for grandfathered capacity. Include how much grandfathered capacity remains on your system.

    CNGC currently releases 3,401Dth/d of DTI FT capacity to 3 marketers operating behind its city gate.

b. Please describe the methodology utilized to determine the mandatory capacity release to the marketers. Indicate how this compares with the methodology utilized to determine capacity required for firm sales customers.

The assigned initial capacity allocation is based on the number and type of customers in the marketer group. This volume was established at 3,401Dth/d when the program was created. The number of customers being served by ESCO behind CNGC's city gate has continually decreased since 2007. The capacity originally released (3,401Dth/d) is still being released to the ESCO even as the group of customers it serves behind the gate continues to decrease.

c. Please describe how your company keeps marketers informed of changes in procedures. Include the frequency and past/proposed dates of marketer meetings relating to the 2015-16 heating season.

The company holds two marketer meetings per year once in May and again in September

d. List the pipelines and allocation percentages being utilized for the mandatory assignment of capacity.

CNGC only releases DTI FT capacity under this program 3,401Dth/d

e. Please provide a comparison between your company's weighted average cost of capacity and the charges paid by marketers and direct customers for released capacity. What process, if any, is utilized to true-up any differences?

Weighted average cost of FT capacity is [redacted] The cost of released capacity to marketers is [redacted] No true up mechanism has been implemented

f. Please describe how your company determines the daily delivery quantities (DDQ) provided to marketers each month for their daily delivery requirements. Provide a sample calculation.

CNGC develops daily contract quantities (DCQ) by reviewing marketer customer group makeup and the associated historical usage and corresponding weather patterns. The company then compares actual usage for the group mid-month and adjusts the DCQ accordingly for the remainder of the month to minimize cashout volumes.

19. Description and status of efforts to verify customer alternative fuel availability and equipment testing, including:
    a. Methods utilized to verify dual-fuel customers' capabilities, including power generation customers. N/A
    b. Please provide the results of compliance with the interruptible rules during last winter. Be sure to include the number of customers switched to firm service or removed from gas service due to non-compliance. N/A

c. How many customers will be visited out of how many customers in total? Will all customers with non-compliance issues last winter be visited? How often will the complaint customers be visited? N/A
d. What are the alternate fuels and how many customers are in each fuel category? N/A
e. Are affidavits required? N/A
f. Outcome of review? N/A Rechecks? N/A
g. Provide a copy of this year's (if available) and last year's pre-season letter(s), if applicable. Have you made or are you planning to make any changes to these letters based on the events of the 2014-15 heating season? If yes, what are the changes? N/A
h. Did your experience servicing dual fuel customers during last winter indicate the need for additional alternate fuel inventory requirements? Is so, what changes do you recommend? N/A
i. Is the company aware of any issues regarding interruptible customers not receiving their oil deliveries during the 2014-15 winter season? N/A If so, please provide details of when and where this occurred. Does the Company recommend any changes in protocols, tariffs or procedures to assist these customers? N/A
j. Will you be modifying your procedures for verifying alternate fuel inventories being held by interruptible customers (including generators and temperature-controlled customers) as a result of the winter of 2014-2015? If so, how? N/A

20. Describe the methods used to communicate with interruptible customers, their marketers/fuel suppliers, NYSERDA and the various Oil Associations in New York prior to, and during, periods of interruption in compliances with Commission Order in Case 11-G-0543.

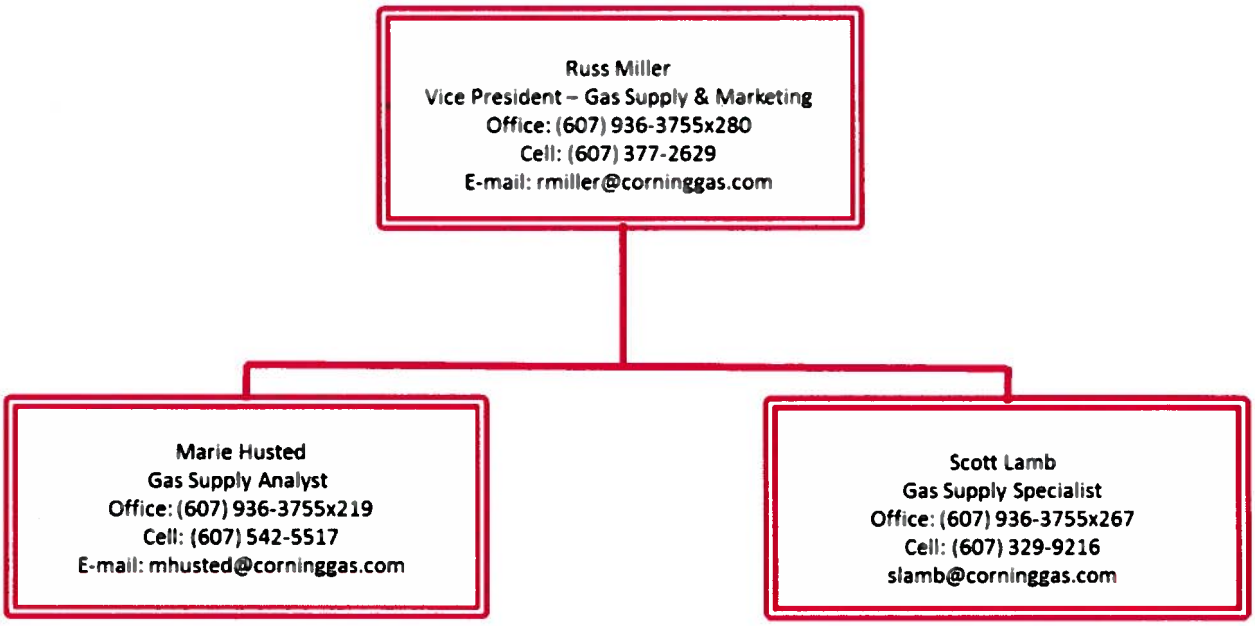
    CNGC currently has no Interruptible customers

21. Please provide the total number of firm dual fuel and interruptible customers including how many interruptible are temperature controlled. How will the switch to their alternate fuel be accomplished and ensured? Please indicate the number of process customers that are exempt from maintaining alternate fuel supplies and have indicated intention to do so, and provide a copy of the affidavit to be submitted by those customers. Please provide a copy of the letter that will be sent to all dual fuel customers if there are five or more interruptions prior to February 15, per Commission Order in Case 11-G-0543.

    CNGC currently has no Interruptible or dual fuel customers

22. A current organization chart for your company's gas supply department. Please include a list of contact people for the winter season for updated storage, peaking and other supply related information. Include the chief dispatcher and telephone numbers for both weekdays and weekends.

CNGC Gas Supply Contacts



23. Please provide the following information on conversions to natural gas:
    a. Requests received per year, for the last five years, from customers using heating fuels other than natural gas. Provide the data broken down between residential and non-residential customers. If there has been an increase in requests, how is the company handling such an increase?

       2010 –N/A
       2011 –N/A
       2012 – Res. 25 NRes. 5
       2013 – Res. 38 NRes. 2
       2014 – Res. 73 NRes. 7

       Not data prior to 2012. The company has utilized a full-time marketing representative since June 2014.

    b. Do you see new opportunities to expand gas services, considering the high cost of natural gas alternatives? Yes, the company plans on adding 100 new customers per year via main extensions within its traditional service territory.
       If so, please explain any plans and the expected number of customer conversions. Currently in the process of extending gas facilities in the Town of Campbell, Caton and Southport total customers added estimated at 75.
       Please outline coordination of these activities with Case 12-G-0297, which is investigating expansion of the natural gas system in New York State. None
    c. Please provide a list of Title V air permit holders in your service territory (available on the DEC website) and indicate whether there is currently natural gas service to each.

       Corning Compressor Station (Millennium Pipeline) not served

Corning Inc. Sullivan Park Erwin, NY– Served by CNGC
Kraft Foods Campbell, NY - Served by CNGC

d. If you serve customers in the New York City area, describe your analysis and the impacts to your system of the city's anticipated proposal to require larger buildings to convert from heavy fuel oils (#4 and #6) to lighter oil (#2 and bio-fuels) and/or natural gas for space heating. N/A

e. Please provide a list of natural gas distribution system expansion projects, including new franchise opportunities, which are being pursued in the next five years. If there are none, please explain how this is justified given the Commission's stated goal of expanding the natural gas system in New York State.

The company has several direct and indirect expansion projects planned.

f. **Please provide a list of projects advancing REV-like clean energy natural gas solutions.**

g. **If a New York Microgrid Prize project (or other microgrid project) will be located in your service territory, please explain if the distribution system is already sufficient to supply it, if not what upgrades will be needed, what are the impacts on other ratepayers, and whether you need to procure additional peak day capacity to satisfy the load?**

The project discussed above is located in an area that has adequate upstream capacity to provide a significant increase in demand on system. Additionally this location has sufficient operating capacity to sustain such project it may require minor pipeline upgrades.

Issue 4

Please provide the following information related to your company's plans to diversify purchases and mange gas price risk:

24. A description of your company's gas purchasing strategy, including:

a. Information regarding gas purchases for last year and any planned changes for this year. Did your experience during the winter of 2014-15 lead to any changes? If so, what are the changes? If not, why not? Please include an identification of the amount of Canadian, domestic gas (identify shale gas purchases if available) and LNG.

CNGC intends to procure gas supply in a fashion similar to last years. The company does not plan to purchase any Canadian supply or LNG. The company is planning to procure local production gas as it has over the passed few years. Local production purchases continue to reduce the need to buy southern Appalachian or Gulf of Mexico supply. The winter of 2014-15 has not changed the company's strategy.

b. The types of contracts and associated contract flexibility.

CNGC make extensive use of it firm no-notice transportation and storage agreements on DTI and MPL to ensure it can accommodate changes in firm supply requirements on a seasonal basis. CNGC reliance on its supply agreements is identified in its gas supply plan. No major deviation from the plan is anticipated. However the company will make greater use of local supply as noted earlier.

c. The extent of planned reliance on firm gas, spot gas, swing gas, etc.

Access to local production can provide approximately 10,000dth/d additional supply as needed through the CNGC Stateline interconnect. This gas can be accessed almost instantaneously and pricing will be based on [redacted]

d. The description of any triggers to purchase spot (daily) gas.

CNGC typically used a [redacted]

e. Pricing terms, indices, etc. of the contracts.

Pricing terms are typically tied to [redacted] Inergy summer time injections are priced at [redacted] for the injection month. Hedges are priced out at [redacted] at the time the trigger is pulled. Local production at [redacted]

f. The liquid point(s) that you typically purchase at.

All purchases are tied to [redacted]

g. The effects that recent and proposed pipeline projects and new supply sources of gas have had on your current (and long-term) purchasing strategy. Include the breakdown of the volumes of gas purchased for the 2014-15 winter and projected for the 2015-16 winter purchases from the Northeast (Marcellus/Utica), mid-continent, Gulf and Canadian supply regions.

CNGC has direct access to Marcellus Shale production and is well situated operationally and contractually to take economic advantage of this domestic supply for its customers.

h. Strategy for using storage assets going forward in light of Marcellus area production, since what was once market area may now be considered production area.

CNGC is still utilizing its DTI storage assets to swing on. Access to shale supply has meant that the company utilizes pipeline supply to inject into storage and swing gas into and out of storage while base loading its shale supplies.

i. Any analysis of your use of long-haul capacity versus short haul and/or local production going forward, including any contracts recently or planned to be converted from long-haul to short-haul.

CNGC is evaluating the need for long-haul capacity on TGP and anticipates divesting of the capacity as of 3/31/16. This will reduce customer annual capacity cost by approximately $700,000. Terminating the agreement will have no noticeable impact on the company's ability to serve.

25. A description of your company's gas price risk management strategy, including answers to the following questions:

a. What percentage of your gas supply do you hedge (1) physically and (2) financially? [redacted] Inclusive of storage [redacted] of CNGC supply is hedged.

b. Please break this down between storage and fixed price contracts.
Approximately [redacted] of the physical hedge of [redacted] is fixed price contract.

c. If you use fixed price contracts, how, when and in what increments are they purchased? [redacted]

d. Please provide the breakdown between futures and options (include quantities of each type on an annual and winter season basis). N/A

e. How do you finance your swap/futures? Do you pay for them at the time of purchase or delivery? N/A
f. What types of options do you use? N/A
g. Describe how you decide which types of options to use. N/A
h. How much and what percentage of total gas costs, booked to the GAC, do you spend on options? N/A
i. How far out, when, and in what increments do you purchase futures? N/A
j. How has your hedging strategy changed in the past year? N/A Did your experience during the winter of 2014-15 lead to any changes? N/A If so, what are the changes? N/A If not, why not? N/A
k. Describe any lessons learned in the past year. N/A
l. Do you calculate gas price volatility, if so how, where and what time period do you use? N/A
m. How do you determine the success or failure of your hedging program? N/A
n. Please provide internal reporting, oversight, and audit structure of your hedging program. N/A
o. Table 7: Actual price hedging performance versus planned price hedging performance for last year, a summary of "lessons learned", and arrangements for this year. Include separate quantities for each hedging instrument.

Case 15-G-0213 - Winter Supply 2015-16 Forms

Table 7 - Winter Supply Hedges Summary

Company: Corning Natural Gas Corporation
Submission Date: 7/7/15
Version #: 1

Winter 2014-15 Purchasing Plan & Projected Prices

Percent Hedged Normal Winter	Portfolio Summary	Amount	Price Commodity Only
	Physical Hedges		
[redacted]	Market Area Storage	657	[redacted]
	Production Area Storage		
[redacted]	Fixed Price Contracts	65	[redacted]
	Financial Hedges *		
	NYMEX Futures or Swaps		
	Collars		
	Calls		
	Puts		
	Flowing or Floating Price Gas		
[redacted]	Monthly Index	887	[redacted]
	Spot/Daily Price		
[redacted]	**TOTAL**	1,609	[redacted]

Winter 2014-15 Actual Purchases & Prices

Percent Hedged Normal Winter	Portfolio Summary	Amount	Price Commodity Only
	Physical Hedges		
[redacted]	Market Area Storage	604	[redacted]
	Production Area Storage		
[redacted]	Fixed Price Contracts	76	[redacted]
	Financial Hedges *		
	NYMEX Futures or Swaps		
	Collars		
	Calls		
	Puts		
	Flowing or Floating Price Gas		
[redacted]	Monthly Index	992	[redacted]
	Spot/Daily Price		
[redacted]	**TOTAL**	1671	[redacted]

Winter 2015-16 Purchasing Plan & Projected Prices

Percent Hedged Normal Winter	Portfolio Summary	Amount	Price Commodity Only
	Physical Hedges		
[redacted]	Market Area Storage	657	[redacted]
	Production Area Storage		
[redacted]	Fixed Price Contracts	65	[redacted]
	Financial Hedges *		
	NYMEX Futures or Swaps		
	Collars		
	Calls		
	Puts		
	Flowing or Floating Price Gas		
[redacted]	Monthly Index	887	[redacted]
	Spot/Daily Price		
[redacted]	**TOTAL**	1,609	[redacted]

* Please break down financial hedges by specific instrument.

26. How has your use of local production/landfill gas changed over the past year? Please provide the average daily volumes of local produced gas acquired for the previous heating season and a forecast for the upcoming season. Also, include any plans to connect new or additional local production to your distribution systems. What percentage of your system throughput is local production? Include the total volume of locally produced gas that entered your system annually since 2008 until the present. How much of this gas is directly tied into your distribution system?

Corning Natural Gas Local Production Statistics

	Year	Maxwell/Stuart 80001 Receipt	Curren 80002 Receipt	Eolin 80003 Receipt	State Line 80005 Receipt	Total TEUSA Receipt	Compressor Discharge	Bradley Station (NYSEG)	CNGC Deliveries	Check
	2009	0.46%	57.60%	4.72%	37.22%	100.00%	0.00%	27.11%	72.89%	100.00%
	2010	0.07%	10.21%	1.59%	88.14%	100.00%	0.00%	57.19%	42.81%	100.00%
	2011	0.00%	0.18%	0.58%	99.23%	100.00%	36.90%	38.40%	24.70%	100.00%
	2012	0.00%	0.00%	0.86%	99.14%	100.00%	28.82%	39.14%	32.04%	100.00%
	2013	0.00%	15.58%	0.49%	83.93%	100.00%	54.68%	23.38%	21.95%	100.00%
	2014	0.00%	13.88%	0.54%	85.58%	100.00%	55.62%	22.00%	22.38%	100.00%
5 months	2015	0.52%	16.19%	0.45%	82.83%	100.00%	48.51%	17.86%	33.64%	100.00%
	%	0.07%	11.97%	0.83%	87.12%	100.00%	41.33%	29.98%	28.69%	100.00%
	2009	9,034	1,132,343	92,834	731,741	1,965,952	0	532,992	1,432,960	1,965,952
	2010	2,263	341,416	53,025	2,948,010	3,344,714	0	1,912,759	1,431,955	3,344,714
	2011	0	14,129	44,902	7,652,484	7,711,515	2,845,350	2,961,272	1,904,892	7,711,515
	2012	0	0	50,122	5,781,295	5,831,417	1,680,365	2,282,566	1,868,486	5,831,417
	2013	0	1,772,606	55,343	9,548,259	11,376,208	6,220,083	2,659,244	2,496,881	11,376,208
	2014	473	1,430,318	55,222	8,816,905	10,302,917	5,730,812	2,266,382	2,305,724	10,302,917
5 months	2015	20,165	621,750	17,235	3,180,724	3,839,864	1,862,567	685,678	1,291,619	3,839,864
	Dth	31,925	5,312,561	368,683	38,659,418	44,372,587	18,339,178	13,300,892	12,732,517	44,372,587

Increase in Local Production	
70.13%	2010 vs. 2009
130.56%	2011 vs. 2010
-24.38%	2012 vs. 2010
95.08%	2013 vs. 2012
-9.43%	2014 vs. 2013
N/A	2015 vs. 2015

	Nov	Dec	Jan	Feb	Mar	Total
Winter 09-10	312,032	150,704	130,253	181,804	178,142	952,935
Winter 10-11	390,453	510,482	641,768	536,284	512,948	2,591,935
Winter 11-12	563,148	408,201	543,607	486,997	161,817	2,163,770
Winter 12-13	532,690	779,453	1,050,084	1,098,600	1,107,660	4,568,487
Winter 13-14	951,344	868,649	989,484	940,867	955,867	4,706,211
Winter 14-15	942,574	895,035	858,476	699,451	791,647	4,187,183

Issue 5

Please provide the following information related to the changing market conditions:

27. A discussion of the impacts of the convergence of the gas and electric markets in your company's service territory, including:
    a. Increase in summer load from last year. None
    b. Changes in system operations from last year including how gas-fired electric generators' needs and behavior during last winter impacted your distribution system operations. None
    c. Need for distribution system facilities improvements. Not at this time
    d. Available information on generators' upstream capacity arrangements. None
    e. Relationship between your company and its electric, steam operations or affiliate-owned generation, including any peaking service agreements. None
    f. Distributed Generation/CHP, including any micro-grid applications. Small 1MW Corning Inc.
    g. Provide a list of all electric generators in your service territory, and indicate whether or not they are currently attached to your distribution system. If so, indicate the maximum daily delivery quantity of the generating station. NYSEG, BEGWS, no generation
    h. Outline typical communications between gas-fired generators in your service territory and your natural gas control center, and explain any improvements planned for those communications. None

28. A discussion of the realized and expected impacts on gas prices, gas price volatility, and required upstream assets from recent and proposed pipeline expansions and the development of Northeast (Marcellus/Utica) shale gas wells and related infrastructure.

    CNGC has no plans to purchase additional interstate pipeline or storage capacity assets. It has direct access to more Marcellus supplies than it can utilize. To increase system integrity the company continues to investigate its capability to connect to TBR wells and gathering in New York State.

29. Please discuss any other major projects that will affect your purchasing strategy over the next five years and your anticipated responses to these changes.

    The company will continue to look for the most economical and reliable gas supplies available.

30. Currently, how much natural gas is being sold on an annual basis for use in natural gas vehicles? How has this changed over the past few years and how do you anticipate that this will change over the five year planning period in your service territory?

    2010 = 1,036Dt
    2011 = 523Dt
    2012 = 195Dt
    2013 = 483Dt
    2014 = 572Dt

    Usage changes slightly over the past four years. The increase or decrease in CNG vehicle usage will be determined by what happens to gasoline costs.

31. Have you been approached by or had any discussions with outside entities regarding the construction of compressed natural gas (CNG) or liquefied natural gas (LNG) fueling stations? If so, please explain. What impediments do you see for the expansion of CNG and LNG transportation?
    None for CNGC

32. Please list potential pipeline projects you are interested in, identifying the pipeline, delivery point, and daily delivery quantity you might take. Provide a list of all pipelines that you are communicating with on a regular basis regarding expansion projects on their pipeline systems that might be filed with the Federal Energy Regulatory Commission.
    None for CNGC

Issue 6

Please provide the following information regarding bill impacts:

33. Table 8: Bill impact comparison of last winter versus the forecasted 2014-15 winter. Include the work papers used to develop Table 8 (note: they should also tie to the numbers in Table 7).

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Table 8 - Bill Comparison (Excluding Taxes)

Winter 2014-15 to Winter 2015-16

Company(s): Corning Natural Gas Corporation
Submission Date: 7/7/15
Version #: 1

1	2	3	4	5	6
Company	2013-14 Average Residential Heating Customer Winter Bill	2013-14 Average Residential Heating Customer Winter Bill	2014-15 Forecasted Residential Heating Customer Winter Bill	Commodity Related Percent Change from Last Winter	Expected Percent Change from Last Winter
	Actual	Normalized	Normalized	(column 4 - column 3) / column 3	(column 4 - column 2) / column 2
	$687.71	$659.42	$445.98	-32.4%	-35.1%

Assumptions:

Normal = 925.7 ccf/year with 669.7 ccf of winter use

Last Year = 650 Ccf of winter use

Notes:

1 Identify the impact of any GAC reconciliation surcharge or refund mechanism.

2 Identify the impact of any other surcharges or refunds included in bills.

Make up of Monthly Bill Impact - _____

1	Delivery	51.06%
2	GRT	1.28%
3	GAC Surcharge/(Refund)	-2.91%
4	Gas Supply Charge	47.51%
5	System Benefits Charge	2.00%
6	Merchant Function Charge	2.55%
7	Revenue Decoupling Mechanism (RDM)	-1.48%
8	Delivery Rate Adjustment (DRA)	0.20%
9	Temporary State Assessment	-0.20%
		100.00%

As discussed in the cover letter, the updates to your filings will be required within the first week of the months September through November. Each monthly update requires any changes to your filing questions and tables reports. We will be using the Table 8 from your October updates to provide the Commission with the latest available information at its October 15th session, so please be timely with your updates. Thank you.