

Exhibit ____ (CAP-R-1)
Revenue Requirement Per Company

Corning Natural Gas Corporation
Case 16-G-0369
Statement of Operating Income
For the Rate Year Ended May 31, 2018

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	Rate Year Per Corrections and Updates	Adj No.	Staff Adjustments	Rate Year Per Staff	Adj No.	Company Ajustments to Staff Case	Rate Year As Ajusted by Company	Company Revenue Requirement Adjustment	Company Rate Year with Revenue Increase
Operating Revenues	\$ 24,644,634	1	\$ 782,566	\$ 25,427,200	C1	\$ (887,551)	\$ 24,539,649	\$ 5,443,997	\$ 29,983,646
Purchased Gas	10,121,400		-	10,121,400		-	10,121,400	-	10,121,400
Operating & Maintenance Expense	9,163,417	2	(2,116,364)	7,047,053	C 2	1,805,525	8,852,578	65,382	8,917,960
Depreciation Expense	1,876,368	3	(151,839)	1,724,529	C3 A	151,839	1,876,368	-	1,876,368
Accelerated Recovery of Plant	176,735		-	176,735		-	176,735	-	176,735
Taxes Other Than FIT	3,117,491	4	(201,784)	2,915,707	C 4	196,074	3,111,781	67,966	3,179,747
Total Operating Expense	24,455,410		(2,469,987)	21,985,424		2,153,438	24,138,861	133,348	24,272,209
Operating Income Before Income Taxes	189,224		3,252,553	3,441,777		(3,040,989)	400,788	5,310,649	5,711,437
<u>State Income Taxes</u>									
Current	(263,116)		204,789	(58,327)	C 5	(123,234)	(181,560)	345,192	163,632
Deferred	125,209		13,189	138,398	C 5	(14,782)	123,616	-	123,616
Total State Income Taxes	(137,907)	5	217,978	80,071		(138,016)	(57,944)	345,192	287,248
<u>Federal Income Taxes</u>									
Current	(386,094)		1,001,571	615,478	C 6	(1,034,928)	(419,450)	1,688,255	1,268,805
Deferred	147,895	6	110,649	258,544	C 6	(110,649)	147,895	-	147,895
Total Federal Income Taxes	(238,198)		1,112,220	874,022		(1,145,577)	(271,555)	1,688,255	1,416,701
Operating Income	565,329		1,922,354	2,487,684		(1,757,397)	730,287	3,277,202	4,007,489
Rate Base	\$ 58,696,136	7	\$ (4,682,027)	\$ 54,014,109	C 7	\$ 3,685,724	\$ 57,699,833		\$ 57,699,833
Rate of Return	0.96%			4.61%		-47.68%	1.27%		6.95%

Corning Natural Gas Corporation
Case 16-G-0369
Schedule of Revenues and Operating and Maintenance Expenses
For the Rate Year Ended May 31, 2018

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	Rate Year Per Corrections and Updates	Adj No.	Staff Adjustments	Rate Year Per Staff	Adj No.	Company Ajustments to Staff Case	Rate Year As Adjusted by Company
Operating Revenues							
Total Delivery Revenues	12,871,545	1A	\$ (104,985)	\$ 12,766,560		-	12,766,559.52
Merchant Function Charge	401,689		-	401,689		-	401,689.34
Total Base Revenues	13,273,234		(104,985)	13,168,249		-	13,168,248.86
Gas Costs	10,121,400		-	10,121,400		-	10,121,399.73
Revenue Taxes	292,073		-	292,073		-	292,073.37
NYSE&G	377,420		-	377,420		-	377,420.27
Gas Operating Revenues	24,064,127		(104,985)	23,959,142		-	10,790,893.37
Other Gas Revenues							
Customer Discounts Forfeited	106,627			106,627		-	106,627.47
Reconnect Fees	3,962			3,962		-	3,961.95
Misc. Revenues	6,495			6,495		-	6,495.00
Local Production Rev-Imputation Achieved	286,688	1B	887,551	1,174,239		(887,551)	286,688.00
Accelerated Recovery Plant	176,735			176,735		-	176,735
Total Other Gas Revenues	580,507		887,551	1,468,058		(887,551)	580,507.22
Operating Revenues	\$ 24,644,634		\$ 782,566	\$ 25,427,200	C1 - A1	(887,551)	1,050,425.02

	Rate Year Per Corrections and Updates	Adj No.	Staff Adjustments	Rate Year Per Staff	Adj No.	Company Ajustments to Staff Case	Rate Year As Adjusted by Company
Operating Expenses							
Purchased Gas Other	\$ 30,960		\$ -	\$ 30,960		-	30,960
Direct Labor	2,959,854	2A	(91,674)	2,868,180	C2 (A)3	43,822	2,912,002
Supervisory & Indirect Labor	694,369	2B	(11,806)	682,563	C2 (B)1	5,643	688,206
Vacation Accrual	200,723	2C	(58,257)	142,466	C2 C 1	2,098	144,564
Insurance Costs	1,519,950	2D	(370,308)	1,149,642	C2 (D) 1	86,467	1,236,109
Regulatory Costs	696,918	2E	(569,996)	126,922	C2 E, 2,3,4,5	407,091	534,013
Pensions and OPEBS	1,161,738	2F	(1,161,738)	(0)		-	(0)
Pension Current	-	2G	874,733	874,733		-	874,733
Pension Amortization	-	2H	(255,981)	(255,981)	C2 (H)1	255,981	-
OPEB Current	-	2I	58,721	58,721		-	58,721
OPEB Amortization	-	2J	(43,675)	(43,675)	C2 (J)2	69,259	25,584
Uncollectible Accounts	329,430	2K	(28,881)	300,549		-	300,549
Low Income Program	-	2L	125,000	125,000		-	125,000
Building Services	107,541	2M	(6,795)	100,746	C2 (H) 1	135	100,881
Transportation	294,749	2N	(1,912)	292,837	C2 (N) 1	914	293,751
Outside Services	434,475			434,475		-	434,475
Inventory	204,882	2O	(327)	204,555	C2 (O) 1	157	204,712
Other O&M Costs	527,827	2P	884,986	1,412,813		-	1,412,813
Productivity Adjustment	-	2Q	(54,888)	(54,888)	C2 (Q) 1	54,888	-
Allocations	-	2R	(1,421,302)	(1,421,302)	C2 R 2	879,070	(542,232)
Amortizations	-	2S	(3,997)	(3,997)		-	(3,997)
Conversion Rebates	-	2T	50,000	50,000		-	50,000
Inflation	-	2U	(28,267)	(28,267)		-	(28,267)
Total Operating Expense	\$ 9,163,417		\$ (2,116,364)	\$ 7,047,052		\$ 1,805,525	\$ 8,852,577

**Corning Natural Gas Corporation
Case 16-G-0369
Taxes Other than Income Taxes
For the Rate Year Ended May 31, 2018**

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	Rate Year Per Corrections and Updates	Adj No.	Staff Adjustments	Rate Year Per Staff	Adj No.	Company Ajustments to Staff Case	Rate Year As Ajusted by Company
Property Tax	\$ 2,559,741	4A	\$ (190,845)	\$ 2,368,896	C4 (A) 1,2	190,845	\$ 2,559,741
Payroll Taxes	265,677	4B	(10,939)	254,738	C4 (B) 1	5,229	259,967
Revenue Taxes	292,073		-	292,073		-	292,073
Taxes Other Than Income Taxes	\$ 3,117,491		\$ (201,784)	\$ 2,915,708		\$ 196,074	\$ 3,111,782

Corning Natural Gas Corporation
Case 16-G-0369
Calculation of State Income Taxes
For the Rate Year Ended May 31, 2018

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	Rate Year Per Corrections and Updates	Adj No.	Staff Adjustments	Rate Year Per Staff	Adj No.	Company Ajustments to Staff Case	Rate Year As Ajusted by Company
Operating Income Before Income Taxes	\$ 189,225		\$ 3,252,553	\$ 3,441,778		(3,040,989)	\$ 3,441,778
Interest Expense	(1,081,199)		223,473	(857,726)	C5 (A) 1	(205,121)	(857,726)
Amort of Excess Book Depr Reserve	(151,619)		-	(151,619)		-	(151,619)
ADR Normalized	18,094		-	18,094		-	18,094
ACRS Normalized	(2,573,268)		-	(2,573,268)		-	(2,573,268)
current SIT associated with Compressors	-		(1,024,754)	(1,024,754)		-	(1,024,754)
Amortization of Matrix Incentive	31,857		-	31,857		-	31,857
Rate Case Cost 2011	160,000		(160,000)	-	C5 (A) 2	160,000	-
Rate Case 2008	31,618		(31,618)	-	C5 (A) 3	31,618	-
Other Surcharges Applied to Plant	176,735		-	176,735		-	176,735
Deferred Net Plant Due	(24,629)		-	(24,629)		-	(24,629)
Rate Case 2016	200,004		(133,820)	66,184	C5 (A) 4	133,820	66,184
Total Adjustments for Taxable Income	(3,212,407)	5A	(1,126,719)	(4,339,126)		120,317	(4,339,126)
Tax Income	\$ (3,023,182)		\$ 2,125,834	\$ (897,348)		\$ (2,920,672)	\$ (897,348)
Rate	6.50%			6.50%		6.50%	
Current SIT	(196,507)		138,180	(58,327)		(189,843)	(58,327)
Deferred Prov - Acc 409 Compressor and Dalrmp	(66,609)		66,609	-		66,609	-
Total Current State Income Tax	\$ (263,116)		204,789	\$ (58,327)		\$ (123,234)	\$ (58,327)
ADR Normalized	(1,176)		-	(1,176)		-	(1,176)
ACRS Normalized	167,262		-	167,262		-	167,262
Amortization of Matrix Incentive	(2,071)		-	(2,071)		-	(2,071)
Rate Case Cost 2011	(10,400)		10,400	-	C5 (B) 1	(10,400)	-
Rate Case 2008	(2,055)		2,055	-	C5 (B) 2	(2,055)	-
Other Surcharges applied to plant	(11,488)		-	(11,488)		-	(11,488)
Deferred Net Plant Due	1,601		-	1,601		-	1,601
Rate Case 2016	(13,000)		8,698	(4,302)	C5 (B) 3	(8,698)	(4,302)
Account 410 Compressor & Dalrmp	21,639		-	21,639		-	21,639
Account 411 Compressor & Dalrmp	(25,103)		-	(25,103)		-	(25,103)
Cumulative Deferred State Income Tax	-		(7,964)	(7,964)	C5 (B) 4	6,371	(7,964)
Total Deferred State Income Tax	\$ 125,209	5B	\$ 13,189	\$ 138,398		\$ (14,782)	\$ 138,398

Corning Natural Gas Corporation
Case 16-G-0369
Calculation of State Income Taxes
For the Rate Year Ended May 31, 2018

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	Rate Year Per Corrections and Updates	Adj No.	Staff Adjustments	Rate Year Per Staff	Adj No.	Company Adjustments to Staff Case	Rate Year As Adjusted by Company
Operating Income Before Income Taxes	\$ 189,225		\$ 3,252,553	\$ 3,441,778		\$ (3,040,989)	\$ 400,789
SIT Current	196,507		(204,789)	(8,282)	C6 (A) 2	(123,234)	(131,516)
Interest Expense	(1,081,199)		223,473	(857,726)	C6 (A) 1	(205,121)	(1,062,846)
Amort of Excess Book Depr Reserve	(151,619)			(151,619)		-	(151,619)
ADR Normalized	18,094			18,094		-	18,094
ACRS Normalized	(2,935,265)			(2,935,265)		-	(2,935,265)
Amortization of Matrix Incentive	31,857			31,857		-	31,857
Rate Case 2011	160,000		(160,000)	-	C6 (A) 3	160,000	160,000
Rate Case 2016	200,004		(133,820)	66,184	C6 (A) 5	133,820	200,004
Rate Case 2008	31,618		(31,618)	-	C6 (A) 4	31,618	31,618
Other Surcharges applied to Plant	176,735			176,735		-	176,735
Deferred Net Plant Due	(24,629)			(24,629)		-	(24,629)
Book Depreciation -includes clearing accounts	2,053,102			2,053,102		-	2,053,102
Total Adjustments for Taxable Income	(1,324,795)	6A	(306,754)	(1,631,549)		(2,916)	(1,634,465)
Tax Income	(1,135,570)		2,945,798	1,810,229		(3,043,905)	(1,233,676)
Rate	34.00%		34.00%	34.00%		34.00%	
Current Federal Income Tax	\$ (386,094)		\$ 1,001,571	\$ 615,478		\$ (1,034,928)	\$ (419,450)
Provision for Deferred Tax							
ADR Normalized	(6,152)			(6,152)		-	(6,152)
ACRS Normalized	299,935			299,935		-	299,935
Amortization of Matrix Incentive	(10,831)			(10,831)		-	(10,831)
Rate Case Cost 2011	(54,400)		54,400	-	C6 (B) 1	(54,400)	(54,400)
Rate Case 2008	(10,750)		10,750	(0)	C6 (B) 2	(10,750)	(10,750)
Other Surcharges Applied to Plant	(60,090)			(60,090)		-	(60,090)
Deferred Net Plant Due	8,374			8,374		-	8,374
Rate Case 2016	(68,001)		45,499	(22,503)	C6 (B) 3	(45,499)	(68,001)
Account 410 Compressor & Dalrmp	166,383			166,383		-	166,383
Account 411 Compressor & Dalrmp	(116,573)			(116,573)		-	(116,573)
Total Deferred FIT	\$ 147,895	6B	\$ 110,649	\$ 258,543		\$ (110,649)	\$ 147,894

Corning Natural Gas Corporation
Case 16-G-0369
Rate Base Summary
For the Rate Year Ended May 31, 2018

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	Rate Year Per Corrections and Updates	Adj No.	Staff Adjustments	Rate Year Per Staff	Adj No.	Company Ajustments to Staff Case	Rate Year As Ajusted by Company
Net Utility Plant							
Plant in Service	\$ 85,252,290	7A	\$ (2,017,770)	\$ 83,234,520	C7 (A) 2	(196,491)	\$ 83,038,029
CWIP-Non Interest Bearing	1,153,909			1,153,909	C7 (A) 1	1,769,057	2,922,966
Root Pipeline Project CIAC	(649,900)			(649,900)		-	(649,900)
Plant Allocated to Subsidiaries Operations	(439,072)		(899,351)	(1,338,423)	C7 (A) 1	710,953	(627,470)
Plant Reserves							
Root Pipeline Project CIAC Deprec. Reserve	(80,825)		(22,765)	(103,590)		-	(103,590)
Normal Depreciation	(20,737,746)		14,320	(20,723,426)		-	(20,723,426)
Accelerated Recovery-Root Well/ Upgrades	(2,689,522)			(2,689,522)		-	(2,689,522)
Accelerated Recovery-Virgil	(533,002)		(466,998)	(1,000,000)		-	(1,000,000)
Accelerated Recovery-Bath	(954,546)		7071	(947,475)		-	(947,475)
Accelerated Recovery-Other	(25,079)		293	(24,786)		-	(24,786)
Total Net Plant	60,296,507	7B	(468,079)	56,911,307		2,283,519	59,194,826
Working Capital							
Material and Supplies	1,185,723		-	1,185,723		-	1,185,723
Prepayments	1,326,088		(75,473)	1,250,615	C7 C2	75,473	1,326,088
Cash Working Capital	1,104,248		(339,661)	764,588	C7 C 1	304,915	1,069,503
Total Working Capital	3,616,059	7C	(415,134)	3,200,926		380,388	3,581,314
Deferred Debits	1,164,400	7D	(899,680)	264,720		899,680	1,164,400
Deferred Credits	7,990	7E	17,987	25,977		(1,999)	23,979
Unamortized Debt Discount & Expense	163,775		-	163,775		-	163,775
Accumulated Deferred Income Taxes	(9,846,848)		-	(9,846,848)	C7 F 1-4	124,135	(9,722,713)
Total Rate Base	55,401,883		(4,682,027)	50,719,856		3,685,724	54,405,580
Earnings Based Capitalization Adjustment	3,294,253		-	3,294,253		-	3,294,253
Rate Base as Adjusted	\$ 58,696,136		\$ (4,682,027)	\$ 54,014,109		3,685,724	\$ 57,699,833

Corning Natural Gas Corporation
Case 16-G-0369
Capital Structure
Corning Natural Gas Corporation

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Company Capital Structure

	Amount	Weighted Percent	Cost Rate	Weighted Cost	Pre-Tax Weighted Cost
Total Debt	32,921,028	49.60%	3.71%	1.84%	1.84%
Customer Deposit	242,045	0.36%	0.85%	0.00%	0.00%
Common Equity	33,209,004	50.03%	10.20%	5.10%	8.27%
Total	\$ 66,372,077	100.00%		6.95%	10.11%

Long Term Debt	25,239,279	38.03%			
Short Term Debt	7,681,749	11.57%	49.60%		
	32,921,028				
Customer Deposit	242,045	0.36%			
Common Equity	33,209,004	50.03%			
	66,372,077	100.00%			

Staff Capital Structure

	Amount	Percent	Rate	Cost	Pre-Tax Weighted Cost
Total Debt	27,968,313	51.06%	3.11%	1.59%	1.59%
Customer Deposit	514,889	0.94%	0.84%	0.01%	0.01%
Common Equity	26,292,186	48.00%	8.20%	3.94%	6.38%
Total	\$ 54,775,387	100.00%		5.53%	7.97%

	Amount	Weighted Percent	Cost Rate	Weighted Cost	Pre-Tax Weighted Cost
	28,619,533	49.60%	3.71%	1.84%	1.84%
	210,419	0.36%	0.85%	0.00%	0.00%
	28,869,881	50.03%	10.20%	5.10%	8.27%
Total	\$ 57,699,833	100.00%		6.95%	10.11%

Rate Base
57,699,833
\$ 8,672,244

	Amount	Weighted Percent	Cost Rate	Weighted Cost	Pre-Tax Weighted Cost
	24,248,784	42.03%	3.71%	1.56%	1.56%
	242,045	0.42%	0.85%	0.00%	0.00%
	33,209,004	57.55%	10.20%	5.87%	9.51%
Total	\$ 57,699,833	100.00%		7.43%	11.07%

Corning Natural Gas Corporation
Case 16-G-0369
Summary of Adjustments
Corning Natural Gas Corporation

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	Adj No. (Accepted)	Per company	Per company
Adj. C1 Operating Revenues			
A. Reverse - Adjustment to Operating Revenues - Local Production	1	(887,551)	<u>(887,551)</u>
Adj. C 2 Operations and Maintenance			
A. Direct Labor			
(1) Adjustment to prevailing wages	Accepted	-	
(2) Adjustment to overtime	Accepted	-	
(3) Reverse - Adjustment to incentive comp		43,822	<u>43,822</u>
Adj B. Supervisory and Indirect Labor			
(1) Reverse - Direct Labor Flow through adjustment - incentive compensation		5,643	<u>5,643</u>
C. Vacation accrual			
(1) Reverse - Direct Labor Flow through adjustment - incentive compensation		2,098	
(2) To reclass capitalized fringe benefits to their own line items	Accepted	-	<u>2,098</u>
D. Insurance			
(1) Update Health Insurance Cost to 2017		86,467	
(2) To reclass capitalized fringe benefits to their own line items	Accepted	-	
(3) To remove PAYGO costs from health insurance expense	Accepted	-	<u>86,467</u>
E. Regulatory Expense			
(1) Reclassifying Low Income Program	Accepted	-	
(2) Reverse Remove 2008 Amortize & Deferred		150,996	
(3) Reverse Remove 2011 Amortize & Deferred		160,000	
(4) Reverse Rate Case Expense - Remove Consulting Expense		21,515	
(5) Rate Case Expense - Macro Adjustment		74,580	<u>407,091</u>
F. Pensions and OPEBs			
(1) To reclass pensions and OPEBs to their own line items	Accepted	-	<u>-</u>
G. Pension-Current			
(1) To reclass pensions to its own line item	Accepted	-	
(2) To reclass capitalized fringe benefits to their own line items	Accepted	-	<u>-</u>
H. Pension-Amortization			
(1) Reverse - Prior period pension amortization proposed by Staff		255,981	<u>255,981</u>
I. OPEB-Current			
(1) To reclass OPEBs expense to its own line item	Accepted	-	
(2) To reclass capitalized fringe benefits to their own line items	Accepted	-	<u>-</u>
J. OPEB-Amortization			
(1) To reclass OPEBs amortization to its own line item	Accepted	-	
(2) Reverse - Prior period OPEB amortization proposed by Staff		69,259	<u>69,259</u>
K. Uncollectibles			
(1) Adjustment to Uncollectibles	Accepted	-	<u>-</u>
L. Low Income Program			
(1) Reclassifying Low Income Program from regulatory costs	Accepted	-	<u>-</u>
M. Building Services			
(1) Limiting Increase to Inflation	Accepted	-	
(2) Reverse - Building Service Flow through adjustment - incentive compensation		135	<u>135</u>
N. Transportation Expense			
(1) Reverse - Transportation Expense Flow through adjustment - incentive compensation		914	<u>914</u>
O. Inventory			
(1) Reverse - Inventory Flow through adjustment - incentive compensation		157	<u>157</u>
P. Other O&M			
(1) To reclass allocations to its own line item	Accepted	-	
(2) To reclass capitalized fringe benefits to their own line items	Accepted	-	
(3) To reduce postage expense for reduction in stamp cost	Accepted	-	<u>-</u>
Q. Productivity			
(1) Reverse - Adjustment to impute 1% productivity		54,888	<u>54,888</u>
R. Allocations			
(1) To reclass allocations to its own line item		-	
(2) Reverse - Adjustment to increase allocations		879,070	<u>879,070</u>
S. Amortizations			
(1) Adjustment for Gas Supply Specialist	Accepted	-	<u>-</u>
T. Conversion Rebates			
(1) Adjustment to establish rebate allowance	Accepted	-	<u>-</u>
U. Inflation			
(1) Adjustment from 5.69% to 4.46%	Accepted	-	<u>-</u>
Total O&M Expense Adjustments			<u>1,805,525</u>

Corning Natural Gas Corporation
Case 16-G-0369
Summary of Adjustments
Corning Natural Gas Corporation

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Adj. C3 Depreciation Expense			
A.	Reverse - Adjustment to Depreciation Expense	151,839	<u>151,839</u>
Adj. C4 Taxes Other Income Taxes			
A. Property Taxes			
(1)	Reverse - adjustment for four year average instead of five year	99,586	
(2)	Reverse - imputation for economic obsolescence in rate year	91,259	<u>190,845</u>
B. Payroll Tax			
(1)	Reverse - Payroll Tax Flow through adjustment - incentive compensation	5,229	<u>5,229</u>
Total Taxes other than Income Tax Adjustments			<u>196,074</u>
Adj. C5 New York State Income Tax			
A. Current Taxes			
(1)	Reverse - Flow through adjustment for interest	(205,121)	
(2)	Reverse - To remove 2011 rate case expense	160,000	
(3)	Reverse - To remove 2008 rate case expense	31,618	
(4)	Reverse - Flow through adjustment for 2016 rate case expense	133,820	
(5)	Adjust presentation of current SIT associated with Compressors	-	<u>120,317</u>
B. Deferred Taxes			
Incremental Tax Deprec. Assoc. with plant updaye to actual			
(1)	Reverse - To remove 2011 rate case expense	(10,400)	
(2)	Reverse - To remove 2008 rate case expense	(2,055)	
(3)	Reverse - Flow through adjustment for 2016 rate case expense	(8,698)	
(4)	Reverse - Cumulative Deferred State Income Tax	6,371	<u>(14,782)</u>
Adj. C6 Federal Income Tax			
A. Current Taxes			
(1)	Reverse - Flow through adjustment for interest	(205,121)	
(2)	Reverse - Flow through adjustment from SIT	(123,234)	
(3)	Reverse - To remove 2011 rate case expense	160,000	
(4)	Reverse - To remove 2008 rate case expense	31,618	
(5)	Reverse - Flow through adjustment for 2016 rate case expense	133,820	<u>(2,916)</u>
B. Deferred Taxes			
(1)	Reverse - To remove 2011 rate case expense	(54,400)	
(2)	Reverse - To remove 2008 rate case expense	(10,750)	
(3)	Reverse - Flow through adjustment for 2016 rate case expense	(45,499)	<u>(110,649)</u>
Adj. C7 Rate Base			
A. Net Utility Plant			
(1)	Reverse Adjustment to increase capital allocated to affiliates	710,953	
	Reverse - CWIP Update	1,769,057	
(2)	Reverse - OEGW Adjustment	(196,491)	<u>2,283,519</u>
B. Plant Reserves			
(1)	OEGW Root Pipeline Project CIAC	-	
(2)	OEGW Normal Depreciation	-	
(3)	Accelerated Recovery-Virgil	-	
(4)	Accelerated Recovery-Bath	-	
(5)	Accelerated Recovery-Other	-	<u>0</u>
C. Cash Working Capital			
(1)	Reverse - Flow through Adjustment to Working Capital	304,915	
(2)	Reverse - Flow through adjustment related to property taxes	75,473	<u>380,388</u>
D. Deferred Debits			
(1)	Reverse - To remove 2011 rate case expense deferral	3,441	
(2)	Reverse - To remove 2008 rate case expense deferral	277,628	
(3)	Reverse - To reduce 2016 rate case expense deferral	618,611	<u>899,680</u>
E. Deferred Credits			
(1)	Reverse - Unamortized balance for Gas Supply Specialist	(1,999)	<u>(1,999)</u>
F. Deferred Taxes			
(1)	Adjustment for Accel. Depreciation-State associated with utility plant update	(11,121)	
(2)	Deferred State Tax Deprecion Assoc-Virgil adjustment	20,573	
(3)	Adjustment for Accel. Depreciation-Federal associated with utility plant update	(58,173)	
(4)	Deferred Federal Tax Deprecion Assoc-Virgil adjustment	172,856	<u>124,135</u>
Total Rate Base Adjustments			<u>3,685,724</u>

Corning Natural Gas Corporation
Case 16-G-0369
Capital Structure
Corning Natural Gas Corporation

Exhibit_(CAP-R-1)
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	<u>Per Company Corr and Updates</u>	<u>Per Staff</u>	<u>Per Company Rebutal</u>
Rate Base	\$ 58,696,136	\$ 54,014,109	\$ 57,699,833
Rate of Return	6.95%	5.53%	6.95%
Required Return	4,076,773	2,987,986	4,007,574
Income Available for Return	565,329	2,487,684	730,287
Deficiency	3,511,444	500,301	3,277,286
Retention Factor	60.06%	60.20%	60.20%
Additional Revenue Requirement	5,846,129	831,087	5,443,997
Revenue Requirement per Company	-	-	-
Difference	<u>\$ 5,846,129</u>	<u>\$ 831,087</u>	<u>\$ 5,443,997</u>

	<u>Per Company</u>		<u>Per Staff</u>		<u>Per Staff</u>	
	<u>Percentages</u>	<u>Revenue Requirement</u>	<u>Percentages</u>	<u>Revenue Requirement</u>	<u>Percentages</u>	<u>Revenue Requirement</u>
Calculation of Retention Factor:						
Revenues	100%	\$ 5,846,129	100%	\$ 831,087	100%	\$ 5,443,997
Less:						
Revenue Taxes	1.25%	72,987	1.25%	10,376	1.25%	67,966
Uncollectible	1.42%	82,908	1.20%	9,981	1.20%	65,382
Subtotal	97.33%	5,690,234	97.55%	810,730	97.55%	5,310,649
NYS Income Tax @ 6.5%	6.33%	404,007	6.34%	57,562	6.50%	345,192
Federal Income Tax @ 34%	30.94%	1,797,317	31.01%	256,077	30.96%	1,688,255
Retention Factor	<u>60.06%</u>	<u>\$ 3,488,910</u>	<u>60.20%</u>	<u>\$ 497,091</u>	<u>60.09%</u>	<u>\$ 3,277,202</u>

Corning Natural Gas Corporation
Case 16-G-0369
Calculation of Interest Deduction
For the Rate Year Ended May 31, 2018

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	<u>Rate Year Per Corrections and Updates</u>	<u>Staff Adjustments</u>	<u>Rate Year Per Staff</u>	<u>Adj No.</u>	<u>Company Adjustments to Staff Case</u>	<u>Rate Year As Adjusted by Company</u>
Rate Base	\$ 58,696,135	\$ (4,682,027)	\$ 54,014,108	C 7	3,685,724	\$ 57,699,832
Add: Interest Bearing CWIP	-	-	-		-	-
<u>Total Debt Base</u>	<u>58,696,135</u>	<u>(4,682,027)</u>	<u>54,014,108</u>		<u>3,685,724</u>	<u>\$ 57,699,832</u>
Debt Component of Capitalization	<u>1.84%</u>		<u>1.59%</u>			<u>1.84%</u>
Total Interest	<u>\$ (1,081,199)</u>	<u>\$ 223,473</u>	<u>\$ (857,726)</u>		<u>\$ (205,121)</u>	<u>\$ (1,062,846)</u>

Corning Natural Gas Corporation
Case 16-G-0369
Calculation of Cash Working Capital
For the Rate Year Ended May 31, 2018

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	<u>Rate Year Per Corrections and Updates</u>	<u>Staff Adjustments</u>	<u>Rate Year Per Staff</u>	<u>Adj No.</u>	<u>Company Ajustments to Staff Case</u>	<u>Rate Year As Ajusted by Company</u>
O&M Expense	\$ 19,284,817	\$ (2,116,364)	\$ 17,168,453	C 2	1,805,525	18,973,978
Deduct:						
Cost of Purchased Gas	10,121,400	-	10,121,400			10,121,400
Uncollectibles	329,430	(28,881)	300,549			300,549
Pensions	-	618,752	618,752		(618,752)	-
OPEBs	-	15,046	15,046		(15,046)	-
Amortizations	-	(3,997)	(3,997)			(3,997)
Amortizations	-	-	-		-	-
Amortizations	-	-	-		-	-
Total Adjustments	<u>10,450,830</u>	<u># 600,920</u>	<u>11,051,750</u>		<u>(633,798)</u>	<u>10,417,952</u>
Total Expense for CWC Allowance	8,833,986	(2,717,284.00)	6,116,702		2,439,323	8,556,025
Cash Working Capital Allowance	12.5%	12.5%	12.5%		12.5%	12.5%
Cash Working Capital Allow	<u>\$ 1,104,248</u>	<u># \$ (339,661)</u>	<u>\$ 764,588</u>		<u>\$ 304,915</u>	<u>\$ 1,069,503</u>

Corning Natural Gas Corporation
Case 16-G-0369
Statement of Operating Income
For the Rate Year Ended May 31, 2018

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	<u>Rate Year Per Corrections and Updates</u>	<u>Adj No.</u>	<u>Staff Adjustments</u>	<u>Rate Year Per Staff</u>	<u>Adj No.</u>	<u>Company Ajustments to Staff Case</u>	<u>Rate Year As Ajusted by Company</u>
<u>Deferred Debits</u>							
GAC - Corning Operations	\$ -			-			-
GAC - Bath Operations	-			-			-
GAC - Hammondsport Operations	-			-			-
Unfunded OPEB Liability	-			-			-
FAS 106 Post-retirement Benefits	-			-			-
Unfunded Pension Liability	-			-			-
Rateable Pension Expense	-			-			-
Appliance Corp Cost Allocations	(0)			(0)			(0)
Cashier Over/Short	-			-			-
Rate Case 2008	3,441		(3,441)	0	C7 (D) 1	3,441	3,441
Corning Revenue Decoupling	-			-			-
Hammondsport Revenue Decoupling	-			-			-
Rate Case 2011	277,628		(277,628)	-	C7 (D) 2	277,628	277,628
Rate Case 2016	883,331		(618,611)	264,720	C7 (D) 3	618,611	883,331
Corning/Hammondsport MFC	-			-			-
Bath MFC	-			-			-
Property Tax Reconciliation	-			-			-
Contract Customer Reconciliation	-			-			-
Property Tax Dispute Resolution	-			-			-
Total	<u>1,164,400</u>		<u>(899,680)</u>	<u>264,720</u>		<u>899,680</u>	<u>1,164,400</u>
	<u>Rate Year Per Corrections and Updates</u>	<u>Adj No.</u>	<u>Staff Adjustments</u>	<u>Rate Year Per Staff</u>	<u>Adj No.</u>	<u>Company Ajustments to Staff Case</u>	<u>Rate Year As Ajusted by Company</u>
<u>Deferred Credits</u>							
Refunds From Suppliers (Pending)	-			-			-
FASB 106 Postretirement Benefits	-			-			-
Deferred Interest On FAS 106	-			-			-
Deferred Delivery Rate Adjustment	-			-			-
Deferred Gas System Benefits Charge	-			-			-
Deferred Local Production Due	-			-			-
Unamortized balance for Gas Supply Specialist	-		17,987	17,987	C7 E 1	(1,999)	15,989
Deferred Net Plant Due	78,077			78,077			78,077
Amortization of Matrix Incentive	(70,088)			(70,088)		-	(70,088)
TOTAL DEFERRED CREDITS	<u>\$ 7,990</u>		<u>\$ 17,987</u>	<u>\$ 25,977</u>		<u>\$ (1,999)</u>	<u>\$ 23,978</u>

Corning Natural Gas Corporation
Case 16-G-0369
Deferred Taxes
For the Rate Year Ended May 31, 2018

Exhibit (CAP-R-1)
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	Rate Year Per Corrections and Updates	Adj No.	Staff Adjustments	Rate Year Per Staff	Adj No.	Company Ajustments to Staff Case	Rate Year As Ajusted by Company
Deferred Taxes							
Root Pipeline Project CIAC-State	41,336			41,336			41,336
Root Pipeline Project CIAC-Federal	197,949			197,949			197,949
Root Pipeline Project Tax Depreciation-State	(12,600)			(12,600)			(12,600)
Root Pipeline Project Tax Depreciation-Federal	(127,918)			(127,918)			(127,918)
Tax on Accelerated Recovery -State	243,099			243,099			243,099
Tax on Accelerated Recovery -Federal	1,161,765			1,161,765			1,161,765
Compressor Station-State CIAC	819,831			819,831			819,831
Compressor Station-Federal CIAC	3,647,194			3,647,194			3,647,194
Dalrymple-State CIAC	22,882			22,882			22,882
Dalrymple-Federal CIAC	101,559			101,559			101,559
Accel. Depreciation-State	(1,310,811)			(1,310,811)	C7 (F) 1,2	9,451.27	(1,301,360)
Accel. Depreciation-Federal	(14,156,315)			(14,156,315)	C7 (F) 3,4	114,683.43	(14,041,632)
State Tax Other-Deferred Debits	(75,686)			(75,686)			(75,686)
State Tax Other-Deferred Credits	(519)			(519)		-	(519)
Federal Tax Other-Deferred Debits	(395,896)			(395,896)			(395,896)
Federal Tax Other-Deferred Credits	(2,717)			(2,717)		-	(2,717)
TOTAL DEFERRED TAXES	(9,846,848)		-	(9,846,848)		124,135	(9,722,713)