

Exhibit ____ (CAP-R-4)
Incentive Penalties

Corning Natural Gas
Rate Case 11-G-0369
Penalty or Incentives

Exhibit __ (CAP-R-4)

	Amount		Total Basis Points
NRA	934,111	NRA	201
PRA	185,893	PRA	40

464,732 100 Basis Point
4,647.32 1 Basis Point

Gas Safety Panel

Description	Location (Pg. #)	Type	Basis Points
We recommend that the Company continue with the approved targets of 10.6 miles per each calendar year of 2018, 2019, and 2020, respectively. The Company would incur a NRA of six pre-tax basis points, if it fails to meet this target.	17	NRA	6
We recommend adding the NRA of two pre-tax basis points of LPS to the current NRA of six pre-tax basis points of total LPP target.	19	NRA	2
Corning's current minimum rate case targets for LPS are 325 in CY 2015, 325 in CY 2016, and 1125 LPS replacements for the period 2015 through 2017, and 375 LPS replacements in CY 2018 and beyond. The Company would incur a NRA of two pretax basis points if it fails to meet this target.	18	NRA	2
We recommend that the total NRA of 18 pretax basis points be maintained should the Company fail to achieve the recommended damage prevention targets. The breakdown should be as follows: four pre-tax basis points for total damages, seven pre-tax basis points for damages due to mismarks, and seven pre-tax basis points for damages due to Company and Company contractors.	29	NRA	18
Failure to meet the 30, 45, and 60 minute targets results in a NRA owed to the customers of six, four, and two pre-tax basis points, respectively	32	NRA	12
Failure to meet the repairable leak backlog target would result in a NRA of eight pre-tax basis points owed to customers. Failure to meet the total leak backlog target would result in a NRA of four pre-tax basis points owed to customers. The maximum NRA for these two metrics combined in any one year is 12 pre tax basis points owed to customers.	35	NRA	12

Corning's current violation targets for CY 2016 and associated NRA are as follows: for each of the first 20 high risk violations Corning would owe one-half of a pre-tax basis point to customers. For each high risk violation in excess of 20, one pre-tax basis point would be owed to customers. Similarly, for each of the first 20 other risk violations Corning would owe one-ninth of a pre-tax basis point to customers. For each other risk violation in excess of 20, one one-third of a basis point would be owed to customers. For CY 2017 and beyond, the increase to a higher basis point starts above 15 violations. The total basis points at risk is capped at 100 basis points annually.	39-40	NRA	100
The Company will be able to achieve a PRA of four basis points for reducing the total damage rate below 1.50 per 1,000 one-call tickets in any calendar year. This target is below the 2015 statewide average of 1.87 damages per 1,000 one-call tickets.	52	PRA	4

Staff Policy Panel

Description	Location (Pg. #)	Type	Basis Points
If the Company's performance on either measure falls below specified thresholds it would incur an NRA, with a maximum potential NRA of \$36,000, or approximately eight basis points.	14	NRA	8
revised targets for the PSC Complaint metric, and increasing the total potential NRAs to \$60,000, which is the equivalent of 13 basis points.	15	NRA	13
Corning would earn a positive revenue adjustment of four pre-tax basis points should the Company limit total excavation damages to less than 1.50 damages per 1,000 one call tickets.	24	PRA	4
Company receive a PRA, up to an annual maximum of five pre-tax basis points, for eliminating, by the end of the following calendar year, the highest methane emitting Type 3 leaks from the previous year's ending leak backlog.	26	PRA	5
If the Company completes the work in a specific category at an average cost which is lower than the established unit cost, a maximum of ten pre-tax basis points may be provided to the Company.	26	PRA	10

Consumer Services Panel

The maximum potential NRA is \$36,000, or approximately eight basis points, allocated evenly between the two broad-based metrics of customer service quality.	7	NRA	8
increasing the total potential NRAs to \$60,000, which is the equivalent of 13 basis points, allocated evenly between the two measures.	10 to 11	NRA	13
For four annual PSC complaints, the NRA would be \$10,000; for five complaints, the NRA would be \$20,000; and for six, the NRA would be \$30,000.	12	NRA	
for survey results greater than 83 percent, there is no NRA. For results equal to or less than 83 percent, the NRA would be \$10,000; for results equal to or less than 81 percent, the NRA would be \$20,000; and for results equal to or less than 79 percent, the NRA would be \$30,000.	13	NRA	
We recommend the Company provide a \$25 credit to customers if the Company misses a scheduled appointment.	14	NRA	
We recommend a maximum positive revenue adjustment (PRA) of \$32,000 — the equivalent of approximately seven basis points — if the Company achieves both of the following targets for the Rate Year: an uncollectible level of no more than \$161,000 and total residential service terminations for nonpayment of no more than 270 customers. If uncollectibles rise to \$237,000 or more and terminations rise to 470 customers or greater, a maximum NRA of \$32,000 should be applied.	22	NRA	7
The maximum PRA and NRA each are approximately seven basis points, which Staff believes is an appropriate amount in this instance for such an incentive mechanism.	23	PRA	7

Gas Programs and Supply Panel

we propose a positive rate adjustment (PRA) of one basis point for each 25 additional customers the Company is able to achieve relative to the Company's Rate Year customer growth forecast targets, capped at a total of five basis points.	16	PRA	5
Should the Company choose to pursue a PRA, it will be able to achieve a PRA of up to 5 basis points annually for the elimination by the end of the following calendar year of the highest methane emitting Type 3 leaks from the previous year's ending leak backlog.	25	PRA	5