

Exhibit ____ (CAP-R-2)
Affiliate Allocation

**Corning Natural Gas
Affiliate Allocation Credit
Summary**

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Calculation per Esposito Testimony	Calculation per Company Rebuttal Testimony
<u>Payroll Allocation</u>	
Total payroll to be allocated	2,462,269
Allocated to Corning	1,645,811
Adj to payroll	(816,458)
Expense Ratio	81%
Adj to Expense	(661,331)
Adj to Capital	(155,127)
 <u>Fringe Allocation</u>	
Fringe benefit rate	52%
Adj to fringe	(425,681)
Expense Ratio	81%
Adj to Expense	(344,802)
Adj to Capital	(80,879)
 <u>AP Allocation</u>	
Total AP to be allocated	1,155,204
Allocated to Corning	760,747
Adj for AP	(394,457)
 <u>Other Taxes</u>	
Property Taxes	(20,712)
 <u>Rate Base Allocation</u>	
Plant, furniture, etc.	(1,102,417)
 Total adj to expense per Staff	
	(1,421,302)
Total adj to expense per Company	
	(469,694)
Net Adjustment to Expense	(951,608)
 Total adj to capital per Staff	
	(1,338,423)
Total adj to capital per Company	
	(439,072)
Net Adjustment to Capital	(899,351)
 <u>Payroll Allocation</u>	
Total payroll to be allocated	2,462,269
Allocated to Corning	2,060,166
Adj to payroll	(402,103)
Expense Ratio	81%
Adj to Expense	(325,703)
Adj to Capital	(76,400)
 <u>Fringe Allocation</u>	
Fringe benefit rate	52%
Adj to fringe	(209,647)
Expense Ratio	81%
Adj to Expense	(169,814)
Adj to Capital	(39,833)
 <u>AP Allocation</u>	
Total AP to be allocated	1,155,204
Allocated to Corning	928,047
Adj for AP	(227,157)
 <u>Other Taxes</u>	
Property Taxes	6,778
 <u>Rate Base Allocation</u>	
Plant, furniture, etc.	(511,237)
 Total adj to expense per Company	
	(715,896)
Amount Credited in Rate year *	
	173,664
Total adj to expense per Company	(542,232)
 Total adj to expense per Company	
	(397,952)
Net Incremental Adjustment to Expens	(144,280)
 Total adj to capital per Staff	
	(627,470)
Total adj to capital per Company	
	(439,072)
Net Adjustment to Capital	(188,398)

* Rate Case 2016 Model Base Case Updated Reveue Requirement 9+7+2016 tab "Sub Allopc. Of Plt."

**Corning Natural Gas
Affiliate Allocation Credit
Payroll Costs**

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Position	Total	Allocation Factor - Per Co	Allocation Factor - Per Staff	Allocated to Corning per Company	Allocated to Corning per Staff	Revised Allocation to Company Per Corning Rebuttal
AP Clerk	32,504	A	A	23,052	23,052	23,052
H.R. Manager	54,315	B	B	39,144	35,255	35,255
Human Resources Specialist	48,886	B	B	35,231	31,731	31,731
Accountant 1	54,921	C	C	36,759	36,871	36,871
I.T. Manager	68,681	D	D	45,671	45,838	45,838
Marketing Rep	38,763	D	D	25,777	25,489	25,489
Regulatory Accountant A	55,601	D	D	36,973	37,108	37,108
Regulatory Accountant B	67,140	D	D	44,646	44,809	44,809
Safety Supervisor	80,126	D	D	53,282	53,477	53,477
Training Technician	61,108	D	D	40,635	40,784	40,784
QA/QC/GPS Tech	50,923	D	D	33,863	33,986	33,986
Engineer	86,569	D	C	57,567	58,118	58,118
Accountant 3	50,923	D	D	33,863	33,986	33,986
Accountant 4	50,923	D	D	33,863	33,986	33,986
Billing Clerk 2	29,600	Direct	G	-	19,464	
CEO	181,864	Direct Allocation	D	120,935	121,377	163,677
VP Administration	133,974	Direct Allocation	D	89,090	89,415	120,576
VP Finance	141,550	Direct Allocation	D	94,128	94,472	127,395
VP Marketing	131,349	Direct Allocation	D	87,344	87,663	118,214
VP Operations	136,181	Direct Allocation	D	90,557	90,888	122,563
Accountant 2	59,310	E	E	47,895	47,895	47,895
SCADA Tech	50,433	F	F	29,237	28,728	28,728
	1,665,643			1,099,512	1,114,394	1,263,540
Engineering Manager	111,924	None	C	74,427	75,140	111,924
Field Tech 1	46,799	None	C	31,120	31,418	46,799
Field Tech 2	60,577	None	C	40,283	40,668	60,577
Mapping Tech	54,091	None	C	35,969	36,314	54,091
Business Analyst	54,549	None	D	36,274	36,406	54,549
Customer Service Manager	71,617	None	G	48,170	47,093	71,617
Customer Service Rep.	37,683	None	G	25,346	24,779	37,683
Billing Clerk 1	43,388	None	G	29,183	28,531	43,388
Switchboard	29,293	None	G	19,703	19,262	29,293
Collections	34,878	None	G	23,459	22,935	34,878
C.S. Representative 2	30,310	None	G	-	19,931	30,310
Cashier 1	27,950	None	A	-	19,822	27,950
Cashier 2	28,041	None	A	-	19,887	28,041
Customer Service Rep	29,756	None	G	-	19,567	29,756
Junior Billing Clerk	29,059	None	G	-	19,108	29,059
Operations Clerk	39,218	None	D	-	26,174	39,218
Billing Clerk	37,683	None	G	-	24,779	37,683
C.S. Representative 1	29,809	None	G	-	19,602	29,809
	796,626			363,933	531,418	796,626
	2,462,269			1,463,445	1,645,811	2,060,166
	81%					81%
	1,994,438					1,668,735

Payroll Factor

83.67%

**Corning Natural Gas
Affiliate Allocation Credit
Accounts Payable Costs**

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Calculation per Esposito Testimony

Calculation per Corning Accounting Panel Rebuttal Testimony

ITEM	Per "Other O&M-2"	Allocated to	Allocated to	Cost Type	ITEM	Per "Other	Allocated	Allocated to
	Rate Year	Corning per	Corning per Staff			O&M-2"	to	Allocated to
	5/31/2018	Company	Corning per Staff			Rate Year	Corning	Corning per
						5/31/2018	Company	Company
401(K) Employer Contribution	88,073		57,167	Building U Electricity		51,391		48,040
Communication / Internet	87,353		56,699	Building U Janitorial / Waste Removal		42,234		39,480
Director Expenses	62,484	18,168	41,702	Building U Water & Sewer		5,432		5,078
Directors Fees	104,882	32,232	69,999	Building U Floor Mats		12,590		11,770
Electricity	51,391		33,357	Payroll 401(K) Employer Contribution		88,073		73,690
Janitorial / Waste Removal	42,234		27,413	Payroll Communication / Internet		87,353		73,088
Office Expense	81,183		52,694	Payroll Life Insurance		15,269		12,775
Office Supplies	50,548		32,810	Payroll Software Main Costs		109,060		91,250
Payroll Ancillary Costs	29,041		18,850	Payroll HAS Benefit Plan		9,935		8,312
Petty Cash	37,438		24,987	Payroll Annual Maint. For GIS / Forms Software		20,000		16,734
Temporary Help	98,501		63,935	Payroll Information Technology Upgrades (Cyber Security ect.)		100,000		83,669
Water & Sewer	5,432		3,526	Payroll Annual Maint. Of Cyber Security Plan		25,000		20,917
Life Insurance	15,269		9,911	Payroll Payroll Ancillary Costs		29,041		24,299
Software Main Costs	109,060		72,788	Payroll Office Expense		81,183		67,925
Floor Mats	12,590		8,403	Payroll Office Supplies		50,548		42,293
Admin Fees	124,791	42,017	83,286	Payroll Petty Cash		37,438		31,324
HAS Benefit Plan	9,935		6,448	Payroll Temporary Help		98,501		82,415
Annual Maint. For GIS / Forms Software	20,000		13,348	Director Expenses		62,484	18,168	41,702
Information Technology Upgrades (Cyber Security)	100,000		66,741	Directors Fees		104,882	32,232	69,999
Annual Maint. Of Cyber Security Plan	25,000		16,685	Admin Fees		124,791	42,017	83,286
	1,155,204	92,417	760,747			1,155,204	92,417	928,047
			394,457					227,157
				Building Factor		93.48%		
				Payroll Factor		83.67%		

Corning Natural Gas
Affiliate Allocation Credit
Property Taxes and Plant

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Per Staff		Per Company	
Space Allocation			
Total Sq feet in Building	A 42,426	Total Sq feet in Building	42,426
Sq Ft Allocated to Corning	A 33,972	Sq Ft Allocated to Corning	39,660
% Allocated to Corning	80%	% Allocated to Corning	93.48%
Property Taxes Allocation			
Forecast Allocation of Space	20%	Forecast Allocation of Space	6.52%
Hist forecast allocation of space	1.57%	Hist forecast allocation of space	1.57%
Increase factor	12.69	Increase factor	4.15
RY Allocation in Model	1,632	RY Allocation in Model	1,632
Allocation Should be	20,712	Allocation Should be	6,778
Rate Base Allocation			
Building in Rate Base	B 4,949,093	Building in Rate Base	4,949,093
Amount Allocated to Corning	B 3,846,677	Amount Allocated to Corning	4,437,856
Adjustment	1,102,417	Adjustment	511,237

A First Floor- 1 Story	Total	Allocate to Corning	Square Feet	A First Floor- 1 Story	Total	Allocate to Corning	Square Feet
	Square Feet	Per Staff	Alloc. To Corning - Per Staff		Square Feet	Per Staff	Alloc. To Corning - Per Staff
Display Area	1,134	66.74%	757	Display Area	1,134	96.67%	1,096
Customer Service Manager	100	66.74%	67	Customer Service Manager	100	100.00%	100
Customer Service Rep.	100	66.74%	67	Customer Service Rep.	100	100.00%	100
Billing Clerk 2	100	66.74%	67	Billing Clerk 2	100	96.67%	97
Billing Clerk 1	100	66.74%	67	Billing Clerk 1	100	100.00%	100
Switchboard	100	66.74%	67	Switchboard	100	100.00%	100
Collections	100	66.74%	67	Collections	100	100.00%	100
Cust. Service Reps.	128	66.74%	85	Cust. Service Reps.	128	100.00%	128
Cashier Area	112	66.74%	75	Cashier Area	112	100.00%	112
Entry Area	104	66.74%	69	Entry Area	104	100.00%	104
Cust. Waiting Area	120	66.74%	80	Cust. Waiting Area	120	100.00%	120
Common Area	556	66.74%	371	Common Area	556	96.67%	537
Morse	150	66.74%	100	Morse	150	100.00%	150
Beer	156	66.74%	104	Beer	156	100.00%	156
Open Office Area	144	66.74%	96	Open Office Area	144	96.67%	139
Open Office Area	126	66.74%	84	Open Office Area	126	96.67%	122
Utility Room	90	66.74%	60	Utility Room	90	96.67%	87
IT Manger	144	66.74%	96	IT Manger	144	66.74%	96
Open Office Space	1,173	66.74%	783	Open Office Space	1,173	96.67%	1,134
Open Office Area	126	66.74%	84	Open Office Area	126	96.67%	122
Computer	203	66.74%	135	Computer	203	66.74%	135
Mail Room	225	66.74%	150	Mail Room	225	66.74%	150
Restrooms	105	66.74%	70	Restrooms	105	96.67%	102
Common Area	597	66.74%	398	Common Area	597	96.67%	577
Second Floor				Second Floor			
Hallway	91	66.74%	61	Hallway	91	96.67%	88
Field Tech 2	148	66.74%	99	Field Tech 2	148	96.67%	143
Business Analyst	100	66.74%	67	Business Analyst	100	66.74%	67
Mapping Tech	100	66.74%	67	Mapping Tech	100	96.67%	97
Compliance Manager	150	66.74%	100	Compliance Manager	150	66.74%	100
Field Tech 1	200	66.74%	133	Field Tech 1	200	96.67%	193
SCADA Tech	100	66.74%	67	SCADA Tech	100	66.74%	67
Accountant	100	66.74%	67	Accountant	100	66.74%	67
Accounts Payable Clerk	100	66.74%	67	Accounts Payable Clerk	100	66.74%	67
Marketing Rep	100	66.74%	67	Marketing Rep	100	66.74%	67
Safety Supervisor	170	66.74%	113	Safety Supervisor	170	66.74%	113
VP Administration	185	66.74%	123	VP Administration	185	90.00%	167
VP Marketing and Supply	170	66.74%	113	VP Marketing and Supply	170	90.00%	153
Accountant	154	66.74%	103	Accountant	154	66.74%	103
CEO	310	66.74%	207	CEO	310	90.00%	279
Accountant	139	66.74%	93	Accountant	139	66.74%	93
Human Resources Mgr.	154	66.74%	103	Human Resources Mgr.	154	66.74%	103
Gas Supply	154	66.74%	103	Gas Supply	154	100.00%	154
VP Finance	200	66.74%	133	VP Finance	200	90.00%	180
VP Gas Operations	200	66.74%	133	VP Gas Operations	200	90.00%	180
Kitchen	170	66.74%	113	Kitchen	170	0.00%	-
Accountant (2)	262	66.74%	175	Accountant (2)	262	66.74%	175
Conference Room	324	66.74%	216	Conference Room	324	96.67%	313
Visitor Waiting Room	440	66.74%	294	Visitor Waiting Room	440	96.67%	425
Corridors & Misc.	693	66.74%	463	Corridors & Misc.	693	96.67%	670
Copier Room	173	66.74%	115	Copier Room	173	96.67%	167
Restrooms	245	66.74%	164	Restrooms	245	96.67%	237
Janitor's Closet	33	66.74%	22	Janitor's Closet	33	96.67%	32
Elevators & Stairwell	544	66.74%	363	Elevators & Stairwell	544	96.67%	526
First Floor-Operations				First Floor-Operations			
Kitchen	280	100%	280	Kitchen	280	100%	280
Office Area				Office Area			
Spear	228	100%	228	Spear	228	100%	228
Perry-Cac	228	100%	228	Perry-Cac	228	100%	228
Thompson-CAC	228	100%	228	Thompson-CAC	228	100%	228
DiNardo & Haynes	228	100%	228	DiNardo & Haynes	228	100%	228
Phillips	166	100%	166	Phillips	166	100%	166
Map Room	263	100%	263	Map Room	263	100%	263
Community Meeting Room	1,230	66.74%	821	Community Meeting Room	1,230	0.00%	-
CAC Operations Room	451	100%	451	CAC Operations Room	451	100%	451
Restrooms	192	100%	192	Restrooms	192	100%	192
Locker Room	174	100%	174	Locker Room	174	100%	174
Common Area	834	100%	834	Common Area	834	100%	834
Mechanical Rooms & Stairwell	836	66.74%	558	Mechanical Rooms & Stairwell	836	96.67%	808
Elevator & Connecting Link	682	66.74%	455	Elevator & Connecting Link	682	96.67%	659
Entry Area	180	66.74%	120	Entry Area	180	96.67%	174
Restrooms	174	66.74%	116	Restrooms	174	96.67%	168
Operations Center				Operations Center			
Parking Garage	7,665	66.74%	5,116	Parking Garage	7,665	100%	7,665
Vehicle Repair Garage	1,332	100%	1,332	Vehicle Repair Garage	1,332	100%	1,332
Main Warehouse	7,128	100%	7,128	Main Warehouse	7,128	100%	7,128
Welding Shop	754	100%	754	Welding Shop	754	100%	754
Meter Shop	754	100%	754	Meter Shop	754	100%	754
Document Storage Area	784	66.74%	523	Document Storage Area	784	66.74%	523
Parts Room	625	100%	625	Parts Room	625	100%	625
Emp. Conf./Write up Area	497	66.74%	332	Emp. Conf./Write up Area	497	100%	497
Restroom	135	66.74%	90	Restroom	135	100%	135
PSC Inspector Office	143	100%	143	PSC Inspector Office	143	100%	143
Receiving Area	1,708	100%	1,708	Receiving Area	1,708	100%	1,708
Work Shop	962	100%	962	Work Shop	962	100%	962
Parking/ Work Area	1,332	66.74%	889	Parking/ Work Area	1,332	100%	1,332
Mechanical Room	331	100%	331	Mechanical Room	331	100%	331
	42,426		33,972	Total Footage	42,426		39,660
				Common Area Before factor	10,414		42,426
				Total Area Used	32,012		39,660
				Corning Direct Assnment before Common Allocation	30,946		93.48%
				Common Allocation Factor	96.67%		

B Rate Year	Net Plant	Allocate to Corning Per Staff	Plant to allocate to Corning - Per Staff	B Rate Year	Net Plant	Allocate to Corning Per Company	Plant to allocate to Corning - Per Company
Land	155,733	66.74%	103,937.05	Land	155,733	93.48%	145,578.72
West William Street Office	1,236,925	66.74%	825,532.64	West William Street Office	1,236,925	86.29%	1,067,355.69
Operations Facility	1,634,479	100%	1,634,478.79	Operations Facility	1,634,479	98.92%	1,616,830.98
10 391010 Off Furn & Equip-Furniture	2,979	66.74%	1,987.91	10 391010 Off Furn & Equip-Furniture	2,979	83.67%	2,492.14
10 391020 Off Furn & Equip-Machines	54,275	66.74%	36,223.64	10 391020 Off Furn & Equip-Machines	54,275	83.67%	45,411.71
10 391030 Off Furn & Equip-Computer	1,866,703	66.74%	1,244,516.51	10 391030 Off Furn & Equip-Computer	1,866,703	83.67%	1,560,186.43
Total	4,949,093		3,846,677	Total	4,949,093		4,437,856
			77.72%				89.67%
				Payroll Factor			83.67%