

BEFORE THE  
STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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In the Matter of  
Corning Natural Gas  
Case 16-G-0369  
October 2016

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Prepared Exhibits of:

Margaret Wright  
Senior Auditor  
Office of Accounting, Audits and  
Finance

State of New York  
Department of Public Service  
Three Empire State Plaza  
Albany, New York 12223-1350

Corning Natural Gas

Case 16-G-0369

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

	Rate Year Per Corrections and Updates	Adj No.	Staff Adjustments	Rate Year Per Staff	Revenue Requirement Adjustment	Rate Year with Revenue Increase
<b>Operating Revenues</b>	\$ 24,644,634	1	\$ 782,566	\$ 25,427,200	\$ 831,085	\$ 26,258,285
Purchased Gas	10,121,400		-	10,121,400	-	10,121,400
Operating & Maintenance Expense	9,163,417	2	(2,116,364)	7,047,053	9,981	7,057,034
Depreciation Expense	1,876,368	3	(151,839)	1,724,529	-	1,724,529
Accelerated Recovery of Plant	176,735		-	176,735		176,735
Taxes Other Than FIT	3,117,491	4	(201,784)	2,915,707	10,376	2,926,083
<b>Total Operating Expense</b>	<b>24,455,410</b>		<b>(2,469,987)</b>	<b>21,985,424</b>	<b>20,357</b>	<b>22,005,781</b>
<b>Operating Income Before Income Taxes</b>	<b>189,224</b>		<b>3,252,553</b>	<b>3,441,777</b>	<b>810,728</b>	<b>4,252,505</b>
<u>State Income Taxes</u>						
Current	(263,116)		204,789	(58,327)	52,697	(5,629)
Deferred	125,209		13,189	138,398	-	138,398
<b>Total State Income Taxes</b>	<b>(137,907)</b>	<b>5</b>	<b>217,978</b>	<b>80,071</b>	<b>52,697</b>	<b>132,769</b>
<u>Federal Income Taxes</u>						
Current	(386,094)		1,001,571	615,478	257,730	873,208
Deferred	147,894	6	110,649	258,543	-	258,543
<b>Total Federal Income Taxes</b>	<b>(238,199)</b>		<b>1,112,220</b>	<b>874,021</b>	<b>257,730</b>	<b>1,131,751</b>
<b>Operating Income</b>	<b>565,330</b>		<b>1,922,354</b>	<b>2,487,685</b>	<b>500,300</b>	<b>2,987,985</b>
<b>Rate Base</b>	\$ 58,696,136	7	\$ (4,682,027)	\$ 54,014,109		\$ 54,014,109
<b>Rate of Return</b>	<b>0.96%</b>			<b>4.61%</b>		<b>5.53%</b>

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

	<u>Rate Year Per Corrections and Updates</u>	<u>Adj No.</u>	<u>Staff Adjustments</u>	<u>Rate Year Per Staff</u>
<b><u>Operating Revenues</u></b>				
Total Delivery Revenues	12,871,545	1A	\$ (104,985)	\$ 12,766,560
Merchant Function Charge	401,689		-	401,689
Total Base Revenues	<u>13,273,234</u>		<u>(104,985)</u>	<u>13,168,249</u>
Gas Costs	10,121,400		-	10,121,400
Revenue Taxes	292,073			292,073
NYSE&G	377,420		-	377,420
Gas Operating Revenues	<u>24,064,127</u>		<u>(104,985)</u>	<u>23,959,142</u>
<b><u>Other Gas Revenues</u></b>				
Customer Discounts Forfeited	106,627			106,627
Reconnect Fees	3,962			3,962
Misc. Revenues	6,495			6,495
Local Production Rev-Imputation Achieved	286,688	1B	887,551	1,174,239
Accelerated Recovery Plant	176,735			176,735
Total Other Gas Revenues	<u>580,507</u>		<u>887,551</u>	<u>1,468,058</u>
<b>Operating Revenues</b>	<b><u>\$ 24,644,634</u></b>		<b><u>\$ 782,566</u></b>	<b><u>\$ 25,427,200</u></b>

	<u>Rate Year Per Corrections and Updates</u>	<u>Adj No.</u>	<u>Staff Adjustments</u>	<u>Rate Year Per Staff</u>
<b><u>Operating Expenses</u></b>				
Purchased Gas Other	\$ 30,960		\$ -	\$ 30,960
Direct Labor	2,959,854	2A	(91,674)	2,868,180
Supervisory & Indirect Labor	694,369	2B	(11,806)	682,563
Vacation Accrual	200,723	2C	(58,257)	142,466
Insurance Costs	1,519,950	2D	(370,308)	1,149,642
Regulatory Costs	696,918	2E	(569,996)	126,922
Pensions and OPEBS	1,161,738	2F	(1,161,738)	(0)
Pension Current	-	2G	874,733	874,733
Pension Amortization	-	2H	(255,981)	(255,981)
OPEB Current	-	2I	58,721	58,721
OPEB Amortization	-	2J	(43,675)	(43,675)
Uncollectible Accounts	329,430	2K	(28,881)	300,549
Low Income Program	-	2L	125,000	125,000
Building Services	107,541	2M	(6,795)	100,746
Transportation	294,749	2N	(1,912)	292,837
Outside Services	434,475			434,475
Inventory	204,882	2O	(327)	204,555
Other O&M Costs	527,827	2P	884,986	1,412,813
Productivity Adjustment	-	2Q	(54,888)	(54,888)
Allocations	-	2R	(1,421,302)	(1,421,302)
Amortizations	-	2S	(3,997)	(3,997)
Conversion Rebates	-	2T	50,000	50,000
Inflation	-	2U	(28,267)	(28,267)
<b>Total Operating Expense</b>	<b><u>\$ 9,163,417</u></b>		<b><u>\$ (2,116,364)</u></b>	<b><u>\$ 7,047,052</u></b>

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

	<u>Rate Year Per Corrections and Updates</u>	<u>Adj No.</u>	<u>Staff Adjustments</u>	<u>Rate Year Per Staff</u>	<u>Revenue Requirement Adjustment</u>	<u>Rate Year With Increase</u>
Property Tax	\$ 2,559,741	4A	\$ (190,845)	\$ 2,368,896		\$ 2,368,896
Payroll Taxes	265,677	4B	(10,939)	254,738		254,738
Revenue Taxes	292,073		-	292,073	10,376	302,449
<b>Taxes Other Than Income Taxes</b>	<b><u>\$ 3,117,491</u></b>		<b><u>\$ (201,784)</u></b>	<b><u>\$ 2,915,708</u></b>	<b><u>\$ 10,376</u></b>	<b><u>\$ 2,926,084</u></b>

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

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

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

	<u>Rate Year Per Corrections and Updates</u>	<u>Adj No.</u>	<u>Staff Adjustments</u>	<u>Rate Year Per Staff</u>
<b>Operating Income Before Income Taxes</b>	\$ 189,225		\$ 3,252,553	\$ 3,441,778
SIT Current	196,507		(204,789)	(8,282)
Interest Expense	(1,081,199)		223,473	(857,726)
Amort of Excess Book Depr Reserve	(151,619)			(151,619)
ADR Normalized	18,094			18,094
ACRS Normalized	(2,935,265)			(2,935,265)
Amortization of Matrix Incentive	31,857			31,857
Rate Case 2011	160,000		(160,000)	-
Rate Case 2016	200,004		(133,820)	66,184
Rate Case 2008	31,618		(31,618)	-
Other Surcharges applied to Plant	176,735			176,735
Deferred Net Plant Due	(24,629)			(24,629)
Book Depreciation -includes clearing accounts	2,053,102			2,053,102
<b>Total Adjustments for Taxable Income</b>	<b>(1,324,795)</b>	<b>6A</b>	<b>(306,754)</b>	<b>(1,631,549)</b>
Tax Income	(1,135,570)		2,945,798	1,810,229
Rate	34.00%		34.00%	34.00%
<b>Current Federal Income Tax</b>	<b>\$ (386,094)</b>		<b>\$ 1,001,571</b>	<b>\$ 615,478</b>
Provision for Deferred Tax	(1)			(1)
ADR Normalized	(6,152)			(6,152)
ACRS Normalized	299,935			299,935
Amortization of Matrix Incentive	(10,831)			(10,831)
Rate Case Cost 2011	(54,400)		54,400	-
Rate Case 2008	(10,750)		10,750	(0)
Other Surcharges Applied to Plant	(60,090)			(60,090)
Deferred Net Plant Due	8,374			8,374
Rate Case 2016	(68,001)		45,499	(22,503)
Account 410 Compressor & Dalrmp	166,383			166,383
Account 411 Compressor & Dalrmp	(116,573)			(116,573)
<b>Total Deferred FIT</b>	<b>\$ 147,894</b>	<b>6B</b>	<b>\$ 110,649</b>	<b>\$ 258,542</b>

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

	<u>Rate Year Per Corrections and Updates</u>	<u>Adj No.</u>	<u>Staff Adjustments</u>	<u>Rate Year Per Staff</u>
<b><u>Net Utility Plant</u></b>				
Plant in Service	\$ 85,252,290	7A	\$ (2,917,121)	\$ 82,335,169
CWIP-Non Interest Bearing	1,153,909			1,153,909
Root Pipeline Project CIAC	(649,900)			(649,900)
Plant Allocated to Subsidiaries Operations	(439,072)			(439,072)
<b><u>Plant Reserves</u></b>				
Root Pipeline Project CIAC Deprec. Reserve	(80,825)		(22,765)	(103,590)
Normal Depreciation	(20,737,746)		14,320	(20,723,426)
Accelerated Recovery-Root Well/ Upgrades	(2,689,522)			(2,689,522)
Accelerated Recovery-Virgil	(533,002)		(466,998)	(1,000,000)
Accelerated Recovery-Bath	(954,546)		7071	(947,475)
Accelerated Recovery-Other	(25,079)		293.24	(24,786)
<b>Total Net Plant</b>	<b>60,296,507</b>	<b>7B</b>	<b>(468,079)</b>	<b>56,911,307</b>
	-		-	-
<b><u>Working Capital</u></b>				
Material and Supplies	1,185,723		-	1,185,723
Prepayments	1,326,088		(75,473)	1,250,615
Cash Working Capital	1,104,248		(339,661)	764,588
<b>Total Working Capital</b>	<b>3,616,059</b>	<b>7C</b>	<b>(415,134)</b>	<b>3,200,926</b>
<b>Deferred Debits</b>	<b>1,164,400</b>	<b>7D</b>	<b>(899,680)</b>	<b>264,720</b>
<b>Deferred Credits</b>	<b>7,990</b>	<b>7E</b>	<b>17,987</b>	<b>25,977</b>
<b>Unamortized Debt Discount &amp; Expense</b>	<b>163,775</b>		-	<b>163,775</b>
<b>Accumulated Deferred Income Taxes</b>	<b>(9,846,848)</b>		-	<b>(9,846,848)</b>
Total Rate Base	55,401,883		(4,682,027)	50,719,856
Earnings Based Capitalization Adjustment	3,294,253		-	3,294,253
<b>Rate Base as Adjusted</b>	<b>\$ 58,696,136</b>		<b>\$ (4,682,027)</b>	<b>\$ 54,014,109</b>

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

**Company Capital Structure**

	<b>Amount</b>	<b>Weighted Percent</b>	<b>Cost Rate</b>	<b>Weighted Cost</b>	<b>Pre-Tax Weighted Cost</b>
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%
<b>Total</b>	<b>\$ 66,372,077</b>	<b>100.00%</b>		<b>6.95%</b>	<b>10.11%</b>

**Staff Capital Structure**

	<b>Amount</b>	<b>Percent</b>	<b>Rate</b>	<b>Cost</b>	<b>Pre-Tax Weighted Cost</b>
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%
<b>Total</b>	<b>\$ 54,775,387</b>	<b>100.00%</b>		<b>5.53%</b>	<b>7.97%</b>

	A	B	C	D	F	G
1						
2		<b>Corning Natural Gas Corporation</b>				
3		<b>Case 16-G-0369</b>				
4		<b>Summary of Adjustments</b>				
5		<b>Corning Natural Gas Corporation</b>				
6						
7						
8	<b>Adj. 1</b>	<b>Operating Revenues</b>				
9	A.	Adjustment to Operating Revenues-Total Delivery		(104,985)		
10	B.	Adjustment to Operating Revenues - Local Production		887,551		782,566
11						
12	<b>Adj. 2</b>	<b>Operations and Maintenance</b>				
13	A.	<b>Direct Labor</b>				
14	(1)	Adjustment to prevailing wages		(4,891)		
15	(2)	Adjustment to overtime		(42,961)		
16	(3)	Adjustment to incentive comp		(43,822)		
17						(91,674)
18						
19	B.	<b>Supervisory and Indirect Labor</b>				
20	(1)	Direct Labor Flow through adjustment				(11,806)
21						
22	C.	<b>Vacation accrual</b>				
23	(1)	Direct Labor Flow through adjustment		(4,388)		
24	(2)	To reclass capitalized fringe benefits to their own line items		(53,869)		(58,257)
25						
26	D.	<b>Insurance</b>				
27	(1)	Adjustment to limit health insurance to Inflation		(166,519)		
28	(2)	To reclass capitalized fringe benefits to their own line items		(165,511)		
29	(3)	To remove PAYGO costs from health insurance expense		(38,278)		(370,308)
30						
31	E.	<b>Regulatory Expense</b>				
32	(1)	Reclassifying Low Income Program		(125,000)		
33	(2)	Remove 2008 Amortize & Deferred		(150,996)		
34	(3)	Remove 2011 Amortize & Deferred		(160,000)		
35	(4)	Rate Case Expense - Remove Consulting Expense		(59,420)		
36	(5)	Rate Case Expense - Macro Adjustment		(74,580)		(569,996)
37						
38	F.	<b>Pensions and OPEBs</b>				
39	(1)	To reclass pensions and OPEBs to their own line items				(1,161,738)
40						
41	G.	<b>Pension-Current</b>				
42	(1)	To reclass pensions to its own line item		1,067,583		
43	(2)	To reclass capitalized fringe benefits to their own line items		(192,850)		874,733
44						
45	H.	<b>Pension-Amortization</b>				
46	(1)	To reclass pension amortization to its own line item				(255,981)
47						
48	I.	<b>OPEB-Current</b>				
49	(1)	To reclass OPEBs expense to its own line item		68,571		
50	(2)	To reclass capitalized fringe benefits to their own line items		(9,850)		58,721
51						
52	J.	<b>OPEB-Amortization</b>				
53	(1)	To reclass OPEBs amortization to its own line item		25,584		
54	(2)	To reclass capitalized fringe benefits to their own line items		(69,259)		(43,675)
55						
56	K.	<b>Uncollectibles</b>				
57	(1)	Adjustment to Uncollectibles				(28,881)
58						
59	L.	<b>Low Income Program</b>				
60	(1)	Reclassifying Low Income Program from regulatory costs				125,000
61						
62	M.	<b>Building Services</b>				
63	(1)	Limiting Increase to Inflation		(6,512)		
64	(2)	Direct Labor Flow through adjustment		(283)		(6,795)
65						
66	N.	<b>Transportation Expense</b>				
67	(1)	Direct Labor Flow through adjustment				(1,912)
68						
69	O.	<b>Inventory</b>				
70	(1)	Direct Labor Flow through adjustment				(327)
71						
72	P.	<b>Other O&amp;M</b>				
73	(1)	To reclass allocations to it's own line item		469,694		
74	(2)	To reclass capitalized fringe benefits to their own line items		425,176		
75	(3)	To reduce postage expense for reduction in stamp cost		(9,884)		884,986
76						
77	Q.	<b>Productivity</b>				
78	(1)	Adjustment to impute 1% productivity				(54,888)
79						
80	R.	<b>Allocations</b>				
81	(1)	To reclass allocations to it's own line item		(469,694)		
82	(2)	Adjustment to increase allocations		(951,608)		(1,421,302)

	A	B	C	D	F	G
83						
84	<b>S.</b>	<b>Amortizations</b>				
85	(1)	Adjustment for Gas Supply Specialist				(3,997)
86						
87	<b>T.</b>	<b>Conversion Rebates</b>				
88	(1)	Adjustment to establish rebate allowance				50,000
89						
90	<b>U.</b>	<b>Inflation</b>				
91	(1)	Adjustment from 5.69% to 4.46%				(28,267)
92						
93		<b>Total O&amp;M Expense Adjustments</b>				(2,116,364)
94						
95						
96	<b>Adj. 3</b>	<b>Depreciation Expense</b>				
97	<b>A.</b>	Adjustment to Depreciation Expense				(151,839)
98						
99	<b>Adj. 4</b>	<b>Taxes Other Income Taxes</b>				
100	<b>A.</b>	<b>Property Taxes</b>				
101	(1)	To adjust for four year average instead of five year		(99,586)		
102	(2)	To impute for economic obsolescence in rate year		(91,259)		(190,845)
103						
104	<b>B.</b>	<b>Payroll Tax</b>				
105	(1)	Flow through adjustment to payroll taxes				(10,939)
106						
107		<b>Total Taxes other than Income Tax Adjustments</b>				(201,784)
108						
109	<b>Adj. 5</b>	<b>New York State Income Tax</b>				
110	<b>A.</b>	<b>Current Taxes</b>				
111	(1)	Flow through adjustment for interest		223,473		
112	(2)	To remove 2011 rate case expense		(160,000)		
113	(3)	To remove 2008 rate case expense		(31,618)		
114	(4)	Flow through adjustment for 2016 rate case expense		(133,820)		
115	(5)	Adjust presentation of current SIT associated with Compressors		(1,024,754)		(1,126,719)
116						
117	<b>B.</b>	<b>Deferred Taxes</b>				
118	(1)	To remove 2011 rate case expense		10,400		
119	(2)	To remove 2008 rate case expense		2,055		
120	(3)	Flow through adjustment for 2016 rate case expense		8,698		
121	(4)	Cumulative Deferred State Income Tax		(7,964)		13,189
122						
123	<b>Adj. 6</b>	<b>Federal Income Tax</b>				
124	<b>A.</b>	<b>Current Taxes</b>				
125	(1)	Flow through adjustment for interest		223,473		
126	(2)	Flow through adjustment from SIT		(204,789)		
127	(3)	To remove 2011 rate case expense		(160,000)		
128	(4)	To remove 2008 rate case expense		(31,618)		
129	(5)	Flow through adjustment for 2016 rate case expense		(133,820)		(306,754)
130						
131	<b>B.</b>	<b>Deferred Taxes</b>				
132	(1)	To remove 2011 rate case expense		54,400		
133	(2)	To remove 2008 rate case expense		10,750		
134	(3)	Flow through adjustment for 2016 rate case expense		45,499		110,649
135						
136	<b>Adj. 7</b>	<b>Rate Base</b>				
137	<b>A.</b>	<b>Net Utility Plant</b>				
138	(1)	Adjustment to increase capital allocated to affiliates		(899,351)		
139	(2)	OEGW Adjustment		(2,017,770)		(2,917,121)
140						
141	<b>B.</b>	<b>Plant Reserves</b>				
142	(1)	OEGW Root Pipeline Project CIAC		(22,765)		
143	(2)	OEGW Normal Depreciation		14,320		
144	(3)	Accelerated Recovery-Virgil		(466,998)		
145	(4)	Accelerated Recovery-Bath		7,071		
146	(5)	Accelerated Recovery-Other		293		(468,079)
147						
148	<b>C</b>	<b>Cash Working Capital</b>				
149	(1)	Flow through Adjustment to Working Capital		(339,661)		
150	(2)	Flow through adjustment related to property taxes		(75,473)		(415,134)
151						
152	<b>D.</b>	<b>Deferred Debits</b>				
153	(1)	To remove 2011 rate case expense deferral		(277,628)		
154	(2)	To remove 2008 rate case expense deferral		(3,441)		
155	(3)	To reduce 2016 rate case expense deferral		(618,611)		(899,680)
156						
157	<b>E.</b>	<b>Deferred Credits</b>				
158	(1)	Unamortized balance for Gas Supply Specialist				17,987
159						
160		<b>Total Rate Base Adjustments</b>				(4,682,027)
161						
162						
163						
164						

Exhibit MW-2

Relied Upon Corning Natural Gas Responses to Information Requests

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**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE**  
**INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation**  
**Case 16-G-0369**  
**Gas Rates**

**Request No.:** DPS-181 (AAE-2)  
**Requested By:** Allison Esposito  
**Requested of:** Sarhangi/DiValentino  
**Date of Request:** July 12, 2016  
**Response Due Date:** July 22, 2016  
**Subject:** Deferrals

---

1. The current rate plan (Case 11-G-0280) shows the following items are subject to a one way true up:
  - a. Outside Services - \$60,000 per year of maintenance expense associated with the new customer accounting system.
  - b. New Customer Accounting System and True-Up - \$1,000,000 for new system to be completed within the rate plan.
  - c. Labor Expense – Gas Supply Specialist annual salary of \$35,851, \$36,568 and \$37,299 in Rate Year 1, Rate Year 2 and Rate Year 3, respectively.

For each of the items listed above, please state how much has been deferred and where the balance has been included in the Company's filing. In addition, please provide support for the deferred balance. Support can include, but is not limited to invoices, payroll data, etc.

Response:

- a. The Company did not under-run the \$60,000 per year of maintenance expense.
  - b. The Company did not exceed the \$1,000,000 for the new system contemplated in the rate plan. The actual expenditure approximated \$950,000. The shortfall was captured (included) in the Net Plant reconciliation and deferred with appropriate carrying costs and will be returned to customers via amortization proposed by the Company. Please see "Regulatory-2 Net Plant Reconciliation Amount Due to Customers" part of the model provided to Staff in electronic format.
  - c. The Company did not exceed the annual salary amounts provided for the Gas Supply Specialist position.
2. The joint proposal from the existing rate plan (case 11-G-0280) states:

The Signatory Parties agree that Corning shall amortize the total Regulatory Liability established by the Commission in Case 08-G-1137 (Order Modifying the Regulatory Matrix and Establishing Liability issued May 19, 2011) in the amount of \$65,500 over seven years, resulting in a

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE**  
**INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation**  
**Case 16-G-0369**  
**Gas Rates**

regulatory expense of \$9,357 to be deferred for customer credit in each Rate Year.

Please show where this \$9,357 credit has been included in the Company's current rate filing. If it is not included, please explain why not.

Response: The \$9,357 amount has been included in the amortization amount detailed in the "Regulatory-2 Amortization of Matrix Incentive" part of the model provided to Staff in electronic format. The calculation of the amortization amount is shown in Tab "Def. Credits" line 141 Column D.

Name of Respondent: L. Mario DiValentino

Position of Respondent: President, Moonstone Consulting LLC

Date of Response: July 22, 2016

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE**  
**INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation**  
**Case 16-G-0369**  
**Gas Rates**

**Request No.:** DPS-181 (AAE-2) [UPDATED]  
**Requested By:** Allison Esposito  
**Requested of:** Sarhangi/DiValentino  
**Date of Request:** July 12, 2016  
**Response Due Date:** July 22, 2016  
**Subject:** Deferrals

1. The current rate plan (Case 11-G-0280) shows the following items are subject to a one way true up:
- a. Outside Services - \$60,000 per year of maintenance expense associated with the new customer accounting system.
  - b. New Customer Accounting System and True-Up - \$1,000,000 for new system to be completed within the rate plan.
  - c. Labor Expense – Gas Supply Specialist annual salary of \$35,851, \$36,568 and \$37,299 in Rate Year 1, Rate Year 2 and Rate Year 3, respectively.

For each of the items listed above, please state how much has been deferred and where the balance has been included in the Company's filing. In addition, please provide support for the deferred balance. Support can include, but is not limited to invoices, payroll data, etc.

Response:

- a. The Company did not under-run the \$60,000 per year of maintenance expense.

Updated Response:

*Below is the comparison of the amount expended versus the rate allowance.*

	<u>RY1</u>	<u>RY2</u>	<u>RY3</u>	<u>RY4</u>	
Amount Incurred	\$ 33,844	\$ 98,682	\$ 100,571	\$ 105,399	
Rate Allowance	60,000	60,000	60,000	60,000	
Over/(Under) Rate Allowance	\$ (26,156)	\$ 38,682	\$ 40,571	\$ 45,399	\$ 98,496

*The RY 1 under-run is due to the phase-in approach the Company took. It implemented the Financial Information System in Phase I and the Customer Information System in Phase II (one year later). This minimized the impact on Corning's limited Staff and gave the Company maximum flexibility in controlling project costs.*

- b. The Company did not exceed the \$1,000,000 for the new system contemplated in the rate plan. The actual expenditure approximated \$950,000. The shortfall was captured (included) in the Net Plant reconciliation and deferred with appropriate carrying costs and will be returned to customers via amortization proposed by the Company. Please see “Regulatory-2 Net Plant Reconciliation Amount Due to Customers” part of the model provided to Staff in electronic format.
- c. The Company did not exceed the annual salary amounts provided for the Gas Supply Specialist position.

Updated Response:

*The reconciliation requested is detailed below for the Gas Supply Specialist’s annual salary:*

	<b>Wage</b>	<b>Wage</b>	
<b>Rate Year</b>	<b>Allowance</b>	<b>Actual</b>	<b>Difference</b>
Apr-13	35,851	30,810	5,041
Apr-14	36,568	31,888	4,680
Apr-15	<u>37,299</u>	<u>33,163</u>	<u>4,136</u>
	109,718	95,861	13,857

*No amount has been deferred for this item.*

2. The joint proposal from the existing rate plan (case 11-G-0280) states:

The Signatory Parties agree that Corning shall amortize the total Regulatory Liability established by the Commission in Case 08-G-1137 (Order Modifying the Regulatory Matrix and Establishing Liability issued May 19, 2011) in the amount of \$65,500 over seven years, resulting in a regulatory expense of \$9,357 to be deferred for customer credit in each Rate Year.

Please show where this \$9,357 credit has been included in the Company’s current rate filing. If it is not included, please explain why not.

Response: The \$9,357 amount has been included in the amortization amount detailed in the “Regulatory-2 Amortization of Matrix Incentive” part of the model provided to Staff in electronic format. The calculation of the amortization amount is shown in Tab “Def. Credits” line 141 Column D.

Name of Respondent: L. Mario DiValentino

Position of Respondent: President, Moonstone Consulting LLC

Date of Response: July 22, 2016 [UPDATED SEPTEMBER 8, 2016]

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE**  
**INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation**  
**Case 16-G-0369**  
**Gas Rates**

**Request No.:** DPS-191 MW-1  
**Requested By:** Molly Wright  
**Information Requested of:** Sarhangi/DiValentino  
**Date of Request:** July 13, 2016  
**Response Due Date:** July 23, 2016  
**Subject:** Regulatory Costs

---

1. Provide the actual rate case expenses, and associated invoices, related to this rate proceeding to date, broken down into categories of cost (e.g., legal, travel, etc.). For each category identified, provide a forecast of future costs expected to be incurred in this proceeding.

Response:

The accumulated 2016 Rate Case expense to June 2016 is contained in the accompanying Excel file designated "Response DPS 191 (MW-1) 2016 Rate Case Costs". The forecast of future costs expected to be incurred in this proceeding has been provided in the Company's response to DPS-175. Invoices, with the exception of those containing confidential information, are contained in Attachment DPS-191(1). The Company will make arrangements for Staff to inspect the aforementioned confidential documents.

2. Provide the accounting procedures employed to account for the PSC Assessment. Provide detailed descriptions of the procedures to account for the billing, collection, and remittance of the assessments. Include detail of associated deferrals, carrying charges, uncollectibles and taxes.

Response:

The PSC Assessment is amortized over a twelve-month period and is included in the TSA reconciliation process. The amount is remitted annually. The TSA reconciliation also considers uncollectibles, carrying costs and deferred taxes as required by the Commission. Please refer to the Company filing "Corning Natural Gas Corporation's Temporary State Energy Assessment Calculation per Commission Order dated July 13, 2016" filed with the Commission Secretary on July 14, 2016.

3. Referring to Exhibit CNG-5 Schedule 7 Page 2 of 2, provide the basis for the \$91,000 (RY18) and \$85,609 (RY19) shown as "Amortize Rate Case 2008 & Deferred".

Response:

The \$91,000 2008 rate case amortization was reaffirmed and continued in Case 11-G-0280. It was included in Company Exhibit CNG-5, Schedule 7, page 2, and

the amount was included in the determination of base rates after Staff and Commission approval. Please refer to Appendix A of the Joint Proposal, Page 2 of 51, Page 19 of 51, and Page 36 of 51. The \$9,357 JP adjustment is associated with an increase in the matrix amortization which is the subject of part 7 of this response, below. The \$85,609 (RY19) is the amount of the remaining amortization in RY 19. Please refer to Exhibit CNG-4, Schedule 6, Page 4 for the amortization schedule.

4. Referring to Exhibit CNG-5 Schedule 7 Page 2 of 2, provide the basis for the \$160,000 (RY18) and \$45,894 (RY19) shown as “Amortize Rate Case 2011 & Deferred”.

Response:

The \$160,000 2008 rate case amortization was established in Case 11-G-0280. It was included in Company Exhibit CNG-5, Schedule 7, page 2, and the amount was included in the determination of base rates after Staff and Commission approval. Please refer to Appendix A of the Joint Proposal, Page 2 of 51, Page 19 of 51, and Page 36 of 51. The \$9,357 JP adjustment is associated with an increase on the matrix amortization which is the subject of part 7 of this response, below. The \$45,894 (RY19) is the amount of the remaining amortization in RY 19. Please refer to Exhibit CNG-4, Schedule 6, Page 4 for the amortization schedule.

5. Please explain why the Company has included \$125,000 of HEAP costs in this cost component.

Response:

The \$125,000 of HEAP costs in this cost component was to match the HEAP revenue included in base rates. The Company has assumed the low income credit of \$8 per month will continue.

6. Referring to Exhibit CNG-5 Schedule 7 Page 2 of 2, provide all supporting documentation, including any filings Corning has submitted, for the (\$24,629) shown as “Net Plant Reconciliation Amount Due to Customers”.

Response:

Please refer to the Commission document web site under Case 11-G-0280, Date 10/9/2015 (reports) “RY3 Net Plant True Up SUMMARY FILING” for the requested documentation.

7. Referring to Exhibit CNG-5 Schedule 7 Page 2 of 2, provide the basis for the (\$36,143) shown as “Amortization of Matrix Incentive”.

Response:

The joint proposal from the existing rate plan (Case 11-G-0280) states:

The Signatory Parties agree that Corning shall amortize the total Regulatory Liability established by the Commission in Case 08-G-1137 (Order Modifying the Regulatory Matrix and Establishing Liability issued May 19, 2011) in the amount of \$65,500 over seven years, resulting in a regulatory expense of \$9,357 to be deferred for customer credit in each Rate Year.

This amount was added to the prior period amortization. The calculation of the amortization amount (\$36,143) is shown in Tab "Def. Credits" line 141 Column D.

Name of Respondent: L. Mario DiValentino  
Position of Respondent: President, Moonstone Consulting LLC  
Date of Response: August 5, 2016

**Attachment DPS-191 (MW-1)**



**Management Applications Consulting, Inc.**

1103 Rocky Drive, Suite 201  
Reading, PA 19609-1157

T.I.N. 23-2293083

# Invoice

Date	Invoice #
7/1/2016	20160713

<b>Bill To</b>
Corning Natural Gas Corp. 330 West William Street Corning, NY 14830 Attn: Fi Sarhangi, CFO

<b>Ship To</b>

4 Weeks Ended 6/24/16

P/O #	Terms	Project
	Net 10 Days	201619 Corning, Gas Rate Studies

Hours	Description	Rate	Amount
16.50	Paul M. Normand	250.00	4,125.00
44.00	Michael J. Morganti	225.00	9,900.00
2.25	Debbie L. Gajewski	225.00	506.25
3.00	Technical Services - Roxanne J. Peters	75.00	225.00
4.50	Secretarial Services	50.00	225.00
	Subtotal - All Professional Services		14,981.25
	Misc. Office Expenses @ 5% of Professional Services	5.00%	749.06

PO \_\_\_\_\_ VENDOR 1907 DUE 2/21 MONTH \_\_\_\_\_  
AMOUNT      DESC      TAX      GL #  
15730.31      10      186960         
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 CHECKED KD      AUDIT IV      APPROVED FS

OK  
FS  
7/6/16

<b>Total</b>	<b>\$15,730.31</b>
--------------	--------------------



**Management Applications Consulting, Inc.**

1103 Rocky Drive, Suite 201  
Reading, PA 19609-1157

T.I.N. 23-2293083

# Invoice

Date	Invoice #
7/1/2016	20160719

<b>Bill To</b>
Corning Natural Gas Corp. 330 West William Street Corning, NY 14830 Attn: Fi Sarhangi, CFO

<b>Ship To</b>

4 Weeks Ended 6/24/16

P/O #	Terms	Project
	Net 10 Days	301617, Corning, Depreciation St @12/31/15

Hours	Description	Rate	Amount
11.5	Paul M. Normand	250.00	2,875.00
19.0	Marcy E. Stefan	150.00	2,850.00
4.5	Secretarial Services	50.00	225.00
Subtotal - All Professional Services			5,950.00
Misc. Office Expenses @ 5% of Professional Services		5.00%	297.50

OK  
FS  
7/6/16

PO	VENDOR	1907	DUE	7/21	MONTH
AMOUNT	DESC	TAX	GL#		
6247.50		10		186960	
AUDIT		APPROVED		FS	

<b>Total</b>	<b>\$6,247.50</b>
--------------	-------------------



**Management Applications Consulting, Inc.**

1103 Rocky Drive, Suite 201  
Reading, PA 19609-1157

T.I.N. 23-2293083

# Invoice

Date	Invoice #
6/3/2016	20160622

<b>Bill To</b>
Corning Natural Gas Corp. 330 West William Street Corning, NY 14830 Attn: Fi Sarhangi, CFO

<b>Ship To</b>

4 Weeks Ended 5/27/16

<b>P/O #</b>	<b>Terms</b>	<b>Project</b>
	Net 10 Days	301617 Corning, Depreciation St @12/31/15 <i>(Rate Case)</i>

Hours	Description	Rate	Amount
27.5	Paul M. Normand	250.00	6,875.00
62.5	Marcy E. Stefan	150.00	9,375.00
1.0	Secretarial Services	50.00	50.00
Subtotal - All Professional Services			16,300.00
Misc. Office Expenses @ 5% of Professional Services		5.00%	815.00

PO \_\_\_\_\_ VENDOR 1907 DUE 6/16 MONTH \_\_\_\_\_  
 AMOUNT 17115.00 DESO \_\_\_\_\_ TAX 10 GLP 186960  
 CHECKED KD AUDIT TR APPROVED \_\_\_\_\_

*OK  
FS  
6/13/16*

<b>Total</b>	<b>\$17,115.00</b>
--------------	--------------------

# Moonstone Consulting LLC

4547 Lake in the Woods Drive  
Spring Hill, FL 34607

Phone: (352)-238-4991

E-mail: Imario@moonstonellc.biz

## Statement

Date: June 1, 2016

**Bill To: Firouzeh Sarhangi**  
**Chief Financial Officer**  
**Corning Natural Gas Corporation**  
**330 West William Street**  
**Corning, New York 14830**

Date	Type	Invoice #	Payment Terms	Amount	Payment	Balance
May 1 to May 31	Consulting	10324	Net 30	\$ 17,500.00	\$ -	\$ 17,500.00
<b>Total</b>						<b>\$ 17,500.00</b>

Professional services for the month of May 2016 rendered by L.M. DiValentino and associates in conjunction with regulatory, finance and accounting in accordance with an agreement to provide services which include but are not limited to support in development of regulatory strategy, regulatory intervention, management and system design.

GAC and Other Accounting Services	\$ 1,000.00
2016 Rate Case	15,500.00
Pike County L&P Petition	1,000.00
<b>Total</b>	<b>\$ 17,500.00</b>

*OK  
FS  
6/1/16*

PO	VENDOR	DESO	TAX	DUE	MONTH
			10	6/30	GLJ
1000.00			10		140330
1000.00			10		140340
15,500.00			10		186960

CHECKED KD AUDIT TV APPROVED \_\_\_\_\_

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Acct-#: 46746

THE LEADER  
34 W PULTENEY ST  
PO BOX 1017  
CORNING NY 14830-0817

Total Paid: \_\_\_\_\_

Date Paid: \_\_\_\_\_

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PO	VENDOR	424	DUE 7/28	MONTH
AMOUNT	DESC	TAX	GL#	
50.88		10		186.960

Your comments on the local news content: \_\_\_\_\_

Your suggestions for a better product or services: \_\_\_\_\_

7/12/16

*[Handwritten signature]*

CHECKED 10 AUDIT TM APPROVED \_\_\_\_\_

3 MONTHS

# Cortland Standard

and  
**consumer news**

Published by  
Cortland Standard Printing Co., Inc.

110 Main Street, Cortland, New York 13045

Corning Natural Gas  
330 West Williams St.  
Corning, NY 14830

7-18 20 16

**TERMS  
CASH ON RECEIPT**

	CNG Rate Case				
	116 lines @ 1.43			\$	165.88
	affidavit			\$	7.00
	2016 Rate case Oh	EB		\$	172.88
	Publication	Act # 10-	186960		

*[Handwritten signature]*  
7/22/16

PO #	VENDOR	2885	DUE	7/28	MONTH
AMOUNT	DESC	TAX	GL		
172.88		10		186960	

CHECKED KD AUDIT TV APPROVED \_\_\_\_\_

# Moonstone Consulting LLC

4547 Lake in the Woods Drive  
Spring Hill, FL 34607

Phone: (352)-238-4991

E-mail: Imario@moonstonellc.biz

## Statement

Date: July 5, 2016

**Bill To: Firouzeh Sarhangi**  
Chief Financial Officer  
Corning Natural Gas Corporation  
330 West William Street  
Corning, New York 14830

Date	Type	Invoice #	Payment Terms	Amount	Payment	Balance
June 1 to June 30	Consulting	10325	Net 30	\$ 17,500.00	\$ -	\$ 17,500.00
<b>Total</b>						<b>\$ 17,500.00</b>

Professional services for the month on June 2016 rendered by L.M. DiValentino and associates in conjunction with regulatory, finance and accounting in accordance with an agreement to provide services which include but are not limited to support in development of regulatory strategy, regulatory intervention, management and system design.

GAC and Other Accounting Services	\$ 3,000.00
2016 Rate Case	12,500.00
Pike County L&P Petition	2,000.00
<b>Total</b>	<b>\$ 17,500.00</b>

*OK  
FS  
7/11/16*

PO	VENDOR	2602	DUE	7/28	MONTH
AMOUNT	DESC	TAX	GR		
3000.00		10		923000	
12500.00		10		186960	
2000.00		10		140380	

CHECKED *KD* AUDIT *TV* APPROVED

**Invoice**



June 17, 2016  
Engagement No: 03305.00  
Invoice No: 0009392

Michael German  
Corning Natural Gas Corporation  
330 West William Street  
Corning, NY 14830

Engagement 03305.00 Corning Natural Gas Rate Case  
Professional Services from May 1, 2016 to May 31, 2016

Phase 01 Professional Services

**Professional Personnel**

	Hours	Rate	Amount	
Vice President	19.00	412.00	7,828.00	
Senior Project Manager	26.25	300.00	7,875.00	
Senior Consultant	.50	260.00	130.00	
Consultant	33.50	240.00	8,040.00	
Assistant Consultant	2.00	220.00	440.00	
Project Assistant	6.00	70.00	420.00	
<b>Totals</b>	<b>87.25</b>		<b>24,733.00</b>	
<b>Total Labor</b>				<b>24,733.00</b>

Billing Limits	Current	Prior	To-Date	
Total Billings	24,733.00	0.00	24,733.00	
Limit			25,000.00	
Remaining			267.00	
		<b>Total this Phase</b>		<b>\$24,733.00</b>
		<b>Total this Invoice</b>		<b>\$24,733.00</b>

**Billings to Date**

	Current	Prior	Total
Labor	24,733.00	0.00	24,733.00
<b>Totals</b>	<b>24,733.00</b>	<b>0.00</b>	<b>24,733.00</b>

For billing inquiries or to request electronic payment instructions,  
please call us at (508) 263-6268

Taxpayer ID: 01-0568063

Engagement 03305.00

Corning Natural Gas Rate Case

Invoice

0009392

**Billing Backup**

Thursday, June 16, 2016

Concentric Energy Advisors, Inc.

Invoice 0009392 Dated 6/17/2016

1:34:40 PM

Engagement 03305.00

Corning Natural Gas Rate Case

Phase

01

Professional Services

**Professional Personnel**

		Hours	Rate	Amount
<b>Vice President</b>				
Bulkley, Ann	5/20/2016	2.00	412.00	824.00
Reviewed testimony exhibits.				
Bulkley, Ann	5/24/2016	1.00	412.00	412.00
ROE adjustment mechanism.				
Bulkley, Ann	5/25/2016	2.50	412.00	1,030.00
Testimony review. REviewed other recent case precedent to expand direct testimony.				
Bulkley, Ann	5/26/2016	2.75	412.00	1,133.00
Reviewed testimony				
Bulkley, Ann	5/31/2016	.75	412.00	309.00
Stay-out premium and ROE adjustment mechanism testimony.				
Stewart, John	5/10/2016	.50	412.00	206.00
Internal Planning				
Stewart, John	5/13/2016	.50	412.00	206.00
Follow up on GDP price deflator question				
Stewart, John	5/25/2016	5.00	412.00	2,060.00
Initial incentive testimony Draft				
Stewart, John	5/26/2016	.50	412.00	206.00
Call to discuss Incentives and size concerns				
Stewart, John	5/30/2016	2.00	412.00	824.00
Second draft of incentive testimony				
Stewart, John	5/31/2016	1.50	412.00	618.00
Second draft of incentive testimony				
<b>Senior Project Manager</b>				
O'Neill Mrva, Caroline	3/30/2016	.75	300.00	225.00
ROE Model Update				
O'Neill Mrva, Caroline	5/12/2016	3.50	300.00	1,050.00
Start drafting Conring Gas ROE testimony.				
O'Neill Mrva, Caroline	5/13/2016	1.00	300.00	300.00
Start drafting Conring Gas ROE testimony.				
O'Neill Mrva, Caroline	5/16/2016	5.50	300.00	1,650.00
Development of Direct ROE Testimony.				
O'Neill Mrva, Caroline	5/19/2016	1.50	300.00	450.00
Updates and review of ROE draft.				
O'Neill Mrva, Caroline	5/20/2016	1.25	300.00	375.00
Development of Direct ROE Testimony.				
O'Neill Mrva, Caroline	5/23/2016	2.25	300.00	675.00
Corning draft review of testimony and exhibits.				
O'Neill Mrva, Caroline	5/24/2016	2.75	300.00	825.00
Corning draft review of testimony and exhibits.				
O'Neill Mrva, Caroline	5/25/2016	1.50	300.00	450.00
Corning draft review of testimony and exhibits.				
O'Neill Mrva, Caroline	5/26/2016	1.25	300.00	375.00
Corning draft review of testimony and exhibits.				
O'Neill Mrva, Caroline	5/27/2016	3.50	300.00	1,050.00
Updates and review of Corning Gas ROE testimony and review of John Steward testimony.				

Engagement	03305.00	Corning Natural Gas Rate Case			Invoice	0009392
O'Neill Mrva, Caroline		5/31/2016	1.50	300.00	450.00	
		Corning draft review of testimony and exhibits.				
		Senior Consultant				
Wall, Christopher		5/18/2016	.50	260.00	130.00	
		Meeting with A. Malik to discuss the direct exhibit package.				
		Consultant				
Farinas, Richard		5/19/2016	.25	240.00	60.00	
		S&P research (requested by A.M.)				
Malik, Ahmed		5/16/2016	7.50	240.00	1,800.00	
		ROE model update				
Malik, Ahmed		5/17/2016	5.50	240.00	1,320.00	
		ROE exhibits update				
Malik, Ahmed		5/18/2016	4.75	240.00	1,140.00	
		Chat with C. Wall, Call with R. Farinas, ROE model update				
Malik, Ahmed		5/20/2016	3.25	240.00	780.00	
		ROE Exhibit Edits, Report Update				
Malik, Ahmed		5/23/2016	3.75	240.00	900.00	
		ROE exhibits update				
Malik, Ahmed		5/24/2016	6.75	240.00	1,620.00	
		ROE exhibits and testimony update				
Malik, Ahmed		5/25/2016	1.75	240.00	420.00	
		Exhibits update				
		Assistant Consultant				
Ni, Michael		5/4/2016	2.00	220.00	440.00	
		Model update				
		Project Assistant				
Kolb, Regina		5/25/2016	1.00	70.00	70.00	
		Direct testimony revisions for A. Bulkley.				
Kolb, Regina		5/26/2016	2.00	70.00	140.00	
		Direct testimony format revisions for A. Bulkley.				
Kolb, Regina		5/27/2016	1.50	70.00	105.00	
		Direct Testimony work for A. Bulkley				
Kolb, Regina		5/31/2016	1.50	70.00	105.00	
		Direct testimony format work for A. Bulkley.				
		Totals	87.25		24,733.00	
		<b>Total Labor</b>				<b>24,733.00</b>
				<b>Total this Phase</b>		<b>\$24,733.00</b>
				<b>Total this Engagement</b>		<b>\$24,733.00</b>
				<b>Total this Report</b>		<b>\$24,733.00</b>

# MOONSTONE CONSULTING LLC

*Regulatory and Management Consultants*

May 1, 2016

Firouzeh Sarhangi  
Chief Financial Officer  
Corning Natural Gas Corporation  
330 West William Street  
Corning, NY 14830

Dear Fi,

Attached is April 2016 billing detail covering professional services amounting to \$17,500.

If there any questions, please do not hesitate to call.

Best regards,



L. M. DiValentino  
President

PO	VENDOR	DESC	TAX	MONTH	Gr.#
	2602			5/26	
4000. <sup>00</sup>			10		923000
500. <sup>00</sup>			10		140340
3500. <sup>00</sup>			10		140380
9500. <sup>00</sup>			10		186960

CHECKED KD AUDIT IV APPROVED FS

**Moonstone Consulting LLC**4547 Lake in the Woods Drive  
Spring Hill, FL 34607

Phone: (352)-238-4991

E-mail: Imario@moonstonellc.biz

**Statement**

Date: May 1, 2016

**Bill To: Firouzeh Sarhangi**  
**Chief Financial Officer**  
**Corning Natural Gas Corporation**  
**330 West William Street**  
**Corning, New York 14830**

Date	Type	Invoice #	Payment Terms	Amount	Payment	Balance
Apr 1 to Apr 30	Consulting	10323	Net 30	\$ 17,500.00	\$ -	\$ 17,500.00
<b>Total</b>						<b>\$ 17,500.00</b>

Professional services for the month of April 2016 rendered by L.M. DiValentino and associates in conjunction with regulatory, finance and accounting in accordance with an agreement to provide services which include but are not limited to support in development of regulatory strategy, regulatory intervention, management and system design.

GAC and Other Accounting Services	\$ 4,000.00
Windsor Franchise Application	500.00
2016 Rate Case	9,500.00
Pike County L&P Petition	3,500.00
<b>Total</b>	<b>\$ 17,500.00</b>

# MOONSTONE CONSULTING LLC

*Regulatory and Management Consultants*

April 30, 2016

Firouzeh Sarhangi  
Chief Financial Officer  
Corning Natural Gas Corporation  
330 West William Street  
Corning, NY 14830

Dear Fi,

Attached is March 2016 billing detail covering professional services amounting to \$17,500.

If there any questions, please do not hesitate to call.

Best regards,



L. M. DiValentino  
President

PO	VENDOR	DESC	TAX	MONTH	GR.
	2602			5/2	
6000. <sup>00</sup>			10	923000	
500. <sup>00</sup>			10	140340	
4500. <sup>00</sup>			10	140380	
6500. <sup>00</sup>			10	186960	
CHECKED	KD	AUDIT	TR	APPROVED	FS

**Moonstone Consulting LLC**4547 Lake in the Woods Drive  
Spring Hill, FL 34607

Phone: (352)-238-4991

E-mail: Imario@moonstonellc.biz

**Statement**

Date: April 30, 2016

**Bill To: Firouzeh Sarhangi**  
Chief Financial Officer  
Corning Natural Gas Corporation  
330 West William Street  
Corning, New York 14830

Date	Type	Invoice #	Payment Terms	Amount	Payment	Balance
Mar 1 to Mar 31	Consulting	10322	Net 30	\$ 17,500.00	\$ -	\$ 17,500.00
<b>Total</b>						<b>\$ 17,500.00</b>

Professional services for the month of March 2016 rendered by L.M. DiValentino and associates in conjunction with regulatory, finance and accounting in accordance with an agreement to provide services which include but are not limited to support in development of regulatory strategy, regulatory intervention, management and system design.

GAC and Other Accounting Services	\$ 6,000.00
Windsor Franchise Application	500.00
2016 Rate Case	6,500.00
Pike County L&P Petition	<u>4,500.00</u>
Total	\$ 17,500.00



**Management Applications Consulting, Inc.**

1103 Rocky Drive, Suite 201  
Reading, PA 19609-1157

T.I.N. 23-2293083

# Invoice

Date	Invoice #
5/6/2016	20160518

<b>Bill To</b>
Corning Natural Gas Corp. 330 West William Street Corning, NY 14830 Attn: Fi Sarhangi, CFO

<b>Ship To</b>

5 Weeks Ended 4/29/16

P/O #	Terms	Project
	Net 10 Days	301617 Corning, Depreciation St @12/31/15

Hours	Description	Rate	Amount
11	Marcy E. Stefan	150.00	1,650.00
	Misc. Office Expenses @ 5% of Professional Services	5.00%	82.50
	OK } RATE FS } CASE		
	PO _____ VENDOR <u>1907</u> DUE <u>6/2</u> MONTH _____ AMOUNT DESO TAX GLB <u>1732.50</u> _____ <u>10</u> <u>186960</u> _____ _____ _____ _____ CHECKED <u>KO</u> AUDIT <u>TW</u> APPROVED <u>FS</u>		

242

<b>Total</b>	<b>\$1,732.50</b>
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**Management Applications Consulting, Inc.**  
1103 Rocky Drive, Suite 201  
Reading, PA 19609-1157

T.I.N. 23-2293083

# Invoice

Date	Invoice #
6/3/2016	20160617

<b>Bill To</b>
Corning Natural Gas Corp. 330 West William Street Corning, NY 14830 Attn: Fi Sarhangi, CFO

<b>Ship To</b>

4 Weeks Ended 5/27/16

<b>P/O #</b>	<b>Terms</b>	<b>Project</b>
	Net 10 Days	201619 Corning, Gas Rate Studies

Hours	Description	Rate	Amount
108.00	Michael J. Morganti	225.00	24,300.00
8.00	Debbie L. Gajewski	225.00	1,800.00
2.25	Technical Services - Roxanne J. Peters	75.00	168.75
	Subtotal - All Professional Services		26,268.75
	Misc. Office Expenses @ 5% of Professional Services	5.00%	1,313.44
	Transportation Expense	201.96	201.96
	Meals Expense	28.00	28.00
	Lodging Expense	168.00	168.00

PO \_\_\_\_\_ VENDOR 1907 DUE 6/30<sup>16</sup> MONTH OK  
 AMOUNT 27,980.15 DESO \_\_\_\_\_ TAX 10 GLU 786960 FS  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 CHECKED KD AUDIT   APPROVED FS 6/13/16

<b>Total</b>	<b>\$27,980.15</b>
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<b>Invoice Number</b> 5-453-78461	<b>Invoice Date</b> Jun 20, 2016	<b>Account Number</b> 1099-6009-8	Page 1 of 5
--------------------------------------	-------------------------------------	--------------------------------------	----------------

FedEx Tax ID: 71-0427007

**Billing Address:**  
 CORNING NATURAL GAS  
 PO BOX 58  
 CORNING NY 14830-0058

**Shipping Address:**  
 CORNING NATURAL GAS  
 330 W WILLIAM ST  
 CORNING NY 14830-2152

**Invoice Questions?**  
**Contact FedEx Revenue Services**  
 Phone: (800) 622-1147  
 M-F 7 AM to 8 PM CST  
 Sa 7 AM to 6 PM CST  
 Fax: (800) 548-3020  
 Internet: www.fedex.com

**Invoice Summary Jun 20, 2016**

**FedEx Express Services**

Transportation Charges		104.02
Special Handling Charges		1.03
Total Charges	USD	\$105.05
<b>TOTAL THIS INVOICE</b>	<b>USD</b>	<b>\$105.05</b>

Other discounts may apply.

PO	VENDOR	AMOUNT	DESC	TAX	DUE	MONTH	GL#
		25.63		10	2665	7/7	140380
		14.98		10			140340
		64.44		10			186960

CHECKED KD AUDIT BD APPROVED ES

Detailed descriptions of surcharges can be located at fedex.com

Svc Area	A1	Transportation Charge		0.21
Signed by	L.SINAY	Fuel Surcharge		
FedEx Use	016840472/0000200/	<b>Total Charge</b>	USD	<b>\$21.48</b>

Ship Date: Jun 16, 2016  
 Payor: Shipper  
 Cust. Ref.: NO REFERENCE INFORMATION  
 Ref.#2:  
 Ref.#3:

- Fuel Surcharge - FedEx has applied a fuel surcharge of 1.00% to this shipment.
- Distance Based Pricing, Zone 2

Automation: USAB  
 Tracking ID: 807319592865  
 Service Type: FedEx Standard Overnight  
 Package Type: FedEx Envelope  
 Zone: 02  
 Packages: 1  
 Rated Weight: N/A  
 Delivered: Jun 17, 2016 09:38  
 Svc Area: A1  
 Signed by: L.SENIOR  
 FedEx Use: 016840472/0000200/

**Sender**  
 ED BUCK  
 CORNING NATURAL GAS  
 330 W WILLIAM ST  
 CORNING NY 14830-2152 US

**Recipient**  
 ALLISON ESPOSITO  
 NYS DEPT OF PUBLIC SVC  
 3 EMPIRE STATE PLZ  
 ALBANY NY 12223 US

*2016 Rate CSIC Supp*

Transportation Charge		21.27
Fuel Surcharge		0.21
<b>Total Charge</b>	<b>USD</b>	<b>\$21.48</b>

<b>Invoice Number</b> 5-453-78461	<b>Invoice Date</b> Jun 20, 2016	<b>Account Number</b> 1099-6009-8	<b>Page</b> 4 of 5
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**FedEx Express Shipment Detail By Payor Type (Original)**

Ship Date: Jun 10, 2016      Cust. Ref.: NO REFERENCE INFORMATION      Ref.#2:  
Payor: Shipper      Ref.#3:

- Fuel Surcharge - FedEx has applied a fuel surcharge of 1.00% to this shipment.
- Distance Based Pricing, Zone 3

<b>Automation</b> USAB	<b>Sender</b> USAB	<b>Recipient</b> CORPORATE ACTIONS VOLUNTARY OF	
<b>Tracking ID</b> 807319592902	<b>MIKE GERMAN</b>	<b>COMPUTER SHARE</b>	
<b>Service Type</b> FedEx Standard Overnight	<b>CORNING NATURAL GAS</b>	<b>250 ROYALL ST STE V</b>	
<b>Package Type</b> FedEx Envelope	<b>330 W WILLIAM ST</b>	<b>CANTON MA 02021 US</b>	
<b>Zone</b> 03	<b>CORNING NY 14830-2152 US</b>		
<b>Packages</b> 1			
<b>Rated Weight</b> N/A			
<b>Delivered</b> Jun 13, 2016 09:38			
<b>Svc Area</b> A1	<b>Transportation Charge</b>		25.38
<b>Signed by</b> R.ANTOINE	<b>Fuel Surcharge</b>		0.25
<b>FedEx Use</b> 016298419/0000211/_	<b>Total Charge</b>	<b>USD</b>	<b>\$25.63</b>

*OK*  
*MB*

Ship Date: Jun 14, 2016      Cust. Ref.: LEATHER STOCKING GAS      Ref.#2:  
Payor: Shipper      Ref.#3:

- Fuel Surcharge - FedEx has applied a fuel surcharge of 1.00% to this shipment.
- Distance Based Pricing, Zone 2

<b>Automation</b> USAB	<b>Sender</b> MATT COOK	<b>Recipient</b> CHRIS KARELUS	
<b>Tracking ID</b> 807319592898	<b>CORNING NATURAL GAS</b>	<b>DOS COMPANIES</b>	
<b>Service Type</b> FedEx Express Saver	<b>330 W WILLIAM ST</b>	<b>45 HENDRIX RD</b>	
<b>Package Type</b> FedEx Envelope	<b>CORNING NY 14830-2152 US</b>	<b>WEST HENRIETTA NY 14586 US</b>	
<b>Zone</b> 02			
<b>Packages</b> 1			
<b>Rated Weight</b> N/A			
<b>Delivered</b> Jun 17, 2016 12:17			
<b>Svc Area</b> A2	<b>Transportation Charge</b>		14.83
<b>Signed by</b> J.LARNER	<b>Fuel Surcharge</b>		0.15
<b>FedEx Use</b> 016670980/0000829/_	<b>Total Charge</b>	<b>USD</b>	<b>\$14.98</b>

*OK MK*  
*Leather Stocking Gas*  
*Montrose*

Ship Date: Jun 16, 2016      Cust. Ref.: NO REFERENCE INFORMATION      Ref.#2:  
Payor: Shipper      Ref.#3:

- Fuel Surcharge - FedEx has applied a fuel surcharge of 1.00% to this shipment.
- Distance Based Pricing, Zone 2

<b>Automation</b> USAB	<b>Sender</b> ED BUCH	<b>Recipient</b> MOLLY WRIGHT	
<b>Tracking ID</b> 807319592854	<b>CORNING NATURAL GAS</b>	<b>NYS DEPARTMENT OF PUBLIC SVC</b>	
<b>Service Type</b> FedEx Standard Overnight	<b>330 W WILLIAM ST</b>	<b>300 ERIE BLVD W</b>	
<b>Package Type</b> FedEx Envelope	<b>CORNING NY 14830-2152 US</b>	<b>SYRACUSE NY 13202 US</b>	
<b>Zone</b> 02			
<b>Packages</b> 1			
<b>Rated Weight</b> N/A			
<b>Delivered</b> Jun 17, 2016 09:01			
<b>Svc Area</b> A1	<b>Transportation Charge</b>		21.27
<b>Signed by</b> L.SINAY	<b>Fuel Surcharge</b>		0.21
<b>FedEx Use</b> 016840472/0000200/_	<b>Total Charge</b>	<b>USD</b>	<b>\$21.48</b>

*2016 Rate CSIC Support*

Ship Date: Jun 16, 2016      Cust. Ref.: NO REFERENCE INFORMATION      Ref.#2:  
Payor: Shipper      Ref.#3:

- Fuel Surcharge - FedEx has applied a fuel surcharge of 1.00% to this shipment.
- Distance Based Pricing, Zone 2

<b>Automation</b> USAB	<b>Sender</b> ED BUCK	<b>Recipient</b> ALLISON ESPOSITO	
<b>Tracking ID</b> 807319592865	<b>CORNING NATURAL GAS</b>	<b>NYS DEPT OF PUBLIC SVC</b>	
<b>Service Type</b> FedEx Standard Overnight	<b>330 W WILLIAM ST</b>	<b>3 EMPIRE STATE PLZ</b>	
<b>Package Type</b> FedEx Envelope	<b>CORNING NY 14830-2152 US</b>	<b>ALBANY NY 12223 US</b>	
<b>Zone</b> 02			
<b>Packages</b> 1			
<b>Rated Weight</b> N/A			
<b>Delivered</b> Jun 17, 2016 09:38			
<b>Svc Area</b> A1	<b>Transportation Charge</b>		21.27
<b>Signed by</b> L.SENIOR	<b>Fuel Surcharge</b>		0.21
<b>FedEx Use</b> 016840472/0000200/_	<b>Total Charge</b>	<b>USD</b>	<b>\$21.48</b>

*2016 Rate CSIC Support*

<b>Invoice Number</b> 5-453-78461	<b>Invoice Date</b> Jun 20, 2016	<b>Account Number</b> 1099-6009-8	<b>Page</b> 5 of 5
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Ship Date: Jun 16, 2016      Cust. Ref.: NO REFERENCE INFORMATION      Ref.#2:  
 Payor: Shipper      Ref.#3:

- Fuel Surcharge - FedEx has applied a fuel surcharge of 1.00% to this shipment.
- Distance Based Pricing, Zone 2

<b>Automation</b>	USAB	<b>Sender</b>	
<b>Tracking ID</b>	807319592876	<b>ED BUCH</b>	
<b>Service Type</b>	FedEx Standard Overnight	<b>CORNING NATURAL GAS</b>	
<b>Package Type</b>	FedEx Envelope	<b>330 W WILLIAM ST</b>	
<b>Zone</b>	02	<b>CORNING NY 14830-2152 US</b>	
<b>Packages</b>	1		
<b>Rated Weight</b>	N/A		
<b>Delivered</b>	Jun 17, 2016 10:13		
<b>Svc Area</b>	A2	<b>Transportation Charge</b>	21.27
<b>Signed by</b>	M.LOCKETT	<b>Fuel Surcharge</b>	0.21
<b>FedEx Use</b>	016840472/0000200/_	<b>Total Charge</b>	USD \$21.48

**Recipient**  
 STANLEY WIDGER  
 NIXON PEABODY  
 1300 CLINTON SQ  
 ROCHESTER NY 14604 US

*2016 \$912 CSR Supp*

<b>Shipper Subtotal</b>	<b>USD</b>	<b>\$105.05</b>
<b>Total FedEx Express</b>	<b>USD</b>	<b>\$105.05</b>

Advertising  
**INVOICE/STATEMENT**  
of Account

The Leader  
PO Box 1017  
Corning, NY 14830

1/1

Invoice #: 1606-02119174

Phone: 607-936-4651

Fax: 607-962-0786 bpost@the-leader.com

CORNING NATURAL GAS  
330 WEST WILLIAM STREET  
CORNING, NY 14830

Cust #: 02119172  
Acct #: 02119174  
Phone: (607)936-3755  
Date: 06/26/2016  
Due Date: 07/29/2016

Date	Trans ID #	Description	Runs	Size	Units	Total
06/25/2016	300135744	Rate Case-16-g-0369 The Leader	1	2.00 x 5.50	11.00	63.91

*OK*  
*[Signature]*  
*7/18/16*

PO	VENDOR	DUE	MONTH
AMOUNT	DESC	TAX	GL.#
63.91		10	186960

CHECKED KD AUDIT TW APPROVED ES

Previous amount owed: \$ 0.00  
New charges this period: \$ 63.91  
Payments this period: \$ 0.00  
Debit adjustments this period: \$ 0.00  
Credit adjustments this period: \$ 0.00

Remarks

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Total: 63.91

**Corning Natural Gas Corporation**  
**2016 Rate Case Costs**  
**YTD July 2016**  
**Response DPS 191 MW-1 Part 1**

<b>Account No.</b>	<b>Type of Service</b>	<b>Service</b>	<b>Date</b>	<b>----- Description -----</b>	<b>Trans Amount</b>
10 186960	Consultant	Rate Case Preparation, Data request and Testimony	4/30/2016	MOONSTONE CO MOONSTONE CONSULT	6,500.00
10 186960	Consultant	Rate Case Preparation, Data request and Testimony	5/12/2016	MOONSTONE CO MOONSTONE CONSULT	9,500.00
10 186960	Consultant	Rate Design, COS, Depreciation Study and Testimony	5/25/2016	MANAGEMENT A MANAGEMENT APPLIC	1,732.50
10 186960	Consultant	Rate Design, COS, Depreciation Study and Testimony	6/3/2016	MANAGEMENT A MANAGEMENT APPLIC	27,980.15
10 186960	Consultant	Rate Case Preparation, Data request and Testimony	6/7/2016	MOONSTONE CO MOONSTONE CONSULT	15,500.00
10 186960	Consultant	Rate Design, COS, Depreciation Study and Testimony	6/16/2016	MANAGEMENT A MANAGEMENT APPLIC	17,115.00
10 186960	Consultant	Rate Design, COS, Depreciation Study and Testimony	7/15/2016	MANAGEMENT A MANAGEMENT APPLIC	15,730.31
10 186960	Consultant	Rate Design, COS, Depreciation Study and Testimony	7/15/2016	MANAGEMENT A MANAGEMENT APPLIC	6,247.50
10 186960	Consultant	Rate Case Preparation, Data request and Testimony	7/15/2016	MOONSTONE CO MOONSTONE CONSULT	12,500.00
10 186960	Consultant	Rate of Return and Incentive Testimony	7/19/2016	CONCENTRIC ENERGY ADVISORS	24,733.00
10 186960	Legal	Rate Case Preparation, Data request and Testimony	5/23/2016	NIXON PEABOD NIXON PEABODY LLP	2,407.20
10 186960	Legal	Rate Case Preparation, Data request and Testimony	5/25/2016	NIXON PEABOD NIXON PEABODY LLP	2,969.99
10 186960	Legal	Rate Case Preparation, Data request and Testimony	6/30/2016	NIXON PEABOD Public Service Co	32,980.59
10 186960	Miscellaneous Costs	Legal Publication	6/30/2016	FEDEX Acct# 1099-6009-8	64.44
10 186960	Miscellaneous Costs	Legal Publication	6/30/2016	LEADER, THE Trans ID# 30013574	63.91
10 186960	Miscellaneous Costs	Legal Publication	7/15/2016	LEADER, THE Acct46746 / 3 Mont	50.85
10 186960	Miscellaneous Costs	Legal Publication	7/22/2016	CORTLAND STA CORTLAND STANDARD	172.88
10 186960	Def Debit-Rate Case 2016				176,248.32

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE**  
**INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation**  
**Case 16-G-0369**  
**Gas Rates**

**Request No.:** DPS-207 MW-6  
**Requested By:** Molly Wright  
**Information Requested of:** Sarhangi/DiValentino  
**Date of Request:** July 18, 2016  
**Response Due Date:** July 28, 2016  
**Subject:** Prevailing Wage

---

Refer to witnesses' direct testimony page 40, lines 11 – 15.

“The Company has determined that wages for a group of employees have been significantly below the prevailing wages for similar positions in the area. Therefore, for these positions, we have indicated a wage increase of 5 % (3% base and 2% equity adjustment.)”.

1. When did the Company determine that the wages were significantly lower?

Response:

The Company has been aware of the wage differential for a number of years. During the period of financial difficulties experienced by Corning 2005 to 2007, the Company was limited in its ability to address this wage issue. After 2007, the Company's focus was on re-establishing the Company's financial viability and making significant investment in improving its gas infrastructure. After 2007, the Company began to address this wage issue by granting higher wage increases and one-time bonuses to the employees in the affected positions.

The hiring of new employees at market rates has accentuated the compensation difference between existing employees and new hires. The Company looked at the compensation being offered primarily in the customer service department in relation to comparable positions reported in the 2015 NYSDOL Salary Survey. That comparison is the accompanying Excel file designated “Response DPS-207 MW-6 Prevailing wage”.

2. How did the Company determine that these wages were significantly lower?

Response:

Please see response to part 1.

3. How did the Company identify which positions would be given this additional wage increase?

Response:

Please see response to part 1.

4. What was the methodology used to determine that an additional 2% equity adjustment would be the appropriate percentage to use?

Response:

Based on the known differences in pay, the 2% was determined by management to be the minimum increase required to address the disparity. No formal study or analysis was required or undertaken.

5. Since the Company identified the wage disparity, has the Company taken any additional steps to address the disparity?

Response:

Please see responses to parts 1 and 4.

6. Does the prevailing wages affect any of the new employees listed on page 40 of the testimony?

Response:

No.

Name of Respondent: L. Mario DiValentino

Position of Respondent: President, Moonstone Consulting LLC

Date of Response: August 5, 2016

**Corning Natural Gas**  
**Reponse DPS-207 MW-6**  
**2015 NYSDOL Annual Wage Survey (Southern Tier)**

<b>Corning Job Titles</b>	<b>NYSDOL Comparable</b>	<b>CNG Wage 2016</b>	<b>NYSDOL Comparable</b>	
			<b>Mean Annual Wage</b>	<b>Experienced Staff Wage</b>
Junior Billing Clerk	Billing and Posting Clerk	27,040.00	37,660.00	46,170.00
Customer Service Representative	Customer Service Rep	27,040.00	39,090.00	46,670.00
Customer Service Representative	Customer Service Rep	27,000.00	39,090.00	46,670.00
Customer Service Representative	Customer Service Rep	27,040.00	39,090.00	46,670.00
Customer Service Representative	Customer Service Rep	28,808.00	39,090.00	46,670.00
Customer Service Representative	Customer Service Rep	28,932.00	39,090.00	46,670.00
Customer Service Representative	Customer Service Rep	33,800.00	39,090.00	46,670.00
Gas Supply Specialist	Wholesale Retail Buyer	34,159.00	47,130.00	61,240.00
Senior Billing Clerk	Billing and account Clerk	36,171.00	37,660.00	45,170.00
	Total Wages	\$ 269,990.00		
	Total Hours	18,720		
	Average Hourly Rate	\$ 14.42		

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE**  
**INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation**  
**Case 16-G-0369**  
**Gas Rates**

**Request No.:** DPS-255  
**Requested By:** Molly Wright  
**Information Requested of:** Sarhangi/DiValentino  
**Date of Request:** August 8, 2016  
**Response Due Date:** August 18, 2016  
**Subject:** Regulatory Costs

---

1. Refer to the response to IR DPS-191 Q3; for “Amortize Rate Case 2008 & Deferred,” does the Company agree that the rate case expense in the 08-G-1137 rate case was \$650,000 amortized over a 5 year period ending on 6/30/2014? If no, explain why you do not agree and provide supporting documentation. If yes, provide a detailed explanation of why the Company is including this cost in the twelve month periods ending May 31st 2018 and 2019.

Response:

The amortization amount for rate case costs was determined in previous Corning rate cases (Cases 08-G-1137 and 11-G-0280). However, the rate case costs were not updated to reflect actual costs at the time the amortization rate was developed. In other words, the estimate for rate case costs was used to develop the amortization rate; the updated actual cost, at the time the amortization rate was developed, was not used for that purpose. (If actual costs had been used, the amortization rate would have been higher.) In the aforementioned cases, the Company has been permitted to use the amortization rate until the actual costs have been fully recovered. In each case, Staff reviewed, and the Commission approved, the amortizations that were based on this approach.

2. Refer to the response to IR DPS-191 Q4; For “Amortize Rate Case 2011 & Deferred,” does the Company agree that the rate case expense in the 11-G-0280 rate case was \$800,000 amortized over a 5 year period ending on 4/30/2017? If no, explain why you do not agree and provide supporting documentation. If yes, provide a detailed explanation of why the Company is including this cost in the twelve month periods ending May 31st 2018 and 2019.

Response:

Please see the response to part 1 above.

Name of Respondent: L. Mario DiValentino  
Position of Respondent: President, Moonstone Consulting LLC  
Date of Response: August 22, 2016

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE**  
**INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation**  
**Case 16-G-0369**  
**Gas Rates**

**Request No.:** DPS-276  
**Requested By:** Molly Wright  
**Information Requested of:** Sarhangi/DiValentino  
**Date of Request:** August 17, 2016  
**Response Due Date:** August 29, 2016  
**Subject:** Overtime

---

1. Provide a copy of Corning's overtime policies and procedures. If no formal policy exist provide a detailed explanation of the overtime policy including who is eligible to work overtime and any limitations on overtime.

Response:

The overtime policies are contained in Attachment DPS-276(1). Overtime must be approved by the employee's immediate supervisor before it is worked.

2. Has the Company taken any actions to reduce overtime hours? If so, fully explain.

Response:

As noted in the response to part 1 above, all overtime must be pre-approved by the employee's immediate supervisor. The Company has instituted a monthly monitoring system for overtime overseen by the Vice President of Operations.

3. The overtime hours increased 70% from 5,644 hours in 2014 to 9,580 hours in 2015. Explain the significant increase in overtime hours.

Response:

The increase was driven by the Company's efforts to repair leaks in 2015. The winter season of 2015 was extremely cold and harsh. The deep frost experienced throughout the Company's service area resulted in increased leak calls and leak identification by the Company. By rule, the Company was obligated to perform a leak survey of one-third of its bare steel system annually. Because of the extremely harsh weather and its potential impact on system integrity and customer safety, the Company concluded that it was prudent and necessary to conduct a complete system-wide leak survey (i.e., 100%) on all steel mains and services. The Company believed this approach was consistent with the Commission's focus on reducing gas leaks on New York State utility systems. This expanded leak survey, coupled with the increased effort to repair the leaks identified, impacted the Company's overtime expenditures.

4. The Company is requesting 10 new full-time positions. These positions will alleviate the workload by various employees. Did the Company make any adjustment to overtime dollars to reflect the relief on its workforce when these positions are hired? If yes, specifically show where in the filing this adjustment is made. If no, why didn't the Company make any type of adjustment?

Response:

No. With the exception of one employee (Line Maintenance), all the positions are exempt employees or have historically little or no overtime associated with the positions.

Name of Respondent: L. Mario DiValentino

Position of Respondent: President, Moonstone Consulting LLC

Date of Response: September 2, 2016

**Attachment DPS-276(1)**

covering the amount earned during the previous payroll period, less deductions required by law and such deductions as are voluntarily authorized by each individual employee and agreed to by the Company. The Company may elect to change the distribution of employee paychecks (e.g. weekly to bi-weekly), however will provide 6 months prior notice to employees.

ARTICLE V  
Provisions Relating Thereto

- 5.1 The basic work day shall consist of eight (8) hours and the basic work week shall consist of five (5) consecutive days except as may be mutually agreed upon by the Union and the Company.
- 5.2 All work performed in excess of an employee's regular eight (8) hours on a scheduled work day or on a work day deemed or considered to be the employee's "Saturday", or sixth work day, shall be paid at one and one-half (1-1/2) times the regular rate of pay and on a work day deemed or considered to be the employee's "Sunday", or seventh work day, shall be paid at two (2) times the regular rate of pay.
- 5.3 Employees who are scheduled in advance to work on the night shift shall be paid a shift premium of forty (40) cents per hour above the base rates for all hours worked from the beginning of the second shift, normally 4:00 P.M. to the end of the third shift, normally 8:00 A.M. In the event a majority of a schedule worker's hours fall between 4:00 P.M. to 8:00 A.M., he shall be paid shift premium for all hours worked. A shift with less than a majority of hours falling between 4:00 P.M. and 8:00 A.M. shall be paid shift premium only for the hours actually falling within the 4:00 P.M. to 8:00 A.M. period. The premium for night work is paid only for hours actually worked and

is not paid for vacation pay, sick pay, holiday pay or any payment made for other than hours actually worked at night.

- 5.4 When clocks are advanced one hour at the beginning of daylight savings time, schedule workers on the midnight to 8:00 A.M. shift will be paid for eight (8) hours at straight time. When clocks are set back one hour at the end of daylight savings time, schedule workers on the midnight to 8:00 A.M. shift will receive nine (9) hours pay, eight (8) at straight time and one (1) at time and one-half.

## ARTICLE V

### Provisions Relating Thereto

- 5.5 Work Headquarters: The work day for employees shall commence and terminate at the assigned Company operating location or office.
- 5.6 Regular and probationary employees will not be required to work outdoors in inclement weather except in the case of emergencies or in the performance of essential duties which include work:
- (a) to prevent interruption of gas service
  - (b) where public safety is involved
  - (c) where prevention of damage to property is involved
  - (d) where prearranged jobs that cannot be postponed, involving service to large commercial or industrial customers are involved

It will be the decision of the Company as to when a particular job of work is an emergency or is essential as described above. The Supervisor in charge of a crew shall be the judge as to what constitutes inclement weather.

- 5.7 The Company has a right to hire into the General Laborer job up to four (4) persons who will perform the duties, if properly trained and qualified, specified in the job description in any of the divisions of the Company with the understanding that the job experience gained in the General Laborer classification will not supersede the seniority of any other employee for posted bid purposes. There will be an automatic job progression from General Laborer – Class B to General Laborer – Class A after the

employee has eighteen (18) months of seniority with the Company; however, there will be no automatic upgrade from the job of General Laborer into any other job or position except only that, for an employee in the position of General Laborer Class "A", if the employee performs work in any job classification for ten (10) consecutive work days, the employee will receive, for the hours worked while continuously assigned to such job classification, after such ten (10) day period, the rate of pay applicable to that job classification for so long as he continues to perform such work.

## ARTICLE VI

### Overtime Compensation

- 6.1 **Overtime Rate:** The overtime rate shall be one and one-half (1 ½) times the employee's regular hourly rate, except Sunday, work performed on Sunday shall be at two (2) times the employee's regular hourly rate.
- 6.2 **Prearranged Overtime:** When an employee is required to report for prearranged overtime work and the duration of such work is less than three (3) hours, he shall be paid a minimum of three (3) hours at the applicable rate. The minimum allowance for time worked shall not apply to a period of prearranged overtime work immediately preceding or following his scheduled work day.
- 6.3 **Call-Out:** When an employee responds to a call-out, he shall be paid in accordance with the most applicable of the following methods:
- (a) Should the call-out hours run prior to and be continuous with the employee's regularly scheduled work day, he shall receive compensation for the actual number of hours worked.
  - (b) Should the employee be released from work under a call-out in three (3) hours or less, he shall receive compensation as though he had actually worked three

## Overtime Pay

Corning Natural Gas shall compensate all hourly, non-exempt employees time and one-half for all hours **worked** in excess of 40 hours each week. The workweek begins on Monday morning (12:01 a.m.) and ends on Sunday at midnight (12:00 a.m.). Employees may not use sick, vacation, personal or other compensatory time to calculate the work week to be considered for overtime pay.

At times, employees will be asked to work overtime to complete necessary work tasks. The employee's supervisor will notify the employee as early as possible regarding his/her scheduling needs.

If an employee would like to work overtime hours, he/she must receive prior authorization from his/her supervisor in writing before working the overtime hours.

## After Hours Pay for Supervisors

Supervisors shall be compensated for hours worked in excess of forty (40) hours and outside regular business hours (8:00am to 5:00pm, Monday through Friday) under the conditions outlined below.

### General Conditions:

- (1.) Supervisor's time must be approved by the Vice President of Operations or officer of the corporation prior to the work being performed and submitted on his/her timesheet.
- (2.) Any time in excess of 40 hours of work per week (vacation, sick or personal time excluded) is considered subject to the "after hours" pay conditions. It shall include:
  - (a.) Emergency gas repair work
  - (b.) Line work that continues after normal work hours.
  - (c.) Special projects that require work hours outside the normal workweek.

### Conditions that do not warrant payment:

- (a.) Scheduled work arranged in advance for the convenience of Company personnel in order to accommodate employee and/or supervisor time-off.
- (3.) An exception to this policy would occur where the Company, at its discretion, can require certain Supervisors be exempt from overtime pay (All compensation negotiated in base pay).

### Payment Procedure:

Hours of work in excess of the normal forty (40) hours worked will be totaled on the timesheet and paid at the normal hourly rate. The hourly rate shall be determined by dividing the supervisor's annual salary by 2080 hours per year. The resulting hourly rate is multiplied by the hours in excess of forty (40) for that pay period and the amount included in regular wages reported on the W-2 at year-end.

## Employee Classification

Employees are classified as either exempt or non-exempt for pay administration purposes, as determined by the federal Fair Labor Standards Act (FLSA).

*The definitions of the worker classification categories can be summarized as follows:*

**Exempt:** Management, supervisory, professional, sales or administrative employees, whose positions meet FLSA standards, are exempt from overtime pay requirements.

**Non-exempt:** Employees whose positions do not meet the FLSA exemption standards are paid overtime. Employees classified as non-exempt generally work in non-supervisory, non-professional or non-administrative capacities. Overtime work, however, is prohibited without specific supervisor authorization.

*In addition, each employee's status is defined as one of the following:*

**Full-time:** Employees who work a minimum of 32 hours per week are considered to be full-time. Such full-time employees are eligible for benefits after applicable requirements for length of service have been met.

Corning Natural Gas supplements its regular work force with temporary or part-time employees to help compensate for workload, employee absences, or other temporary workload demands. Management will determine which positions are part-time and which are considered temporary or seasonal.

**Part-time:** Employees who work less than 32 hours per week are considered to be part-time. Employees who work 32 hours or less per week, or who work on a temporary project basis, will receive all legally mandated benefits (such as workers compensation and Social Security benefits), but are ineligible for other benefit programs.

**Temporary:** Temporary employees are those engaged to work either part-time or full-time on Corning Natural Gas' payroll, but have been hired with the understanding that their employment will be terminated no later than upon their completion of a specific assignment. This category includes interns and co-op students. Such employees may be either "exempt" or "non-exempt" but are not eligible for Corning Natural Gas benefits except as mandated by law.

**Independent Contractors:** Consultants, freelancers or independent contractors are not employees of Corning Natural Gas. The distinction between employees and independent contractors is important because employees may be entitled to participate in the Company's benefits programs, while independent contractors are not. In addition, Corning Natural Gas is not required to withhold income taxes, withhold and pay Social Security and Medicare taxes, or pay unemployment tax on payments made to an independent contractor.

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE  
INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation  
Case 16-G-0369  
Gas Rates**

**Request No.:** DPS-312  
**Requested By:** Molly Wright  
**Information Requested of:** Sarhangi/DiValentino  
**Date of Request:** September 8, 2016  
**Response Due Date:** September 19, 2016  
**Subject:** Rate Case Expense

1. Similar to what was provided in CNG 13-175 provide breakdown of actual rate case expense for the 11-G-0280 rate case.

Response:

The actual costs for Case 11-G-0280, by category and vendor, are detailed below:

<u>Preparation and Filing</u>	<u>Total</u>	<u>MAP</u>	<u>Moonstone</u>	<u>Nixon &amp; Other Legal</u>	<u>Publication</u>
Cost Allocation Rate Design (including testimony)	\$147,536	147,536			
Depreciation Study (including testimony)	-	-			
Cost Money (including testimony)	-		-		
Rate Base, Cost of Service and Revenue Requirement (including testimony)	190,767		83,000	107,767	
Discovery	216,463		90,000	126,463	
2 year Extension	168,535		29,500	139,035	
Litigation/Settlement/Briefs/Statement Support	460,571	-	113,000	340,580	6,991
<b>Actual Costs Case 11-G-0280</b>	<b>\$ 1,183,871</b>	<b>\$ 147,536</b>	<b>\$ 315,500</b>	<b>\$ 713,844</b>	<b>\$ 6,991</b>

2. Refer to CNG 13-175, for each category listed provided vendor and forecasted cost of each vendor.

Response:

Based on Staff's verbal clarification of this information request, the breakdown for the Case 16-G-0369 estimate of rate case costs by category and vendor is detailed below:

<u>Preparation and Filing</u>	<u>Total</u>	<u>MAP</u>	<u>Concentric</u>	<u>Moonstone</u>	<u>Nixon</u>
Cost Allocation Rate Design (including testimony)	\$50,000	\$50,000			
Depreciation Study (including testimony)	30,000	30,000			
Cost Money (including testimony)	50,000		50,000		
Rate Base, Cost of Service and Revenue Requirement (including testimony)	200,000			91,000	109,000
Discovery	215,000			90,950	124,050
Litigation/Settlement/Briefs/Statement Support	455,000	-	-	115,150	339,850
<b>Estimate Case 16-G-0369</b>	<b>\$ 1,000,000</b>	<b>\$ 80,000</b>	<b>\$ 50,000</b>	<b>\$ 297,100</b>	<b>\$ 572,900</b>

Name of Respondent: L. Mario DiValentino  
Position of Respondent: President, Moonstone Consulting LLC  
Date of Response: September 13, 2016

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE**  
**INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation**  
**Case 16-G-0369**  
**Gas Rates**

**Request No.:** DPS-320  
**Requested By:** Molly Wright  
**Information Requested of:** Sarhangi/DiValentino  
**Date of Request:** September 12, 2016  
**Response Due Date:** September 22, 2016  
**Subject:** Rate Case Amortizations

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1. Provide specific citations from either a joint proposal or commission orders where the Company was allowed a true-up on rate case expense when it exceeded rate case projections from the 08-G-1137 rate case.

Response:

Please refer to the response to DPS-191, Part 3, for the specific citations for the cost continuation included in the determination of base rates. The Commission approved the cost continuation through its approval of the Joint Proposal supported by the Company, Staff and Intervenors.

2. Provide specific citations from either a joint proposal or commission orders where the Company was allowed a true-up on rate case expense when it exceeded rate case projections from the 11-G-0280 rate case.

Response:

Please refer to the response to DPS-191, Part 4, for the specific citations for the cost continuation included in the determination of base rates. The Commission approved the cost continuation through its approval of the Joint Proposal supported by the Company, Staff and Intervenors.

Name of Respondent: L. Mario DiValentino  
Position of Respondent: President, Moonstone Consulting LLC  
Date of Response: September 15, 2016

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE  
INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation  
Case 16-G-0369  
Gas Rates**

**Request No.:** DPS-330  
**Requested By:** Molly Wright  
**Information Requested of:** DiValentino/Sarhangi  
**Date of Request:** September 22, 2016  
**Response Due Date:** October 3, 2016  
**Subject:** Outside Services

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1. Explain why there is a difference between what is included in the Moonstone Consulting contract and the amount being charged in the historic test year. (25,000 monthly vs. 16,500 monthly)

Response:

The reduction in fees represents the hiring by Corning Natural Gas of an employee trained by Moonstone. The reduction relates to the additional regulatory work that would be done in house.

2. According to the contract, Moonstone Consulting gets a flat rate inclusive fee per month. For the historic test year breakdown the \$198,000 by amount and cost element.

Response:

Description	Amount
Holding Company	1,500.00
Leatherstocking	23,000.00
Rate Case 2011	11,000.00
Admin & Gen Exp-Outside Svc	<u>162,500.00</u>
	198,000.00

Name of Respondent: L. Mario DiValentino

Position of Respondent: President, Moonstone Consulting LLC

Date of Response: October 3, 2016

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE  
INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation  
Case 16-G-0369  
Gas Rates**

**Request No.:** DPS-336  
**Requested By:** Molly Wright  
**Information Requested of:** DiValentino/Sarhangi  
**Date of Request:** September 26, 2016  
**Response Due Date:** October 6, 2016  
**Subject:** Prevailing Wages

1. Referring to your response to IR DPS-207 MW-6, provide source where you obtained the Mean Annual Wage and Experienced Staff Wage.

Response:

The source and updated information are detailed below:

		NYSDOL Comparable			
Southern Tier				Mean	Experienced
		CNG Wage	SOC	Annual	Staff
Corning Job Titles	NYSDOL Comparable	2016	Code	Wage	Wage
Junior Billing Clerk	Billing and Posting Clerk	27,040.00	43-3021	34,850.00	38,760.00
Cashier	Billing and Posting Clerk	26,092.00	43-3021	34,850.00	38,760.00
Cashier	Billing and Posting Clerk	26,092.00	43-3021	34,850.00	38,760.00
Customer Service Representative	Customer Service Rep	27,040.00	43-4051	31,240.00	36,430.00
Customer Service Representative	Customer Service Rep	27,000.00	43-4051	31,240.00	36,430.00
Customer Service Representative	Customer Service Rep	27,040.00	43-4051	31,240.00	36,430.00
Customer Service Representative	Customer Service Rep	28,808.00	43-4051	31,240.00	36,430.00
Customer Service Representative	Customer Service Rep	28,932.00	43-4051	31,240.00	36,430.00
Customer Service Representative	Customer Service Rep	33,800.00	43-4051	31,240.00	36,430.00
Gas Supply Specialist	Wholesale Retail Buyer	34,159.00	13-1022	51,310.00	60,990.00
Gas Analyst	Wholesale Retail Buyer	39,553.00	13-1022	51,310.00	60,990.00
Senior Billing Clerk*	Bookkeeping Accounting and Auditing Clerk	36,171.00	43-3031	38,020.00	43,480.00
*Used higher Job classification to reflect greater job responsibility					
<b>Source</b>	<a href="https://labor.ny.gov/stats/lswage2.asp">https://labor.ny.gov/stats/lswage2.asp</a>				

2. According to the Rate Case 2016 Model supplied with the Company's updates and corrections, there are 12 positions you have identified as needing an equity adjustment. Explain why, in the response to IR DPS-207 MW-6 you are only doing a wage comparison for 9 positions.

Response:

All twelve wage comparisons are detailed in the response to part 1, above.

Name of Respondent: L. Mario DiValentino

Position of Respondent: President, Moonstone Consulting LLC

Date of Response: October 5, 2016

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE**  
**INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation**  
**Case 16-G-0369**  
**Gas Rates**

**Request No.:** DPS-338  
**Requested By:** Molly Wright  
**Information Requested of:** DiValentino/Sarhangi  
**Date of Request:** September 27, 2016  
**Response Due Date:** October 7, 2016  
**Subject:** Outside Services

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Provide a redacted copy of the Moonstone Consulting, LLC. contract with Corning Natural Gas. The contract should be redacted only to the extent necessary to avoid divulging information which Corning would legitimately assert requires protection from disclosure.

Response:

Please see Attachment DPS-338, which is a copy of the referenced agreement that has been redacted to prevent disclosure of confidential commercial information.

Name of Respondent: L. Mario DiValentino  
Position of Respondent: President, Moonstone Consulting LLC  
Date of Response: October 5, 2016

July 1, 2010

Mr. L. Mario DiValentino  
President  
Moonstone Consulting, LLC  
4547 Lake in the Woods Drive  
Spring Hill, FL 34607

Dear Mario:

Corning Natural Gas Corporation ("Corning") would like to avail itself of Moonstone Consulting LLC ("Moonstone") experience and expertise. Corning proposes to engage Moonstone to render consulting services on the terms and conditions set forth below. Moonstone shall perform technical and management consulting services in accordance with the highest professional standards. Such services shall include, but not necessarily be limited to:

**Regulatory Services**

1. Reviewing, analyzing, preparing and making recommendations regarding the management and preparation of rate case data for Corning. This shall include preparation of testimony, responding to data request, analysis of historical costs and preparation of litigation strategy.
2. Act on the company's behalf to maintain and strengthen regulatory relations to ensure a good working environment with the NYPSC and its Staff.
3. Develop procedures for the implementation of NYPSC approved rate agreements and other Commission orders as requested by the Company.
4. Prepare first drafts of regulatory accounting petition(s) and tariff filing(s) before the NYPSC as part of the Company's program to minimize outside legal costs.
5. Prepare analysis that may be required to support various Commission filings e.g. financing petition, deferred accounting etc.
6. Provide cost benefit analysis to support Company specific projects as necessary
7. Development and maintain computer models for rate case presentation and analysis.
8. Develop data base to capture historical information for rate case proceedings on a monthly basis in order to streamline rate case preparation.

9. Catalogue and cross reference data request responses from prior rate cases in order to streamline rate case process

**Accounting and Administrative Services**

10. Development and maintenance of computer models for multi year forecasting of Income Statement, Balance Sheet, Construction Budget and Cash Flow and supporting details.
11. Assist in the preparation of analysis required by financial institutions in support of the Company's borrowing activities.
12. Provide support and review of monthly accounting transactions for GAC reconciliation, Income Tax Calculation, Pension and OPEB reconciliation and any other transactions that might be offered for your review.
13. Assist in the evaluation of software and other capital purchases or projects.
14. Provide assistance and recommendations for improvement of internal flow of data between customer and accounting systems to streamline and minimize data manipulation between department.
15. Prepare and conduct a training program for new regulatory hires.

As full compensation for performance of all services to be rendered by you hereunder, Corning will pay Moonstone Consulting, I.L.C fixed monthly fee [REDACTED] of \$ [REDACTED].

16. The term of this agreement shall begin on July 1, 2010 and will continue month to month provided that this agreement may be terminated [REDACTED]. In the event of termination, you shall be paid for services performed prior to the effective date of termination for which payment has not been made. During the term of this agreement, you shall make yourself available to Corning and [REDACTED].
17. You shall perform the services hereunder as an independent contractor. This agreement shall not make you nor anyone you employ to assist you an

employee of Corning or its affiliates nor entitle you to the benefits incident thereto, such as, but not limited to, any insurance, medical, disability, pension or profit sharing benefits. Neither income nor social security taxes will be withheld from amounts paid to you.

18. This agreement shall not constitute you the agent or legal representative of Corning for any purpose whatsoever. You are not granted any right or authority to assume any responsibility or create any obligation, expressed or implied, on behalf of Corning.

19. [REDACTED]

20. [REDACTED]

21. [REDACTED]

22. [REDACTED]

23. [REDACTED]

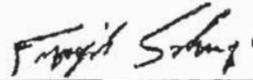
24. This agreement shall be interpreted in accordance with, and shall be governed by, the laws of the State of New York.

25. This agreement constitutes the only and entire agreement of the parties with respect to the consulting services described herein. Any prior agreement or understanding, oral or written, between you and Corning concerning the consulting services shall be deemed merged into this letter. The contents of this letter agreement shall be subject to change only upon the written agreement of the parties.

If you find the contents of this letter acceptable as the basis for performing services as a consultant for Corning, please signify your agreement by signing and returning the duplicate copy of this letter.

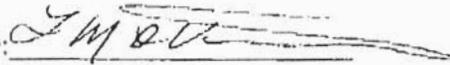
Very truly yours,

Corning Natural Gas Corporation, Inc



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Firouzeh Sarhangi  
Chief Financial Officer and Treasurer  
Corning Natural Gas Corporation, Inc

AGREED:   
L. Mario DiValentino  
President  
Moonstone Consulting, LLC

**STAFF OF THE DEPARTMENT OF PUBLIC SERVICE**  
**INTERROGATORY/DOCUMENT REQUEST**

**Corning Natural Gas Corporation**  
**Case 16-G-0369**  
**Gas Rates**

**Request No.:** DPS-339  
**Requested By:** Molly Wright  
**Information Requested of:** DiValentino/Sarhangi  
**Date of Request:** September 27, 2016  
**Response Due Date:** October 7, 2016  
**Subject:** Deferrals

---

Referring to your response to IR DPS-181 Updated, provide the Gas Supply Specialist's annual salary for rate years ending April 2016 and April 2017.

Response:

The annual salary is \$33,718.84 for the twelve months ended April 2016 and the estimated salary (5 mos. Actual + 7 mos. Estimate) is \$34,750.27 for the twelve months ended April 2017.

Name of Respondent: L. Mario DiValentino  
Position of Respondent: President, Moonstone Consulting LLC  
Date of Response: October 3, 2016

**Corning Natural Gas**  
**Direct Labor**  
**For The Rate Year Ending May 31, 2018**

		Company's Filing Ending 1/31/2018	Staff RY Forecast Ending 1/31/2018	Staff Adjustment	
Bi-Weekly		2,591,828	2,591,828	-	
Part Time		46,863	46,863	-	
Union		1,633,914	1,633,914	-	
Prevailing Wages		7,629	-	(7,629)	
Overtime		268,201	201,191	(67,010)	
Incentive Pay		68,355	-	(68,355)	
<b>Total Labor (Expense and Capital)</b>		<b>4,616,790</b>	<b>4,473,796</b>	<b>(142,994)</b>	
Direct Labor- Expense Portion	64%	2,959,854	2,868,180	<b>(91,674)</b>	
Direct Labor- Capitalized Portion	12.77%	589,632	571,370	(18,262)	
<b>Allocations</b>					
Indirect Clearing (Supervisory & Indirect labor)	5.33%	246,174	238,549	(7,625)	
Building Service	0.27%	12,688	12,295	(393)	
Inventory	1.27%	58,735	56,916	(1,819)	
Transportation	1.94%	89,464	86,693	(2,771)	
Clearing Operatons (Supervisory & Indirect labor)	6.46%	298,354	289,113	(9,241)	
<b>Subsidiary Rec. and Contract Reimbursement *Below the line</b>	3.42%	157,719	152,834	(4,885)	
Accrued Vacation Pay	4.04%	186,419	180,645	(5,774)	
Miscellaneous Payroll Adjustments	0.00%	-	-	-	
Year End Accrual	0.00%	-	-	-	
		4,599,038	4,456,594	(142,443)	
<b>Expense</b>					
Indirect Clearing (Supervisory & Indirect labor)	70.00%	172,322	166,984	<b>(5,337)</b>	
Building Service	72.00%	9,135	8,852	<b>(283)</b>	
Inventory	18.00%	10,572	10,245	<b>(327)</b>	(11,806)
Transportation	69.00%	61,730	59,818	<b>(1,912)</b>	
Clearing Operatons (Supervisory & Indirect labor)	70.00%	208,848	202,379	<b>(6,469)</b>	
Accrued Vacation Pay	76.00%	141,678	137,290	<b>(4,388)</b>	
Miscellaneous Payroll Adjustments	0.00%	-	-	-	
Year End Accrual	0.00%	-	-	-	(110,390)
	0.00%	-	-	-	(18,716)
<b>Capital</b>					
Indirect Clearing (Supervisory & Indirect labor)	30.00%	73,852	71,565	(2,287)	
Building Service	28.00%	3,553	3,443	(110)	
Inventory	82.00%	48,163	46,671	(1,492)	
Transportation	31.00%	27,734	26,875	(859)	
Clearing Operatons (Supervisory & Indirect labor)	30.00%	89,506	86,734	(2,772)	
Accrued Vacation Pay	24.00%	44,740	43,355	(1,386)	
Miscellaneous Payroll Adjustments	0.00%	-	-	-	
Year End Accrual	0.00%	-	-	-	

**Corning Natural Gas**  
**Direct Labor**  
**For The Rate Year Ending May 31, 2018**

		Company's Filing Ending 1/31/2018	Staff RY Forecast Ending 1/31/2018	Staff Adjustment	
Bi-Weekly		2,591,828	2,591,828	-	
Part Time		46,863	46,863	-	
Union		1,633,914	1,633,914	-	
Prevailing Wages		7,629	-	(7,629)	
Overtime		268,201	268,201	-	
Incentive Pay		68,355	68,355	-	
<b>Total Labor (Expense and Capital)</b>		<b>4,616,790</b>	<b>4,609,161</b>	<b>(7,629)</b>	
Direct Labor- Expense Portion	64%	2,959,854	2,954,963	<b>(4,891.00)</b>	
Direct Labor- Capitalized Portion	12.77%	589,632	588,658	(974)	
<b>Allocations</b>					
Indirect Clearing (Supervisory & Indirect labor)	5.33%	246,174	245,767	(407)	
Building Service	0.27%	12,688	12,667	(21)	
Inventory	1.27%	58,735	58,638	(97)	
Transportation	1.94%	89,464	89,316	(148)	
Clearing Operatons (Supervisory & Indirect labor)	6.46%	298,354	297,861	(493)	
<b>Subsidiary Rec. and Contract Reimbursement *Below the line</b>	3.42%	157,719	157,458	(261)	
Accrued Vacation Pay	4.04%	186,419	186,110	(308)	
Miscellaneous Payroll Adjustments	0.00%	-	-		
Year End Accrual	0.00%	-	-		
		4,599,038	4,591,439	(7,600)	
<b>Expense</b>					
Indirect Clearing (Supervisory & Indirect labor)	70.00%	172,322	172,037	<b>(285)</b>	
Building Service	72.00%	9,135	9,120	<b>(15)</b>	
Inventory	18.00%	10,572	10,555	<b>(17)</b>	(630)
Transportation	69.00%	61,730	61,628	<b>(102)</b>	
Clearing Operatons (Supervisory & Indirect labor)	70.00%	208,848	208,503	<b>(345)</b>	
Accrued Vacation Pay	76.00%	141,678	141,444	<b>(234)</b>	
Miscellaneous Payroll Adjustments	0.00%	-	-	-	
Year End Accrual	0.00%	-	-	-	(5,890)
	0.00%	-	-	-	(999)
<b>Capital</b>					
Indirect Clearing (Supervisory & Indirect labor)	30.00%	73,852	73,730	(122)	
Building Service	28.00%	3,553	3,547	(6)	
Inventory	82.00%	48,163	48,083	(80)	
Transportation	31.00%	27,734	27,688	(46)	
Clearing Operatons (Supervisory & Indirect labor)	30.00%	89,506	89,358	(148)	
Accrued Vacation Pay	24.00%	44,740	44,667	(74)	
Miscellaneous Payroll Adjustments	0.00%	-	-	-	
Year End Accrual	0.00%	-	-	-	

**Corning Natural Gas**  
**Direct Labor**  
**For The Rate Year Ending May 31, 2018**

	Company's Filing Ending 1/31/2018	Staff RY Forecast Ending 1/31/2018	Staff Adjustment	
Bi-Weekly	2,591,828	2,591,828	-	
Part Time	46,863	46,863	-	
Union	1,633,914	1,633,914	-	
Prevailing Wages	7,629	7,629	-	
Overtime	268,201	201,191	(67,010)	
Incentive Pay	68,355	68,355	-	
<b>Total Labor (Expense and Capital)</b>	<b>4,616,790</b>	<b>4,549,780</b>	<b>(67,010)</b>	
Direct Labor- Expense Portion	64%	2,959,854	2,916,893	<b>(42,960.54)</b>
Direct Labor- Capitalized Portion	12.77%	589,632	581,074	(8,558)
<b>Allocations</b>				
Indirect Clearing (Supervisory & Indirect labor)	5.33%	246,174	242,601	(3,573)
Building Service	0.27%	12,688	12,504	(184)
Inventory	1.27%	58,735	57,882	(853)
Transportation	1.94%	89,464	88,166	(1,299)
Clearing Operatons (Supervisory & Indirect labor)	6.46%	298,354	294,024	(4,330)
<b>Subsidiary Rec. and Contract Reimbursement *Below the line</b>	3.42%	157,719	155,430	(2,289)
Accrued Vacation Pay	4.04%	186,419	183,713	(2,706)
Miscellaneous Payroll Adjustments	0.00%	-	-	
Year End Accrual	0.00%	-	-	
		4,599,038	4,532,286	(66,752)
<b>Expense</b>				
Indirect Clearing (Supervisory & Indirect labor)	70.00%	172,322	169,820	<b>(2,501)</b>
Building Service	72.00%	9,135	9,003	<b>(133)</b>
Inventory	18.00%	10,572	10,419	<b>(153)</b>
Transportation	69.00%	61,730	60,834	<b>(896)</b>
Clearing Operatons (Supervisory & Indirect labor)	70.00%	208,848	205,817	<b>(3,031)</b>
Accrued Vacation Pay	76.00%	141,678	139,622	<b>(2,056)</b>
Miscellaneous Payroll Adjustments	0.00%	-	-	-
Year End Accrual	0.00%	-	-	(51,731)
	0.00%	-	-	(8,771)
<b>Capital</b>				
Indirect Clearing (Supervisory & Indirect labor)	30.00%	73,852	72,780	(1,072)
Building Service	28.00%	3,553	3,501	(52)
Inventory	82.00%	48,163	47,464	(699)
Transportation	31.00%	27,734	27,331	(403)
Clearing Operatons (Supervisory & Indirect labor)	30.00%	89,506	88,207	(1,299)
Accrued Vacation Pay	24.00%	44,740	44,091	(649)
Miscellaneous Payroll Adjustments	0.00%	-	-	-
Year End Accrual	0.00%	-	-	-

**Corning Natural Gas**  
**Direct Labor**  
**For The Rate Year Ending May 31, 2018**

	Company's Filing Ending 1/31/2018	Staff RY Forecast Ending 1/31/2018	Staff Adjustment	
Bi-Weekly	2,591,828	2,591,828	-	
Part Time	46,863	46,863	-	
Union	1,633,914	1,633,914	-	
Prevailing Wages	7,629	7,629	-	
Overtime	268,201	268,201	-	
Incentive Pay	68,355	-	(68,355)	
<b>Total Labor (Expense and Capital)</b>	<b>4,616,790</b>	<b>4,548,435</b>	<b>(68,355)</b>	
Direct Labor- Expense Portion	64%	2,959,854	2,916,031	<b>(43,822.00)</b>
Direct Labor- Capitalized Portion	12.77%	589,632	580,902	(8,730)
<b>Allocations</b>				
Indirect Clearing (Supervisory & Indirect labor)	5.33%	246,174	242,529	(3,645)
Building Service	0.27%	12,688	12,500	(188)
Inventory	1.27%	58,735	57,865	(870)
Transportation	1.94%	89,464	88,140	(1,325)
Clearing Operatons (Supervisory & Indirect labor)	6.46%	298,354	293,937	(4,417)
<b>Subsidiary Rec. and Contract Reimbursement *Below the line</b>	3.42%	157,719	155,384	(2,335)
Accrued Vacation Pay	4.04%	186,419	183,658	(2,760)
Miscellaneous Payroll Adjustments	0.00%	-	-	
Year End Accrual	0.00%	-	-	
		4,599,038	4,530,946	(68,091)
<b>Expense</b>				
Indirect Clearing (Supervisory & Indirect labor)	70.00%	172,322	169,770	<b>(2,551)</b>
Building Service	72.00%	9,135	9,000	<b>(135)</b>
Inventory	18.00%	10,572	10,416	<b>(157)</b>
Transportation	69.00%	61,730	60,816	<b>(914)</b>
Clearing Operatons (Supervisory & Indirect labor)	70.00%	208,848	205,756	<b>(3,092)</b>
Accrued Vacation Pay	76.00%	141,678	139,580	<b>(2,098)</b>
Miscellaneous Payroll Adjustments	0.00%	-	-	-
Year End Accrual	0.00%	-	-	(52,769)
	0.00%	-	-	(8,947)
<b>Capital</b>				
Indirect Clearing (Supervisory & Indirect labor)	30.00%	73,852	72,759	(1,093)
Building Service	28.00%	3,553	3,500	(53)
Inventory	82.00%	48,163	47,450	(713)
Transportation	31.00%	27,734	27,323	(411)
Clearing Operatons (Supervisory & Indirect labor)	30.00%	89,506	88,181	(1,325)
Accrued Vacation Pay	24.00%	44,740	44,078	(662)
Miscellaneous Payroll Adjustments	0.00%	-	-	-
Year End Accrual	0.00%	-	-	-

**Corning Natural Gas**  
**Summary**  
**For The Rate Year Ending May 31, 2018**

	Company's Filing Ending 1/31/2018	Staff RY Forecast Ending 1/31/2018	Staff Adjustment
Amortization of PSC Assessment	\$ 117,404	117,404	0
Record PSC Refund	\$ -		0
Amortize Rate Case 2005 & Deferred	-		<b>0</b>
Amortize Rate Case 2008 & Deferred	150,996	-	<b>(150,996)</b>
Amortize Rate Case 2011 & Deferred	160,000	-	<b>(160,000)</b>
Amortize Rate Case 2016 & Deferred	200,000	140,580	<b>(59,420)</b>
HEAP Allowance	125,000	-	<b>(125,000)</b> * Reclassed
Amort Appliance Corp Allocation Co	-		<b>0</b>
Net Plant Recconciliation Amount Due to Customers	(24,629)	(24,629)	0
Amortization of Matrix Incentive	(31,857)	(31,857)	0

**Corning Natural Gas**  
**Low Income Program**  
**For The Rate Year Ending May 31, 2018**

	Company's Filing Ending 1/31/2018	Staff RY Forecast Ending 1/31/2018	Staff Adjustment
Low Income Program	\$ -	125,000	<b>125,000</b>

**Corning Natural Gas**  
**Direct Labor**  
**For The Rate Year Ending May 31, 2018**

**Productivity Base**

Direct Labor	2,868,180
Supervisory and Indirect Labor	682,563
Vacation	142,516
Payroll Taxes	254,738
Health Insurance	607,352
Pension OPEB	933,454
	<u>5,488,803</u>
	<u>54,888</u>
1% Productivity	

**Corning Natural Gas  
Amortization  
For The Rate Year Ending May 31, 2018**

Rate Year	Gas Supply Specialist Wage Allowance	Gas Supply Specialist Wage Actual	Difference
13-Apr	35,851	30,810	(5,041)
14-Apr	36,568	31,888	(4,680)
15-Apr	37,299	33,163	(4,136)
16-Apr	37,299	33,719	(3,580)
17-Apr	37,299	34,750	(2,549) *
			<u>(19,986)</u>
	Amount that should be deferred		
	Amortized over 5 years	<u><u>(3,997)</u></u>	

\* Company Estimate

**Deferred Credits**

Beginning	(19,986)
End Year	(15,989)
	(35,975)
Unamortized balance for Gas Supply Specialist	(17,987)

**Corning Natural Gas**  
**Payroll Taxes**  
**For The Rate Year Ending May 31, 2018**

Payroll Taxes

Social Security Taxes

Labor Adjustment

(142,994.00)

Rate

7.65%

(10,939)

Corning Job Titles	NYS DOL Comparable	CNG Wage <u>2016</u>	NYS DOL Comparable*	
			Mean Annual <u>Wage</u>	Indeed.com ** <u>Wage</u>
Junior Billing Clerk	Billing and Posting Clerk	27,040.00	34,850.00	26,000.00
Cashier	Billing and Posting Clerk	27,040.00	34,850.00	22,000.00
Cashier	Billing and Posting Clerk	27,040.00	34,850.00	22,000.00
Customer Service Representative	Customer Service Rep	27,040.00	31,240.00	29,000.00
Customer Service Representative	Customer Service Rep	27,000.00	31,240.00	29,000.00
Customer Service Representative	Customer Service Rep	27,040.00	31,240.00	29,000.00
Customer Service Representative	Customer Service Rep	28,808.00	31,240.00	29,000.00
Customer Service Representative	Customer Service Rep	28,932.00	31,240.00	29,000.00
Customer Service Representative	Customer Service Rep	33,800.00	31,240.00	29,000.00
Gas Supply Specialist	Wholesale Retail Buyer	34,159.00	51,310.00	30,000.00
Gas Analyst	Wholesale Retail Buyer	39,553.00	51,310.00	37,000.00
Senior Billing Clerk	Billing and account Clerk	36,171.00	38,020.00	33,000.00

\*Company provided base on Southern Tier

\*\*Staff based on Corning NY location