BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 11-G-0280

In the Matter Of

Corning Natural Gas Corporation

September 2011

Prepared Exhibits of:
STAFF POLICY PANEL

Aric Rider
Utility Engineer III

Michael Augstell
Associate Utility
Financial Analyst

Christopher Simon
Public Utilities Auditor II

Ronald Calkins
Supervisor, Office of
Accounting and Finance

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

List of Information Request Responses Submitted for the Record

IR Number	Subject Matter
DPS-10	Leatherstocking Gas Company
DPS-17	American Gas Association Cite
DPS-18	Retail Access
DPS-58	Local Production Revenue
DPS-68	Staged Increase/Construction Surcharge Mechanism
DPS-73	American Gas Association Cite
DPS-88	Direct Labor
DPS-100	Leatherstocking Gas Company
DPS-106	Direct Labor
DPS-108	Superior Management
DPS-110	Local Production Revenue
DPS-202	Main/Service Extensions
DPS-203	AL Blades
DPS-225	Labor
DPS-226	Line 11

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY/DOCUMENT REQUEST

Request No.:	DPS-10
Requested By:	Aric Rider, Chris Simon and Ron Calkins
Date of Request:	June 9, 2011
Witness:	M. DiValentino/F. Sarhangi
Subject:	Leatherstocking Gas Company LLC

1. Where is the Leatherstocking Gas Company LLC office located?

2. When was Leatherstocking Gas Co LLC formed?

3. When was the LLC approved by the Secretary of State?

4. Provide a copy of the articles of incorporation for Leatherstocking Gas Co LLC.

5. Provide all employee contracts for Leatherstocking Gas Co LLC.

6. Provide allocation methodology between Corning Natural Gas and Leatherstocking Gas Co LLC.

7. When was the discussion initiated between Corning and Mirabito to form Leatherstocking Gas Co LLC?

8. Provide a list of officers of Leatherstocking Gas Co LLC.

9. Provide the total investment made in Leatherstocking Gas Co LLC, broken out between Corning Natural Gas and Mirabito.

10. Who paid all the legal expenses to form Leatherstocking Gas Co LLC? If Corning Natural Gas, provide all journal entries.

11. What assets, liabilities, common equity for Leatherstocking are on Corning Natural Gas books?

12. What roles do Joseph P. Mirabito and William Mirabito play in Mirabito holdings?

13. Is the Company in a Joint venture with Mirabito?

14. What Corning Natural Gas employees hold titles in the Leatherstocking Gas Co LLC?

15. Provide a copy of each franchise agreement granted to Leatherstocking Gas Co LLC.

16. List how many towns/municipalities Leatherstocking Gas Co LLC has sought franchises in.

17. Are there service agreements between Corning Natural Gas and Leatherstocking Gas Co LLC? If yes, provide them.

Response:

1. The current address of Leatherstocking Gas Company, LLC ("LGC") is 330 West William Street, Corning, NY 14830.

2. The Articles of Organization were executed on November 1, 2010.

3. The Articles of Organization were filed on November 3, 2010.

4. Please see Attachment DPS-10, Part 4 "Articles of Organization."

5. There are no employee contracts for LGC.

6. The allocation methodology is addressed in the current (November 1, 2010) Operating Agreement, a copy of which is attached as DPS-10, Part 6 "Operating Agreement."

7. Discussions were initiated in the late summer of 2010.

8. The initial seven Managers of LGC are listed in Section 6 (page 8) of the Operating Agreement furnished in the response to part 6, above.

9. The investment in LGC to date is $5,000 from Corning Natural Gas Corporation ("CNG") and $5,000 from Mirabito Holdings, Inc. ("MHI").

10. Each LGC partner (*i.e.*, CNG and MHI) paid its own legal expenses associated with the formation of LGC. There were no legal costs paid during the test year (the twelve months ended December 31, 2010). The CNG legal costs were paid in 2011 and recorded below the line.

11. The LGC books show a $10,000 investment as of May 2011. As indicated in the response to part 10, above, CNG's $5,000 share is recorded below the line.

12. Joseph P. Mirabito is the CEO and a Board Member of MHI. William Mirabito is a VP and Board Member of MHI.

13. LGC is a joint venture of MHI and CNG.

14. Apart from the three CNG employees who serve as Managers, as indicated in the response to part 8, above, Michael I. German serves as CEO and Stanley G. Sleve serves as Corporate Secretary of LGC pursuant to Section 6 (page 13) of the Operating Agreement furnished in the response to part 6, above.

15. To date, LGC has one franchise which is from the Village of Sidney, Delaware County. Please see Attachment DPS-10, Part 15 "Franchise Document Village of Sidney."

16. LGC has sought franchises in the Village of Sidney (Delaware County), the Town of Coventry (Chenango County), and the Town of Bainbridge (Chenango County).

17. At this time, there is only the Operating Agreement provided in the response to part 6, above.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: June 21, 2011

Case 11-G-0280

Attachment DPS-10, Part 4
Articles of Organization

N. Y. S. DEPARTMENT OF STATE
DIVISION OF CORPORATIONS AND STATE RECORDS ALBANY, NY 12231-0001

FILING RECEIPT

ENTITY NAME: LEATHERSTOCKING GAS COMPANY, LLC

DOCUMENT TYPE: ARTICLES OF ORGANIZATION (DOM LLC) COUNTY: STEU

FILED:11/03/2010 DURATION:********* CASH#:101103000753 FILM #:101103000684

FILER: EXIST DATE

RICHARD W. COOK, ESQ. 11/03/2010
HANCOCK & ESTABROOK, LLP
1500 AXA TOWER I, 100 MADISON ST.
SYRACUSE, NY 13202

ADDRESS FOR PROCESS:

THE LLC
330 WEST WILLIAMS STREET P.O. BOX 58
CORNING, NY 14830

REGISTERED AGENT:

SERVICE COMPANY: HANCOCK & ESTABROOK LLP SERVICE CODE: 8Q *

FEES	260.00	PAYMENTS	260.00
FILING	200.00	CASH	0.00
TAX	0.00	CHECK	0.00
CERT	0.00	CHARGE	0.00
COPIES	10.00	DRAWDOWN	260.00
HANDLING	50.00	OPAL	0.00
		REFUND	0.00

61247-12 DOS-1025 (04/2007)

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the Department of State, at the City of Albany, on November 4, 2010.

Daniel E. Shapiro
First Deputy Secretary of State

Rev. 05/09

101103000684

ARTICLES OF ORGANIZATION

OF

LEATHERSTOCKING GAS COMPANY, LLC

Under Section 203 of the Limited Liability Company Law

The undersigned, for the purpose of forming a limited liability company pursuant to Section 203 of the Limited Liability Company Law, does hereby make, sign and acknowledge these Articles, stating as follows:

FIRST: The name of the Limited Liability Company is Leatherstocking Gas Company, LLC.

SECOND: The office of the Limited Liability Company in the State of New York is located in the County of Steuben.

THIRD: Management of the Limited Liability Company is vested in one or more managers.

FOURTH: The Secretary of State is designated as agent of the Limited Liability Company upon whom process in any action or proceeding against it may be served and the address within or without the State to which the Secretary of State shall mail a copy of process in any action or proceeding against the Limited Liability Company which may be served upon him is 330 West Williams Street, P. O. Box 58, Corning, New York 14830.

IN WITNESS WHEREOF, this certificate has been subscribed this 1st day of November, 2010.

Richard W. Cook, Organizer

{N1396037.1}

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ARTICLES OF ORGANIZATION

OF

LEATHERSTOCKING GAS COMPANY, LLC

Under Section 203 of the Limited Liability Company Law

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cc

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED NOV 03 2010
TAX $
BY:

Richard W. Cook, Esq.
Hancock & Estabrook, LLP
1500 AXA Tower I, 100 Madison Street
Syracuse, New York 13202
Cust Ref. No.: 61247-12

{HL395037.1}

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Case 11-G-0280

Attachment DPS-10, Part 6
Operating Agreement

OPERATING AGREEMENT
OF
LEATHERSTOCKING GAS COMPANY, LLC

THIS OPERATING AGREEMENT is entered into and shall be effective as of November 1, 2010 by and among **LEATHERSTOCKING GAS COMPANY, LLC**, a New York limited liability company with an address of 330 West Williams Street, P.O. Box 58, Corning, New York 14830 (the "**Company**") and **MIRABITO HOLDINGS, INC.**, a New York corporation with an address of The Metrocenter, 49 Court Street, P.O. Box 5306, Binghamton, New York 13902 ("**MHI**") and **CORNING NATURAL GAS CORPORATION**, a New York corporation with an address of 330 West Williams Street, P.O. Box 58, Corning, New York 14830 ("**CNG**") (each a "**Member**" and collectively, the "**Members**").

WHEREAS, the parties desire to form a limited liability company on the terms and conditions herein contained.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions herein contained and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

SECTION 1
DEFINITIONS

Unless defined elsewhere in this Agreement, the capitalized terms used in this Agreement shall have the meanings set forth below. The capitalized terms defined below or used elsewhere in this Agreement shall be deemed to refer to the singular or plural as the context requires:

"**Accountants**" means such firm of independent certified public accountants as shall, from time to time, be engaged by the Managers on behalf of the Company to render accounting, auditing, tax and similar services.

"**Act**" means the Limited Liability Company Act of the State of New York as set forth in Chapter 34 of the Consolidated Laws of the State of New York as the same may be amended from time to time (or any corresponding provisions of succeeding law).

"**Adverse Act**" means, with respect to any Member, any of the following:

(a) a Transfer of all or any portion of such Member's interest in the Company except as expressly permitted or required by this Agreement;

(b) an Event of Bankruptcy occurring with respect to any Member; or

(c) any other occurrence or transaction that is expressly provided elsewhere in this Agreement as constituting an Adverse Act.

"**Affiliate**" means with respect to any Person: (i) any Person directly or indirectly controlling, controlled by or under common control with such Person; (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities of such Person; (iii) any officer, director, or general partner of such Person; or (iv) any Person who is an officer, director, general partner, trustee or holder of ten percent (10%) or more of the voting securities of any Person described in clauses (i) through (iii) of this sentence.

"**Agreement**" means this Operating Agreement as the same may be subsequently amended from time to time. Words such as "herein," "hereinafter," "hereof," "hereto," and "hereunder" refer to this Agreement as a whole, unless the context otherwise requires.

"**Assignee**" means a Person who is a transferee of all or part of a Member's interest in the Company which Person is not admitted as a Substituted Member. "**Assignees**" means all such Persons.

"**Business**" means the business and operations of the Company, including the property thereof, both real and personal, tangible and intangible, as the same may from time to time be conducted and owned in accordance with the terms and conditions of this Agreement.

"**Capital Account**" means the capital account maintained for a Member or Assignee, as adjusted pursuant to this Agreement and Section 1.704-1(b) of the Regulations.

"**Capital Contribution(s)**" means the Members' initial contributions to the capital of the Company, as set forth in Section 3.2 hereof, and any additional contributions to the capital of the Company pursuant to this Agreement.

"**Change in Control**" means with respect to a Member, the occurrence of any of the following events: (a) any consolidation or merger of a Member with or into any other entity in which the holders of a Member's outstanding voting equity interests immediately before such consolidation or merger do not, immediately after such consolidation or merger, retain equity interests representing a majority of the voting power of the surviving entity or stock representing a majority of the voting power of an entity that wholly owns, directly or indirectly, the surviving entity; (b) the sale, transfer or assignment of outstanding voting equity interests in a Member representing a majority of the voting power of a Member to an acquiring party; or (c) the sale of all or substantially all of a Member's assets.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

"**Company**" means the limited liability company formed pursuant to this Agreement and the limited liability company continuing the business of this Company in the event of dissolution as herein provided.

"**Event of Bankruptcy**" means, with respect to any Member or the Company, any of the following:

(a) filing a voluntary petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Code (as now or in the future amended) or an admission seeking the relief therein provided;

(b) making a general assignment for the benefit of creditors;

(c) consenting to the appointment of a receiver for all or a substantial part of such Person's property;

(d) in the case of the filing of an involuntary petition in bankruptcy, the entry of an order for relief;

(e) the entry of a court order appointing a receiver or trustee for all or a substantial part of such Person's property without such Person's consent; or

(f) the assumption of custody or sequestration by a court of competent jurisdiction of all or substantially all of such Person's property.

"**Fair Market Value**" means the Fair Market Value of the Company established by a vote of eighty percent (80%) of the Members at the annual meeting to be held in accordance with Section 8.1 hereof. If no value is established, or if the most recent valuation is more than two (2) years old, Fair Market Value shall mean that value as may be mutually agreed to by the Member (or his personal representative, as the case may be) who is offering or is deemed to be offering to sell his Interest pursuant to Section 9 hereof (the "**Offering Member**"), on the one hand, and the Company, on the other hand. If the Offering Member and the Company are unable to mutually agree upon a fair market value within twenty (20) days from the date the Offering Member shall have offered (or have been deemed to have automatically offered) the Interest for sale, the Fair Market Value shall be determined as follows: the Offering Member, on the one hand, and the Company, on the other hand, shall each have the opportunity to appoint, at his or its own cost, a "Qualified Appraiser" (as herein defined), within ten (10) days following the expiration of the twenty (20) day period set forth above. If either party shall fail to appoint a Qualified Appraiser within this ten (10) day period, the one Qualified Appraiser so appointed shall unilaterally establish the Fair Market Value. If both parties appoint a Qualified Appraiser within this ten (10) day period, the two Qualified Appraisers shall each report their finding of Fair Market Value within thirty (30) days of the appointment of the latter of them. If the higher of the two values found by the two Qualified Appraisers is within one hundred five percent (105%) of the lower value, the two values shall be averaged and that value shall be deemed the Fair Market Value. If the high value is more than one hundred five percent (105%) of the lower value, the two Qualified Appraisers shall together, not later than the thirtieth (30th) day after the reports, appoint a third Qualified Appraiser. The third Qualified Appraiser shall report his finding of Fair Market Value within thirty (30) days of his appointment. In such event, the Fair Market Value shall be the value which falls in the middle of the three (3) values so reported. In determining the Fair Market Value, no consideration shall be given by the Qualified Appraiser(s) to any proceeds in excess of the cash surrender value of any insurance proceeds to be received by the Company and/or any of its subsidiaries as the result of the death of a Member or any discount for minority interest or lack of marketability. The determination of the Qualified Appraiser(s) shall

be binding and conclusive on the parties absent a showing of gross error or fraud. The cost and expenses of the third Qualified Appraiser shall be borne equally between the parties.

"**G.A.A.P.**" means generally accepted accounting principles as used by the Financial Accounting Standards Board and/or the American Institute of Certified Public Accountants consistently applied and maintained throughout the periods indicated.

"**Losses**" means the Company's losses and deductions, as determined by the Accountants in accordance with G.A.A.P. consistently applied from year to year employed under the method of accounting adopted by the Company, and a reported separately or in the aggregate, as appropriate, on the Company's tax return filed for federal income tax purposes.

"**Managers**" means (i) initially the Managers described in Section 6.1 of this Agreement; and (ii) any successor Managers duly appointed pursuant to this Agreement.

"**Members**" means all individuals or entities set forth in Section 3.1 hereof and any Person subsequently admitted to the Company as a Member pursuant to the terms hereof. "**Member**" means any one of the Members. All references in this Agreement to a majority in interest or a specified percentage of the Members shall mean Members holding more than fifty percent (50%) or such specified percentage, respectively, of the Membership Percentages then held by all Members.

"**Membership Percentage**" means those percentages with respect to each Member (or Assignee) as set forth in Section 3.1 hereof. "**Membership Percentages**" means the total percentages set forth in Section 3.1 hereof. In the event any interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Membership Percentage of the transferor to the extent it relates to the Transferred interest.

"**Net Available Cash**" means the gross cash proceeds of the Company whether from Company operations, sales or other dispositions or refinancings of Company assets, less the portion thereof used to pay or establish reserves for all Company expenses, debt payments, capital improvements, replacement and contingencies, all as determined by the Managers. "Net Available Cash" shall not be reduced by depreciation, amortization, cost recovery deductions or similar allowances, but shall be increased by any reductions of reserves previously established.

"**Person**" means any individual, partnership, limited liability company, corporation, trust or other entity.

"**Profits**" means the Company's income and gains, as determined by the Accountants in accordance with G.A.A.P. consistently applied from year to year employed under the method of accounting adopted by the Company, and a reported separately or in the aggregate, as appropriate, on the Company's tax return filed for federal income tax purposes.

"**Property**" means the property, both real, personal, tangible and intangible owned by the Company together with such additional property as may be hereafter acquired by the Company.

"**Qualified Appraiser**" means any professional appraiser or certified public accountant that is qualified by experience and ability to appraise assets and businesses similar to that owned or being conducted by the Company.

"**Regulations**" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"**Substituted Member**" means a transferee of an Interest who has been admitted to the Company as a Substituted Member in accordance with Section 9 of the Agreement.

"**Tax Allocations**" means allocations, adjustments or other modifications to a Member's Capital Account in compliance with the Code and the Regulations.

"**Transfer**" means, as a noun, any transfer, sale, pledge, hypothecation, or other disposition, whether voluntary, involuntary or by operation of law, and, as a verb, to transfer, sell, pledge, hypothecate or otherwise dispose of in any manner whatsoever, whether voluntarily, involuntarily or by operation of law.

SECTION 2
THE COMPANY

2.1 Formation. The parties hereby agree to form a limited liability company pursuant to the provisions of the Act and upon the terms and conditions set forth in this Agreement.

2.2 Name. The name of the Company shall be Leatherstocking Gas Company, LLC, a New York limited liability company, and all business of the Company shall be conducted in such name. The Company shall hold all of its assets and property in the name of the Company and not in the name of any Member.

2.3 Purpose. The purpose of the Company shall be to operate the Business and to engage in such other activities as the Managers deem advisable. The Company shall have the power to enter into all transactions which are provided for in this Agreement and as may be necessary or incidental to accomplish or implement the purpose of the Company including such powers as may be authorized by this Agreement or permitted under the Act but in all events consistent with the terms, conditions and restrictions set forth in this Agreement.

2.4 Principal Place of Business. The principal place of business of the Company shall be 330 West Williams Street, P.O. Box 58, Corning, New York 14830 or at such other place as the Managers shall determine.

2.5 Term. The term of the Company shall be perpetual unless the Company is dissolved earlier as set forth in this Agreement.

2.6 Filings. The Articles of Organization of the Company (the "**Certificate**") have been filed in the office of the New York State Department of State in accordance with the provisions of the Act. The Managers shall take any and all other actions reasonably necessary to perfect and maintain the status of the Company as a limited liability company under the laws of the State of New York and shall cause amendments to the Certificate to be filed whenever required by the Act. Such amendments may be executed by the Managers.

SECTION 3
MEMBERS; CAPITAL CONTRIBUTIONS

3.1 Members. The names and addresses of the Members are set forth in the first paragraph hereof. Such Persons shall be admitted to the Company as Members effective as of the date hereof. The Members shall have the following Membership Percentages:

MHI	50%
CNG	50%

3.2 Capital Contributions. Each Member shall contribute $5,000 to the Company as its initial Capital Contribution.

3.3 Additional Capital Contributions. Additional Capital Contributions shall be made by the Members from time to time whenever the Managers determine such additional contributions are so required. Such additional Capital Contributions shall be made in proportion to the Membership Percentages then held by each Member. No capital contribution shall be required of a Member if that contribution is not permitted by the New York State Public Service Commission. In the event any Member(s) fails or is not permitted to make the Additional Capital Contribution, the monies contributed by the remaining Members shall be deemed loans in accordance with Section 3.8 of this Agreement.

3.4 Capital Accounts. The Company shall establish and maintain Capital Accounts for each Member and each Assignee pursuant to this Section 3.4 and Regulation Section 1.704-1(b). The initial Capital Account of each Member shall be the initial Capital Contribution of such Member. Such Capital Account shall be increased by (i) the amount of any additional Capital Contributions of such Member to the Company under Section 3.2 hereof; and (ii) such Member's allocable share of Profits pursuant to Section 4.1 hereof. Such Capital Account shall be decreased by (i) the amount of Net Available Cash distributed to the Member by the Company pursuant to Section 5 hereof; and (ii) such Member's allocable share of Losses pursuant to Section 4.2 hereof.

3.5 Return of Capital Contributions. Except as otherwise provided in this Agreement, no Member shall be entitled to have his Capital Contribution returned to him. Under circumstances requiring a return of any Capital Contributions, no Member shall have the right to receive Property other than cash except as may be specifically provided herein. Except as otherwise required in the Act or this Agreement, no Member shall have any liability to restore all or any portion of a deficit balance in his Capital Account.

3.6 Interest. No Member shall receive any interest, salary or drawing with respect to his Capital Contribution or his Capital Account (as defined below) or for services rendered on behalf of the Company or otherwise in his capacity as a Member, except as otherwise provided in this Agreement.

3.7 Limited Liability. The Members shall not be liable for the debts, liabilities, contracts or any other obligations of the Company. Except as otherwise provided by applicable state law and this Agreement, a Member shall be liable only to make his Capital Contributions and shall not be required to lend any funds to the Company or, after his Capital Contributions have been paid, to make any additional Capital Contributions to the Company. No Member shall have any personal liability for the repayment of any Capital Contributions of the other Member; provided, however, nothing in this Section 3.7 shall be deemed to relieve the Members of any liability resulting from their bad faith, intentional misconduct, knowing violation of law and/or breach of any fiduciary duty.

3.8 Loans. Any Member or any Affiliate of a Member may, with the approval of the Managers, lend or advance money to the Company. If any Member or Affiliate thereof shall make any loan or loans to the Company or advance money on its behalf, the amount of any such loan or advance shall not be treated as a contribution to the capital of the Company but shall be a debt due from the Company. The amount of any such loan or advance by a lending Member or Affiliate thereof shall be repayable out of the Company's cash and shall have priority over any distributions made pursuant to Section 5 hereof. All such loans or advances shall bear interest at the Prime Rate plus two (2) percentage points, or under terms and conditions so approved by the Members. Except as otherwise set forth in this Agreement none of the Members shall be obligated to make any loan or advance to the Company.

SECTION 4
ALLOCATIONS

4.1 Tax Allocations. The Managers, with the advice of the Company's Accountants, shall make all necessary and appropriate Tax Allocations.

4.2 Profits. After giving effect to the Tax Allocations, Profits for any fiscal year shall be allocated to the Members in proportion to their Membership Percentages.

4.3 Losses. After giving effect to the Tax Allocations, Losses for any fiscal year shall be allocated to the Members in proportion to their Membership Percentages.

4.4 No Priority. No Member shall have priority over any other Member, either as to the return of a Capital Contribution, as to Profits or Losses, or distributions; provided however, this Section 4.4 shall not apply to loans (as distinguished from a Capital Contribution or a guaranteed payment) which a Member has made to the Company.

SECTION 5
DISTRIBUTIONS

5.1 Net Available Cash. Subject to applicable provisions of the Code and Regulations, Net Available Cash shall be distributed to the Members in proportion to their Membership Percentages at such times and in such amounts as the Managers shall determine.

5.2 Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment or distribution by the Company to the Members shall be treated as amounts distributed to the Members pursuant to this Section 5 for all purposes under this Agreement. The Managers may allocate any such amounts among the Members in any manner that is in accordance with applicable law.

5.3 Limitations on Distributions. No distribution shall be declared or made by the Managers if payment of such distribution would cause the Company to violate any limitation on distributions provided in the Act, the Code, and the Regulations or in any agreement to which the Company is a party.

SECTION 6
MANAGEMENT; INDEMNIFICATION

6.1 Appointment of Managers. The management of the Company shall be vested in seven (7) Managers; three (3) of whom shall be appointed by each Member. The seventh (7^{th}) Manager shall be a "neutral" Manager ("**Neutral Manager**") who shall not be an officer, director, shareholder or employee of any Member. The initial Managers are as follows:

Appointed by MHI (the "**MHI Managers**"):	Joseph P. Mirabito John J. Mirabito William Mirabito
Appointed by CNG (the "**CNG Managers**"):	Matthew J. Cook Michael I. German Russell S. Miller
Neutral Manager:	Carl T. Hayden

6.2 Authority of the Chief Executive Officer (CEO). Except to the extent otherwise provided herein the CEO, appointed pursuant to Section 6.12, shall have the sole and exclusive right to manage the day to day business of the Company, to make all decisions regarding those matters and to perform all other acts and activities customary to or incidental to the management of the business of the Company, except only those acts and things as to which approval by the managers or Members is expressly required by this Agreement or the Act, as follows.

(a) acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Company;

(b) operate, maintain, improve, construct, own, mortgage, lease and sell any real estate and any personal property necessary (including the Property), convenient or incidental to the accomplishment of the purposes of the Company;

(c) execute any and all agreements, contracts, documents, certifications and instruments necessary or convenient in connection with the management, maintenance and operation of the Property;

(d) subject to Section 6.8(d), execute, in furtherance of any or all of the purposes of the Company, any deed, lease, mortgage, deed of trust, mortgage note, promissory note, bill of sale, contract or other instrument purporting to convey or encumber any or all of the Property;

(e) prepay in whole or in part, refinance, recast, modify or extend any liabilities affecting the Property and, in connection therewith, execute any extensions or renewals of encumbrances on any or all of the Property;

(f) contract on behalf of the Company for the employment and services of employees and/or independent contractors and delegate to such Persons the duty to manage or supervise any of the assets or operations of the Company;

(g) expend the capital and income of the Company to the extent permitted by this Agreement;

(h) ask for, collect and receive any rents, issues and profits or income from the Property or any part or parts thereof and to disburse Company funds for Company purposes to those Persons entitled to receive the same;

(i) purchase from or through others, contracts of liability, casualty or other insurance for the protection of the Property or affairs of the Company or the Members or for any purpose convenient or beneficial to the Company;

(j) institute, prosecute, defend, settle, compromise and dismiss lawsuits or other judicial or administrative proceedings brought on or in behalf of, or against the Company or the Members or the Managers in connection with activities arising out of, connected with or incidental to this Agreement and to engage counsel or others in connection therewith; and

(k) engage in any kind of activity and perform and carry out contracts of any kind (including contracts of insurance covering risks to the Property and Manager liability) necessary or incidental to, or in connection with, the accomplishment of the purposes of the Company, as may be lawfully carried on or performed by a limited liability company under the laws of each state in which the Company is then formed or qualified.

6.3 Right to Rely on Manager. Any Person dealing with the Company may rely upon a certificate signed by a Manager identified in Section 6.1 as to: (i) the identity of the CEO, an officer, any Manager or Member; (ii) the existence or nonexistence of any fact or facts which constitute a condition precedent to acts by such Persons or which are in any other manner germane to the affairs of the Company; (iii) the Persons who are authorized to execute and deliver any instrument or document on behalf of the Company; or (iv) any act or failure to act by the Company or any other matter whatsoever involving the Company or any Member.

6.4 Transactions Requiring Approval. Notwithstanding any other provision of this Agreement, neither the Managers, the CEO, nor any other officer shall, without the consent of all Members holding eighty percent (80%) of the Membership Percentages of the Company:

(a) Admit any additional Members other than pursuant to Section 10 hereof;

(b) Elect to dissolve the Company;

(c) Approve the sale or other disposition of all or substantially all of the assets of the Company;

(d) Approve the merger or consolidation of the Company with or into another entity; or

(e) Amend this Agreement.

6.5 Duties and Obligations of Managers.

(a) Without limiting the generality of the foregoing, the Managers shall have all of the rights and powers which may be possessed by Managers under the Act, including, without limitation, the rights and powers set forth in this Section 6.5. Decisions of the Managers shall be implemented by the CEO and other officers of the Company.

(b) The Managers shall cause the Company to conduct its business and operations separate and apart from that of any Member or Manager or any of its Affiliates, including, without limitation, (i) segregating Company assets and not allowing funds or other assets of the Company to be commingled with the funds or other assets of, held by, or registered in the name of, any Member or Manager or any of its Affiliates; (ii) maintain books and financial records of the Company separate from the books and financial records of any Member or Manager or any of its or their Affiliates, in observing all Company procedures and formalities, including, without limitation, maintaining minutes of Company meetings and acting on behalf of the Company only pursuant to due authorization by the Members; (iii) causing the Company to pay its liabilities from assets of the Company; and (iv) causing the Company to conduct its dealings with third parties in its own name and as a separate and independent entity.

(c) The Managers shall take all actions which may be necessary or appropriate (i) for the continuation of the Company's valid existence as a limited liability

company under the laws of the State of New York and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Members or to enable the Company to conduct the business of the Company; and (ii) for the accomplishment of the Company's purposes, including the business of the Company, in accordance with the provisions of this Agreement and applicable laws and regulations.

(d) The Managers shall be under a fiduciary duty to conduct the affairs of the Company in the best interests of the Company and of the Members, including the safekeeping and use of all Company assets for the exclusive benefit of the Company.

(e) The Managers may care for and distribute funds to the Members by way of cash, income, return of capital, or otherwise, all in accordance with the provisions of this Agreement, and perform all matters in furtherance of the objectives of the Company or this Agreement.

(f) The Managers may borrow additional funds and incur additional indebtedness on behalf of the Company and secure the same with liens and encumbrances on the real and personal property of the Company.

(g) The Managers will make any and all elections for federal, state and local tax purposes including, without limitation, any election, if permitted by applicable law: (i) to adjust the basis of the assets of the Company pursuant to the Code or the comparable provisions of state or local law, in connection with transfers of interests in the Company and Company distributions; (ii) to extend the statute of limitations for assessment of tax deficiencies against Members with respect to adjustments to the Company's federal, state or local tax returns; and (iii) to represent the Company and the Members before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company and the Members in their capacity as Members and to execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company or the Members. The Managers are specifically authorized to act as the "Tax Matters Partner" under the Code and in any similar capacity under state or local law until such time, if ever, that the Members designate in writing a different individual to serve as the Tax Matters Partner.

(h) The Managers will, consistent with Section 6.12, direct, manage and oversee the actions permitted to be performed by the officers of the Company.

(i) The Managers will expand or contract the business activities of the Company including acquisitions and exercise of gas franchises.

6.6 Indemnification.

(a) No Manager or Member of the Company shall be liable to the Company or its Members for monetary damages for an act or omission in such person's capacity as a Manager or a Member, except for (i) acts or omissions which the Manager knew at the time of the acts or omissions were clearly in conflict with the interests of the Company; (ii) any transaction from

which the Manager derived an improper personal benefit; or (iii) acts or omissions occurring prior to the date this provision becomes effective. If the Act is amended to authorize action further eliminating or limiting the liability the Manager and Members, then the liability of the Managers and Members of the Company shall be eliminated or limited to the fullest extent permitted by the Act as so amended. Any repeal or modification of the governing sections of the Act shall not adversely affect the right or protection of the Managers and Members existing immediately before such repeal or modification.

(b) The Company shall indemnify the Managers and Members to the fullest extent permitted or required by the Act, as amended from time to time, and the Company may advance expenses incurred by the Manager or a Member upon the approval of the Manager and the receipt by the Company of an undertaking whereby such Manager or Member agrees to reimburse the Company if in the event it shall ultimately be determined that such Manager or Member is not entitled to be indemnified by the Company against such expenses. The Company may also indemnify its employees and other representatives or agents up to the fullest extent permitted under the Act or other applicable law, provided that the indemnification in each such situation is first approved by the Manager.

(c) The indemnification provided by this Agreement shall: (i) be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any statute, agreement, vote of Members or disinterested Managers, or otherwise, both as to action in official capacities and as to action in another capacity while holding such office; (ii) continue as to a Person who ceases to be a Manager or a Member; (iii) inure to the benefit of the estate, heirs, executors, administrators or other successors of an indemnitee; and (iv) not be deemed to create any rights for the benefit of any other person or entity.

(d) The details concerning any action to limit the liability, indemnify or advance expenses to a Manager, a Member or other person, taken by the Company shall be reported in writing to the Members with or before the notice or waiver of notice of the next Members' meeting or with or before the next submission to Members of a consent to action without a meeting or, if sooner, separately within ninety (90) days immediately following the date of the action.

6.7 Compensation and Expenses of the Managers. The Managers may charge the Company for any reasonable expenses incurred in connection with the Business. Except as otherwise set forth in this Agreement, the Managers shall not receive any fees or other compensation for serving as the Managers, unless such fees or other compensation are approved by a majority of Membership Percentages of the Members. The neutral Manager shall receive a fee for his/her service the amount to be determined by a management vote of the Managers. However, a Manager (if the Manager is also a Member) shall be entitled to the distributions and allocations provided for elsewhere in this Agreement.

6.8 Operating Restrictions.

(a) No loans or guarantees of loans shall be made by the Company to any Member or any Affiliate of a Member.

(b) No rebates, kickbacks, or reciprocal arrangements may be received or entered into by the Managers, nor may the Managers participate in any business arrangement which would circumvent this Agreement.

(c) The funds of the Company shall not be commingled with the funds of any other Person.

(d) Unless otherwise approved by the Managers or Members, the signature of one (1) MHI Manager and one (1) CNG Manager shall be necessary to convey title to any real property owned by the Company or to execute any promissory notes, trust deeds, mortgages or other instruments of hypothecation, and all of the Members agree that a copy of this Agreement may be shown to the appropriate parties in order to confirm the same, and further agree that the signature of one (1) MHI Manager and one (1) CNG Manager shall be sufficient to execute any documents necessary to effectuate this or any other provision of this Agreement.

6.9 Removal of the Managers. The MHI Managers shall serve at the pleasure of MHI and may be removed by MHI at any time. The CNG Managers shall serve at the pleasure of CNG and may be removed by CNG at any time. A Neutral Manager may not be removed from office except by unanimous vote of all Membership Percentages.

6.10 Vacancies. In the event of a vacancy due to the death, resignation or any other cause (including, but not limited to, removal pursuant to Section 6.9) of a Manager, such vacancy shall be filled as follows:

(a) With respect to a MHI Manager, by appointment by MHI.

(b) With respect to a CNG Manager, by appointed by CNG.

(c) With respect to a Neutral Manager, by agreement of the Members. If no agreement can be reached within six (6) months after the Neutral Manager position becomes vacant, either party may declare a Deadlock pursuant to the provisions of Section 10.3 hereof.

6.11 Limitation on Liability of the Managers. No Manager or his employees or agents shall be liable, responsible or accountable in damages or otherwise to the Company or any Member for any loss to the Company or any Member resulting from the operation of the business of the Company or any action taken or not taken by the Manager; provided, however, nothing in this Section shall be deemed to relieve the Managers of any liability resulting from their bad faith, intentional misconduct, knowing violation of the law or breach of any fiduciary duty.

6.12 Officers. The Managers may designate one or more individuals as officers of the Company, who shall have such title(s) and shall exercise and perform such powers and duties as the Manager may from time to time assign. Any officer, other than the CEO as set forth in Section 6.12 hereof, may be removed by the Managers at any time and for any or no reason whatsoever. The officers shall carry out the duties as delegated to them by the Managers and the CEO. The salary and other compensation, if any, of the officers shall be fixed by the Managers.

The CNGC president shall be the CEO of the Company at the time of incorporation. The CEO shall operate the Company on a day to day basis and will have the authority to make financial and operational decisions. The CEO may be removed and a new CEO named by a vote of eighty percent (80%) of the Managers.

SECTION 7
BOOKS AND RECORDS

7.1 Books and Records. The Company shall keep adequate books and records at its place of business, setting forth a true and accurate account of all business transactions arising out of and in connection with the conduct of the Company. Any Member or his designated representative shall have the right, at any reasonable time and at his own expense to have access to and inspect and copy the contents of such books or records. Within a reasonable period after the end of each Company fiscal year, each Member shall be furnished with an annual report containing a balance sheet as of the end of such fiscal year, statements of income, Members' equity, changes in financial position and cash flow and any necessary tax information for the year then ended. Necessary tax information shall be delivered to each Member as soon as practicable after the end of each Company fiscal year.

SECTION 8
MEETINGS AND MEANS OF VOTING

8.1 Meetings and Means of Voting. The Company shall be required to hold an annual meeting of the Members on the second Tuesday in June of each year. Special meetings of the Members may be called upon the written request of any Member. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Members not less than three (3) days or more than thirty (30) days prior to the date of such meeting. Members may vote in person or by proxy at such meeting. Whenever the vote or consent of Members is permitted or required under the Agreement, such vote or consent may be taken without a meeting on written consent, setting forth the action so taken, signed by the Members holding eighty percent (80%) of the Membership Percentages entitled to vote. All votes or consents shall be in accordance with Membership Percentages with each Member being entitled to cast one vote (or a fraction of a vote) for each full percentage (or fraction of a percentage) in such Member's Membership Percentage. Except as otherwise expressly provided in this Agreement, the vote of eighty percent (80%) of the Membership Percentages entitled to vote, shall control.

SECTION 9
TRANSFERS OF INTERESTS

9.1 Restriction on Transfers. Except as otherwise permitted by this Agreement, no Member shall Transfer all or any portion of his interest in the Company (the "**Interest**") without the consent of the Members holding eighty percent (80%) of the Membership Percentages entitled to vote. Any Transfer or attempted Transfer by a Member in violation of the preceding sentence shall be null and void and of no effect whatsoever.

9.2 Permitted Transfers. Subject to the conditions and restrictions set forth in Section 9.4 hereof, a Member may at any time Transfer all or any portion of his Interest to any one or more of the following (a "**Permitted Transferee**"): (i) any other Member; (ii) any Affiliate of a Member; (iii) any Person approved by the Members as a Permitted Transferee; or (iv) any Purchaser in accordance with Section 9.3 hereof (any such Transfer being referred to in this Agreement as a "**Permitted Transfer**").

9.3 Right of First Refusal. In addition to the other limitations and restrictions set forth in this Section 9, except as permitted by Section 9.2 hereof, no Member shall Transfer all or any portion of his Interest (the "**Offered Interest**") unless such Member (the "**Seller**") first offers to sell the Offered Interest pursuant to the terms of this Section 9.3.

(a) No Transfer may be made under this Section 9.3 unless the Seller has received a bona fide written offer (the "**Purchase Offer**") from a Person (the "**Purchaser**") to purchase the Offered Interest for a purchase price denominated and payable in United States dollars at closing or according to specified terms, with or without interest. The Purchase Offer shall be in writing and signed by the Purchaser.

(b) The Seller shall give the Company and the remaining Members (the "**Remaining Members**") written notice of his intent to Transfer the Offered Interest (the "**Offer Notice**"), together with a copy of the Purchase Offer.

(c) The Remaining Members shall have the right to purchase all, but not less than all, of the Offered Interest at the price set forth in the Purchase Offer or the purchase price as determined pursuant to Section 9.7 hereof, whichever is lower. The Remaining Members shall give the Seller notice of their intent to exercise their rights of first refusal under this Section 9.3 within thirty (30) days from the date of the Purchase Offer.

(d) In the event the Remaining Members exercise their rights of first refusal pursuant to this Section 9.3, the closing of the sale of the Offered Interest shall take place within thirty (30) days after notice to the Seller of the Remaining Members' intent to purchase the Offered Interest upon the terms set forth in Section 9.8 hereof. The Seller and the Remaining Members shall execute such documents and instruments as may be necessary or appropriate to effect the sale of the Offered Interest pursuant to the terms of this Section 9.

9.4 Conditions to Transfer. A Transfer shall not be treated as a Permitted Transfer under Section 9.2 hereof unless and until the following conditions are satisfied:

(a) The transferor (or his personal representative, as the case may be) and the transferee shall execute and deliver to the Company such documents and instruments of conveyance as may be necessary or appropriate to effect such Transfer and to confirm the agreement of the transferee to be bound by the provisions of this Agreement.

(b) The transferor (or his personal representative, as the case may be) and the transferee shall furnish the Company with the transferee's taxpayer identification number, sufficient information to determine the transferee's initial tax basis in the Interest Transferred, and any other information reasonably necessary to permit the Company to file all required federal and state tax returns and other legally required information statements or returns.

(c) The transferor and the transferee shall have complied with all applicable laws, rules and regulations, including all applicable securities laws and regulations.

(d) The Company shall be reimbursed by the transferor for all reasonable costs and expenses incurred by the Company in connection with the Transfer.

9.5 Purchase upon Change in Control. Each Member agrees that upon a Change of Control with respect to a Member, the Company shall have the option to purchase the entire Interest then owned by such Member in accordance with Sections 9.7 and 9.8. The option may be exercised by giving notice to the Member whose interest is to be purchased within one hundred twenty (120) days after the Change in Control has occurred. The closing of the purchase and sale shall take place within sixty (60) days of the date the option is exercised.

9.6 Adverse Act Purchase.

(a) Upon the occurrence of an Adverse Act with respect to a Member, such Member shall automatically be deemed to have offered to sell his entire Interest to the Company on the terms and conditions contained in this Section 9.6 and Sections 9.7 and 9.8 hereof. The Company shall have ninety (90) days from the date of the determination of the purchase price in accordance with Section 9.7 hereof during which to accept or reject the deemed offer to sell. In the event the Company fails to accept within such ninety (90) day period, the offer shall automatically be deemed rejected.

(b) The closing of the purchase and sale of the selling Member's Interest shall occur within ninety (90) days of the date the deemed offer to sell is accepted.

9.7 Purchase Price. For purposes of this Section 9, the purchase price shall be the amount determined by multiplying the selling Member's Membership Percentage by the Fair Market Value of the Company as of the last day of the month immediately preceding (i) the date of the Offer Notice in the case of a purchase pursuant to Section 9.3 hereof; (ii) the date of the change of control in the case of a purchase pursuant to Section 9.5 hereof; or (iii) the date of the occurrence of the Adverse Act in the case of a purchase pursuant to Section 9.6 hereof (the **"Valuation Date"**).

9.8 Payment of Purchase Price. In the event of the purchase of a Member's Interest pursuant to Sections 9.3, 9.5 or 9.6, the purchase price shall be paid as follows:

(a) There shall be paid in cash upon closing an amount equal to ten percent (10%) of the total purchase price.

(b) The balance of the purchase price shall be evidenced by a promissory note from the Company (the "**Purchase Note**"). The Purchase Note shall bear interest at the Prime Rate in effect on the closing date plus two (2) percentage points and shall be paid in sixty (60) equal monthly installments of principal and interest on an amortized basis. The first installment on the Purchase Note shall be due and payable on the first day of the second month following the month during which the closing occurs (together with interest from the date of the closing to the first day of the month following the month during which the closing occurs). The Purchase Note shall permit the prepayment thereof, either in whole or in part, at any time or from time to time, without penalty. The Purchase Note shall also contain a provision requiring the mandatory prepayment of the entire amount due thereunder upon the sale by the Company of all or substantially all of its assets. If required by any third party lending institution with which the Company does business on the date of the closing, the Purchase Note shall be subordinate to any existing indebtedness due and owing to such third party lending institution and the Member's personal representative shall execute any documentation reasonably requested to evidence such subordination including, without limitation, an inter-creditor agreement. Payment of the Purchase Note shall be solely the responsibility of the Company. The selling Member's personal representative shall have no recourse with respect to the Purchase Note against any of the remaining Members. Neither the Company nor any of the remaining Members shall be required to give any security for the payment of the Purchase Note.

9.9 Rights of Unadmitted Assignees.

(a) A Person who acquires one or more Interests but who is not admitted as a Substituted Member in accordance with this Agreement shall be entitled only to allocations and distributions with respect to such Interest in accordance with this Agreement, shall have no right to any information or accounting of the affairs of the Company, shall not be entitled to participate in the management of the Company, shall not be entitled to inspect the books or records of the Company, and shall not have any of the rights of a Member under the Act or this Agreement (collectively, the "**Non-Economic Rights**").

(b) In the event of a Transfer of an Interest to a Person who is not admitted as a Substituted Member, the Transferring Member shall automatically be deemed to have sold, assigned and conveyed to the Company all of the Non-Economic Rights associated with the Transferred Interest.

9.10 Admission of Assignees as Members. Subject to the other provisions of this Section 9, a transferee of an Interest may be admitted to the Company as a Substituted Member only upon satisfaction of the conditions set forth below:

(a) All of the non-transferring Members consent to such admission, which consent may be given or withheld in the sole and absolute discretion of the Members.

(b) The Interest with respect to which the transferee is being admitted was acquired by means of a Permitted Transfer.

9.11 Legend. Each Member hereby agrees that the following legend may be placed upon any counterpart of this Agreement, the Certificate, or any other document or instrument evidencing ownership of Interests:

(a) The Interests represented by this document have not been registered under any securities laws and the transferability of such Interests is restricted. Such Interests may not be sold, assigned or transferred, nor will any assignee, vendee, transferee or endorsee thereof be recognized by the issuer as having acquired any such Interests for any purposes, unless (1) a registration statement under the Securities Act of 1933, as amended, with respect to such Interests shall then be in effect and such transfer has been qualified under all applicable state securities laws, or (2) the availability of an exemption from such registration and qualification shall be established to the satisfaction of counsel to the Company.

(b) The Interests represented by this document are subject to further restriction as to their sale, transfer, hypothecation, or assignment as set forth in the Operating Agreement and agreed to by each Member. Said restriction provides, among other things, that no Interest may be transferred without first offering such Interest to the other Members, and that no vendee, transferee, assignee, or endorsee of a Member shall have the right to become a substituted Member without the consent of all of the Members which consent may be given or withheld in the sole and absolute discretion of the Members.

9.12 Distributions and Applications in Respect to Transferred Interests. If any Interest is sold, assigned, or Transferred during any fiscal year in compliance with the provisions of this Section 9, Profits, Losses, each item thereof, and all other items attributable to the Transferred Interest for such fiscal year shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal year in accordance with Code using any conventions permitted by law and selected by the Manager. Neither the Company nor any Member shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 9, whether or not any Member or the Company has knowledge of any Transfer of ownership of any Interest.

SECTION 10
WITHDRAWAL; NON-COMPETITION; DEADLOCK

10.1 Covenant not to Withdraw or Dissolve. Except as otherwise permitted by this Agreement, each Member hereby covenants and agrees not to (i) withdraw or attempt to withdraw from the Company; or (ii) exercise any power under the Act to dissolve the Company.

10.2 Future Business Ventures by CNG. In the event that CNG shall wish to develop a new franchise for the local distribution of natural gas it shall first offer that opportunity to the Company if (a) that franchise area will lie in an area easterly of a line drawn between city hall of Corning, New York and city hall of Rochester, New York in the State of New York, (b) the franchise will lie within a geographic area where MHI regularly and substantially provides heating services and supplies (*e.g.*, propane or heating oil sales and services), or (c) MHI has been the primary procuring cause of developing that business opportunity.

The above terms of this paragraph 10.2 notwithstanding:

(a) CNG may develop any business opportunity where any portion of that franchise will lie within 50 miles of any CNG operation, including its pipelines, existing as of the date of this Agreement.

(b) CNG may develop any business opportunity where the primary source of natural gas supply is not local production.

(c) Except as provided in (a) or (b) above, CNG agrees not to enter into any natural gas distribution venture with an entity involved in substantially the same business as MHI, without first offering to undertake that venture through the Company or with MHI on substantially the same terms offered to the other proposed joint venturer. In that case, the natural gas distribution venture will be first offered to the Company for approval or rejection by its Managers. If the opportunity is not accepted by the Company's Managers within thirty (30) days, it will be deemed rejected and then will be offered to MHI. In that instance, MHI must accept the proposal within fifteen (15) days or it will be deemed to have rejected the offer and CNG will be permitted to proceed without the Company or MHI.

(d) The provisions of this paragraph will be made binding upon any Affiliate of CNG, but will no longer be binding upon CNG or its Affiliates three (3) years after a Change of Control related to CNG.

10.3 Deadlock.

(a) In the event the Members or Managers, as the case may be, shall be unable in good faith to resolve a dispute between them or arrive at a decision required to be made under this Agreement within the time period provided for, the provisions of this Section 10.3 shall apply.

(b) Either Member may declare a deadlock by the giving of an "**Election Notice**" to the other Member. The Election Notice shall state (i) an amount (the "**Stated Value**") as the proposed Fair Market Value of the Property; and (ii) shall specify the proposed payment terms (the "**Payment Terms**") of the Deemed Purchase Price (as defined below).

(c) The Member giving the Election Notice is referred to as the "**Electing Member**" and the Member receiving the Election Notice is referred to as the "**Notice Member**".

(d) An Election Notice shall constitute an irrevocable offer by the Electing Member to either (i) purchase all, but not less than all, of the Membership Percentages owned by the Notice Member for the purchase price determined in accordance with Section 9.7 hereof but using the Stated Value as the Fair Market Value of the Property (the "**Deemed Purchase Price**") and on the Payment Terms; or (ii) sell all, but not less than all, of the Membership Percentages owned by the Electing Member to the Notice Member for the Deemed Purchase Price and on the Payment Terms.

(e) For a period of sixty (60) days following receipt of the Election Notice (the "**Election Period**"), the Notice Member shall have the option to elect either to (i) purchase all, but not less than all, of the Membership Percentages owned by the Electing Member for the Deemed Purchase Price and on the Payment Terms; or (ii) sell all, but not less than all, of the Membership Percentages owned by the Notice Member to the Electing Member for the Deemed Purchase Price and on the Payment Terms. The Notice Member may exercise the option by serving a notice (the "**Exercise Notice**") on the Electing Member stating its choice to buy or sell prior to the end of the Election Period. If the Notice Member does not give an Exercise Notice on or before the end of the Election Period, the Electing Member shall have the choice to either buy or sell at the price and on the terms set forth on the Election Notice.

(f) The closing of the purchase and sale of the Membership Percentages shall occur on a date and time mutually agreeable to the Electing Member and the Notice Member which in all events, must occur within thirty (30) daysafter NYSPSC approval is granted for transfer of interest (if necessary).. The closing shall take place at such place as the Electing Member and the Notice Member shall mutually agree or, failing such agreement, at the offices of the Company. At the closing, the parties shall execute and deliver such documents and instruments of conveyance as may be necessary or appropriate to effectuate the closing of the sale of the Membership Percentages.

(g) Once given, an Election Notice and/or Exercise Notice shall be irrevocable. In the event more than one Election Notice is given, the later dated notice shall be of no force or effect.

SECTION 11
DISSOLUTION AND WINDING UP

11.1 Dissolution. The Company shall dissolve upon the first to occur of any of the following events (the "**Liquidating Events**"):

(a) The sale by the Company of all or substantially all its assets and properties;

(b) The election of the Members to dissolve the Company;

(c) The happening of any other event that makes it unlawful, impossible or impractical to carry on the business of the Company; or

(d) A complete cessation of the Business.

The Members hereby agree that, notwithstanding any provision of the Act, the Company shall not dissolve prior to the occurrence of a Liquidating Event. Furthermore, the Members agree that the Company shall not dissolve on the bankruptcy, death, expulsion, incapacity or withdrawal of a Member (a "**Statutory Dissolution Event**") and that on the happening of a Statutory Dissolution Event, the Company shall automatically be deemed to continue in existence. If it is determined by a court of competent jurisdiction that the Company

has dissolved prior to the occurrence of a Liquidating Event then the Members hereby agree to continue the business of the Company without a winding up or liquidation.

11.2 Winding Up. Upon dissolution of the Company, the Managers or court-appointed trustee if there be no Managers shall take full account of the Company's liabilities and assets. The assets and properties of the Company shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient therefor, shall be applied and distributed in the following order:

(a) To the payment and discharge of all of the Company's debts and liabilities (other than those to Members), including the establishment of any necessary reserves;

(b) Second, to the payment and discharge of all of the Company's debts and liabilities to Members; and

(c) The balance, to the Members and Assignees in accordance with their Capital Accounts after giving effect to all contributions, distributions and allocations for all periods.

11.3 Establishment of Trust. In the discretion of the Managers, a pro rata portion of the distributions that would otherwise be made to the Members and Assignees pursuant to Section 11.2 hereof may be distributed to a trust established for the benefit of the Members and Assignees for the purposes of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the Members arising out of or in connection with the Company. The assets of any such trust shall be: (i) distributed to the Members and Assignees from time to time, in the reasonable discretion of the Managers, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members and Assignees pursuant to this Agreement; or (ii) withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company provided that such withheld amounts shall be distributed to the Members and Assignees as soon as practicable.

11.4 Rights of Members and Assignees. Except as otherwise provided in this Agreement, each Member or Assignee shall look solely to the assets of the Company for the return of his Capital Contribution and shall have no right or power to demand or receive property other than cash from the Company.

SECTION 12
MISCELLANEOUS

12.1 Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered personally to the Person or to an officer of the Person to whom the same is directed, or sent by regular, registered, or certified mail, addressed as follows: (i) if to the Company, to the Company at the address set forth in Section 2.4 hereof, or to such other address as the Company may from

time to time specify by notice to the Members; or (ii) if to a Member, to such Member at the address set forth in the first paragraph hereof hereto or to such other address as such Member may from time to time specify by notice to the Company. Any such notice shall be deemed to be delivered, given and received for all purposes as of the date so delivered, if delivered personally or if sent by regular mail, or as of the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, if sent by registered or certified mail, postage and charges prepaid.

12.2 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the Members and their respective heirs, legatees, legal representatives, successors, transferees and assigns.

12.3 Construction. Every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member.

12.4 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

12.5 Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

12.6 Incorporation by Reference. Every exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

12.7 Additional Documents. Each Member, upon the request of the Managers, agrees to perform all further acts and execute, acknowledge and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

12.8 Variation of Pronouns. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the Person or Persons may require.

12.9 New York Law. The laws of the State of New York shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the Members.

12.10 Waiver of Action for Partition. Each of the Members irrevocably waives any right that he may have to maintain any action for partition with respect to any of the Property.

12.11 Counterpart Execution. This Agreement may be executed in any number of counterparts with the same effect as if all of the Members had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

12.12 Specific Performance. The parties acknowledge that they will be irreparably harmed in the event any of the provisions of this Agreement are violated and that the damages that may result therefrom will be difficult, if not impossible, to calculate. Should any dispute arise concerning any matter provided for in this Agreement, the parties agree that an injunction may be issued restraining any of the foregoing events pending the resolution of the controversy. In the event of any controversy concerning any right or obligation of a party, such right or obligation shall be enforceable in a court of equity by a decree of specific performance. Any such remedy, however, shall be cumulative and not exclusive, and shall be in addition to any other remedies which the parties hereto may have.

12.13 Entire Agreement. This Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof and supersedes any previous understanding whether oral or written.

12.14 Arbitration.

(a) Any controversy or claim arising out of or relating to any interpretation of this Agreement or its performance or nonperformance by a party hereto (other than determination of Fair Market Value) shall be settled by arbitration in accordance with the Expedited Procedures of the Commercial Arbitration Rules of the American Arbitration Association, and the arbitrator shall be selected under such rules. The arbitration shall be held in Binghamton, New York, or at such other place as may be selected by mutual agreement of the parties, and the arbitrator shall apply by the laws of the State of New York, without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the State of New York to the rights and obligations of the Members.

(b) Judgment upon the award rendered may be entered in, and enforced through, any court having jurisdiction. The parties to the arbitration and the arbitrator shall not otherwise disclose the existence, content, or results of any arbitration hereunder without the prior written consent of the parties to the arbitration. Each party shall bear its own cost and expense of such arbitration and the cost of the arbitration of the American Arbitration Association shall be divided equally between the parties.

(c) No provision of, nor the exercise of any rights under this provision shall limit the right of any party to request and obtain from a court having jurisdiction before, during or after the pendency of any arbitration, provisional or ancillary remedies and relief including but not limited to injunctive or mandatory relief or the appointment of a receiver.

IN WITNESS WHEREOF, the parties have entered into this Operating Agreement as of the day first above set forth.

LEATHERSTOCKING GAS COMPANY, LLC

By: _____
Michael I. German, Manager

By: _____
Joseph P. Mirabito, Manager

MIRABITO HOLDINGS, INC., Member

By: _____
Joseph P. Mirabito, President

CORNING NATURAL GAS CORPORATION, Member

By: _____
Michael I. German, President

IN WITNESS WHEREOF, the parties have entered into this Operating Agreement as of the day first above set forth.

LEATHERSTOCKING GAS COMPANY, LLC

By:_____
Michael I. German, Manager

By:_____
Joseph P. Mirabito, Manager

MIRABITO HOLDINGS, INC., Member

By:_____
Joseph P. Mirabito, President

CORNING NATURAL GAS CORPORATION, Member

By:_____
Michael I. German, President

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY/DOCUMENT REQUEST

Request No.:	DPS-17
Requested By:	Aric Rider
Date of Request:	June 9, 2011
Witness:	Fi Sarhangi/Mario DiValentino
Subject:	AGA Cite

Reference FS/LMD-14.

1. Provide the AGA fact sheet cited in the testimony.

2. For the 50 utilities mentioned, are rates set on a forecast rate year?

3. Do any of the 50 utilities have credit problems?

4. Have any reductions to the RoE been made to reflect the reduction in risk for the 50 utilities?

Response:

1. The April 2011 AGA Fact Sheet, as well as the May 2011 Infrastructure Cost Recovery Report, is attached.

2. The witnesses are aware that California has a ratemaking model that is similar to New York's. They are not specifically aware of which other states may use a fully forecasted rate year. It is questionable, however, whether any comparison of rate case models used by individual states should be based on one feature of the model.

3. No such evaluation was done.

4. No such evaluation was done.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: June 17, 2011

Natural Gas Rate Report

April 2011

INFRASTRUCTURE COST RECOVERY MECHANISMS

Maintaining the safety and reliability of our nation's natural gas pipeline system has always been the number one priority for AGA and its member utilities. Due to recent tragic pipeline incidents, Congress, the U.S. Department of Transportation, and state commissions have begun to devote greater attention to the need for additional investment in the infrastructure required to maintain and improve the safety and reliability of the distribution network.

Utilities incur billions of dollars annually in normal operating expenses, maintenance, and safety, and they recover these costs from customers in rates. Utilities also invest billions annually in system repairs, renovations, and new construction, but these new investments often are deferred until the next utility rate case. However, a number of states now allow natural gas utilities to recover new infrastructure investment costs incurred between utility rate cases through various cost recovery mechanisms. The rationale for such cost recovery is that while the investments are necessary to maintain system reliability and safety, typical ratemaking mechanisms do not allow for new costs to be recovered until the utility files for a new rate case, which in many cases, may be several years after the costs have been incurred.

A growing number of states allow utilities to recover the costs incurred between rate cases associated with replacing aging infrastructure. Rate surcharges, cost trackers, and deferral accounts specifically address infrastructure investment cost recovery, while rate stabilization is a type of rate design that is more general and recovers infrastructure investment as well as other costs incurred between rate cases. ***As of March 2011, more than 50 utilities in 19 states serving 20 million residential natural gas customers are using special rate mechanisms to recover their replacement infrastructure investments, and another 13 utilities in 6 states serving 6 million customers are recovering these investment costs using rate stabilized tariffs.***

CHALLENGES WITH TRADITIONAL INFRASTRUCTURE COST RECOVERY

Under traditional cost of service based ratemaking, the costs of natural gas utility infrastructure investments may not be recovered until the investment is in the ground and the regulator has approved the costs in a rate case. ***Traditional approaches produce a significant lag between when the dollars are spent for infrastructure replacement and when the company begins to recover these expenditures in rates.*** In addition, while investments made to serve new customers or to deliver additional volumes of gas generate new sources of revenues, expenditures made to refurbish or to replace aging infrastructure do not generate incremental revenues.

Timely cost recovery of prudently incurred safety and reliability investments is of utmost importance to the financial stability of natural gas utilities. Because traditional ratemaking allows recovery of infrastructure investments only following approval in a rate case, there is often a multi-year delay before the recovery of such investments begins. Investments that are recovered long after they are incurred cause the utility to bear carrying costs without the

opportunity to recover these prudent expenditures. Credit agencies criticize companies with lag in the recovery of their costs and assign a lower credit rating to such utilities that ultimately translates into higher rates for customers. The only alternative is to file a rate case each year, which is a costly activity that also leads to higher rates for customers.

RATE DESIGN SOLUTIONS

States have been encouraging natural gas companies to increase the investment levels necessary to maximize the safety and reliability of their systems. *Some state commissions allow a gas utility to use expense trackers or accounting deferrals to recover costs expended to replace infrastructure in a timely manner.* These rate mechanisms reduce the costs associated with filing rate cases while reducing the regulatory lag associated with recovery of infrastructure investments. In addition, the mechanisms recognize that replacement investments will not lead to sales of additional volumes of natural gas that might otherwise have been expected to help recover the investments' cost.

Several rate design options are available for recovering expenses associated with replacing pipelines and other infrastructure that utilities incur after rates have been set. Trackers, surcharges, and rate stabilization mechanisms recover costs in the time period in which they are incurred, while deferral accounts delay the recovery of investments, and usually, carrying costs, until a future period.

Surcharge to Rates – The most frequently used cost recovery method for infrastructure replacement cost programs is a surcharge to rates. A rate surcharge is a temporary adjustment to the customer bill that raises rates for a period of time by a fixed amount. Unlike the tracker, which allows the utility to recover ALL costs associated with infrastructure replacement, a surcharge fixes the total amount of program cost recovery.

In 1998, ***Atlanta Gas Light Company*** began a 15-year Pipeline Replacement Program (PRP) to replace more than 2,300 miles of bare steel and cast iron natural gas pipeline in Georgia. In the early years, the Georgia Public Service Commission annually reviewed the company's infrastructure replacement expenses from the previous year and then approved a new surcharge amount. Halfway through the program, the commission agreed to a fixed dollar amount of expense to be recovered in rates over the remaining seven years of the program.

In 2009, Atlanta Gas Light significantly expanded the replacement program to include investments for infrastructure to serve new customers and expand service. The Strategic Infrastructure Development and Enhancement program merged with the company's existing PRP and allows the company to invest $400 million over the next ten years in infrastructure improvements. Those improvements include upgrading the backbone of the utility's distribution system and liquefied natural gas facilities to improve system reliability and create a platform to meet forecasted growth. The program was further expanded in 2010 and allows Atlanta Gas Light to invest up to $45 million to extend its pipeline facilities to serve customers without pipeline access. The new program will also allow Atlanta Gas Light to install pipelines to create new economic development corridors in order to help spur growth.

Tracker – A rate tracker is an example of an adjustment clause, a regulatory mechanism that allows a utility's rates to fluctuate in response to changes in operating costs or conditions as they occur. Adjustment clauses have been in use since World War I, when the electric industry introduced them due to significant increases in the price of coal. Trackers may be automatic, actuated without the need for a formal rate hearing, or they may require additional regulatory

investment of $103 million to be made in specific infrastructure projects that were incremental to the company's 2009 and 2010 capital budgets.

As part of a base rate case order in September 2010, South Jersey rolled into rate base approximately $81 million of completed CIRT investments. This resulted in an increase to base rates and a tracker reduction. The rate case order also provided for a Phase II proceeding in which the remaining $23 million of projects are to be rolled into rate base in October 2011. The rate case order created a nexus between the CIRT and base rate case proceedings.

On March 31, 2011, the BPU approved the continuation of the accelerated infrastructure programs for South Jersey Gas. The company will invest approximately $60 million to accelerate previously planned capital projects that must be completed by October 31, 2012. These CIRT–II projects are scheduled to be rolled into rate base on October 1, 2011 and January 1, 2013. In March 2011 order, the BPU extended Phase II of the base rate case to facilitate the CIRT–II roll-in.

The criteria for CIRT–I and CIRT–II projects are the same: 1) they must assist the company in providing safe, adequate and proper service to customers; 2) project expenditures must be incremental to SJG's annual capital budget; 3) and they must support New Jersey's economic stimulus objectives, including creating jobs in New Jersey. Projects being rolled into rate base will be subject to a prudency review. The CIRT programs reduce the time period over which infrastructure is replaced from 46 years to 20 years.

New York – Corning Natural Gas
Corning Natural Gas has had a limited pipeline replacement cost recovery mechanism since 2006. The company has replaced nearly 36 miles of older mains and 1,900 services. The company replaces about 7 miles of pipe per year, and expects the program to require another 10-15 years to complete. The company is also relocating gas meters that are inside the house to a location on the outer wall of the structure that is as close to the main as possible and safe.

New York – National Grid Long Island
National Grid Long Island has had a limited infrastructure replacement tracker program since 2008. The program allows the utility to track only the costs of new or replacement infrastructure that is necessitated by city and state construction projects. These costs are rolled into rates and recovered from customers. No other infrastructure investment costs are allowed this treatment. There are no caps on the amount of money that may be recovered through the mechanism, and no rate case is required to implement the program.

New York – National Grid NYC
The limited infrastructure replacement tracker at National Grid NYC is similar to the one at National Grid Long Island. The program has been in place since 2008 and covers only those costs that are necessitated by city and state construction projects.

New York – National Grid Niagara Mohawk
Niagara Mohawk has had a limited pipeline replacement cost recovery mechanism since 2008. Prior to that time, the company had replaced approximately 20 miles of leak-prone pipe annually. The limited program, which was scheduled to run for 5 years, ordered the company to replace a cumulative total of at least 150 miles of pipe and not less than 25 miles in any one year. Failure to meet the cumulative or any of the annual minimum targets would result in a revenue adjustment of $840,000.

The costs to achieve the incremental 10 miles of annual pipe replacement are being deferred until the company's next rate filing, while the costs to replace the first 20 miles of pipe annually

are included in the utility's base rates. This metric does not apply if leak-prone pipe is being replaced due to interference projects and/or city or state construction requirements; those costs are also recoverable through the mechanism. The program extends through 2012.

Ohio – Columbia Gas of Ohio
Columbia Gas of Ohio received approval of its Infrastructure Replacement Program (IRP) tracker as part of its last base rate case that was approved December 2008. The IRP allows for the recovery of calendar year investments to replace: 1) bare steel and cast iron mains and associated service lines, 2) prone to fail risers, 3) hazardous customer service lines, and 4) installation of automated meter reading devices. The IRP also allows for recovery of post-in-service carrying costs, property taxes, and depreciation, and reflects O&M savings as a result of the program. Columbia earns a return on its investment at the rate allowed in its last base rate case and is subjected to rate caps, set at the anticipated investment level projected by the company. The initial filing is made each November 30 of the investment year, with actual data filed on February 28 of the recovery year. New rates go into effect each May.

Columbia's IRP is a fixed surcharge capped at the following amounts for small general service customers: $1.10 per month in year 1; $2.20 per month in year 2; $3.20 in year 3, $4.20 in year 4; and $5.20 in year 5. The cap on small commercial customers (less than 300 Mcf/month) is the same as the small general service customer. There is no cap on customers taking more than 300 Mcf per month.

The IRP is authorized for an initial five year period, and no rate case is required. Columbia may request the IRP be renewed through the filing of a base rate case or pursuant to an alternative rate design method as provided for in Section 4929.05 of the Revised Code of Ohio.

Ohio – Dominion East Ohio
Dominion East Ohio's existing Pipeline Infrastructure Replacement tracker program was approved in the company's rate case on October 15, 2008 for costs associated with infrastructure replacements starting July 1, 2008. The program primarily covers replacements, but ongoing infrastructure investments may be included provided the rate cap is not exceeded. On March 31, 2011, Dominion East Ohio filed a motion with the Ohio Public Utilities Commission requesting approval to modify the program due to an increase in the identified scope of the program and in response to recent increased national concern about pipeline safety. The company's proposed modification is an increase in annual investment from approximately $100 million per year to more than $200 million per year. A rate case is not required for the proposed modification of the program.

Dominion East Ohio's program specifies a fixed monthly surcharge for most rate schedules and a volumetric charge for the industrial class; annual adjustments require an application supported by rate schedules and involve an expedited procedural schedule. The monthly surcharge for residential and small commercial customers may be more than $1.12 per customer in year 1, with annual increases in the monthly charge of no more than $1.00 thereafter. With the proposed growth in annual investment, Dominion East Ohio has requested an increase to the annual adjustment cap of $2.00 initially, the sufficiency of which would be evaluated subsequently. Although there is not a specified cap in miles, the miles of replacement are limited by the cap on the associated cost recovery charge.

The proposed time period for full infrastructure replacement, which is pending as of the company's March 31, 2011, filing, is less than 25 years; this is a decrease from the original estimate of 25 years. Program cost recovery was approved for an initial period of five years. In its recently filed proposal, Dominion East Ohio has requested reauthorization for a five-year period commencing with approval of the modified program.

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY/DOCUMENT REQUEST

Request No.:	DPS-18
Requested By:	Aric Rider/Elizabeth Katz
Date of Request:	June 9, 2011
Witness:	Fi Sarhangi/Mario DiValentino
Subject:	Retail Access

Reference Case 08-G-1137, JP p. 32.

1. Corning agreed to submit a yearly report to the Director of the Office of Industry and Government Relations by August 5th of each year, on the feasibility of the Company study regarding POR. Please provide a copy of each report filed with the Director of the Office of Industry and Government Relations.

Response:

1. The yearly report was not made. Corning does consolidated billing for only one ESCO. There has been no request to develop a Purchase of Receivables ("POR") program from that ESCO or any other ESCO. Corning has been informed that the ESCO for which it does billing has recently been purchased and that the new owner intends to bill its customers directly. Therefore, Corning sees no benefit in developing a POR program that has not been requested by any ESCO and that, very shortly, will have no ESCOs to which it potentially could apply. Corning's retail access participation has been strong and has not been affected by the existence or non-existence of a POR program.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: June 17, 2011

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY/DOCUMENT REQUEST

Request No.:	DPS-58
Requested By:	Aric Rider/Michael Colby
Date of Request:	June 20, 2011
Witness:	Sarhangi/DiValentino
Subject:	Local Production Revenue

1. Has the Company proposed a modification to the local production revenue imputation of $250,000 set in Case 08-G-1137? If so, please explain.

2. Has the Company proposed a modification to the local production sharing percentages (80% customer/20% shareholders)? If so, please explain.

Response:

1. No. Corning understands that the Maxwell, Eolin and Curren wells are projected to be non-producing by the rate year. This circumstance would negatively impact local production revenues and thereby decrease the likelihood of achieving the revenue imputation.

2. No. The Company does not see a need at the present time to modify the 80%/20% allocation to customers and shareholders, respectively, that has been adopted by the Commission in Cases 08-G-1137 and 09-G-0791.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: July 7, 2011

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-68
Requested By:	Aric Rider
Date of Request:	June 20, 2011
Witness:	Sarhangi/DiValentino
Subject:	Staged Increase/Construction Surcharge

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1. On page FS/LMD-13, the Company proposes a staged increase for the twelve months ended April 30, 2016 and April 30, 2017. Please provide an example and narrative of how the staged increase would operate.

2. On page FS/LMD-14, the Company proposes a construction surcharge mechanism for the twelve months ended April 30, 2016 and April 30, 2017. Please provide an example and narrative of how the construction surcharge mechanism would operate.

3. Does the Company prefer staged increases or the construction surcharge mechanism?

Response:

1. The carrying cost (defined as pre-tax overall return, depreciation expense and property taxes) would be permitted on plant additions (net of plant depreciation and tax reserve) for the twelve-month periods ended April 30, 2016 and 2017. The Company would make a filing with the Commission 90 days prior to the effective date of the second stage increase with its estimated capital expenditures for the twelve-month period ended April 30, 2016 for Commission review (a similar filing would be made for the twelve-month period ended April 30, 2017). The amount approved by the Commission would be collected via the DRA. At the end of the plan year the amount collected would be compared to the actual costs experienced by the Company. Any over/(under) collection would be reflected in the following plan year, along with the actual amount of carrying costs for year one (the twelve months ending April 30, 2016). If no rate case is filed that resets rates at the end of the second plan year, the Company would be permitted to roll the carrying costs that have been approved by the Commission into base rates and the DRA would be reduced by an equal amount. An example of the year one plan year is attached as "DPS-68 Second Stage and Construction Surcharge Illustrative.xls". Please note that amounts shown are solely for the purpose of illustrating the calculation for the Second Stage.

2. The calculation for the construction surcharge would be identical to that described in the response to part 1, above. The construction surcharge, however, would continue annually (beyond April 30, 2017). An example of the year one plan year is attached as "DPS-68 Second Stage and Construction Surcharge Illustrative.xls". Please note that amounts shown are solely for the purpose of illustrating the calculation for the Construction Surcharge.

3. The Company's need for rate increases is primarily driven by its mandated capital expenditure program. The Company would prefer the Construction Surcharge Mechanism because of its ability to defer the need for and costs of base rate case filings.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: July 6, 2011

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-73
Requested By:	Aric Rider
Date of Request:	June 23, 2011
Witness:	Sarhangi/DiValentino
Subject:	AGA

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1. On page 12 of the AGA fact sheet, provided in response to DPS-17, it states "Corning Natural Gas has had a limited pipeline replacement cost recovery mechanism since 2006." List the Commission authorized pipeline replacement "cost recovery mechanism" for 2006, 2007, 2008, 2009 and 2010.

Response:

1. For the period from 2006 through August 31, 2010, the recovery of pipeline replacement costs was accomplished through base rates. The costs for the twelve months ended August 31, 2011 will be recovered through the second stage approved in Case 08-G-1137.

Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: June 29, 2011

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-88
Requested By:	Christopher Simon
Date of Request:	June 28, 2011
Witness:	M. DiValentino/F.Sarhangi
Subject:	Direct Labor

References to Exhibit CNG-5, Schedule 3, Page 2 of 2:

1. Accrued Vacation Pay per books December 31, 2010 per Schedule 3 does not correspond with what is reported on Schedule 5. What is the correct Accrued Vacation Pay as of December 31, 2010?

2. Accrued Vacation Pay normalization adjustment as shown on Schedule 3 does not correspond with what is shown on Schedule 5. What is the correct adjustment amount?

3. Indirect Clearing $250,806 as of 12/31/10 and Clearing Operations $137,463 as of 12/31/10, what other schedules do these amount hit?

4. Exhibit CNG-5, Schedule 4, Page 2 of 2, shows Supervisory and Indirect Labor.

   a. Is this a new expense?

   b. Where was this expense listed in Case 08-G-1137?

   c. Should apportion of this expense be allocated to the Town of Virgil, the proposed Virgil franchise expansion, or Leatherstocking Gas Co LLC?

Response:

1. The vacation pay accrual on Exhibit CNG-5, Schedule 3 was adjusted to reflect the elimination of the year-end payroll accrual ($4,875). Exhibit CNG-5, Schedule 5 was adjusted upward by $2,257 to equal the amount as adjusted on Exhibit CNG-5, Schedule 3. The vacation pay accrual is the same from December 31, 2010, as adjusted, to the twelve months ended April 30, 2015.

2. The vacation pay accrual on Exhibit CNG-5, Schedule 3 was adjusted to reflect the elimination of the year-end payroll accrual ($4,875). Exhibit CNG-5, Schedule 5 was adjusted upward by $2,257 to equal the amount as adjusted on Exhibit CNG-5,

Schedule 3. The vacation pay accrual is the same from December 31, 2010, as adjusted, to the twelve months ended April 30, 2015.

3. The distribution of the Supervisory and Indirect Labor is detailed on Exhibit CNG-5, Schedule 4.

4a. No.

4b. It was not listed separately; it was included as part of the Direct Labor component.

4c. Virgil expansion has not been approved by the Commission. Accordingly, no revenues and expenses are included in this rate request. Leatherstocking is effectively a non-operating entity at this time. The exercise of any franchise acquired will be subject to obtaining gas supply and to PSC approval. As part of the PSC approval process, LGC will propose cost allocation procedures to account for LGC's operational costs. Please refer to the responses to DPS-10 and DPS-36 Part 7.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: July 7, 2011

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-100
Requested By:	Christopher Simon
Date of Request:	June 28, 2011
Witness:	M. DiValentino/F. Sarhangi
Subject:	Follow up to Company Response to DPS-10

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1. Question 10 of DPS-10 asked, "Who paid all the legal expenses to form Leatherstocking Gas Co LLC? If Corning Natural Gas, provide all journal entries." Company stated that legal expenses were paid in 2011 and recorded below line. Per question 10 of DPS-10, provide the journal entries recording the legal expense on Corning's books in 2011.

2. Question 5 of DPS-10 asked, "Provide all employee contracts for Leatherstocking Gas Co LLC." Company responded that there are no employee contracts. Question 7 of DPS-10 asked, "When was the discussion initiated between Corning and Mirabito to form Leatherstocking Gas Co LLC?" Company responded late summer 2010.

    a. Provide a breakout of the time, starting from late summer 2010 through December 2010 that each Corning employee spent time on Leatherstocking Gas Co LLC work.

    b. Provide a breakout of the time that Moonstone Consulting spent on Leatherstocking Gas Co LLC work starting from late summer 2010 through December 2010.

    c. Provide a breakout of the time that Nixon Peabody spent on Leatherstocking Gas Co LLC work starting from late summer 2010 through December 2010.

    d. Update 2a., 2b., and 2c. for 2011.

3. Does Corning believe that it is reasonable to share office space with Leatherstocking Gas Co LLC? If so, why?

4. Does Corning believe that it is reasonable to share office equipment with Leatherstocking Gas Co LLC? If so, why?

5. Does Corning have Cost Allocation Manual (CAM) measures in place for Leatherstocking Gas Co LLC? If so, provide copies.

6. Attachment DPS-10, Part 6 Operating Agreement, Page 6, Section 3.3, Additional Capital Contributions states, "No capital contribution shall be required of a Member if that contribution is not permitted by the New York State Public Service Commission." When did the Commission issue its decision allowing Corning to contribute the first $5,000 for the formation of Leatherstocking Gas Co LLC? Provide a copy of the Commission decision.

Response:

1. The legal expenses that were booked below the line for the formation of Leatherstocking Gas Company, LLC are found in the attached journal entries.

2a. Corning's CEO and President spent time on Leatherstocking matters, principally in the form of reviewing and commenting on drafts of the legal agreements for the joint venture. The Company estimates that less than 1% of normal business hours of his time, as well as that of Vice President Russell Miller, was spent on this activity from the summer of 2010 through December 2010. Other officers of Corning had incidental involvement in Leatherstocking matters during 2010. For 2011 and going forward, the time spent by Company officers or other employees on Leatherstocking activities during normal business hours can be determined from time sheets or other records. The Company is in the process of compiling that information and will provide it shortly.

2b. Apart from receiving background information pertaining to unregulated operations and participating in two or three telephone calls in which Leatherstocking matters, along with others, were discussed, Moonstone Consulting did not have responsibility for any specific tasks pertaining to the establishment or plans for operation of Leatherstocking and did not undertake any such work from the summer of 2010 through December 2010. The same is true for 2011 to date.

2c. Nixon Peabody spent 8.7 hours on matters having some relationship to Leatherstocking from the late summer of 2010 through December 31, 2010. In 2011 to date, time spent on those matters totals .6 hours. The .6 hours will be included in Nixon Peabody's bill rendered in July 2011 for June 2011 services. The dollar amount corresponding to the 8.7 hours was posted above the line in October 2010. $3,745.38 has been transferred below the line in June 2011 (see response to part 1, above). This amount should be normalized out of the historical test period.

2d. Please see the responses to parts 2a., 2b., and 2c.

3. Please see the Company's response to DPS-51, part 11c, which states "Leatherstocking is effectively a non-operating entity at this time. Please refer to the responses to DPS-10 and DPS-3[6] Part 7. As indicated in the latter response, the activity that is currently being undertaken with respect to Leatherstocking is after work hours and incremental costs are being charged to the Joint Venture. The level of current activity is so minimal that any allocation would be insignificant." As also indicated in that response, Leatherstocking expects to establish its offices at a location other than on Corning

property and most likely within or closer to the Leatherstocking service area. Thus, the prospect of being in a position to share office space or office equipment with Corning seems unlikely. However, to the extent that Leatherstocking becomes operational and shares space or equipment, Corning agrees that it would be appropriate to allocate the relevant costs of such space or equipment.

4. Please see the response to part 3, above.

5. The only cost allocation methodology was described in response to DPS-10, Part 6. As stated in the response to DPS-36 Part 7, "[t]he exercise of any franchise acquired will be subject to obtaining gas supply and to PSC approval. As part of the PSC approval process, LGC will propose cost allocation procedures to account for LGC's operational costs. The cost of the current activities has been limited to presentations made to interested towns and villages after normal work hours. Any incremental costs associated with these presentations and any legal expenses are paid by LGC. The partners to the JV have conducted these preliminary activities in such a way as to avoid imposing any burdens on CNG's regulated operations. To the extent that LGC obtains the necessary franchises and receives approval of them from the Commission, so that LGC can commence operations during the rate year, LGC expects to establish its offices at a location other than on CNG property (e.g., within or closer to the LGC service area)."

6. The initial $5,000 investment was made from non-utility funds. Accordingly, no Commission approval was required.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: July 13, 2011

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-106
Requested By:	Christopher Simon
Date of Request:	July 6, 2011
Witness:	M. DiValentino/F. Sarhangi
Subject:	Direct Labor

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1. What are the official working hours for the following Corning Natural Gas Employees:

   a. Michael German

   b. Matthew Cook

   c. Russell Miller

   d. Stanley Sleve

2. Provide a copy of the 6/13/11 timesheet for Corning Natural Gas Employee Stanley Sleve. Provide detail as to what was done during official working hours on behalf of Corning rate payers.

Response:

1. Work hours for officers are Monday through Friday, 8:00 AM to 5:00 PM. A one-hour lunch period is included.

2. Mr. Sleve and other officers of the Company only indicate hours worked on timesheets. The time for each officer is allocated, on a pre-determined basis (unless otherwise specified), to specific Company accounts for administration, buildings, gas supply and the like. Mr. Sleve's timesheet for June 13, 2011 indicates eight hours worked. During the workday on June 13, 2011, Mr. Sleve's time spent on behalf of rate payers included a number of activities. Among them were managing a facilities project to install a new chiller unit for air conditioning at the Company's office building, preparation and review of the May EEPS program reports, preparation and organization for the Company's Board of Directors meeting, analysis of vendors in preparation for conversion of all 10-K and 10-Q filings in XBRL format, preparing for a conference call with PSC Staff and review of the new Appendix M related to the EEPS programs and preparation for litigation matters on the Company's behalf.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: July 15, 2011

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-108
Requested By:	Ron Calkins
Date of Request:	July 6, 2011
Witness:	M. DiValentino/F. Sarhangi
Subject:	Consideration of Management Performance in Setting the Cost of Equity

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The Company cites the Rochester Telephone Corporation rate case 17 NY PSC 448 (1977) and refers to subsequent proceedings in developing an understanding of the essential criteria relied upon by the Commission in awarding a premium on return on equity.

1. Provide the additional Commission decisions referred to by the Company and the sections of these decisions relied upon in developing an understanding of the essential criteria relied upon in awarding a premium on return on equity.

2. Did the Commission continue to award the Rochester Telephone Corporation a premium on its return on equity for its management performance in subsequent rate decisions?

3. Cite the Rochester Telephone Corporation rate cases where a premium on its return on equity was awarded.

4. Cite the Rochester Telephone Corporation rate decision where a premium on its return on equity for its management performance was not awarded? Why wasn't a premium on equity awarded for these cases?

Response:

1. As indicated in the referenced testimony, the essential criteria for awarding a premium on return on equity are presented, explicitly or implicitly, in the 1977 Rochester Telephone Corporation case (17 NY PSC 448). Among the Commission decisions shedding light on the criteria used for determining entitlement to a premium are the following: The Brooklyn Union Gas Company, 22 NY PSC 4741, 4772-74 (1982); National Fuel Gas Distribution Corporation, 30 NY PSC 1305, 1325 (1990) (see Recommended Decision, 30 NY PSC 1350, 1424-25).

2. The Company has not done exhaustive research specifically to determine whether the Commission awarded a premium to Rochester Telephone Corporation following the 1977 decision. In preparing their testimony, however, the witnesses became aware of the Commission's December 1, 1980 Opinion No. 80-38 in Case 27411 (Rochester Telephone Corporation) et al., in which the Commission denied a premium requested by RTC (and a smaller, 10 percent, premium recommended by the Administrative Law Judge) (see pp. 47-48). It appears that the premium was disallowed due to Staff's arguments (a) that RTC had complaints regarding service and (b) that, since RTC had received the equity premium in the 1977 decision, that premium was "perpetual and should not be repeated." In a later RTC case, Case 89-C-022, the Administrative Law Judge recommended the inclusion of a premium of 0.15 percent, rejecting Staff's argument that awarding a premium would act as a disincentive to achieve savings through further efforts toward efficiency and stating that, instead, there was a "stronger likelihood that failure to give more than lip service recognition to outstanding service will eventually sap the company's motivation to continue to strive for excellence" (Recommended Decision issued October 9, 1989, 30 NY PSC 308, 349). The witnesses understand that the return on equity issue, along with numerous others, was included in a subsequent settlement agreement between Staff and RTC that is referenced in the Commission's February 14, 1990 decision, Opinion No. 90-8, 30 NY PSC 257. The witnesses understand later statements by the Commission to confirm that such a premium was deemed to be included in the settlement figure. They are aware of a reference in the Commission's December 28, 1990 Opinion No. 90-32 in Case 90-C-0260 (Highland Telephone Company) to the fact that "the RTC equity return contains within it an unspecified premium for exemplary service" (see 30 NY PSC 2291, 2297).

3. The 1977 case in which the Commission awarded a premium to Rochester Telephone Corporation is cited in the testimony and above. In reviewing other Commission decisions in which the criteria for awarding such a premium are discussed, the witnesses did not look specifically for subsequent RTC cases to determine whether a premium was ever awarded after the 1977 decision. As indicated in the response to part 2 above, it appears that the Commission, in the 1990 RTC case, included an "unspecified premium for exemplary service." It is important to bear in mind that, because their focus was on the allowance of a specific premium as an "adder" to an otherwise appropriate return, the witnesses did not carry out an exhaustive review to determine whether RTC or other utilities may have sought a rate of return on equity at the upper end of a range, in lieu of a numerically specific premium.

4. Please see the response to part 2 above, referring to Case 27411.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: July 25, 2011

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-110
Requested By:	Aric Rider
Date of Request:	July 6, 2011
Witness:	Sarhangi/DiValentino
Subject:	Local Production

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1. Reference: Case 08-G-1137, JP, p.35, Section P 3. The Commission required Corning to file a petition to determine the treatment of revenue and expenses for additional connections made to local production. How does the Company propose additional connections to local production be handled within the term of this three year rate plan?

Response:

1. The Company prefers a generic approach to the treatment of revenues and expenses pertaining to local production. The Company believes that a generic approach would enable the Company to react quickly to possible opportunities that may be presented to it. Either approach described below is acceptable to the Company

    a. Any investment made in the period between rate cases will not be afforded rate base treatment until the next rate case; but the Company would be permitted to retain all revenues generated from the additional connections to local production. The investment amount and associated depreciation would be included in rate base in the next base rate case and the revenue would be shared 80%/20% between customers and shareholders, respectively, consistent with the accounting treatment previously approved by the Commission for the Root Pipeline and Compressor Station project.

    b. A capital tracker can be established for these types of projects that would permit the Company to recover carrying charges (pre tax overall rate of return, depreciation expense and property taxes). Any revenue would be shared 80%/20% between customers and shareholders, respectively, consistent with the accounting treatment previously approved by the Commission for the Root Pipeline and Compressor Station project.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: July 7, 2011

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-202
Requested By:	Aric Rider
Date of Request:	August 3, 2011
Witness:	Sarhangi/DiValentino
Subject:	Main/Service Extensions

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1. Provide a list of customer attachments (excluding Virgil) from January 2009 to July 2010 and identify the following:
   a. Service Class
   b. Firm or non-firm
   c. Heat or Non-Heat
   d. Date of attachment
   e. Length of Main installed
   f. Length of Service installed

Response:

1. The requested information is attached as "DPS-202 Customer Attachment.xls". Please note that this information constitutes an update to the response to DPS-147, part 1b.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: August 11, 2011

Case 11-G-0280

Attachment DPS-202
Customer Attachments

CORNING NATURAL GAS CORPORATION
INTERROGATORY/DOCUMENT REQUEST
RESPONSE TO DPS-202 RE: MAIN/SERVICE EXTENSIONS

Pipeline lengths greater than 100 feet

a. Service Class	b. Firm/Non-firm	c. Heat/Non-heat	d. Date	e. Length of Main	f. Length of Service*	Allowance	Actual
Residential	Firm	Heating	1/5/2009		110' of 1/2" PE		
Commercial	Firm	Heating	1/20/2009		225' of 1" CTS		
Residential	Firm	Heating	3/10/2009		535' of 1" CTS		
Residential	Firm	Heating	3/26/2009		145' of 1/2" PE		
Residential	Firm	Heating	4/17/2009		130' of 1" CTS		
Residential	Firm	Heating	5/4/2009		200' of 1/2" CTS	100	200
Residential	Firm	Heating	5/13/2009		478' of 1/2" CTS		
Residential	Firm	Heating	6/5/2009		156' of 1/2" CTS	100	156
Residential	Firm	Heating	6/17/2009		210' of 1/2" CTS	100	210
Residential	Firm	Heating	7/20/2009		235' of 1/2" CTS	100	235
Commercial	Firm	Heating	7/24/2009		145' of 2" IPS	100	145
Residential	Firm	Heating	8/12/2009		125' of 1/2" CTS	100	125
Commercial	Firm	Heating	9/4/2009		435' of 1-1/4" HDPE	100	435
Residential	Firm	Heating	9/16/2009		116' of 1/2" CTS		
Residential	Firm	Heating	10/1/2009		740' of 1" CTS	100	740
Residential	Firm	Heating	10/21/2009		280' of 1/2" CTS	100	280
Residential	Firm	Heating	10/21/2009		212' of 1/2" CTS	100	212
Residential	Firm	Heating	10/29/2009		185' of 1" CTS	100	185
Residential	Firm	Heating	10/30/2009		140' of 1/2" HDCTS	100	140
Residential	Firm	Heating	11/13/2009		130' of 1/2" CTS	100	130
Residential	Firm	Heating	12/3/2009		135' of 1/2" CTS		
Residential	Firm	Heating	5/17/2010		200' of 1" HDPE	100	200
				Total =	**22**	1400	3393

Shaded area denotes customer that were billed a surcharge

Pipeline lengths less than 100 feet

a. Service Class	b. Firm/Non-firm	c. Heat/Non-heat	d. Date	e. Length of Main	f. Length of Service*		
Residential	Firm	Heating	1/14/2009		20' of 1/2" PE	100	20
Residential	Firm	Heating	5/15/2008		50' of 1/2" HDPE	100	50
Commercial	Firm	Heating	2/27/2009		73' of 1/2" CTS	100	73
Residential	Firm	Heating	3/26/2009		71' of 1-1/4" PE	100	71
Residential	Firm	Heating	5/4/2009		96' of 1/2" CTS	100	96
Residential	Firm	Heating	5/8/2009		100' of 1/2" CTS	100	100
Residential	Firm	Heating	4/15/2009		70' of 1/2" HDCTS	100	70
Commercial	Firm	Heating	7/28/2009		20' of 1" CTS	100	20
Residential	Firm	Heating	7/15/2009		55' of 1/2" CTS	100	55
Residential	Firm	Heating	7/20/2009		100' of 2" PE	100	100
Residential	Firm	Heating	8/11/2009		40' of 1/2" CTS	100	40
Commercial	Firm	Heating	8/4/2009		85' of 1" CTS	100	85
Residential	Firm	Heating	9/11/2009		50' of 1/2" CTS	100	50
Commercial	Firm	Heating	9/9/2009		47' of 1" CTS	100	47
Residential	Firm	Heating	10/15/2009		45' of 1/2" CTS	100	45
Residential	Firm	Heating	8/19/2009		50' of 1/2" CTS	100	50
Residential	Firm	Heating	11/5/2009		62' of 1/2" CTS	100	62
Residential	Firm	Heating	9/30/2009		20' of 1/2" HDCTS	100	20
Residential	Firm	Heating	10/10/2009		60' of 1/2" CTS	100	60
Residential	Firm	Heating	9/16/2009		75' of 1" CTS	100	75
Residential	Firm	Heating	12/1/2009		15' of 1" CTS	100	15
Residential	Firm	Heating	11/18/2009		25' of 1" CTS	100	25
Residential	Firm	Heating	11/18/2009		100' of 1" CTS	100	100
Residential	Firm	Heating	4/14/2009		70' of 1/2" CTS	100	70
Residential	Firm	Heating	11/17/2009		65' of 1" CTS	100	65
Residential	Firm	Heating	8/13/2009		85' of 1/2" CTS	100	85
Residential	Firm	Heating	12/11/2009		12' of 1/2" CTS	100	12
Residential	Firm	Heating	12/7/2009		55' of 1/2" CTS	100	55
Residential	Firm	Heating	2/9/2010		90' of 1/2" CTS	100	90
Commercial	Firm	Heating	5/27/2010		75' of 1" CTS	100	75
Residential	Firm	Heating	6/16/2010		96' of 1/2" CTS	100	96
Residential	Firm	Heating	5/18/2010		20' of 1/2" CTS	100	20
				Total =	**32**	3200	1897
				Total		4600	5290 690 Difference

* Length of service shown without regard for the allowance ("free") premitted by tariff

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-203
Requested By:	Aric Rider
Date of Request:	August 3, 2011
Witness:	Sarhangi/DiValentino/Cook
Subject:	AL Blades

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1. Describe the facilities installed to connect A.L. Blades (including any upgrades to Bath's system).

2. Identify the cost of the facilities to connect A.L. Blades.

3. Identify the upfront charge or contribution in aid of construction charge to A.L. Blades for the cost of the facilities.

Response:

1. Corning installed 5,563' of 6" HDPE, 763' of 4" HDPE, a small meter installation (Avenue A Station) and customer M&R set to connect to A.L. Blades. No upgrades to Bath's system were required in order to provide this expansion.

2. Total cost of this project was $388,700.

3. The contribution in aid of construction took the form of a minimum bill. The minimum bill requirement was $15,000 per year for three years. The usage is billed at the SC6 rate. The amount in the test year and assumed in the rate year is $85,089.

Name of Respondent: Matt Cook
Position of Respondent: Vice President – Operations
Date: August 10, 2011

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-225
Requested By:	Christopher Simon
Date of Request:	August 12, 2011
Witness:	M. DiValentino/F. Sarhangi
Subject:	Labor

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1. Are the following governed by the Fair Labor Standards Act (FLSA)?

   a) Michael German
   b) Russell Miller
   c) Matthew Cook
   d) Stanley Sleve

2. If they are, are they considered "exempt" from the FLSA overtime rules?

Response:

1. Yes.

2. Yes.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: August 16, 2011

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-226
Requested By:	Aric Rider
Date of Request:	August 12, 2011
Witness:	Sarhangi/DiValentino/Cook
Subject:	Line 11

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1. Reference DPS-121. Identify the total costs to install the one mile of 12" steel to loop the existing 8" steel. Identify the modification to negotiated contracts or tariff delivery rates to Corning Incorporated for this work.

Response:

1. The total cost of the 2010 Line 11 work was $866,450. Please see the response to DPS-206.

Name of Respondent: Matt Cook
Position of Respondent: Vice President – Operations
Date: August 17, 2011