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:
GAS RATES PANEL

Hieu Cam
Junior Engineer

Johanna Miller
Utility Engineer I

Aferdita Bardhi
Utility Engineer II

Aric J. Rider, Sr.
Utility Engineer III

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 21	Billing System
DPS 57	Supply Information
DPS 64	MFC and RDM
DPS 154	Variance Reports
DPS 159	Residential Meters
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CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY/DOCUMENT REQUEST

Request No.:	DPS-21
Requested By:	Aric Rider/Johanna Miller
Date of Request:	June 9, 2011
Witness:	Fi Sarhangi/Mario DiValentino
Subject:	Billing System

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

1. Corning agreed to expeditiously purchase or lease and install a new billing system to replace the Company's current system, and meet with Staff quarterly during the development of the system.
   a. Has the Company purchased a new billing system? If not, why not?
   b. Provide a narrative of the work that has been done to procure a new billing system.
   c. Has the Company developed an RFP? If so, please provide a copy.

Response:

1a. No. The Company did an evaluation of software packages and started negotiations on the acquisition costs. When the actual costs exceeded the working estimate by a factor of two, the Company chose to reevaluate it options. Upon this reevaluation, the Company determined, based upon its priorities, that it would be more beneficial to expend the amounts allowed for the new billing system for much-needed infrastructure improvements. Since the Company was required to account for capital expenditures in total and there was no line item expenditure requirement in Case 08-G-1137, Corning believes that its approach was appropriate. Also, please see the response to DPS-20, Part 2.

1b. The Company continues to evaluate the software packages of the Harris Co. Corning is in the process of obtaining prices of two software packages in order to make a recommendation to management.

1c. No. The current accounting and billing system was purchased, installed and maintained by the Harris Co. The Company believes that the migration to a new system would be easier with this vendor because of its knowledge of the architecture of the current system, thereby reducing the potential for downtime and cost overruns during the installation stage. The Harris Co. has a suite of differing software packages provided by different subsidiaries that permits competitive pricing.

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-57
Requested By:	Aric Rider/Hieu Cam/Michael Colby
Date of Request:	June 20, 2011
Witness:	Miller
Subject:	Supply Information

1. What percentage of Corning's storage assets are from Inergy storage (p.8 of Mr. Miller's testimony – 3,000 dth/day for 50 days)? Provide the calculations to support the response.

2. What percentage of Corning's total supply portfolio is Inergy storage (p. 8 of Mr. Miller's testimony – 3,000 dth/day for 50 days)? Provide calculations to support the response.

3. What percentage of Corning's total supply portfolio was made up of local production in the test year? Provide the calculations to support the response.

4. What percentage of Corning's total supply portfolio will be made up of local production in the rate year? Provide the calculations to support the response.

Response:

1.

	Annual Dth	% of Total
DTI GSS	576,516	78.33%
TCO FSS	9,532	1.30%
Inergy FSS	150,000	20.38%
Total	736,048	100.00%

2.

Estimated Annual Requirement in Dth	1,657,341
Inergy FSS Annual Dth	150,000
% of Total	9.05%

3.

Estimated Annual Requirement in Dth	1,657,341
Estimated Annual Local Production Purchase in Dth	546,500
	32.97%

4.	Estimated Annual Requirement in Dth	1,657,341
	Estimated Annual Local Production Purchase in Dth	546,500
		32.97%

Name of Respondent: Russell Miller
Position of Respondent: Vice President – Gas Supply and Marketing
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-64
Requested By:	Aferdita Bardhi
Date of Request:	June 20, 2011
Witness:	Paul Normand
Subject:	MFC & RDM

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1. Has the Company testified to any changes in the MFC methodology? Please clarify any such changes.

2. Please explain the proposed changes to RDM with respect to weather normalization, as discussed in testimony on page 23 of 24. Why does the Company want to discontinue weather normalization? Please also describe why you testified that weather normalization is redundant in the context of RDM, on page 23 of 24, lines 16-18.

Response:

1. The Company is not proposing any changes to the MFC methodology.

2. The RDM accounts for the weather normalization, and the Company is not proposing any changes to the RDM. To simplify the RDM reconciliation process and true-up the Company is proposing that the existing monthly weather normalization adjustment be discontinued. Because the RDM accounts for weather, weather normalization is redundant in the context of the RDM.

Respondent: Paul M. Normand
Position of Respondent: Principal, Management Applications Consulting, Inc.
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-154
Requested By:	Johanna Miller
Date of Request:	July 20, 2011
Witness:	Cook
Subject:	Variance Reports

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1. Please provide the monthly capital variance reports for 2011.

Response:

1. The requested information is contained in attachment "DPS-154 2011 Budget Variance Reports – Jan-May 2011.xlsx".

Name of Respondent: Matt Cook / L. Mario DiValentino
Position of Respondent: Vice President – Operations / President, Moonstone Consulting LLC
Date: July 21, 2011

CORNING NATURAL GAS CORPORATION
Board Approved Capital Budget
May - 11

YTD Format	Project	Description	Actual May 2011	Budget May 2011	(Over)/ Under Budget	Variance Reason	Actual YTD 2011	Budget YTD Amount	(Over)/ Under Budget	Variance Reason	Budget Annual Amount
	1	**Blanket Work Order**									
1.1 Total	1.1	New installations (pipe, meters, regulators)	26,196.43	3,250.00	(22,946.43)		85,409.54	5,850.00	(79,559.54)		65,000.00
1.2 Total	1.2	Mandated replacement (pipe, meters, regulators)	-	26,000.00	26,000.00		2,731.42	46,800.00	44,068.58		520,000.00
	2	**Gas Meters & Regulators**									
2.1 Total	2.1	Residential regulator replacement - Mandated	-	1,280.00	1,280.00		-	1,920.00	1,920.00		16,000.00
2.2 Total	2.2	Non-residential regulator replacement - Mandated	-	764.23	764.23		-	764.23	764.23		6,365.78
2.3 Total	2.3	Residential Meter replacement - Mandated	-	3,920.00	3,920.00		23,143.53	5,880.00	(17,263.53)		49,000.00
2.4 Total	2.4	Non-residential meter replacement - Mandated	3,290.17	900.00	(2,390.17)		3,290.17	900.00	(2,390.17)		7,500.00
2.5 Total	2.5	Large customer meter replacement	27,646.71	1,833.24	(25,813.47)		58,514.94	2,749.85	(55,765.09)		22,915.44
2.6 Total	2.6	Replace Volume Correctors	-	2,200.00	2,200.00		3,362.30	2,200.00	(1,162.30)		6,600.00
2.7 Total	2.7	Replace Pressure Recorders	-	-	-		-	-	-		3,119.00
2.8 Total	2.8	Install AMR	-	8,000.00	8,000.00		-	8,000.00	8,000.00		14,322.00
	3	**Main Replacement - Distribution**									
3.1 Total	3.1	New installations	428.54	3,000.00	2,571.46		15,109.08	3,000.00	(12,109.08)		50,000.00
3.2 Total	3.2	Mandated replacement	71,652.17	39,600.00	(32,052.17)		119,132.79	71,280.00	(47,852.79)		792,000.00
3.3 Total	3.3	Other replacement (Cross Town Line repair)	3,594.54	4,000.00	405.46		114,851.28	4,000.00	(110,851.28)		80,000.00
3.4 Total	3.4	Other replacement (Leak Repair, system upgrades)	33,648.46	4,000.00	(29,648.46)		57,454.10	7,200.00	(50,254.10)		80,000.00
3.6 Total	3.6		-	-	-		-	-	-		-
3.7 Total	3.7		-	-	-		-	-	-		-
	4	**Main Replacement - HP Distribution**									
4.1 Total	4.1	New Installations	-	-	-		-	-	-		-
4.2 Total	4.2	Line 11 2010 Carry-over	167.03	-	(167.03)		(49,816.66)	20,000.00	69,816.66		20,000.00
4.3 Total	4.3	Line 15 Inergy Interconnect - Design & Engineering	462.71	-	(462.71)		1,832.51	-	(1,832.51)		50,000.00
4.31 Total	4.31	Line 15 - 2.5 miles	318.21	74,000.00	73,681.79		103,900.44	89,000.00	(14,900.44)		1,480,000.00
4.4 Total	4.4	Maxwell Compressor Station - 2010 Carry-over	1,058.85	-	(1,058.85)		1,619.20	-	(1,619.20)		-
4.8 Total	4.8	Line 4, 7 and 13 upgrade - 2010 Carry-over	-	-	-		3,421.74	-	(3,421.74)		-
	5	**Main Extension - New distribution**									
5.1 Total	5.1		-	-	-		-	-	-		-
	6	**Corrosion Control**									
6.3 Total	6.3	System Cathodic Protection	-	2,000.00	2,000.00		105.01	4,000.00	3,894.99		40,000.00
6.1 Total	6.1		338.32	-	(338.32)		338.32	-	(338.32)		-
	7	**SCADA**									
7.1 Total	7.1	Hardware / Software upgrade	-	-	-		-	-	-		20,000.00
7.2 Total	7.2	RTU /other equipment (current installation improvements)	-	-	-		-	-	-		45,000.00
	8	**M&R Stations**									
8.1 Total	8.1	M&R Station replacement	194.34	15,000.00	14,805.66		53,248.07	45,000.00	(8,248.07)		95,000.00
8.2 Total	8.2	Herrington Station (odorizer install)	-	-	-		-	-	-		15,000.00
8.3 Total	8.3	Orr Hill Station (odorizer install)	-	-	-		-	-	-		15,000.00
8.5 Total	8.5		-	-	-		-	-	-		-
8.6 Total	8.6		-	-	-		-	-	-		-
	9	**Transportation Equipment**									
9.1 Total	9.1	Replace small vehicle	-	-	-		-	-	-		81,000.00
9.3 Total	9.3	Heavy Equip Trailer	4,480.60	10,000.00	5,519.40		4,480.60	10,000.00	5,519.40		10,000.00
9.7 Total	9.7	Replace line tech truck	-	-	-		-	-	-		-
9.8 Total	9.8	Replace dump truck	-	-	-		-	-	-		-
	10	**Tools and Equipment**									
10.1 Total	10.1	Pipleline Locator	288.36	-	(288.36)		288.36	-	(288.36)		4,000.00
10.2 Total	10.2	HFI	-	-	-		-	-	-		4,500.00
10.3 Total	10.3	CGI	-	3,400.00	3,400.00		-	3,400.00	3,400.00		6,800.00
10.4 Total	10.4	Portable Shoring	-	-	-		-	-	-		-
10.5 Total	10.5	CP Data Logger	-	15,000.00	15,000.00		-	15,000.00	15,000.00		15,000.00
10.6 Total	10.6		-	-	-		-	-	-		-
10.18 Total	10.18	Misc.Tools and Equipment	-	250.00	250.00		1,797.11	1,250.00	(547.11)		3,000.00
	11	**Safety Equipment**									
11.1 Total	11.1	PPE	-	-	-		-	15,000.00	15,000.00		15,000.00
11.2 Total	11.2	Flash fire coveralls / hood / gloves	-	368.00	368.00		-	1,840.00	1,840.00		4,416.00
11.3 Total	11.3	Supplied Air Respirator	-	-	-		-	-	-		400.00
	12	**General Office**									
12.1 Total	12.1	HVAC	-	100,000.00	100,000.00		-	100,000.00	100,000.00		100,000.00
12.2 Total	12.2	Praking Lot Refurbisment	-	-	-		-	-	-		-
12.3 Total	12.3	Office Furniture and Equipment	-	-	-		-	-	-		-
12.4 Total	12.4	Building Upgrades	-	-	-		-	-	-		-
12.5 Total	12.5		-	-	-		-	-	-		-
	13	**IT equipment**									
13.1 Total	13.1	Computers / software	9,095.84	1,041.67	(8,054.17)		25,728.76	5,208.33	(20,520.43)		12,500.00
13.2 Total	13.2	Field Laptops	-	-	-		-	1,200.00	1,200.00		2,400.00
13.3 Total	13.3	Field GPS equipment	-	-	-		-	-	-		500.00
13.4 Total	13.4	CADD Software replacement	-	-	-		15,861.73	25,000.00	9,138.27		25,000.00
13.5 Total	13.5		-	-	-		-	-	-		-
13.6 Total	13.6	Printer and Computer Replacement	-	625.00	625.00		-	3,125.00	3,125.00		7,500.00
13.7 Total	13.7	Accounting and Billing System Upgrade	-	8,750.00	8,750.00		17,000.00	10,500.00	(6,500.00)		175,000.00
13.8 Total	13.8	Enterprise Software (Microsoft and Norton Updates)	-	1,041.67	1,041.67		-	5,208.33	5,208.33		12,500.00
13.9 Total	13.9	AS400 Equipment/Software/Licensing Costs	-	3,000.00	3,000.00		-	3,600.00	3,600.00		60,000.00
	14	**Major Projects**									
14.1 Total	14.1	Virgil expansion - Main & Services	39,897.50	17,000.00	(22,897.50)		50,079.73	30,600.00	(19,479.73)		340,000.00
14.2 Total	14.2		-	-	-		-	-	-		-
14.3 Total	14.3		-	-	-		-	-	-		-
14.5 Total	14.5		-	-	-		-	-	-		-
14.4 Total	14.4	Maxwell Compressor Station - 2010 Carry-over	-	-	-		(33,833.74)	-	33,833.74		-
14.6 Total	14.6	Cross Town Line (Part of 3.7 for 2011)	-	-	-		57,984.15	50,000.00	(7,984.15)		50,000.00
14.7 Total	14.7		-	-	-		-	-	-		-
14.8 Total	14.8	Line 4, 7 and 13 upgrade - 2010 Carry-over	-	-	-		3,368.99	-	(3,368.99)		-
14.9 Total	14.9		-	-	-		-	-	-		-
	15	**Other Projects**									
15 Total	15.0		-	-	-		-	-	-		-
15.1 Total	15.1	Virgil/Root Well 2009 Carryover	-	-	-		2,875.81	-	(2,875.81)		-
15.2 Total	15.2		-	-	-		-	-	-		-
15.3 Total	15.3		-	-	-		-	-	-		-
15.4 Total	15.4		-	-	-		-	-	-		-
		Total Capital Budget	222,758.78	350,223.80	127,465.02		743,279.28	599,475.75	(143,803.53)		4,422,338.22

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-159
Requested By:	Johanna Miller
Date of Request:	July 20, 2011
Witness:	Cook
Subject:	Residential Meters

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1. Provide the number of residential meters Corning is required to replace in its annual residential meter replacement program.

2. How many residential meters were replaced annually from years 2008–2010?

3. How did the Company forecast the cost per residential meter? What does the cost per include? Please provide supporting information/analysis that supports the Company's forecast.

Response:

1. Corning has approximately 6,000 residential meters in its system that are outdated. These meters are no longer supported by the manufacturer or are non-Temperature Compensated meters. Beginning in 2010, the DPS Office of Consumer Services instructed Corning to remove and replace 10% of the remaining quantity of these meters, or approximately 600 per year. Additionally, as part of its mandated program, Corning is required to remove approximately 4% of certain categories of its residential meters for in-testing which amounts to approximately 500 meters per year. Of the 500 meters, approximately 60%, or almost 300 per year, are not repairable and therefore must be replaced. As a result, beginning in 2010, Corning requires approximately 900 meters per year to be replaced.

2. 2008 – 500
   2009 – 550
   2010 – 925

3. The cost per meter, as shown on the Capital Budget, includes the cost of the meter as a complete unit. The cost per meter is an estimate based on historical averages.

Name of Respondent: Matt Cook
Position of Respondent: Vice President – Operations
Date: July 28, 2011

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CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-163
Requested By:	Johanna Miller
Date of Request:	July 20, 2011
Witness:	Cook
Subject:	HP Distribution Main (Line 15)

---

1. Provide a timeline for the planned work on Line 15, including the Bath reliability – second supply and Line 15 systematic replacement projects.

2. How does a contract between Corning and Bath affect this timeline?

Response:

1. The 2011 Line 15 work is underway and will be completed prior to the end of the year; therefore, Corning is well into the 2011 timeline for this project. For 2012 construction it is currently estimated that design, layout, permitting, Article 7 submittal and approval will require approximately eight months to complete. Construction will require three to four months to complete. For each one mile replacement discussed in the capital budget from 2013 to completion will require approximately three months for design, layout and permitting and one month for construction.

2. The 2011 construction will proceed with or without a CNGC/Bath contract in place. With regards to the Inergy interconnect construction scheduled for 2012, Corning must have a signed agreement by September 1, 2011 in order to have construction complete by September – October 2012. Not having a contract in place may also affect the construction timeline for the remaining Line 15 reliability construction that is proposed to begin in 2013.

Name of Respondent: Matt Cook
Position of Respondent: Vice President – Operations
Date: July 28, 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-171
Requested By:	Johanna Miller
Date of Request:	July 20, 2011
Witness:	Cook
Subject:	Residential Regulators

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1. How many residential regulators were installed annually from 2008–2010?

2. How did the Company forecast the number of residential regulators included in the proposed budget?

3. How did the Company forecast the cost per residential regulator? What does the cost per include? Please provide supporting information/analysis that supports the Company's forecast.

Response:

1. 2008 – 410; 2009 – 430; 2010 – 380.

2. The forecast is based on the historical replacements from the previous three years.

3. The cost per replacement was based on the average cost over the last three years plus an inflation adder each year to cover increased costs. The cost per includes the cost of the regulator plus additional miscellaneous materials required for the installation (fittings, etc.). Please see Attachment DPS-171.

Name of Respondent: Matt Cook
Position of Respondent: Vice President – Operations
Date: August 9, 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-172
Requested By:	Johanna Miller
Date of Request:	July 20, 2011
Witness:	Cook
Subject:	Non-Residential Regulators

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1. How many non-residential regulators were installed annually from 2008–2010?

2. How did the Company forecast the number of non-residential regulators included in the proposed budget?

3. How did the Company forecast the cost per non-residential regulator? What does the cost per include? Please provide supporting information/analysis that supports the Company's forecast.

Response:

Corning assumes that this interrogatory relates to Project ID items 2.2 in the CNGC Capital Expenditures:

1. 2008 – 18
   2009 – 4
   2010 – 31

2. The actual numbers of regulators to be replaced were not known at the time the capital expenditure was forecasted. Specific locations are not chosen until spring of the budget year. The forecast was based on an average of the last three years.

3. The cost per was determined by averaging the cost of the last three years of regulators purchased. Please see Attachment DPS-172. The average price per regulator for Project ID 2.2 was $384.13. However because of the unknown types of regulators that needed replacement the cost per budget amount was increased to cover possible larger sized units.

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

Attachment DPS-172

Regulators Installed 2008, 2009, 2010

Capital Budget Project ID 2.2

Project ID	Purchase Date	Qty	Meter Type	Total Cost
2.2	8/31/08	5	S200	1,430.25
	8/31/08	10	S202	3,206.89
	10/31/08	3	S200	773.58
Total 2008		18		5,410.72
2.2	10/31/09	3	S202	786.25
	12/31/09	1	FG	2,882.97
Total 2009		4		3,669.22
2.2	3/31/10	1	FG	2,665.22
	8/31/10	10	S202	3,087.39
	10/31/10	5	S202	1,341.95
	10/31/10	5	S202H	1,479.94
	10/1/10	10	S202	2,704.19
Total 2010		31		11,278.69

Project ID 2.2 Average Regulator Cost 384.13

Information taken from CWIP

Corning Natural Gas Corporation

CASE 11-G-0280
CORNING GAS - RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-182 **[UPDATED RESPONSE]**
Requested By:	Hieu Cam
Date of Request:	July 20, 2011
Witness:	Mario DiValentino
Subject:	Sales Volumes

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1. Please provide the sales volumes for NYSEG, EMPIRE, and STAND for the most recent 3 years. Are there separate contracts for each of the customers? Please provide a copy of the bill and the contracts for these customers.

Response:

1. The attachment to this response, "DPS-182 NYSE&G Stand Empire Sales 2008-2010.xls", contains the requested sale volumes. There is a separate contract for each customer. The requested contracts, contained in separate pdf documents, are attached.

Update:

1. The requested sales volumes are updated through July 2011 in the attachment to this response, "DPS-182 Sales NYSEG Stand Empire 2008 to 2011 – update 8+26+11.xlsx".

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: July 28, 2011 **[UPDATED AUGUST 31, 2011]**

Corning Natural Gas Corp
Sales Volumes
Calendar Year 2008 through 2010
DPS-182

		MCF Sales Volumes		
2008	Month	NYSEG	STAND	EMPIRE
	January	493,363	0	0
	February	467,727	0	0
	March	403,018	0	0
	April	194,271	0	0
	May	132,778	0	0
	June	71,276	0	0
	July	65,217	0	0
	August	69,713	0	0
	September	73,234	0	0
	October	122,684	0	0
	November	264,479	0	0
	December	376,584	0	0
	Total 2008	2,734,344	0	0

		MCF Sales Volumes		
2009	Month	NYSEG	STAND	EMPIRE
	January	515,881	0	0
	February	350,224	0	0
	March	287,526	0	0
	April	153,720	0	0
	May	128,436	0	0
	June	122,539	0	0
	July	145,681	0	0
	August	152,415	0	0
	September	184,028	0	0
	October	172,710	0	0
	November	227,060	0	0
	December	420,118	2,961	0
	Total 2009	2,860,338	2,961	0

MCF Sales Volumes

2010	Month	NYSEG	STAND	EMPIRE
	January	471,552	30,000	0
	February	382,210	25,941	0
	March	301,119	30,000	0
	April	181,932	14,500	0
	May	179,780	15,283	0
	June	204,777	14,790	5,910
	July	192,541	14,790	5,910
	August	194,280	14,790	5,910
	September	223,232	14,790	5,910
	October	303,563	15,283	6,107
	November	314,665	14,790	8,880
	December	419,083	44,400	0
	Total 2010	3,368,734	249,357	38,627

MCF Sales Volumes

2011	Month	NYSEG	STAND	EMPIRE
	January	445,385	42,920	6,433
	February	346,944	69,076	2,772
	March	364,823	30,597	3,069
	April	249,926	28,031	2,910
	May	164,413	30,597	7,657
	June	185,989	22,605	8,880
	July	167,765	0	8,401
	August	-	-	-
	September	-	-	-
	October	-	-	-
	November	-	-	-
	December	-	-	-
	Total 2011	1,925,245	223,826	40,122

CASE 11-G-0280
CORNING GAS – RATES

STATE OF NEW YORK
STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

INTERROGATORY / DOCUMENT REQUEST

Request No.:	DPS-220
Requested By:	Hieu Cam
Date of Request:	August 9, 2011
Witness:	Mario DiValentino
Subject:	Depreciation

In your response to DPS–147, inventory parts numbers and associated quantities are retired via the First In First Out (FIFO) inventory method.

1. Why does Corning use FIFO inventory method as opposed to retiring the specific parts and their associated quantities from its records?

2. Does Corning have the ability to book the retirement based on vintage?

3. Describe how specific sections of mains are tracked in the AS/400 system.

4. Describe how specific service lines are tracked in the AS/400 system.

Response:

1. Although vintage year information is contained in the Company's CPRs, retiring the specific parts and their associated quantities would be a manual process and burdensome. That is why Corning uses the FIFO inventory method. However, since 2009, the Company has been compiling a database that can be searched electronically that would permit retiring the specific parts and their associated quantities in the future.

2. No. Please see the response to part 1.

3. Mains and services are only tracked in the AS/400 on a summary posting basis. The detail is maintained in the CPR and the external database described in the response to part 1.

4. Please see the response to part 3.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: August 12, 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-227
Requested By:	Hieu Cam, Aric Rider
Date of Request:	August 12, 2011
Witness:	Paul Normand/Mario DiValentino
Subject:	COS

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1. Reference Exhibit CNG-5, Schedule 1, page 2 of 2. Please identify where SC 2 and SC 7 minimum charge revenue (delivery revenue) is included in the cost study. If the SC 2 and SC 7 minimum charge revenue (delivery revenue) is included in purchase gas expense, please correct the Cost study.

2. Reference Exhibit CNG-5, Schedule 1, page 2 of 2. Please identify where Hammondsport transport revenue billed in the Gas Supply Charge (delivery revenue) is included in the cost study. If the Hammondsport transport revenue billed in the Gas Supply Charge (delivery revenue) is included in purchase gas expense, please correct the Cost study.

3. Reference Exhibit CNG-5, Schedule 1, page 2 of 2. Please identify where Hammondsport transport revenue billed in the DRA (delivery revenue) is included in the cost study. If the Hammondsport transport revenue billed in the DRA (delivery revenue) is included in purchase gas expense, please correct the Cost study.

4. Reference Exhibit CNG-5, Schedule 1, page 2 of 2. Please identify where the Bath Transportation and Revenue True-up (delivery revenue) is included in the cost study. If the Bath Transportation and Revenue True-up (delivery revenue) is included in purchase gas expense, please correct the Cost study.

5. Reference Exhibit CNG-5, Schedule 1, page 2 of 2. Please identify where the Bath or Corning System Charges (delivery revenue) is included in the cost study. If the Bath or Corning System Charges (delivery revenue) is included in purchase gas expense, please correct the Cost study.

6. Per the Company's response to IR DPS-57 Inergy storage is 9.05% of the Company's total supply portfolio. Please allocate "SYSTEM SUPPLY ADDITION STOR" and all associated costs to Corning by multiplying the total cost by 9.05% and then by the 3 month winter sales allocator (approx 77%). The remaining costs are to be allocated to Bath and Hammondsport by the 3 month winter sales allocator. Please provide the resulting "CORNCOS Class 12-31-10 Design Day with Line 15 and Rel Adds" and

"CORNCOS10 Jurisdictional Design Day with Line 15 and Rel Adds" files in excel format.

7. Please allocate "SYSTEM SUPPLY ADDITION STOR", "BATH RELIABILITY ADDITION STORAGE" and "LINE 15 IMPROVEMENTS" and all associated costs to each Jurisdiction using the "TRANSUPP" (3 month winter sales) Allocator. Please provide the resulting "CORNCOS Class 12-31-10 Design Day with Line 15 and Rel Adds" and "CORNCOS10 Jurisdictional Design Day with Line 15 and Rel Adds" files in excel format.

Response:

1. The revenues have been included as a minimum charge in delivery revenues.

2. The Hammondsport transport revenue billed in the Gas Supply Charge (delivery revenue) is included in purchase gas revenues in the amount of $114,737. This amount has been included in the revised cost study as requested. The revision was made only to identify the impact on customer class rate of return. The revision has no impact on the revenue requirement determination requested by the Company.

3. The Hammondsport transport revenue billed in the DRA (delivery revenue) associated with transport customers is included in purchase gas revenues in the amount of $71,970. This amount has been included in the revised cost study as requested. The revision was made only to identify the impact on customer class rate of return. The revision has no impact on the revenue requirement determination requested by the Company.

4. The Bath Transportation ($114,737) and Revenue True-up (-$12,998) is the amount recorded as expense to match amounts collected in revenues. No revision to the cost study is required. Please see the response to part 2.

5. The Bath or Corning System Charges (delivery revenue is included in purchase gas revenues in the amount of $187,166.65 inclusive of Greek Peak CIAC of $43,605.90. This amount has been included in the revised cost study as requested in addition to the CIAC surcharge amount of $3.25 per MCF for rate code VMO and VRO. The resulting CIAC charges are $25,000 for VRO and $17,684 for VMO. The revision was made only to identify the impact on customer class rate of return. The revision has no impact on the revenue requirement determination requested by the Company.

6. Please see the attached files, "DPS-227-6 CORNCOSJ10 Juris Design Day 12-31-10 Rev 8-24-11 with Line 15 & Rel Adds.xls" and "DPS-227-6 CORNCOS Class 12-31-10 Des Day 8-24-11 with Line 15 & Rel Adds.xls".

7. Please see the attached files, "DPS-227-7 CORNCOSJ10 Juris Design Day 12-31-10 Rev 8-24-11 with Line 15 & Rel Adds.xls" and "DPS-227-7 CORNCOS Class 12-31-10 Des Day 8-24-11 with Line 15 & Rel Adds.xls".

Please note that the files referenced in the responses to parts 6 and 7 contain proprietary information of the same nature as that for which Corning sought protection from disclosure at the time the Company filed its direct evidence on May 24, 2011. Accordingly, this information will be provided in accordance with the July 13, 2011 Ruling Establishing Schedule and Adopting Protection Order.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: August 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-228
Requested By:	Aric Rider/Johanna Miller
Date of Request:	August 16, 2011
Witness:	Sarhangi/DiValentino/Cook
Subject:	Strategic Plan

---

1. Does the Company have a near term and long term (10-15 year) strategic plan? If so, please provide a copy.

Response:

1. The Company does not have a written near-term or long-term strategic plan.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: August 26, 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-229
Requested By:	Aric Rider/Johanna Miller
Date of Request:	August 16, 2011
Witness:	Sarhangi/DiValentino/Cook
Subject:	Capital Expenditures Procedures

---

1. Does the Company have policies and procedures for initiating, developing and executing capital projects? If so, provide a copy.

Response:

1. The Company does not have written policies and procedures for initiating, developing and executing capital projects. However, the Company has a process/protocol that it follows in preparing and executing its capital projects. Please see the response to DPS-50 and Exhibit CNG-11, FAQ-15, for the Company's protocol.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: August 24, 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-230
Requested By:	Aric Rider/Johanna Miller
Date of Request:	August 16, 2011
Witness:	Sarhangi/DiValentino/Cook
Subject:	Capital Expenditures Procedures

---

1. Please describe all Company milestones of a project life cycle from planning to closeout.

2. Does the Company have defined deliverables required for each project phase? If so, provide a copy.

3. Does the Company establish an official budget at the initiation of a project? If so, does the amount change throughout planning, design or construction? If so, are the reasons documented and how does management approve the changes?

Response:

1. The milestones are as follows:

   a. Project identification, development and project estimate.

   b. Management review of overall budget.

   c. Presentation to and approval by Board of Directors.

   d. Monthly monitoring and variance reporting on project to management.

   e. Quarterly Board reporting on budget performance.

   f. If significant overrun on costs due to changed circumstances, seek Board approval for additional costs. (Significant underruns would receive Board attention as well.)

   g. Project completed.

2. Yes. The process is described and reported in the response to DPS-50 and in Exhibit CNG-11, FAQ-15.

3. a. Yes.

b. The amount can change.

c. The reasons are presented to management at the time the budget revisions are sought. Board approval is ultimately required.

Name of Respondent: L. Mario DiValentino
Position of Respondent: President, Moonstone Consulting LLC
Date: August 24, 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-231
Requested By:	Aric Rider/Johanna Miller
Date of Request:	August 16, 2011
Witness:	Cook
Subject:	Project Prioritization

---

1. Does the Company have a documented capital expenditure project prioritization system (ranks the merit of capital projects using factors such as: community/development needs, reliability, environment, labor relations, operational support needs, public safety and rate of return)? If so, please provide a copy.

Response:

1. No. The Company does not have a specific documented capital expenditure project prioritization system. Given the size of the Company and scope of the projects undertaken, however, the Company is able to prioritize its projects by regulatory requirements, reliability projects and general capital improvements without a system, such as that described in the question, in place.

Name of Respondent: Matt Cook
Position of Respondent: Vice President-Operations
Date: August 24, 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-232
Requested By:	Aric Rider/Johanna Miller
Date of Request:	August 16, 2011
Witness:	Cook
Subject:	Project management performance

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1. Does the Company have project management performance measures to determine the effectiveness of cost estimation and scheduling?

Response:

1. The Company does not have specific project management performance measures. Given the size of the Company and scope of the projects undertaken, however, the Company is able to review projects to determine the cause of any deviation from schedule and cost estimate. The lessons learned can be used in the development and estimating of new projects.

Name of Respondent: Matt Cook
Position of Respondent: Vice President-Operations
Date: August 24, 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-233
Requested By: Aric Rider/Johanna Miller
Date of Request: August 16, 2011
Witness: Cook
Subject: Project Authorization of Overruns

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1. Please explain how projects receive timely, appropriate review and authorization when expenditures exceed initial authorizations. How are these authorizations tracked and documented?

Response:

1. The initial project overruns are identified via the monthly capital budget variance report and in consultation with the project manager. If significant overruns are identified, an action plan is developed that addresses the root cause of the overrun with the objective of bringing the project within budget. If the project cannot be brought within budget, a plan is developed to adjust the timing of other projects to meet the overall capital budget. In any event, the action plans must be approved by management and the Board of Directors.

Name of Respondent: Matt Cook
Position of Respondent: Vice President-Operations
Date: August 24, 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-234
Requested By:	Aric Rider/Johanna Miller
Date of Request:	August 16, 2011
Witness:	Cook
Subject:	Project Time Tracking

---

1. Does the Company track the time it takes (including travel time) to complete O&M and capital work by its outside contractors and internal workforce? If so, please provide a copy.

Response:

1. The Company does not have a formal reporting system that tracks the time it takes (including travel time) to complete O&M and capital work by its outside contractors and internal workforce. Given the size of the Company and scope of the projects undertaken, however, the Company is able to assign on-site inspectors who monitor the contractor manpower, quality and quantity of work performed on each project. Likewise, supervisory personnel do on-site spot checks of internal workforce project and O&M performance.

Name of Respondent: Matt Cook
Position of Respondent: Vice President-Operations
Date: August 24, 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-254
Requested By:	Hieu Cam
Date of Request:	August 26, 2011
Witness:	Russ Miller
Subject:	SC 14-Customers

---

1. The Company is consistently losing SC14 – AGR Residential customers from year to year. What percentage of those customers is migrating to SC-1 in the previous 3 years?

Response:

1. During the years 2008-2010, all SC14 – AGR Residential customers who left that service class migrated to the SC-1 Residential rate class.

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

CORNING NATURAL GAS
CASE 11-G-0280
Comparison of Sales Forecast - Rate Year 1

		Staff		Company		Difference		
Corning	Rate Codes	Average Customers	Annual CCF/CUS	Average Customers	Annual CCF/CUS	Customers	CCF/cus	Total CCF
SC-1 Residential	RI,RO,TI,TO	10,831	897.6	10,507	886.0	324	12	411,974
SC-1 Residential	VRO	140	549.8	140	549.8	-	-	-
SC-1 Commercial	CI,CO	695	2,335.8	683	2,149.7	12	186	146,736
SC-1 Public Authority	MI,MO	47	3,055.9	46	3297.4	1	(241)	(8,053)
SC - Public Authority	VMO	5	13,602.8	4	13,602.8	1	0	13,603
SC-14 AGR Residential	ARO	2,298	1,104.9	2,615	1,094.2	(317)	11	(324,598)
SC-14 AGR Commercial	ACO	166	8,356.8	173	7,606.4	(7)	750	86,054
SC-14 AGR Public Authority	AMO	53	8,361.1	53	8,808.0	0	(447)	(22,238)
SC-5 Outdoor Lighting	GL01,GL02	12	110.0	12	110.0	-	-	-
SC-7 Industrial Trans	IT,ITO	4.0	1,836,850.4	4	1,797,248.8	-	39,602	158,406
SC-6 Commercial Trans	CT,CTO,MT,MTO	11	104,992.7	11	100,281.9	-	4,711	63,723
SC-6 Public Authority Trans	PT,PTO	10	96,236.5	10	95,030.1	-	1,206	12,064
						-	-	-
SC-1 Residential Hsport	HR,HRO	406	832.6	364	852.1	42	(19)	25,753
SC-7 AGR Hsport Res	HA	44	1,046	43	1,000	1	45	1,983
SC 7 - AGR Hsport Com	HAC	2	6,429	2	6,133	-	296	593
SC-2 Commercial Hsport	HC,HCO	75	1,600	73	1,581	2	19	3,353
SC-4 Hammondsport Trans	HT,HTO	4	45,163	4	45,445	-	(281)	(1,125)
Trans and Sales Flex Hsport	HTF,OTF,SC5, HOI	5	117,847	5	114,312	-	3,536	17,678
						-	-	-
Bath EG&W - Firm	BR	1	2,629,521	1	2,742,536	-	(113,015)	(113,015)
Bath - Trans SC-3 X Hsport	BC 3	1	273,184	1	270,733	-	2,451	2,451
Bath - Trans SC-4 X Hsport	BC 4	1	1,216,240	1	1,202,593	-	13,648	13,648
						-	-	-
Contract 1		3	132,619	3	187,173	-	(54,554)	(163,662)
Contract 2		1	3,761,050	1	3,809,690	-	-	-
Contract 3		1	486,650	1	464,100	-	22,550	22,550
Contract 4		1	2,259,340	1	2,493,610	-	(234,270)	(234,270)
Contract 5		1	17,822,250	1	15,832,555	-	1,989,695	1,989,695
Contract 6		1	4,441,150	1	4,896,760	-	(455,610)	(455,610)
						-	-	-
NYSEG		1	3,404,844	1	3,265,818.00		-	-
Empire		1	124,097	1	0		124,097	124,097
Stand		1	32,189	1	0		32,189	32,189
					Total	**59**		**1,803,979**
					Residential	**50**		**115,112**
					Contracts	**-**		**1,158,703**

CORNING NATURAL GAS
CASE 11-G-0280
Comparison of Sales Forecast - Rate Year 2

		Staff		Company		Difference		
Corning	Rate Codes	Average Customers	Annual CCF	Average Customers	Annual CCF	Customers	CCF/cus	Total CCF
SC-1 Residential	RI,RO,TI,TO, VRO	11,017	901	10,507	886	510	15	613,260
SC-1 Residential	VRO	140	549.8	140	549.8	-	-	-
SC-1 Commercial	CI,CO	695	2,336	683	2,150	12	186	146,736
SC-1 Public Authority	MI,MO,VMO	50	3,056	46	3,297	4	(241)	1,115
SC - Public Authority	VMO	5	13,603	4	13,603	1	0	13,603
SC-14 AGR Residential	ARO	2,134	1,105	2,615	1,094	(480)	11	(505,084)
SC-14 AGR Commercial	ACO	166	8,829	173	7,606	(7)	1,223	164,516
SC-14 AGR Public Authority	AMO	53	8,361	53	8,808	0	(447)	(22,238)
SC-5 Outdoor Lighting	GL01,GL02	12	110	12	1,320	-	(1,210)	(14,520)
SC-7 Industrial Trans	IT,ITO	4	1,836,850	4	1,797,249	-	39,602	158,406
SC-6 Commercial Trans	CT,CTO,MT,MTO	11	104,993	11	100,282	-	4,711	63,723
SC-6 Public Authority Trans	PT,PTO	10	96,237	10	95,030	-	1,206	12,064
						-	-	-
SC-1 Residential Hsport	HR,HRO	428	833	364	852	64	(19)	44,123
SC-7 AGR Hsport Res	HA	44	1,046	43	1,000	1	45	1,983
SC 7 - AGR Hsport Com	HAC	2	6,429	2	6,133	-	296	593
SC-2 Commercial Hsport	HC,HCO	76	1,600	73	1,581	3	19	5,242
SC-4 Hammondsport Trans	HT,HTO	4	45,163	4	45,445	-	(281)	(1,125)
Trans and Sales Flex Hsport	HTF,OTF,SC5, HOI	5	117,847	5	114,312	-	3,536	17,678
Bath EG&W - Firm	BR	1	2,629,521	1	2,742,536	-	(113,015)	(113,015)
Bath - Trans SC-3 X Hsport	BC 3	1	273,184	1	270,733	-	2,451	2,451
Bath - Trans SC-4 X Hsport	BC 4	1	1,216,240	1	1,202,593	-	13,648	13,648
		-	-			-	-	-
Contract 1		3	132,619	3	187,173	-	(54,554)	(163,662)
Contract 2		1	3,761,050	1	3,809,690	-	(48,640)	-
Contract 3		1	486,650	1	464,100	-	-	22,550
Contract 4		1	2,259,340	1	2,493,610	-	(234,270)	(234,270)
Contract 5		1	17,822,250	1	15,832,555	-	1,989,695	1,989,695
Contract 6		1	4,441,150	1	4,896,760	-	(455,610)	(455,610)
						-	-	-
NYSEG		1	3,404,844	1	3,265,818.00	-	-	-
Empire		1	124,097	1	0		124,097	124,097
Stand		1	32,189	1	0		32,189	32,189
					Total	**109**		**1,918,148**
					Residential	**95**		**154,282**
					Contracts	**-**		**1,158,703**

CORNING NATURAL GAS
CASE 11-G-0280
Comparison of Sales Forecast - Rate Year 3

		Staff		Company		Difference		
Corning	Rate Codes	Average Customers	Annual	Average Customers	Average Monthly CCF	Customers	CCF/cus	Total CCF
SC-1 Residential	RI,RO,TI,TO, VRO	11,204	904	10,507	886	697	18	814,546
SC-1 Residential	VRO	140	549.8	140	549.8	-	-	-
SC-1 Commercial	CI,CO	695	2,336	683	2,150	12	186	155,832
SC-1 Public Authority	MI,MO,VMO	50	3,056	46	3,297	4	(241)	1,115
SC - Public Authority	VMO	5	13,603	4	13,603	1	0	13,603
SC-14 AGR Residential	ARO	1,971	1,105	2,615	1,094	(644)	11	(683,375)
SC-14 AGR Commercial	ACO	166	9,301	173	7,606	(7)	1,695	228,043
SC-14 AGR Public Authority	AMO	53	8,361	53	8,808	0	(447)	(22,215)
SC-5 Outdoor Lighting	GL01,GL02	12	110	12	1,320	-	(1,210)	(14,520)
SC-7 Industrial Trans	IT,ITO	4	1,836,850	4	1,797,249	-	39,602	158,406
SC-6 Commercial Trans	CT,CTO,MT,MTO	11	104,993	11	100,282	-	4,711	51,819
SC-6 Public Authority Trans	PT,PTO	10	96,237	10	95,030	-	1,206	12,064
		-	-			-	-	-
SC-1 Residential Hsport	HR,HRO	450	833	364	852	86	(19)	64,480
SC-7 AGR Hsport Res	HA	44	1,046	43	1,000	1	45	3,339
SC 7 - AGR Hsport Com	HAC	2	6,429	2	6,133	-	296	593
SC-2 Commercial Hsport	HC,HCO	77	1,600	73	1,581	4	19	8,070
SC-4 Hammondsport Trans	HT,HTO	4	45,163	4	45,445	-	(281)	(1,125)
Trans and Sales Flex Hsport	HTF,OTF,SC5, HOI	5	117,847	5	114,312	-	3,536	17,678
		-	-			-	-	-
Bath EG&W - Firm	BR	1	2,629,521	1	2,742,536	-	(113,015)	(113,015)
Bath - Trans SC-3 X Hsport	BC 3	1	273,184	1	270,733	-	2,451	2,451
Bath - Trans SC-4 X Hsport	BC 4	1	1,216,240	1	1,202,593	-	13,648	13,648
		-	-			-	-	-
Contract 1		3	132,619	3	187,173	-	(54,554)	(163,662)
Contract 2		1	3,761,050	1	3,809,690	-	(48,640)	-
Contract 3		1	486,650	1	464,100	-	464,100	22,550
Contract 4		1	2,259,340	1	2,493,610	-	(234,270)	(234,270)
Contract 5		1	17,822,250	1	15,832,555	-	1,989,695	1,989,695
Contract 6		1	4,441,150	1	4,896,760	-	(455,610)	(455,610)
						-	-	-
NYSEG		1	3,404,844	1	3,265,818.00	-	-	-
Empire		1	124,097	1	0		124,097	124,097
Stand		1	32,189	1	0		32,189	32,189
					Total	**155**		**2,026,427**
					Residential	**140**		**198,990**
					Contracts	**-**		**1,158,703**

CORNING NATURAL GAS
CASE 11-G-0280

PLOTS COMPARING STAFF'S AND COMPANY'S FORECAST

CORNING NATURAL GAS
CASE 11-G-0280

Table of Figures

CORNING NATURAL GAS
CASE 11-G-0280

Figure 1. S.C. Residential Customers Excluding Virgil

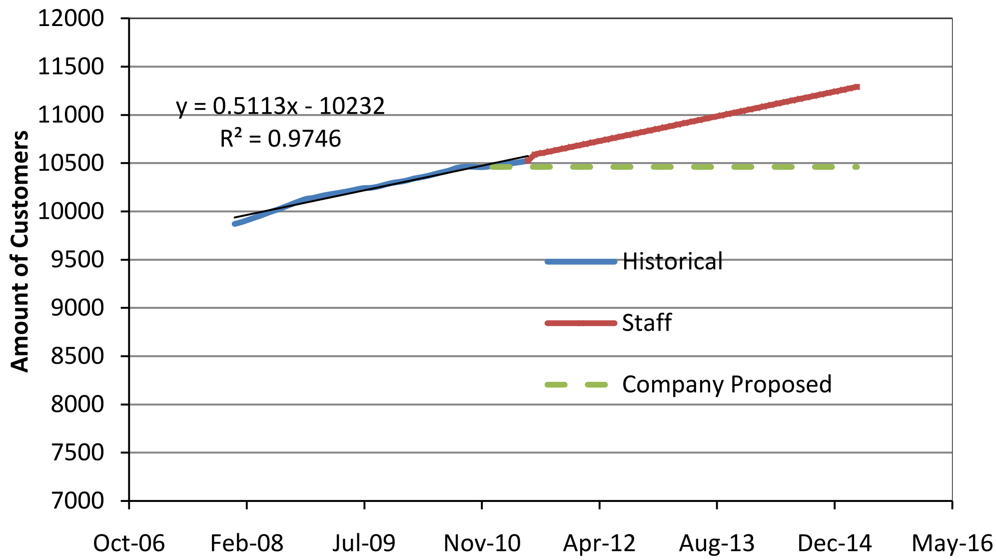

Figure 2. S.C.1 Residential - Usage per Customer (UPC)

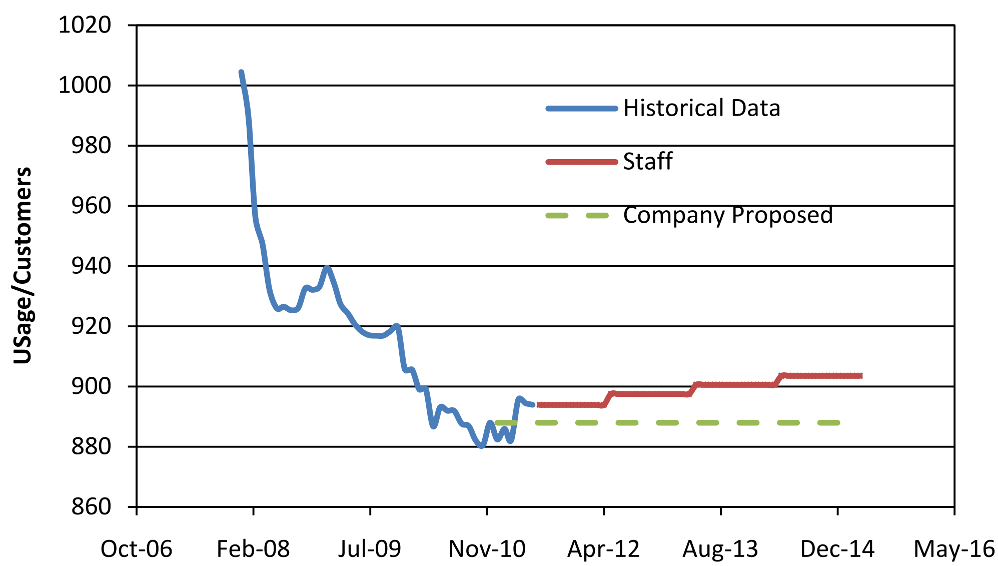

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Figure 3. S.C. 14 Corning - AGR Residential Customers

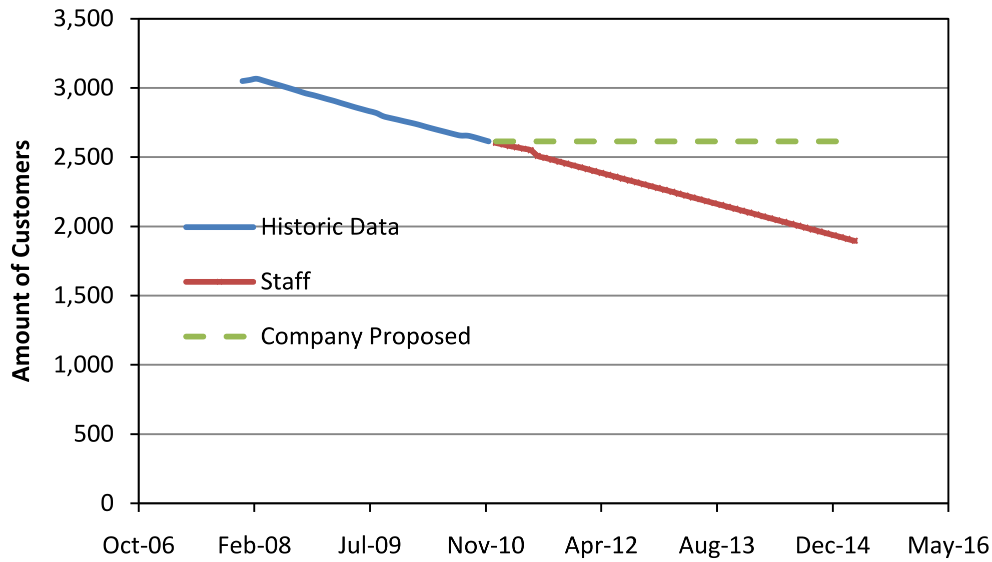

Figure 4. S.C. 14 AGR - Residential Usage per Customer

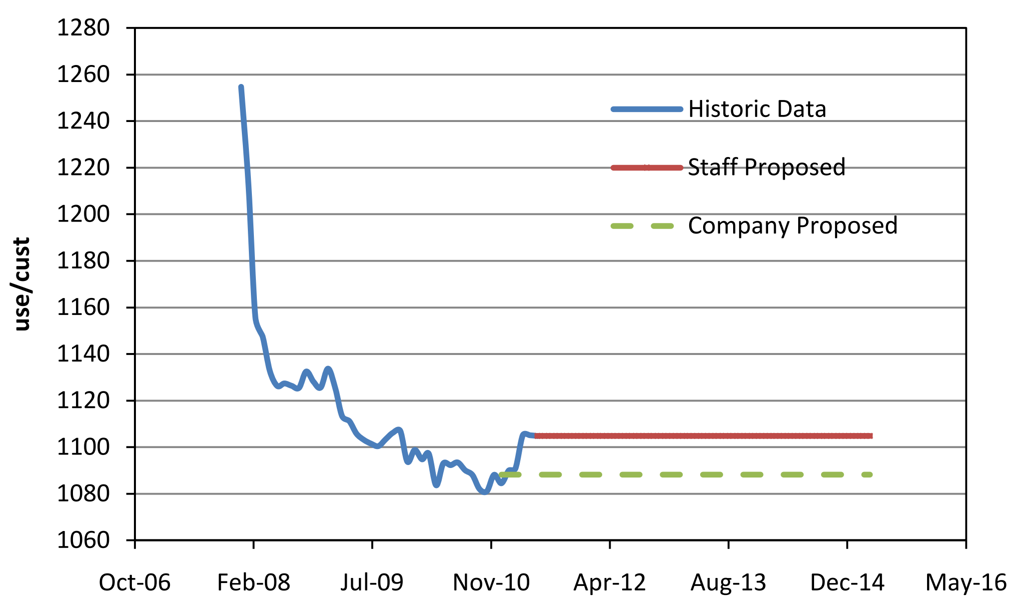

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Figure 5. S.C. 1 Hammondsport - Residential Customers

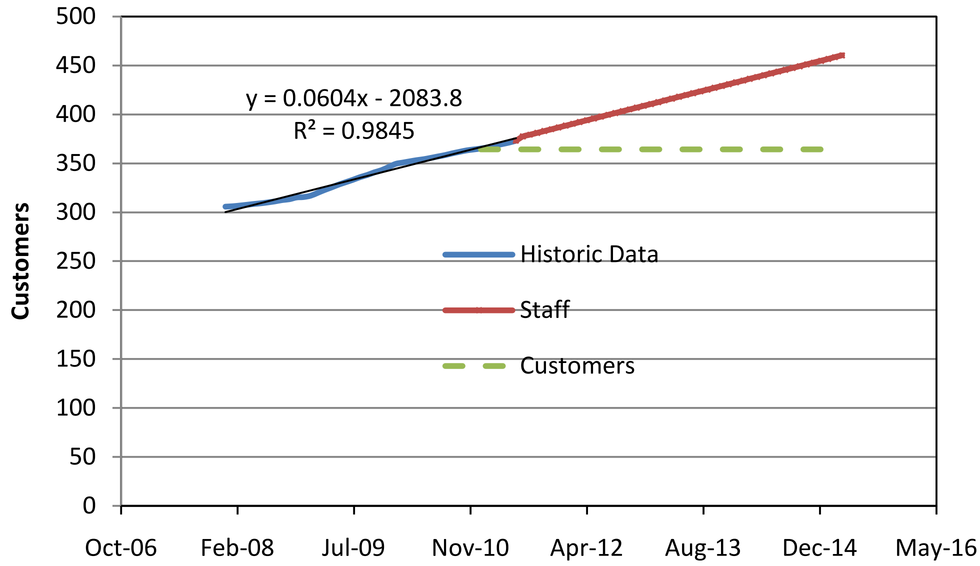

Figure 6. S.C. 1 Hammondsport Residential - UPC

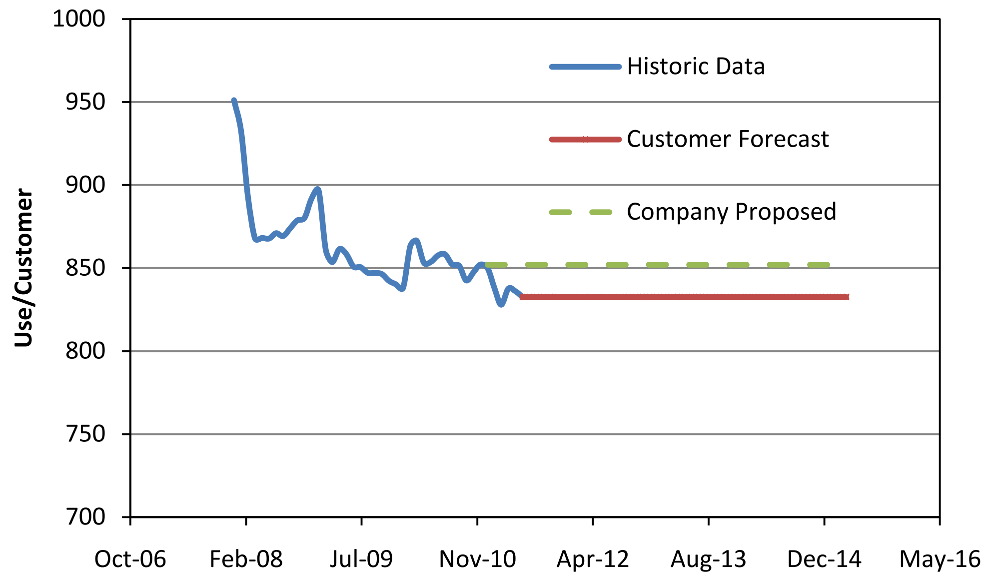

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Figure 7. S.C 7 Hammondsport - Residential AGR UPC

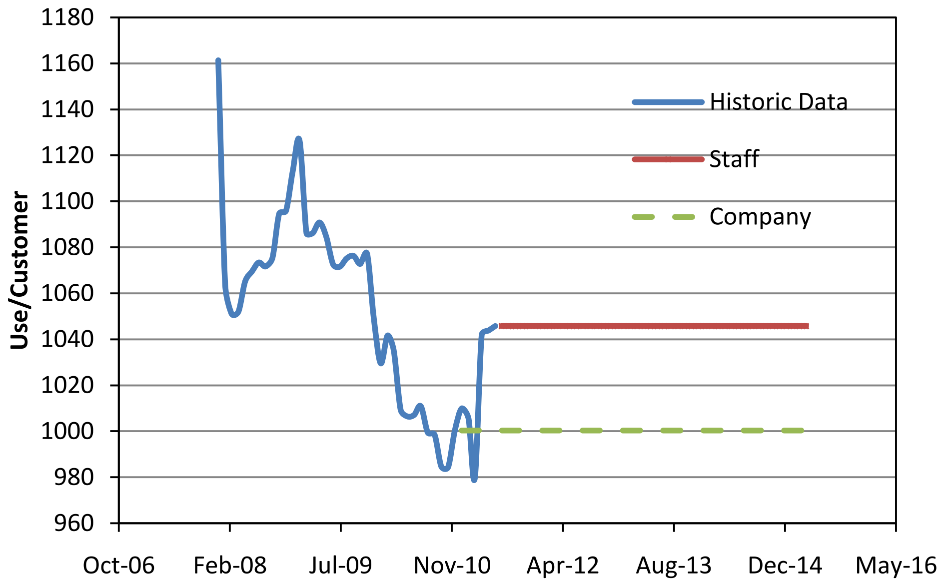

Figure 8. S.C. 4 Hammondsport Transportation Customers

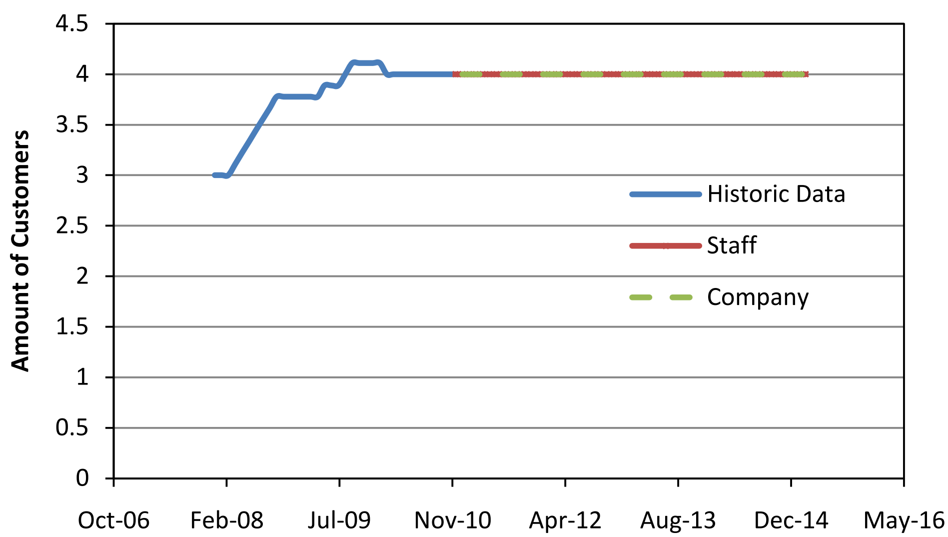

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Figure 9. S.C. 4 Hammondsport Transportation UPC

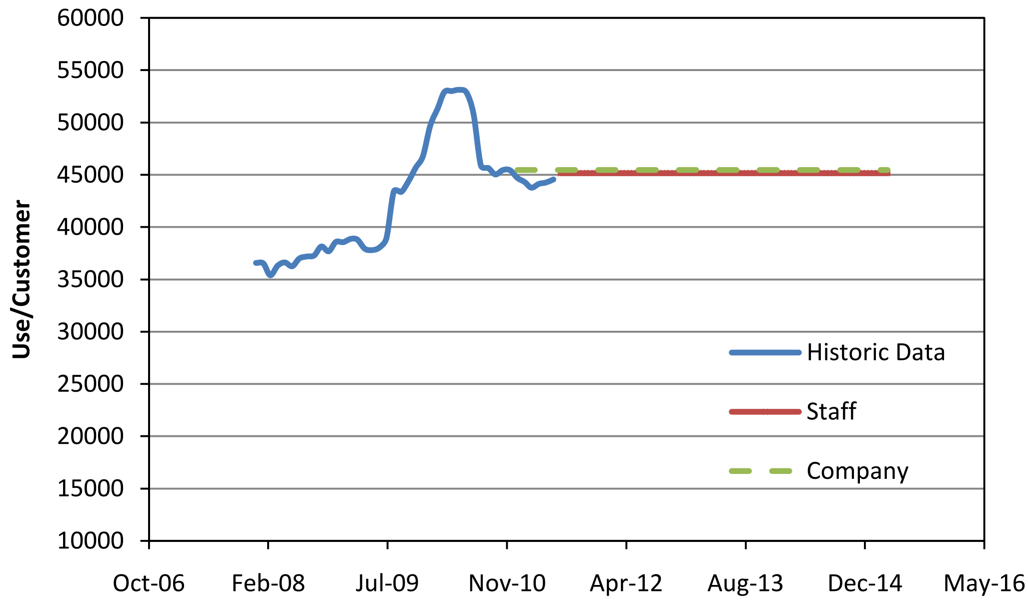

Figure 10. S.C 1 Corning - Commercial Customers

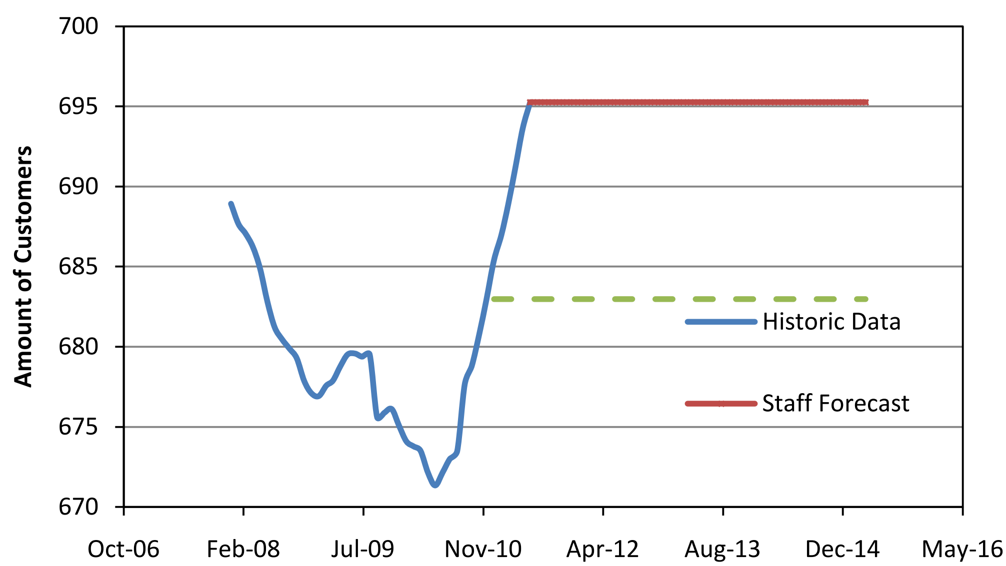

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Figure 11. S.C. 1 Corning - Commercial UPC

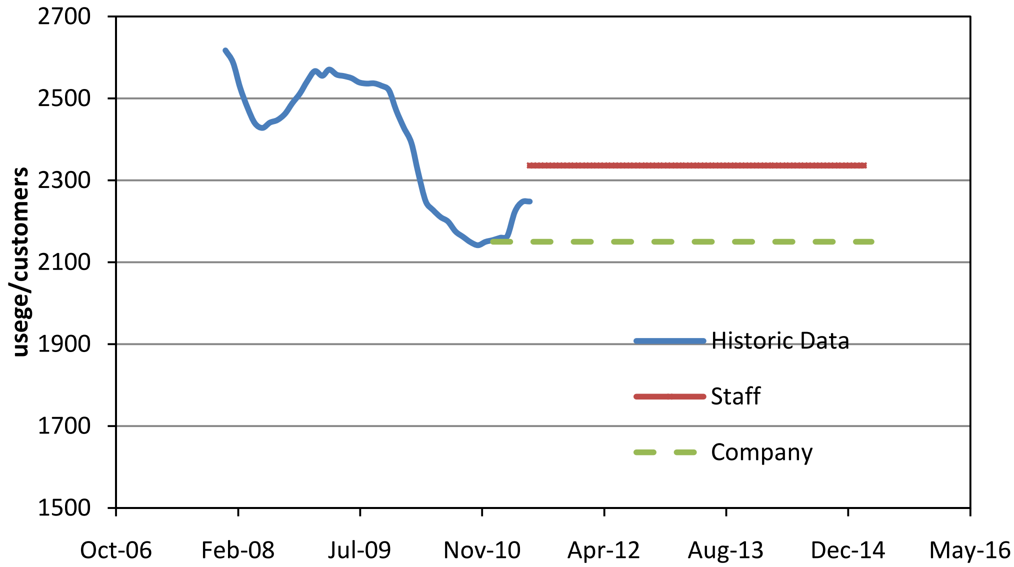

Figure 12. S.C. 14 AGR - Commercial Customers

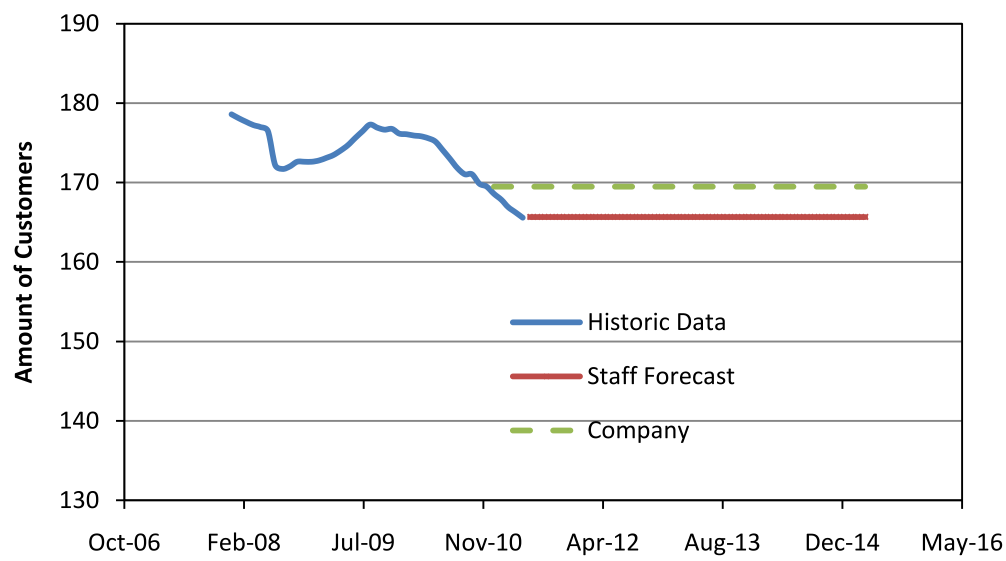

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Figure 13. S.C. 14 AGR Commercial UPC

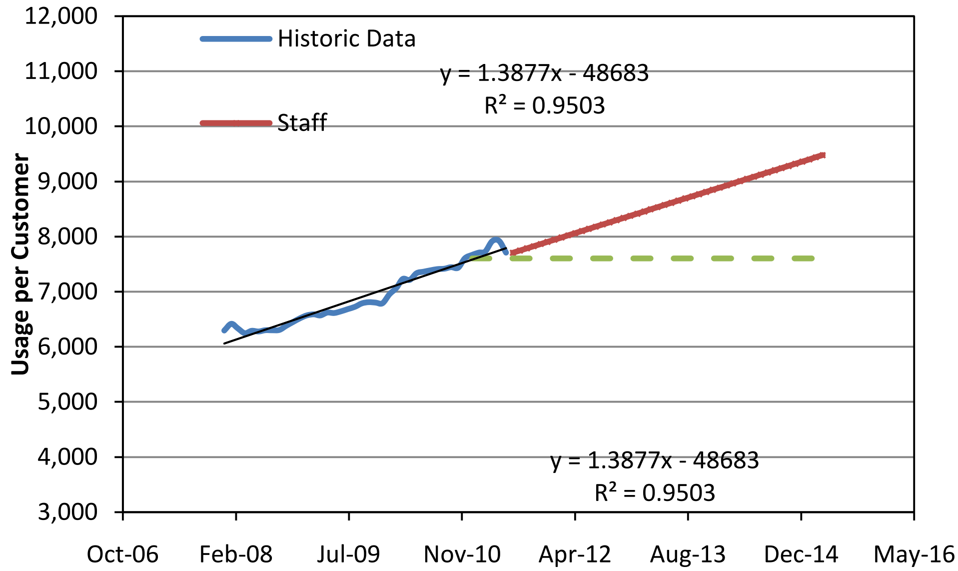

Figure 14. S.C. 2 Hammondsport Commercial Customers

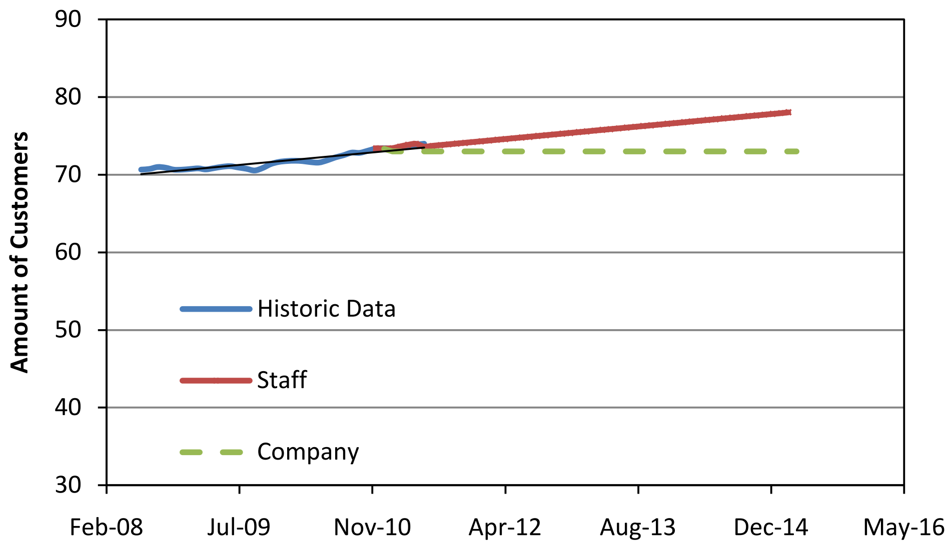

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Figure 15. S.C. 2 Hammondsport Commercial UPC

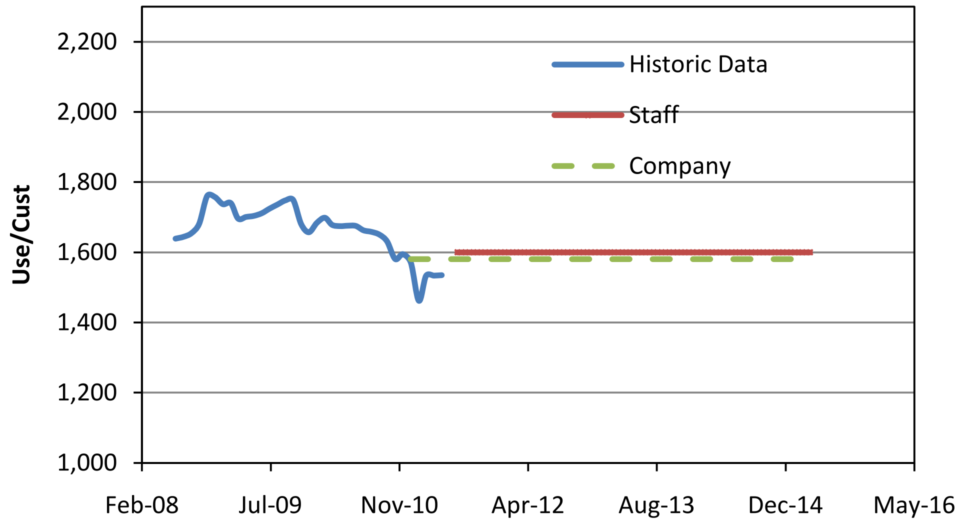

Figure 16. S.C. 1 Corning Public Authority (excluding Virgil) UPC

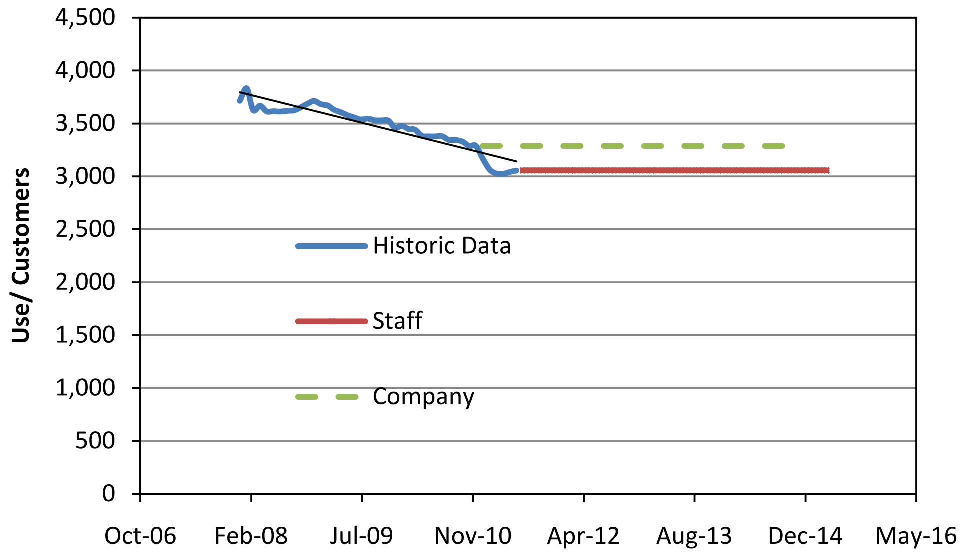

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Figure 17. S.C. 14 Corning AGR Public Authority UPC

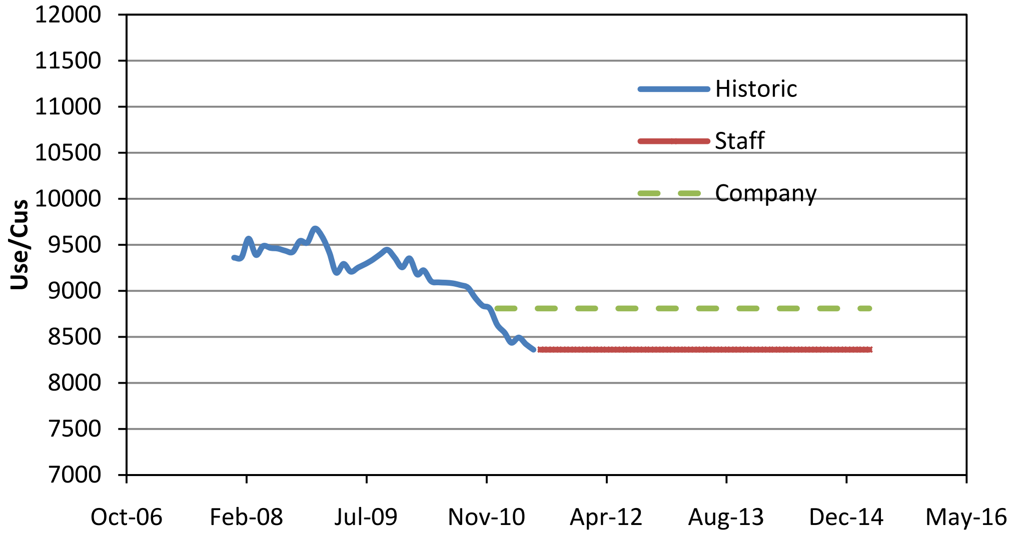

Figure 18. S.C. 6 Public Authority Transportation UPC

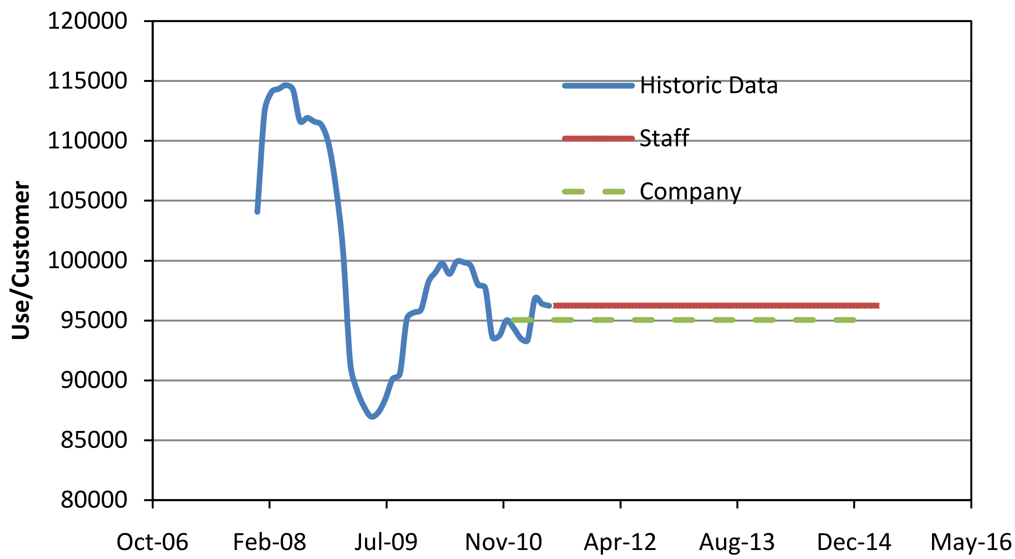

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Figure 19. S.C. 6 Commercial Transportation UPC**.**

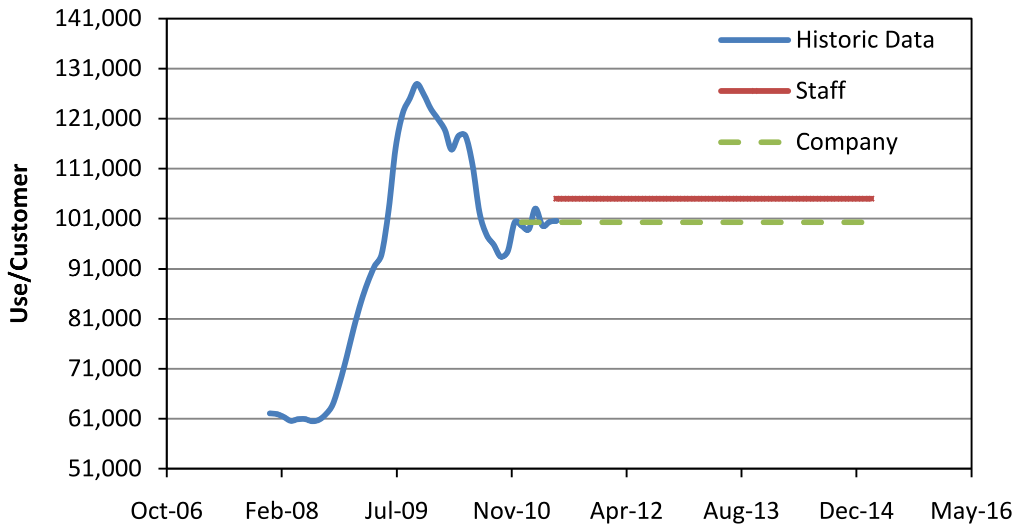

Figure 20. S.C. 7 Transportation UPC

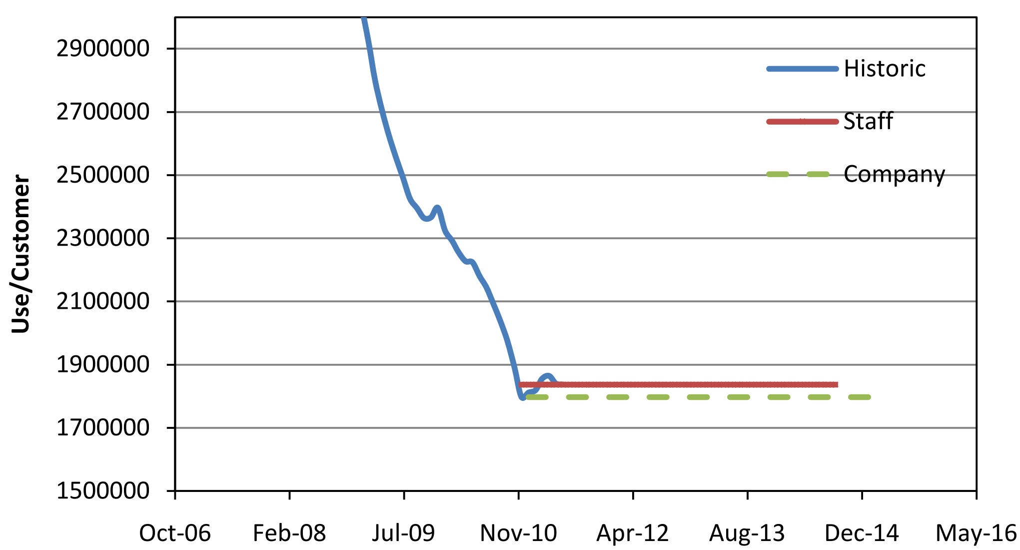

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Figure 21. S.C.7 Hammondsport AGR Commercial UPC

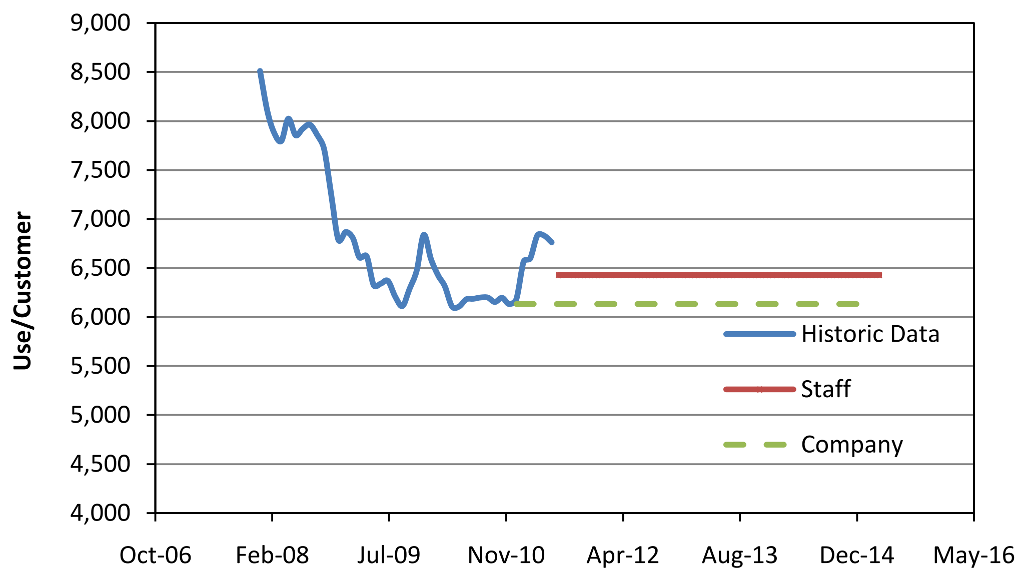

Figure 22. Hammondsport Transportation Flex.

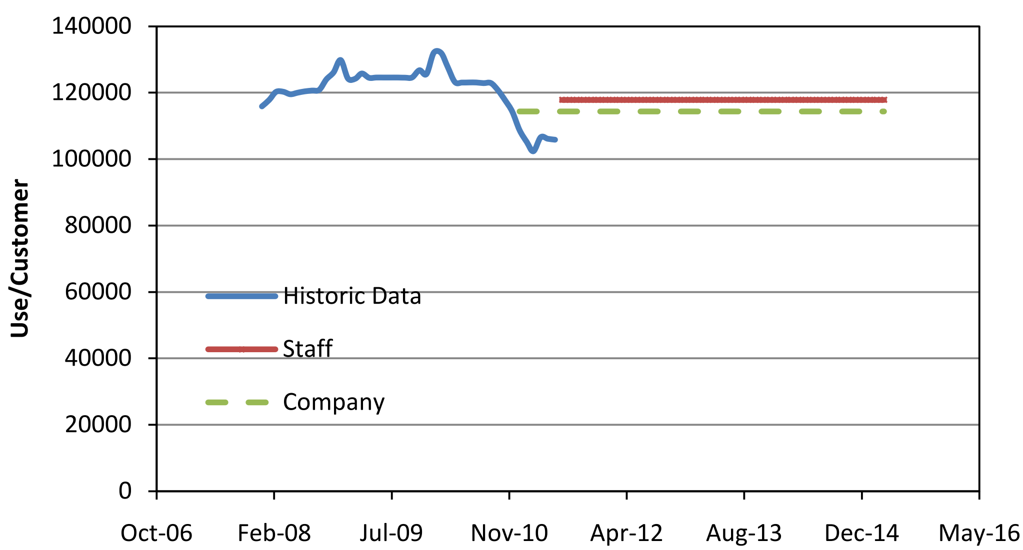

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Figure 23. Bath Firm

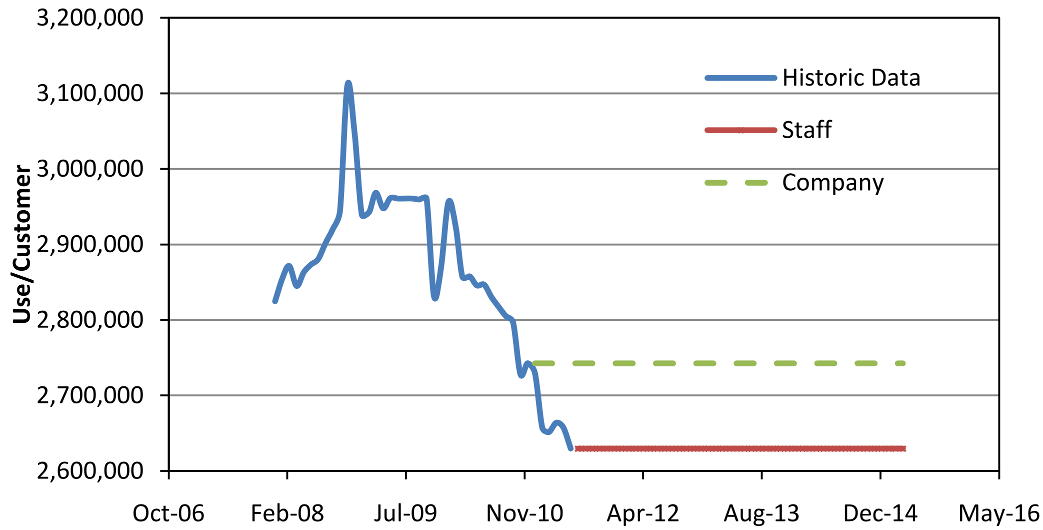

Figure 24. Bath S.C. 3 X Hammondsport

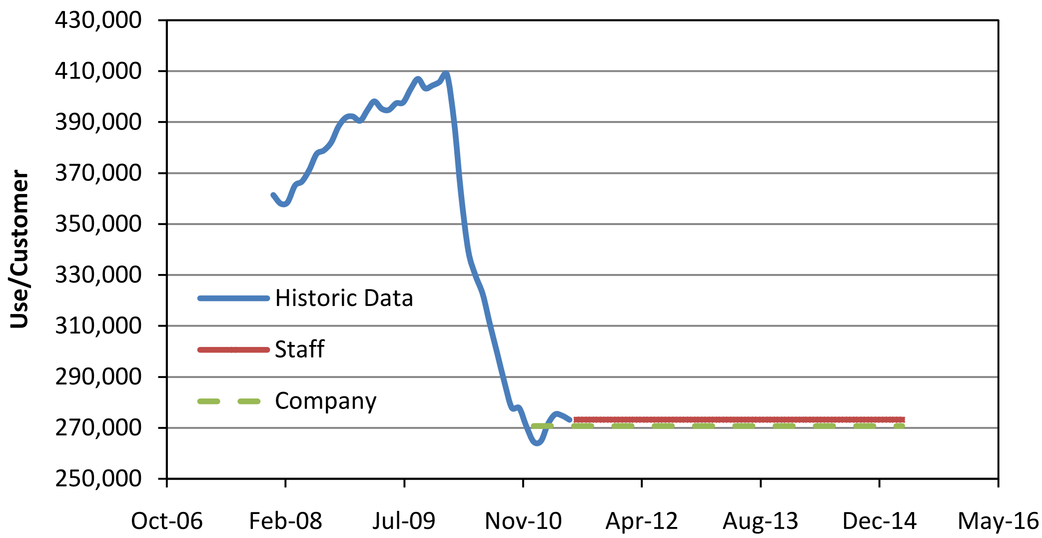

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Figure 25. Bath S.C. 4 x Hammondsport

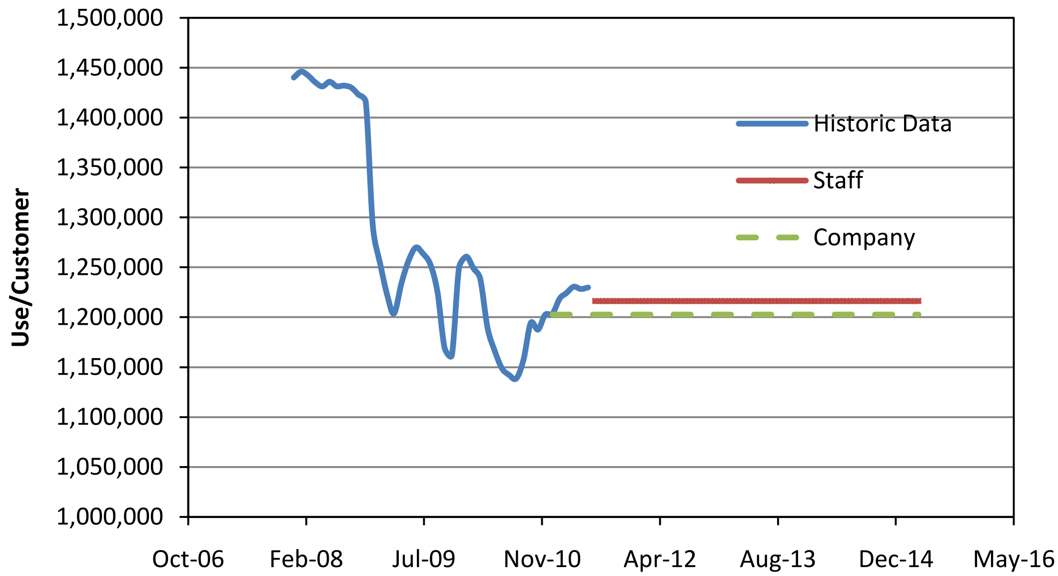

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Figure 26. Contract 2 UPC

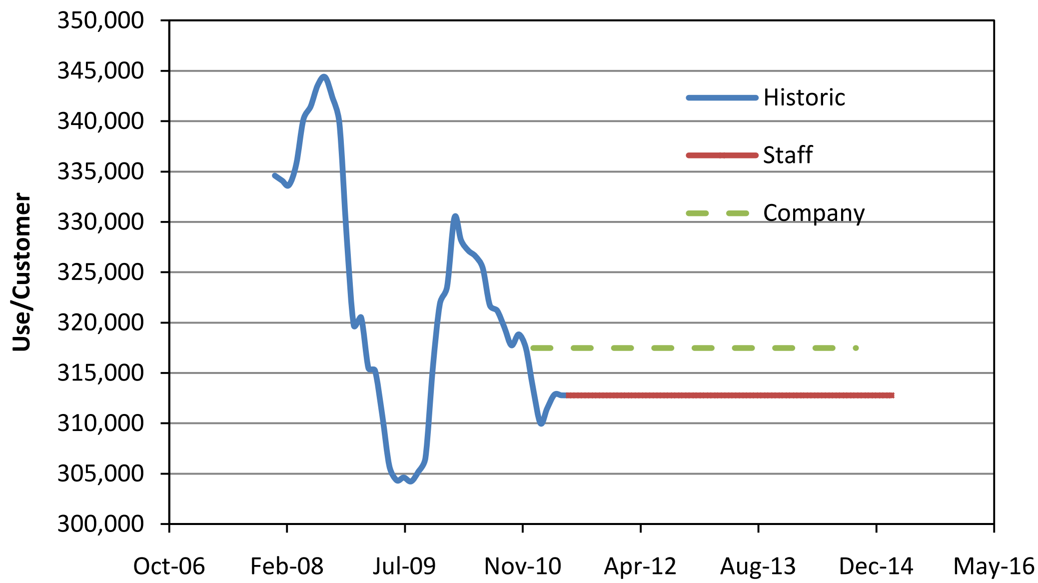

Figure 27. Contract 3 UPC

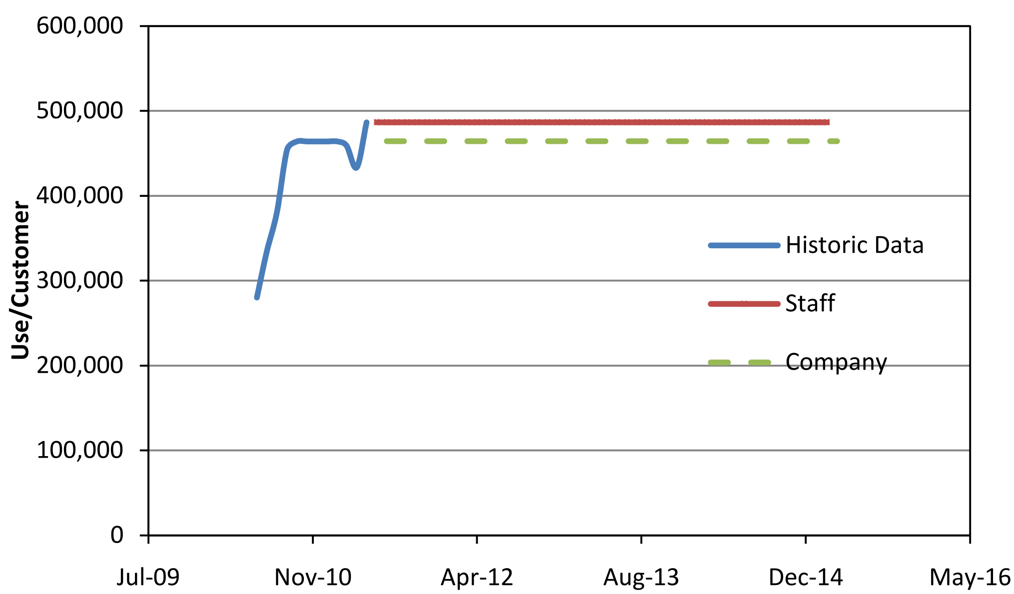

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Figure 28. Contract 4 UPC

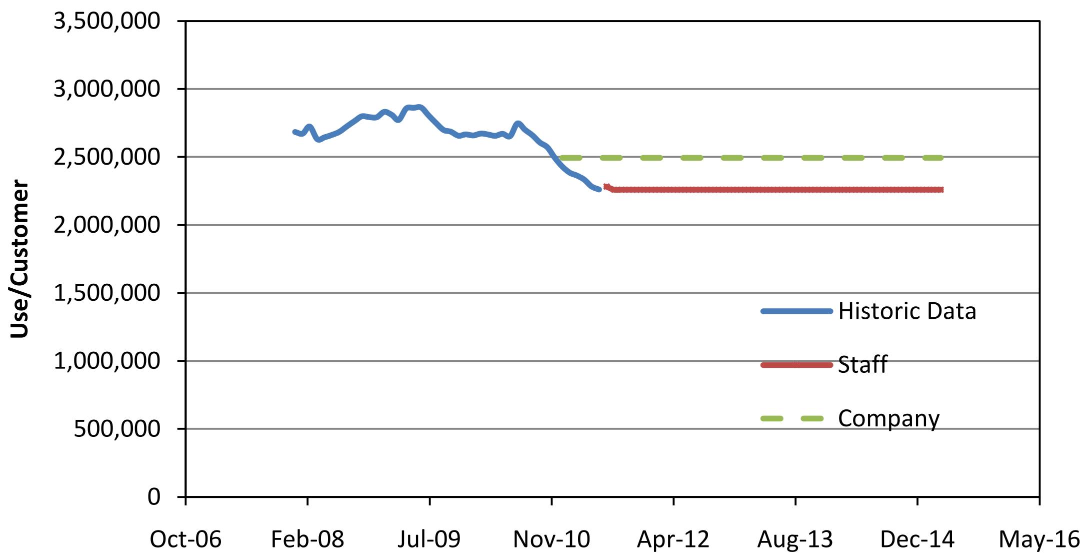

Figure 29. Contract 5 UPC

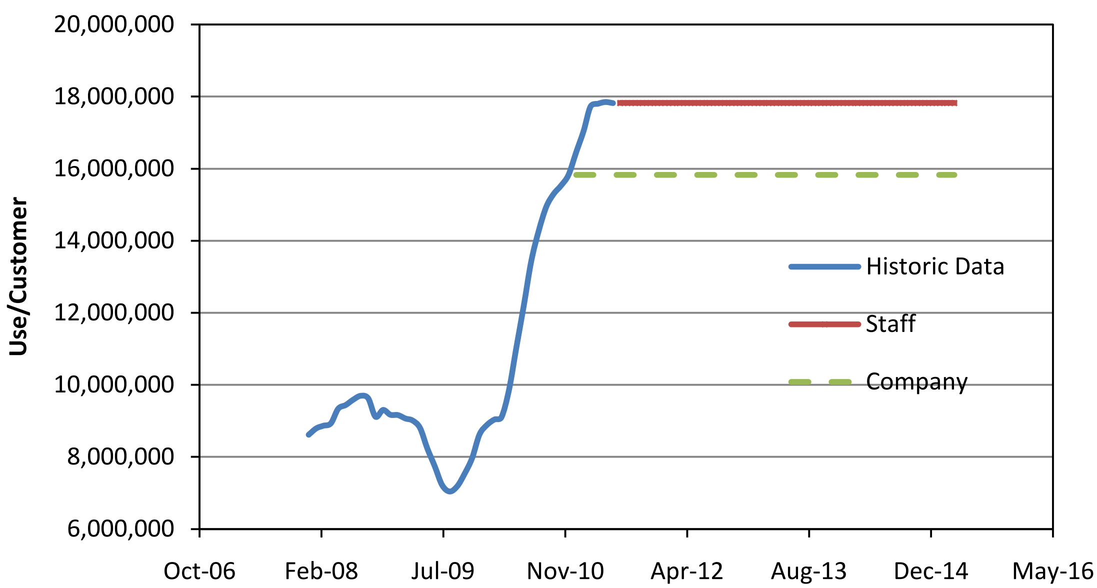

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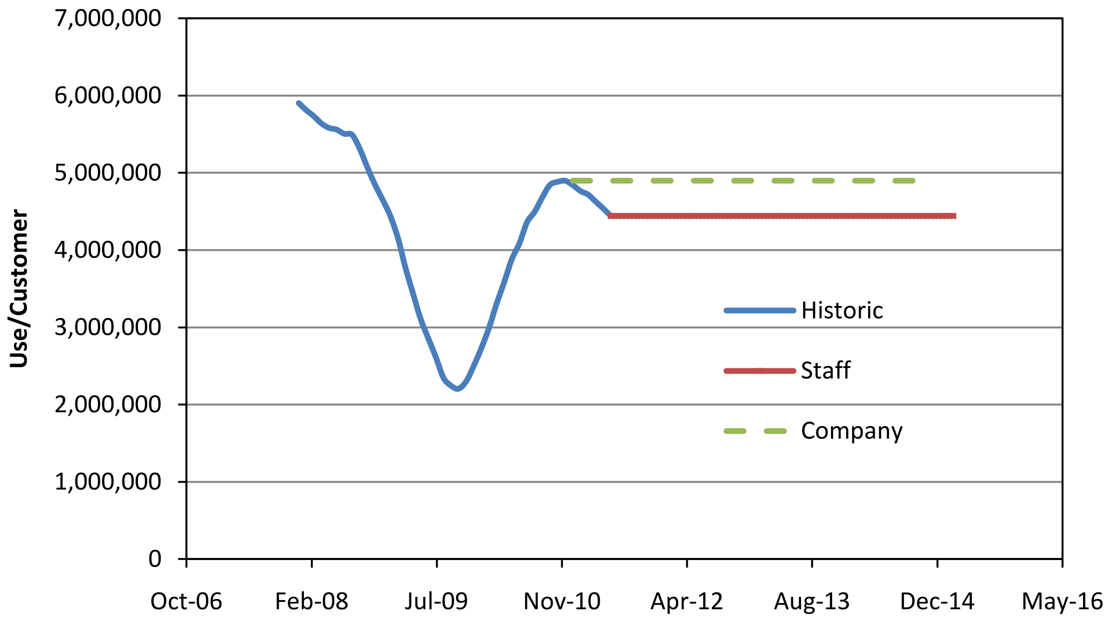
Figure 30. Contract 6 UPC



CORNING NATURAL GAS
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RATE DESIGN ADJUSTMENTS - YEAR 1

Revenues	Staff	Company	Difference Staff - Company
Operating Revenues			
Delivery rates	10,495,136.00	$ 10,280,108	$ 215,028
NYSEG +	$ 373,648	$ 348,266	$ 25,382
MFC supply procurement & record collections	$ 361,963	$ 500,174	$ (138,211)
RDM	$ 21,378	$ -	$ 21,378
Total	$ 11,252,125	$ 11,128,548	$ 123,577
Bath Transport Charge	$ 322,583	$ -	$ 322,583
Line 15 Transp.	$ 99,602	$ -	$ 99,602
TOTAL Op. Revenues	$ 11,674,311	$ 11,128,548	$ 545,763
Other Gas Revenues			
VIRGIL SURCHARGE	$ 106,801		
TRANSPORTATION	$ 1,026,756	$ 1,071,558	$ 61,999
ACCESS REVENUE	$ 545,284	$ 250,000	$ 295,284
MFC	$ -	$ 378,026	$ (378,026)
TOTAL	$ 1,678,841	$ 1,699,584	$ (20,743)
TOTAL - OPERATING & OTHER	**$ 13,353,152**	**$ 12,828,132**	**$ 525,020**

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RATE DESIGN ADJUSTMENTS - YEAR 2

Revenues	Staff	Company	Difference Staff - Company
Operating Revenues			
Delivery rates	$ 10,169,334	$ 12,845,758	$ (12,464,966)
NYSEG +	$ 380,792	$ 348,266	$ (83,726)
MFC supply procurement & record collections	$ 264,540	$ 500,174	$ (235,634)
RDM		$ -	$ -
Total	$ 10,814,666	$ 13,694,198	$ (2,879,532)
Bath Transport Charge	$ 322,583	$ -	$ 322,583
Line 15 Transp.	$ -	$ -	$ -
TOTAL Op. Revenues	$ 11,137,249	$ 13,694,198	$ (2,556,949)
Other Gas Revenues			
VIRGIL SURCHARGE	$ 106,801		
TRANSPORTATION	$ 159,241	$ 137,460	$ 128,582
ACCESS REVENUE	$ 545,284	$ 250,000	$ 295,284
MFC	$ -	$ 378,026	$ (378,026)
TOTAL	$ 811,326	$ 765,486	$ 45,840
TOTAL - OPERATING & OTHER	**$ 11,948,575**	**$ 14,459,684**	**$ (2,511,109)**

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RATE DESIGN ADJUSTMENTS - YEAR 3

Revenues	Staff	Company	Difference Staff - Company
Operating Revenues			
Delivery rates	$ 10,853,510	$ 13,747,222	$ (13,359,145)
NYSEG +	$ 388,077	$ 348,266	$ (83,726)
MFC supply procurement & record collections	$ 264,540	$ 500,174	$ (235,634)
RDM		$ -	$ -
Total	$ 11,506,127	$ 14,595,662	$ (3,089,535)
Bath Transport Charge	$ 322,583	$ -	$ 322,583
Line 15 Transp.	$ -	$ -	$ -
TOTAL Op. Revenues	$ 11,828,710	$ 14,595,662	$ (2,766,952)
Other Gas Revenues			
VIRGIL SURCHARGE	$ 106,801		
TRANSPORTATION	$ -	$ 137,460	$ (30,659)
ACCESS REVENUE	$ 545,284	$ 250,000	$ 295,284
MFC	$ -	$ 378,026	$ (378,026)
TOTAL	$ 652,085	$ 765,486	$ (113,401)
TOTAL - OPERATING & OTHER	**$ 12,480,795**	**$ 15,361,148**	**$ (2,880,353)**

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Other Revenues

	Re-connect Fees		
	2008	2009	2010
January	$ 280	$ 240	$ 160
February	$ 520	$ 140	$ 40
March	$ 160	$ 160	$ 140
April	$ 140	$ 280	$ 260
May	$ 420	$ 320	$ 360
June	$ 400	$ 420	$ 400
July	$ 160	$ 400	$ 260
August	$ 220	$ 180	$ 340
September	$ 440	$ 120	$ 380
October	$ 980	$ 560	$ 800
November	$ 1,000	$ 400	$ 400
December	$ 780	$ 420	$ 260
Total	$ 5,500	$ 3,640	$ 3,800
Average			**$ 4,313**

	Surcharge Revenues		
	2008	2009	2010
January	$ 131	$ 1,251	$ 1,411
February	$ 131	$ 1,244	$ 1,053
March	$ 131	$ 1,106	$ 1,048
April	$ 4,796	$ 1,103	$ 1,039
May	$ 1,289	$ 1,096	$ 1,037
June	$ 1,280	$ 1,093	$ 1,032
July	$ 1,277	$ 1,090	$ 1,025
August	$ 1,282	$ 1,083	$ 1,046
September	$ 1,259	$ 1,080	$ 1,023
October	$ 1,260	$ 1,072	$ 1,020
November	$ 1,256	$ 1,072	$ 1,011
December	$ 1,251	$ 1,063	$ 985
Total	$ 15,343	$ 13,352	$ 12,727
Average			**13,807**

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AVERAGE SERVICE LIVES

WORKPAPER - LDC STUDY
Average Service Lives (Years)

ACCOUNT NUMBER	Net Salvage	CNG - Existing	KEY-LI	KEY-NY	NFG	CHG&E	CON-EDISON	O & R	NMPC	NYSEG	RGE	Staff Proposed - OTHER AVERAGE	Rate
367	2.000%	60	75	70	60	70	80	75	80	75	-	73	**1.340%**
376	1.820%	60	75	70	70	85	70	75	69	70	75	73	**1.341%**
380	2.000%	47	52	40	55	70	55	65	60	50	44	55	**1.796%**

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COMPARISON OF CAPEX BUDGETS TO OPERATING REVENUES AND NET PLANT IN SERVICE

	APPROVED CAPEX BUDGETS			TOTAL OPERATING REVENUES			BUDGET AS A PERCENT			
COMPANY	**2008**	**2009**	**2010**	**2008**	**2009**	**2010**	**2008**	**2009**	**2010**	**AVERAGE**
O&R	$ 47,503,500	$ 52,420,400	$ 46,191,100	$ 258,480,996	$ 241,659,625	$ 218,423,963	18.38%	21.69%	21.15%	20.41%
NYSEG	$ 24,890,000	$ 43,823,000	$ 26,170,000	$ 467,498,638	$ 433,728,096	$ 371,504,016	5.32%	10.10%	7.04%	7.49%
RG&E	$ 18,520,000	$ 32,368,000	$ 24,128,000	$ 432,824,304	$ 360,686,250	$ 318,182,790	4.28%	8.97%	7.58%	6.95%
NFG	$ 39,842,000	$ 40,367,000	$ 41,531,000	$ 1,233,033,653	$ 995,752,326	$ 830,284,085	3.23%	4.05%	5.00%	4.10%
NMPC	$ 65,600,000	$ 70,500,000	$ 69,900,000	$ 909,751,392	$ 783,670,115	$ 746,702,265	7.21%	9.00%	9.36%	8.52%
CH	$ 17,280,400	$ 20,882,600	$ 15,451,200	$ 189,869,055	$ 174,444,870	$ 157,306,701	9.10%	11.97%	9.82%	10.30%
ST L	$ 1,903,400	$ 2,400,000	$ 1,873,000	$ 51,499,856	$ 42,617,338	$ 40,889,508	3.70%	5.63%	4.58%	4.64%
CORNING	$ 2,728,075	$ 3,215,621	$ 3,317,875	$ 26,033,130	$ 22,566,374	$ 22,179,922	10.48%	14.25%	14.96%	13.23%

	APPROVED CAPEX BUDGETS			NET PLANT IN SERVICE			BUDGET AS A PERCENT			
COMPANY	**2008**	**2009**	**2010**	**2008**	**2009**	**2010**	**2008**	**2009**	**2010**	**AVERAGE**
O&R	$ 47,503,500	$ 52,420,400	$ 46,191,100	$ 304,071,825	$ 333,986,824	$ 358,390,468	15.62%	15.70%	12.89%	14.74%
NYSEG	$ 24,890,000	$ 43,823,000	$ 26,170,000	$ 501,837,307	$ 498,205,654	$ 500,467,622	4.96%	8.80%	5.23%	6.33%
RG&E	$ 18,520,000	$ 32,368,000	$ 24,128,000	$ 392,018,749	$ 392,264,009	$ 398,932,945	4.72%	8.25%	6.05%	6.34%
NFG	$ 39,842,000	$ 40,367,000	$ 41,531,000	$ 1,051,266,508	$ 1,063,638,243	$ 1,080,509,042	3.79%	3.80%	3.84%	3.81%
NMPC	$ 65,600,000	$ 70,500,000	$ 69,900,000	$ 1,128,117,257	$ 1,164,067,868	$ 1,195,986,392	5.81%	6.06%	5.84%	5.91%
CH	$ 17,280,400	$ 20,882,600	$ 15,451,200	$ 181,702,738	$ 194,780,415	$ 204,278,860	9.51%	10.72%	7.56%	9.27%
ST L	$ 1,903,400	$ 2,400,000	$ 1,873,000	$ 23,797,818	$ 24,763,827	$ 25,923,582	8.00%	9.69%	7.23%	8.30%
CORNING	$ 2,728,075	$ 3,215,621	$ 3,317,875	$ 23,428,189	$ 27,071,433	$ 31,489,899	11.64%	11.88%	10.54%	11.35%

Note: Corning's 2009 capital expenditure budget was reduced by $1,900,000 in 2009 to reflect the expansion in Virgil. Corning's 2009 capital expenditure budget was reduced by $2,100,000 in 2010 to reflect the Compressor Project.

PROJECT NAME
Project Number

<u>Project Description</u>
Summary of proposed project

<u>Project Analysis</u>
Background explaining why the project is needed
Project history, including past project revisions (project type – one time / long term program)
Risk Scores (safety, reliability, etc)

<u>Finance</u>
Estimated Cost: Include any cost assumptions
Estimated Cost Range:
Expenditures to Date:
How will any overspend be funded?
Investment Planning:
- Year 1
- Year 2
- Year 3
- Year 4
- Year 5 +

<u>Resources Needed</u>
Internal, External

<u>Operational Impact on System</u>

<u>Project Risk</u>
Risk of project slipping

<u>Project Milestones</u>
Start/Completion Dates

<u>Customer Impact</u>
Identify impacts to service and reliability if this project was not performed.

<u>Summary of Project Benefits</u>
Quantify potential project benefits

<u>Options</u>
Stop project?, Operate as is?, Continue the program?, Alternatives?

<u>Recommendations</u>

<u>Appendix</u>
Contractor estimates, project background, etc.

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STAFF'S 2011 CAPITAL BUDGET ADJUSTMENTS

Acct. No.	Project	Description	Staff Total	Company Total	Adjustment
	1	**Services**			
380	1.1	New installations	$ 65,000	$ 65,000	$ -
380	1.2	Systematic replacement	$ 520,000	$ 520,000	$ -
380	1.3	Other replacement	$ -	$ -	$ -
		Project Total	**$ 585,000**	**$ 585,000**	$ -
	2	**Meters & Regulators**			
383	2.1	Residential regulators	$ 16,000	$ 16,000	$ -
378	2.2	Non-residential regulators	$ 6,365	$ 6,365	$ -
381	2.3	Residential meters	$ 49,000	$ 49,000	$ -
381	2.4	Non-residential meters	$ 7,500	$ 7,500	$ -
378	2.5	Rotary / turbine meters	$ 22,915	$ 22,915	$ -
378	2.6	Volume correctors	$ 6,600	$ 6,600	$ -
378	2.7	Pressure recorders	$ 3,119	$ 3,119	$ -
378	2.8	AMR	$ 14,322	$ 14,322	$ -
		Project Total	**$ 125,822**	**$ 125,822**	$ -
	3	**Main - Distribution**			
376	3.1	New installations	$ 50,000	$ 50,000	$ -
376	3.2	Systematic Replacement	$ 792,000	$ 792,000	$ -
376	3.3	Other replacement (Cross Town Line repair)	$ 80,000	$ 80,000	$ -
376	3.4	Other replacement (Leak Repair, system upgrades)	$ 80,000	$ 80,000	$ -
376	3.5	Blank	$ -	$ -	$ -
376	3.6	Blank	$ -	$ -	$ -
376	3.7	Blank	$ -	$ -	$ -
		Project Total	**$ 1,002,000**	**$ 1,002,000**	$ -
	4	**Main - HP Distribution**			
376	4.1	New installations	$ -	$ -	$ -
376	4.2	Line 11	$ 20,000	$ 20,000	$ -
376	4.3	Bath Reliability - Second Supply	$ 50,000	$ 50,000	$ -
376	4.31	Line 15 Systematic Replacement	$ 1,480,000	$ 1,480,000	$ -
376	4.4	Blank	$ -	$ -	$ -
376	4.5	Blank	$ -	$ -	$ -
		Project Total	**$ 1,550,000**	**$ 1,550,000**	$ -
	5	**Main - Distribution extension**			
376	5.1	Blank	$ -	$ -	$ -
		Project Total	**$ -**	**$ -**	$ -
	6	**Cathodic Protection**			
376	6.1	System Cathodic Protection	$ 40,000	$ 40,000	$ -
369	6.2	Blank	$ -	$ -	$ -
376	6.3	Blank	$ -	$ -	$ -
		Project Total	**$ 40,000**	**$ 40,000**	$ -
	7	**SCADA**			
391	7.1	Hardware / Software upgrade	$ 20,000	$ 20,000	$ -
378	7.2	RTU /other equipment (current installation improvements)	$ 45,000	$ 45,000	$ -
		Project Total	**$ 65,000**	**$ 65,000**	$ -
	8	**M&R Stations**			
378	8.1	M&R Station replacement	$ 100,000	$ 100,000	$ -
378	8.2	Herrington Station (odorizer install)	$ 15,000	$ 15,000	$ -
378	8.3	Orr Hill Station (odorizer install)	$ 15,000	$ 15,000	$ -
378	8.4	Blank	$ -	$ -	$ -
378	8.5	Blank	$ -	$ -	$ -
		Project Total	**$ 130,000**	**$ 130,000**	$ -

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STAFF'S 2011 CAPITAL BUDGET ADJUSTMENTS

Acct. No.	Project	Description	Staff Total	Company Total	Adjustment
	9	**Transportation Equipment**			
392	9.1	Replace small vehicle	$ 81,000	$ 81,000	$ -
392	9.2	Replace1987 Line Truck	$ -	$ -	$ -
392	9.3	Heavy Equip Trailer	$ 10,000	$ 10,000	$ -
392	9.4	Replace Backhoe	$ -	$ -	$ -
392	9.5	Purchase Mini Excav	$ -	$ -	$ -
392	9.6	Replace small vehicle	$ -	$ -	$ -
392	9.7	Replace line tech truck	$ -	$ -	$ -
392	9.8	Replace dump truck	$ -	$ -	$ -
392	9.9	Replace backhoe	$ -	$ -	$ -
392	9.10	Replace 1987 line truck	$ -	$ -	$ -
392	9.11	Heavy Equipment Trailer	$ -	$ -	$ -
392	9.12	Replace line truck	$ -	$ -	$ -
392	9.13	Replace 1996 line truck	$ -	$ -	$ -
		Project Total	**$ 91,000**	**$ 91,000**	$ -
	10	**Tools and Equipment**			
394	10.1	Pipeline Locator	$ 4,000	$ 4,000	$ -
394	10.2	HFI	$ 4,500	$ 4,500	$ -
394	10.3	CGI	$ 6,800	$ 6,800	$ -
394	10.4	Portable Shoring	$ -	$ -	$ -
394	10.5	CP Data Logger	$ 15,000	$ 15,000	$ -
394	10.6	Blank	$ -	$ -	$ -
394	10.7	Electro fusion Controller	$ -	$ -	$ -
394	10.8	Mueller (8" to 12") machine	$ -	$ -	$ -
394	10.9	Health HFI	$ -	$ -	$ -
394	10.10	Engineering survey equipment	$ -	$ -	$ -
394	10.11	Blank	$ -	$ -	$ -
394	10.12	GPS Survey Equipment	$ -	$ -	$ -
394	10.13	Welding Machine	$ -	$ -	$ -
394	10.14	Blank	$ -	$ -	$ -
394	10.15	Blank	$ -	$ -	$ -
394	10.16	Lighting	$ -	$ -	$ -
394	10.17	Stopper Replacement Equipment	$ -	$ -	$ -
394	10.18	Misc.Tools and Equipment	$ 3,000	$ 3,000	$ -
		Project Total	**$ 33,300**	**$ 33,300**	$ -
	11	**Safety Equipment**			
394	11.1	PPE	$ 15,000	$ 15,000	$ -
394	11.2	Flash fire coveralls / hood / gloves	$ 4,416	$ 4,416	$ -
394	11.3	Supplied Air Respirator	$ 400	$ 400	$ -
394	11.4	Confined space gas monitor	$ -	$ -	$ -
		Project Total	**$ 19,816**	**$ 19,816**	$ -
	12	**General Office**			
390	12.1	HVAC	$ -	$ 90,000	$ (90,000)
390	12.2	Parking Lot Refurbishment	$ -	$ -	$ -
390	12.3	Office Furniture and Equipment	$ 7,500	$ -	$ 7,500
390	12.4	Building Upgrades	$ 10,000	$ 10,000	$ -
		Project Total	**$ 17,500**	**$ 100,000**	$ (82,500)
	13	**IT equipment**			
391	13.1	Computers / software	$ 12,500	$ 12,500	$ -
391	13.2	Field Laptops	$ 2,400	$ 2,400	$ -
391	13.3	Field GPS equipment	$ 500	$ 500	$ -
391	13.4	CADD Software replacement	$ 25,000	$ 25,000	$ -
391	13.5	Blank	$ -	$ -	$ -
391	13.6	Printer and Computer Replacement	$ 7,500	$ 7,500	$ -
391	13.7	Accounting and Billing System Upgrade	$ -	$ 350,000	$ (350,000)
391	13.8	Enterprise Software (Microsoft and Norton Updates)	$ 12,500	$ 12,500	$ -
391	13.9	AS400 Equipment/Software/Licensing Costs	$ -	$ 60,000	$ (60,000)
		Project Total	**$ 60,400**	**$ 470,400**	$ (410,000)
	14	**Major Projects**			
369	14.1	Virgil expansion - Main & Services	$ -	$ 340,000	$ (340,000)
380	14.2	Blank	$ -	$ -	$ -
383	14.3	Blank	$ -	$ -	$ -
378	14.4	Blank	$ -	$ -	$ -
369	14.6	Cross Town-E Pultney repair 2010	$ 50,000	$ 50,000	$ -
		Project Total	**$ 50,000**	**$ 390,000**	$ (340,000)
			$ 3,769,838	**$ 4,602,338**	**$ (832,500)**

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STAFF'S 2012 CAPITAL BUDGET ADJUSTMENTS

Acct. No.	Project	Description	Staff Total	Company Total	Adjustment
	1	**Services**			
380	1.1	New installations	$ 132,470	$ 132,470	$ -
380	1.2	Systematic replacement	$ 529,880	$ 529,880	$ -
380	1.3	Other replacement	$ -	$ -	$ -
		Project Total	**$ 662,350**	**$ 662,350**	$ -
	2	**Meters & Regulators**			
383	2.1	Residential regulators	$ 17,527	$ 20,380	$ (2,853)
378	2.2	Non-residential regulators	$ 3,841	$ 6,486	$ (2,645)
381	2.3	Residential meters	$ 65,980	$ 71,330	$ (5,350)
381	2.4	Non-residential meters	$ 7,643	$ 7,643	$ -
378	2.5	Rotary / turbine meters	$ 35,026	$ 35,026	$ -
378	2.6	Volume correctors	$ 11,209	$ 11,209	$ -
378	2.7	Pressure recorders	$ 5,297	$ 5,297	$ -
378	2.8	AMR	$ 16,216	$ 16,216	$ -
		Project Total	**$ 162,739**	**$ 173,587**	$ (10,848)
	3	**Main - Distribution**			
376	3.1	New installations	$ -	$ 75,000	$ (75,000)
376	3.2	Systematic Replacement	$ 941,556	$ 941,556	$ -
376	3.3	Other replacement (Cross Town Line repair)	$ 75,000	$ 75,000	$ -
376	3.4	Other replacement (Leak Repair, system upgrades)	$ -	$ -	$ -
376	3.5	Blank	$ -	$ -	$ -
376	3.6	Blank	$ -	$ -	$ -
376	3.7	Blank	$ -	$ -	$ -
		Project Total	**$ 1,016,556**	**$ 1,091,556**	$ (75,000)
	4	**Main - HP Distribution**			
376	4.1	New installations	$ -	$ -	$ -
376	4.2	Line 11	$ -	$ -	$ -
376	4.3	Bath Reliability - Second Supply	$ -	$ 4,500,000	$ (4,500,000)
376	4.4	Line 15 Systematic Replacement Program	$ 750,000	$ -	$ 750,000
376	4.5	Line 6 Systematic Replacement Program	$ 350,000	$ -	$ 350,000
376	4.6	Blank	$ -	$ -	$ -
		Project Total	**$ 1,100,000**	**$ 4,500,000**	$ (3,400,000)
	5	**Main - Distribution extension**			
376	5.1	Blank	$ -	$ -	$ -
		Project Total	**$ -**	**$ -**	$ -
	6	**Cathodic Protection**			
376	6.1	System Cathodic Protection	$ 61,140	$ 61,140	$ -
369	6.2	Blank	$ -	$ -	$ -
376	6.3	Blank	$ -	$ -	$ -
		Project Total	**$ 61,140**	**$ 61,140**	$ -
	7	**SCADA**			
391	7.1	Hardware / Software upgrade	$ 30,570	$ 30,570	$ -
378	7.2	RTU /other equipment (current installation improvements)	$ 45,855	$ 45,855	$ -
		Project Total	**$ 76,425**	**$ 76,425**	$ -
	8	**M&R Stations**			
378	8.1	M&R Station replacement	$ 152,850	$ 152,850	$ -
378	8.2	Blank	$ -	$ -	$ -
378	8.3	Blank	$ -	$ -	$ -
378	8.4	Blank	$ -	$ -	$ -
378	8.5	Blank	$ -	$ -	$ -
		Project Total	**$ 152,850**	**$ 152,850**	$ -

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STAFF'S 2012 CAPITAL BUDGET ADJUSTMENTS

Acct. No.	Project	Description	Staff Total	Company Total	Adjustment
	9	**Transportation Equipment**			
392	9.1	Replace small vehicle	$ 110,052	$ 110,052	$ -
392	9.2	Replace Line Truck	$ -	$ -	$ -
392	9.3	Heavy Equip Trailer	$ -	$ -	$ -
392	9.4	Replace Backhoe	$ -	$ -	$ -
392	9.5	Purchase Mini Excav	$ 55,000	$ 55,000	$ -
392	9.6	Replace small vehicle	$ -	$ -	$ -
392	9.7	Replace line tech truck	$ -	$ -	$ -
392	9.8	Replace dump truck	$ -	$ -	$ -
392	9.9	Replace backhoe	$ -	$ -	$ -
392	9.10	Replace 1987 line truck	$ -	$ -	$ -
392	9.11	Heavy Equipment Trailer	$ -	$ -	$ -
392	9.12	Replace line truck	$ -	$ -	$ -
392	9.13	ATV w/ Trailer	$ 18,000	$ 18,000	$ -
		Project Total	**$ 79,756**	**$ 183,052**	$ (103,296)
	10	**Tools and Equipment**			
394	10.1	Pipeline Locator	$ 4,076	$ 4,076	$ -
394	10.2	HFI	$ 4,586	$ 4,586	$ -
394	10.3	CGI	$ 10,394	$ 10,394	$ -
394	10.4	Portable Shoring	$ 14,266	$ 14,266	$ -
394	10.5	CP Data Logger	$ 15,285	$ 15,285	$ -
394	10.6	Blank	$ -	$ -	$ -
394	10.7	Electro fusion Controller	$ -	$ -	$ -
394	10.8	Mueller (8" to 12") machine	$ -	$ -	$ -
394	10.9	Health HFI	$ -	$ -	$ -
394	10.10	Engineering survey equipment	$ -	$ -	$ -
394	10.11	Blank	$ -	$ -	$ -
394	10.12	GPS Survey Equipment	$ -	$ -	$ -
394	10.13	Welding Machine	$ -	$ -	$ -
394	10.14	Blank	$ -	$ -	$ -
394	10.15	Blank	$ -	$ -	$ -
394	10.16	Lighting	$ 2,038	$ 2,038	$ -
394	10.17	Stopper Replacement Equipment	$ -	$ -	$ -
394	10.18	Misc.Tools and Equipment	$ 25,000	$ 25,000	$ -
		Project Total	**$ 50,644**	**$ 75,644**	$ (25,000)
	11	**Safety Equipment**			
394	11.1	PPE	$ 25,475	$ 25,475	$ -
394	11.2	Flash fire coveralls / hood / gloves	$ 2,250	$ 2,250	$ -
394	11.3	Supplied Air Respirator	$ -	$ -	$ -
394	11.4	Confined space gas monitor	$ -	$ -	$ -
		Project Total	**$ 27,725**	**$ 27,725**	$ -
	12	**General Office**			
390	12.1	HVAC	$ -	$ 50,000	$ (50,000)
390	12.2	Parking Lot Refurbishment	$ -	$ 35,000	$ (35,000)
390	12.3	Office Furniture and Equipment	$ 7,643	$ 7,643	$ -
390	12.4	Building Upgrades-Security	$ 15,285	$ 15,285	$ -
		Project Total	**$ 22,928**	**$ 107,928**	$ (85,000)
	13	**IT equipment**			
391	13.1	Computers / software	$ 25,475	$ 25,475	$ -
391	13.2	Field Laptops	$ 2,446	$ 2,446	$ -
391	13.3	Field GPS equipment	$ 510	$ 510	$ -
391	13.4	CADD Software replacement	$ 5,000	$ 5,000	$ -
391	13.5	Blank	$ -	$ -	$ -
391	13.6	Printer and Computer Replacement	$ 7,643	$ 7,643	$ -
391	13.7	Accounting and Billing System Upgrade	$ -	$ 350,000	$ (350,000)
391	13.8	Enterprise Software (Microsoft and Norton Updates)	$ 12,738	$ 12,738	$ -
391	13.9	AS400 Equipment/Software/Licensing Costs	$ -	$ -	$ -
		Project Total	**$ 53,810**	**$ 403,810**	$ (350,000)
	14	**Major Projects**			
369	14.1	Virgil expansion - Main & services	$ -	$ 150,000	$ (150,000)
380	14.2	Blank	$ -	$ -	$ -
383	14.3	Blank	$ -	$ -	$ -
378	14.4	Blank	$ -	$ -	$ -
369	14.5	Blank	$ -	$ -	$ -
		Project Total	**$ -**	**$ 150,000**	$ (150,000)
			$ 3,466,922	**$ 7,666,067**	$ (4,199,145)

CORNING NATURAL GAS CORPORATION
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STAFF'S 2013 CAPITAL BUDGET ADJUSTMENTS

Acct. No.	Project	Description	Staff Total	Company Total	Adjustment
	1	**Services**			
380	1.1	New installations	$ 270,239	$ 270,239	$ -
380	1.2	Systematic replacement	$ 540,478	$ 540,478	$ -
380	1.3	Other replacement	$ -	$ -	$ -
		Project Total	**$ 810,716**	**$ 810,716**	$ -
	2	**Meters & Regulators**			
383	2.1	Residential regulators	$ 17,877	$ 20,788	$ (2,910)
378	2.2	Non-residential regulators	$ 3,841	$ 6,616	$ (2,775)
381	2.3	Residential meters	$ 67,300	$ 72,757	$ (5,457)
381	2.4	Non-residential meters	$ 7,795	$ 7,795	$ -
378	2.5	Rotary / turbine meters	$ 35,727	$ 35,727	$ -
378	2.6	Volume correctors	$ 11,433	$ 11,433	$ -
378	2.7	Pressure recorders	$ 5,403	$ 5,403	$ -
378	2.8	AMR	$ 16,540	$ 16,540	$ -
		Project Total	**$ 165,917**	**$ 177,059**	$ (11,142)
	3	**Main - Distribution**			
376	3.1	New installations	$ -	$ 120,000	$ (120,000)
376	3.2	Systematic Replacement	$ 960,387	$ 960,387	$ -
376	3.3	Other replacement (Cross Town Line repair)	$ 83,150	$ 83,150	$ -
376	3.4	Other replacement (Leak Repair, system upgrades)	$ -	$ -	$ -
376	3.5	Blank	$ -	$ -	$ -
376	3.6	Blank	$ -	$ -	$ -
376	3.7	Blank	$ -	$ -	$ -
		Project Total	**$ 1,043,538**	**$ 1,163,538**	$ (120,000)
	4	**Main - HP Distribution**			
376	4.1	New installations	$ -	$ -	$ -
376	4.2	Blank	$ -	$ -	$ -
376	4.3	Bath Reliability - Second Supply	$ 4,500,000	$ -	$ 4,500,000
376	4.4	Line 15 Systematic Replacement Program	$ -	$ 750,000	$ (750,000)
376	4.5	Line 6 Systematic Replacement Program	$ -	$ 500,000	$ (500,000)
376	4.6	Blank	$ -	$ -	$ -
		Project Total	**$ 4,500,000**	**$ 1,250,000**	$ 3,250,000
	5	**Main - Distribution extension**			
376	5.1	Blank	$ -	$ -	$ -
		Project Total	**$ -**	**$ -**	$ -
					$ -
	6	**Cathodic Protection**			$ -
376	6.1	System Cathodic Protection	$ 62,363	$ 62,363	$ -
369	6.2	Blank	$ -	$ -	$ -
376	6.3	Blank	$ -	$ -	$ -
		Project Total	**$ 62,363**	**$ 62,363**	$ -
					$ -
	7	**SCADA**			$ -
391	7.1	Hardware / Software upgrade	$ 31,181	$ 31,181	$ -
378	7.2	RTU /other equipment (current installation improvements)	$ 46,772	$ 46,772	$ -
		Project Total	**$ 77,954**	**$ 77,954**	$ -
	8	**M&R Stations**			$ -
378	8.1	M&R Station replacement	$ 77,954	$ 77,954	$ -
378	8.2	Blank	$ -	$ -	$ -
378	8.3	Blank	$ -	$ -	$ -
378	8.4	Blank	$ -	$ -	$ -
378	8.5	Replace Whiskey Creek Station	$ 200,000	$ 200,000	$ -
		Project Total	**$ 277,954**	**$ 277,954**	$ -

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STAFF'S 2013 CAPITAL BUDGET ADJUSTMENTS

Acct. No.	Project	Description	Staff Total	Company Total	Adjustment
	9	**Transportation Equipment**			
392	9.1	Replace small vehicle	$ 84,190	$ 84,190	$ -
392	9.2	Replace Line Truck	$ 100,000	$ 100,000	$ -
392	9.3	Heavy Equip Trailer	$ -	$ -	$ -
392	9.4	Replace Backhoe	$ -	$ -	$ -
392	9.5	Purchase Mini Excav	$ -	$ -	$ -
392	9.6	Replace small vehicle	$ -	$ -	$ -
392	9.7	Replace line tech truck	$ -	$ -	$ -
392	9.8	Replace dump truck	$ -	$ -	$ -
392	9.9	Replace backhoe	$ -	$ -	$ -
392	9.10	Replace 1987 line truck	$ -	$ -	$ -
392	9.11	Heavy Equipment Trailer	$ -	$ -	$ -
392	9.12	Replace line truck	$ -	$ -	$ -
392	9.13	Replace 1996 line truck	$ -	$ -	$ -
		Project Total	**$ 79,750**	**$ 184,190**	$ (104,440)
	10	**Tools and Equipment**			
394	10.1	Pipeline Locator	$ 4,158	$ 4,158	$ -
394	10.2	HFI	$ -	$ -	$ -
394	10.3	CGI	$ 10,602	$ 10,602	$ -
394	10.4	Portable Shoring	$ -	$ -	$ -
394	10.5	CP Data Logger	$ -	$ -	$ -
394	10.6	Blank	$ -	$ -	$ -
394	10.7	Electro fusion Controller	$ -	$ -	$ -
394	10.8	Mueller (8" to 12") machine	$ 15,591	$ 15,591	$ -
394	10.9	Health HFI	$ -	$ -	$ -
394	10.10	Engineering survey equipment	$ -	$ -	$ -
394	10.11	Blank	$ -	$ -	$ -
394	10.12	GPS Survey Equipment	$ -	$ -	$ -
394	10.13	Welding Machine	$ -	$ -	$ -
394	10.14	Blank	$ -	$ -	$ -
394	10.15	Blank	$ -	$ -	$ -
394	10.16	Lighting	$ -	$ -	$ -
394	10.17	Stopper Replacement Equipment	$ -	$ -	$ -
394	10.18	Misc.Tools and Equipment	$ 27,500	$ 27,500	$ -
		Project Total	**$ 50,643**	**$ 57,850**	$ (7,207)
	11	**Safety Equipment**			
394	11.1	PPE	$ 23,386	$ 23,386	$ -
394	11.2	Flash fire coveralls / hood / gloves	$ 2,295	$ 2,295	$ -
394	11.3	Supplied Air Respirator	$ -	$ -	$ -
394	11.4	Confined space gas monitor	$ -	$ -	$ -
		Project Total	**$ 25,681**	**$ 25,681**	$ -
	12	**General Office**			
390	12.1	HVAC	$ -	$ 50,000	$ (50,000)
390	12.2	Parking Lot Refurbishment	$ -	$ 35,000	$ (35,000)
390	12.3	Office Furniture and Equipment	$ 7,795	$ 7,795	$ -
390	12.4	Building Upgrades	$ 22,500	$ 22,500	$ -
		Project Total	**$ 30,295**	**$ 115,295**	$ (85,000)
	13	**IT equipment**			
391	13.1	Computers / software	$ 25,985	$ 25,985	$ -
391	13.2	Field Laptops	$ 2,495	$ 2,495	$ -
391	13.3	Field GPS equipment	$ -	$ -	$ -
391	13.4	CADD Software replacement	$ -	$ -	$ -
391	13.5	Blank	$ -	$ -	$ -
391	13.6	Printer and Computer Replacement	$ 7,795	$ 7,795	$ -
391	13.7	Accounting and Billing System Upgrade	$ -	$ 150,000	$ (150,000)
391	13.8	Enterprise Software (Microsoft and Norton Updates)	$ 12,992	$ 12,992	$ -
391	13.9	AS400 Equipment/Software/Licensing Costs	$ 62,363	$ 62,363	$ -
		Project Total	**$ 111,629**	**$ 261,629**	$ (150,000)
	14	**Major Projects**			
369	14.1	Blank	$ -	$ -	$ -
380	14.2	Blank	$ -	$ -	$ -
383	14.3	Blank	$ -	$ -	$ -
378	14.4	Blank	$ -	$ -	$ -
369	14.5	Blank	$ -	$ -	$ -
		Project Total	**$ -**	**$ -**	$ -
			$ 7,236,439	**$ 4,464,228**	$ 2,772,211

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STAFF'S 2014 CAPITAL BUDGET ADJUSTMENTS

Acct. No.	Project	Description	Staff Total	Company Total	Adjustment
	1	**Services**			
380	1.1	New installations	$ 275,914	$ 275,914	$ -
380	1.2	Systematic replacement	$ 551,828	$ 551,828	$ -
380	1.3	Other replacement	$ -	$ -	$ -
		Project Total	**$ 827,741**	**$ 827,741**	$ -
	2	**Meters & Regulators**			
383	2.1	Residential regulators	$ 18,253	$ 21,224	$ (2,971)
378	2.2	Non-residential regulators	$ 3,841	$ 6,755	$ (2,914)
381	2.3	Residential meters	$ 68,713	$ 74,284	$ (5,571)
381	2.4	Non-residential meters	$ 7,959	$ 7,959	$ -
378	2.5	Rotary / turbine meters	$ 36,477	$ 36,477	$ -
378	2.6	Volume correctors	$ 11,673	$ 11,673	$ -
378	2.7	Pressure recorders	$ 5,517	$ 5,517	$ -
378	2.8	AMR	$ 16,888	$ 16,888	$ -
		Project Total	**$ 169,321**	**$ 180,777**	$ (11,456)
	3	**Main - Distribution**			
376	3.1	New installations	$ -	$ 125,000	$ (125,000)
376	3.2	Systematic Replacement	$ 980,555	$ 980,555	$ -
376	3.3	Other replacement (Cross Town Line repair)	$ 84,897	$ 84,897	$ -
376	3.4	Other replacement (Leak Repair, system upgrades)	$ -	$ -	$ -
376	3.5	Blank	$ -	$ -	$ -
376	3.6	Blank	$ -	$ -	$ -
376	3.7	Blank	$ -	$ -	$ -
		Project Total	**$ 1,065,452**	**$ 1,190,452**	$ (125,000)
	4	**Main - HP Distribution**			
376	4.1	New installations	$ -	$ -	$ -
376	4.2	Blank	$ -	$ -	$ -
376	4.3	Blank	$ -	$ -	$ -
376	4.4	Line 15 Systematic Replacement Program	$ 787,500	$ 787,500	$ -
376	4.5	Line 6 Systematic Replacement Program	$ 350,000	$ 525,000	$ (175,000)
376	4.6	Blank	$ -	$ -	$ -
		Project Total	**$ 1,137,500**	**$ 1,312,500**	$ (175,000)
	5	**Main - Distribution extension**			
376	5.1	Blank	$ -	$ -	$ -
		Project Total	**$ -**	**$ -**	$ -
	6	**Cathodic Protection**			
376	6.1	System Cathodic Protection	$ 63,672	$ 63,672	$ -
369	6.2	Blank	$ -	$ -	$ -
376	6.3	Blank	$ -	$ -	$ -
		Project Total	**$ 63,672**	**$ 63,672**	$ -
	7	**SCADA**			
391	7.1	Hardware / Software upgrade	$ 31,836	$ 31,836	$ -
378	7.2	RTU /other equipment (current installation improvements)	$ 47,754	$ 47,754	$ -
		Project Total	**$ 79,591**	**$ 79,591**	$ -
	8	**M&R Stations**			
378	8.1	M&R Station replacement	$ 132,651	$ 132,651	$ -
378	8.2	Blank	$ -	$ -	$ -
378	8.3	Blank	$ -	$ -	$ -
378	8.4	Blank	$ -	$ -	$ -
378	8.5	Blank	$ -	$ -	$ -
		Project Total	**$ 132,651**	**$ 132,651**	$ -

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STAFF'S 2014 CAPITAL BUDGET ADJUSTMENTS

Acct. No.	Project	Description	Staff Total	Company Total	Adjustment
	9	**Transportation Equipment**			
392	9.1	Replace small vehicle	$ 85,958	$ 85,958	$ -
392	9.2	Replace Line Truck	$ -	$ -	$ -
392	9.3	Heavy Equip Trailer	$ -	$ -	$ -
392	9.4	Replace Backhoe	$ -	$ -	$ -
392	9.5	Purchase Mini Excav	$ -	$ -	$ -
392	9.6	Replace small vehicle	$ -	$ -	$ -
392	9.7	Replace line tech truck	$ -	$ -	$ -
392	9.8	Replace dump truck	$ -	$ -	$ -
392	9.9	Replace backhoe	$ -	$ -	$ -
392	9.10	Replace 1987 line truck	$ -	$ -	$ -
392	9.11	Heavy Equipment Trailer	$ -	$ -	$ -
392	9.12	Vacumn Excavator	$ 150,000	$ 150,000	$ -
392	9.13	Replace 1996 line truck	$ -	$ -	$ -
		Project Total	**$ 79,750**	**$ 235,958**	$ (156,208)
	10	**Tools and Equipment**			
394	10.1	Pipeline Locator	$ 4,245	$ 4,245	$ -
394	10.2	HFI	$ -	$ -	$ -
394	10.3	CGI	$ 10,824	$ 10,824	$ -
394	10.4	Portable Shoring	$ -	$ -	$ -
394	10.5	CP Data Logger	$ -	$ -	$ -
394	10.6	Blank	$ -	$ -	$ -
394	10.7	Electro fusion Controller	$ 5,969	$ 5,969	$ -
394	10.8	Mueller (8" to 12") machine	$ -	$ -	$ -
394	10.9	Health HFI	$ 3,024	$ 3,024	$ -
394	10.10	Engineering survey equipment	$ -	$ -	$ -
394	10.11	Blank	$ -	$ -	$ -
394	10.12	GPS Survey Equipment	$ -	$ -	$ -
394	10.13	Welding Machine	$ -	$ -	$ -
394	10.14	Blank	$ -	$ -	$ -
394	10.15	Blank	$ -	$ -	$ -
394	10.16	Lighting	$ -	$ -	$ -
394	10.17	Stopper Replacement Equipment	$ -	$ -	$ -
394	10.18	Misc.Tools and Equipment	$ 30,000	$ 30,000	$ -
		Project Total	**$ 50,643**	**$ 54,063**	$ (3,420)
	11	**Safety Equipment**			
394	11.1	PPE	$ 23,877	$ 23,877	$ -
394	11.2	Flash fire coveralls / hood / gloves	$ 2,343	$ 2,343	$ -
394	11.3	Supplied Air Respirator	$ -	$ -	$ -
394	11.4	Confined space gas monitor	$ -	$ -	$ -
		Project Total	**$ 26,220**	**$ 26,220**	$ -
	12	**General Office**			
390	12.1	HVAC	$ -	$ -	$ -
390	12.2	Parking Lot Refurbishment	$ -	$ 35,000	$ (35,000)
390	12.3	Office Furniture and Equipment	$ 7,959	$ 7,959	$ -
390	12.4	Building Upgrades	$ 25,000	$ 25,000	$ -
		Project Total	**$ 32,959**	**$ 67,959**	$ (35,000)
	13	**IT equipment**			
391	13.1	Computers / software	$ 26,530	$ 26,530	$ -
391	13.2	Field Laptops	$ 2,547	$ 2,547	$ -
391	13.3	Field GPS equipment	$ 531	$ 531	$ -
391	13.4	CADD Software replacement	$ -	$ -	$ -
391	13.5	Blank	$ -	$ -	$ -
391	13.6	Printer and Computer Replacement	$ 7,959	$ 7,959	$ -
391	13.7	Accounting and Billing System Upgrade	$ -	$ 150,000	$ (150,000)
391	13.8	Enterprise Software (Microsoft and Norton Updates)	$ 13,265	$ 13,265	$ -
391	13.9	AS400 Equipment/Software/Licensing Costs	$ 63,672	$ 63,672	$ -
		Project Total	**$ 114,504**	**$ 264,504**	$ (150,000)
	14	**Major Projects**			
369	14.1	Blank	$ -	$ -	$ -
380	14.2	Blank	$ -	$ -	$ -
383	14.3	Blank	$ -	$ -	$ -
378	14.4	Blank	$ -	$ -	$ -
369	14.5	Blank	$ -	$ -	$ -
		Project Total	**$ -**	**$ -**	$ -
			$ 3,780,004	**$ 4,436,088**	$ (656,085)

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STAFF'S 2015 CAPITAL BUDGET ADJUSTMENTS

Acct. No.	Project	Description	Staff Total	Company Total	Adjustment
	1	**Services**			
380	1.1	New installations	$ 281,984	$ 281,984	$ -
380	1.2	Systematic replacement	$ 563,968	$ 563,968	$ -
380	1.3	Other replacement	$ -	$ -	$ -
		Project Total	**$ 845,952**	**$ 845,952**	$ -
	2	**Meters & Regulators**			
383	2.1	Residential regulators	$ 18,654	$ 21,691	$ (3,037)
378	2.2	Non-residential regulators	$ 3,841	$ 6,904	$ (3,062)
381	2.3	Residential meters	$ 70,225	$ 75,919	$ (5,694)
381	2.4	Non-residential meters	$ 8,134	$ 8,134	$ -
378	2.5	Rotary / turbine meters	$ 37,280	$ 37,280	$ -
378	2.6	Volume correctors	$ 11,930	$ 11,930	$ -
378	2.7	Pressure recorders	$ 5,638	$ 5,638	$ -
378	2.8	AMR	$ 17,259	$ 17,259	$ -
		Project Total	**$ 172,961**	**$ 184,754**	$ (11,793)
	3	**Main - Distribution**			
376	3.1	New installations	$ -	$ 130,000	$ (130,000)
376	3.2	Systematic Replacement	$ 1,034,880	$ 1,034,880	$ -
376	3.3	Other replacement (Cross Town Line repair)	$ 86,764	$ 86,764	$ -
376	3.4	Other replacement (Leak Repair, system upgrades)	$ -	$ -	$ -
376	3.5	Blank	$ -	$ -	$ -
376	3.6	Blank	$ -	$ -	$ -
376	3.7	Blank	$ -	$ -	$ -
		Project Total	**$ 1,121,644**	**$ 1,251,644**	$ (130,000)
	4	**Main - HP Distribution**			
376	4.1	New installations	$ -	$ -	$ -
376	4.2	Blank	$ -	$ -	$ -
376	4.3	Blank	$ -	$ -	$ -
376	4.4	Line 15 Systematic Replacement Program	$ 826,875	$ 826,875	$ -
376	4.5	Line 6 Systematic Replacement Program	$ 350,000	$ 551,250	$ (201,250)
376	4.6	Blank	$ -	$ -	$ -
		Project Total	**$ 1,176,875**	**$ 1,378,125**	$ (201,250)
	5	**Main - Distribution extension**			
376	5.1	Blank	$ -	$ -	$ -
		Project Total	**$ -**	**$ -**	$ -
	6	**Cathodic Protection**			
376	6.1	System Cathodic Protection	$ 65,073	$ 65,073	$ -
369	6.2	Blank	$ -	$ -	$ -
376	6.3	Blank	$ -	$ -	$ -
		Project Total	**$ 65,073**	**$ 65,073**	$ -
	7	**SCADA**			
391	7.1	Hardware / Software upgrade	$ -	$ -	$ -
378	7.2	RTU /other equipment (current installation improvements)	$ 32,537	$ 32,537	$ -
		Project Total	**$ 32,537**	**$ 32,537**	$ -
	8	**M&R Stations**			
378	8.1	M&R Station replacement	$ 135,569	$ 135,569	$ -
378	8.2	Blank	$ -	$ -	$ -
378	8.3	Blank	$ -	$ -	$ -
378	8.4	Blank	$ -	$ -	$ -
378	8.5	Blank	$ -	$ -	$ -
		Project Total	**$ 135,569**	**$ 135,569**	$ -

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STAFF'S 2015 CAPITAL BUDGET ADJUSTMENTS

Acct. No.	Project	Description	Staff Total	Company Total	Adjustment
	9	**Transportation Equipment**			
392	9.1	Replace small vehicle	$ 87,849	$ 87,849	$ -
392	9.2	Replace Line Truck	$ 100,000	$ 100,000	$ -
392	9.3	Heavy Equip Trailer	$ -	$ -	$ -
392	9.4	Replace Backhoe	$ -	$ -	$ -
392	9.5	Purchase Mini Excav	$ -	$ -	$ -
392	9.6	Replace small vehicle	$ -	$ -	$ -
392	9.7	Replace line tech truck	$ -	$ -	$ -
392	9.8	Replace dump truck	$ -	$ -	$ -
392	9.9	Replace backhoe	$ -	$ -	$ -
392	9.10	Replace 1987 line truck	$ -	$ -	$ -
392	9.11	Heavy Equipment Trailer	$ -	$ -	$ -
392	9.12	Replace line truck	$ -	$ -	$ -
392	9.13	Replace 1996 line truck	$ -	$ -	$ -
		Project Total	**$ 79,750**	**$ 187,849**	$ (108,099)
	10	**Tools and Equipment**			
394	10.1	Pipeline Locator	$ 4,338	$ 4,338	$ -
394	10.2	HFI	$ 4,880	$ 4,880	$ -
394	10.3	CGI	$ 11,062	$ 11,062	$ -
394	10.4	Portable Shoring	$ -	$ -	$ -
394	10.5	CP Data Logger	$ -	$ -	$ -
394	10.6	Blank	$ -	$ -	$ -
394	10.7	Electro fusion Controller	$ -	$ -	$ -
394	10.8	Mueller (8" to 12") machine	$ -	$ -	$ -
394	10.9	Health HFI	$ -	$ -	$ -
394	10.10	Engineering survey equipment	$ -	$ -	$ -
394	10.11	Blank	$ -	$ -	$ -
394	10.12	GPS Survey Equipment	$ -	$ -	$ -
394	10.13	Welding Machine	$ -	$ -	$ -
394	10.14	Blank	$ -	$ -	$ -
394	10.15	Blank	$ -	$ -	$ -
394	10.16	Lighting	$ -	$ -	$ -
394	10.17	Stopper Replacement Equipment	$ -	$ -	$ -
394	10.18	Misc.Tools and Equipment	$ 32,500	$ 32,500	$ -
		Project Total	**$ 50,643**	**$ 52,781**	$ (2,138)
	11	**Safety Equipment**			
394	11.1	PPE	$ 24,402	$ 24,402	$ -
394	11.2	Flash fire coveralls / hood / gloves	$ 2,395	$ 2,395	$ -
394	11.3	Supplied Air Respirator	$ -	$ -	$ -
394	11.4	Confined space gas monitor	$ -	$ -	$ -
		Project Total	**$ 26,797**	**$ 26,797**	$ -
	12	**General Office**			
390	12.1	HVAC	$ -	$ -	$ -
390	12.2	Parking Lot Refurbishment	$ -	$ -	$ -
390	12.3	Office Furniture and Equipment	$ 8,134	$ 8,134	$ -
390	12.4	Building Upgrades	$ 25,000	$ 25,000	$ -
		Project Total	**$ 33,134**	**$ 33,134**	$ -
	13	**IT equipment**			
391	13.1	Computers / software	$ 27,114	$ 27,114	$ -
391	13.2	Field Laptops	$ 2,603	$ 2,603	$ -
391	13.3	Field GPS equipment	$ 542	$ 542	$ -
391	13.4	CADD Software replacement	$ -	$ -	$ -
391	13.5	Blank	$ -	$ -	$ -
391	13.6	Printer and Computer Replacement	$ 8,134	$ 8,134	$ -
391	13.7	Accounting and Billing System Upgrade	$ -	$ -	$ -
391	13.8	Enterprise Software (Microsoft and Norton Updates)	$ 13,557	$ 13,557	$ -
391	13.9	AS400 Equipment/Software/Licensing Costs	$ 65,073	$ 65,073	$ -
		Project Total	**$ 117,023**	**$ 117,023**	$ -
	14	**Major Projects**			
369	14.1	Blank	$ -	$ -	$ -
380	14.2	Blank	$ -	$ -	$ -
383	14.3	Blank	$ -	$ -	$ -
378	14.4	Blank	$ -	$ -	$ -
369	14.5	Blank	$ -	$ -	$ -
378	14.4		$ -	$ -	$ -
369	14.5		$ -	$ -	$ -
		Project Total	**$ -**	$ -	$ -
			$ 3,857,958	**$ 4,311,239**	$ (453,281)

CORNING NATURAL GAS CORPORATION
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STAFF'S CAPITAL BUDGET PROJECT ADJUSTMENTS

Account	Project Number	Project Name	Historic Additions			3 Year Historic Average of Additions
			2008	2009	2010	
392	9	Transportation Equipment	$ 100,636	$ 32,012	$ 106,602	$ 79,750
394	10	Tools and Equipment	$ 88,604	$ 15,533	$ 47,791	$ 50,643

CORNING NATURAL GAS CORPORATION
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STAFF'S NET PLANT ADJUSTMENT

Rate Year 1

	Gross Plant Balance	CWIP Balance	Depreciation Reserve Balance
Apr-12 (1/2)	$ 23,668,758	$ -	$ 7,368,287
May-12	$ 47,659,156	$ -	$ 14,790,192
Jun-12	$ 48,118,531	$ -	$ 14,844,242
Jul-12	$ 48,569,833	$ -	$ 14,899,212
Aug-12	$ 49,020,150	$ -	$ 14,955,103
Sep-12	$ 49,335,823	$ -	$ 15,012,176
Oct-12	$ 49,576,429	$ -	$ 15,070,070
Nov-12	$ 49,545,190	$ -	$ 15,129,060
Dec-12	$ 49,510,672	$ -	$ 15,188,166
Jan-13	$ 49,565,216	$ -	$ 15,247,369
Feb-13	$ 49,630,104	$ -	$ 15,306,781
Mar-13	$ 49,693,574	$ -	$ 15,366,402
Apr-13 (1/2)	$ 25,092,793	$ -	$ 7,712,894
AVG OF THE MONTHLY AVG	$ 49,082,186	$ -	$ 15,074,163
STAFF NET PLANT	$ 34,008,023		
CORNING NET PLANT	$ 37,381,145		
GRP NET PLANT ADJUSTMENT	$ (3,373,122)		

NOTE: THE GROSS PLANT HAS BEEN ADJUSTED BY $650,116

Rate Year 2

	Gross Plant Balance	CWIP Balance	Depreciation Reserve Balance
Apr-13 (1/2)	$ 25,092,793	$ -	$ 7,712,894
May-13	$ 50,958,905	$ -	$ 15,485,715
Jun-13	$ 52,038,204	$ -	$ 15,546,598
Jul-13	$ 53,188,446	$ -	$ 15,609,151
Aug-13	$ 54,338,713	$ -	$ 15,673,372
Sep-13	$ 55,199,983	$ -	$ 15,739,558
Oct-13	$ 55,914,022	$ -	$ 15,807,144
Nov-13	$ 56,046,788	$ -	$ 15,876,363
Dec-13	$ 56,173,923	$ -	$ 15,945,790
Jan-14	$ 56,237,759	$ -	$ 16,015,448
Feb-14	$ 56,298,508	$ -	$ 16,085,235
Mar-14	$ 56,362,334	$ -	$ 16,155,151
Apr-14 (1/2)	$ 28,327,498	$ -	$ 8,112,409
AVG OF THE MONTHLY AVG	$ 54,681,490	$ -	$ 15,813,736
STAFF NET PLANT	$ 38,867,754		
CORNING NET PLANT	$ 41,159,811		
GRP NET PLANT ADJUSTMENT	$ (2,292,057)		

Rate Year 3

	Gross Plant Balance	CWIP Balance	Depreciation Reserve Balance
Apr-14 (1/2)	$ 28,327,498	$ -	$ 8,112,409
May-14	$ 57,101,290	$ -	$ 16,294,751
Jun-14	$ 57,700,463	$ -	$ 16,365,208
Jul-14	$ 58,298,482	$ -	$ 16,436,699
Aug-14	$ 58,896,524	$ -	$ 16,509,226
Sep-14	$ 59,343,626	$ -	$ 16,583,039
Oct-14	$ 59,712,525	$ -	$ 16,657,755
Nov-14	$ 59,776,264	$ -	$ 16,733,621
Dec-14	$ 59,834,371	$ -	$ 16,809,618
Jan-15	$ 59,899,761	$ -	$ 16,885,737
Feb-15	$ 59,962,064	$ -	$ 16,961,986
Mar-15	$ 60,027,446	$ -	$ 17,038,362
Apr-15 (1/2)	$ 30,163,163	$ -	$ 8,557,236
AVG OF THE MONTHLY AVG	$ 59,086,956	$ -	$ 16,662,137
STAFF NET PLANT	$ 42,424,819		
CORNING NET PLANT	$ 44,095,038		
GRP NET PLANT ADJUSTMENT	$ (1,670,219)		

CORNING NATURAL GAS CORPORATION
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STAFF'S RATE YEAR 1 DEPRECIATION EXPENSE

Account		Proposed Monthly Depreciation Rates	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
	INTANGIBLE PLANT:													
301	Organization	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
302	Franchise and Consents	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
	TRANSMISSION PLANT:													
	Land													
365	Rights of Way	0.128%	69	69	69	69	69	69	69	69	69	69	69	69
366	Measuring and Regulating Station Structures	0.185%	95	95	95	95	95	95	95	95	95	95	95	95
367	Other Structures	0.112%	4	4	4	4	4	4	4	4	4	4	4	4
369	Mains	0.153%	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990
371	Measuring and Regulating Station Equipment	0.208%	875	875	875	875	875	875	875	875	875	875	875	875
	Other Equipment	0.208%	490	490	490	490	490	490	490	490	490	490	490	490
	DISTRIBUTION PLANT:													
	Land	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
374	Land Rights	0.128%	66	66	66	66	66	66	66	66	66	66	66	66
375	Structures and Improvements	0.185%	366	366	366	366	366	366	366	366	366	366	366	366
376	Mains	0.112%	23,425	23,814	24,203	24,592	24,883	25,126	25,175	25,223	25,348	25,473	25,598	26,099
378	Measuring and Regulating Station Equipment	0.208%	5,791	5,881	5,971	6,061	6,128	6,185	6,196	6,207	6,224	6,240	6,257	6,323
380	Services	0.150%	12,889	13,048	13,206	13,364	13,483	13,582	13,602	13,621	13,646	13,670	13,694	13,791
381	Meters	0.241%	3,870	3,898	3,925	3,953	3,974	3,991	3,995	3,998	4,002	4,006	4,009	4,023
382	Meter Installations	0.217%	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798
383	House Regulators	0.185%	581	587	592	597	601	604	605	605	606	607	607	610
384	House Regulator Installations	0.203%	708	708	708	708	708	708	708	708	708	708	708	708
385	Industrial Meas and Reg Station Equipment	0.208%	311	311	311	311	311	311	311	311	311	311	311	311
	GENERAL PLANT:													
389	Land and Land Rights													
390	Structures and Improvements	0.178%	8,017	8,023	8,030	8,036	8,041	8,045	8,046	8,047	8,048	8,049	8,050	8,055
391	Office Furniture and Equipment	0.609%	7,432	7,514	7,596	7,679	7,740	7,792	7,802	7,812	7,830	7,847	7,865	7,934
392	Transportation Equipment	0.938%	7,634	7,746	7,857	7,969	8,053	8,123	8,137	8,150	8,164	8,178	8,192	8,248
393	Stores Equipment	0.325%	124	124	124	124	124	124	124	124	124	124	124	124
394	Tools, Shop and Garage Equipment	0.407%	2,612	2,662	2,712	2,763	2,801	2,832	2,839	2,845	2,851	2,857	2,863	2,888
395	Laboratory Equipment	0.333%	122	122	122	122	122	122	122	122	122	122	122	122
396	Power Operated Equipment	0.565%	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753
397	Communications Equipment	0.556%	813	813	813	813	813	813	813	813	813	813	813	813
	Amortization Of Excess Deprecation Reserve		(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)
	Total		70,464	71,385	72,306	73,227	73,918	74,493	74,608	74,723	74,932	75,141	75,349	76,184
	Staff Annual Depreciation Expense	$ 886,730												
	Corning Annual Depreciation Expense	$ 1,012,173												
	GRP Depreciation Expense Adjustment	$ (125,442)												

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STAFF'S RATE YEAR 2 DEPRECIATION EXPENSE

Account		Proposed Monthly Depreciation Rates	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
	INTANGIBLE PLANT:													
301	Organization	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
302	Franchise and Consents	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
	TRANSMISSION PLANT:													
	Land													
365	Rights of Way	0.128%	69	69	69	69	69	69	69	69	69	69	69	69
366	Measuring and Regulating Station Structures	0.185%	95	95	95	95	95	95	95	95	95	95	95	95
367	Other Structures	0.112%	4	4	4	4	4	4	4	4	4	4	4	4
369	Mains	0.153%	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990
371	Measuring and Regulating Station Equipment	0.208%	875	875	875	875	875	875	875	875	875	875	875	875
	Other Equipment	0.208%	490	490	490	490	490	490	490	490	490	490	490	490
	DISTRIBUTION PLANT:													
	Land	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
374	Land Rights	0.128%	66	66	66	66	66	66	66	66	66	66	66	66
375	Structures and Improvements	0.185%	366	366	366	366	366	366	366	366	366	366	366	366
376	Mains	0.112%	26,849	27,850	28,851	29,851	30,602	31,227	31,352	31,478	31,528	31,579	31,629	31,832
378	Measuring and Regulating Station Equipment	0.208%	6,423	6,555	6,688	6,820	6,920	7,003	7,019	7,036	7,046	7,057	7,068	7,110
380	Services	0.150%	13,936	14,130	14,324	14,518	14,663	14,784	14,808	14,833	14,857	14,882	14,907	15,006
381	Meters	0.241%	4,045	4,073	4,101	4,130	4,151	4,169	4,172	4,176	4,179	4,183	4,187	4,201
382	Meter Installations	0.217%	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798
383	House Regulators	0.185%	614	619	624	630	634	637	637	638	639	639	640	643
384	House Regulator Installations	0.203%	708	708	708	708	708	708	708	708	708	708	708	708
385	Industrial Meas and Reg Station Equipment	0.208%	311	311	311	311	311	311	311	311	311	311	311	311
	GENERAL PLANT:													
389	Land and Land Rights													
390	Structures and Improvements	0.178%	8,061	8,070	8,078	8,087	8,093	8,099	8,100	8,101	8,102	8,103	8,104	8,109
391	Office Furniture and Equipment	0.609%	8,039	8,178	8,317	8,456	8,561	8,648	8,665	8,682	8,700	8,718	8,736	8,807
392	Transportation Equipment	0.938%	8,332	8,443	8,555	8,667	8,750	8,820	8,834	8,848	8,862	8,876	8,890	8,946
393	Stores Equipment	0.325%	124	124	124	124	124	124	124	124	124	124	124	124
394	Tools, Shop and Garage Equipment	0.407%	2,925	2,974	3,023	3,072	3,109	3,140	3,146	3,152	3,158	3,164	3,171	3,195
395	Laboratory Equipment	0.333%	122	122	122	122	122	122	122	122	122	122	122	122
396	Power Operated Equipment	0.565%	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753
397	Communications Equipment	0.556%	813	813	813	813	813	813	813	813	813	813	813	813
	Amortization Of Excess Deprecation Reserve		(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)
	Total		77,436	79,105	80,774	82,444	83,696	84,739	84,948	85,156	85,286	85,415	85,544	86,062
	Staff Annual Depreciation Expense	$ 1,000,605												
	Corning Annual Depreciation Expense	$ 1,156,544												
	GRP Depreciation Expense Adjustment	$ (155,939)												

CORNING NATURAL GAS CORPORATION
CASE 11-G-0280

STAFF'S RATE YEAR 3 DEPRECIATION EXPENSE

Account		Proposed Monthly Depreciation Rates	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
	INTANGIBLE PLANT:													
301	Organization	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
302	Franchise and Consents	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
	TRANSMISSION PLANT:													
	Land													
365	Rights of Way	0.128%	69	69	69	69	69	69	69	69	69	69	69	69
366	Measuring and Regulating Station Structures	0.185%	95	95	95	95	95	95	95	95	95	95	95	95
367	Other Structures	0.112%	4	4	4	4	4	4	4	4	4	4	4	4
369	Mains	0.153%	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990
371	Measuring and Regulating Station Equipment	0.208%	875	875	875	875	875	875	875	875	875	875	875	875
	Other Equipment	0.208%	490	490	490	490	490	490	490	490	490	490	490	490
	DISTRIBUTION PLANT:													
	Land	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
374	Land Rights	0.128%	66	66	66	66	66	66	66	66	66	66	66	66
375	Structures and Improvements	0.185%	366	366	366	366	366	366	366	366	366	366	366	366
376	Mains	0.112%	32,135	32,540	32,944	33,349	33,652	33,905	33,956	34,006	34,059	34,112	34,165	34,375
378	Measuring and Regulating Station Equipment	0.208%	7,174	7,259	7,344	7,428	7,492	7,545	7,556	7,566	7,577	7,587	7,597	7,638
380	Services	0.150%	15,154	15,352	15,550	15,748	15,896	16,020	16,045	16,069	16,095	16,120	16,145	16,246
381	Meters	0.241%	4,223	4,252	4,281	4,310	4,332	4,350	4,353	4,357	4,361	4,364	4,368	4,383
382	Meter Installations	0.217%	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798
383	House Regulators	0.185%	647	652	658	663	667	670	671	672	672	673	674	677
384	House Regulator Installations	0.203%	708	708	708	708	708	708	708	708	708	708	708	708
385	Industrial Meas and Reg Station Equipment	0.208%	311	311	311	311	311	311	311	311	311	311	311	311
	GENERAL PLANT:													
389	Land and Land Rights													
390	Structures and Improvements	0.178%	8,116	8,125	8,135	8,144	8,151	8,157	8,158	8,159	8,160	8,162	8,163	8,167
391	Office Furniture and Equipment	0.609%	8,914	9,057	9,199	9,342	9,449	9,538	9,556	9,574	9,588	9,602	9,617	9,674
392	Transportation Equipment	0.938%	9,029	9,141	9,253	9,364	9,448	9,518	9,532	9,546	9,560	9,574	9,588	9,643
393	Stores Equipment	0.325%	124	124	124	124	124	124	124	124	124	124	124	124
394	Tools, Shop and Garage Equipment	0.407%	3,233	3,282	3,332	3,381	3,418	3,449	3,455	3,461	3,468	3,474	3,480	3,505
395	Laboratory Equipment	0.333%	122	122	122	122	122	122	122	122	122	122	122	122
396	Power Operated Equipment	0.565%	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753
397	Communications Equipment	0.556%	813	813	813	813	813	813	813	813	813	813	813	813
	Amortization Of Excess Deprecation Reserve		(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)	(15,373)
	Total		86,838	87,873	88,908	89,943	90,719	91,365	91,495	91,624	91,752	91,881	92,009	92,522
	Staff Annual Depreciation Expense	$ 1,086,927												
	Corning Annual Depreciation Expense	$ 1,285,989												
	GRP Depreciation Expense Adjustment	$ (199,061)												

Corning Natural Gas
CASE 11-G- 0280

STAFF PROPOSED TARIFFS

	Staff Proposed Tariffs	Rate Codes	Corning- Current Tariffs	Hammondsport - Current Tariffs	Bath - Current Tariffs
SC 1	Residential	RI, RO, TI, TO, VRO, HR, HRO, HZ, HZO	SC 1 - Residential	SC 1 - Residential	
SC 2	Large General Service/Industrial	BR	SC 2 - Industrial Customer		Bath EG&W - Firm
SC 3	General Service - Non Residential	MI, MO, VMO, XI, XO, CI, CO, VCO, BI, BO, HC, HCO, HOF, HCZ, HIF, II, IO	SC 3 A- Resale by Public Utility Corporation	SC 2 - General non residential	
SC 4	For Future Use				
SC 5	Lighting	GL01, GLO2 (Fixed Charge Code)	SC 5 - Outdoor Gas Lighting		
SC6	Firm Trans min 5000 mcf	CT, CTO, MT, MTO, PT, PTO, HT,HTO	SC 6 -Firm Transportation to retail customers served by SC 1 with min vol of 5,000 Mcf Annually SC 9 - Firm Transportation for wholesale to public utility SC 16 - Third Party Suppliers - Delivery to Transportation Customers SC 8 - Firm Transportation to end use customer of a wholesale customer served by SC 3 or 9	SC 4 - Transportation SC 5 - Firm Transportation that qualifies for SC 1 or 2	
SC7	Firm Trans min 25000 mcf	IT, ITO, BC3, BC4	SC 7 - Industrial Transportation min 25000		SC 3 - Firm Transportation Applicable to an End-Use Customer Served by SC1 SC 4 - Firm Transportation Applicable to an End-Use Customer Served by SC2
SC8	IT and Supplemental Service			SC 4 - IT SC 3 Interruptible Large	
SC9	Duel Fuel for Electric Gen		SC 18 - Interruptible transportation for electric generation having dual fuel and capacity >50 MW	SC 8 - Interruptible transportation for electric generation having dual fuel and capacity >50 MW	
SC10	Duel Fuel Transportation	HTF,OTF,SC5	SC 10- Large Volume Dual Fuel Transportation to retail customers served by SC 2 with min vol of 25,000 Mcf Annually		
SC11	Contracts	DPT, GP, WK, MP, AB	SC 11 - Negotiated Contracts SC 17 - Sale of gas		
SC 12	Capacity Assignment		SC 12 - Capacity Assignment		
SC 13	General Service - Economic Development		SC 13 - General Service - Economic Development	SC 6 - General Service Economic Development	SC 6 - General Service Economic Development
SC14 A	Aggregate Residential Transportation	ARO, HA	SC 14 - Agg Firm Trans	SC 7- Aggregate Firm Transportation	
SC 14B	Aggregate Commercial Transportation	HAC, ACO, AMO			
SC 15	Storage Services		SC 15 - Storage Service		
SC 16	Non-Res DG		SC 19 - Non-residential DG	SC 9 - Non-residential DG	

CORNING NATURAL GAS
CASE 11-G-0820

Staff's Proposed Lost and Unaccounted for Gas Factor of Adjustment

	Total Gas In	Total Gas Out	Loss %	FACTOR OF ADJUSTMENT (FOA)
2010	9,057,061	8,996,599	0.6676%	1.0067
2009	7,900,189	7,796,015	1.3186%	1.0134
2008	8,740,169	8,706,368	0.3867%	1.0039
			3-Year Average	1.0080
			Standard Dev	0.0049
			2 x Standard Dev	0.0097
			Bottom of Band	**1.0000**
			Top of Band	**1.0195**

NYS DEPARTMENT OF PUBLIC SERVICE

STAFF WHITE PAPER ON
LOST AND UNACCOUNTED FOR (LAUF) GAS

Contents

EXECUTIVE SUMMARY

The purpose of this White Paper is to revisit the issue of the recovery of the cost of lost and unaccounted for (LAUF) gas. The White Paper addresses proposals for standardizing the annual LAUF gas calculation methodology for all NY utilities and updating the current LAUF incentive mechanism within existing regulations.[1] Staff anticipates that the recommendations developed in this white paper will guide the treatment of LAUF in future rate cases.

With respect to the incentive mechanism we have examined:

- Whether the incentive to reduce LAUF provided by the fixed factor of adjustment has reached its economically justifiable limit and, if so, is there ways to re-structure the fixed factor of adjustment mechanism which maintains the gains in LAUF reduction thus far realized without backsliding.

- Ways of eliminating the financial swings caused by year to year variation in the commodity cost of gas when a utilities' annual factor of adjustment is relatively stable.

- And finally, re-structuring the fixed factor of adjustment mechanism in a way that alternative suppliers of the gas commodity are able to arrange for delivery of the appropriate level of gas supplies to serve their customers.

As part of our examination, information requests were sent to all the major gas local distribution companies (LDCs) including Central Hudson Gas & Electric Corporation (CHG&E), Consolidated Edison Company of New York, Inc. (Con Edison), KeySpan Gas East Corporation (KEDLI), National Fuel Gas Distribution Corporation (NFGDC), New York state Electric & Gas Corporation (NYSEG), Niagara Mohawk Power Corporation (NMPC), Orange and Rockland Utilities, Inc. (O&R), Rochester Gas and Electric Corporation (RG&E), and The Brooklyn Union Gas Company dba KeySpan Gas Corporation of NY (KEDNY) to get a comprehensive view of each LDC's overall

[1] 16 NYCRR § 720-6.5

pipeline system, LAUF calculation, and billing system. The Staff Team also met with each of the LDCs individually to discuss the responses to all the information requests.

Staff's recommends that the LAUF factor calculation and incentive be standardized based on total city gate receipts and total system deliveries. The only permitted adjustment to the receipts and deliveries should be the exclusion of dedicated lines where one city gate serves one customer. Further a dead band should be established around the factor of adjustment for the LAUF incentive to recognize the inherent uncertainty and natural variability in gas measurement. Lastly, the annual inequity of the over or under delivery of gas to serve firm transportation due to the fixed factor of adjustment being greater than or less than the actual factor of adjustment should be eliminated. The elimination of this inequity is to be achieved by surcharging or refunding all customers for the over or under delivered gas associated with the disparity at the LDC's average commodity cost of gas.

BACKGROUND

The Purchased Gas Adjustment (changed to Gas Adjustment Clause (GAC) in 1973) was first approved by the New York Public Service Commission in 1953. The adjustment was designed so that variations in the cost of purchased gas could be reflected on the customers' bills without the necessity of filing new rate schedules. In 1975, an annual reconciliation was instituted to insure that the GAC recoveries equaled the GAC purchased gas costs.

Prior to 1990, LDCs in New York were permitted full recovery of actual gas expense, regardless of the disparity between the amount of gas metered into the LDC's system and the amount of gas metered out of the LDC's system. This disparity is referred to as lost and unaccounted for (LAUF) gas or simply LAUF.

In Case 21656, the Commission implemented new rules and regulations (effective September 20, 1990) concerning the recovery of actual purchased gas expense, to be adopted and become effective December 1, 1990. The new rules and regulations adopted included the creation of a factor of adjustment, fixed for the annual reconciliation, such that the cost of gas is adjusted to reflect a level of purchased gas commensurate with the actual sales and the fixed factor of adjustment. The regulations required that the fixed factor of adjustment be determined in rate proceedings and continue until a new factor is established in the next rate proceeding.

In 1999, the GAC rules were further revised by the Commission in Case 97-G-1178 (effective April 13, 1999) to reflect the restructuring of the gas industry, to clarify some existing rules, and to reflect more accurate. As a consequence, customers buying their gas supplies from marketers were subject to similar rules regarding the recovery of LAUF and the fixed factor of adjustment was also applied to volumes brought on to the LDCs' systems by their marketers.

The establishment of the fixed factor of adjustment in the annual reconciliation of gas costs created an incentive to the LDCs to reduce LAUF since the fixed factor of adjustment set an allowed level of gas purchases based on the amount of gas sales, regardless the amount of gas purchases. To the extent that the actual gas purchases exceeded the allowed gas purchases, the LDC absorbed the cost of the extra gas purchases. Conversely, to the extent that the allowed purchases exceeded the actual purchases, the LDCs kept the gas cost recoveries for those purchases that were not necessary. With the advent of the fixed factor of adjustment, LDCs realized a gain from every reduction in LAUF through either a reduced penalty, when the actual factor of adjustment exceeded the fixed factor of adjustment, or an increased benefit, when the actual factor of adjustment was less than the fixed factor of adjustment.

The impact of the incentive, from the creation of the factor of adjustment, can be observed when the average factor of adjustment is compared between 1997 and today. In 1997, the factor of adjustment averaged 1.0348 for seven gas LDCs and currently the factor of adjustment averages 1.0183 for those same seven gas utilities. The reduction from 1.0348 to 1.0138, when applied to the $3 billion of cost for gas provided last year by all the gas LDCs, translates to an annual savings of $48 million in gas costs for the full service customers of the LDCs and equivalent savings in gas costs for the customers of marketers.

Generally the factor of adjustment has been set based on historical multi-year averages. Recently, the historical multi-year averages have become relatively stable with any year to year variation being a consequence of how the data is collected. This trend suggests that the LDCs have or are approaching the optimum performance in minimizing LAUF as provided for in rates which limits any potential incentive.

However, the inherent year to year variation in the fix factor of adjustment is a source of financial volatility rather than an incentive. This variation of the measured factor of adjustment creates significant yearly financial swings while the net LAUF benefit/penalty over the total period is de minimis.

A primary goal of a revised approach to LAUF is to remove the financial volatility while retaining the financial incentive to minimize LAUF. Removing the financial volatility requires decoupling the LAUF incentive from the natural variability of LAUF measurement.

Natural variability is defined as the variation in LAUF measurement that would exist with zero LAUF. That variability includes both the offset of the average from zero and the standard deviation of the measurements around that average.

The natural variability of each LDC is a function of each LDC's system and how it calculates LAUF. We will begin our investigation with an examination of each LDC's system and then follow with a discussion of differences among the LDCs in LAUF calculation.

LDC SYSTEM SUMMARY

Each LDC's system is unique in its connection to the interstate pipelines, its system's history and age, and its customer base. All these system characteristics affect LAUF and therefore staff examined the differences between the LDCs. Table 1 below lists the information regarding the city gates, local production and dedicated line customers on each LDC gas distribution system. For the purposes of this summary, local production stations are separated as a source of supply. All other supply sources are considered as a city gate station.

Table 1. LDC's pipeline information

Company	City Gates	Local Production Stations	Dedicated Lines
CHG&E	5	2*	-
Con Edison	23	-	-
KEDLI	6	-	-
KEDNY	11	1**	-
NFGDC	133	888	5
NMPC	19	-	2
NYSEG	75	6	-
O&R	5	-	-
RG&E	13	2	-

* The local production of CHG&E is from LPG plants. Both are in process of retirement.
** APC Landfill is the supply source of additional gas coming into KEDNY's system.

As can be seen in Table 1, NFGDC has the most complex system in terms of receipt points with over 133 city gates and 888 local gas producing stations providing supply into its gas distribution system. NYSEG has the most widespread system with 75 city gates distributed across the state serving numerous discrete territories. All other LDCs have less than 25 city gates serving their respective territories. However Con Edison, KEDLI, and KEDNY have the most complex system in terms of operation as the three companies can be considered as distribution subsystems of the New York facility with 16 city gates, one internal supply from landfill gas, and three peaking LNG plants.

NFG and NMPC have five and two dedicated line customers (single customers fed directly from an interstate pipeline) respectively. No other NY LDCs have dedicated line customers.

Con Edison, KEDLI, and KEDNY operate the joint New York facilities which are the transmission system which permits any of the three LDCs to deliver natural gas to any of the LDCs' 16 city gates from interstate. Ten of those city gates are to Con Edison with three city gates each to NGLI and NGNY.

There are three metered bidirectional interconnects which provide gas exchange between the three LDCs as determined by system demands. At any moment these three interconnects can be a receipt point or delivery point for the three LDCs. Also, there are approximately five metered one-way interconnects for areas served by one LDC but supplied by one of the other LDCs.

For the three LDCs there is no metering between the transmission system and the LDCs' distribution systems. As a consequence, the transmission system LAUF is estimated by the LDCs. The three LDCs assume a transmission LAUF of zero on the NY Facilities system. Con Edison makes the same assumption for all customers served from their transmission system. For KEDNY and KEDLI, transmission LAUF is set to the negotiated level, which is approximately 1%.

NFGDC system is unique with the 888 local gas producing stations supplying its distribution system. Likewise NFGDC's 133 city gates might seem unique in its high number, but the high number is a consequence of its transmission system being an interstate pipeline, in most instances National Fuel Supply. NFGDC's 133 city gates are comparable to Con Ed's 82 or so regulator stations off their transmission system.

NYSEG is unique because its system is comprised of numerous isolated systems across New York State. Its 75 city gates are located as far north as Plattsburgh, as far south as Goshen, as far west as Lockport, and as far east as Brewster. Gas is supplied to NYSEG's system from the interstate pipeline and other New York State LDCs and local producers.

CHG&E, KEDNY, KEDLI, OR, and RG&E's systems are all similar in nature. A limited number of city gates provide supply to contiguous, compact service areas. The distribution systems of these LDCs are typically branched off the interstate pipelines.

Calculation of LAUF

Loss Percentage versus Factor of Adjustment (FOA) Percentage[2]

The calculation of LAUF involves the total volume of gas entering into and being disposed of on the LDC's distribution system. All LDCs report LAUF as a percentage. That percentage is calculated in two ways, NYSEG and NMPC divide LAUF by disposition to get their reported percentage and all other LDCs divide LAUF by send out[3] to get their reported percentage. While both percentages can be used to calculate the factor of adjustment, the two percentages are not the same and require different formulas to obtain the corresponding factor of adjustment.

For clarity, the two percentages should be distinguishable by name. For consistency, only one percentage should be used for reporting purposes. LAUF divided by send out shall be referred to as loss percentage and LAUF divided by dispositions shall be referred to as FOA percentage. FOA percentage shall be the reported percentage as the FOA percentage is more directly related to the factor of adjustment. The factor of adjustment equals 1 plus the FOA percentage[4].

Determination of LAUF

Each LDC has a distinct approach for determining LAUF. Within their distinct approaches, each LDC makes various adjustments to the total send out and total disposition to arrive at the send out and disposition used in their LAUF calculation. Table 5 below lists the adjustments made by each LDC to determine their send out and disposition as part of their LAUF calculation.

[2] LAUF percentage equals 1 subtracted from 1 minus the loss percentage divided into 1.
[3] Total send out for LAUF calculation is limited to distribution send out for CON EDISON, KEDNY and KEDLI as a result of NY facilities.
[4] The factor of adjustment equals 1divided by the difference of 1 minus the loss percentage.

Table 2. Adjustments to total send out and total disposition by LDCs.

Company	Total Send out	Total Disposition
CHG&E	City Gates (+) Propane (+) Line Pack (+/-) Conversion (+/-)	Firm Sales (+) ISS (+) Transportation(+) Company Use (+)
Con Edison	Marketer Deliveries (+) Company Deliveries (+) NY Facilities*(+/-) Generator Deliveries** (-) Slippage (+/-) / LNG(+/-) Heater Fuel (-)	Firm/Trans Sales (+) IT/IS Sales (+) Company Use (+)
KEDLI	City Gates (+) NY Facilities *(+/-) Generator Deliveries **(-) Transport PP (-)	Generation Sales(-) Res/TC/Int Sales (+) Trans (+) / IT SC7 (+) Unbilled Sales (+) Company Use (+)
KEDNY	City Gates (+) NY Facilities* (+/-) Generator Deliveries** (-) LNG (+/-) IT-PP (-)	Generation Sales(-) Res/Firm/TC Sales (+) IS/IT(+) Unbilled Sales(+) Company Use(+)
NFGDC	City Gates (+) Net Storage Inj (+-) Storage Adj(+/-) Non-GAC Sales (-) Company Use (-)	GAC Sales (1.01937) Transportation (+) Banked Gas (-)
NMPC	CityGates (+) Cogen 7 (-) SC 4 (-)	Firm Sales (+) Cogen 7 (-) / SC 4 (-) Transportation (+) Company Use (+)
NYSEG	City Gates (+) Company Use (-)	Firm Billed Sales (+) ISS (+) / NGV(+) Non-Daily/Daily Metered
O&R	City Gates (+) SC 8 (-) NYSEG Adj (-)	Firm Sales (+) NYSEG Adjustments(-) Company Use(+) IS-SC8 (-)
RGE	City Gates (+) Local Purchases (+)	Firm Sales (+) Company Use (+) Transportation (+)

(+) suggests that this item is added (included) to the total send out or dispositions.
(-) suggests that this item is deducted (excluded) from total send out or dispositions.
*Gas received into the NY facilities by one LDC which is delivered to another LDC.
**Generator deliveries for Con Edison for the LAUF calculation are set at generator sales. Generator deliveries for KEDNY and KEDLI for the LAUF calculation are set at negotiated levels.

The total send out consists mostly of city gate receipts, local production stations, and gas coming into the pipeline system from storage. The total dispositions consists of mostly sales from various service class and company use. As shown above, each LDC has many unique adjustments made to their total disposition and total send outs. The different adjustments made by each LDC are discussed in detail in the next section.

Gas for Company Use

Examples of gas for company use include: gas used by heaters at gate and regulator stations, gas used to heat office buildings, and gas used at compressor stations. Each LDC accounts for these company uses differently. For ease of reference, gas used for heaters at gate/regulator stations will be referred to as "heater gas" and gas used at compressor stations will be referred to as "compressor gas" in this report. Table 2 shows how "company use" is reflected in the LAUF factor calculation (whether in disposition or in send out)[5] and whether heater and compressor gas are included as part of company use.

For all LDCs in NY State, gas used for heating buildings is considered as the main source of company use. The treatment of heater gas and compressor varies with each LDC, as shown Table 3.

[5] Send out is defined as gas entering the LDC's system and disposition is defined as gas exiting the LDC's system.

Table 3. Gas for company use.

Company	Company Use	Heater Gas at: City Gate	Regulator Stations	Gas for Compressors
CHG&E	Disposition (+)	16 Unaccounted for	-	1 Unaccounted for
Con Edison	Disposition (+)	2 Send out[1]	-	1 Send out
KEDLI	Disposition (+)	2 Send out	5 Metered[2]	1 Metered[2]
KEDNY	Disposition (+)	3 Send out	Company Use	-
NFGDC	Send outs (-)	3 Company Use	-	1 Company Use
NMPC	Disposition (+)	2 Unaccounted For	36 Unaccounted For	-
NYSEG	Send outs (-)	-	-	1 Unaccounted for
O&R	Disposition (+)	See Table 3	-	-
RG&E	Disposition (+)	1 Company Use	-	-

[1] Con Edison also has one gas heater that is metered but unaccounted for in the LAUF calculation based on 2010 GAC filing.

[2]KEDLI gas use at regulators is metered but not accounted for.

Only NFGDC and NYSEG account for company use by reducing send out by metered company use volumes. This treatment assigns no losses to company use. All other utilities account for company use as a disposition where the company is treated like a typical customer.

CHG&E and NMPC have unmetered heater gas usages and thus those volumes are part of loss and unaccounted for gas. CON EDISON KEDLI and KEDNY deducted heater gas volumes from total send out and exclude them for the LAUF calculation. KEDLI has five regulator stations that use heater gas. Those volumes are metered, but they are not reflected in the LAUF calculation. KEDNY includes heater gas at regulator stations in company use. Both RG&E and NFGDC have less than three city gate stations that use heater gas. They both include those usage volumes as part of company use. NYSEG does not have any city gate stations that use heater gas.

O&R's treatment of heater gas is more complex and inconsistent. Table 4 shows how O&R is accounting for heater gas at different city gate stations.

Table 4. O&R's heater gas use at city gate stations.

Interstate Pipeline	Location	Metered?	Treatment of Gas
Tennessee	Pearl River	Yes	Company Use
Tennessee	Tappan	Yes	Company Use
Algonquin	Suffern	Yes	Company Use
Millenium	Buena Vista	No	Unaccounted For
Algonquin	Stony Point	No	Unaccounted For
Millenium	Sloatsburg	No	Credit from Millenium
Millenium	Greenwood Lake	Yes	Company Use
Millenium	Minisink	Yes	Company Use
Millenium	Huguenot	No	Credit from Millenium
Columbia	Sparrowbush	NA	Upstream of Meter
Millenium	Westtown	Yes	Credit from Millenium
Millenium	Warwick	Yes	Credit from Millenium
Millenium	Tuxedo	No	Credit from Millenium

As can be seen in Table 4, five of the thirteen city gates in O&R gas distribution systems use heater gas and the usage volumes are appropriately included in company usage. O&R receives a quarterly credit from the Millennium interstate pipeline for heater gas at five of the remaining city gates, two of which are based on metered usage and three of which are based on estimated unmetered usage. Millennium applies the credit by providing additional gas into O&R's storage. Heater fuel gas is unmetered at two of the remaining city gate stations. Therefore, system LAUF contains the volumes associated with these two stations. The last city gate, Sparrowbush, uses heater fuel gas upstream from the city gate, thus they are not part of the LDC's pipeline system.

Aside from gas usages at regulator and city gate stations to heat the facility and the natural gas in the pipeline, utilities also use gas as fuel for compressors to achieve required delivery pressures[6]. This usage may be small but needs to be properly

[6]An example is to increase pressure at natural gas vehicles (NGV) fueling stations.

accounted for. The treatment of compressor gas by each utility was shown in Table 2. NYSEG and CHG&E each have one compressor station that use gas that is unaccounted for. NFGDC includes compressor gas in company use, while CON EDISON deducts compressor gas volumes from total send out. KEDLI has one compressor station that uses gas. This volume is metered but not included in the LAUF calculation. All other utilities do not have compressor gas.

Line pack and Heat Content Factor Adjustment

As shown in Table 5, CHG&E adjusts the total send out to reflect heat content factor adjustments and line pack adjustments. The line pack adjustment is intended to compensate for the effect of temperature and pressure on the amount of gas. CH is the only NY utility which makes an adjustment for line pack in its LAUF calculations.

Prior to January 2010, CHG&E used a monthly average for the CCF to BTU conversion factor, which did not accurately reflect the actual heating content billed by the interstate pipeline which uses a daily Ccf to BTU conversion factor. A heat content factor adjustment was made to reconcile the differences between the two approaches. In January 2010 CHG&E adopted the interstate pipeline approach eliminating the need for the adjustment. CHG&E is the only NY utility which makes a heat content factor adjustment in its LAUF calculations.

Dedicated Line Customers

NFGDC and NMPC are the two LDCs that have dedicated line customers. NMPC has two dedicated line customers, one excluded from the LAUF calculation and one included in the LAUF calculation. NFGDC has five dedicated line customers, all of which are included in the LAUF calculation.

Excluded Customers

Con Edison, KEDLI and KEDNY exclude several special contract electric generation customers from the system LAUF calculation. These customers must provide for deliveries at a negotiated system loss rate. These customers are offered a negotiated LAUF factor, as they are served off of the company’s transmission system. However, Con Edison excludes electric generation send out from the LAUF calculation at a zero loss factor while both KEDNY and KEDLY exclude electric generation at the negotiated LAUF factor.

The three companies that operate the NY Facilities system treat each other as customers of the system. As part of the New York Facilities' agreement, gas transported by Con Edison, KEDLI and KEDNY across the system for each other is excluded from send out and disposition at a zero LAUF factor.

<u>Factors Affecting LAUF</u>

There are many factors, common to some or all of the LDCs, that can impact actual LAUF. This section discusses these factors, the LDCs affected, and their impacts on the LAUF calculation.

<u>Meter Issues/Error</u>

The natural gas industry uses four types of gas meters: diaphragm (or bladder), rotary, turbine and orifice.[7] All these meters require periodic adjustments to maintain accuracy within the allowed +/- 2%.

Diaphragm meters are commonly used for residential and small commercial utility customers. These meters are generally very accurate when measuring small volumes of gas. Rotary meters are highly affected by temperature and pressure and therefore rely on reading adjustments due to temperature and pressure. Turbine meters measure the speed of the gas moving through the meters to calculate the flow. Quality and quantity of the flow through the meter affects the accuracy. Orifice type meters rely on switching of orifice plates used at different set flow rates to achieve an acceptable accuracy. All of these meters introduce error into the LAUF calculation, because over

[7] Diaphragm Meter – A meter consisting of chambers formed by movable diaphragms, in which the gas flow is directed by internal valves. The chambers alternately fill and expel gas, producing a near continuous flow through the meter.

Orifice Meter – A gas meter consisting of a straight length of pipe inside which a precisely known orifice affects the flow.

Rotary Meter – A meter which is comprised of two figure "8" shaped lobes with rotors (also known as impellers or pistons) which spin in precise alignment. With each turn, they move a specific quantity of gas through the meter.

Turbine meter – A meter comprised of a small internal turbine which measures the speed of the gas, which is then transmitted to a counter.

time, measurements by these devices can vary from the allowed accuracy parameters. By regulation, LDC customer meters are allowed a meter reading variance of +/- 2%.[8]

Similarly, meters at a LDCs city gate are allowed a meter reading variance of +/- 2%[9]. For any given month the actual gas supply receipts at the city gate meter may be +/- 2% higher or lower than the amounts reflected in the meter read. The Pipelines which deliver the gas supply invoice the LDC per the city gate meter read, but the actual volumes received into the system may be less or more within the allowed tolerance band. This impacts the accuracy of the system receipts. This factor essentially carries into the LAUF calculation as another source of error that could swing the result either way based on its impact to company system receipts.

LDC meter accuracy at city gate receipt points may also be affected by flow volumes. Meter accuracy can be compromised if the gas flow volumes are below the normal designed operating range of the installed meter. As a result the gas leaking into the system can result in a lower loss factor or even possibly create the appearance of net positive gas production on the LDC's distribution system. This situation is more pronounced in summer periods when there is no gas being consumed by customers for space heating purposes. As an example, NYSEG has identified eighteen supply receipt meters where low usage volumes during summer months can possibly affect the meter accuracy, since the meters were designed for larger flow volumes [Case 09-G-0669].

The design, age, and size of the city gates can also impact the accuracy of metering. The majority of city gates are controlled and operated by interstate pipelines. Generally these city gates have a "cascading" type design for their metering where valves automatically open or close to combine or split the gas flow to one or more meters. The design for the operation and control of these valves affect the accuracy in determining where in its accuracy range it operates.

The age of the metering station also affects the accuracy as the newer the station meters the newer the technology and the better the accuracy. The size of the station is

[8] 16 NYCRR § 228.3.
[9] Per pipeline tariffs, all city gate meters are allowed a meter reading variance of +/- 2% for all pipelines serving NY with the exception of Texas Eastern Pipeline; which has an allowed meter reading variance of +/- 1%.

important to accuracy as well. While the volumes at each of these city gates may be significant to the LDCs total system volume, they often are insignificant to the total system volume of the interstate pipeline. Replacement or upgrading of the city gate to improve the metering accuracy may not be economically for the interstate pipeline.

<u>Meter Reading Issues</u>

An LDC's meter reading schedule can affect a utility's LAUF. Some LDCs' customers' meters are read on a bi-monthly basis instead of a monthly basis. An increase in the time between meter reads increases the variance between measured system receipts and measured system deliveries.

To recognize the timing difference between receipt and delivery meter reads, some LDCs adjusts receipts to be aligned with deliveries while other LDCs adjust deliveries to be aligned with receipts. Some LDCs choose to make no adjustments for the timing difference as they consider either the variance insignificant or the adjustments ineffective.

<u>Therm Billing</u>

All gas meters measure volumes (typically Ccf). The conversion of volumes to energy content (typically Therms) introduces additional variance. Pipelines provide the utilities with the data for volumes delivered and its associated heat content but the bill is based on the heat content[10]. The heat content is determined by periodic sampling of the gas at the city gate.

Utilities that bill their customers based on heat content introduce addition inaccuracy in accounting for LAUF. Their billing relies on the conversion of the metered volumes to heat content. This conversion is not based on heat content measurement at the customers' meters but rather at an assumed heat content.

Many LDCs have multiple city gates that receive natural gas from various production areas with differing heat content. To the extent these various gas supplies combine on the

[10] Regardless of whether the LDC bills its customers using volumes or heating content, the LDCs themselves are billed on the basis of heating content by the interstate pipelines. However, the city gate meters measures the natural gas flow by volume. Each LDC therefore monitors and verifies the heating contents of the gas delivered by using chromatographs at each city gate or receipt point into the system.

LDCs system, the heat content of the gas volume measured at a customer's meter will be different from the heat content at the city gates. These LDCs try to limit this disparity by calculating a heat content conversion for various zones (generally referred to as "therm zones") within its distribution system using heat content measurements within the distribution system as a measurement of the heat content of the gas flowing to the customers within the zones. The conversion factor for each Therm zone is determined by an assumed weighted average of the conversion factors for the city gates serving that zone.

The type of billing by LDC is shown in Table 6. For those LDCs billing in therms, the table also provides their respective therm zones.

Table 5. Type of billing by companies**.**

Company	Billing	Therm Zones
CHG&E	Ccf	-
Con Edison	Therms	5
KEDLI	Therms	3
KEDNY	Therms	8
NFGDC	Ccf	-
NMPC	Therms	14
NYSEG	Therms	21
O&R	Ccf	-
RG&E	Therms	2

Condition of the Utility's Distribution System - Leaks

The age of the distribution system affects LAUF. Natural deterioration over time results in leaks. However, technological advances in the quality of piping materials and their installation methods have reduced the rate of deterioration in newer systems.

As an example, cast iron and steel piping installed without corrosion protective measures, and certain vintage plastic piping is prone to leaks due to the effects of corrosion and cracking. Certain New York State LDC's were built after technology and methodologies were developed to minimize the effects of corrosion and cracking.

Typically, LDCs with newer distribution systems have lower LAUF than that of LDC's with older vintage distribution systems. However, the LAUF of the older vintage systems will approach the LAUF of the newer distribution systems as the cast iron and bare steel are replaced with either corrosion resistant plastic or corrosion protected steel.

Transmission Load

Some of the New York State LDCs have large customers that take service directly from the LDC transmission facilities. The gas delivered to the city gates for the customers connected to the LDC transmission facilities usually includes a specified amount of gas for system losses. However, this amount may or may not represent actual losses as transmission losses are unknown. This may affect the distribution system LAUF by introducing an additional amount of gas into the system that may or may not cover actual system losses.

Of the large use customers that are directly fed by the LDC's high pressure transmission facilities, the amount of gas brought to the city gate for system losses is typically a negotiated percent of each customer delivered volumes. The percentage has no measurement basis as the transmission system is not isolated from the distribution system by meters. The amount of gas out of the transmission system into the distribution system is not a meter measurement, but an assumption.

Dedicated Lines

There are currently two LDCs serving individual customers from a dedicated line which is distinctly separate from the distribution system. For the LDCs with dedicated line customers, the LAUF calculation currently includes all system receipts and dispositions for the dedicated line customers. Since these dedicated lines have no physical tie to the utility distribution system, inclusion of their send out and dispositions distort the LAUF calculation.

Theft of Service

Theft of service which is the tampering with utility equipment and/or bypassing the utility meter to steal natural gas contributes to the LDC's LAUF. Utilities make gas delivery adjustments for discovered theft of service and the adjustment amount is included in the LAUF calculation. However, these adjustments usually represent an estimate for the amount of gas these customers have used during an estimated period of theft. In some cases, the period of theft extends over several reconciliation periods. This results in deliveries from prior periods being included in the LAUF calculation. This inherently introduces another factor of error into the LAUF calculation.

DISCUSSION

New York State utilities reconcile their purchased gas costs to gas cost recoveries annually. In this reconciliation, the utility's annual cost of gas reflects the level of purchased gas commensurate with actual sales plus a fixed factor of adjustment for LAUF gas. The fixed factor of adjustment is determined in the utility's prior rate proceeding. Utilities can take actions to minimize sources of LAUF gas. Accordingly, a utility absorbs costs associated with LAUF gas to the extent that its actual gas loss rate is greater than the loss rate associated with the fixed factor of adjustment established in its base rate proceeding. Conversely, a utility may retain the benefit if its actual loss rate is lower than the fixed rate. This mechanism provides an economic incentive for utilities to minimize their actual loss rate. Gas utilities calculate their actual LAUF annually, based on the 12 months ended August 31. However, as previously discussed, there are numerous methods used to determine the amount of LAUF. Below are recommendations to standardize the LAUF calculations of all NY Gas LDCs.

Standardization of LAUF Calculations

The goal of standardization of LAUF calculations is to arrive at a method that provides a meaningful and useful measurement of the overall system performance while limiting the effect of the natural variability of the data which goes into the measurement. The natural variability of the data is due to factors such as weather, economy, and the calendar[11]. The weather and economic conditions change the year to year load distribution among the electric generation, industrial, commercial, and residential customers. The different calendars along with the weather and economy impact the year to year mismatch between actual and measured end user usage. Additional variability is

[11] There are 14 different possible annual calendars which impact billing schedules and volumes due to the number of working days and weekends in a month.

introduced by adjustments in the LAUF calculation, and should be avoided when possible.

Each LDC has unique system characteristics such as: number of city gates, metering arrangement at those city gates, load factors at those city gates, electric generation load, customers composition and load contribution behind each city gate, number of city gates serving each load area, physical system characteristics (length, size, type of pipe, age, and pressures), type of end user meters, and meter reading schedule. All these characteristics contribute to significant differences between LDCs in their actual measured LAUF performance. Therefore, standardization of LAUF calculations will not result in the ability to compare LDCs based on the factor of adjustment.

The raw data used to determine LAUF is inherently adjusted and manipulated as part of the measurement process. Meter readings are a product of calculations which translate physical measurements to volumetric usage which introduces a varying degree of error. LDCs, which bill on energy content, further adjust the volumetric usage to energy usage with additional error inherent in the assumed conversion factor.

The amount of gas metered into the system and out of the system, based on actual meter reads within the annual reconciliation period, should be how LAUF is determined. The standardization of the LAUF calculation to total metered into the system and total metered out of the system should be used to provide the measurement used to determine the LAUF incentive. Basing the LAUF incentive on total metered in and total metered out is the correct approach. Further, all natural gas is intended for an end user where LAUF increases the ultimate cost to society, whether it be through costs to heat a home, to generate electricity, to manufacture products, or to provide a service.

Total Gas Metered Into the System

The amount of gas metered into the system shall be defined as the final billed quantity of gas delivered to the LDC system; except receipts for dedicated line customers as discussed below. The final billed amount can reflect rebilling due to metering disputes. Delivered quantities can be from interstate pipelines, intrastate pipelines and facilities, local producers, and other LDCs.

Total Gas Metered Out of the System

The amount of gas metered out of the system shall be defined as the final billed quantity of gas out of the LDC system plus any metered gas for company use; except dedicated line customers' billed deliveries as discussed below. The final billed amount recognizes that some bills are based on estimates and that billing errors can require re-billing. Delivered quantities can be to end users, interstate pipelines, intrastate pipelines and facilities, and other LDCs.

Allowed Adjustments

Dedicated Lines

The only adjustments to the gas metered in and gas metered out shall be the metered in and metered out gas to customers served by dedicated lines. Since dedicated line customers are separate from the distribution system, the volumes associated with these customers can be excluded from the LAUF factor calculation by deducting the metered in amount from total send out. Including dedicated line customers in the system LAUF calculation can cause unnecessary variations in the system LAUF.

Disallowed Adjustments

The following adjustments shall be discontinued for the purpose of determining the LAUF incentive. While these adjustments attempt to achieve a more accurate LAUF, Staff believes ultimately these adjustments introduce further variability with little additional accuracy in the LAUF determination. Discontinuing these adjustments in LAUF calculations does not preclude any LDC from continuing their use for operational reasons.

Line pack and Conversion Factor

As discussed in the previous section, CHG&E is the only NY utility that currently adjusts LAUF calculation to reflect line pack. Table 7 shows the impact of line pack on LAUF for the three most recent annual gas reconciliation periods.

Table 6. Impact of line pack on LAUF for the three most recent annual reconciliations.

Period (Twelve Months ending)	Total Unadjusted City Gate Receipts	Plus: Propane	Less: Line pack	Plus: Conversion	Natural Gas Available w/ Line pack	Disposition	LAUF w/ Line pack	LAUF w/o Line pack
Aug-08	16,095,611	1,034	1,712	(341)	16,094,592	15,936,740	0.9808%	0.9913%
Aug-09	16,547,636	1,368	(3,030)	5	16,552,039	16,391,335	0.9709%	0.9528%
Aug-10	18,883,540	1,504	(304)	(55)	18,885,293	18,798,357	0.4603%	0.4587%

Staff recommends that line pack should be excluded from the calculation in order to further simplify and standardize the calculation. As can be seen in Table 7, for the twelve months period ending in August 2009, when line pack was most significant of the three years, the line pack adjustment represents less than 0.02% of the annual throughput. Elimination line pack for that period results in an increase of loss percentage by 0.0181%, a negligible difference.

Not only does line pack have minimal effects on the LAUF calculation, the determination of line pack may be subjective. The relationship between pressure and line pack is based on assumed constants while the system is dynamic and ever changing.

Staff also recommends eliminating the conversation factor adjustment used by CHG&E. As previously discussed in the earlier section, since January 2010, CHG&E uses a daily volume to heat content conversion factor, thus eliminating the need for conversion factor adjustment.

Excluded Customers

As discussed above, KEDLI, KEDNY and Con Edison exclude customers from the system LAUF calculation. Keyspan – Long Island (KEDLI) and Keyspan-New York (KEDNY) exclude special contract electric generation customers from the system LAUF calculation. These customers must provide deliveries at a negotiated LAUF or loss percentage. Over the past three years approximately 50% and 20% of the system throughput has been excluded from the system LAUF calculation for KEDLI and

KEDNY respectively. Con Edison also excludes special contract electric generation customers from the system LAUF calculation. These customers also must provide deliveries at a negotiated LAUF or loss percentage. Over the past three years approximately 50% Con Edison's the system throughput has been excluded from the system LAUF calculation.

All these customers are served off the LDC's transmission system. Due to the transmission system operating at high pressure, the transmission system is assumed to have a lower LAUF percentage, than the utility distribution system LAUF percentage, since transmission system leaks are more readily detectable and require immediate repair due to the large pressure differential. However, as mentioned previously, the amount of LAUF for the transmission system is not known as no distinct metered boundary exists between the transmission system and the distribution system. Therefore system receipts and deliveries for transmission customers should be included in the LAUF calculation.

Company Use

As discussed previously, Company use is the volume of natural gas used by the company; which includes: gas used by heaters at gate and regulator stations, gas used to heat office buildings, and gas used at compressor stations. The treatment of heater and compressor gas varies depending on each LDC. Some LDC adjusts total send outs to reflect heater and compressor gas usage, while some include them as part of company use as a disposition. This study initiated an internal investigation within the LDCs and found that they neglect to account for some heater and compressor gas usage.

All metered volumes for Company use should be included in the LAUF factor calculation. Gas for company use should be included in the metered out gas, like any other end user, to be fair and consistent with other sales customers. Gas for company use should only be excluded from the metered in gas if the usage occurs before the city gate. Some LDCs have heater gas usage that is unmetered and unaccounted for. Unmetered company use should remain as LAUF as long as it continues to be unmetered.

Theft of Service

Some LDCs make adjustment to account for the volumes associated with theft of service recoveries. No adjustment for theft of service should be made to the metered out quantities. These amounts are estimated and are often out of period which distort LAUF. The degree that the estimates are over or under the actual is unknown. However GAC revenues recovered from theft of service should continue to be part of the GAC recovery. The benefit to LDCs for recovery of theft of service will be in lower LAUF going forward and higher historical LAUF, undistorted by possible out of period volumes.

Incentive Mechanism Review

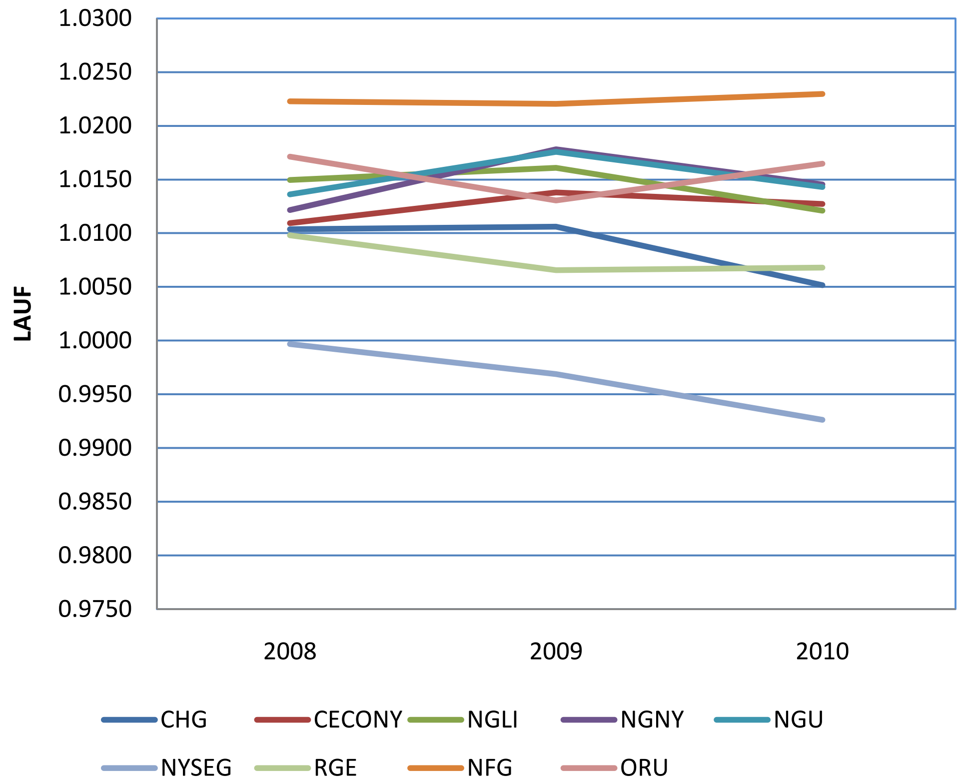
One of the objectives of Staff's review of LAUF is to determine if the LAUF incentive mechanism is appropriate as currently structured. Since the LAUF mechanism was established, the natural gas industry has undergone significant changes. Retail competition began in the mid-1980's where larger customers were given the option to purchase gas directly from suppliers rather than their LDCs. A proceeding instituted by the Commission in 1993 culminated in unbundling and small customer aggregation programs. The outcome was that commodity service was unbundled from delivery service, which allowed marketers to offer commodity service to small customers as an aggregated group. Given these changes in the natural gas industry, the current LAUF incentive mechanism may no longer be appropriate.

Further safety incentive mechanisms have also become a standard part of rate plans. These safety mechanisms require timely response to reported gas leaks, timely repair of gas leaks based on their severity, continuous leak surveys, and a mandatory replacement rate of leak prone pipe. All these safety requirements provide incentives for LDC action which reduces LAUF. The LAUF mechanism might be better restructured to maintain the gains in LAUF reduction while allowing these other incentive mechanisms to drive any further gains.

Incentive Mechanism Components

There are two components which affect the magnitude of the current incentive mechanism for each utility: the difference between the actual and allowed losses and the commodity cost of gas. A historical analysis on system loss amounts for all NY utilities was performed. The review included calculations for three years, and indicated that during that time period actual system losses are stable. The actual system FFA for all major NY utilities can be seen in Figure 1 below.

Figure 1. Actual Factor of Adjustment for Major NY Utilities.



A review of the commodity costs of gas over the same three year period shows greater variation. The futures market prices, can be seen in Figure 2, which shows the NYMEX settlement prices at the Henry Hub.

Figure 2. NYMEX Natural Gas Closing Price

These fluctuations in the market price can and have caused dramatic changes in NY utilities commodity cost of gas. All NY utilities experienced a significant drop in their commodity cost of gas for the reconciliation period ending 8/31/2010 as compared to the reconciliation period ending 8/31/09, as shown in the above figure. For some utilities, commodity costs in 2010 were less than half those of 2009. Based on the variations in the commodity cost, utilities experience revenue fluctuations due to the LAUF incentive.

The commodity part of a customer's bill for natural gas represents a significant portion of the customer's bill. Even with the significant variation in commodity prices the past three years, the commodity portion has always been more than 50% of a customer's annual bill. Recovery of the LDC's return constitutes a small percent of the delivery portion of a natural gas customer's bill. The commodity portion relative to the return portion of a customer's bill coupled with the natural variability of LAUF results in significant swings to the LDC's annual return even with a relative stable actual factor of adjustments measured each year.

The commodity price and the natural variability of LAUF are beyond the control of the utility. Revenue fluctuations due to circumstances beyond the control of the utility should be limited; however, performance standards should not be compromised. Staff believes that implementation of a dead band around the LAUF target will dampen these revenue fluctuations, while maintaining current LAUF performance.

Dead band

A dead band should be designed to avoid the revenue impact of natural variability. For actual utility losses within the tolerance band, the utility would recover actual commodity costs. In the event actual utility losses are outside the tolerance band, the utility would earn an incentive or incur a penalty, to the outer limit of the tolerance band.

With regard to the size of the dead band, we recommend that this dead band be two standard deviations around the average FOA percentage. The standard deviation of the average FOA percentage is limit to 0.5% should any LDC have standard deviation of great than 0.5%. Two standard deviations were chosen because it would result in the likelihood of any one year being outside that range due to natural variability being less than 1 in 6 for a three year period. The maximum range for the band is ±1.0% from the five year average.

Negative Losses

Staff must address negative losses because NYSEG[12] has experienced consistent negative losses for the past 3 years. Negative losses are physically impossible. However, consistent year to year calculated negative losses are possible when the offset[13] between the set of meters reading gas in and the set of meters reading gas out is negative and the natural variability is less than that offset. Additionally, natural variability in the LAUF can produce negative losses in some years for LDCs whose offset is positive.

We recommend that there should be no LAUF incentive for an actual factor of adjustment less than 1.0 in any reconciliation year. It does not make sense to reward an

[12] Case 09-G-0669
[13] Two sets of meters will never provide the same measurement. The difference between those two measurements is defined as offset.

LDC for a physical impossibility. To compensate for disallowing LAUF incentives for actual factor of adjustments below 1.0, we recommend that top of the dead band equal 1 plus four standard deviations when the bottom of the dead band is less than 1. The LAUF incentive should be calculated from the top of the dead band for penalty situations and the bottom of the dead band for reward situations.

Additionally, we recommend that 1.0 be the minimum fixed factor of adjustment. It does not make sense to require ESCOs to deliver less gas to the city gate than they sell at the burner tip.

System Performance Adjustment Mechanism (SPAM)

The inequity related to the over or under delivery of gas to serve firm transportation due to the fixed factor of adjustment being greater than or less than the actual factor of adjustment should be eliminated. We recommend that the inequity be eliminated by the implementation of a surcharge/refund for the commodity cost of the gas for the over or under delivered gas.

This surcharge/refund should be called the system performance adjustment mechanism (SPAM). All firm customers shall be surcharged for additional gas beyond the tariff allowance for losses and refunded for the reduced gas below the tariff allowance when the actual losses are more or less, respectively, than the tariff allowance. The additional gas shall be valued at the LDC’s average commodity cost of gas. The limit of the amount surcharge shall be to the dead band.

Implementation of the SPAM is necessitated for the following reasons: 1) by the creation of the dead band, 2) by limiting the minimum fixed factor of adjustment to 1.0, and 3) by the impact of the increasing percentage of firm sales being transportation sales. Without the SPAM, full service and transportation customers would not be treated the same.

The dead band permits the Company to recover from, or refund to, full service customers for actual losses within the dead band. Correspondingly, the SPAM permits the Company to recover from, or refund to, transportation customers for actual losses within the dead band.

For negative losses, the Company recovers from full service customers only the gas costs associated with actual losses. Correspondingly, the SPAM refunds to transportation customers for actual losses below a factor of adjustment of 1.

Lastly, the SPAM addresses the effect of increased migration to transportation service. Without SPAM, as migration increases, fewer full service customers either pay for the extra losses or benefit from the reduced losses from a growing number of transportation customers. At the extreme, the magnitude of this cost or benefit can exceed the commodity cost of gas for full service customers. Appendix A shows how the amount to surcharge/refund to maintain equity grows as the percentage of firm sales as transportation service increases.

The SPAM should be applied to both full service and transportation customers through a delivery charge adjustment. In effect this will separate the gas cost recovery between recovery from the full service customers for the fixed factor of adjustment and recovery from all firm customers for any deviation of the actual factor of adjustment from the fixed factor of adjustment.

SPAM addresses the issues of setting delivery requirements for energy supply companies (ESCOs) serving transportation customers, providing proper market signals, and limiting the fixed factor of adjustment to a minimum of 1. In cases where the gas measurement into the system is less than the gas measurement out of the system, all customers will be refunded for the gas not needed to meet the system deliveries.

The one instance where the SPAM will operate outside the dead band is when the losses are negative. In this situation, the SPAM assures that all customers receive the savings as LAUF incentives are not provided for negative losses.

Transportation Sales Impact on the LAUF Incentive

Implementation of SPAM allows full recovery of commodity cost from firm customers within the dead band. Outside the dead band, in the current LAUF mechanism, the company assumes the commodity costs of gas for full service customers while full service customers assumes the commodity cost of gas for transportation customers.

In the examples shown in Appendix B, the combined penalty/(incentive) for full service and transportation customers for a factor of adjustment outside the dead band is $3 million. Under the existing LAUF mechanism, the Company's LAUF incentive equals the $3 million times the percentage of firm sales that are full service. For migration rates of 5%, 40% and 95%, the LAUF incentive is $2.85 million, $1.8 million and $0.15 million, respectively. This demonstrates that the LAUF incentive decreases as the amount of full service sales decrease relative to firm sales.

We recommend that the LAUF incentive equal the combined incentives for full service and transportation customers. This can be accomplished by adding the two incentives from a detailed allocation of commodity costs as shown in Appendix B and can also be approximated in the existing LAUF mechanism by dividing the current incentive by the percent of firm sales that are full service sales.

Summary of Recommendations

After conducting a statewide review of the recovery of the cost of lost and unaccounted for (LAUF) gas for each LDC, Staff makes recommendations pertaining to the setting of utility specific fixed FOAs and the SPAM.

Fixed FOA Recommendations

1. We recommend that the LAUF calculation, for incentive purposes, be based on a system wide LAUF calculation. The LAUF calculation should be total metered into the system divided by total metered out of the system with no adjustments, other than conversion from volumes to energy, for systems based on therm billing. The only meter readings to be excluded are dedicated lines where the receipts and deliveries are excluded.

   We make this recommendation for the following reasons:

   a) The minimization of losses benefits everyone through lower electric generation costs, lower production costs of manufacturers, lower operation costs of businesses, lower costs to residences, and lower environmental impact from reduced natural gas losses.
   b) Every adjustment introduces additional error, uncertainty, variability in the LAUF calculation. Metering in itself contains uncertainty, error, and

variability. The financial impacts of variability are minimized if the variability is minimized.

Appendix A provides the system wide factor of adjustment for the 2008 to 2010 annual reconciliation periods as well as the cumulative factor of adjustment for the entire three year period for all the major utilities. The cumulative factor of adjustment ranges from 0.99648 for NYSEG to 1.02241 for NFGDC. The factor of adjustment for any one year ranges from 0.99264 for NYSEG in 2010 to 1.02295 for NFGDC in 2010.

2. We recommend that the lowest tariff FOA be 1.0000.

   We make this recommendation for the following reasons:

   1.) Physically, delivery of more gas than the amount of gas received is not possible. A multi-year average for actual factor of adjustment less than 1.0000 is a result of factors, such as meter error and conversion from volume metering to energy billing.
   2.) A requirement to bring in fewer units than units to be sold is not reasonable.
   3.) Certain LDCs have already experienced actual factor of adjustment for the distribution system being less than 1.0000 for multiple years and guidance is necessary in these instances.

SPAM Recommendations

1. We recommend the institution of a system performance adjustment mechanism (SPAM) charge as a delivery adjustment charge or as part of an existing delivery charge to recover or refund gas costs for actual LAUF greater or lesser than the tariff LAUF within the dead band.

   We make this recommendation for the following reasons:

   a) To remove the subsidy between full service and transportation customers where full service customers use transportation customers' gas when losses are less than the tariff LAUF or transportation customers use full service customers' gas when losses exceed the tariff LAUF.

   b) Increasing migration to transportation service produces in an increasing impact of the subsidy volume on full service customers.
   c) The limiting of the tariff FOA to a minimum of 1.0000 creates a persistent subsidy to full service customers from transportation customers for those LDCs measuring actual FOA consistently below 1.0000 with the type of metering currently in service. This recommendation removes this biased subsidy.

2. We recommend that the LAUF incentive include the costs/savings outside the dead band for both full service and transportation customers. We make this recommendation for the following reasons:
   a) Currently full service customers assume the cost or savings of the added or avoided gas for transportation customers outside the dead band.
   b) Those costs or savings were part of the LAUF incentive for those transportation customers as full service customers.
   c) The result of customer migration to transportation service should not be a reduction of the LAUF incentive to the Company and an increase in costs to full service customers.
   d) It makes the LAUF incentive independent of customer migration to transportation service and avoids the trivialization of the LAUF incentive due to significant migration.
3. We recommend that a dead band of two standard deviations of the previous five year's LAUF percentages be set around tariff LAUF. The LAUF incentive is calculated using the top of the dead band when LAUF is above the dead band. The LAUF incentive is calculated using the bottom of the dead band when LAUF is below the dead band. We make this recommendation for the following reasons:
   a) Factors, such as meter error, conversion from volume metering to energy billing, billing schedule variation year to year, and estimated meter reads, provide variability in the LAUF calculation which is unavoidable. Year to year variability creates year to year variability in financial impact to the

LDC as the commodity cost of gas for the LDC is significant compared to the LDC's net margin. Over a multi-year period, the net LAUF incentive can be small while any one year's LAUF incentive can be large.

b) Setting the dead band on standard deviations recognize that each LDC's system is unique with its own inherent variability.
c) Setting the dead band at two standard deviations assure that the inherent variability would not trigger any LAUF incentive for more than 80% of any three year rate plan from inherent variability.
d) Calculation of the LAUF incentive from the dead band limits would further reduce the financial impact to only that variability beyond the natural variability.

4. We recommend that no LAUF incentive be given for an actual factor of adjustment below 1.000. We make this recommendation for the following reasons:
   a) Physically, delivery of more gas than the amount of gas received is not possible. An actual factor of adjustment below 1.0000 is a result of factors such as meter inaccuracy conversion from volume metering to energy billing, billing schedule variation year to year, and estimated meter reads.
   b) It does not seem reasonable to provide a LAUF incentive for an actual LAUF which is possible only through meter inaccuracy or operational timing mismatches.
5. We recommend that the top of the band be set at one plus four standard deviations when the bottom of the band is limited to 1.0000. We make this recommendation for the following reason:

   The recommendation is consistent with recommendation #3. Once the lower band is at 1.0000 and no LAUF incentive below an actual factor of adjustment of 1.0000 is allowed, it provides symmetry to provide no LAUF incentive until actual factor of adjustment is above the upper band corresponding to when the lower band is 1.000.

For illustration purposes, the Table 7, shown below, has taken the system wide factor of adjustments for the 2008 to 2010 annual reconciliation periods from Appendix A and calculated the average and standard deviation for each LDC's three years of corresponding FOA percentages. The target factor of adjustment is set to 1 plus the average FOA percentage with the bottom of the band equal to the target less two standard deviations and the top of the band equal to the target plus two standard deviations.

Table 7. Proposed system wide factor of adjustment.

	System Wide FOA Incentive			**FOA %**	
	BOTTOM	FOA	TOP	3-Year Average	Standard Deviation
CHG&E	1.00203	1.00801	1.01399	0.801%	0.299%
Con Edison	1.00962	1.01249	1.01535	1.249%	0.143%
KEDLI	1.01027	1.01438	1.01849	1.438%	0.206%
KEDNY	1.00915	1.01484	1.02052	1.484%	0.284%
NMPC	1.01092	1.01517	1.01941	1.517%	0.212%
NFGDC	1.02147	1.02242	1.02337	2.242%	0.048%
NYSEG	1.00000	1.00000	1.01419	-0.359%	0.355%
O&R	1.01117	1.01555	1.01993	1.555%	0.219%
RG&E	1.00414	1.00773	1.01131	0.773%	0.179%

NYSEG had the lowest average LAUF percentage of -.359% and NFGDC had the largest average LAUF percentage of 2.242% for the three years. NFGDC has the smallest standard deviation of 0.048% and NYSEG has the highest at 0.355%. NYSEG's target factor of adjustment is 1.00000 and the top of the band is 1.0 plus four standard deviations as its average LAUF percentage is negative. The bottom of the band ranges from a low of 1.00000 for NYSEG to a high of 1.02147 for NFGDC. The top of the band ranges from a low of 1.01131 for RGE and a high of 1.02337 for NFGDC. For all LDCs shown, the top of the band would not have triggered a penalty in the 2008 to 2010 period.

The bottom of the dead band would have triggered a benefit for NYSEG in all three years if the dead band was not limited to actual factor of adjustments greater than 1.0000.

APPENDIX

A. System wide factor of adjustment for the past 3 annual reconciliation periods.

Table 8. System wide FOA for 2008.

	2008		
	In	Out	FOA
CHG&E	16,224,252	16,064,347	1.00995
Con Edison	350,724,739	346,926,326	1.01095
KEDLI	178,048,628	175,422,682	1.01497
KEDNY	199,971,083	197,568,736	1.01216
NMPC	134,586,140	132,778,776	1.01361
NFGDC	91,590,430	89,594,163	1.02228
NYSEG	55,783,175	55,800,599	0.99969
O&R	29,965,086	29,460,387	1.01713
RG&E	50,581,904	50,091,373	1.00979
Total	1,107,475,437	1,093,707,388	1.01259

Table 9. System wide FOA for 2009.

	2009		
	In	Out	FOA
CHG&E	16,689,317	16,532,083	1.00951
Con Edison	342,251,200	337,597,551	1.01378
KEDLI	169,508,701	166,826,303	1.01608
KEDNY	198,184,968	194,714,856	1.01782
NMPC	138,414,152	136,022,439	1.01758
NFGDC	90,578,319	88,625,863	1.02203
NYSEG	56,511,385	56,687,119	0.99690
O&R	27,374,469	27,021,826	1.01713
RG&E	51,272,015	50,937,088	1.00658
Total	1,090,784,526	1,074,965,128	1.01472

Table 10. System wide FOA for 2010

	2010		
	In	Out	FOA
CHG&E	19,019,534	18,933,046	1.00457
Con Edison	334,762,589	330,554,395	1.01273
KEDLI	193,047,279	190,740,485	1.01209
KEDNY	190,211,612	187,487,666	1.01453
NMPC	136,543,433	134,617,859	1.01430
NFGDC	85,234,809	83,322,415	1.02295
NYSEG	52,482,585	52,871,569	0.99264
O&R	25,090,357	24,683,972	1.01713
RG&E	47,524,160	47,202,688	1.00681
Total	1,083,916,358	1,070,414,095	1.01261

Table 11. Average System wide FOA form 2008 to 2010.

	2008-2010		
	In	Out	FOA
CHG&E	54,728,385	54,398,176	1.00607
Con Edison	1,011,776,378	998,706,341	1.01309
KEDLI	555,603,259	548,307,273	1.01331
KEDNY	578,608,192	569,690,189	1.01565
NMPC	411,501,018	405,258,157	1.01540
NFGDC	261,047,937	255,270,693	1.02263
NYSEG	161,476,556	162,430,257	0.99413
O&R	77,555,183	76,389,769	1.01526
RG&E	146,320,335	145,342,464	1.00673
Total	3,258,617,243	3,215,793,318	1.01332

B. Sample calculation using the proposed FOA

Table 12. Sample SPAM calculation – 95% firm sales/5% firm transportation

					Factor of Adjustment			
Situation	Send out (MDth)	Sales (MDth)	Firm Full Service (MDth)	Trans (MDth)	Bottom of Band	Tariff	Top of Band	Actual
High Out of Band	129,500	125,000	95,000	5,000	1.01	1.02	1.03	1.036
High In Band	128,750	125,000	95,000	5,000	1.01	1.02	1.03	1.030
At Tariff	127,500	125,000	95,000	5,000	1.01	1.02	1.03	1.020
Low In Band	126,250	125,000	95,000	5,000	1.01	1.02	1.03	1.010
Low Out of Band	125,500	125,000	95,000	5,000	1.01	1.02	1.03	1.004

		Full Service				Transportation		
Situation	Commodity Cost ($) (000)	Commodity with no losses ($) (000)	Tariff ($) (000)	Surcharge/ (Refund) ($) (000)	Penalty / (Incentive) ($) (000)	Delivered ($) (000)	Surcharge/ (Refund) (000)	Penalty/ (Incentive) (000)
High Out of Band	492,500	475,000	9,500	4,750	2,850	25,500	250	150
High In Band	489,500	475,000	9,500	4,750	-	25,500	250	-
At Tariff	484,500	475,000	9,500	-	-	25,500	-	-
Low In Band	479,500	475,000	9,500	(4,750)	-	25,500	(250)	-
Low Out of Band	476,500	475,000	9,500	(4,750)	(2,850)	25,500	(250)	(150)

Table 13. Sample SPAM calculation – 60% firm sales/40% firm transportation

					Factor of Adjustment			
Situation	Send out (MDth)	Sales (MDth)	Firm Full Service	Trans (MDth)	Bottom of Band	Tariff	Top of Band	Actual
High Out of Band	129,500	125,000	60,000	40,000	1.01	1.02	1.03	1.036
High In Band	128,750	125,000	60,000	40,000	1.01	1.02	1.03	1.030
At Tariff	127,500	125,000	60,000	40,000	1.01	1.02	1.03	1.020
Low In Band	126,250	125,000	60,000	40,000	1.01	1.02	1.03	1.010
Low Out of Band	125,500	125,000	60,000	40,000	1.01	1.02	1.03	1.004

		Full Service				**Transportation**		
Situation	Commodity Cost ($) (000)	Commodity with no losses ($) (000)	Tariff ($) (000)	Surcharge/ (Refund) ($) (000)	Penalty / (Incentive) ($) (000)	Delivered ($) (000)	Surcharge/ (Refund) (000)	Penalty/ (Incentive) (000)
High Out of Band	314,000	300,000	6,000	3,000	1,800	204,000	2,000	1,200
High In Band	311,000	300,000	6,000	3,000	-	204,000	2,000	-
At Tariff	306,000	300,000	6,000	-	-	204,000	-	-
Low In Band	301,000	300,000	6,000	(3,000)	-	204,000	(2,000)	-
Low Out of Band	298,000	300,000	6,000	(3,000)	(1,800)	204,000	(2,000)	(1,200)

Table 14. Sample SPAM calculation – 5% firm sales/95% firm transportation

Situation	Send out (MDth)	Sales (MDth)	Firm Full Service	Trans (MDth)	Factor of Adjustment: Bottom of Band	Tariff	Top of Band	Actual
High Out of Band	129,500	125,000	5,000	95,000	1.01	1.02	1.03	1.036
High In Band	128,750	125,000	5,000	95,000	1.01	1.02	1.03	1.030
At Tariff	127,500	125,000	5,000	95,000	1.01	1.02	1.03	1.020
Low In Band	126,500	125,000	5,000	95,000	1.01	1.02	1.03	1.010
Low Out of Band	125,500	125,000	5,000	95,000	1.01	1.02	1.03	1.004

	Full Service					**Transportation**		
Situation	Commodity Cost ($) (000)	Commodity with no losses ($) (000)	Tariff ($) (000)	Surcharge/ (Refund) ($) (000)	Penalty / (Incentive) ($) (000)	Delivered ($) (000)	Surcharge/ (Refund) ($) (000)	Penalty/ (Incentive) ($) (000)
High Out of Band	33,500	25,000	500	250	150	484,500	4,750	2,850
High In Band	30,500	25,000	500	250	-	484,500	4,750	-
At Tariff	25,500	25,000	500	-	-	484,500	-	-
Low In Band	20,500	25,000	500	(250)	-	484,500	(4,750)	-
Low Out of Band	17,500	25,000	500	(250)	(150)	484,500	(4,750)	(2,850)

CORNING
CASE 11-G-0280

REVENUE ALLOCATION - YEAR 1

Incremental Revenue Requi	(1)	**$**	**(601,914)**
Taxes	(2)	**$**	**(4,446)**
Late Payment Revenue	(3)	**$**	**(4,691)**
Low Income	(3a)	**$**	**125,000**
Incremental Revenue Requi	(4)	**$**	**(467,777)**
Percentage On Base Rates	(5)		**-4.95%**

Existing Late Payment Revenue: **94,721**

	(6) Revenue Allocation Factor	(7) RY Sales at Current Rates	(8) Estimated MFC Supply & C&C	(9) RDM	(10) RY Sales + MFC + RDM	(11)=(5)x(6)x(10) Base Rev Increase	(12) Adjustment $ -	(13)=(12)+(11) Total	(14) Revenue Percent Increase	(15) MFC Supply & C&C at Current Rates	(16) MFC Revenue at RY Rates	(17)=(15)-(16) MFC Adjustment to Rate Increase	(18) Hsport Line 15 DRA	(19)=(9)+(13)+(17) Adjusted Base Revenue Increase	(10) Adj Increase as % of System	(21) Delivery Increase Percent
Corning			$ 361,963.00													
SC-1 Residential	**1.00**	$ 5,064,272	$ 240,913	$ 23,095	$ 5,328,280	$ (263,885)	$ -	$ (263,885)	-5.21%	$ 240,913	$ 176,071	$ 64,842		$ (175,947)	70.56%	-3.65%
SC-1 Commercial	**1.00**	$ 579,778	$ 39,929		$ 619,706	$ (30,691)	$ -	$ (30,691)	-5.29%	$ 39,929	$ 29,182	$ 10,747		$ (19,944)	8.00%	-3.69%
SC-1 Public Authority	**1.00**	$ 66,374	$ 5,204		$ 71,578	$ (3,545)	$ -	$ (3,545)	-5.34%	$ 5,204	$ 3,803	$ 1,401		$ (2,144)	0.86%	-3.51%
SC-14 AGR Residential	**1.00**	$ 1,197,180		$ 581	$ 1,197,761	$ (59,319)	$ -	$ (59,319)	-4.95%			$ -		$ (58,738)	23.55%	-4.91%
SC-14 AGR Commercial	**1.00**	$ 404,192			$ 404,192	$ (20,018)	$ -	$ (20,018)	-4.95%			$ -		$ (20,018)	8.03%	-4.95%
SC-14 AGR Public Author	**1.00**	$ 127,902			$ 127,902	$ (6,334)	$ -	$ (6,334)	-4.95%			$ -		$ (6,334)	2.54%	-4.95%
SC-7 Industrial Trans	**1.00**	$ 578,976			$ 578,976	$ (28,674)	$ -	$ (28,674)	-4.95%			$ -		$ (28,674)	11.50%	-4.95%
SC-6 Trans	**1.00**	$ 391,221			$ 391,221	$ (19,375)	$ -	$ (19,375)	-4.95%			$ -		$ (19,375)	7.77%	-4.95%
														$ -		
Hammondsport														$ -		
SC-1 Residential Hsport	**1.00**	$ 178,537	$ 8,311	$ (3,154)	$ 183,694	$ (9,098)	$ -	$ (9,098)	-5.10%	$ 8,311	$ 6,074	$ 2,237	$ 52,523	$ 42,509	-17.05%	24.97%
SC-7 AGR Hsport Res	**1.00**	$ 22,386		$ 855	$ 23,241	$ (1,151)	$ -	$ (1,151)	-5.14%			$ -	$ 6,645	$ 6,350	-2.55%	28.36%
SC 7 - AGR Hsport Com	**1.00**	$ 3,841			$ 3,841	$ (190)	$ -	$ (190)	-4.95%			$ -	$ 1,098	$ 908	-0.36%	23.64%
SC-2 Commercial Hsport	**1.00**	$ 38,117	$ 2,955		$ 41,073	$ (2,034)	$ -	$ (2,034)	-5.34%	$ 2,955	$ 2,160	$ 795	$ 11,744	$ 10,505	-4.21%	29.88%
SC-4 Hammondsport Tran	**1.00**	$ 22,988			$ 22,988	$ (1,139)	$ -	$ (1,139)	-4.95%			$ -	$ 6,573	$ 5,435	-2.18%	23.64%
Trans and Sales Flex Hspo	**1.00**	$ 73,509			$ 73,509	$ (3,641)	$ -	$ (3,641)	-4.95%			$ -	$ 21,018	$ 17,378	-6.97%	23.64%
														$ -		
Bath														$ -		
Bath EG&W - Firm	**1.00**	$ 203,446	$ 64,651		$ 268,097	$ (13,278)	$ -	$ (13,278)	-6.53%	$ 64,651	$ 47,250	$ 17,401		$ 4,123	-1.65%	2.97%
Bath - Trans SC-3 X Hspo	**1.00**	$ 21,136			$ 21,136	$ (1,047)	$ -	$ (1,047)	-4.95%			$ -		$ (1,047)	0.42%	-4.95%
Bath - Trans SC-4 X Hspo	**1.00**	$ 88,019			$ 88,019	$ (4,359)	$ -	$ (4,359)	-4.95%			$ -		$ (4,359)	1.75%	-4.95%
		$ 9,061,877	**$ 361,963**	**$ 21,378**	**$ 9,445,217**	**$ (467,777)**	**$ -**	**$ (467,777)**	**-5.16%**	**$ 361,963**	**$ 264,540**	**$ 97,423**	**$ 99,602**	**$ (249,374)**	**100%**	**-2.87%**

CORNING NATURAL GAS
CASE 11-G-0280

REVENUE ALLOCATION - YEAR 2

Incremental Revenue Requirement Including Taxes	(1)	$	654,235
Taxes	(2)	$	4,832
Late Payment Revenue	(3)	$	6,674
Incremental Revenue Requirement Excluding Taxes	(4)	$	642,729
Percentage On Base Rates	(5)		7.05%

Existing Late Payment Revenue: 94,721

		(6) Revenue Allocation Factor	(7) RY 2 Sales at Yr 1 Rate Rates	(8) Volumes ccf	(9) MFC	(10) RY Sales + MFC	(11)=(5)x(6)x(10) Base Rev Increase	(12) Adjustment $ -	(13)=(10)+(11) Total	(14) Revenue Percent Increase	TARGET
Corning					$ 264,540.00						
SC-1 Residential	RI,RO,TI,TO, VRO	**1.00**	$ 5,025,720	10,003,579	$ 177,046	$ 5,202,766	$ 366,558	$ -	$ 366,558	7.29%	$ 5,392,278
SC-1 Commercial	CI,CO	**1.00**	$ 574,895	1,624,002	$ 28,742	$ 603,637	$ 42,529	$ -	$ 42,529	7.40%	$ 617,424
SC-1 Public Authority	MI,MO, VMO	**1.00**	$ 64,461	211,643	$ 3,746	$ 68,206	$ 4,805	$ -	$ 4,805	7.45%	$ 69,266
SC-14 AGR Residential	ARO	**1.00**	$ 1,072,448		$ -	$ 1,072,448	$ 75,559	$ -	$ 75,559	7.05%	$ 1,148,007
SC-14 AGR Commercial	ACO	**1.00**	$ 394,743		$ -	$ 394,743	$ 27,811	$ -	$ 27,811	7.05%	$ 422,555
SC-14 AGR Public Authority	AMO	**1.00**	$ 118,910		$ -	$ 118,910	$ 8,378	$ -	$ 8,378	7.05%	$ 127,288
SC-7 Industrial Trans	IT,ITO	**1.00**	$ 545,002		$ -	$ 545,002	$ 38,398	$ -	$ 38,398	7.05%	$ 583,400
SC-6 Trans	CT,CTO,MT,MTO, P	**1.00**	$ 371,846		$ -	$ 371,846	$ 26,198	$ -	$ 26,198	7.05%	$ 398,044
Hammondsport											
SC-1 Residential Hsport	HR,HRO	**1.00**	$ 184,059	356,411	$ 6,308	$ 190,367	$ 13,412	$ -	$ 13,412	7.29%	$ 197,471
SC-7 AGR Hsport Res	HA	**1.00**	$ 21,640		$ -	$ 21,640	$ 1,525	$ -	$ 1,525	7.05%	$ 23,165
SC 7 - AGR Hsport Com	HAC	**1.00**	$ 3,603		$ -	$ 3,603	$ 254	$ -	$ 254	7.05%	$ 3,857
SC-2 Commercial Hsport	HC,HCO	**1.00**	$ 50,203	122,097	$ 2,161	$ 52,364	$ 3,689	$ -	$ 3,689	7.35%	$ 53,892
SC-4 Hammondsport Trans	HT,HTO	**1.00**	$ 23,040		$ -	$ 23,040	$ 1,623	$ -	$ 1,623	7.05%	$ 24,663
Trans and Sales Flex Hsport	HTF,OTF,SC5, HOF	**1.00**	$ 90,887		$ -	$ 90,887	$ 6,403	$ -	$ 6,403	7.05%	$ 97,290
Bath											
Bath EG&W - Firm	BR	**1.00**	$ 188,730	2,629,521	$ 46,538	$ 235,268	$ 16,576	$ -	$ 16,576	8.78%	$ 205,306
Bath - Trans SC-3 X Hsport	BC 3	**1.00**	$ 23,457		$ -	$ 23,457	$ 1,653	$ -	$ 1,653	7.05%	$ 25,109
Bath - Trans SC-4 X Hsport	BC 4	**1.00**	$ 104,432		$ -	$ 104,432	$ 7,358	$ -	$ 7,358	7.05%	$ 111,790
	Total		**$ 8,858,075**	**14,947,253**	**$ 264,540**	**$ 9,122,615**	**$ 642,729**	**$ -**	**$ 642,729**	-	**$ 9,500,805**

CORNING NATURAL GAS
CASE 11-G-0280

REVENUE ALLOCATION - YEAR 3

Incremental Revenue Requirement Including Taxes	(1)	$	355,406
Taxes	(2)	$	2,625
Late Payment Revenue	(3)	$	3,375
Incremental Revenue Requirement Excluding Taxes	(4)	$	349,406
Percentage On Base Rates	(5)		3.56%

Existing Late Payment Revenue 94,721

		(6) Revenue Allocation Factor	(7) RY 3 Sales at RY 2 Rate Rates	(8) Volumes	(9) MFC	(10) RY Sales + MFC	(11)=(5)x(6)x(10) Base Rev Increase	(12) Adjustment $ -	(13)=(10)+(11) Total	(14) Revenue Percent Increase	TARGET
Corning					$ 264,540.00						
SC-1 Residential	RI,RO,TI,TO, VRO	1.00	$ 5,490,974	10,003,579	$ 177,046	$ 5,668,020	$ 201,987	$ -	$ 201,987	3.68%	$ 5,692,961
SC-1 Commercial	CI,CO	1.00	$ 627,167	1,624,002	$ 28,742	$ 655,909	$ 23,374	$ -	$ 23,374	3.73%	$ 650,541
SC-1 Public Authority	MI,MO, VMO	1.00	$ 68,928	211,643	$ 3,746	$ 72,674	$ 2,590	$ -	$ 2,590	3.76%	$ 71,518
SC-14 AGR Residential	ARO	1.00	$ 1,060,874		$ -	$ 1,060,874	$ 37,806	$ -	$ 37,806	3.56%	$ 1,098,680
SC-14 AGR Commercial	ACO	1.00	$ 433,493		$ -	$ 433,493	$ 15,448	$ -	$ 15,448	3.56%	$ 448,941
SC-14 AGR Public Authority	AMO	1.00	$ 124,848		$ -	$ 124,848	$ 4,449	$ -	$ 4,449	3.56%	$ 129,297
SC-7 Industrial Trans	IT,ITO	1.00	$ 586,002		$ -	$ 586,002	$ 20,883	$ -	$ 20,883	3.56%	$ 606,885
SC-6 Trans	CT,CTO,MT,MTO, PT,PT(	1.00	$ 398,044		$ -	$ 398,044	$ 14,185	$ -	$ 14,185	3.56%	$ 412,229
Hammondsport											
SC-1 Residential Hsport	HR,HRO	1.00	$ 207,726	356,411	$ 6,308	$ 214,034	$ 7,627	$ -	$ 7,627	3.67%	$ 215,353
SC-7 AGR Hsport Res	HA	1.00	$ 22,391		$ -	$ 22,391	$ 798	$ -	$ 798	3.56%	$ 23,189
SC 7 - AGR Hsport Com	HAC	1.00	$ 3,805		$ -	$ 3,805	$ 136	$ -	$ 136	3.56%	$ 3,941
SC-2 Commercial Hsport	HC,HCO	1.00	$ 53,723	122,097	$ 2,161	$ 55,884	$ 1,991	$ -	$ 1,991	3.71%	$ 55,714
SC-4 Hammondsport Trans	HT,HTO	1.00	$ 25,383		$ -	$ 25,383	$ 905	$ -	$ 905	3.56%	$ 26,288
Trans and Sales Flex Hsport	HTF,OTF,SC5, HOF	1.00	$ 97,290		$ -	$ 97,290	$ 3,467	$ -	$ 3,467	3.56%	$ 100,757
Bath											
Bath EG&W - Firm	BR	1.00	$ 203,403	2,629,521	$ 46,538	$ 249,941	$ 8,907	$ -	$ 8,907	4.38%	$ 212,310
Bath - Trans SC-3 X Hsport	BC 3	1.00	$ 24,981		$ -	$ 24,981	$ 890	$ -	$ 890	3.56%	$ 25,871
Bath - Trans SC-4 X Hsport	BC 4	1.00	$ 111,219		$ -	$ 111,219	$ 3,963	$ -	$ 3,963	3.56%	$ 115,182
			$ 9,540,251	**14,947,253**	**$ 264,540**	**$ 9,804,791**	**$ 349,406**	**$ -**	**$ 349,406**	**3.66%**	**$ 9,889,657**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

CUSTOMER COSTS VERSUS CUSTOMER CHARGES

Customer Costs - COS Study

	Service Class	Without line 15	With line 15	MI Proposed	Option 1 - Tariff Consolidation	Option 2 - Allocation based on Inergy Storage
		$ per month				
	COMPANY	$ 27.36	$ 26.64	$ 32.19	$ 26.71	$ 27.39
	CORNING	$ 27.12	$ 26.52	$ 32.13	$ 26.18	$ 27.13
	BATH	$ 308.63	$ 269.19	$ 269.19	$ 298.21	$ 259.25
	HAMMONDSPORT	$ 32.54	$ 28.68	$ 32.46	$ 40.18	$ 33.58
SC 1 - Corning	RESIDENTIAL	$ 24.77	$ 24.04	$ 29.18	$ 23.61	$ 24.75
SC 1 - Hsport	RESIDENTIAL	$ 28.76	$ 24.91	$ 28.69	$ 31.67	$ 27.93
SC 1 - Corning	COMMERCIAL	$ 45.58	$ 44.57	$ 50.39	$ 43.76	$ 45.42
SC 1 - Corning	PUBLIC AUTH	$ 56.16	$ 54.42	$ 63.44	$ 60.40	$ 64.38
SC 2 - Hsport	COMMERCIAL	$ 37.48	$ 35.16	$ 37.67	$ 48.80	$ 44.48
SC 6 - Corning	COMM TRANS	$ 168.53	$ 168.45	$ 202.74	$ 168.45	$ 168.45
SC 4 - Hsport	TRANSPORT	$ 117.88	$ 100.72	$ 111.57	$ 363.95	$ 200.05
SC 7 - Corning	INDUST TRANS	$ 1,114.77	$ 1,113.16	$ 1,198.88	$ 1,113.33	$ 1,113.09
SC 14 - Corning	RESIDENT AGR	$ 25.01	$ 25.01	$ 31.21	$ 25.01	$ 25.01
SC 14 - Corning	COMM AGR	$ 73.30	$ 73.27	$ 88.90	$ 73.26	$ 73.28
SC 14 - Corning	PUB AUTH AGR	$ 73.46	$ 73.43	$ 89.32	$ 73.43	$ 73.44
SC 7 - Hsport	RESIDENT AGR	$ 28.52	$ 25.41	$ 29.51	$ 31.26	$ 24.73
SC 7 - Hsport	COMM AGR	$ 86.77	$ 73.74	$ 83.32	$ 111.28	$ 78.25
TRANS & SALES	FLEX	$ 181.07	$ 161.97	$ 173.61	$ 324.73	$ 213.42
EG&W - Bath	FIRM	$ 303.99	$ 263.16	$ 263.16	$ 271.75	$ 257.99
EG&W - Bath	TRANS SC3	$ 306.42	$ 270.39	$ 270.39	$ 306.93	$ 258.91
EG&W - Bath	TRANS SC4	$ 315.48	$ 274.01	$ 274.01	$ 315.96	$ 260.86

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast Priced Out at Current Rates

			Sales ccf		Current Rates /ccf		Revenues
SC 1	Residential						
avg # of	customers		10,971	$	15.25	$	2,007,637
	first 3		360,361				
	next 47		3,887,710	$	0.41334	$	1,606,946
	>50		5,550,535	$	0.26118	$	1,449,689
			9,798,607				
	Delivery Revenues					**$**	**5,064,272**
SC1 C	Commercial						
	Customer		695	$	15.25	$	127,232
	first 3		22,972				
	next 47		226,005	$	0.41334	$	93,417
	>50		1,375,025	$	0.26118	$	359,129
			1,624,002				
	Delivery Revenues					**$**	**579,778**
SC 1 P	Public Authorities						
	Customer		47	$	15.25	$	8,601
	first 3		1,799				
	next 47		19,495	$	0.41334	$	8,058
	>50		190,350	$	0.26118	$	49,715
			211,643				
	Delivery Revenues					**$**	**66,374**
SC 5	Gas Lighting	customers	12				
		ccf	1320	$	0.26118	**$**	**345**
SC 6 T	Transportation						
	Customer		21	$	15.25	$	3,843
	>x		2,117,284	$	0.18296	$	387,378
	Delivery Revenues					**$**	**391,221**
SC 7 IT	Industrial Transportation						
	Customer		4	$	1,220	$	58,560
	>x		7,347,402	$	0.07083	$	520,416
	Delivery Revenues					**$**	**578,976**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast Priced Out at Current Rates

		Sales ccf		Current Rates /ccf		Revenues
SC 14 R	Aggregation Residential					
	Customer	2,298	$	15.25	$	420,450
	first 3	76,763				
	next 47	879,223	$	0.41334	$	363,418
	>50	1,582,480	$	0.26118	$	413,312
		2,538,467				
	Delivery Revenues				$	1,197,180
SC 14 C	Aggregation Commercial					
	Customer	166	$	15.25	$	30,413
	first 3	5,983				
	next 47	82,834	$	0.41334	$	34,238
	>50	1,300,026	$	0.26118	$	339,541
		1,388,842				
	Delivery Revenues				**$**	**404,192**
SC 14 P	Aggregation Public					
	Customer	53	$	15.25	$	9,699
	first 3	1,604				
	next 47	18,944	$	0.41334	$	7,830
	>50	422,591	$	0.26118	$	110,372
		443,140				
	Delivery Revenues				**$**	**127,902**
SC 2 I F	Industrial Firm					
	Customer					
	first 2,500	0	$	1,220	$	-
	next 12,500	0	$	0.11677	$	-
	next 25,000	0	$	0.10543	$	-
	> 40,000	0	$	0.07553	$	-
Negotiated Contracts						
1					$	192,000
2					$	171,640
3					$	89,217
4					$	60,205
5					$	583,992
6					$	335,860
	Delivery Revenues				**$**	**1,432,914**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast Priced Out at Current Rates

		Sales ccf		Current Rates /ccf		Revenues
HAMMONDSPORT						
SC 1	Firm					
	Customer	406	$	15.25	$	74,297
	1st 3	13,008				
	next 47	127,158	$	0.41334	$	52,560
	>50	197,875	$	0.26118	$	51,681
		338,447				
	Delivery Revenues				**$**	**178,537**
SC2 C	Commercial					
	Customer	75	$	15.25	$	13,749
	1st 500	2,470	$	0.26993	$	667
	next 14,500	90,611	$	0.20370	$	18,457
	> 15,000	27,126	$	0.19333	$	5,244
		120,208				
	Delivery Revenues				**$**	**38,117**
SC 4 T	Transportation					
HT HTO	Customer	4	$	15.25	$	732
	>x	180,653	$	0.12320	$	22,256
	Delivery Revenues				**$**	**22,988**
SC 7 AG R	Aggregation Residential					
HA	Customer	44	$	15.25	$	8,112
	1st 3	1,482				
	next 47	16,788	$	0.41334	$	6,939
	>50	28,084	$	0.26118	$	7,335
	Delivery Revenues				**$**	**22,386**
SC 7 AG C	Aggregation Commercial					
HAC	Customer	2	$	15.25	$	366
	1st 3	63				
	next 47	878	$	0.41334	$	363
	>50	11,917	$	0.26118	$	3,113
	Delivery Revenues				**$**	**3,841**
HTF	Trans Flex					
	Customer	5	$	15.25	$	915
	>x	589,236	$	0.12320	$	72,594
	Delivery Revenues				**$**	**73,509**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast Priced Out at Current Rates

	Sales ccf	Current Rates /ccf	Revenues
BATH			
SC 1	2,629,521	$ 0.07737	**$ 203,446**
SC 2		$ 0.07237	$ -
SC 3	273,184	$ 0.07737	**$ 21,136**
SC 4	1,216,240	$ 0.07237	**$ 88,019**
	Sum of Bath Revenues		**$ 312,602**

TOTAL	**$ 10,494,791**

Transportation

	ccf	/MMBtu	/ccf	
NYSEG & others	4,123,870			**$ 373,648**

Bath Transportation Charge

	Volumes	Rates	
HT & HTO	180,653	$ 0.4190	$ 75,694
HTF,OTF,SC5	589,236	$ 0.4190	$ 246,890
			$ 322,583

Hammondsport @ Line 15 Rate

	Volumes	Rate	
all H volumes	1,287,349	$ 0.07737	**$ 99,602**

Virgil Surcharges

Billing Code	Volumes	Surcharge	
VRO	76,978	$ 0.3250	$ 25,018
VMO	68,014	$ 0.3250	$ 22,105
GP	397,858	$ 0.1500	$ 59,679
			$ 106,801

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 2 Forecast Priced Out at Rate Year 1 Proposed Rates

		Sales ccf		Proposed Rates /ccf		Revenues
SC 1	Residential					
avg # of	customers	11,157	$	16.75	$	2,242,621
	first 3	367,900				
	next 47	3,969,036	$	0.36864	$	1,463,142
	>50	5,666,644	$	0.23293	$	1,319,957
		10,003,579				
		SC1 Revenues w/o Low Income Credit			$	5,025,720
		LOW INCOME CREDIT			$	(125,000)
		Revenues w/ Low Income Credit			**$**	**4,900,720**
SC1 C	Commercial					
	Customer	695	$	20.25	$	168,947
	first 3	22,972				
	next 47	226,005	$	0.37078	$	83,798
	>50	1,375,025	$	0.23429	$	322,149
		1,624,002				
	Delivery Revenues				**$**	**574,895**
SC 1 P	Public Authorities					
	Customer	52	$	20.25	$	12,636
	first 3	1,799				
	next 47	19,495	$	0.37078	$	7,228
	>50	190,350	$	0.23429	$	44,596
		211,643				
	Delivery Revenues				**$**	**64,461**
SC 5	Customer	12				
		1,320	$	0.26118	$	344.76
	Delivery Revenues				**$**	**344.76**
SC 6 T	Transportation					
	Customer	21	$	50.00	$	12,600
	>x	2,117,284	$	0.16967	$	359,246
	Delivery Revenues				**$**	**371,846**
SC 7 IT	Industrial Transportation					
	Customer	4	$	1,220	$	58,560
	>x	7,347,402	$	0.06621	$	486,442
	Delivery Revenues				**$**	**545,002**
SC 14 R	Aggregation Residential					
	Customer	2,134	$	16.75	$	428,971
	first 3	71,305				
	next 47	816,710	$	0.36864	$	301,071
	>50	1,469,965	$	0.23293	$	342,406
		2,357,981				
	Delivery Revenues				**$**	**1,072,448**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 2 Forecast   Priced Out at Rate Year 1 Proposed Rates

		Sales ccf		Proposed Rates /ccf		Revenues
SC 14 C	Aggregation Commercial					
	Customer	166	$	20.25	$	40,385
	first 3	5,983				
	next 47	87,851	$	0.37078	$	32,573
	>50	1,373,470	$	0.23429	$	321,785
		1,467,304				
	Delivery Revenues				**$**	**394,743**
SC 14 P	Aggregation Public					
	Customer	53	$	20.25	$	12,879
	first 3	1,604				
	next 47	18,944	$	0.37078	$	7,024
	>50	422,591	$	0.23429	$	99,007
		443,140				
	Delivery Revenues				**$**	**118,910**
SC 2 I F	Industrial Firm					
	Customer					
	first 2,500		$	1,220	$	-
	next 12,500		$	0.11677	$	-
	next 25,000		$	0.10543	$	-
	> 40,000		$	0.07553	$	-
Negotiated Contracts						
1			$	192,000		
2			$	174,640		
3			$	89,217		
4			$	60,205		
5			$	583,992		
6			$	335,860		
	Delivery Revenues				**$**	**1,435,914**
HAMMONDSPORT						
SC 1	Firm					
	Customer	428	$	16.75	$	86,039
	1st 3	13,714				
	next 47	134,068	$	0.36864	$	49,423
	>50	208,628	$	0.23293	$	48,597
		356,411				
	Delivery Revenues				**$**	**184,059**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 2 Forecast Priced Out at Rate Year 1 Proposed Rates

		Sales ccf		Proposed Rates /ccf		Revenues
HAMMONDSPORT						
SC2 C	Commercial					
	Customer	76	$	20.25	$	18,543
	1st 3	225				
	next 47	3525	$	0.37078	$	1,307
	>50	129,553	$	0.23429	$	30,352
		133,303				
	Delivery Revenues				**$**	**50,203**
SC 4 T	Transportation					
	Customer	4	$	50.00	$	2,400
	>x	180,653	$	0.11425	$	20,640
	Delivery Revenues				**$**	**23,040**
SC 7 AG R	Aggregation Residential					
	Customer	44	$	16.75	$	8,909
	1st 3	1,482				
	next 47	16,788	$	0.36864	$	6,189
	>50	28,084	$	0.23293	$	6,542
		46,399				
	Delivery Revenues				**$**	**21,640**
SC 7 AG C	Aggregation Commercial					
	Customer	2	$	20.25	$	486
	1st 3	63				
	next 47	878	$	0.37078	$	325
	>50	11,917	$	0.23429	$	2,792
		12,858				
	Delivery Revenues				**$**	**3,603**
HTF	Trans Flex					
	Customer	5	$	50.00	$	3,000
	>x	589,236	$	0.14915	$	87,887
	Delivery Revenues				**$**	**90,887**
BATH						
SC 1						
	Customer	1	$	1,220	$	14,640
	>x	2,629,521	$	0.06621	$	174,090
					$	**188,730**
SC 2				0.07237	$	-

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 2 Forecast   Priced Out at Rate Year 1 Proposed Rates

	Sales ccf		Proposed Rates /ccf		Revenues
BATH					
SC 3& 4					
Customer	2	$	1,220	$	29,280
>x	1,489,424	$	0.06621	$	98,609
				$	**127,889**
Sum of Bath Rev				**$**	**654,348**
TOTAL				**$**	**10,169,334**

Transportation						
	ccf	/MMBtu		/ccf		
NYSEG & Others	4,123,870				**$**	**380,792**
Bath Transportation Charge						
	Volumes	Rates				
HT & HTO	180,653	$	0.41900		$	75,694
HTF,OTF,SC5	589,236	$	0.41900		$	246,890
					$	**322,583**
Virgil Surcharges						
Billing Code	Volumes	Surcharge				
VRO	76,978	$	0.32500		$	25,018
VMO	68,014	$	0.32500		$	22,105
GP	397,858	$	0.15000		$	59,679
					$	**106,801**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 3 Forecast Priced Out at Rate Year 2 Rates

		Sales ccf		Proposed Rates /ccf		Revenues
SC 1	Residential					
avg # of	customers	11,344	$	18.25	$	2,484,323
	first 3	375,320				
	next 47	4,049,086	$	0.39038	$	1,580,668
	>50	5,780,933	$	0.24667	$	1,425,982
		10,205,339				
		SC1 Revenues w/o Low Income Credit			$	5,490,974
		LOW INCOME CREDIT			$	(125,000)
		Revenues w/ Low Income Credit			**$**	**5,365,974**
SC1 C	Commercial					
	Customer	695	$	25.25	$	210,663
	first 3	22,972				
	next 47	226,005	$	0.38042	$	85,977
	>50	1,375,025	$	0.24038	$	330,528
		1,624,002				
	Delivery Revenues				**$**	**627,168**
SC 1 P	Public Authorities					
	Customer	52	$	25.25	$	15,756
	first 3	1,799				
	next 47	19,495	$	0.38042	$	7,416
	>50	190,350	$	0.24038	$	45,756
		211,643				
	Delivery Revenues				**$**	**68,928**
SC 5	customers	12				
		1320	$	0.26118	$	345
	Delivery Revenues				**$**	**345**
SC 6 T	Transportation					
	Customer	21	$	75	$	18,900
	>x	2,117,284	$	0.17907	$	379,142
	Delivery Revenues				**$**	**398,042**
SC 7 IT	Industrial Transportation					
	Customer	4	$	1,220	$	58,560
	>x	7,347,402	$	0.07179	$	527,470
	Delivery Revenues				**$**	**586,030**
SC 14 R	Aggregation Residential					
	Customer	1,971	$	18.25	$	431,611
	first 3	65,847				
	next 47	754,197	$	0.39038	$	294,421
	>50	1,357,450	$	0.24667	$	334,842
		2,177,495				
	Delivery Revenues				**$**	**1,060,874**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 3 Forecast Priced Out at Rate Year 2 Rates

		Sales ccf	Proposed Rates /ccf	Revenues
SC 14 C	Aggregation Commercial			
	Customer	166	$ 25.25	$ 50,356
	first 3	5,983		
	next 47	92,869	$ 0.38042	$ 35,329
	>50	1,446,914	$ 0.24038	$ 347,809
		1,545,766		
	Delivery Revenues			**$ 433,495**
SC 14 P	Aggregation Public			
	Customer	53	$ 25.25	$ 16,059
	first 3	1,604		
	next 47	18,944	$ 0.38042	$ 7,207
	>50	422,591	$ 0.24038	$ 101,583
		443,140		
	Delivery Revenues			**$ 124,848**
SC 2 I F	Industrial Firm			
	Customer			
	first 2,500		$ 1,220	$ -
	next 12,500		$ 0.11677	$ -
	next 25,000		$ 0.10543	$ -
	> 40,000		$ 0.07553	$ -
Negotiated Contracts				
1				$ 192,000
2				$ 176,640
3				$ 89,217
4				$ 60,205
5				$ 583,992
6				$ 335,860
	Delivery Revenues			**$ 1,437,914**
HAMMONDSPORT				
SC 1	Firm			
	Customer	450	$ 18.25	$ 98,576
	1st 3	14,421		
	next 47	140,978	$ 0.39038	$ 55,035
	>50	219,381	$ 0.24667	$ 54,115
		374,781		
	Delivery Revenues			**$ 207,726**
SC2 C	Commercial			
	Customer	77	$ 25.25	$ 23,480
	1st 3	225		
	next 47	3525	$ 0.38042	$ 1,341
	>50	120,237	$ 0.24038	$ 28,903
		123,987		
	Delivery Revenues			**$ 53,723**
SC 4 T	Transportation			
	Customer	4	$ 75.00	$ 3,600
	>x	180,653	$0.12058	$ 21,783
	Delivery Revenues			**$ 25,383**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 3 Forecast Priced Out at Rate Year 2 Rates

		Sales ccf	Proposed Rates /ccf	Revenues
HAMMONDSPORT				
SC 7 AG R	Aggregation Residential			
	Customer	44	$ 16.75	$ 8,909
	1st 3	1,482		
	next 47	16,788	$ 0.39018	$ 6,550
	>50	28,084	$ 0.24655	$ 6,924
		46,399		
	Delivery Revenues			**$ 22,384**
SC 7 AG C	Aggregation Commercial			
	Customer	2	$ 25.25	$ 606
	1st 3	63		
	next 47	878	$ 0.38042	$ 334
	>50	11,917	$ 0.24038	$ 2,865
		12,858		
	Delivery Revenues			**$ 3,805**
HTF	Trans Flex			
	Customer	5	$ 75	$ 4,500
	>x	589,236	$ 0.15748	$ 92,793
	Delivery Revenues			**$ 97,293**
BATH				
SC 1				
	Customer	1	$ 1,220.00	$ 14,640
	>x	2,629,521	$ 0.07179	$ 188,773
				$ 203,413
SC 2			0.07237	$ -
SC 3& 4				
	Customer	2	$ 1,220.00	$ 29,280
	>x	1,489,424	$ 0.07179	$ 106,926
				$ 136,206
	Sum of Bath Rev			$ 339,619
	TOTAL			**$ 10,853,551**

Transportation	ccf	
NYSEG & others	4,123,870	**$ 388,077**

Bath Transportation Charge

	Volumes	Rates	
HT & HTO	180,653	$ 0.4190	$ 75,694
HTF,OTF,SC5	589,236	$ 0.4190	$ 246,890
			$ 322,583

CORNING NATURAL GAS CORPORATION
CASE 11-G-0280
Staff's Rate Year 3 Forecast Priced Out at Rate Year 2 Rates

	Sales ccf	Proposed Rates /ccf	Revenues
Virgil Surcharges			
Billing Code	Volumes	Surcharge	
VRO	76,978	$ 0.3250	$ 25,018
VMO	68,014	$ 0.3250	$ 22,105
GP	397,858	$ 0.1500	$ 59,679
			$ 106,801

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast Priced Out at Rate Year 1 Proposed Rates

		Sales ccf		Proposed Rates /ccf		Revenues
SC 1	Residential					
avg # of	customers	10,971	$	16.75	$	2,205,109
	first 3	360,361				
	next 47	3,887,710	$	0.36864	$	1,433,162
	>50	5,550,535	$	0.23293	$	1,292,911
		9,798,607				
		SC1 Revenues w/o Low Income Credit			$	4,931,183
		LOW INCOME CREDIT			$	(125,000)
		Revenues w/ Low Income Credit			**$**	**4,806,183**
SC1 C	Commercial					
	Customer	695	$	20.25	$	168,947
	first 3	22,972				
	next 47	226,005	$	0.37078	$	83,798
	>50	1,375,025	$	0.23429	$	322,149
		1,624,002				
	Delivery Revenues				**$**	**574,895**
SC 1 P	Public Authorities					
	Customer	47	$	20.25	$	11,421
	first 3	1,799				
	next 47	19,495	$	0.37078	$	7,228
	>50	190,350	$	0.23429	$	44,596
		211,643				
	Delivery Revenues				**$**	**63,246**
SC 5	Customers	12				
		1,320	$	0.26118	$	344.76
	Delivery Revenues				**$**	**344.76**
SC 6 T	Transportation					
	Customer	21	$	50.00	$	12,600
	>x	2,117,284	$	0.16967	$	359,246
	Delivery Revenues				**$**	**371,846**
SC 7 IT	Industrial Transportation					
	Customer	4	$	1,220	$	58,560
	>x	7,347,402	$	0.06621	$	486,442
	Delivery Revenues				**$**	**545,002**
SC 14 R	Aggregation Residential					
	Customer	2,298	$	16.75	$	461,805
	first 3	76,763				
	next 47	879,223	$	0.36864	$	324,116
	>50	1,582,480	$	0.23293	$	368,614
		2,538,467				
	Delivery Revenues				**$**	**1,154,536**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast Priced Out at Rate Year 1 Proposed Rates

		Sales ccf		Proposed Rates /ccf		Revenues
SC 14 C	Aggregation Commercial					
	Customer	166		20.25	$	40,385
	first 3	5,983				
	next 47	82,834	$	0.37078	$	30,713
	>50	1,300,026	$	0.23429	$	304,578
		1,388,842				
	Delivery Revenues				**$**	**375,676**
SC 14 P	Aggregation Public					
	Customer	53	$	20.25	$	12,879
	first 3	1,604				
	next 47	18,944	$	0.37078	$	7,024
	>50	422,591	$	0.23429	$	99,007
		443,140				
	Delivery Revenues				**$**	**118,910**
SC 2 I F	Industrial Firm					
	Customer					
	first 2,500		$	1,220	$	-
	next 12,500		$	0.11677	$	-
	next 25,000		$	0.10543	$	-
	> 40,000		$	0.07553	$	-
Negotiated Contracts						
1			$	192,000		
2			$	171,640		
3			$	89,217		
4			$	60,205		
5			$	583,992		
6			$	335,860		
	Delivery Revenues				**$**	**1,432,914**
HAMMONDSPORT						
SC 1	Firm					
	Customer	406	$	16.75	$	81,605
	1st 3	13,008				
	next 47	127,158	$	0.36864	$	46,876
	>50	197,875	$	0.23293	$	46,092
		338,041				
	Delivery Revenues				**$**	**174,572**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast Priced Out at Rate Year 1 Proposed Rates

		Sales ccf		Proposed Rates /ccf		Revenues
HAMMONDSPORT						
SC2 C	Commercial					
	Customer	75	$	20.25	$	18,256
	1st 3	225				
	next 47	3,525	$	0.37078	$	1,307
	>50	116,458	$	0.23429	$	27,284
		120,208			$	46,848
	Delivery Revenues				**$**	**46,848**
SC 4 T	Transportation					
	Customer	4	$	50.00	$	2,400
	>x	180,653	$	0.11425	$	20,640
					$	23,040
	Delivery Revenues				**$**	**23,040**
SC 7 AG R	Aggregation Residential					
	Customer	44	$	16.75	$	8,909
	1st 3	1,482				
	next 47	16,788	$	0.36864	$	6,189
	>50	28,084	$	0.23293	$	6,542
		46,399				
	Delivery Revenues				**$**	**21,640**
SC 7 AG C	Aggregation Commercial					
	Customer	2	$	20.25	$	486
	1st 3	63				
	next 47	878	$	0.37078	$	325
	>50	11,917	$	0.23429	$	2,792
		12,858				
	Delivery Revenues				**$**	**3,603**
HTF	Trans Flex					
	Customer	5	$	50.00	$	3,000
	>x	589,236	$	0.14915	$	87,887
	Delivery Revenues				**$**	**90,887**
BATH						
SC 1						
	Customer	1	$	1,220	$	14,640
	>x	2,629,521	$	0.06621	$	174,090
					$	**188,730**
SC 2				0.07237	$	-

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast   Priced Out at Rate Year 1 Proposed Rates

		Sales ccf		Proposed Rates /ccf		Revenues
BATH						
SC 3& 4						
	Customer	2	$	1,220	$	29,280
	>x	1,489,424	$	0.06621	$	98,609
					$	**127,889**
	Sum of Bath Rev				**$**	**316,619**
	TOTAL				**$**	**10,120,761**

Transportation

	ccf	/MMBtu		/ccf		
NYSEG & Others	4,123,870				**$**	**380,792**

Bath Transportation Charge

	Volumes	Rates			
HT & HTO	180,653	$	0.4190	$	75,694
HTF,OTF,SC5	589,236	$	0.4190	$	246,890
				$	**322,583**

Virgil Surcharges

Billing Code	Volumes	Surcharge			
VRO	76,978	$	0.3250	$	25,018
VMO	68,014	$	0.3250	$	22,105
GP	397,858	$	0.1500	$	59,679
				$	**106,801**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast Priced Out at Current Rates

			Sales ccf		Current Rates /ccf		Revenues
SC 1	Residential						
avg # of	customers		11,157	$	18.25	$	2,443,452
	first 3		367,900				
	next 47		3,969,036	$	0.39038	$	1,549,418
	>50		5,666,644	$	0.24667	$	1,397,791
			10,003,579				
	Delivery Revenues					**$**	**5,390,661**
		LOW INCOME CREDIT				$	(125,000)
		Revenues w/ Low Income Credit				**$**	**5,265,661**
SC1 C	Commercial						
	Customer		695		25.25		210,663
	first 3		22,972				
	next 47		226,005	$	0.38042		85,977
	>50		1,375,025	$	0.24038		330,527
			1,624,002				
	Delivery Revenues					**$**	**627,167**
SC 1 P	Public Authorities						
	Customer		52	$	25.25	$	15,756
	first 3		1,799				
	next 47		19,495	$	0.38042	$	7,416
	>50		190,350	$	0.24038	$	45,756
			211,643				
	Delivery Revenues					**$**	**68,928**
SC 5	Gas Lighting	customers	12				
		ccf	1320	$	0.26118	**$**	**345**
SC 6 T	Transportation						
	Customer		21	$	75.00	$	18,900
	>x		2,117,284	$	0.17907	$	379,144
	Delivery Revenues					**$**	**398,044**
SC 7 IT	Industrial Transportation						
	Customer		4	$	1,220.00	$	58,560
	>x		7,347,402	$	0.07179	$	527,442
	Delivery Revenues					**$**	**586,002**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast Priced Out at Current Rates

SC 14 R	Aggregation Residential					
	Customer	2,134	$	18.25	$	467,386
	first 3	71,305				
	next 47	816,710	$	0.39038	$	318,825
	>50	1,469,965	$	0.24667	$	362,596
		2,357,981				
	Delivery Revenues				**$**	**1,148,807**
SC 14 C	Aggregation Commercial					
	Customer	166	$	25.25	$	50,356
	first 3	5,983				
	next 47	87,851	$	0.38042	$	33,421
	>50	1,373,470	$	0.24038	$	330,153
		1,467,304				
	Delivery Revenues				**$**	**413,930**
SC 14 P	Aggregation Public					
	Customer	53	$	25.25	$	16,059
	first 3	1,604				
	next 47	18,944	$	0.38042	$	7,207
	>50	422,591	$	0.24038	$	101,582
		443,140				
	Delivery Revenues				**$**	**124,848**
SC 2 I F	Industrial Firm					
	Customer					
	first 2,500	0	$	1,220	$	-
	next 12,500	0	$	0.11677	$	-
	next 25,000	0	$	0.10543	$	-
	> 40,000	0	$	0.07553	$	-
Negotiated Contracts						
1					$	192,000
2					$	174,640
3					$	89,217
4					$	60,205
5					$	583,992
6					$	335,860
	Delivery Revenues				**$**	**1,435,914**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast Priced Out at Current Rates

HAMMONDSPORT						
SC 1	Firm					
	Customer	428	$	18.25	$	93,744
	1st 3	13,714				
	next 47	134,068	$	0.39038	$	52,337
	>50	208,628	$	0.24667	$	51,462
		356,839				
	Delivery Revenues				**$**	**197,544**
SC2 C	Commercial					
	Customer	76	$	25.25	$	23,122
	1st 500	13,714				
	next 14,500	92,036	$	0.38042	$	1,341
	> 15,000	27,553	$	0.24038	$	31,142
		133,303				
	Delivery Revenues				**$**	**55,605**
SC 4 T	Transportation					
HT HTO	Customer	4	$	75.00	$	3,600
	>x	180,653	$	0.12058	$	21,783
	Delivery Revenues				**$**	**25,383**
SC 7 AG R	Aggregation Residential					
HA	Customer	44	$	18.25	$	9,707
	1st 3	1,482				
	next 47	16,788	$	0.39038	$	6,554
	>50	28,084	$	0.24667	$	6,928
	Delivery Revenues				**$**	**23,189**
SC 7 AG C	Aggregation Commercial					
HAC	Customer	2		25.25	$	606
	1st 3	63				
	next 47	878		0.38042	$	334
	>50	11,917		0.24038	$	2,865
		12,858				
	Delivery Revenues				**$**	**3,805**
HTF	Trans Flex					
	Customer	5	$	75.00	$	4,500
	>x	589,236	$	0.15748	$	92,790
	Delivery Revenues				**$**	**97,290**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 1 Forecast Priced Out at Current Rates

BATH						
SC 1		2,629,521	$	0.07737	**$**	**203,446**
	MFC		$	0.01548		
SC 2			$	0.07237	$	-
SC 3		Min Charge	$	1,220.00		
		273,184		0.07179	**$**	**34,251**
SC 4		Min Charge	$	1,220.00	**$**	**101,949**
		1,216,240	$	0.07179		
			sum		**$**	**339,646**

TOTAL	**$**	**10,936,762**

sum of RDM

Transportation						
	ccf	/MMBtu	/ccf			
Empire	611,340	0.04		0.004	$	2,445
NYSEG		flat				$357,153
Stand	3,512,530	0.04		0.004	$	14,050
NYSEG & others	4,123,870				**$**	**373,648**

Bath Transportation Charge					
	Volumes	Rates			
HT & HTO	180,653	$	0.4190	$	75,694
HTF,OTF,SC5	589,236	$	0.4190	$	246,890
				$	**322,583**

Hammondsport @ Line 15 Rate					
	Volumes	Rate			
all H volumes	1,287,349	$	0.07737	**$**	**99,602**

Virgil Surcharges					
Billing Code	Volumes	Surcharge			
VRO	76,978	$	0.3250	$	25,018
VMO	68,014	$	0.3250	$	22,105
GP	397,858	$	0.1500	$	59,679
				$	**106,801**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 3 Forecast Priced Out at Rate Year 3 Rates

		Sales ccf		Proposed Rates /ccf		Revenues
SC 1	Residential					
avg # of	customers	11,344	$	19.75	$	2,688,514
	first 3	375,320	$	-		
	next 47	4,049,086	$	0.39018	$	1,579,872
	>50	5,780,933	$	0.24655	$	1,425,264
		10,205,339				
		SC1 Revenues w/o Low Income Credit			$	5,693,649
		LOW INCOME CREDIT			$	(125,000)
		Revenues w/ Low Income Credit			**$**	**5,568,649**
SC1 C	Commercial					
	Customer	695	$	30.25	$	252,378
	first 3	22,972	$	-		
	next 47	226,005	$	0.37478	$	84,701
	>50	1,375,025	$	0.23681	$	325,621
		1,624,002				
	Delivery Revenues				$	662,701
SC 1 P	Public Authorities					
	Customer	52	$	30.25	$	18,876
	first 3	1,799				
	next 47	19,495	$	0.37478	$	7,306
	>50	190,350	$	0.23681	$	45,077
		211,643				
	Delivery Revenues				$	71,259
SC 5	customers	12				
		1320	$	0.26118	$	345
	Delivery Revenues				**$**	**345**
SC 6 T	Transportation					
	Customer	21	$	100.00	$	25,200
	>x	2,117,284	$	0.18279	$	387,029
	Delivery Revenues				**$**	**412,229**
SC 7 IT	Industrial Transportation					
	Customer	4	$	1,220	$	58,560
	>x	7,347,402	$	0.07481	$	549,641
	Delivery Revenues				**$**	**608,201**
SC 14 R	Aggregation Residential					
	Customer	1,971	$	19.75	$	467,086
	first 3	65,847				
	next 47	754,197	$	0.3902	$	294,272
	>50	1,357,450	$	0.2465	$	334,673
		2,177,495				
	Delivery Revenues				**$**	**1,096,032**

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 3 Forecast Priced Out at Rate Year 3 Rates

		Sales ccf	Proposed Rates /ccf	Revenues
SC 14 C	Aggregation Commercial			
	Customer	166	$ 30.25	$ 60,328
	first 3	5,983		
	next 47	92,869	$ 0.37478	$ 34,805
	>50	1,446,914	$ 0.23681	$ 342,645
		1,545,766		
	Delivery Revenues			**$ 437,778**
SC 14 P	Aggregation Public			
	Customer	53	$ 30.25	$ 19,239
	first 3	1,604		
	next 47	18,944	$ 0.37478	$ 7,100
	>50	422,591	$ 0.23681	$ 100,074
		443,140		
	Delivery Revenues			**$ 126,413**
SC 2 I F	Industrial Firm			
	Customer			
	first 2,500		$ 1,220	$ -
	next 12,500		$ 0.11677	$ -
	next 25,000		$ 0.10543	$ -
	> 40,000		$ 0.07553	$ -
Negotiated Contracts				
1				$ 192,000
2				$ 176,640
3				$ 89,217
4				$ 60,205
5				$ 583,992
6				$ 335,860
	Delivery Revenues			**$ 1,437,914**
HAMMONDSPORT				
SC 1	Firm			
	Customer	450	$ 19.75	$ 106,678
	1st 3	14,421		
	next 47	140,978	$ 0.39018	$ 55,007
	>50	219,381	$ 0.24655	$ 54,087
		374,781		
	Delivery Revenues			**$ 215,773**
SC2 C	Commercial			
	Customer	77	$ 30.25	$ 28,129
	1st 3	225		
	next 47	3525	$ 0.37478	$ 1,321
	>50	120,237	$ 0.23681	$ 28,473
	Delivery Revenues			**$ 57,924**
SC 4 T	Transportation			
	Customer	4	$ 100.00	$ 4,800
	>x	180,653	$ 0.12	$ 22,237
	Delivery Revenues			**$ 27,037**

CORNING NATURAL GAS CORPORATION
CASE 11-G-0280
Staff's Rate Year 3 Forecast Priced Out at Rate Year 3 Rates

		Sales ccf	Proposed Rates /ccf	Revenues
HAMMONDSPORT				
SC 7 AG R	Aggregation Residential			
	Customer	44	$ 19.75	$ 10,505
	1st 3	1,482		
	next 47	16,788	$ 0.39018	$ 6,550
	>50	28,084	$ 0.24655	$ 6,924
		46,399		
	Delivery Revenues			**$ 23,980**
SC 7 AG C	Aggregation Commercial			
	Customer	2	$ 30.25	$ 726
	1st 3	63		
	next 47	878	$ 0.37478	$ 329
	>50	11,917	$ 0.23681	$ 2,822
		12,858		
	Delivery Revenues			**$ 3,877**
HTF	Trans Flex			
	Customer	5	$ 100.00	$ 6,000
	>x	589,236	$ 0.16081	$ 94,757
	Delivery Revenues			**$ 100,757**
BATH				
SC 1				
	Customer	1	$ 1,220.00	$ 14,640
	>x	2,629,521	$ 0.07481	$ 196,708
				$ 211,348
SC 2			0.07237	$ -
SC 3& 4				
	Customer	2	$ 1,220.00	$ 29,280
	>x	1,489,424	$ 0.07481	$ 111,420
				$ 140,700
	Sum of Bath Rev			$ 352,048
	TOTAL			**$ 11,202,916**

Transportation		
	ccf	
NYSEG & others	4,123,870	**$ 388,077**

Bath Transportation Charge

	Volumes	Rates	
HT & HTO	180,653	$ 0.4190	$ 75,694
HTF,OTF,SC5	589,236	$ 0.4190	$ 246,890
			$ 322,583

CORNING NATURAL GAS CORPORATION

CASE 11-G-0280

Staff's Rate Year 3 Forecast Priced Out at Rate Year 3 Rates

		Sales ccf	Proposed Rates /ccf	Revenues
Virgil Surcharges				
Billing Code	Volumes	Surcharge		
VRO	76,978	$	0.3250	$ 25,018
VMO	68,014	$	0.3250	$ 22,105
GP	397,858	$	0.1500	$ 59,679
				$ 106,801

CORNING NATURAL GAS CORPORATION
CASE 11-G-0280

STAFF's MERCHANT FUNCTION CHARGE CALCULATION

COMPONENTS		TOTAL	TRUE-UP
FORECAST RATE YEAR TOTAL FIRM (CCF)		14,722,021	
COMMODITY UNCOLLECTIBLES	$	103,249	TO ACTUAL COMMODITY COSTS
RATE		1.100%	TIMES THE UNCOLLECTIBLE RATE
GAS SUPPLY PROCUREMENT	$	80,309	TO ACTUAL SALES
RECORDS AND COLLECTIONS	$	184,231	TO ACTUAL SALES
AVERAGE BALANCE OF GAS IN STORAGE	$	1,619,158	
OTHER CUSTOMER CAPITAL RATE		3.35%	TO ACTUAL COMMODITY COSTS
SALES CUSTOMERS		80%	TIMES THE OTHER CUSTOMER
RETURN FOR SALES CUSTOMERS	$	43,393	CAPITAL RATE
TOTAL	$	411,183	
FORECAST RATE PER CCF	$	0.027930	IN THE ANNUAL RECONCILIATION OF
COMMODITY UNCOLLECTIBLES	$	0.0070	GAS COSTS
GAS SUPPLY PROCUREMENT	$	0.0055	
RECORDS AND COLLECTIONS	$	0.0125	
RETURN ON GAS IN STORAGE	$	0.0029	
RETURN ON GAS IN STORAGE TO BE COLLECTED FROM ALL FIRM CUSTOMERS			
ALL FIRM CUSTOMERS		20%	
RETURN ALLOCATED TO ALL FIRM CUSTOMERS	$	10,848	
FIRM SALES & TRANSPORTATION (CCF)		31,761,510	
FORECAST RATE PER CCF	$	0.0003	IN THE DRA ANNUAL RECONCILIATION

CORNING NATURAL GAS CORPORATION
CASE 11-G-0280

STAFF's WORKPAPER: MFC - COMMODITY UNCOLLECTIBLES

			Total
UNCOLLECTIBLE PERCENT	A		1.100%
RATE YEAR GAS EXPENSE	B	$	9,386,316
RATE YEAR COMMODITY UNCOLLECTIBLE	C= A x B	$	103,249

CORNING NATURAL GAS CORPORATION
CASE 11-G-0280

STAFF's WORKPAPER: MFC - RETURN ON GAS STORAGE INVENTORY

AVERAGE OF THE MONTHLY AVERAGES		$	1,619,158.00	
OTHER CUSTOMER CAPITAL RATE			3.35%	
RETURN		$	54,242	
SALES CUSTOMERS	80%	$	43,393	
ALL FIRM CUSTOMERS	20%	$	10,848	
FIRM SALES			14,722,021	CCF
FIRM SALES AND TRANSPORTATION			30,877,002	CCF
CONTRACT VOLUMES			884,508	CCF
SALES RATE AS PART OF THE MFC		$	0.00295	/CCF
ALL FIRM CUSTOMERS AS PART OF THE DRA		$	0.00034	/CCF

Corning Natural Gas Corporation

CASE 11-G-0252

MFC Example for Corning Linking Period

Separate each of the 4 Components :
Records and Collection - which is reconciled based on sales

	ccf	ccf	gas supply proc. rate	MFC Revenues	MFC Revenues		
May-11	578,078		0.01997	$ 11,544			
Jun-11	268,394		0.01997	$ 5,360			
Jul-11	223,044		0.01997	$ 4,454			
Aug-11	194,447		0.01997	$ 3,883			
Sep-11	195,266	195,266	0.01997	$ 3,899	$ 3,899		
Oct-11	419,039	419,039	0.01997	$ 8,368	$ 8,368		
Nov-11	758,562	758,562	0.01997	$ 15,148	$ 15,148		
Dec-11	1,387,377	1,387,377	0.01997	$ 28,400	$ 28,400		
Jan-12	1,921,210	1,921,210	0.02047	$ 38,367	$ 38,367		
Feb-12	1,741,468	1,741,468	0.02047	$ 35,648	$ 35,648		
Mar-12	1,336,421	1,336,421	0.02047	$ 27,357	$ 27,357	12 Month	
Apr-12	875,086	875,086	0.02047	$ 17,913	$ 17,913	Target	
	9,898,392	8,634,429		$ 200,341	$ 175,100	$	238,514
	8 Month Target				$ 208,057		
	REFUND				$ (32,958)		

Gas Supply Procurement - which is reconciled based on sales

	ccf	ccf	gas supply proc. rate	MFC Revenues	MFC Revenues		
May-11	578,078		0.00831	$ 4,804			
Jun-11	268,394		0.0083	$ 2,230			
Jul-11	223,044		0.0831	$ 18,535			
Aug-11	194,447		0.0083	$ 1,616			
Sep-11	195,266	195,266	0.0083	$ 1,623	$ 1,623		
Oct-11	419,039	419,039	0.0083	$ 3,482	$ 3,482		
Nov-11	758,562	758,562	0.0083	$ 6,304	$ 6,304		
Dec-11	1,387,377	1,387,377	0.0083	$ 11,807	$ 11,807		
Jan-12	1,921,210	1,921,210	0.00851	$ 15,965	$ 15,965		
Feb-12	1,741,468	1,741,468	0.00851	$ 14,820	$ 14,820		
Mar-12	1,336,421	1,336,421	0.00851	$ 11,373	$ 11,373	12 Month	
Apr-12	875,086	875,086	0.00851	$ 7,447	$ 7,447	Target	
	9,898,392	8,634,429		$ 100,005	$ 72,820	$	123,449
	8 Month Avg Cust X 8 Month Target				$ 107,685		
	REFUND				$ (34,865)		

Note: Sales volumes are only used as an example

CORNING NATURAL GAS CORPORATION
CASE 11-G-0280
Staff's RDM

RATE YEAR 1

Corning Residential - RI, RO, TI, VR, TO, HA, HR, & HRO

FORECAST USE PER CUSTOMER		927	CCF
FORECAST AVERAGE NUMBER OF CUSTOMERS		13,718	
FORECAST THROUGHPUT		12,721,469	CCF
PROPOSED DELIVERY REVENUE	$	6,281,931	
RDM TARGET PER CUSTOMER	$	457.93	

RATE YEAR 2

Corning Residential - RI, RO, TI, VR, TO, HA, HR, & HRO

FORECAST USE PER CUSTOMER		927	CCF
FORECAST AVERAGE NUMBER OF CUSTOMERS		13,764	
FORECAST THROUGHPUT		12,764,325	CCF
PROPOSED DELIVERY REVENUE	$	6,760,201	
RDM TARGET PER CUSTOMER	$	491.16	

RATE YEAR 3

Corning Residential - RI, RO, TI, VR, TO, HA, HR, & HRO

FORECAST USE PER CUSTOMER		927	CCF
FORECAST AVERAGE NUMBER OF CUSTOMERS		13,809	
FORECAST THROUGHPUT		12,803,969	CCF
PROPOSED DELIVERY REVENUE	$	7,029,433	
RDM TARGET PER CUSTOMER	$	509.04	

Corning Natural Gas Corporation
CASE 11-G-0252
STAFF's RDM LINKING PERIOD EXAMPLE

Corning Residential

	Customers	Customers	RDM Revenues	RDM Revenues	12 Month Target	8 Month Target
May-11	10,464		$ 347,695			
Jun-11	10,469		$ 244,239			
Jul-11	10,395		$ 228,975			
Aug-11	10,350		$ 219,862			
Sep-11	10,214	10,214	$ 221,482	$ 221,482		
Oct-11	10,360	10,360	$ 326,550	$ 326,550		
Nov-11	10,409	10,409	$ 404,153	$ 404,153		
Dec-11	10,419	10,419	$ 543,655	$ 543,655		
Jan-12	10,469	10,469	$ 700,165	$ 700,165		
Feb-12	10,519	10,519	$ 663,458	$ 663,458		
Mar-12	10,533	10,533	$ 565,042	$ 565,042		
Apr-12	10,529	10,529	$ 452,137	$ 452,137		
	10,428	10,432	$ 4,917,413	$ 3,876,641	$ 473.73	$ 373.46

8 Month Avg Cust X 8 Month Target	$ 3,895,799	10,432
8 Month Collected Revenues	$ 3,876,641	
REFUND	$ (19,158)	

Note: Used SEP 2009 - AUG2010 Results as an example