

STATE OF NEW YORK

Public Service Commission

William M. Flynn, Chairman

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FOR RELEASE: IMMEDIATELY

06038/06G0569

PSC Approves Corning Natural Gas and C&T Merger -Customer Benefits Include Three-Year Rate Freeze, \$1.4 Million Credit and Increased Investment-

Albany, NY— 07/19/06— The New York State Public Service Commission (Commission) today approved the stock acquisition and merger of Corning Natural Gas Corporation (Corning) and C&T Enterprises, Inc (C&T), with certain conditions. Under the terms of the merger, Corning, under new C&T management, will freeze delivery rates for gas service at the current level through September 2009, refund to customers \$1.4 million incurred in excess gas costs and nearly double capital investment in the gas system over the next five years.

"The acquisition of Corning Natural Gas by C&T Enterprises opens a new chapter for Corning's customers, ending what has been a very difficult and trying experience," said Commission Chairman William M. Flynn. "C&T has provided a reasonable plan to the Commission to provide safe and reliable service to Corning Natural Gas customers, as well as the creditworthiness and accessibility to cash to procure sufficient natural gas supplies. In addition, the merger includes a number of positive elements, including a three-year rate freeze that will provide much desired rate stability, and the accelerated return of a \$1.4 million credit to customers."

On May 15, 2006, Corning and C&T filed with the Commission a joint petition for approval of a stock acquisition and merger, and for approval of financing, pursuant to Sections 69, 70 and 110 of the Public Service Law. The Commission held two public statement hearings on the proposed merger on July 13, 2006, in Pine City and Painted Post.

Following a thorough review, the Commission today determined that the merger and acquisition is in the public interest, will not adversely affect the development of competitive markets, and will provide significant customer benefits.

Key provisions of the merger and acquisition plan approved by the Commission include:

- Recently established delivery rates for Corning Natural Gas will remain fixed at current levels for three years.
- \$1.4 million in excess gas costs resulting from Corning's storage filling and hedging practices will be returned to customers over three years, starting as soon as January 1, 2007.
- C&T has committed to invest an additional \$7.0 million in the gas system over the next five years, significantly enhancing overall service safety and reliability with no immediate rate increase.
- Corning Natural Gas will appoint one or more local citizens to the new Board of Directors.
- The current President and Vice President at Corning Natural Gas will resign upon closing of the merger, and Corning will not place in rates the costs of so-called "golden parachutes" or other similar benefits.
- All non-management employees will be retained for a period of at least one year, subject to normal employment actions, and all collective bargaining agreements will be honored.

Corning Natural Gas Corporation will become a wholly-owned subsidiary of C&T. C&T Enterprises, Inc. is a holding company and management services provider that already owns a subsidiary company, Valley Gas, that provides utility service in New York State. C&T Enterprises, with headquarters in Lewisburg, Pa., and an office in Wellsboro, Pa., owns one natural gas distribution company, Valley Energy of Sayre, Pa., along with two electric utilities, Wellsboro Electric Co. of Wellsboro and Citizens' Electric Co. of Lewisburg.

A copy of the Commission's written decision in Case 06-G-0569, when issued, will be available on the Commission's Web site (www.dps.state.ny.us) by accessing the Commission Documents section of the homepage. Many libraries offer free Internet access. Commission orders can also be obtained from the Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).