

STATE OF NEW YORK

Public Service Commission

Patricia L. Acampora, Chairwoman

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FOR RELEASE: IMMEDIATELY

07109/07-G-0772

New Rates for Corning Gas Delivery Service

-Company to Continue Gas Safety and Service Reliability Measures and Improve Safety Reporting-

New York, NY—12/12/07—The New York State Public Service Commission (Commission) today granted Corning Natural Gas Corporation (Corning) a rate increase of \$681,000 or 2.5 percent increase in gross revenues beginning January 1, 2008. Part of the increase in delivery service revenues is due to an increase in the construction budget from \$1.5 million to \$3.4 million in order to provide the company the necessary means to improve infrastructure.

“Our action today will result in just and reasonable rates and affords Corning the resources to provide the services, instrumentalities, and facilities necessary to provide safe and adequate service,” said Commission Chairwoman Patricia L. Acampora. “In order to keep the company’s attention focused on reliability, safety and financial matters, the Commission will continue to impose a ‘regulatory matrix.’ We will also maintain restrictions that prohibit Corning from paying common stock dividends and/or buy back its own stock until the company’s liquidity problems have been resolved.”

In June 2007, Corning filed proposed tariff revisions seeking to increase revenues by \$801,036. Subsequently, in October 2007, the company amended the filing to limit the increase to \$681,000 or 2.5 percent. Pursuant to a procedural conference held on October 22, 2007, interested parties to the case were invited to comment on the company’s proposal by November 27, 2007. Comments from the public due December 10, 2007, were solicited via the Commission’s Web site, toll-free Opinion Line or in writing.

A full and extensive review of the company's filings resulted in numerous adjustments to, among other things: gas sales forecast; revenue and purchased gas costs; capital expenditures forecasts; and operations and maintenance expenses. The net effect of the adjustments more than supports the requested rate increase of \$681,000. Corning's rates are set to produce a reasonable return on equity in comparison to other recent rate of return allowances determined by the Commission.

In general, the rate design provides a uniform increase to the company's delivery rates. However, Corning's industrial customers and Bath Electric, Gas & Water System will see no increase in rates since the cost of service study submitted by the company indicated that these customers' current rates produce a rate of return above the company's average rate of return. The annual bill for a typical residential heating customer in Corning and Hammondsport using 1,250 Ccf (1 Ccf equals 100 cubic feet) of natural gas per year, will increase 2.7 percent and 3.0 percent, respectively.

Also, part of the allowed increase of \$681,000 in delivery service revenues is due to an increase in the allowed construction budget from \$1.5 million to \$3.4 million. This will provide the company the necessary means to improve infrastructure. Accordingly, the Commission has mandated increased bare steel main and steel services replacements.

A copy of the Commission's written decision in Case Number 07-G-0772, when issued, will be available on the Commission's www.dps.state.ny.us Web site by accessing the File Room 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).