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| PUC logo | PENNSYLVANIA PUBLIC UTILITY COMMISSIONCOMMONWEALTH KEYSTONE BUILDING400 NORTH STREET HARRISBURG, PA 17120 | **IN REPLY PLEASE REFER TO OUR FILE** |

March 15, 2018

Mr. Michael German

President and Chief Executive Officer

Corning Natural Gas Corporation

330 West William St.

Corning, NY 14830

Re: Focused Management and Operations Audit of Pike County Light and Power Company (D-2017-2584891) and Leatherstocking Gas Company LLC (D-2017-2584892)

Dear Mr. German:

 The Commission appreciates the cooperation extended by the officers and employees of Pike County Light and Power Company (PCLP) and Leatherstocking Gas Company LLC (collectively referred to as Companies) to our Bureau of Audits’ staff during the recent Focused Management and Operations Audit. We seek the Companies’ further cooperation in implementing the recommendations cited in the audit report.

 As you know, the staff analyzed and evaluated management performance in nine functional areas or issues during the audit. Staff identified three areas as needing significant improvement, four areas as needing moderate improvement and two areas as needing minor improvement. The significant improvement areas (see Chapters III – Organizational Structure and Staffing, VI – Cost Allocations, and IX – Emergency Preparedness) offer the greatest potential for increased effectiveness and/or reduced costs. Consequently, the Commission believes they should be the primary focus of the Companies’ implementation efforts.

 At its Public Meeting of February 8, 2018, the Commission acknowledged receipt of the Companies’ December 2017 Implementation Plan and released it, along with the audit report, to the public. The Commission notes that the Companies’ Implementation Plan indicates acceptance of all 33 recommendations. Receipt of this Implementation Plan does not constitute acceptance by the Commission of the actions already taken, those actions to be taken, or any explanations and cost/benefit analyses provided. The Companies’ implementation actions, together with the explanations and analyses, will be reviewed by the Commission at a later date. This review will be made to determine if the Companies’ have effectively implemented the thrust of the recommendations or effectively provided detailed explanations and cost/benefit analyses in support of those recommendations or parts thereof not implemented.

Mr. Michael German

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 Accordingly, the Commission directs the Companies to:

* Proceed with the December 2017 Implementation Plan, and
* Submit implementation progress reports annually, by February 1st, for the next three years.

The Commission’s direction to proceed with the Implementation Plan should not be construed as approval of the plan.

 Sincerely,

 Rosemary Chiavetta

 Secretary

RC/cp