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May 27, 2026

BY ELECTRONIC FILING

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor (filing room)
Harrisburg, PA 17120

In Re: Securities Certificate of Leatherstocking Gas Company for Refinancing of All
Outstanding Debt and Line of Credit in an amount up to \$12,600,000; Docket
No. S-2026-_____

Dear Secretary Homsher:

Enclosed for filing with the Commission on behalf of Leatherstocking Gas Company is the Securities Certificate for a refinanced loan in the amount of \$12,600,000, which the Company respectfully requests be registered as soon as possible. The filing includes supporting attachments as well as the answers the Bureau of Technical Utility Services standard data requests. The \$350 filing fee is being paid electronically through the PUC filing system.

If you have any questions, please contact me at (717) 236-1300.

Respectfully submitted,

/s/ Whitney E. Snyder

Whitney E. Snyder
Erich W. Struble

Counsel for Leatherstocking Gas Company

WES/das
Enclosures

BEFORE THE
PENNSYLVANIA PUBLIC UTILITIES COMMISSION

In Re: Securities Certificate of :
Leatherstocking Gas Company for the : Securities Certificate
Refinancing of All Outstanding Debt and : S-2026-_____
Line of Credit in an amount up to :
\$12,600,000 :

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. The complete name and address of the utility is:

Leatherstocking Gas Company LLC
330 West William Street
Corning, NY 14830

2. The names, address and telephone number of the attorneys for Leatherstocking Gas Company, LLC's ("Leatherstocking") are:

Whitney E. Snyder
Erich W. Struble
HMS Legal LLP
501 Corporate Circle
Suite 302
Harrisburg, PA 17110
Email: wesnyder@hmslegal.com
ewstruble@hmslegal.com
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3. Leatherstocking is a limited liability company and a public utility within the meaning of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 101 *et seq.*, providing natural gas distribution service pursuant to its tariff to or for the public for compensation in the Borough of Great Bend, Borough of Hallstead, Township of Great Bend, Borough of New Milford, Township of New Milford, Borough of Montrose, Township of Bridgewater, Borough of Oakland, Borough of Susquehanna, Township of Oakland, Borough of Lanesboro, Township of Harmony and the Township of Dimock all in Susquehanna County, Pennsylvania, along with the Borough of Wyalusing in Bradford County, Pennsylvania.

4. Leatherstocking serves the following customers:

Residential	379
Commercial	149
Large Transportation	1
Total	529

5. Leatherstocking is a wholly-owned subsidiary of Corning Energy Company f/k/a Corning Natural Gas Holding Company. Leatherstocking and Corning Natural Gas Holding Company¹ have a Commission-approved affiliated interest agreement at Docket No. G-2024-3049087(“AIA”). The AIA allows Corning Energy Company to provide financing to its subsidiaries, including Leatherstocking.

6. The material terms of this borrowing are as follows:

Lender:	To Leatherstocking: Corning Energy Company To Corning Energy Company: private lender t/b/d
Principal Amount:	Term Loans and Demand Revolver Loan up to a total of \$12,600,000
Type of Borrowing:	Term Loans and Demand Revolver Loan
Term:	Term Loans - 10 years to 12 years. Demand Revolver Loan – 3 years.
Rate:	Term Loans - 6.2% to a high of 7%, . Demand Revolver Loan - variable interest rate equal to SOFR plus 2.75%.
Loan Costs:	Leatherstocking will pay an amount not to exceed \$50,000 in transaction costs.
Repayment:	Term Loans – Interest only over term of loan. The entire principal balance will be due and payable, or will be refinanced, upon the maturity of the loan. Demand Revolver Loan – Interest only over term of loan. Entire unpaid balance will be due and payable, or will be refinanced, upon the maturity of the loan.
Collateral:	CEC’s Term Loans and Line of Credit may be secured by CEC’s equity interest in Leatherstocking Gas Company.

¹ The AIA is binding upon successors.

7. Leatherstocking does not intend to dispose of the securities for which approval is sought.
8. The purpose of this Securities Certificate filing is to seek approval by the Commission for Leatherstocking to refinance its existing demand line of credit with CEC as of June 30, 2026, and to incur additional borrowings to fund its capital expansion program via a refinancing plan at the parent company level, CEC, which refinancing plan is detailed below. CEC will then lend funds to Leatherstocking at the same rate of interest as charged to CEC to: 1) pay off the existing demand line of credit; and 2) on an as needed basis, to fund future capital projects and pay operating costs. The CEC refinancing plan will more likely than not require pledging CEC's equity interest in Leatherstocking.
9. **Refinancing Plan - Term Loans.** . CEC will refinance all of its revolver debt and convert it into long term debt with interest only payments for the term of the loan (10 to 12 years) at interest rates between 6.2% and 7.0%. The total debt being refinanced is approximately \$31 million. The proceeds of the total debt being refinanced would be used to retire the Subsidiaries' revolver debt. The additional amount for which approval is sought would require monthly payments of only interest and no principal payments would be due.. This new debt would mature at different dates, and in different amounts, ranging from 10 years to 12 years. The interest rate on this debt ranges from 6.2% to 7.0% and will be tied to the corresponding U.S. Treasury Bill rate.
10. **Refinancing Plan - Revolving Line of Credit.** CEC will borrow \$31 million from a private lender to pay off the existing Demand Revolver Loan..
11. **Reason for Refinancing.** As CEC refinances its revolver debt, Leatherstocking seeks permission to refinance its revolver debt proportionally with CEC's refinancing. Additionally, Leatherstocking seeks permission to increase its borrowing from CEC to fund its capital expansion programs.. ..
12. No registration or filing with the Securities and Exchange Commission is required in connection with the debt for which Chapter 19 approval is sought.
13. Appended hereto are the following attachments:

- Attachment 1:** Responses to Standard Data Requests
- Attachment 2:** Income statement of Leatherstocking for the twelve (12) months ended March 31, 2026.
- Attachment 3:** Balance sheet of Leatherstocking for the twelve (12) months ended March 31, 2026.
- Attachment 4:** Statement Leatherstocking plant accounts and Depreciation Reserve at March 31, 2026.
- Attachment 5:** Statement Leatherstocking outstanding funded debt as of March 31, 2026.
- Attachment 6:** Statement Leatherstocking outstanding capital stock as of March 31, 2026.
- Attachment 7** Board Resolutions
- Attachment 8:** Statement of Retained Earnings for the Year Ending March 31, 2026.
- Attachment 9:** Source and Use of Funds
- Attachment 10:** KBRA Credit Ratings

WHEREFORE, for all the foregoing reasons, Leatherstocking respectfully requests that the Pennsylvania Public Utility Commission register this Securities Certificate pursuant to Chapter 19 of the Public Utility Code, 66 Pa.C.S. §§ 1901, *et seq.*

Respectfully submitted,

/s/ Whitney E. Snyder

Whitney E. Snyder

Erich W. Struble

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*Attorneys for Leatherstocking Gas Company
LLC*

Dated: May 27, 2026

Attachment 1

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

- 1.) Previous registration balances. Provide docket numbers, initial registration amount, issuances by type, amount and date and current remaining balance. Plans for these balances vis-à-vis the current registration.

RESPONSE:

	Maturity Date	Interest Rate	Current Amount Outstanding	Docket No.	Initial Registration Amount
CEC – Intercompany Loans	9/12/2024	6.29% Series A, 6.37% Series B	\$6,605,043.82	S-2024-3048831	\$9,450,000.00

Provided by: Matthew Lenns

Position: Controller

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

2.) What effect will this issuance have upon the capital structure of the utility?

RESPONSE: This request will keep the capital structure of the company at a 50/50 debt to equity ratio through December 2030, per our forecast.

Provided by: **Matthew Lenns**

Position: **Controller**

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

3.) Current and three year projections for; (Provide details of calculation)

Sources and Uses of Funds
Capital Expenditures
Ratio of Capital Expenditures to Depreciation and Amortization
Capitalization Ratios
Dividend payout ratio
Interest coverage ratios – both SEC and Indenture basis

RESPONSE: Please see Attachment 9.

Provided by: Matthew Lenns

Position: Controller

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

4.) Three-year history of credit ratings – By credit rating agency and class

RESPONSE: The parent Company, Corning Energy Corporation, obtained credit ratings as part of the 2024 debt refinancing, and an updated rating in 2025. Refer to Attachment 10 for the ratings reports from both years.

Provided by: Matthew Lenns

Position: Controller

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

5.) Projected refinancing savings or costs, if applicable

RESPONSE: There are no refinancing savings as part of this increase request. The transaction costs to be paid by Leatherstocking Gas Company will not exceed \$50,000.

Provided by: Matthew Lenns

Position: Controller

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

6.) Affiliated interest agreement applicable to instant registration, if financing involves an affiliate.

RESPONSE: Refer to Docket No. G-2024-3049087 for the most recent affiliated interest agreement between Leatherstocking Gas Company and Corning Energy Corporation.

Provided by: Matthew Lenns

Position: Controller

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

7.) List all unregulated affiliates of the applicant.

RESPONSE: Corning Energy Company (parent company), Leatherstocking Pipeline (sister/inactive company).

Provided by: Matthew Lenns

Position: Controller

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

8.) List all debt for which the applicant is a guarantor of affiliated company debt instruments.

RESPONSE: None.

Provided by: Matthew Lenns

Position: Controller

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

9.) For any corporate money pool from which applicant may potentially borrow, lend or deposit excess cash to, provide:

Commission ordered reporting requirements
Current balances of borrowed and lent funds
Eligible borrowing and lending entities
Accounting for money pool transactions
3 year history of borrowing and lending to the pool

RESPONSE: Not Applicable.

Provided by: **Matthew Lenns**

Position: **Controller**

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

10.) Describe historical reliance by type of both corporate internal and external sources of financing.

RESPONSE: LGC's target is to maintain a 50/50 split between debt and equity financing.

Provided by: Matthew Lenns

Position: Controller

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

11.) Where current dividend payout ratio exceeds 75%, provide a three-year history and plan for future dividend payouts.

RESPONSE: Not Applicable.

Provided by: Matthew Lenns

Position: Controller

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

12.) Where the debt to total capital ratio exceeds 55%, provide plan for managing future debt to total capital levels.

RESPONSE: Not applicable. Leatherstocking expects to keep a debt to equity ratio at 50/50.

Provided by: **Matthew Lenns**

Position: **Controller**

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

- 13.) With respect to the purpose for which you propose to issue or assume securities;
- A. If the purpose is the purchase or construction of new facilities, or the betterment of existing facilities, provide;
1. Estimated final cost
 2. A brief description of the new facilities or betterments
 3. The date when it is expected that the purchase or construction or betterment will be completed.
 4. Estimated amount of AFUDC included in the project costs

RESPONSE: Not Applicable.

Provided by: **Matthew Lenns**

Position: **Controller**

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

- B. If the purpose is to obtain working capital, explain any unusual condition which exists, or will exist, in the public utility's current assets or current liabilities, stating;
1. The approximate cost of average materials and supplies inventory which the public utility expects to carry
 2. The average time elapsing between the date when the public utility furnishes or begins a period of furnishing services to customers and the date when collection is made from customers for the service.
 3. The minimum bank balance requirements.

RESPONSE: Not Applicable

Provided by: **Matthew Lenns**

Position: **Controller**

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

- C. If the purpose is to refund obligations, describe obligations in detail.
1. Explain the purpose for which obligations were issued, or refer to the number of securities certificate in which the purpose appears.
 2. State whether refunding is to meet maturity, or to effect saving in interest or other annual charges; if to effect savings, state date when, and at price which obligations are to be called, and submit statement showing savings to be effected as a result of refunding.

- RESPONSE:**
1. See Response to Data Request 1 and Attachment 9.
 2. The primary reason for refinancing is for Leatherstocking to refinance its existing demand line of credit with CEC as of June 30, 2026, and to incur additional borrowings to fund its capital expansion program via a refinancing plan at the parent company level, CEC. CEC will then lend funds to Leatherstocking at the same rate of interest as charged to CEC to pay off the existing demand line of credit and, on an as needed basis, to fund future capital projects and pay operating costs.

Provided by: Matthew Lenns

Position: Controller

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

D. If the purpose is for the payment of dividends, please justify the use of funds from the registration to pay dividends.

RESPONSE: Not Applicable.

Provided by: **Matthew Lenns**

Position: **Controller**

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

- E. If the purpose is to fund pension obligations;
1. Provide the current Accumulated Benefit Obligation (except where no longer used consistent with FASB Statement No. 158), the projected benefit obligation, the current fair value of plan assets, and the percent that the current benefit obligation is funded.
 2. Provide the annual contributions to the plan from 2006 to the present, and the projected contributions for the next five years.
 3. Provide an explanation as to how compliance with the Pension Protection Act of 2006 will be accomplished.

RESPONSE: Not Applicable.

Provided by: **Matthew Lenns**

Position: **Controller**

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2026-_____**
Chapter 19 Securities Certificate Registrations – Data Request

14.) Reconcile total capitalization with total rate base for ratemaking purposes. Are any of the funds to be issued for a non-utility purpose? If so, please describe that purpose.

RESPONSE: None of the funds will be used for a non-utility purpose.

Provided by: **Matthew Lenns**

Position: **Controller.**

**LEATHERSTOCKING GAS COMPANY ANSWERS TO DATA REQUESTS
OF BUREAU OF TECHNICAL UTILITY SERVICES
AT DOCKET NUMBER S-2024-_____**

Chapter 19 Securities Certificate Registrations-Data Request

15.) Three-year history and three-year projections for ratio of capital expenditures to depreciation expense. Show calculations.

RESPONSE:

	Historic			Projected		
	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028
Capital Expenditures	166,515	1,225,175	1,510,391	2,361,273	2,204,452	2,064,843
Depreciation	559,691	419,161	454,669	449,022	467,653	418,534
Ratio	.30	2.92	3.32	5.26	4.71	4.93

Provided by: Matthew Lenns

Position: Controller

Attachment 2

Leatherstocking Gas Company
Income Statement Schedule
Debt Refinancing
For the 12 Months Ending March 31, 2026
Attachment 2

	Actual
	<u>2026</u>
<u>Gas Revenues</u>	
Residential Sales	\$ 806,332
Commercial Sales	952,845
Sales to Public Authorities	763,373
CER Transportation Sales	145,692
	<hr/> 2,668,242
Purchased Gas Costs	409,414
Operating Expenses	993,338
Maintenance Expenses	14,739
Depreciation Expense	449,022
Taxes Other Than Income Taxes	25,353
	<hr/> 1,891,866
Operating Income Before Income Taxes	776,377
Income Taxes	(10,058)
Interest Long Term Debt	378,003
Interest Short Term Debt	33,193
Amortization of Debt Discount and Expense	22,804
Mis. Deductions net	19,080
Net Income	<hr/> <hr/> \$ 333,354

Attachment 3

Leatherstocking Gas Company
Balance Sheet Schedule
Debt Refinancing
As of March 31, 2026
Attachment 3

	Actual 2026
Utility Plant in Service	\$ 14,037,979
Construction Work in Progress	1,276,243
Retirement Work in Progress	17
Depreciation Reserve	(2,231,896)
	13,082,343
Cash	121,709
Customer Accounts Receivable	448,895
Reserve for Uncollectible	-
Other Accounts Receivable	18,323
Accounts Receivable from Assoc. Com.	41,373
Materials & Supplies	163,609
Prepayments	(1,017)
Total Current Assets	792,891
Unamortized Debt Discount	162,605
<u>Regulatory Assets</u>	
Deferred Assets	339,063
Goodwill	229,530
Total Assets	14,606,433
Accounts Payable to Parent	225,478
Accounts Payable Other	81,569
Short Term Notes	190,786
Tax Collections Payable	11,933
Customer Deposits	-
Taxes Accrued	(1,417,141)
Interest Accrued	120,502
Other Current and Accrued Liabilities	70,859
	(716,014)
Long Term Debt	6,454,258
Long Term Debt Vehicles	-
<u>Shareholders Equity</u>	
Misc. Paid in Capital	1,663,379
Retained Earnings	5,769,634
<u>Regulatory Liabilities</u>	
Deferred Credits	-
Other	-
Accumulated Deferred Taxes	1,435,176
Total Liabilities and Capitalization	\$ 14,606,433

Attachment 4

**Leatherstocking Gas Company
Plant and Depreciation Schedule
Debt Refinancing
As of March 31, 2026
Attachment 4**

ACCOUNT	DESCRIPTION	Plant in Service	ACCOUNT	DESCRIPTION	Reserve Amount
<u>Gas Plant</u>					
301000	Organizational Costs	\$ 280,573	301000	Organizational Costs	\$ (123,755)
302000	Franchise Consent	8,763	302000	Franchise Consent	(243)
374000	Land & LR-Esmt	48,594	374000	Land & LR-Esmt	(5,417)
375000	Structure & Improvements	48,859	375000	Structure & Improvements	(7,830)
376000	Gas Mains-Plastic	7,380,520	376000	Gas Mains-Plastic	(611,780)
378000	Measuring & Regulating Eq	2,955,001	378000	Measuring & Regulating Eq	(331,950)
380000	Gas Services	2,393,703	380000	Gas Services	(233,913)
381000	Meter-Purchases	177,533	381000	Meter-Purchases	(19,391)
382000	Meter-Installations	515,842	382000	Meter-Installations	(65,823)
383000	House Regulators	8,603	383000	House Regulators	580
Total Gas Plant		13,817,991	Total Gas Plant Accumulated Depreciation Reserve		(1,399,523)
<u>General Plant</u>					
391000	Off Furn & Equip-Furniture	3,464	391000	Off Furn & Equip-Furniture	(2,754)
391000	Off Furn & Equip-Computer	61,230	391000	Off Furn & Equip-Computer	(48,056)
392000	Vehicle	90,654	392000	Vehicle	(91,362)
394000	Tools/Work Equipment	64,639	394000	Tools/Work Equipment	(44,907)
Total General Plant		219,988	Total General Plant Accumulated Depreciation Reserve		(187,079)
			399000	Plant Accelerated Recovery	(645,294)
Total Plant in Service		<u>\$ 14,037,979</u>	Total Plant Accumulated Depreciation Reserve		<u>\$ (2,231,896)</u>

Attachment 5

Leatherstocking Gas Company
Outstanding Debt
As of March 31, 2026
Attachment 5

2026

Long Term Debt \$ 6,454,258

Detail of Long Term Debt

	Maturity Date	Interest Rate	Current Amount Outstanding
CEC Intercompany Loan	9/12/2034	6.31%	\$ 6,414,258
CEC Revolver Loan	9/12/2028	SOFR + 2.75%	\$ 190,786
USDA Loan	5/1/2044	0.00%	40,000
			\$ 6,645,044

Attachment 6

Leatherstocking Gas Company
Capital Stock Outstanding
As of March 31, 2026
Attachment 6

Shareholders Equity	<u>2026</u>
Misc. Paid in Capital	\$ 1,663,379
Retained Earnings	5,769,634
	<u>\$ 7,433,013</u>

Attachment 7



**UNANIMOUS WRITTEN CONSENT OF THE
LEATHERSTOCKING GAS COMPANY
BOARD OF DIRECTORS**

APPROVAL OF DEBT REFINANCING

The undersigned, constituting all of the members of the Board of Directors of Leatherstocking Gas Company ("LGC"), hereby adopt the following resolutions by unanimous written consent pursuant to applicable law and LGC's governing documents:

WHEREAS, the Board of Directors has determined that it is advisable and in the best interests of LGC to refinance LGC's existing demand line of credit; and

WHEREAS, the Board of Directors further desires to increase LGC's borrowing capacity in order to fund LGC's capital expansion programs; and

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of Corning Energy Company ("CEC") are hereby authorized, acting on behalf of LGC, to engage one or more private lenders and pursue long-term financing arrangements for LGC; and

RESOLVED FURTHER, that the CEO and CFO are authorized to negotiate, finalize, and secure a revolving credit facility or other financing arrangement, the proceeds of which shall be used to fund LGC's capital expansion programs; and

RESOLVED FURTHER, that either the CEO or CFO is authorized and empowered to execute and deliver any and all loan agreements, promissory notes, certificates, instruments, and related documents on behalf of LGC, and to take such additional actions as may be necessary or appropriate to effectuate the refinancing and financing transactions contemplated herein; and

RESOLVED FURTHER, that the CEO and CFO are each authorized and directed to take any and all further actions deemed necessary or advisable to carry out the intent and purposes of the foregoing resolutions in the ordinary course of business and in accordance with generally accepted business practices.

Date: May 26, 2026

Anthony Dorazio

Tony Dorazio, Chairman

Jeff Spear

Jeff Spear, Director

Frank Vassallo

Frank Vassallo, Director

Charlene Faulk

Charlene Faulk, Director

Kevin Fink

Kevin Fink, Director

Mark E. Smith

Mark Smith, Director

Attachment 8

Leatherstocking Gas Company
Retained Earnings
As of March 31, 2026
Attachment 8

	<u>2026</u>
Opening Balance	\$ 5,436,279
Net Income	\$ 333,354
Dividend Paid	-
	<u>\$ 5,769,634</u>
	\$ 5,769,634

Attachment 9

Leatherstocking Gas Company
Sources and (Use) of Funds
Attachment 9

	12 Mos. Ended March				
	Actual	FY 2027	FY 2028	FY 2029	FY 2030
	2026				
Sources and (Use) of Funds					
Operating Revenues	2,668,242	3,043,202	3,036,826	3,572,905	4,575,743
Operating Expenses	(1,442,844)	(1,546,556)	(1,499,204)	(1,665,840)	(2,005,174)
Depreciation and Amortization	(449,022)	(467,653)	(418,534)	(477,197)	(587,586)
Miscellaneous Deductions	(19,080)	-	-	-	-
Interest Expense	(411,196)	(553,551)	(645,576)	(768,368)	(1,037,629)
Amortization of Debt Expense	(22,804)	(28,948)	(28,853)	(26,101)	(24,557)
Net Income Before Taxes	323,297	446,494	444,659	635,398	920,797
Income Taxes	10,058	(118,420)	(116,177)	(163,501)	(233,303)
Net Income	333,354	328,074	328,483	471,897	687,494
Equity Contributions from Parent	-	-	500,000	700,000	1,750,000
Capital Expenditures	2,361,273	2,204,452	2,064,843	3,801,454	7,237,476
Long Term Debt includes Current	6,645,044	7,136,290	8,603,747	9,833,967	12,594,238
Stockholders Equity	7,433,013	7,761,087	8,589,570	9,761,467	12,198,961
Ratio of Capital Expenditures to Depreciation	5.26	4.71	4.93	7.97	12.32
Capitalization Ratio (Long Term Debt to Total Debt and Equity)	47.20%	47.90%	50.04%	50.18%	50.80%
Dividend Payout Ratio*	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Coverage Ratio	1.84	1.38	1.33	1.40	1.44

*Not to exceed 75%

Calculation

Ratio of Capital Expenditures to Depreciation

Capital Expenditures	2,361,273	2,204,452	2,064,843	3,801,454	7,237,476
Depreciation and Amortization	449,022	467,653	418,534	477,197	587,586
Ratio of Capitalization to depreciation	5.26	4.71	4.93	7.97	12.32

Capitalization Ratio (Long Term Debt to Total Debt and Equity)

Long Term Debt	6,645,044	7,136,290	8,603,747	9,833,967	12,594,238
Long Term Debt	6,645,044	7,136,290	8,603,747	9,833,967	12,594,238
Stockholders Equity	7,433,013	7,761,087	8,589,570	9,761,467	12,198,961
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	14,078,057	14,897,377	17,193,317	19,595,434	24,793,198
Ratio	47.20%	47.90%	50.04%	50.18%	50.80%

Dividend Payout Ratio

Dividends Paid	-	-	-	-	-
Net Income	333,354	328,074	328,483	471,897	687,494
	0.00%	0.00%	0.00%	0.00%	0.00%

Interest Coverage Ratio

Interest Expense	411,196	553,551	645,576	768,368	1,037,629
Interest Expense	411,196	553,551	645,576	768,368	1,037,629
Income Taxes	10,058	(118,420)	(116,177)	(163,501)	(233,303)
Net Income	333,354	328,074	328,483	471,897	687,494
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	754,608	763,206	857,883	1,076,764	1,491,819
Ratio	1.84	1.38	1.33	1.40	1.44

Attachment 10

Corning Energy Corporation

**\$50 Million Series A Senior Secured
Notes due 2034**

**\$20 Million Series B Senior Secured
Notes due 2036**

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Assignment of Ratings

KBRA assigns its unpublished BB issuer rating to Corning Energy Corporation. KBRA also assigns its unpublished BBB-issue rating to Corning Energy's \$50 million Series A senior secured notes and \$20 million Series B senior secured notes. The Outlook is Stable.

Corning Energy is a natural gas and electric distributor with three operating businesses – Corning Natural Gas Corporation, Pike County Light & Power, and Leatherstocking Gas Company. To assign the rating, KBRA applied its [General Corporate Global Rating Methodology](#), published on November 28, 2017; [Corporate Instrument Notching Global Methodology](#), published on September 9, 2020; and [ESG Global Rating Methodology](#), published on June 16, 2021. This report is based on information regarding the issuer and its issuance as of September 10, 2024.

Issuer Rating	
Entity	KBRA Rating/Outlook
Corning Energy Corporation	BB/Stable

Corning Energy Corporation		
Securities	PPN	KBRA Rating/Outlook
\$50 Million, 6.29% fixed rate, Series A Senior Secured Notes due 2034	21931# AA4	BBB-/Stable
\$20 Million, 6.37% fixed rate, Series B Senior Secured Notes due 2036	21931# AB2	BBB-/Stable

Transaction Overview

Corning Energy Corporation (Corning Energy) has engaged KBRA to rate \$50 million, 6.29% fixed rate, Series A senior secured notes due 2034 and \$20 million, 6.37% fixed rate, Series B senior secured notes due 2036. The proceeds of the issuance will be used to refinance the existing debt of the company's three regulated utility subsidiaries and consolidate all debt at Corning Energy.

The notes have a bullet maturity. Corning Energy will have an option to prepay the notes prior to maturity at a price equal to the principal amount plus a Make-Whole amount determined at the time of prepayment. As a part of the transaction, the company will also solicit a new \$30 million revolving credit facility provided by Citizens Bank, which KBRA is not rating. The target closing date of the transaction is September 12, 2024.

Under the transaction structure, the subsidiaries will not be co-borrowers or guarantors under the notes. The notes will be secured only by the stock of each of the issuer subsidiaries; no assets of any of the subsidiaries are pledged.

For financial covenants, the company is subject to a consolidated indebtedness to capitalization of less than 65%, which is often seen in regulated utility financings. For any future priority debt issuance, priority debt is not allowed to exceed 15% of consolidated capitalization. For subsidiary debt, the subsidiaries are subject to a debt cap of \$2 million in the case of Leatherstocking or Pike, and \$5 million in the case of Corning Gas. The company is also subject to an interest coverage ratio of 2.0x.

Company History and Overview

Found in 1904, Corning Energy Corporation is a natural gas and electric utility holding company with three operating businesses: Corning Natural Gas Corporation, Pike County Light & Power, and Leatherstocking Gas Company. The company serves approximately 21,000 customers across a handful of regions in New York state and Pennsylvania. As of 2023, the company generated approximately \$47 million in revenue and \$13 million in EBITDA. The three subsidiaries of Corning Energy are currently authorized for a total rate base of \$136.5 million by its two regulators, New York Public Service Commission (NYPSC) and Pennsylvania Public Utility Commission (PAPUC). The company was publicly traded on the New York Stock Exchange (NYSE) until the recent acquisition by Argo Infrastructure Partners, LP in 2022.

Corning Natural Gas Corporation (CNGC) – 62% of Full-Year (FY) 2023 Revenue and EBITDA

CNGC is the largest of Corning Energy's subsidiaries and operates as a natural gas distribution company with 434 miles of mains, delivering natural gas to approximately 15,000 residential, commercial, industrial, and municipal customers

and currently employing 65 people. CNGC deliveries are made across towns and villages, over 400 square miles, through the southern tier and central regions of New York state. CNGC annually transports approximately 8 billion cubic feet (Bcf) of natural gas to commercial, industrial, residential, and wholesale customers. The subsidiary provides gas delivery and transportation services to two other utilities, NYSEG and BEGWS, as well as other local gas producers in New York and Pennsylvania. CNGC also has contracts with Coring Incorporated and Woodhill Municipal Gas Company, a small local utility, to provide maintenance service on their gas lines. The pipeline for CNGC is 434 miles with transport and delivery capacity of 8 Bcf and storage capacity of 736,000 Dth. CNGC is under the jurisdiction of the New York Public Service Commission (NYPSC), which oversees and sets rates for New York gas distribution companies. Currently, CNGC accounts for approximately \$89 million, or 65% of Corning Energy's total rate base. For CNGC, the company filed its rate case on July 31, 2024, in which it requested a \$13.1 million increase in total rate base to be spread equally across four years. The case is expected to be settled in June 2025.

Pike County Light & Power (PCL&P) – 34% of FY2023 Revenue and 33% of EBITDA

Pike was acquired by the company in 2016 from Orange & Rockland Utilities, Inc., a local utility company owned by ConEdison. Pike provides electric service to approximately 4,900 customers and natural gas services to 1,300 customers. The subsidiary has 11 employees. The natural gas distribution pipeline is 20 miles with transport and delivery capacity of approximately 137,000 Mcf. The subsidiary is an electric and gas utility regulated by Pennsylvania Public Utilities Commission (PAPUC). Pike accounts for approximately \$36 million, or 27% of Corning Energy's total rate base. Pike anticipates filing two new rate cases in Q4 2024, which are expected to take effect in summer of 2025.

Leatherstocking Gas Company (LGC) – 4% of FY2023 Revenue and 5% of EBITDA

Headquartered in Montrose, Pennsylvania, Leatherstocking was created in 2014 in a partnership with Mirabito Regulated Industries and was fully acquired in 2020. The subsidiary distributes gas in Susquehanna and Bradford Counties within Pennsylvania. The subsidiary serves approximately 500 customers with four employees. Leatherstocking is also regulated by the PAPUC. Leatherstocking accounts for approximately \$11 million, or 8% of Corning Energy's total rate base. Leatherstocking filed with its most recent rate case in July 2022 and was approved in February 2023 for a \$645,000 increase in total revenues.

As mentioned, Corning Energy was acquired by Argo Infrastructure Partners, LP in July 2022. Argo Infrastructure Partners, LP is an independent infrastructure investment manager that invests in industries such as regulated utilities, energy, renewables, and transportation. Argo manages over \$5 billion of capital on behalf of its institutional investor partners. The company's managed assets include four contracted power generation assets, three utilities serving over 600,000 customers, two electric transmission systems, and one energy storage network.

Key Credit Considerations

	+/-
Credit Enhancing Regulatory Oversight The presence of multiple state regulators that oversees and restricts the financial endeavors of regulated utility operating companies, limits the amount of total debt in the capital structure and other financial policies that decreases the credit risk.	+
Continuous Growth in Rate Base Corning Energy has seen continuous, incremental growth in its rate base across all three of its subsidiaries. The company expects to continue to see gradual growth, primarily from its Pennsylvania service territory, driven by ongoing initiatives to transition residential customers to natural gas usage.	+
Long-standing Presence and Customer Relationships Corning Energy has a long-standing presence within the city of Corning given its operating history of over 100 years. As a result, the company also benefits from established customer relationships in its service territory.	+
Pending Rate Cases CNGC and Pike have upcoming rate cases in 2024 where the company is requesting increases in its rate base. An increase in the company's rate base would be viewed positively; however, it is not expected to be resolved until 2025. An unfavorable rate case outcome is possible, particularly in New York, which could result in limited rate increases or evidence of an increasing regulatory focus on transitioning away from natural gas.	+/-
Limited Scale and Geographic Diversity Corning Energy operates in small scale service territories in the states of New York and Pennsylvania. The limited scale and lack of diversity restricts the company's long-term growth opportunities.	-
Shifting Regulatory Attitude	-



The state of New York has recently been emphasizing a transition to renewable energy to meet its climate change targets outlined in the Climate Leadership and Community Protection Act (CLCPA) passed in 2019. This could heavily impact the company's profitability considering most of its revenue is generated by its operations in New York at CNGC. This is partially offset by the fact that the state of Pennsylvania maintains a favorable view on the expansion of natural gas usage in the region.

Limited Operating Track Record under a Private Sponsor

Corning Energy Corporation has operated as a public company since 2013 with a high level of oversight. With the recent acquisition by Argo Infrastructure Partners, there could potentially be changes in the way the company operates and its financial policies, partially offset by the oversight provided by the utility regulators.

-

Issuer Rating Rationale

The BB issuer rating reflects Corning Energy's overall Average business risk profile and a financial risk score of 9.90.

Corning Energy's business risk profile is characterized by its ownership of three utility subsidiaries that benefit from a monopolistic position within their service territories as a regulated utility provider with operations in two states, New York and Pennsylvania. As a result, the company benefits from revenue stability and a cost-of-service model. The company has a long operating track record within its regions of operations with established customer relationships. However, the company has limited corporate scale, which restricts its competitiveness emphasized by the lack of large economic hubs in the region of its operations and the presence of larger utility competitors within the states of New York and Pennsylvania. In comparison to Corning Energy, the larger competitors are better positioned to politically navigate and combat changes in regulations and policies that adversely impact their operations. Additionally, the service territories are also vulnerable to changes in economic activity and downturns as a result of limited population of largely lower middle income residents. The company has primarily been restricted to incremental growth that resulted primarily from the regulated nature of its business. Additionally, although the company has long-standing customer relationships, gas volumes are concentrated among its C&I customers which could present challenges for long-term sustainability of customer rates and volumes. Currently, the company has constructive relationships with both its regulators. However, the regulatory environment is a factor KBRA will continue to monitor for further negative developments considering the growing focus on the transition to renewable energy sources, especially in the state of New York. So far, the state of New York has demonstrated continued initiative to further the state's climate change initiatives and meet its emission targets. With continued legislation, the company faces the potential significant regulations that will challenge the ability for future favorable rate cases and growth of its operations in New York.

Corning Energy's financial risk profile reflects its limited size and scale compared to most utility holding companies, given the small service territory of its regulated subsidiaries. The company benefits from adequate profitability as a result of the nature and cost-of-service model for its regulated utilities operations that allows the company to recover prudent costs, as well as earn a return on capital. Following the proposed issuance, Corning Energy is expected to benefit from a cleaner capital structure with debt consolidated at HoldCo level. However, the company's leverage is significant particularly given its scale that reduces overall financial flexibility and buffers.

Rating Table							
Business Risk Profile	AAA	AA	A	BBB	BB	B	CCC or below
Strong	<1.5	1.5-4.5	3-7.5	6-10.5	9.5-13.5	--	--
Average Risk	--	<1.5	<3	3-9.5	7.5-12	9-16.5	≥18
Weak	--	--	--	<3	<7.5	<9	<18

Notching Analysis

KBRA applied its [Corporate Instrument Notching Global Methodology](#), updated September 9, 2020, to determine the potential for a notching adjustment of the issue rating based on the issuer rating.

To complete the analysis, KBRA considered recovery in the event of a distressed sale. KBRA notes that defaults involving a utility company with a significant amount of cash flow from regulated operations often involve unique dynamics that are not broadly applicable. Nevertheless, KBRA considered a range of datapoints across the utility industry and other industries with similar business risk characteristics. An EBITDA haircut was applied, along with a distressed sales multiple. Overall KBRA calculates an expected range of recovery that supports two notches of uplift for the senior secured notes relative to the issuer rating.

Outlook

The Stable Outlook reflects KBRA's expectation that Corning Energy will continue to operate with predictable cashflows through its regulated utility operations and generate sufficient cash to meet its debt obligations. The outlook further reflects KBRA's expectation that Corning Energy will continue to see incremental growth over the medium term while prudently managing capital expenditures and overall liquidity.

Sensitivities for Rating Change

An upgrade could occur if Corning Energy delivers sustained growth in regulated rate base across its operating subsidiaries, including significant increases in customer counts and gas volumes from its utility operations in Pennsylvania. This would likely occur through favorable rate case outcomes and franchise expansion. KBRA will look for the company to diversify its cash flows away from the evolving regulatory environment in New York State, as well as reduce overall volume concentration to major C&I customers.	+
A downgrade could occur if Corning Energy's EBITDA/Interest falls below 3.0x for a sustained period, the company experiences significant operational disruptions, or there is a large population or economic activity outflow from its service territories. A downgrade could also occur should New York State introduce legislation that accelerates the transition to alternative energy sources without addressing the future role of natural gas utilities in the state.	-

Business Risk – Average Risk

Business Risk Summary: Corning Energy Corporation		
Determinant	Weight	Business Risk Comment
Industry Risk	25%	Strong: The essential nature of the services provided and the nature of the regulatory protection in which the utility companies are granted natural monopolies with little competition in their service territories. In addition, the regulatory environment is typically supportive, allowing utility companies the opportunity to recover and earn a rate of return based on the costs to provide services.
Competitive Risk	25%	Average: This reflects the company's monopolistic position through the ownership of regulated utilities operations, offset by its limited corporate scale and market share and concentrated customer base.
Growth and Corporate Development Risk	15%	Average: This reflects the company's focus on incremental organic growth over time in its Pennsylvania service territory, challenging growth prospects in New York, and overall limited capital to allocate to expansion initiatives.
Liquidity and Financial Flexibility Risk	15%	Average: In KBRA's opinion, the liquidity and cash flow profile of the company is sufficient to meet its ongoing obligations. The company's liquidity position is expected to benefit from the reimbursement of prudently managed costs and capital expenditures.
Regulatory and Jurisdictional Risk	10%	Average: This reflects the fact that Corning Energy generates its revenues and cash flows from its operations in regulated utilities sector, which is subject to a comprehensive regulatory regime. In addition, the company is expected to face additional regulations given an evolving, regulatory environment that is shifting towards the use of renewable energy sources.
Organizational Form, Structure & Ownership Considerations	10%	Average: Following its acquisition by Argo Infrastructure in 2022, Corning Energy operates as a private company under the ownership of a private sponsor. As such, the company does not benefit from the same level of oversight as a publicly traded corporation, although KBRA notes that it is subject to more independent oversight than other private companies given its



		status as a regulated utility and the presence of the state regulators, NYPSC and PAPUC.
Total	100%	

Industry Risk – 25% – Strong Risk

KBRA views the utility industry risk in the U.S. to be strong, given the essential nature of the services provided and the nature of the regulatory protection in which the utility companies are granted natural monopolies in their service territories with little competition. In addition, the regulatory environment is typically supportive granting utility companies the opportunity to recover and earn a rate of return based on the costs to provide services.

In the U.S., there are generally two types of utilities companies, private and public. Private utilities, called investor-owned utilities (IOU), are private entities that are either owned by public investors or are privately held but are regulated at both the federal level and the state level by regulatory commissions. The Federal Energy Regulatory Commission (FERC) and the various states regulatory commission are responsible for the regulatory oversight of the utilities. These commissions set the retail rates that are charged by the IOUs for their service. The need for regulation of utilities arises primarily because of the natural monopoly characteristics of the industry. To ensure the delivery of safe, adequate, and reliable electric services, the commissions have granted the IOUs exclusive rights to be the sole provider within a region. The retail rates are set at prices that are sufficient to compensate the regulated utility for the costs that it incurs to fulfill its obligation to serve. Usually, the nature of the retail rate is based on a rate of return provision over the utility's cost of service.

The other type of utilities, publicly-owned utilities (POU), are member-owned cooperatives or government- or municipally-owned utilities. POUs are generally exempt from regulation by state regulatory commissions because they are assumed to have the customers' (who are also the owners or voters) best interests in mind when setting rates and service standards. A few states do subject publicly owned utilities to regulatory oversight.

In the U.S, there are approximately 3,200 utilities operating in the U.S., roughly 200 of them are IOUs. The IOUs provide power to almost 75% of all consumers. Utilities' role in the U.S. are usually in three functions: (i) production (gas) or generation (electricity); (ii) transmission; and (iii) distribution. In the U.S., only a small fraction of the 3,200 utilities performs (or have) all three functions. Most of the major IOUs do own generation, transmission, and distribution; however, very few of these own enough generating resources to meet all of their needs. Very few of the POUs own their own generation or transmission. Instead, they rely on other publicly owned generation and transmission (G&T) utilities or IOUs to provide those functions for them. As a result, the vast majority of utilities rely on power purchases agreements (PPA) from others with generation assets to deliver and transmit electric power across the transmission grid to local utility substations connected to distribution lines that serve end user.

Under the regulatory regime, industry revenues and profitability are relatively stable since the regulatory commissions have deemed electricity and natural gas service providers to be natural monopolies because of the economies of scale and the significant capital necessary to build and maintain power plants, transmission and distribution lines and natural gas pipes and plants. As an IOU under the U.S. utility regulatory regime, Corning Energy has limited exposure to the effect of market risks due to its role as a regulated monopoly within its service territories. As such, KBRA scores the company's exposure to market forces and structural risk as Strong.

Within its regulated operations, Corning Energy does not compete on the basis of price or quality; instead, regulation replaces competition as a determinant of price. Corning Energy provides a largely unnegotiable rate for its gas service to the customers based on a formula-based rate plan that includes allowed rate of return over its capital expenditures, operations and maintenance costs, financing costs, and the related costs of service. The company is required to file a rate case with NYPSC and PAPUC that details these projected costs and the rates that will be subsequently charged to customers are then determined in a regulatory proceeding. Currently, Corning Energy operates under a regime in which it is authorized by the NYPSC to earn a return on equity (ROE) of 9.25% as of its most recent rate case filing.

Positive relations with the regulators usually allow utilities to recover prudent capital costs in the charged rates. With positive relations with its regulators, an IOU can typically expect stable cash flows even if there is a slight lag in recovering regulatory approved costs. Specifically pertaining to Pike, the company also benefits from recovery mechanism for its infrastructure investments called Distribution System Improvement Charge (DSIC). The company is able to recover costs related to its capital investment projects, up to 5% of total annual revenues, without the need to file a base rate case, which typically takes at least nine months to be approved. The DSIC mechanism is in place to encourage utilities to invest in needed upgrades and replacement of aging infrastructure by providing faster recovery



costs. In order to utilize this recovery mechanism, Corning Energy must submit a Long-Term Investment Infrastructure Plan (LTIPP) for PAPUC approval, which outlines the projects, estimated costs, and forecast timeline of completion. As LTIPP projects are completed, the company can submit the costs to be reimbursed. Therefore, KBRA scores the company's investment requirements and capital intensity as Strong.

At all three of the company's subsidiaries, commodity costs can be passed through to the customers. Corning Energy also has several mechanisms in place to protect itself and by extension, its customers, from shifts in commodity pricing. At CNGC, customer billing rates are adjusted each month to take into account monthly changes in commodity costs. At Pike and Leatherstocking, customer gas rates are adjusted annually, and electric customer rates are twice per year. The company also expects that any fluctuations in cost would receive favorable treatment from the regulators. In addition to hedging its gas supply contracts, during the summer the company typically purchases gas at a cheaper rate and stores up to one heating season supply of gas. Corning Energy also benefits from its close proximity to the Marcellus gas fields, which provides the company with multiple gas pipeline companies to choose from when purchasing gas inventories, further reducing its exposure. In view of this, KBRA views Corning Energy as having limited commodity volatility exposure and scores commodity volatility as Strong.

Competitive Risk – 25% – Average Risk

KBRA scores the competitive risk of Corning Energy as Average, reflecting the core competitive strength afforded to regulated utilities by their control over a service territory, offset by its limited corporate scale and market scale. Additionally, the company's concentrated customer base hinders the overall, long-term sustainability of customer rates and volumes. Although the company has to navigate several operational risks, KBRA believes the company is sufficiently positioned to manage these challenges, supported by certain protections to profitability due to the nature of the regulated utilities rate case filings.

Corning Energy is a small, regulated utility company serving a handful of regions in the states of New York and Pennsylvania. Although the company does not benefit from an extensive corporate scale seen with larger utility holding companies, KBRA scores the company's size & scale as Average, reflecting the exclusivity of the company's service territories it operates in. However, KBRA scores the company's market share as Weak, given the significantly larger competitors with regulated utility operations in both New York and Pennsylvania. In New York State, larger competitors in the region include National Grid, New York State Electric & Gas (NYSEG), Central Hudson Gas & Electric, Rochester Gas & Electric (RG&E), Con Edison, and KeySpan Long Island. These competitors provide services in more highly populated service territories, authorized for a significantly larger rate base, and overall generate greater revenues. National Grid and its various subsidiaries provide natural gas to approximately 600,000 customers in New York with a total rate base of \$20.7 billion. NYSEG serves approximately 272,000 natural gas customers with a service territory that spans 40% of upstate New York, and a total rate base of \$3.9 billion as of 2022. RG&E provides natural gas services to approximately 320,000 customers across nine counties of New York. In Pennsylvania, the largest providers of natural gas services include Columbia Gas of PA Inc, Natural Fuel Gas, PECO Energy Company, and Philadelphia Gas Works. Columbia Gas provides natural gas to over 445,000 customers in 26 counties in Pennsylvania. Natural Fuel Gas distributes and transports natural gas to hundreds of thousands of customers in Western New York and Northwestern Pennsylvania. PECO provides natural gas distribution service to more than 552,000 customers in southeastern Pennsylvania. Philadelphia Gas Works delivers natural gas to 500,000 customers. The competitors within the two states are substantially larger in terms of customer base, service territory, rate base and also better positioned to navigate and combat future changes in regulations and policy impacting their natural gas operations.

KBRA scores the company's diversity as Average. Corning Energy's customer base across the three subsidiaries consists primarily of residential, commercial, and industrial customers. The company's customer base also includes customers in the transportation sector and has wholesale and local production contracts that also generate a portion of total consolidated revenues. Based on FY 2023 audited data for Corning Energy, as a percentage of total revenues, residential customers accounted for 58.6%, commercial for 23.6%, transportation for 10.6%, with the remaining coming from wholesale contracts (4.6%), industrial customers (1.6%), local production (0.5%), and streetlights (0.4%).

The largest operating utility subsidiary, CNGC, does have significant customer concentration to Corning Inc., which accounts for approximately 49% of total gas volumes sold dating back to January 2019. This is higher customer concentration than we typically see for the average utility company and when compared to peers. Given that CNGC is currently the company's primary generator of revenue and EBITDA, this materially exposes the company's revenues and overall profitability if Corning Inc. no longer continues to be a customer. If this occurred, the company would have difficult sustaining gas volumes at current levels, resulting in higher customer rates to offset loss in volumes which could lead to additional customer churn as energy substitutes become more attractive. This is partially offset by Corning



Energy's long-standing relationship with Corning Inc. and the fact that Corning Inc. is one of the most integral businesses within the city of Corning and its economy. As a result, KBRA views the risk of Corning Inc. leaving the region in the near term as minimal due to Corning Inc.'s public statement in support of the community. Corning Inc. has also been a leader in initiatives such as revitalization efforts, partnerships with local organizations, and philanthropic investments to help develop and strengthen the local economy. Additionally, CNGC is also concentrated in terms of customer type as a percentage of total gas volumes. Through January 2019 to April 2024, contracted commercial customers accounted for approximately 55% of total gas volumes, with 23% coming from residential, and 18% from transportation customers. The customer concentration at CNGC is mitigated, though only partially, by the well-diversified, unconcentrated customer base at Pike and Leatherstocking.

Corning Energy's customer base is primarily made up of local businesses and retail franchises in its service territory region. For example, Walmart, ShopRite, Home Depot but also local schools, districts, and farms. Corning Energy has long-standing customer relationships with some of the largest employers and economic contributors to the regions they operate in. For CNGC, some of the subsidiary's customers, such as Corning Inc. and Correlle Brands, are major businesses and employers within the city of Corning. CNGC also has multiyear gas pipeline contracts with various counties in the region including Williams and Bath and large industrial, energy, and infrastructure companies such as Kinder Morgan, Repsol, and Eastern Pipeline Company. CNGC also has contracts with counterparties such as New York State Electric & Gas (NYSEG), Corning Inc., Correlle Brands, and Greek Peak ski resort. Pike has multiyear gas and electric supply contracts with entities such as Orange & Rockland. Leatherstocking has customer gas purchase contracts with corporations like Cargill. Overall, despite Corning Energy's small corporate scale, the company has customer relationships with corporations and businesses that have a material impact on the region's economy and community; therefore, KBRA scores the company's contractual revenues, cash flows, and counterparty exposures as Average.

KBRA scores the company's pricing power as Strong considering its monopoly within its service territory and operations within the regulated utility industry. The company operates under a cost-of-service model that determines the rates it charges customers and provides the opportunity for return on investment. This framework is overseen by the NYPSC for CNGC and the PAPUC for Pike and Leatherstocking. Accordingly, a utility's relationship with its regulator is a key competitive factor, considering the direct impact it has on its cash flow generation. KBRA believes that Corning Energy currently has productive relationships with its regulators, with an authorized ROE of 9.25% in New York and consistent, favorable negotiated settlements at Pike and Leatherstocking that has resulted in increasing revenues over the last few years. However, overall authorized ROE is on the lower end of the spectrum for what is seen for utility peers. More importantly, KBRA expects the relationship with regulators, especially the NYPSC, to weaken as the commission is required to tighten regulations on utility companies as the state pursues its climate change initiatives. In Pennsylvania rate cases, the negotiated settlements are a result of "black box" settlements. In black box settlements, the company has proposed, negotiated, and settled with regulators for a blanket rate base increase rather than a specified ROE based on itemized costs in traditional rate cases. These negotiations typically result in an increase in the overall rate base.

KBRA scores the company's operational risk as Average. Corning Energy does have a long operating history track record of 100 years; however, the company must manage a number of operational risks present in its business model especially considering its small scale. One of those challenges is increasing labor costs. Corning Energy has experienced an increase in labor costs, especially with contractors. Under New York state Labor Law, contractors and subcontractors must pay the prevailing rate of wage and supplements to all workers under a public work contract. Employers must pay the prevailing wage rate set for the locality where the work is performed. This applies to all laborers, workers, or mechanics employed under a public work contract. The wage schedules are issued on a county-by-county and annual basis and contain the pay rates for each work classification. Corning Energy has navigated this challenge by reducing the amount of contractors it employs and using its in-house workforce to complete more projects to limit its exposure to increases in labor costs.

Additionally, Corning Energy demonstrated a degree of resiliency in economic downturns and low-probability events, most recently the COVID-19 pandemic. During the pandemic, the company did not have any interruptions in providing its services or incur any regulatory fines or penalties. The company did face the challenge of customers being unable to pay their bills due to loss of employment and due to moratoriums on customer service interruptions with the aid of regulators. During the pandemic, regulators provided cash and liquidity to Corning Energy and other utilities in order to prevent service interruptions and financial hardships. However, given the demographics of Corning, New York, economic activity outflows and downturns are ongoing exposures for the company. As of July 2023, Corning, New York is estimated to have a population of 10,612 which is a slight decrease of 0.2% from the previous year. The city is made up of lower

middle income residents with the median income at approximately \$59,500 compared to the median income of approximately \$76,000 in the New York State.

Geographically, Corning Energy is located on top of the Marcellus Shale gas fields in Pennsylvania. This gives the company a competitive and operational advantage when purchasing and moving supplies to and through its pipeline compared to other competitors that have to account for and accommodate the logistics of shipping supplies. In addition, their location also provides a degree of protection from increasing gas prices. With the Marcellus Shale gas fields, there are a variety of gas pipeline companies to choose from, which offers Corning Energy some flexibility when purchasing its gas inventories in terms of pricing.

Growth and Corporate Development Risk – 10% – Average Risk

KBRA views the growth and corporate development risk as Average. For the company's revenues overall, growth is largely a function of growth in the economy and demand among the customer base. To increase, they would have to experience increased demand from current customers or expand their customer base, leading to additional approved capital projects, incur higher prudently incurred costs or acquire additional service territory in the regions they operate in. Additionally, the management team has indicated that they do not plan on currently pursuing acquisitions to expand their business and expects that growth will primarily come from incremental organic growth driven by their current initiatives to transition residential customers in Pennsylvania to natural gas usage. Overall, growth in the company is restricted by the limited amount of capital the company has to direct toward expansion initiatives.

KBRA scores the company's organic growth as Average. Corning Energy generated \$43.5 million in revenues and \$16.7 million in EBITDA as of last 12 months (LTM) Q2 2024. For all three subsidiaries, the company has seen continuous increases in rate base. Corning Energy has already been approved for an \$8.2 million increase in total revenues through 2026. This results in an incremental increase in total revenues of \$2.7 million or approximately 6% annually, beginning in 2024. CNGC accounts for \$1.7 million of the total increase in revenues, \$0.8 million comes from Pike, and \$0.2 million from Leatherstocking. Nevertheless, future organic growth is anticipated to be gradual and will primarily come from the company's service territory in Pennsylvania. At Leatherstocking, the company expects to see significant growth in the customer base, an approximately 30% increase, by 2028. The growth is attributed to natural gas conversion opportunities, particularly among the residential customers, in the service territory. Also at Leatherstocking, the company expects to see additional customer growth through their ongoing program to provide gas appliance financing for its customers, an initiative that is funded by the United States Department of Agriculture. On the other hand, future growth prospects in the company's service territory in New York and at CNGC are expected to be extremely limited with increasing obstacles being created by the regulatory environment.

KBRA scores the company's M&A-driven growth as Average. The company has stated that there is limited capital to pursue expansion initiatives in the near term. Historically, Corning Energy has executed several growth initiatives and acquisitions that proved positive for the growth of the company. In 2014, the company partnered with Mirabito Regulated Industries in a joint venture to form LGC. A few years later, Corning Energy purchased Mirabito's 50% ownership in LGC, becoming the sole owner in 2020. In 2016, Corning Energy acquired Pike Country Light and Power from Orange & Rockland Utilities, Inc. The acquisition expanded the company's operations in Pennsylvania and provided diversity to its business lines with the entrance into electric market.

KBRA scores the company's diversity as Average. Corning Energy has limited diversity in terms of business segments and overall, the company is limited in its capacity to diversity, considering lack of financial resources to dedicate toward expansion, restricted and slow growth in the customer base, and that the support for expansion in its natural gas segment is primarily confined to Pennsylvania, given the NYPSC support for shifting away from natural gas in the state of New York. Additionally, Corning Energy has a degree of diversity in terms of its regulators as opposed to being subject to the regulations and requirements of one regulator. Although the NYPSC has shifted its focus to the transition toward renewable energy sources, the PAPUC remains very supportive of the natural gas providing Corning Energy with growth opportunities.

Liquidity and Financial Flexibility – 10% – Average Risk

KBRA views the liquidity and financial flexibility score of Corning Energy as Average. The company generated \$7 million in cash from operations as of LTM Q2 2024 and its largest uses of cash were capital expenditures (\$15 million) and purchase of securities (\$3 million). In KBRA's opinion, the liquidity and cash flow profile of the company is sufficient to meet its ongoing obligations.



With regulated utilities, there is typically a regulatory lag in recovering natural gas distribution expenditures that can limit the company's ability to build liquidity and its financial flexibility in the interim. As of LTM Q2 2024, the company's sources of cash included \$0.2 million of cash on balance sheet and \$7 million of available cash from operations. During the same period, Corning Energy's primary use of cash was \$15 million in capital expenditures. KBRA views positively the fact that a significant amount of the company's sources is backed by a regulatory revenue requirement and that the company generally limits growth investments to projects that are approved for eventual addition to the regulated rate base. As such KBRA scores the company's sources/uses as Average.

KBRA scores the company's access to capital markets as Average reflecting the company's small scale and limited track record of raising financial in capital markets. Additionally, the Corning Energy is now a privately held company owned by a private sponsor which limits its ability to access public debt or equity markets, restricting its options to raise capital from private placements with lenders that specialize in lower middle market lending. KBRA believes that it would be difficult for the company to find alternative sources of liquidity under unfavorable market conditions. However, the company does not have tight covenant restrictions and was able to raise alternative liquidity in the form of preferred shares for additional financing for the Argo acquisition transaction, as such KBRA scores the company's alternative liquidity as Average.

KBRA scores the company's ability to build liquidity from internal cash flows as Average reflecting the presence of a cost service model and the regulatory provision for the company to earn a rate of return on its rate base. The company is expected to be able to generate sufficient cash from operations through prudently managed costs to provide its regulated services to customers.

Regulatory and Jurisdictional Risk – 10% – Average Risk

KBRA scores the regulatory and jurisdictional risk of Corning Energy as Average. A significant amount of the company's revenues and cash flow is generated from its natural gas operations, which are subjected to a comprehensive regulatory regime and oversight and exposure to legal issues and risks that pose a threat to overall profitability.

While KBRA typically views regulatory support for regulated utilities as Strong, reflecting the stability of the business model and the opportunity to earn supportive returns, KBRA scores Corning Energy's regulatory support as Average. The Average score reflects the fact 62% of the company's revenues and EBITDA and 65% of its total approved rate base is attributable to its operations at CNGC based in New York in a regulatory regime that is shifting toward the use of alternative, renewable energy resources rather than natural gas. On July 18, 2019, the Climate Leadership and Community Protection Act (CLCPA) was signed into law, requiring New York to reduce economywide greenhouse gas emissions by 40% by 2030 and no less than 85% by 2050 from 1990 levels. In May 2023, New York state became the first state in the country to pass a law prohibiting the use of fossil fuel equipment in new construction, a mandate that will take effect in 2026 for new buildings of seven stories or less, and in 2029 for larger buildings. Most recently, the state of New York continued its initiative toward a carbon neutral economy by 2050 by introducing the New York Home Energy Affordable Transition (HEAT) Act into legislation. The legislation seeks to limit a requirement known as the "obligation to serve" where utilities automatically provide gas to new customers who request it, and to curb the expansion of gas infrastructure. This legislation would grant NYPSC new authority to phase out gas use and rollback long-standing subsidies for new gas hookups, essentially decreasing New York citizens' statutory right to gas service, including capping the expansion of gas distribution systems beginning 2026 and giving the NYPSC new authority to decommission parts of the system, provided that the commission determines that retirement is necessary to achieve New York's emission reduction and climate justice goals. Although the New York HEAT Act did not get passed in the recent vote, this is the second time it went up for a vote in the Senate and provides further evidence that New York state will continue to pursue its focus of transitioning away from the use of nonrenewable energy sources.

Corning Energy does benefit from the regulatory support of its second regulator. In Pennsylvania, the PAPUC has a much more favorable outlook for the natural gas industry and its expansion, with support for the continuation of drilling new natural gas wells and with natural gas utilities being approved for significant investments in their infrastructure. However, the service territory and operations in Pennsylvania is smaller than in New York and although there are opportunities for the company to grow its operations in the region, it will take significant time to do so to offset the risks posed by the regulatory environment in New York.

Furthermore, while the regulatory regime affords the company some profitability protection that provides stability to its cash flows, continued legislation and tightening regulatory hurdles impacting Corning Energy's largest subsidiary would deteriorate that protection. Coupled with the adverse legislations mentioned above, KBRA scores the company's legal issues and risks as Average.

KBRA scores the company’s permitting process and ease of business development and compliance standards and requirements as Average. Despite past rate case resolutions, the process of obtaining a rate base increase can be lengthy and involves no guarantees of success. Additionally, while the company does operate in a clear and consistent regulatory framework, the approval process for new projects, programs, and rate adjustments can be involved. Requests from utilities can be rejected or settled by the state regulators after a considerable amount of resources have been invested in order to submit filings and documentation and to advocate for various business initiatives. Further, there are no assurances that the company’s regulators will approve the recovery of all costs incurred for its operations, including costs for construction, operation and maintenance, and compliance with current regulations. Additionally, as a regulated utility company, Corning Energy is subject to a high level of compliance requirements as a result of regulators.

Organizational Form, Structure, and Ownership Considerations – 10% – Average Risk

KBRA views the organizational form, structure, and ownership as Average. Following its recent acquisition by Argo Infrastructure in 2022, Corning Energy operates as a private company under the ownership of a private sponsor. As such, the company does not benefit from the same level of oversight as a publicly traded corporation, although KBRA notes that it is subject to more independent oversight than most other private companies given its status as a regulated utility and the presence of two regulators, NYPSC and PAPUC. While KBRA believes that private ownership can indicate the potential for aggressive financial policies, the risk is reduced in this case given the nature of the regulated utilities business model and limitations imposed by the regulators. KBRA scores the company’s type of corporate form as Average.

KBRA scores the company’s overall corporate structure as Average, considering that the group structure is simple and easily understood, with Corning Energy Corporation being the ultimate parent and legal issuer for the senior secured notes. This reflects direct ownership of the subsidiaries and operating assets that generate the necessary cash flow to meet obligations and the expected lack of affiliated transactions, off-balance sheet obligations, or money pools.



With the operating subsidiaries generating the necessary cash flows to meet obligations, there is some reliance on affiliates; however, in KBRA’s view, Corning Energy is positioned to manage obligations across its subsidiaries. Furthermore, each operating subsidiary has limitations on the amount of debt they can maintain. The subsidiaries are subject to debt caps of \$2 million in the case of Pike and Leatherstocking and \$5 million for Corning Gas. With these limitations in place, KBRA scores the company’s reliance on affiliates/position in the group as Average.

Corning Energy’s management team consists of industry professionals that have been with the company for a long duration. Additionally, KBRA believes that the regulatory oversight of the utilities industry further reduces governance

risk through a high level of oversight, required annual rate case filings, and limitations on financial policymaking. KBRA scores the company's guarantees or subsidies as Average.

ESG Management

KBRA typically analyzes environmental, social, and governance (ESG) factors through the lens of how management teams plan for and manage relevant ESG risks and opportunities. More information on KBRA's approach to ESG risk management in corporate ratings can be found [here](#). Over the medium term, corporate issuers will need to prioritize ESG risk management and disclosure with the likelihood of expansions in ESG-related regulation and rising investor focus on ESG issues.

KBRA analyzes many sector- and issuer-specific ESG issues but our analysis is often anchored around three core topics: climate change, with particular focus on greenhouse gas emissions; stakeholder preferences; and cybersecurity. Under environmental, as the effects of climate change evolve and become more severe, issuers are increasingly facing an emerging array of challenges and potential opportunities that can influence financial assets, operations, and capital planning. Under social, the effects of stakeholder preferences on ESG issues can impact the demand for an issuer's product and services, the strength of its global reputation and branding, its relationship with employees, consumers, regulators, and lawmakers, and, importantly, its cost of and access to capital. Under governance, as issuers continue to become more reliant on technology, cybersecurity planning and information management are necessary for most issuers, regardless of size and industry.

Environmental

KBRA anticipates that the global shift towards reducing emissions will pressure regulators and government agencies to find cost-effective solutions to reduce greenhouse gas (GHG) emissions. As a utility engaged in the distribution of natural gas, Corning Energy's operations are likely to be impacted by these regulatory efforts.

Through the Climate Leadership and Community Protection Act (CLCPA), New York created greenhouse gas emissions targets to reduce economywide emissions by 40% by 2030 and no less than 85% by 2050 from 1990 levels. The state has been proactive in initiating follow-up legislation to achieve the outlined targets. In Pennsylvania, the regulators and state are more in favor of the natural gas industry and its expansion, with support for the continuation of drilling of new natural gas wells and with natural gas utilities being approved for significant investments in their infrastructure.

Social

Corning Energy has a well-established presence in the city of Corning and long-standing relationships with the local communities, customers, regulators, and other key stakeholders in the areas it operates in.

Governance

Corning Energy benefits from an experienced management team that have been in the industry and with the company for a significant period of time. The company's private sponsor, Argo Infrastructure, has a limited track record of governance, having acquired the company recently in 2022. However, Argo Infrastructure is experienced in investing in the energy and infrastructure sectors with no major reported issues so far.

Within the regulated utilities industry, the regulators are aware of the sensitive nature of customer information and the increasing risk that cybersecurity attacks pose. The NYPSC has set minimum standards that all utility companies in the region must adhere to. The requirements include utility companies signing a data security agreement (DSA) to govern the exchange of customer information electronically. The PAPUC publishes guidelines for its utility companies, outlining the best practices for cybersecurity which provides methods for proactive prevention and steps to take should an attack occur.

Financial Risk

KBRA formed its view on the financial risk profile of Corning Energy based on a view of financial results, presentations, regulatory filings, and management projections. KBRA was provided access to the management team as part of the process.

The financial risk score of 9.9 is based on pro forma LTM Q2 2024 financial data. The most recent LTM data was selected to represent the company's financial risk profile to reflect the new amount of debt in the capital structure and expected growth of the company on a go-forward basis. Corning Energy's financial risk profile is characterized by its limited

corporate scale within the utilities sector, stable revenues, and a significant amount of financial leverage given the company's size and scale.

Determinants	Pro Forma LTM Q2 2024	Score
Sales		
Revenues (Mn)	\$43.5	18
Profitability		
EBIT Margin	24.7%	6
Return on Average Assets	9.7%	3
Cash Flow		
Free Cash Flow/Debt	17.9%	6
Retained Cash Flow/Debt	47.6%	3
Capital Structure & Leverage		
Debt/EBITDA	4.5x	12
Debt/Book Capital	48.6%	9
Coverage		
EBIT/Interest	2.5x	15
EBITDA/Interest	3.9x	15
Financial Policy		
Unencumbered Assets/Total Assets	56.2%	12
Financial Risk Score		9.90

Size -10%

For a utility operating company, revenue is a good representation for size and market share because its revenue is composed of reimbursable costs and a margin approved by its regulators. These reimbursable costs are composed of the prudent costs that the company undertakes in order to reliably deliver gas and electric services within its service territory. Corning Energy generated revenue of \$43.5 million as of LTM Q2 2024 across its various subsidiaries, reflecting its small size compared to other utilities with regulated operations in the U.S. However, the company has seen consistent, incremental growth in its rate bases across all its subsidiaries.

Profitability -20%

Corning Energy's profitability profile is defined by consistent, double-digit margins. The profitability profile is underpinned by the cost-of-service model used in the company's operations in regulated utilities, which sets stable regulated rates of return that the utility is allowed to achieve on its recovered costs. KBRA expects that Corning Energy's profitability profile will remain appropriate for the rating category.

Cash Flow Analysis -20%

Corning Energy has consistently generated positive cash flows, albeit small in amount as a result of the scale of its operations. As of LTM Q2 2024, the company generated \$7 million of cash from operations with capital expenditures of \$15 million. On an ongoing basis, capital expenditures are expected remain stable within the same range, as the company primarily focuses on maintenance requirements of its current operations instead of allocating capital to expansion initiatives. The company's capital expenditures are expected to receive favorable rate recovery treatment, increasing the total rate base for its subsidiaries and as a result the company's earned return.

Capital Structure & Leverage -20%

Corning Energy has averaged a debt/book capital of 43.2% and a debt/EBITDA of 4.7x over the last four years and has remained in compliance with its regulatory capital range of 65%. On a pro forma basis for the proposed senior notes, debt/EBITDA is expected to be 4.5x in line with the historical average, which is a significant amount of leverage given the company's size and scale.



Interest Coverage -20%

In KBRA's view, the company has an adequate ability to meet its debt service obligations. Corning Energy has adequate coverage metrics for a regulated utility, with EBIT and EBITDA covering its interest payments 2.5x and 3.9x, respectively. Overall, the company's coverage metrics are expected to remain consistent given the stable nature of the company's revenues and cash flows.

Financial Policy -10%

The quantitative metrics associated with financial policy reflect the choices that management makes regarding the company's financial structure, the use of cash and relative attractiveness of profitable reinvestments in the business versus the payout to investors. Financial policy is an indication of the firm's desired or intended financial position and performance, and management's policies and risk appetite. At its heart, financial policy can either be a contributor or impediment to access to outside capital.

Corning Energy's capital structure is subject to limitations imposed by its regulators. The company is required to maintain a maximum debt to total capitalization of 65% by regulators, which restricts the potential for cash leakage and is a credit positive. As of LTM Q2 2024, the company's total debt/book capital is 49%. Additionally, this limits the financial policy impacts of the company's private sponsor.

Additional Rating Determinants

Country Risk & Transfer and Convertibility Risk

Corning Energy's operations are entirely within the U.S. KBRA analyzed the country risk inherent in the issuer rating assigned herein and concluded that the country risk exposure is minimal.



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Corning Energy Corporation

KBRA affirms its BB issuer rating for Corning Energy Corporation and its BBB- issue rating for Corning's senior secured notes listed below. The Outlook is Stable.

Corning Energy Corporation is a natural gas and electric distributor with three operating subsidiaries: Corning Natural Gas Corporation, Pike County Light & Power, and Leatherstocking Gas Company.

KBRA applied its [General Corporate Global Rating Methodology](#), published on August 6, 2025; [Corporate Instruments/Corporate-Linked Obligations Notching Global Methodology](#), published on September 10, 2024; and [ESG Global Rating Methodology](#), published on June 16, 2021. This rating report relates to the surveillance rating action taken on September 9, 2025, when the rating was affirmed. The information in the report is based on the available information as of the time of that rating action.

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Issuer Rating			
Entity	Rating Action	Most Recent KBRA Rating/Outlook	KBRA Rating/Outlook
Corning Energy Corporation	Affirm	BB/Stable	BB/Stable

Corning Energy Corporation				
Securities	PPN	Rating Action	Most Recent KBRA Rating/Outlook	KBRA Rating/Outlook
\$50 Million, 6.29% fixed rate, Series A Senior Secured Notes due 2034	21931#AA4	Affirm	BBB-/Stable	BBB-/Stable
\$20 Million, 6.37% fixed rate, Series B Senior Secured Notes due 2036	21931#AB2	Affirm	BBB-/Stable	BBB-/Stable

Key Credit Considerations

	+/-
Credit-Enhancing Regulatory Oversight The presence of multiple state regulators, which oversee and restrict the financial endeavors of regulated utility operating companies, limits the amount of total debt in the capital structure and other financial policies, decreasing credit risk.	+
Continuous Growth in Rate Base Corning Energy has seen continuous growth in its rate base across all three of its subsidiaries.	+
Long-standing Presence and Customer Relationships Corning Energy has a long-standing presence within the city of Corning and well-established customer relationships in its service territory.	+



Successful Rate Case Resolution The most recent rate cases for Corning Natural Gas Corporation and Pike, filed in 2024, received regulatory approval in June 2025 and August 2025, respectively.	+
Limited Scale and Geographic Diversity Corning Energy operates in small scale service territories in the states of New York and Pennsylvania. The limited scale and lack of diversity restrict the company's long-term growth opportunities.	-
Shifting Regulatory Attitude Although there have been no firm guidelines or targets outlined, the New York Public Service Commission (NYPSC) has recently been emphasizing a transition to renewable energy. This could heavily impact the company's profitability, considering most of its revenue is generated by its operations in New York at CNGC. This is partially offset by the company's other regulator, Pennsylvania Public Utility Commission (PAPUC), which maintains a supportive attitude toward natural gas operations.	-
Limited Operating Track Record under a Private Sponsor Corning Energy Corporation has operated as a public company since 2013 with a high level of oversight. With the recent acquisition by Argo Infrastructure Partners, there could potentially be changes in the way the company operates and its financial policies, partially offset by the oversight provided by the utility regulators.	-
Increased Operating Leverage As of the last 12 months (LTM) ended Q2 2025, financial leverage is approximately 6.1x due to material, additional debt as a result of the utilization of the revolving credit facility. This is partially offset by the fact that the company drew on its revolving credit facility to fund capital expenditures and working capital, which are expected to be recovered in the its rate base.	-

Issuer Rating Rationale

The BB issuer rating reflects Corning Energy's overall Average business risk profile and a financial risk score of 14.1.

Rating Table							
Business Risk Profile	AAA	AA	A	BBB	BB	B	CCC or below
Strong	<1.5	1.5-4.5	3-7.5	6-10.5	9.5-13.5	--	--
Average Risk	--	<1.5	<3	3-9.5	7.5-12	9-16.5	≥18
Weak	--	--	--	<3	<7.5	<9	<18

Corning Energy's business risk profile is characterized by its ownership of several utility subsidiaries that benefit from their monopolistic status as a regulated utility provider with operations in two states. As a result, the company benefits from revenue stability, a cost-of-service model, and lack of competition within its allotted service territories. The company has a long operating track record within its regions of operations, with established customer relationships. However, it has limited corporate scale, which restricts its competitiveness, emphasized by the lack of large economic hubs in the region of its operations. Corning Energy has primarily been restricted to incremental growth due to the regulated nature of its business. Currently, it has a positive relationship with both its regulators. However, the regulatory environment is a factor KBRA will continue to monitor for further negative developments considering the growing focus on the transition to renewable energy sources, especially in the state of New York. So far, New York has demonstrated continued initiative to further its climate change efforts and meet emission targets. With the potential for continued legislation, the company could face significant regulations that could affect rate case outcomes and its overall operations in New York.

Corning Energy's financial risk profile reflects its limited size and scale compared to most utility holding companies, given the small service territory of its subsidiaries. The company benefits from adequate profitability as a result of the nature and cost-of-service model for its regulated utilities operations that allow it to recover prudent costs, as well as earn a return on capital. Following the proposed issuance, Corning Energy is expected to benefit from a cleaner capital structure with debt consolidated at the parent-level. However, the company's leverage is significant particularly given its scale that reduces overall financial flexibility and buffers.

The affirmation of the issuer rating and Stable Outlook reflect KBRA's belief that Corning Energy will continue to generate sufficient cash from operations to support its financial obligations. It also reflects KBRA's continued belief that Corning Energy and its various subsidiaries will continue to be regulated under a rate of return regime and its customer base and service territories in the state of New York and Pennsylvania will remain stable. While the financial risk score and leverage are relatively high currently, this is a result of the company's capital spending for regulatory, mandated projects, capital expenditures, and working, which it uses its revolving credit facility to fund. As such, we anticipate that

these costs will be recovered, as they all pertain to the company's costs of operating, resulting in an increased regulated asset base that will allow it to generate higher EBITDA and cash flow sufficient to pay down debt and maintain its historical capital structure.

Notching Analysis

KBRA applied its Corporate Instruments/Corporate-Linked Obligations Notching Global Methodology, updated September 10, 2024, to determine the potential for a notching adjustment of the issue rating based on the issuer rating.

To complete the analysis, KBRA considered recovery in the event of a distressed sale. KBRA notes that defaults involving a utility company with a significant amount of cash flow from regulated operations often involve unique dynamics that are not broadly applicable. That said, KBRA considered a range of datapoints across the utility industry and other industries with similar business risk characteristics. An EBITDA haircut was applied, along with a distressed sale multiple. Overall KBRA calculates an expected range of recovery that supports two notches of uplift for the senior secured notes relative to the issuer rating.

Outlook

The Stable Outlook reflects KBRA's expectations that Corning Energy will operate with stable cash flows through its regulated utility operations and generate sufficient cash to meet its debt obligations. The Outlook further reflects KBRA's expectation that Corning Energy will continue to see incremental growth over the medium term while prudently managing capital expenditures and overall liquidity.

Sensitivities for Rating Change

An upgrade could occur if Corning Energy delivers sustained growth in regulated rate base across its operating subsidiaries, including significant increases in customer counts and gas volumes from its utility operations in Pennsylvania. This would likely occur through favorable rate case outcomes and franchise expansion. KBRA will look for the company to diversify its cash flows from the evolving regulatory environment in New York State, as well as reduce overall volume concentration to major commercial and industrial (C&I) customers.	+
A downgrade could occur if Corning Energy's EBITDA/Interest coverage approaches 2.0x and if Debt/Book Capital approaches 65%. Additionally, we could lower the rating if the company experiences significant operational disruptions, or if there is a large population or economic activity outflow from its service territories. A downgrade could also occur should New York State introduce legislation that accelerates the transition to alternative energy sources without addressing the future role of natural gas utilities in the state.	-

Business Risk – Average Risk

Business Risk Summary: Corning Energy Corporation		
Determinant	Weight	Business Risk Comment
Industry Risk	25%	Strong: The score reflects the essential nature of the services provided, as well as the nature of the regulatory protection, in which utility companies are granted natural monopolies with little competition in their service territories. In addition, the regulatory environment is typically supportive, allowing utility companies the opportunity to recover and earn a rate of return based on the costs to provide services.
Competitive Risk	25%	Average: The score reflects the monopolistic position the company has in its regulated utilities operations and service territories, offset by its limited corporate scale.
Growth and Corporate Development Risk	25%	Average: The company has a focus on incremental organic growth in its Pennsylvania service territory while managing challenging growth prospects in New York and overall limited capital to allocate to expansion initiatives.
Liquidity and Financial Flexibility Risk	15%	Average: In KBRA's opinion, the liquidity and cash flow profile of the company is sufficient to meet its ongoing obligations.
Regulatory and Jurisdictional Risk	10%	Average: Corning Energy generates its revenues and cash flows from its operations in the regulated utilities sector, which is subject to a comprehensive regulatory regime. In addition, the company's largest subsidiary, CNGC, is based in a regulatory environment that is shifting away from the use of natural gas.



Organizational Form, Structure, and Ownership Considerations	10%	Average: Following its acquisition by Argo Infrastructure in 2022, Corning Energy operates as a private company under the ownership of a private sponsor. As such, the company does not benefit from the same level of oversight as a publicly traded corporation, although KBRA notes that it is subject to more independent oversight than other private companies given its status as a regulated utility and the presence of the state regulators, NYPSC and PAPUC.
Total	100%	

ESG Management

KBRA typically analyzes environmental, social, and governance (ESG) factors through the lens of how management teams plan for and manage relevant ESG risks and opportunities. More information on KBRA’s approach to ESG risk management in corporate ratings can be found [here](#). Over the medium term, corporate issuers will need to prioritize ESG risk management and disclosure with the likelihood of expansions in ESG-related regulation and rising investor focus on ESG issues.

KBRA analyzes many sector- and issuer-specific ESG issues, but our analysis is often anchored around three core topics: climate change, with particular focus on greenhouse gas emissions; stakeholder preferences; and cybersecurity. Under environmental, as the effects of climate change evolve and become more severe, issuers are increasingly facing an emerging array of challenges and potential opportunities that can influence financial assets, operations, and capital planning. Under social, the effects of stakeholder preferences on ESG issues can impact the demand for an issuer’s product and services, the strength of its global reputation and branding, its relationship with employees, consumers, regulators, and lawmakers, and, importantly, its cost of and access to capital. Under governance, as issuers continue to become more reliant on technology, cybersecurity planning and information management are necessary for most issuers, regardless of size and industry.

Environmental

Through the Climate Leadership and Community Protection Act (CLCPA), New York created greenhouse gas emissions targets to reduce economy-wide emissions by 40% by 2030 and no less than 85% by 2050 from 1990 levels. The state has been proactive in initiating follow-up legislations to achieve the outlined targets. In Pennsylvania, the regulators and state are more in favor of the natural gas industry and its expansion, with support for the continuation of drilling of new natural gas wells and with natural gas utilities being approved for significant investments in their infrastructure.

Social

Corning Energy has a well-established presence in the city of Corning and long-standing relationships with the local communities, customers, regulators, and other key stakeholders in the areas they operate in.

Governance

Corning Energy benefits from an experienced management team that has been in the industry and with the company for a significant period of time. The company’s private sponsor, Argo Infrastructure, has a limited track record of governance, having acquired the company recently in 2022. However, Argo Infrastructure is experienced in investing in the energy and infrastructure sectors with no major reported issued thus far.

Within the regulated utilities industry, the regulators are aware of the sensitive nature of customer information and the increasing risk that cybersecurity attacks pose. The NYPSC has set minimum standards that all utility companies in the region must adhere to. The requirements of the includes utility companies signing a data security agreement (DSA) to govern the exchange of customer information electronically. The PAPUC publishes guidelines for its utility companies, outlining the best practices for cybersecurity, which provide methods for proactive prevention and steps to take should an attack occur.

Determinants	LTM Q2 2025	Score
Sales		
Revenues (Mn)	\$51.1	18



Profitability		
EBIT Margin	15.3%	9
Return on Average Assets	8.5%	3
Cash Flow		
Free Cash Flow/Debt	-28.3%	18
Retained Cash Flow/Debt	-5.7%	18
Capital Structure & Leverage		
Debt/EBITDA	6.1x	18
Debt/Book Capital	58.5%	12
Coverage		
EBIT/Interest	1.4x	18
EBITDA/Interest	2.7x	15
Financial Policy		
Unencumbered Assets/Total Assets	48.1%	12
Financial Risk Score*		14.1

*At the time of the initial rating, and reflected in the initial rating report, we incorrectly indicated a financial risk score of 9.90 based upon an incorrect free cash flow assumption. The actual financial risk score at the time of the initial rating was 12.6. KBRA has determined that the financial risk score, as corrected, would not impact the overall initial rating outcome.

Rating History				
Type	Initial Rating Date	Rating	Action	Outlook
Issuer	9/10/2024	BB	Assign	Stable
Issue	9/10/2024	BBB-	Assign	Stable



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VERIFICATION

I, Frank Vassallo, Chief Financial Officer, Corning Energy Company on behalf of Leatherstocking Gas Company, hereby state that the facts set forth in the foregoing documents are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing in this matter. This verification is made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.



Frank Vassallo, CFO
Corning Energy Company on behalf of
Leatherstocking Gas Company

Date: 5/27/26