July 10, 2020

Hon. Michelle Phillips,  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

Re: Case 20-G-0101 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Corning Natural Gas Corporation for Gas Service.

Dear Secretary Phillips:

The New York Geothermal Energy Organization (NY-GEO) respectfully, but strongly, disagrees with the opinion of the DPS staff infrastructure and operations panel that rejects depreciation of service lines by 2050 (pages 20&21 of June SIOP testimony). While NY-GEO shares all parties’ concerns with raising rates to customers in the short term, we are also deeply concerned about the negative rate impact on customers if saddled with depreciation costs associated with stranded assets in the future. These future rates could be much higher and affect certain customer classes (i.e. LMI) disproportionately.

NY-GEO applauds Corning Gas Company executives for having the prescience and courage to acknowledge the urgency and economic outcomes/trade-offs of continuing with past depreciation practices in light of the CLCPA greenhouse gas reduction targets. The company’s testimony states: "Any delay in commencing accelerated recovery of depreciation expense would only mean that the same dollars would have to be collected over a shorter period with a greater impact on rates. Accordingly, it would be prudent to start recovery as soon as possible."

Staff’s opinion to wait for guidance from the Climate Action Council does not seem economically or environmentally prudent given the aggressive goals set forth in the CLCPA. The CLCPA does not mandate waiting for the Climate Action Council decisions to initiate innovative ideas to reduce gas consumption and greenhouse gases. In fact, the Climate Action Council is currently looking for innovative ideas from industry and others and could very likely adopt accelerated depreciation as a credible method of achieving CLCPA goals. On June 24, 2020, Energy & Environmental Economics presented the Climate Action Council with a Draft Summary of Findings from the Decarbonization Pathway Analysis they have been performing for New York State. Page 4 of the presentation notes: “A 30 year transition mandates that action begin now” and also emphasized that “all sectors must participate.”

As mentioned, NY-GEO is sensitive to increased rates for current customers. However, it is not apparent that staff has investigated other ways to offset/reduce this accelerated depreciation driven increase. Company testimony touts Corning’s improved financial stability stating that
commercial lenders are now competing for Corning's business. This financial strength should be investigated to determine how ratepayers can be shielded from sharp short term rate increases while the company pursues the accelerated depreciation it proposes. A possible mechanism is to substitute the repair, replacement, and expansion of natural gas distribution assets with non-gas oriented infrastructure such as geothermal ground loops. These ground loops represent clean energy infrastructure that could once again extend depreciation schedules of the Company’s assets beyond 2050.

Thank you for the opportunity to comment. NY-GEO welcomes any questions or comments you have.

Respectfully,

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The New York Geothermal Energy Organization (NY-GEO) is a non-profit trade association representing geothermal heat pump (GHP) installers, manufacturers, distributors, drillers, consultants and industry stakeholders from throughout New York State and beyond.