

July 24, 2020

VIA ELECTRONIC FILING

Honorable Michelle L. Phillips, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223

**Re: 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:

Attached for filing in the above-captioned proceeding is a letter from NRDC and
Sierra Club.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Samantha Wilt', with a stylized, flowing script.

Samantha Wilt
Senior Policy Analyst
Climate & Clean Energy Program
Natural Resources Defense Council

July 24, 2020

Honorable 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 Natural Resources Defense Council (“NRDC”) and Sierra Club wish to express most respectfully our concern and strong disagreement with the position articulated by Department of Public Service (“DPS”) staff in Case 20-G-0101 in response to Corning Natural Gas Company’s (“Corning”) proposal to accelerate depreciation of certain capital investments by 2050.

DPS staff has stated that it does not support Corning’s proposal for accelerated depreciation on the grounds that “it is premature to make any major change to the average services lives over which gas assets are depreciated, other than LPP, due to the potential for large bill impacts to customers and uncertainty regarding how the CLCPA (“Climate Leadership and Community Protection Act”) will be implemented.”

We share DPS staff’s concern about the impact of depreciation schedules on consumers, especially given the widespread economic impacts of COVID-19. However, we believe that this concern is misplaced when applied to Corning’s proposal to align cost recovery of its gas system with the emissions reduction timetable established by the CLCPA. In contrast to DPS staff’s position, Corning’s proposed depreciation schedule is explicitly intended to avert “a greater impact on rates” resulting from a delay in commencing accelerated recovery of depreciation expenses over a shorter period of time. Indeed, delayed action risks increasing the rate impacts that customers will experience.

Reasonable people can disagree whether the specific depreciation schedule proposed by Corning is the appropriate one. NRDC and Sierra Club do not take a position on the specific depreciation schedule that Corning has proposed. But we do believe that Corning should be commended for proposing a depreciation schedule that is directly linked to the emission reduction timetable in the CLCPA.

We are especially concerned by DPS staff’s view that Corning’s proposal is premature because we do not yet know how the CLCPA will be implemented nor, more specifically, do we know what the Climate Action Council’s (“Council”) scoping plan, mandated by the CLCPA, will recommend. The CLCPA states that the Council

must create a scoping plan for reducing greenhouse gas emissions across all sectors of the economy and that the Council's first scoping plan must be prepared and approved within the next two years. Though the need to reduce emissions would surely involve addressing the state's gas system infrastructure, none of the "measures and actions" required to be considered in the plan directly address cost recovery of that infrastructure.

We believe that DPS staff's concern that Corning's proposal is premature is ill founded. Nothing in the CLCPA directs state agencies to delay action on matters squarely within their jurisdiction that may affect achievement of the statute's goals **until** after the Council approves its first scoping plan. If that were the case, the Commission would logically have to suspend action on a wide variety of other climate-related matters currently under consideration in other active Commission proceedings.

Indeed, the Governor and the State Legislature recognized that we cannot and will not wait for another two years while the Council develops and approves its initial scoping plan. The CLCPA clearly envisions that state agencies and authorities will continue to act on climate-related matters over the next two years. Recognizing this reality, the CLCPA requires that state agencies assess whether their actions are consistent with the State's goals of reducing greenhouse gas emissions. If deemed inconsistent, a state agency must then explain and justify the need for its decision and identify alternative measures that can be taken to reduce greenhouse gas emissions. Ultimately, building a path forward for the State's gas utilities in the context of CLCPA will require addressing the utilities' embedded costs.

Contrary to DPS staff's conclusion that consideration of Corning's depreciation proposal is "premature", we believe that such consideration is very timely. The CLCPA should not be used as a justification for inaction. To the contrary, the CLCPA supports serious consideration of Corning's proposal.

Thank you for the opportunity for comment.

Sincerely,

Samantha Wilt
Senior Policy Analyst
Natural Resources Defense Council

Joshua Berman
Senior Attorney
Sierra Club Environmental Law Program