

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of
Corning Natural Gas Corporation
Case 16-G-0369
October 2016

Prepared Testimony of:

GAS PROGRAMS AND SUPPLY PANEL

Michael Colby
Utility Engineer 3

Claude Semexant
Utility Engineer 1

Office of Electric, Gas & Water
State of New York

Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

1 Introductions and Qualifications

2 Q. Members of the Gas Programs and Supply Panel
3 (Panel), please state your names, employer, and
4 business address.

5 A. Our names are Michael Colby and Claude Semexant.
6 We are employed by the New York State Department
7 of Public Service, or the Department. Our
8 business address is Three Empire State Plaza,
9 Albany, New York 12223.

10 Q. Mr. Colby, what is your position with the
11 Department?

12 A. I am currently a Utility Engineer 3, assigned to
13 the Gas Policy and Supply Section in the Office
14 of Electric, Gas and Water.

15 Q. Please briefly describe your educational
16 background and professional experience.

17 A. I graduated from the State University of New
18 York Institute of Technology at Utica/Rome with
19 a Bachelor of Science Degree in Civil
20 Engineering Technology in December of 2001 and
21 was hired by the Department in November of 2002.
22 While I have had a broad range of duties and
23 responsibilities, the majority of my time has
24 been spent in the analysis, operations, and

1 policy relating to natural gas and electrical
2 power systems.

3 Q. Have you provided testimony in previous
4 Commission proceedings?

5 A. Yes. I submitted testimony in rate cases
6 concerning Consolidated Edison Company of New
7 York, Inc. (Con Edison), Case 16-G-0061; Orange
8 & Rockland Utilities, Inc., Case 14-G-0494;
9 Central Hudson Gas and Electric Corporation,
10 Cases 14-E-0318 and 14-G-0319; Niagara Mohawk
11 Power Corporation d/b/a National Grid (Upstate
12 Grid), Cases 12-E-0201 and 12-G-0202; Corning
13 Natural Gas Corporation (Corning or the
14 Company), Cases 08-G-1137 and 11-G-0280; New
15 York State Electric & Gas Corporation (NYSEG),
16 Cases 09-G-0716 and 15-G-0284; Rochester Gas &
17 Electric Corporation (RG&E), Cases 09-G-0718 and
18 15-G-0286; and the City of Jamestown Board of
19 Public Utilities, Case 04-E-1485.

20 Q. Mr. Semexant, what is your position with the
21 Department.

22 A. I am a Utility Engineer 1 currently assigned to
23 the Gas Policy and Supply Section of the Office
24 of Electric, Gas and Water of the New York State

1 Department of Public Service.

2 Q. Please briefly describe your educational
3 background and professional experience.

4 A. I attended Dutchess Community College and
5 graduated with an Associate Degree in Applied
6 Science. I continued my education at SUNY
7 Buffalo and in June 2010 graduated with a
8 Bachelor of Science degree in Civil Engineering.
9 From April 2006 to December 2009, I was employed
10 by The New York State Department of
11 Transportation as a construction inspector. I
12 was responsible for a number of tasks which
13 included inspections of major roadway projects
14 and other construction projects. In March 2012,
15 I joined the Staff of the Office of Electric,
16 Gas and Water as a junior engineer, where I have
17 performed various engineering analyses and
18 reviewed various petitions and tariff filings of
19 water, gas and electric utility companies in New
20 York State.

21 Q. Please describe your responsibilities with the
22 Department.

23 A. My work at the Department primarily involves
24 analyzing water and gas utility submittals as

1 Q. Are you sponsoring any exhibits?

2 A. Yes. We are sponsoring two exhibits.

3 Q. Would the panel briefly describe the exhibits?

4 A. Exhibit __ (GPSP-1) contains the Company's
5 responses to Staff's Interrogatory Requests (IR)
6 that we reference in our testimony.

7 Exhibit __ (GPSP-2) contains the American Gas
8 Association's draft Workforce Development
9 Compendium, which supports the Panel's position
10 on succession management.

11 Q. How are the IRs numbered in your testimony and
12 exhibits?

13 A. When referring to these responses, we will
14 identify the response according to its Staff
15 assigned IR number (e.g., DPS-1).

16

17 Gas Infrastructure Enhancement Program

18 Q. What is meant by gas infrastructure enhancement?

19 A. Gas infrastructure enhancement refers to the
20 Company's efforts to acquire new customers,
21 including installation of new Transmission and
22 Distribution (T&D) plant to serve new customers
23 and expanding service to non-heating customers.

24 Q. What gas infrastructure enhancement projects has

1 Corning proposed in this case?

2 A. While the Company continues its efforts to
3 expand natural gas service within its service
4 territory, Corning did not propose any specific
5 gas infrastructure enhancement projects in this
6 case.

7 Q. What gas infrastructure enhancements does the
8 Panel recommend?

9 A. We recommend a multi-pronged approach to gas
10 infrastructure enhancements. These proposals
11 include: aggregation of customer entitlements;
12 neighborhood main extension pilot; conversion
13 rebate program; gas enhancement performance
14 incentive; and gas infrastructure enhancement
15 reporting requirements.

16

17 Aggregation of Customer Entitlements

18 Q. What do you mean when you refer to
19 "entitlements?"

20 A. Under 16 NYCRR Part 230 and Corning's current
21 tariff, which generally reflects 16 NYCRR Part
22 230, the Company is required to provide up to
23 100 feet of gas main and 100 feet of service
24 line to a new residential heating customer

1 without a contribution in aid of construction
2 (CIAC).

3 Q. Please explain what the Panel refers to as the
4 aggregation of customer entitlements.

5 A. The aggregation of customer entitlements refers
6 to the practice of combining residential
7 customer entitlements for extension of gas
8 facilities on a given project. Neither 16 NYCRR
9 Part 230, nor the Company's current tariff,
10 specifically address the aggregation of these
11 entitlements between customers. For example, if
12 these entitlements are not aggregated and one
13 potential customer requires 15 feet of main and
14 another contiguous potential customer requires
15 185 feet of main, the second customer would be
16 required to pay for the 85 additional feet of
17 main as it exceeds the 100 foot entitlement.
18 Alternatively, if these entitlements were
19 aggregated, neither of these customers would
20 customer pay for the main as the 200 foot
21 aggregated length of main is equal to the sum of
22 the two 100 foot entitlements.

23 Q. What do you recommend?

24 A. We recommend that Corning add tariff language

1 that requires the Company to aggregate
2 customers' entitlements along a given project.
3 We believe that this change will aid in the
4 management of potential customers' upfront costs
5 of converting to natural gas and further
6 encourage potential customers to convert by
7 removing or lowering the potential CIAC
8 component of the customers' conversion costs.

9

10 Neighborhood Main Extension Pilot

11 Q. If we assume the Panel's proposal to aggregate
12 customer entitlements were adopted, how would a
13 neighborhood project work?

14 A. Assuming that the Company can aggregate customer
15 entitlements, as we have just discussed, under
16 non-pilot conditions, if a given project
17 required 1,000 feet of main and there were 10
18 potential customers along the main that were
19 willing to take service there would be no CIAC,
20 as the customer entitlement would be equal to
21 the proposed project length. However, for this
22 same 1,000 feet of main, if Corning were to
23 receive commitments from less than 10 potential
24 customers, the Company would implement a cost-

1 based CIAC to support the same project.

2 Q. Is it easy for the Company, or any gas utility,
3 to get all potential customers on a single main
4 extension project to commit to convert at one
5 time?

6 A. No. Sometimes, for various reasons, some
7 potential customers are unable to convert at the
8 time the project is planned, but will convert
9 once the project is operational.

10 Q. Please explain the Panel's proposal for the
11 Neighborhood Main Expansion Pilot?

12 A. The Neighborhood Main Expansion Pilot would
13 focus on locations within Corning's service
14 territory where the density of potential
15 customers is greater than seven per five hundred
16 feet of main extension required to provide
17 service. In such a circumstance, the main
18 extension could be covered by the entitlements
19 provided for in 16 NYCRR Part 230 and Corning's
20 tariff. Under the Neighborhood Main Extension
21 Pilot, qualifying projects could move forward
22 without requiring a CIAC if Corning receives
23 commitments from new customers equivalent to at
24 least sixty percent of the main extension

1 entitlement under 16 NYCRR Part 230 and the
2 Company's current tariff provisions.

3 Q. How will a pilot project differ from 16 NYCRR
4 Part 230 and the existing tariff requirements?

5 A. Corning will need to identify areas that have
6 more potential customers with aggregate footage
7 than what is needed to meet the actual tariff
8 requirements based on committed customers. For
9 example, consider a 1,000 foot main extension
10 pilot project that has 15 potential customers.
11 Under the pilot program, only six customers,
12 rather than the currently required 10, would be
13 required to make a commitment to take gas
14 service for the pilot to be implemented,
15 anticipating that at least four of the remaining
16 9 customers would connect to the main extension
17 during the first 10 years after the project
18 becomes operational. This this coincides with
19 the traditional 10 year tariff surcharge period,
20 when a CIAC is required and the customer chooses
21 not to pay it as a lump sum. This approach
22 would test the advantages of an alternative
23 minimum requirement for the number of
24 participants for constructing a main without a

1 CIAC. We believe that the proposed approach, as
2 a pilot program, balances the interest of
3 protecting existing customers from having to
4 subsidize main extensions with the goal of
5 achieving gas system enhancements.

6 Q. Do other gas utilities currently have similar
7 Neighborhood Main Extension Pilot?

8 A. Yes. Similar infrastructure enhancement
9 projects were approved by the Commission for
10 Upstate Grid in Case 12-G-0202, NYSEG in Case
11 15-G-0284, RG&E in Case 15-G-0286, NFGD in Case
12 16-G-0257, and St. Lawrence Gas Company, Inc. in
13 Case 15-G-0382. In addition, similar programs
14 have been included in the joint proposals for
15 Con Edison in Case 16-G-0061, Grid LI in Case
16 16-G-0058, and Grid NY in Case 16-G-0059. Those
17 joint proposals are currently pending before the
18 Commission.

19 Q. If other gas utilities in New York State
20 currently participate in Neighborhood Main
21 Extension Pilots, why should this be considered
22 a pilot?

23 A. The proposed Neighborhood Main Extension Pilot
24 would provide different conditions for main

1 extensions than presently required under 16
2 NYCRR Part 230. We recommend, that the
3 Neighborhood Main Extension Pilot should only
4 run through the end of any Commission approved
5 rate plan, unless otherwise ordered by the
6 Commission. This will be beneficial as it will
7 provide Staff and the Commission with additional
8 conversion data to determine the customer
9 conversion habits and associated conversion
10 timelines to aid in the review of current
11 requirements and potentially develop enhancement
12 programs going forward.

13

14 Conversion Rebate Program

15 Q. Does Corning currently provide rebates to new
16 customers converting to natural gas?

17 A. No. The Company does not currently have a
18 Conversion Rebate Program.

19 Q. Does the Panel recommend any type of rebate for
20 new customers converting to natural gas?

21 A. Yes. We recommend requiring the Company to
22 offer conversion rebates in order to reduce the
23 financial barriers that may prevent customers
24 from converting to natural gas. Currently,

1 Corning is the only major natural gas utility in
2 the State that does not offer a rebate to new
3 customers converting to natural gas. As such,
4 we believe that this proceeding is a good
5 opportunity to initiate a conversion rebate.

6 Q. Please describe the Conversion Rebate Program
7 you recommend.

8 A. We propose a \$500 rebate, which would be
9 available to all new heating customers who apply
10 and have eligible conversion costs. We also
11 propose an additional \$500, for a total rebate
12 of \$1,000, for HEAP eligible customers.

13 Q. Does the Panel recommend providing a rebate to
14 new non-heating customers?

15 A. Yes. We propose a separate non-heat gas
16 appliance incentive capped at \$500. The purpose
17 of a non-heating gas appliance incentive is to
18 encourage customers to take natural gas service
19 for a non-heating appliance, even if they choose
20 not to convert to gas heating at the present
21 time. New non-heating gas customers are an
22 important customer demographic because they are
23 likely to convert to gas heating in the future.
24 Heating conversions are often a system life

1 cycle decision. When heating units fail, an
2 existing non-gas heating customer can convert to
3 gas heating without the need for a gas service
4 installation which could be prohibitive during
5 the winter months.

6 Q. Why is the Panel proposing a Conversion Rebate
7 Program?

8 A. While there is a significant price differential
9 between natural gas and other heating fuels,
10 homeowners may incur significant costs in
11 converting to natural gas. These costs include,
12 but are not limited to, the installation of a
13 new heating system, natural gas piping, venting
14 changes, fuel tank decommissioning, and if
15 applicable, a CIAC to extend natural gas to the
16 property. Conversion costs can range from \$500
17 or less for a simple conversion of existing
18 propane equipment to over \$8,000 for some new
19 high efficiency boiler installations. The
20 rebate program will assist home owners with
21 these costs and should therefore encourage more
22 conversions, and may encourage customers to
23 install higher efficiency equipment, which can
24 have higher initial costs than standard

1 equipment. The non-heat gas appliance rebate
2 will facilitate the installation of additional
3 non-heating appliances.

4 Q. Does the Panel recommend that these costs be
5 added to the revenue requirement for the Rate
6 Year?

7 A. Yes. We propose that the Company fund the
8 program in a similar manner as is utilized for
9 other expense items. Based on the Staff Gas
10 Rates Panel's customer forecast, we propose an
11 annual expense of \$50,000 to fund conversion
12 rebates. This level of spending would fund the
13 base rebate level of \$500 for 75 new residential
14 customers forecasted by Corning and would still
15 allow for the remainder of \$12,500 to be
16 utilized to include 25 additional conversions,
17 25 HEAP qualified conversions, or some
18 combination of the two scenarios.

19

20 Gas Enhancement Performance Incentive

21 Q. What type of gas enhancement performance
22 incentives does the Panel recommend
23 implementing?

24 A. In order to encourage the Company to more

1 aggressively add customers, we propose a
2 positive rate adjustment (PRA) of one basis
3 point for each 25 additional customers the
4 Company is able to achieve relative to the
5 Company's Rate Year customer growth forecast
6 targets, capped at a total of five basis points.
7 Currently, the Staff Gas Rates Panel is
8 forecasting customer growth for Corning at 75
9 customers per year. Our proposal would provide
10 for a PRA of one basis point for each 25
11 customers that Corning is able to add above this
12 projection, up to five basis points or 125
13 customers above the 75 customers per year that
14 the Staff Gas Rates Panel forecasts. For
15 example, if the Company were to add 100
16 customers total in the Rate Year, the Company
17 would earn one basis point, as it added the
18 forecasted 75 customers, plus an additional 25
19 customers.

20

21 Gas Infrastructure Enhancement Program Reporting

22 Q. Does the Panel recommend additional requirements
23 regarding its proposed gas enhancement programs?

24 A. Yes. We recommend requiring that the Company

1 provide status reports on a quarterly basis
2 during the first two years of these programs and
3 semi-annually thereafter. In addition, we
4 recommend that reporting continue until
5 completion of these programs and/or as modified
6 by the Commission in future orders.

7

8

Workforce Development

9 Q. Did the Company address workforce development in
10 its direct testimony in this proceeding?

11 A. While Corning did not specifically address the
12 topic, the Company did propose a new training
13 technician to assist the current training
14 supervisor in developing and maintaining
15 training programs.

16 Q. Does the Panel support the new training
17 position?

18 A. Yes, we support the Company's proposal to hire a
19 new training technician.

20 Q. Please explain what the Panel means when
21 referring to workforce development.

22 A. When we discuss workforce development, we are
23 generally referring to training activities that
24 adequately match a worker's skills with the

1 responsibilities that are required by the
2 specific profession. In addition, succession
3 management addresses management changes that
4 occur due to unforeseen circumstances, as well
5 as ensuring a smooth transfer of power under
6 normal circumstances.

7 Q. Does the Panel propose that the Company bolster
8 any components of its current workforce
9 development or succession management procedures?

10 A. While we are generally satisfied with Corning's
11 current training activities for its personnel,
12 which will be improved with the addition of the
13 proposed training technician, we do see an
14 opportunity for improvement regarding succession
15 management. According to the Company's response
16 to IR DPS-272, "A written succession plan does
17 not exist."

18 Q. Why is the Panel concerned with succession
19 management?

20 A. Page four of the Exhibit __ (GPSP-2), which
21 contains the American Gas Association's draft
22 Workforce Development Compendium, provides the
23 projected retirement rates of the utility
24 workforce in the United States. According to

1 this document, the potential retirements of
2 total key jobs for 2015 through 2019 is 24% and
3 is another 12% for 2020 through 2014. In
4 addition, page five of this document states that
5 "clear succession plans... provide qualified and
6 prepared candidates to fill vacated leadership
7 roles."

8 Q. Please describe what should be included in a
9 written succession plan.

10 A. It is important to note that the key to
11 management succession planning is preparing a
12 written succession plan. Among other things a
13 written succession plan should: identify key
14 roles for succession or replacement planning;
15 define the competencies and motivational profile
16 required to undertake those roles; assess people
17 against these criteria; identify pools of talent
18 that could potentially fill and perform highly
19 in key roles; and develop employees to be ready
20 for advancement into key roles.

21 Q. What does the Panel recommend?

22 A. We recommend that Corning file a written
23 succession management plan with the Secretary
24 within 90 days of the Commission's order setting

1 rates in this proceeding.

2

3 Business Analyst Position

4 Q. Did Corning propose a new business analyst
5 position?

6 A. Yes. In the direct testimony of Company witness
7 Russell Miller, the Company proposes to hire an
8 additional business analyst to augment its Gas
9 Supply group. The Company projected an annual
10 salary of \$48,960 for this position.

11 Q. What are the anticipated duties of the business
12 analyst?

13 A. As explained in Mr. Miller's testimony, the
14 business analyst will have a range of duties
15 including data collection and monitoring local
16 production and transportation throughput,
17 facilitating asset management transactions, and
18 ensuring compliance with regulatory
19 requirements.

20 Q. Do you support the Company's proposal?

21 A. Yes. We believe that the Company would benefit
22 from the additional employee.

23 Q. Please describe the benefits that the business
24 analyst would provide.

1 A. We are proposing a number of new activities and
2 reporting requirements for the Company in
3 addition to the activities described in Mr.
4 Miller's testimony.

5 Q. Is it reasonable to believe this new business
6 analyst would be sufficient to complete the new
7 tasks this Panel proposes?

8 A. Yes. Our recommended activities and reporting
9 requirements are either one time tasks or are
10 only required to be conducted on an intermittent
11 basis. Thus it is reasonable that the new
12 business analyst could complete these tasks in
13 addition to the duties that the Company
14 envisioned the person in this position handling.

15

16 Renewable Gas Supplies and Shut-In Wells

17 Q. What are renewable natural gas (RNG) sources?

18 A. As stated in the U.S. Energy Information
19 Administration's Glossary, renewable energy
20 resources are those that are naturally
21 replenishing but flow-limited. They are
22 virtually inexhaustible in duration but limited
23 in the amount of energy that is available per
24 unit of time. RNG supplies are those produced

1 from renewable biomass, such as the gas product
2 from landfills and anaerobic digesters.

3 Q. Why does the use of RNG supplies need special
4 focus at this time?

5 A. The U.S. Environmental Protection Agency (EPA)
6 is taking steps to further reduce emissions of
7 methane rich gas from municipal solid waste
8 landfills. Under rules issued on July 15, 2016,
9 Rule and Implementation Information for
10 Standards of Performance for Municipal Solid
11 Waste Landfills ([https://www.epa.gov/ttn/
12 atw/landfill/landflpg.html](https://www.epa.gov/ttn/atw/landfill/landflpg.html)), new, modified and
13 existing landfills will begin capturing and
14 controlling landfill gas emissions at levels
15 that are one third lower than current
16 requirements, updating 20 year old standards for
17 existing landfills. Combined, the final rules
18 are expected to reduce methane emissions by an
19 estimated 334,000 tons a year beginning in 2025
20 - equivalent to a reduction of 8.2 million
21 metric tons of carbon dioxide. The EPA
22 estimates the climate benefits of the combined
23 rules at \$512 million in 2025 or more than \$8
24 for every dollar spent to comply.

1 Q. Besides RNG, are there any other sources of
2 natural gas available to the Company?

3 A. Yes. Corning is located in an area of New York
4 State that has a significant amount of natural
5 gas production. While new natural gas wells in
6 this region typically have high enough initial
7 pressures which allow them to directly feed into
8 interstate pipelines, these operating pressures
9 drop over time. When the operating pressure of
10 the well drops below that of the pipeline, the
11 natural gas cannot freely flow into the
12 interstate system. When this inevitably occurs,
13 the well operator has to evaluate the economics
14 of the situation. In some cases, it is
15 economically feasible to install compressors to
16 elevate the pressure of the gas high enough that
17 it flows from the well into the pipeline again;
18 however, in this low cost natural gas
19 environment, this is typically not the case. As
20 an alternative, the well operator can shut-in
21 the marginally producing well. When this occurs
22 the potential supply from such a well remains
23 unused. In many cases these marginally
24 producing wells are abandoned or orphaned.

1 Q. How many orphaned wells are there in New York
2 State?

3 A. According to the New York State Department of
4 Environmental Conservation's, or the DEC,
5 website (link www.dec.ny.gov/energy/929200),
6 there are over 3,500 orphan or abandoned wells
7 in the Department's records. There is potential
8 for these systems to deteriorate over time and
9 further add to greenhouse gas emissions.

10 Q. What does the Panel recommend related to RNG and
11 shut-in wells?

12 A. We recommend that the Company be required to
13 evaluate its service territory to quantify the
14 number and location of landfills and shut-in
15 natural gas wells and to determine the costs and
16 benefits of integrating these supply sources
17 into Corning's T&D system. The Company should
18 be required to report the results of this
19 analysis to the Secretary within 90 days of the
20 Commission's order setting rates in this
21 proceeding.

22

23

24

1 Corning must file an initial report within 90
2 days after December 31st, ranking the Type 3
3 leaks in the year-end backlog by the volume of
4 methane emitted. The report should also specify
5 the methodology(s) used to rank leaks by methane
6 emission. While we recognize that the Company
7 will opportunistically repair leaks in concert
8 with other work, when targeting specific leaks
9 for repair the Company should prioritize the
10 leaks as they are ranked on this list.

11 Q. How will the Company achieve the PRA from this
12 list?

13 A. The PRA will be determined by how many of the
14 Type 3 leaks on the aforementioned list are
15 eliminated by December 31st. If four of the top
16 five highest volume Type 3 leaks are eliminated
17 from the year-end backlog (after adding back in
18 failed rechecks), the Company will earn one
19 basis point; if eight of the top ten leaks are
20 eliminated, the Company will earn a second basis
21 point; if 12 of the top 15 leaks are eliminated,
22 the Company will earn a third basis point; if 16
23 of the top 20 leaks are eliminated, the Company
24 will earn a fourth basis point; and if at least

1 20 of the list of the top 25 leaks are
2 eliminated, the Company will earn a fifth basis
3 point. Thereafter, Corning should file a
4 report, on an annual basis beginning one year
5 after the initial report, detailing which leaks
6 were actually repaired from the list in the
7 previous report, the costs of those repairs, the
8 new list for that year, and any changes to the
9 ranking methodology.

10 Q. Is the Company required to perform rechecks on
11 Type 3 leak repairs?

12 A. Part 255 of 16 NYCRR does not require rechecks
13 for Type 3 leaks after they have been repaired.
14 However, we recommend that in order for the
15 Company to be eligible for the PRA, Corning must
16 recheck those leaks to ensure that the leaks
17 were successfully eliminated.

18 Q. If Type 3 leaks are generally considered non-
19 hazardous, please explain why the Panel believes
20 an incentive for their repair is appropriate.

21 A. Although Type 3 leaks are not an immediate
22 direct hazard to the public, they can pose a
23 future hazard or be an indirect hazard. Type 3
24 leaks are monitored until they are repaired to

1 ensure that the leaks do not increase to a
2 hazardous level. External forces on the leaking
3 pipeline facilities can increase the leaks to
4 hazardous levels. For example, frost can trap
5 natural gas underground, allowing migration to
6 inside buildings at hazardous levels. In
7 addition, by eliminating Type 3 leaks, the
8 company can avoid the otherwise required
9 operating and maintenance costs associated with
10 monitoring Type 3 leaks to ensure that they
11 remain at non-hazardous levels.

12 Q. Please describe the indirect hazards.

13 A. One indirect hazard is that it creates a
14 possible indifference to natural gas by the
15 public. A significant effort has been made to
16 increase public awareness of the hazard of
17 natural gas leaks and to encourage the public to
18 report whenever they smell natural gas. It is
19 counterproductive to this effort to not
20 eliminate reported leaks and an indirect hazard
21 should the public assume a new hazardous leak
22 were the previously reported but unrepaired Type
23 3 leak. A second indirect hazard is from the
24 methane emissions themselves. Methane gas is a

1 greenhouse gas and the reduction in methane gas
2 emission may have environmental benefits.

3

4

Natural Gas Vehicles

5 Q. Does the Company currently have a Natural Gas
6 Vehicle (NGV) program?

7 A. While Corning stated that the Company has not
8 initiated any processes to provide compressed
9 natural gas service to its customers in response
10 to IR DPS-321, Corning also states that it
11 currently provides gas supply to one station.

12 Q. Is the Panel proposing that Corning develop a
13 NGV program?

14 A. While we would like the Company to develop a NGV
15 program, we believe the first step is to
16 determine the potential for NGV development in
17 Corning's service territory. As such, we
18 recommend that Corning investigate the potential
19 for NGV development in its service territory by
20 surveying current and potential customers that
21 have fleet and other highly utilized vehicles.

22 Q. Do NGVs have a price advantage over diesel
23 vehicles in the current cost environment?

24 A. Fuel pricing dynamics change over time, however

1 in its response to IR DPS-321, Corning stated
2 that compressed natural gas is not currently
3 competitive with diesel or gasoline in its
4 service territory. The Company should be
5 prepared to serve NGV customers when natural gas
6 once again becomes competitive. It should also
7 be noted that there are other non-financial
8 benefits, such as the environmental benefits of
9 displacing diesel emissions, associated with the
10 use of NGVs which may be a factor in a
11 customer's vehicle choice.

12 Q. What does the Panel recommend?

13 A. We recommend that the Company be required to
14 conduct a survey of NGV opportunities within its
15 service territory. Corning should be required
16 to file the results of this survey with the
17 Secretary within six months of the Commission's
18 rate order in this rate proceeding. If the
19 survey shows any significant NGV growth
20 potential, the Company should be required to
21 work with Staff and potential new NGV customers
22 to develop an NGV program within Corning's
23 service territory.

24 Q. Does the Panel propose funding for a NGV

1 program?

2 A. No, not at this time. If the survey results
3 demonstrate that an NGV program would have value
4 in Corning's service territory, the Company can
5 petition the Commission for authorization to
6 move forward with an NGV program and may seek
7 appropriate cost recovery at that time.

8

9 Reforming the Energy Vision Opportunities

10 Q. Has Corning proposed any programs relating to
11 Case 14-M-0101, the Proceeding on Motion of the
12 Commission in Regard to Reforming the Energy
13 Vision (REV)?

14 A. The Company proposed specific incentives in the
15 direct testimony of Company witness John
16 Stewart, which it maintained are consistent with
17 REV. The Staff Policy Panel discusses this
18 proposal. Other than those incentives, Corning
19 did not lay out any proposed REV-related
20 demonstration projects as are currently being
21 developed at other New York State utilities.

22 Q. What does the Panel recommend?

23 A. Corning should be required to evaluate potential
24 opportunities regarding joint development of

1 REV-related projects with NYSEG, the major
2 electric utility operating in Corning's service
3 territory. Specifically, the Company should
4 meet with NYSEG to determine how the two
5 utilities can work together to achieve the goals
6 envisioned in Case 14-G-0101. We recommend that
7 Corning be required to file a report describing
8 its efforts at working with NYSEG, the results
9 of those efforts and plans for future
10 collaboration with NYSEG. That report should be
11 filed with the Secretary within 90 days of the
12 Commission's order setting rates in this
13 proceeding.

14 Q. Why does the Panel recommend that the Company
15 pursue joint projects with NYSEG?

16 A. There are a number of reasons that we propose
17 such a relationship. First, Corning is
18 relatively small as compared to other major gas
19 utilities and undertaking such projects alone
20 could be difficult financially. Second, we see
21 a synergistic benefit from having Corning, a gas
22 utility, develop REV-related projects together
23 with the electric utility operating in the same
24 territory. For example, many electric projects

1 like distributed generation and microgrids rely
2 on natural gas as a primary or backstop fuel.
3 Since NYSEG offers electric service, but not
4 natural gas service, in areas where Corning
5 offers gas service, it is only logical for the
6 two utilities to cooperate on projects such as
7 distributed generation and microgrids.
8 Similarly, technologies such as geothermal
9 heating displace fossil fuel usage, but rely on
10 electricity to run pumps and provide
11 supplemental resistance heating. For these
12 reasons, we believe such a relationship would
13 benefit both utilities.

14 Q. Does the Panel propose any funding for REV-
15 related projects?

16 A. Due to the lack of specific projects, we believe
17 that providing funding for potential projects is
18 premature at this time. If the Company believes
19 it can develop viable projects, it can petition
20 the Commission to defer the associated costs.

21 Q. Does this conclude the Panel's testimony at this
22 time?

23 A. Yes.

24