



# CORNING

N A T U R A L G A S C O R P O R A T I O N

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January 31, 2024

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

RE: Case 21-G-0394 – 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:

On June 16, 2022, the New York State Public Service Commission (“Commission”) issued an order in Case 21-G-0394 which required Corning Natural Gas (“Corning” or “the Company”) to develop a Plan for Decarbonization (“Plan”)<sup>1</sup> that among other things would bring “Renewable Natural Gas into the Company’s system, including the identification of what those sources are, where they are located, how they will be integrated into the distribution system, and when these sources will come onto the system;”

Corning’s Plan filed with the Commission on October 26, 2022 identified two potential projects.

Project No. 1 is the WAGA Steuben RNG project which converts landfill gas from the Steuben County landfill in the Town of Bath to pipeline quality RNG. The expected output from this project is 500 Mcf/day. This gas will be injected into Line 15 to serve Bath Electric, Gas and Water System (“BEGWS”) and Corning’s customers in the Hammondsport, Urbana and Bath districts. The Company will charge WAGA a transportation fee.

Project No. 2 is the DTE Bluebird Compressed RNG Project which consists of the delivery of approximately 500 Mcf/day of Compressed RNG from dairy farms located in Cayuga Co. in New York State. The RNG will be delivered via tanker truck to the Company’s Maxwell compressor site in the Town of Caton where it will be injected into Line 7. This will require one truck delivery per day under optimal conditions. DTE paid the Company \$150,000 to install the required equipment to facilitate receipt of the RNG. DTE will also pay for all construction costs needed to facilitate the interconnect to the Company.

Both projects are under construction and are nearing completion.

In complying with the Commission order to bring RNG into Corning’s system the Company has discovered an issue that it wishes to bring to Commissions attention. The Company bills its customers in Mcf/Ccf per Commission approved tariffs. The gas BTU content from the WAGA project is estimated to be 980-1,000 and DTE around 1,000. The actual BTU content will not be known until the projects become operational.

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<sup>1</sup> Case 21-G-0394 at page 46.

The required BTU content of gas is stated in Code Rule 229.2, Average Heating Value, which states:

- (a) Average heating value for all gas distributed in each municipality or part thereof on a volumetric basis shall have a continuous:
  - (1) monthly average heating value of not less than 1,000 British thermal units per cubic foot or that amount specified by the company in its tariff schedule;
  - (2) three-day average heating value of not less than 980 British thermal units per cubic foot or 98 percent of that amount specified by the company in its tariff schedule.
- (b) Where term billing is employed, subdivision (a) of this section does not apply.

The British thermal units specified in Corning's tariff is "approximately 1,000 BTU"

Considering the expected volumes from these projects the Company estimates that when mixed with its other natural gas purchases the BTU content of gas delivered will meet or exceed the threshold values set forth in rule 229.2 and the Company's tariff for the winter heating season. The Company estimates that using the low end of the BTU content from the Bath project the delivered BTU content during the heating season will range from 1,005 to 1,020 BTU's. During the non-heating season the delivered BTU content will range from 987 to 992 BTU's, although using the high end of the estimated BTU content would result in 1000 BTU/CCF.

When RNG becomes a greater share of the Company's supply portfolio, and if the mixture of lower BTU RNG causes the overall BTU content of gas delivered to the Town of Bath to fall below the 1,000 BTU content, the shortfall in the required BTU content can be addressed in one of two ways:


- 1) Inject propane at the receipt point to increase its BTU value so that the BTU content equals or exceeds 1,000 BTUs per cubic foot;
- 2) Convert Corning's billing system to bill in therms rather than in Mcfs

Both solutions will require a material capital cost that will impact the customers' bills. The Company has not yet determined what would be the cost of implementing either of these two alternative solutions, if in fact a shortfall in BTU content will exist.

The Company will be filing a rate case in June of 2024. The Company recommends that the evaluation of these two options, and a final determination of which solution should be employed (if either is necessary) be considered in the upcoming rate case, when reasonable cost estimates of both options are available, MCF actual BTU content of the gas delivered is known and the amount of time needed to complete both options has been determined. When this information is available, the Company, Staff, and intervening parties can arrive at an informed decision and make a recommendation to the Commission.

The Company requests that a temporary waiver be granted to the Company, until this issue is resolved in the upcoming rate case. The waiver would allow for the post-heating season BTU content in its tariff to be set at 980. Draft tariffs are attached as Appendix A

Respectively Submitted,

  
Michael I. German  
President and CEO