September 27, 2024

VIA ELECTRONIC FILING

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

Re: Case 20-G-0131 – Proceeding on Motion of the Commission in Regard to Gas Planning Procedures

Dear Secretary Phillips:

Multiple Intervenors, an unincorporated association of approximately 55 large industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State, hereby submits these comments in response to the Notice Seeking Further Comments ("Notice") issued by the New York State Public Service Commission ("Commission") in the above-referenced proceeding on July 3, 2024.

Multiple Intervenors is supportive of efforts by the Commission and the State's gas utilities to consider and evaluate non-pipeline alternatives ("NPAs") wherever feasible. When implemented optimally, NPAs can: (a) eliminate or postpone the need for gas infrastructure projects; (b) reduce customer costs; and (c) reduce greenhouse gas ("GHG") emissions. Thus, Multiple Intervenors urges the Commission to adopt policies that are supportive of the consideration and the evaluation of NPAs.

That noted, Multiple Intervenors does not support the adoption of policies that force the implementation – as opposed to the consideration and the evaluation – of NPAs. In practice thus far, many of the NPA proposals evaluated have been uneconomic and would increase – not decrease – customer costs. Additionally, even accounting for the benefits of GHG emission reductions, many (but not all) proposed NPAs have failed benefit/cost analyses – including those favored by the Commission utilizing the Societal Cost Test – with demonstrably higher societal costs than societal benefits. Accordingly, while NPAs should be considered and evaluated wherever feasible, they should be implemented only when shown to be economic and resulting in net benefits.

Multiple Intervenors hereby responds to Question No. 38 posed in the Notice:

38. Should the recovery of NPA costs and any applicable incentives during the term of an LDC's gas rate plan be collected through some type of monthly distribution rate surcharge until such costs are incorporated into base rates when base gas delivery

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rates are next reset? Alternatively, should NPA costs be deferred, i.e., treated as a regulatory asset, until such time that they are reflected in base rates when the LDC's rates are next reset. Explain how your recommendation best benefits ratepayers and provide specific details supporting your explanation.

Generally, NPA costs should be recovered from customers in a manner similar to utility infrastructure costs. NPAs are intended as an alternative to utility capital expenditures and, therefore, a similar approach to cost recovery should be employed (*i.e.*, one that neither favors or disfavors NPAs). Adoption of such an approach would result in NPA costs becoming recoverable when the projects are implemented (*i.e.*, become used and useful), with the use of deferral accounting (except to the extent that the utility's rate plan may provide differently with respect to completed capital projects).

Importantly, if and to the extent NPA costs are recoverable via surcharge, the calculation of the surcharge should reflect an allocation of costs among service classes that is consistent with the infrastructure project that the NPA is eliminating or postponing. For instance, if, *arguendo*, an NPA is implemented to avoid a gas distribution line upgrade and the utility is authorized to recover certain costs associated therewith via surcharge, then those costs first should be allocated to the responsible service classes in a manner consistent with how distribution line upgrades ordinarily are allocated for purposes of calculating the surcharge. Utilities should not be permitted to assess NPA-related surcharges on a volumetric basis for administrative convenience or any other reason if inconsistent with cost causation. Rather, the Commission should adopt as a policy that where a system need is identified, the costs of addressing that need should be allocated in the same manner irrespective of whether such need is satisfied via capital expenditures or implementation of one or more NPAs. In other words, the selection (or non-selection) of an NPA should have no impact on how the costs of addressing a system need are allocated to the utility's respective service classes.

Respectfully submitted,

MULTIPLE INTERVENORS

Michael B. Mager

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MBM/sr
cc: Active Parties (via E-Mail)