

**Before the
New York Public Service Commission**

Proceeding on Motion of the Commission as to)
the Rates, Charges, Rules and Regulations of) Case 22-E-0064
Consolidated Edison Company of New York, Inc.)
for Electric Service.)

Proceeding on Motion of the Commission as to)
the Rates, Charges, Rules and Regulations of) Case 22-G-0065
Consolidated Edison Company of New York, Inc.)
for Gas Service.)

**REBUTTAL TESTIMONY OF
ALICE NAPOLEON
AND
ASA HOPKINS PHD

ON BEHALF OF
NATURAL RESOURCES DEFENSE COUNCIL**

June 17, 2022

1 **1. OVERVIEW**

2 **Q. What is the purpose of your rebuttal testimony?**

3 A. The purpose of our rebuttal testimony is to address issues with the testimony of New
4 York State Department of Public Service (Staff) with respect to Consolidated Edison’s
5 (“Company” or “Con Edison”) proposed gas-side investments and expenses. Specifically,
6 we address the conclusions and recommendations of Staff, as described in the Direct
7 Testimony of the Staff Gas Infrastructure and Operations Panel (SGIOP),¹ the Staff Gas
8 Safety Panel (Safety Panel),² and the Staff Gas Reliability Panel (Reliability Panel),³ with
9 respect to the Main Replacement Program (MRP), Renewable Natural Gas (RNG) and
10 the Mount Vernon Interconnection project, and Certified Natural Gas (Certified NG).

11 **2. RESPONSE TO STAFF’S TESTIMONY**

12 **2.1. Main Replacement Program**

13 **Q. Please describe Staff’s position on the MRP.**

14 A. Staff recommends adopting Con Edison’s proposed reduction in the number of miles of
15 Leak Prone Pipe (LPP) to be replaced under the MRP from 90 miles to 85 for each of the
16 three rate years (Safety Panel, p. 20-21). Staff also recommends that the budget for the

¹ Prepared Testimony of the Staff as Infrastructure and Operations Panel (Robert Jucha, John Vecchio, and Mingdi Huang). State of New York Department of Public Service, May 20, 2022, Case 22-G-0065.

² Prepared Testimony of the Staff Gas Safety Panel (Arpit Mehta, Michael Pasinella, Mubashar Akhtar, Samuel Akorede, Marijan Skorpanic, and Phyleisha Kirnon-Osborne). State of New York Department of Public Service, May 20, 2022, Case 22-G-0065.

³ Prepared Testimony (Corrected) of the Staff Gas Reliability Panel (Davide Maioriello and Christopher Stolicky), State of New York Department of Public Service, June 2, 2022, Case 22-G-0065.

1 MRP be modified to reflect the historical cost per foot of the program, with an
2 inflationary adjustment (SGIOP, p. 12-13).

3 **Q. Do you have any concerns with Staff’s recommendation regarding mileage of LPP**
4 **replaced?**

5 A. Yes. While we agree with the Company and Staff that the scope and pace of the MRP
6 program should be reined in to account for decreases in gas system use as electrification
7 increases,⁴ the larger focus on replacing (rather than retiring) LPP is misguided. In order
8 to meet New York State’s ambitious greenhouse gas (GHG) emission reduction goals as
9 required by the *Climate Leadership and Community Protection Act* (CLCPA), the first
10 priority should be the retirement of LPP combined with electrification of end-use load
11 connected to those retired pipes. A focus on retiring LPP is more conducive to meeting
12 the state’s objective of reducing GHG emissions while improving safety, maintaining
13 reliability, and reducing risk to both customers and Company shareholders.

14 As stated in our Direct Testimony, continuing the MRP in a business-as-usual manner
15 over the next three rate years is likely to increase the utility’s stranded asset risk. Staff’s
16 recommended adjustment to Con Edison’s proposed MRP budget does little to mitigate
17 the value of assets at risk of stranding as a result of reduced gas throughput in the future.
18 Staff’s adjustment barely makes a dent in the large estimated undepreciated balance in
19 2050 potentially facing Con Edison’s customers. Assuming no adjustments to
20 depreciation rates or other mitigating measures, Staff’s adjustment to the three years of

⁴ Con Edison response to DPS Staff information request number 530. [*see* Testimony of Walter Bak, p. 8]

1 MRP investment would decrease the \$470 million undepreciated balance reported in our
2 initial testimony to \$434 million—scarcely a 9 percent reduction.⁵

3 These assets will contribute to a substantial burden on gas customers through increased
4 rates, potentially for decades to come. As rates increase, gas customers will increasingly
5 exit the gas system via electrification, leaving fewer customers to pay for these massive
6 investments, resulting in further rate increases. Gas customers who remain on the
7 system—disproportionately those from disadvantaged communities who are unable to
8 afford electrification upgrades—will be burdened with high and rising gas rates. Unless
9 the utility and regulators take mitigating actions, with unsustainable increases in gas
10 rates, gas system assets, including those proposed now, are very much at risk of being
11 stranded.

12 Indeed, any new investment in gas infrastructure that is not directly responding to
13 immediate safety or reliability concerns defies the mandate by the CLCPA to reduce
14 emissions and will saddle customers with increased rates for years to come.

15 **Q. Do you have any other concerns with Staff’s recommendations regarding the MRP?**

16 A. Yes. The Staff Gas Safety Panel appears to assume that the only option for cast iron or
17 other LPP is replacement, because LPPs pose a safety risk. However, pipes that are
18 emptied and retired in place or otherwise decommissioned do not leak and therefore do
19 not pose leakage-related safety concerns. It can also be assumed that because Con Edison

⁵ We determined this value using the same modified version of the spreadsheet tool published by Con Edison in Case No. 14-E-0302 that we used in our Direct Testimony. [see Con Edison, September 27, 2019 Benefit Cost Analysis update, BQDM Program Cost Benefit Model_Sept 2019 - Final.xlsx, Case No. 14-E-0302]

1 has been working on the LPP program since 2015, the highest risk pipes have already
2 been replaced and that the remaining LPPs to be replaced are lower risk in nature (Direct
3 Testimony of Walter Bak on behalf of The City of New York, p. 11). The choice between
4 safety and pipe retirement is a false one, and the focus should not be on rapidly replacing
5 LPPs. Instead, the Company should take a more thoughtful approach to its distribution
6 system, focusing on how it will reduce its footprint absolutely. We note that our position
7 is well-aligned with the recommendation put forth by Mr. Bak on behalf of the City, (i.e.,
8 for Con Edison to identify potential non-pipe alternatives (NPAs) that would allow for
9 low risk LPPs that are in good condition to be excluded from replacement through the
10 MRP if abandonment or decommissioning appears to be viable in the future (*Id.* at p.
11 13)).

12 **Q. What is your recommendation for the Commission considering these issues?**

13 A. Our recommendations are unchanged from our Direct Testimony. We recommend that
14 the Commission direct Con Edison to (1) separately budget for emergent issues with cast
15 iron and bare steel pipe from the planned MRP budgets; (2) optimize MRP investments
16 by limiting pipeline replacement under the MRP to pipe that is identified as “high risk”
17 (and file for Commission review of the methods used to determine if a pipe is “high
18 risk”), with particular focus on such pipe that serves multiple neighborhoods or otherwise
19 has identified opportunity for a longer useful life; and (3) expand the electrification and
20 retirement approach to a neighborhood scale, going beyond the 5 miles of proposed radial
21 feeders and network simplification.

1 **2.2. Renewable Natural Gas**

2 **Q. Please describe Staff’s position on RNG as it relates to this case.**

3 A. Despite acknowledging that RNG is “limited in the amount of energy that is available per
4 unit of time,” the Staff Gas Reliability Panel implies that it is “useful for Con Edison to
5 implement the interconnection facility for RNG sources within its service territory”
6 (Reliability Panel, p. 16). This is, in part, because Staff finds that RNG has “the potential
7 to reduce methane emissions” (*Id.* at p. 16-17).

8 **Q. What does Staff recommend regarding RNG?**

9 A. Staff recommends that, “[in] light of the emissions reductions required by the CLCPA
10 and the uncertainty associated with siting new pipeline projects,” the Company should
11 continue pursuing NPAs in areas of capacity constraints (*Id.* at p. 17).

12 **Q. Do you agree with Staff about RNG’s potential to reduce methane emissions?**

13 A. No. While at a small scale, certain types of RNG could provide emission reduction
14 benefits, no emissions benefits can be claimed if the environmental attributes are not
15 retained. As Con Edison is not proposing to retain or purchase the attributes associated
16 with the Mount Vernon RNG facility, this investment must be viewed as traditional and
17 should be subject to the recent Commission Gas Planning Order, requiring the Company
18 to evaluate NPAs alongside this investment.

19 Even if Con Edison had planned on retaining the environmental attributes, the concerns
20 we raised in our Direct Testimony regarding leakage, supply, air pollution, and cost
21 persist. While some types of RNG may offer methane emissions reductions compared to

1 traditional fossil gas, measures that are more effective at reducing emissions, are more
2 cost effective, and are far more widely commercially available at scale (i.e.,
3 electrification measures) can and should be taken to reduce the gas system footprint in
4 order to meet the emissions reductions required by the CLCPA.

5 **Q. Does Staff address whether it is appropriate to consider the Mount Vernon RNG**
6 **Interconnection project as an NPA?**

7 A. No.

8 **Q. In your opinion, is it appropriate to consider this project as an NPA?**

9 A. No. According to the Order Instituting Proceeding in Case 20-G-0131, the purpose of
10 NPAs is to reduce or eliminate the need for gas infrastructure and investments. The
11 Mount Vernon RNG Interconnection project does not eliminate the need for gas
12 infrastructure—it *is* an investment in traditional gas infrastructure.

13 **Q. What do you recommend?**

14 A. We recommend that the Mount Vernon RNG Interconnection project not be treated as an
15 NPA. Also, as stated in our initial testimony, we recommend that the NPA screening
16 process should be reviewed and brought into line with the requirements set forth in the
17 CLCPA Implementation Order and the Gas Planning Order.

1 **2.3. Certified Natural Gas**

2 **Q. Please describe Staff's recommendations on Certified NG as it relates to this case.**

3 A. The Staff Gas Reliability Panel makes several recommendations regarding Con Edison's
4 Certified NG pilot program. First, Staff recommends that this program be subject to
5 similar conditions and reporting requirements as adopted in the 2022 order in the Orange
6 and Rockland (O&R) rate case (Reliability Panel, p. 18). Staff also makes
7 recommendations regarding the commodity cost to customers and administrative
8 procedures.

9 **Q. Does Staff consider whether the Certified NG Pilot Program is necessary?**

10 A. No. Staff seemingly assumes that this program has already been approved and does not
11 appear to consider if this pilot program is necessary or a prudent investment.

12 **Q. Do you find that this program would represent an effective use of funds?**

13 A. No. This pilot program should not be approved by the Commission. As described in our
14 Direct Testimony (p. 49-52), investing time and money in a program that is unlikely to
15 yield emissions reduction benefits could divert attention from the more important efforts
16 that Con Edison must take. In the context of Con Edison's proposed increase in rates, it is
17 all the more important to avoid ineffective and wasteful spending.

18 **Q. Does this conclude your direct testimony?**

19 A. Yes, it does.