



Central Hudson Gas & Electric Corporation Proposed Rate Increase

In July 2017, Central Hudson Gas & Electric Corporation (Central Hudson or the Company) requested that the New York State Public Service Commission approve a proposed increase in its electric and gas delivery service rates. Central Hudson serves approximately 337,000 customers in Albany, Columbia, Dutchess, Greene, Orange, Putnam, Sullivan, and Ulster counties.

The utility's filing includes the utility's proposed new rates and the supporting documentation to justify its proposal. Once the filing was received, formal rate case proceedings were initiated. Department of Public Service (DPS) Staff began an analysis of the Company's request to evaluate whether – or to what extent – a rate increase is justified. DPS Staff represents the public interest in rate proceedings and evaluates such requests with the goal of ensuring safe and reliable service at just and reasonable rates. Review of the Central Hudson filing is also underway by other parties to these proceedings.

SUMMARY OF THE RATE CASE

Central Hudson filed for new electric and gas delivery rates to be effective July 1, 2018 through June 30, 2019. According to the filing, the Company's proposal will enable Central Hudson to continue to provide safe and reliable electric and gas service.

Proposed Rates:

An electric or gas bill consists of two parts: delivery and supply. The *delivery* charge is the cost to transport the electricity or gas to customers throughout the utility's system. This charge is regulated by the Commission. The *supply* charge is the cost of the electricity or gas itself. This cost is determined by the competitive marketplace and is not controlled by the Commission or the utility.

Electric Rates: Central Hudson states that the Company is requesting an electric delivery revenue increase of approximately \$43 million (13.5% increase in delivery revenues or 7.9% increase in total revenues). However, in its testimony, the Company proposes increasing its rates by \$63.4 million, which takes into account the \$20.4 million revenue decrease resulting from reduction in its sales. The resulting increase represents a 21.2% increase in delivery revenues and an 11.6% increase in total revenues.

The Company proposes using \$22 million of moderation in the form of bill credits, which would reduce the impact on customers from \$63.4 million to \$41.4 million. The resulting increase, with the use of moderators, for a typical residential electric customer using 560 kWh per month would be \$8.39 per month or a 7.5 % increase on the total bill.

Gas Rates: According to Central Hudson, the Company is requesting a delivery revenue increase of approximately \$18.1 million (18.5% increase in delivery revenues, or 12.3% increase in total revenues). However, in its testimony, the Company proposed increasing its rates by \$22.2 million, which takes into account the \$4.1 million revenue decrease resulting from reduction in its sales. The resulting increase represents a 24.3% increase of delivery revenues and a 17.6% increase of total revenues.

The Company proposes using \$10 million of moderation in the form of bill credits, which would reduce the impact on customers from \$22.2 million to \$12.2 million. The resulting increase, with the use of moderators, for a typical residential heating customer using 69 ccf per month would be \$8.63 per month or a 7.4% increase on the total bill.

Rate Case Components:

- **Electric and Gas Infrastructure Modernization:** Central Hudson proposes several new or enhanced programs to increase the reliability, safety, and resiliency of the electric transmission and distribution systems. The Company proposes to replace aging infrastructure such as poles and wires. The Company also is looking to continue its goal to eliminate all leak prone pipe and its targeted gas expansion efforts, with the emphasis on conversion from other fossil fuels.
- **Information Technology System Modernization:** The Company proposes to upgrade and modernize its IT system in order to meet customer, market participation, and regulatory needs, and to improve cybersecurity.
- **Low Income Programs:** The Company has begun to phase in a new Low Income Discount Program. This program will provide tiered monthly bill discounts to low income customers based on the amount of Home Energy Assistance Program (HEAP) benefits they receive.
- **Enhanced Workforce Training:** In tandem with system modernization, the Company proposes increased employee training and the creation of a dedicated training center to enhance learning and skill development of its employees.
- **Customer Service:** Central Hudson proposes a bill redesign project and the elimination of fees when customers choose to use credit or debit cards to pay their bills. The Company also proposes to initiate a digital interactive strategy to improve customer satisfaction, increase effectiveness of customer communications, strengthen shareholder relations, and optimize operations. This strategy, or the Digital Initiatives for Customer Engagement (DICE), would enhance greater access and interaction with the customer portal, CenHub. By using CenHub, customers can get information and personal guidance to utilize energy saving products and services.
- **Vegetation Management, Trimming, and Line Clearance:** The Company is seeking additional funding for its Enhanced Line Clearance Program, which is the removal of endangered trees that have been affected by invasive species. It also seeks increased funding for right-of-way (ROW) Transmission and ROW Distribution Maintenance, proposing to use such increases to return to a four-year distribution and a five-year transmission trimming cycles.

The full text of the rate case may be viewed online at DPS's www.dps.ny.gov website. From the homepage, click on "Search," and enter the case number (17-E-0459 and 17-G-0460) in the "Search by Case Number" field.

PUBLIC INVOLVEMENT

For major gas and electric utility filings, the Commission is required to render a decision on the rate request within 11 months. Under New York State Law, the Commission must consider a utility's proposal and may adopt or reject it in whole or in part, or modify it by adopting changes proposed by participating parties, the general public or the Commission.

The Commission strongly believes that obtaining public input is a critical component of the rate-setting process. Stakeholders such as consumers, government agencies and officials, public interest and environmental groups, and industry representatives are invited to participate in the process, review the proposal, and submit comments. An Administrative Law Judge (ALJ) will preside over the gathering of public comments and all evidence relating to the rate request.

There are several ways to participate in the rate case process, including:

- **Provide Comments:** Comments received by the Department will become part of the record considered by the Commission. Comments will be accepted at any point while these proceedings are pending, but are requested by **October 20, 2017**.
 - **Via Public Statement Hearings:** The Commission will hold hearing in multiple locations in Central Hudson's service territory in October 2017. Interested members of the public are invited to attend the public statement hearings and provide comments regarding the proposal*. The hearings will be preceded by an information session where a Central Hudson representative will describe the Company's filing and DPS Staff will explain the rate case process and how individuals can participate. It is not necessary to make an appointment in advance or present written material in order to speak at the hearings.
 - **Via the Department's Website:** Comments may also be entered directly into the case via the www.dps.ny.gov website. Enter the associated case numbers (17-E-0459 or 17-G-0460) in the "Search by Case Number" field on the homepage of the website. After clicking to open the case, enter comments in the "Post Comments" section located at the top of the page.
 - **Via Mail/E-Mail:** Submit comments electronically to Kathleen H. Burgess, Secretary, at secretary@dps.ny.gov or by mail or delivery to Secretary Burgess at the Department of Public Service, Three Empire State Plaza, Albany, New York 12223-1350. Comments delivered in these manners should reference "Central Hudson Rate Case" (17-E-0459 or 17-G-0460).
 - **Via Toll-Free Opinion Line:** Individuals may choose to comment by calling the Commission's Opinion Line at 1-800-335-2120. This line is set up to receive in-state calls 24-hours a day. Callers should press "1" to leave comments about Cases 17-E-0459 and 17-G-0460 "Central Hudson Rate Case." Comments received via the Opinion Line are not transcribed, but a summary is provided to the ALJs and to the Commission for its consideration.

*Persons with disabilities requiring special accommodations should contact the DPS's Human Resources Management Office at 518-474-2520 as soon as possible. Telecommunication Relay Service users may request a sign language interpreter by calling the New York Relay Service at 711. Individuals with difficulty understanding English are encouraged to call DPS at 1-800-342-3377 for free language assistance services.

- **Request Party Status:** Some individuals or groups participate in rate cases by becoming a party in the case. Generally, parties commit to contribute to the development of a complete record in a proceeding by conducting discovery, submitting testimony, briefs, or other formal written comments, and/or participating in evidentiary hearings, procedural conferences and other formal events conducted in the case. A request for party status can be submitted online through the Commission's website (www.dps.ny.gov) by searching for the case numbers and clicking the "Request for Party Status" link at the top of the Case page. Alternatively, a request form can be downloaded from the website or by writing to the ALJ, NYS Public Service Commission, Three Empire State Plaza, Albany, NY 12223. The requestor will be given provisional party status, subject to the right of other parties to object and subject to the determination of the ALJ.

- **Join the Service List:** Interested persons may monitor a proceeding by subscribing to the service list of that proceeding. Such persons will receive an e-mail with a direct link to the documents issued by the Commission, such as orders, notices, and rulings. Persons unable or unwilling to receive such electronic notification will receive hard copies of Commission-issued documents by regular mail.

To register online, click on the "Subscribe to Service List" link at the top of the dedicated page for Cases 17-E-0459 and 17-G-0460. A "Service List and Mail Service List Request Form" can be downloaded from the site and the completed form sent by e-mail to Hon. Kathleen H. Burgess, Secretary at secretary@dps.ny.gov or by mail to: Secretary, Public Service Commission, Three Empire State Plaza, Albany, NY 12223-1350.

- **Monitor the Case on the Commission Website:** Interested persons who choose not to receive e-mail notifications can visit www.dps.ny.gov to check on the status of a case. For a given case, all documents filed by parties, correspondence, hearing transcripts, and Commission issued documents are posted on the website. All written comments submitted by the public are posted under the "public comments" tab for the case.