



June 29, 2015

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

Re: Cases 14-E-0318 / 14-G-0319 Compliance Filing  
in the Proceeding on Motion of the Commission as to Rates, Charges,  
Rules and Regulations of Central Hudson Gas & Electric Corporation  
for Electric and Gas Service

Dear Commissioners:

Pursuant to Public Service Commission Order, issued and effective June 17, 2015, in the above captioned proceeding, Central Hudson Gas & Electric Corporation ("Central Hudson" or "the Company") hereby files amended tariff leaves and statements to its Schedule for Electric Service, PSC No. 15 – Electricity, and Schedule for Gas Service, PSC No. 12 – Gas.

These amendments which are set forth on Appendix A are filed June 29, 2015 to become effective July 1, 2015 on a temporary basis to effectuate the electric and gas rate increases as well as the other requirements of the Rate Plan adopted in the aforementioned Order. The purpose for these tariff amendments is described below.

**ELECTRIC**

**Base Delivery Rates**

The base delivery rates effective July 1, 2015, July 1, 2016 and July 1, 2017 for Service Classification ("SC") Nos. 1, 2 Non-Demand and 6 have been revised from the Joint Proposal levels to reflect recovery of the rate increases allocated to these SCs through the volumetric delivery charge only, thereby maintaining the currently effective customer charge levels in compliance with the Commission's directive.

**Electric Bill Credit ("EBC")**

An electric bill credit will be implemented July 1, 2015 to return to customers the regulatory liability remaining after the offset of various deferred balances. The bill credit has been designed to return to customers \$13.0 million for the twelve months ending June 30, 2016, \$12.0 million for the twelve months ending June 30, 2017 and \$2.0 million for the twelve months ending June 30, 2018.

**Revenue Decoupling Mechanism ("RDM")**

The electric revenue decoupling mechanism ("RDM") will continue to be applicable to Service Classification Nos. ("SC") 1, 2, and 6 and those customers taking service under SC 14 whose parent service classification would be either SC 1, 2, or 6. The structure and provisions of the electric RDM continue per the 2010 Rate Order in Case 09-E-0588 except that the provisions for annual and interim

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RDM periods are replaced with a provision for semi-annual RDM periods and the provision for the RDM adjustment period has been revised accordingly.

Energy Cost Adjustment Mechanism (“ECAM”)

ECAM statements are filed herein to effectuate changes to the working capital carrying charge rate, uncollectible rate, electric loss factors and coincident peak included in Case 14-E-0318.

S.C. No. 8 – Public Street and Highway Lighting

Rate B, wherein the Company maintains customer-owned fixtures, will be closed to new installations effective July 1, 2015. Rate C, wherein the Company provides delivery service to customer-owned and maintained fixtures, will continue to provide customers with the flexibility to choose any type of facility that will service their needs.

S.C. No. 14 - Standby Rates

The Company has included revised standby rates utilizing the Rate Year cost of service study presented on in Hearing Exhibit 16, as scaled consistent with the parent service classification rate design, such that the rates are revenue neutral.

Merchant Function Charges (“MFCs”)

An electric MFC statement is filed herein to effectuate changes to the base MFC rates and also include updates to the net lost revenue components.

**GAS**

Base Delivery Rates

The rate structure of SC 11 will be revised from a demand to a volumetric basis, and a new transmission subclass, SC 11 EG, will be added to address service to electric generators on a demand rate basis maintaining the transmission rates currently in effect for this new subclass for the entirety of the Rate Plan. While the terms of the Joint Proposal provided for SC 11 EG to apply to electric generation facilities with a minimum generation capacity of 50 megawatts, the Company has modified this, after discussing with Staff of the Department of Public Service, to a minimum of 5 megawatts consistent with the Commission’s decision to increase the threshold for the Standardized Interconnection Requirements from 2 MW to 5 MW in its February 26, 2015 Order in Case 14-M-0101 and the resulting need to maintain system reliability.

Gas Bill Credit (“GBC”)

A gas bill credit has been implemented effective July 1, 2015 in Case 14-G-0319 to return to customers the regulatory liability remaining after the offset of various deferred balances. The bill credit will return to customers \$2.548 million for the twelve months ending June 30, 2016 and \$1.7 million for the twelve months ending June 30, 2017. To the extent that the Company receives gas delivery revenues from the Danskammer Generating Station for the twelve months ending June 30, 2016, the bill credit will also reflect 50% of those revenues in the twelve months ending June 30, 2017. Similarly, 50% of the revenues received from Danskammer for the twelve months ending June 30, 2017 will be credited to customers over the twelve months ending June 30, 2018.

Revenue Decoupling Mechanism (“RDM”)

The structure and provisions of the gas RDM will continue per the 2010 Rate Order in Case 09-G-

0589 except that the structure is revised from a unit per customer model to a revenue per customer model; the provisions for annual and interim RDM periods are replaced with a provision for semi-annual RDM periods; and the provision for the RDM adjustment period has been revised accordingly.

#### Imputation of Interruptible Revenue

The structure of the annual imputed interruptible profit from S.C. Nos. 8, 9 and 14 as set forth in Case 09-G-0589 shall continue and the imputation will be set at \$3 million for each of the Rate Years ending June 30, 2016, June 30, 2017, and June 30, 2018.

#### Factor of Adjustment

The factor of adjustment will be modified July 1, 2015 to reflect the five-year average ended August 31, 2014. Pursuant to the Order in Case No. 14-G-0319, the factor of adjustment will exclude line pack and conversion values and will be calculated as the five-year average for the twelve months ending August 31st of each year, with the updated factor applicable to the period November 1 to October 31 consistent with the annual update provisions approved by the Commissions in Case 09-G-0589. Annual negative values when calculating the five-year average will be set to zero. Actual performance against the factor of adjustment will be determined utilizing a dead band of two standard deviations, limited to  $\pm 0.5\%$ , with the minimum for the bottom of the dead band set at 1.0000.

#### Gas Supply Charge

An updated GSC Statement will not be filed herein to reflect the changes to the factor of adjustment, uncollectible rate and working capital carrying charge rate effective July 1, 2015. It is estimated that these items combined would result in a 1.75% decrease in the currently effective GSC factor that would only be in effect for one day. As a result of this timing coupled with low seasonal volumes it is estimated that any difference will be immaterial and more efficiently recognized in the upcoming annual reconciliation of gas expense required pursuant to 16 NYCRR §720-6.5(g). The updated factor of adjustment, uncollectible rate and working capital carrying charge rate have been reflected in the GSC factor filed in the routine monthly GSC Statement update which will go into effect on July 2, 2015.

#### Merchant Function Charges ("MFCs")

The current gas MFC Net Lost Revenue mechanism will be replaced with a new gas MFC revenue reconciliation process wherein monthly actual billed MFC revenue, by MFC group, will be compared to the monthly MFC revenue targets for each rate year, with any monthly over or under billed MFC revenue deferred for refund to or recovery from full service customers. At the end of each rate year, any over or under recovery including estimated interest over the refund or recovery period at the Commission's rate for other customer-provided capital will be divided by estimated sales by MFC group over the refund or recovery period to develop a reconciliation factor to be effective for the twelve months beginning September 1. Any over or under recoveries of any such gas MFC reconciliations will be addressed in a subsequent reconciliation period. For simplification of programming, tracking, and customer education purposes, the new MFC reconciliation process will be reflected in the current Transition Adjustment line item. MFC statements are filed herein to effectuate changes to the base MFC rates as well as the changes noted above.

#### Retail Access

A revised cash-out process for the Retail Access program will be implemented effective November 2016, to cash-out, in any given month, those accounts with valid meter readings during the month. Subsequent to a final Semi-Annual Reconciliation for the period April 2016 through October 2016, effective November 2016, the Semi-Annual Reconciliation will no longer be applicable.

The Winter Bundled Sales (WBS) Service pricing methodology will be revised such that the commodity component of the WBS price, which will be revised each month, shall reflect the Company's actual weighted average cost of storage ("WACOS") for the preceding month.

S.C. Nos. 15 and 16 – Distributed Generation Rates

The Company has included revised distributed generation rates utilizing the Rate Year cost of service study presented in Hearing Exhibit 16, parent service classification billing units, and load factor assumptions consistent with the various orders of the Commission in Case 02-M-0515 and consistent with the manner in which these rates were last updated in Case 09-G-0589.

#### Other

The tariff amendments submitted herein also reflect other approved provisions including the clarification of the charge for unauthorized use of gas as a penalty and the requirement for the installation of a remote operated valve by new electric generation gas customers to qualify for service and by existing customers who have failed to comply with a Company issued interruption.

### **ELECTRIC AND GAS ISSUES**

#### Base Delivery Rates

Base delivery rates for each year of the Rate Plan have been reflected in the tariff amendments submitted herein to provide customers with delivery rate transparency.

#### New York State Assessment ("NYSA")

Electric and gas NYSA statements are filed herein to effectuate changes to the uncollectible rate included in Case 14-E-0318 and Case 14-G-0319.

#### Energy Efficiency Tracker

Tariff amendments have been included to reflect the Energy Efficiency Tracker (EET) Surcharge which will be implemented Effective January 1, 2016 to recover the costs of the Company's internal energy efficiency programs, excluding internal labor costs, as approved for funding by the Public Service Commission. For billing purposes, the EET Surcharge will be combined with the System Benefits Charge.

#### Service Guarantee

A general information section has been added to both the electric and gas tariffs to reflect the provision of a \$20 customer credit for missed appointments.

#### Future Filings

Any necessary corresponding changes to reflect Compliance related items will be made to documents such as the Gas Transportation Operating Procedures Manual (GTOP), Electric Retail Access Operating Procedures Manual, Billing Service Agreement (BSA), etc. subsequent to the Compliance Filing.

Further, the Commission has approved the implementation of monthly billing without monthly meter reading. Since the Company's efforts to identify changes are still underway, the Compliance filing herein does not reflect tariff changes related to monthly billing. The Company's intention is to make a subsequent tariff filing prior to implement monthly billing, which will be made well in advance of the implementation date, once that date is known.

### **PROCEDURAL MATTERS**

As directed by Ordering paragraph six, the requirements of 66(12)(b) of the Public Service Law that newspaper publications are to be completed prior to the effective date of the amendments is waived with respect to the tariff changes for the rate year ended June 30, 2016. Notices of the changes contained herein will be published in the July 8, 15, 22 and 29, 2015 issues of the Catskill Daily Mail, the Daily Freeman, the Times Herald Record, the Putnam County Courier and the Poughkeepsie Journal.

Questions related to this filing should be addressed to Darlene Clay at [dclay@cenhud.com](mailto:dclay@cenhud.com) or Amy Dittmar at [adittmar@cenhud.com](mailto:adittmar@cenhud.com).

Very truly yours,

Michael L. Mosher

cc: Active Party List  
B. T. FitzGerald, Cullen and Dykman LLP

TARIFF LEAVES

PSC No. 15 – ELECTRICITY

24th Revised Leaf No. 3	18th Revised Leaf No. 210
17th Revised Leaf No. 104	15th Revised Leaf No. 217
8th Revised Leaf No. 163.3	15th Revised Leaf No. 218
9th Revised Leaf No. 163.5.2	12th Revised Leaf No. 218.1
12th Revised Leaf No. 163.5.4	8th Revised Leaf No. 218.2
2nd Revised Leaf No. 163.5.4.1	12th Revised Leaf No. 219
6th Revised Leaf No. 163.5.5	14th Revised Leaf No. 220
3rd Revised Leaf No. 163.5.35	12th Revised Leaf No. 221
Initial Leaf No. 163.5.36	14th Revised Leaf No. 222
Initial Leaf No. 163.5.37	14th Revised Leaf No. 226
13th Revised Leaf No. 165	9th Revised Leaf No. 231
16th Revised Leaf No. 169	14th Revised Leaf No. 246
13th Revised Leaf No. 185	16th Revised Leaf No. 246.1
15th Revised Leaf No. 205	11th Revised Leaf No. 272.3
13th Revised Leaf No. 205.1	5th Revised Leaf No. 272.3.1
7th Revised Leaf No. 205.2	5th Revised Leaf No. 272.3.2

Statement of Market Price Charge and Market Price Adjustment MPC – 175

Statement of Purchased Power Adjustment PPA – 172

Statement of Miscellaneous Charges MISC – 172

Statement of Electric Bill Credit EBC – 4

Statement of Merchant Function Charges MFC – 11

Statement of New York State Assessment Surcharge NYSA – 14

Statement of Light Emitting Diode (LED) Fixture Delivery Rates LED – 3

TARIFF LEAVES

PSC No. 12 – GAS

10th Revised Leaf No. 3	11th Revised Leaf No. 153
16th Revised Leaf No. 68	14th Revised Leaf No. 158
8th Revised Leaf No. 71	18th Revised Leaf No. 159
10th Revised Leaf No. 72	8th Revised Leaf No. 169
9th Revised Leaf No. 75	12th Revised Leaf No. 175.1
4th Revised Leaf No. 85	15th Revised Leaf No. 181
2nd Revised Leaf No. 105	6th Revised Leaf No. 181.1
6th Revised Leaf No. 117	1st Revised Leaf No. 181.1.1
6th Revised Leaf No. 117.1	10th Revised Leaf No. 184
5th Revised Leaf No. 118.1	3 <sup>rd</sup> Revised Leaf No. 185
1st Revised Leaf No. 118.2	17th Revised Leaf No. 186
14th Revised Leaf No. 126.1	13th Revised Leaf No. 187
5th Revised Leaf No. 126.2	15th Revised Leaf No. 188
7th Revised Leaf No. 127	17th Revised Leaf No. 191
7th Revised Leaf No. 129	15th Revised Leaf No. 192
5th Revised Leaf No. 129.1	15th Revised Leaf No. 193
1st Revised Leaf No. 129.2	9th Revised Leaf No. 195
3rd Revised Leaf No. 137	4th Revised Leaf No. 202
6th Revised Leaf No. 138	4th Revised Leaf No. 203
17th Revised Leaf No. 149	15th Revised Leaf No. 206
11th Revised Leaf No. 151	9th Revised Leaf No. 212
14th Revised Leaf No. 152	

Statement of Merchant Function Charges MFC – 10

Statement of Gas Bill Credit GBC – 1

Statement of New York State Assessment Surcharge NYSA – 10