Received: 08/01/2024

Joseph Hally
Vice President

August 1, 2024

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

Re: Revisions to Schedule for Electric Service – P.S.C. No. 15 – Electricity

Dear Secretary Phillips:

The amended tariff leaves set forth below are filed by Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") on August 1, 2024 to become effective September 3, 2024. Pursuant to the Order dated July 18, 2024 in Case 23-E-0418, the Company's current rate plan extends until June 30, 2025. As such, the Company's expectation is that the Commission will issue appropriate orders suspending the effective date of the leaves so that the proposed rates may become effective no sooner than July 1, 2025.

P.S.C. No. 15 – Electric

8th Revised Leaf No. 94
30th Revised Leaf No. 104
14th Revised Leaf No. 106
3rd Revised Leaf No. 106.1.5
4th Revised Leaf No. 106.1.6
6th Revised Leaf No. 106.1.9
3rd Revised Leaf No. 106.1.11
16th Revised Leaf No. 135
9th Revised Leaf No. 137
22nd Revised Leaf No. 163.3
18th Revised Leaf No. 163.5.2
12th Revised Leaf No. 163.5.3
17th Revised Leaf No. 163.5.5
13th Revised Leaf No. 163.5.35
3rd Revised Leaf No. 163.9.2
5th Revised Leaf No. 163.9.7
23rd Revised Leaf No. 165
27th Revised Leaf No. 169
20th Revised Leaf No. 184.2.1
7th Revised Leaf No. 184.3
5th Revised Leaf No. 184.5
23rd Revised Leaf No. 185
8th Revised Leaf No. 187
29th Revised Leaf No. 205
26th Revised Leaf No. 205.1
8th Revised Leaf No. 205.1.1
16th Revised Leaf No. 205.2
28th Revised Leaf No. 210

284 South Avenue
Poughkeepsie, NY 12601

(845) 452-2000
email: jhally@cenhud.com
www.CentralHudson.com

Received: 08/01/2024

10th Revised Leaf No. 210.1
30th Revised Leaf No. 217
11th Revised Leaf No. 217.1
26th Revised Leaf No. 218
23rd Revised Leaf No. 218.1
17th Revised Leaf No. 218.2
21st Revised Leaf No. 219
24th Revised Leaf No. 220
24th Revised Leaf No. 222
26th Revised Leaf No. 226
20th Revised Leaf No. 231
12th Revised Leaf No. 232
24th Revised Leaf No. 246
27th Revised Leaf No. 246.1
14th Revised Leaf No. 272.3.2
4th Revised Leaf No. 272.17.8

The purpose of these revised tariff leaves is to effectuate the changes proposed by the Company's rate filing and supported by the testimony and exhibits filed with the Commission on August 1, 2024. The language filed herein shall serve as a placeholder pending final outcomes. The letter accompanying the Company's filing, excluding attachments, is attached as Appendix A.

The Company will file, pursuant to Commission Order, a new Merchant Function Charge Statement, Low Income Bill Discount Statement, LED Fixture Delivery Rate Statement and Electric Bill Credit Statement to become effective coincident with new base delivery rates as approved by the Commission.

The Company is arranging to comply with the requirements of 66(12)(b) of the Public Service Law by publishing notices of the rate changes proposed herein in the August 7th, 14th, 21st, and 27th, 2024 issues of the Catskill Daily Mail, the Daily Freeman, the Times Herald Record and the Poughkeepsie Journal and in the August 6th, 13th, 20th, 27th, 2024 issues of the Putnam County Courier.

Questions related to this filing should be directed to Taylor Alonso at (845)-486-5554 or tleonard@cenhud.com.

Sincerely,
Joseph Hally

LETT591

Received: 08/01/2024

Appendix A

Received: 08/01/2024

Joseph J. Hally
Vice President
Regulatory Affairs

People. Power. Possibilities.
Central Hudson
A FORTIS COMPANY

August 1, 2024

Via Electronic Filing

Hon. Michelle L. Phillips, Secretary
New York State Public Service Commission
3 Empire State Plaza, 19th Floor
Albany, New York 12223-1350

Dear Secretary Phillips:

Central Hudson Gas & Electric Corporation ("Central Hudson" or "Company") hereby submits for filing revisions to its Schedule for Electric Service, PSC No. 15-Electricity and its Schedule for Gas Service, PSC No. 12-Gas.

Central Hudson's Rate Filing and Major Initiatives

Although the Company acknowledges that the Commission established new rates for the Company earlier this month in Cases 23-E-0418 and 23-G-0419 ("2024 Rate Plan"), the current filing is necessary for the Company to continue providing safe and reliable service consistent with its obligations under the New York State Public Service Law. Maintaining the electric and gas delivery systems through significant capital investment continues to be the primary reason why we must file rate cases. The Company's currently approved rates and regulatory provisions are insufficient to sustain its financial integrity while making the numerous large capital investments required beyond the one-year term of the 2024 Rate Plan.

This rate filing aims to balance the cost to customers with the value provided through preserving the safety and reliability of our electric and gas distribution systems by replacing and investing in infrastructure while supporting the achievement of the critical environmental mandates within the Climate Leadership and Community Protection Act ("CLCPA"), engaging with customers to reduce historic arrears balances, and maintaining a skilled workforce.

The tariffs filed herewith produce the revenues necessary to reflect the Company's costs of providing safe, efficient, and reliable electric and gas delivery service in the twelve months ending June 30, 2026 ("Rate Year"). These tariffs produce electric and gas delivery revenue increases of

284 South Avenue
Poughkeepsie, NY 12601
(845) 452-2000
Email: jhally@cenhud.com
www.CentralHudson.com

Received: 08/01/2024

$47.2 million and $15.3 million,[1] respectively, compared to the continuation of rates approved in the 2024 Rate Plan for the twelve months ended June 30, 2025.

1) *Summary of Major Electric Drivers*

The drivers of the pre-moderation electric rate increase are predominantly related to capital investment associated with the replacement of aging infrastructure (57%); labor costs to maintain a skilled and knowledgeable workforce and enable the hiring of 24 incremental employees that will be primarily focused on protecting critical infrastructure from cybersecurity threats (18%); and uncollectible expenses that have significantly increased since the COVID-19 pandemic (15%). Additionally, moderation using the net regulatory liability balances of $22.2 million reduces the electric delivery increase by approximately 32%.

2) *Summary of Major Gas Drivers*

The drivers of the pre-moderation gas rate increase are predominantly related to capital investment driven by the continued replacement of leak prone pipe (53%); labor costs to maintain a skilled and knowledgeable workforce (15%); and uncollectible expenses that have significantly increased since the COVID-19 pandemic (14%). Additionally, moderation through the application of net regulatory liability balances of $11.7 million reduces the gas delivery increase by approximately 43%.

3) *Infrastructure Replacement*

The Company's filing includes capital investment focused on the replacement of aging and obsolete electric and gas infrastructure to continue to provide safe, efficient, and reliable gas and electric delivery service. Approximately 78% of the Company's electric and 89% of gas infrastructure investments are dedicated to replacing aging and obsolete equipment.

A significant portion of the Company's electric infrastructure has been in service for 80 years or longer. Many assets are obsolete or past their life expectancy and must be upgraded to reliably meet customers' energy needs. The investment in modern electric infrastructure within the proposed rate plan will maintain system reliability, improve system resilience, and allow for greater interconnection of local renewable resources. Through these investments, Central Hudson's hosting capacity for distributed energy resources will increase by 449 Megawatts and allow for significantly greater interconnection of local solar generation, electric vehicles, and heat pumps within the Company's service territory.

[1] The calculation of the delivery revenue increases for the period July 1, 2025 through June 30, 2026 does not include the impact of the electric and gas bill credits of $16.351 million and $6.086 million, respectively, which expire on June 30, 2025. The $47.2 million electric revenue requirement increase equates to a total electric revenue increase of 4.6% and a total electric delivery revenue increase of 8.8%. The $15.3 million gas revenue requirement increase equates to a total gas revenue increase of 5.8% or a total gas delivery revenue increase of 9.4%.

Received: 08/01/2024

Similarly, gas capital investments are driven by replacing obsolete infrastructure, with the majority of investments dedicated toward continued elimination of leak prone pipe at a level of 15 miles per year.

4) *Uncollectible Expenses*

Customer arrears balances have grown significantly since the Company suspended collection activities during the COVID-19 pandemic. From February 2020 through June 30, 2024, residential arrears balances greater than 60 days grew to $133 million while non-residential arrears grew to $29 million. These balances have grown despite Company actions to reduce arrears growth, including participating in state and federally funded arrears relief programs, continuing to enhance and promote the Company's Energy Affordability Program, assisting customers with enrollments in assistance programs, and undertaking a measured restart of collections activities. The Company will continue to work with customers and promote deferred payment agreements and available assistance programs but expects that uncollectible expenses will increase by approximately $14 million during the Rate Year.

5) *Maintaining a Skilled and Knowledgeable Workforce*

As inflation and the cost-of-living increases, it is essential for Central Hudson to offer competitive compensation to attract and retain talented employees. Skilled workers are crucial for the safe, reliable, and efficient delivery of electricity and natural gas.

Additionally, as the external environment continuously evolves, Central Hudson must hire employees that have the skills and knowledge to protect the Company's critical infrastructure from cybersecurity threats. Organizational restructuring and additional staffing will allow the Company to strengthen its critical cybersecurity capabilities, remediate risks outlined in the Company's Cyber Action Plan, evolve with the threat landscape, and provide a dedicated focus on cybersecurity. This is why 20 of the 24 incremental employees the Company is hiring during the Rate Year will be focused on cybersecurity.

Proactive Reduction of the Requested Rate Increase

The Company is aware of customers' concerns regarding rising costs and the impact of successive rate filings and it has implemented measures to reduce the electric and gas delivery rate increases requested in this filing by 46% and 52%, respectively.

1) The Company's filing includes a return on equity of 10% and an equity ratio of 48%, which are below the Company's expert's recommended levels. These reductions lower the electric and gas delivery increases by $9.9 million and $4.0 million, respectively.

2) Additionally, Central Hudson has limited its rate allowance for major storms by excluding the impact of "super storm" events. Despite the expectation that such storms will persist, their exclusion from projections aims to offer customers roughly a $4.1 million decrease in the Company's required electric revenue requirements.

Received: 08/01/2024

3) Furthermore, the Company has applied a 1% productivity credit, which reduces the electric and gas revenue requirements by approximately $1.3 million and $0.4 million, respectively. This imputation is intended to capture unquantified future productivity improvements during the Rate Year for the benefit of customers.

4) The Company has also included further productivity savings within the rate filing by reducing the number of additional employees needed from its initial determination of 48 to 24. This decrease in the proposed incremental employees reduces the electric and gas revenue requirements by approximately $2.6 million and $0.6 million, respectively.

5) The Company has proactively applied projected electric and gas net regulatory liability balances of approximately $22.2 million and $11.7 million, respectively, to moderate the requested rate increases.

While not included in the Company's filing, the Company has identified additional sources of bill moderation such as the electric rate base credit of approximately $32 million that could be utilized to decrease the requested rate increase. The Company is open to future discussions with the New York State Department of Public Service Staff ("Staff") and other parties regarding the appropriate amount and timing of moderation to be used to lessen customer bill impacts.

Tariffs

The tariff leaves listed in Attachment A with an effective date of September 3, 2024, are being filed electronically via the New York State Public Service Commission's ("Commission") tariff system. The Company anticipates that the Commission will suspend the effective dates of the tariff leaves so that the proposed rates will become effective July 1, 2025, since the Company's current electric and gas rate plans extend through June 30, 2025.

Central Hudson has prepared this rate filing using the operating results, with normalization adjustments where appropriate, for the historical year ending March 31, 2024. The Company is submitting projected operating results for the Rate Year with data linking the historical test year and the Rate Year. The Company has developed additional forecasted financial information for the 12-month periods ending June 30, 2027 and 2028, as shown in the separate Attachment B entitled "Additional Information" for use only in the event of future multi-year settlement discussions.

Proposed Increases in Electric Delivery Rates

The resulting electric delivery impact for an average residential electric bill would be $9.19 per month which equates to a 5.3% total bill increase[2] for an average customer using 630 kWh per month.

[2] The delivery charge increase, which is a component of the overall customer bill, is 8.6%.

Received: 08/01/2024

Proposed Increases in Gas Delivery Rates

The resulting gas delivery impact for an average residential gas bill would be $8.74 per month which equates to a 5.9% total bill increase[3] for an average customer using 770 Ccf per year, or on average 64 Ccf per month.

Conclusion and Procedural Matters

Central Hudson looks forward to working with Staff and other interested parties to implement the new rate plan that would provide the resources necessary for the Company to continue to invest in the provision of safe, reliable, and sustainable energy for the benefit of customers.

An electronic copy of the Company's prepared written testimony and exhibits, which comprise the Company's direct case in support of this filing, are also submitted herewith.[4] Notices of this filing will be published in newspapers in accordance with 16 NYCRR Sections 720-8.1 and proof of publication will be submitted upon completion. In addition, the Company will issue appropriate bill inserts in accordance with 16 NYCRR Sections 720-9.1.

Sincerely,

Joseph J. Hally

Cc: Commissioner Rory M. Christian, Chair
Commissioner James S. Alesi
Commissioner Uchenna S. Bright
Commissioner John B. Maggiore
Commissioner Denise M. Sheehan
Commissioner David J. Valesky
Commissioner Radina R. Valova
Active Parties to Cases 23-E-0418 and 23-G-0419

Attachment A—Tariff Leaves—PSC No. 15 Electricity and PSC No. 12 Gas
Attachment B—Additional Information

---

[3] The delivery charge increase, which is a component of the overall customer bill, is 7.5%.
[4] Courtesy hard copies will be provided to Staff shortly after filing under separate cover once copying production has concluded.