



**Public Service
Commission**

Central Hudson Rate Cases Proposed Draft Order

Cases 14-E-0318, 14-G-0319

June 17, 2015

Joint Proposal

- Joint Proposal –
 - Feb proposal (called Feb JP)
 - March proposal (called March JP)
 - April JP is the Final Joint Proposal

- April JP is identical but for
 - Surcharge vs base rates
 - EE budget set by REV

Active Parties

- Company, Staff
 - MI, Pace, Sabin, RESA
 - UIU, Con Ed Solutions, SolarCity
 - CLP and NRG.
- No opposers

By the numbers ...

- Revenue (1 yr) sought by CH
\$40.1 MM (electric), \$5.9 MM (gas)
- Revenue (1 yr) in Staff case
\$12.9 MM (electric), - \$1.79 MM (gas)

Revenue in Final JP

	Rate Year 1	Rate Year 2	Rate Year 3
	Revenue Increase	Revenue Increase	Revenue Increase
Electric	\$15.346 million	\$15.987 million	\$14.100 million
Gas	\$1.827 million	\$4.633 million	\$4.379 million

Bill Credits

- When case filed (June 26, 2014), Company estimated net available bill credits as:

\$46.0 MM (electric)

\$5.1 MM (gas)

Bill Credits Used

In JP, bill credits used as follows:

	Rate Year 1 Bill Credits	Rate Year 2 Bill Credits	Rate Year 3 Bill Credits
Electric	\$13.0 million	\$12.0 million	\$2.0 million
Gas	\$2.548 million	\$1.700 million	\$0.0

Revenue in Final Joint Proposal

	Rate Year 1 Net Increase	Rate Year 2 Net Increase	Rate Year 3 Net Increase
Electric	<p>\$2.346 million</p> <p>(\$15.346 million rate increase minus \$13.0 million bill credit)</p>	<p>\$16.987 million</p> <p>(expiration of \$13.0 million RY 1 credit plus \$15.987 million RY 2 rate increase, minus \$12.0 million bill credit)</p>	<p>\$24.100 million</p> <p>(expiration of \$12.0 million RY 2 credit plus \$14.1 million RY 3 rate increase, minus \$2.0 million bill credit)</p>
Gas	<p>\$(-0.721) million</p> <p>(\$1.827 million rate increase minus \$2.548 million bill credit)</p>	<p>\$5.481 million</p> <p>(expiration of \$2.548 million RY 1 credit plus \$4.633 million RY 2 rate increase, minus \$1.7 million bill credit)</p>	<p>\$6.079 million</p> <p>(expiration of \$1.7 million RY 2 credit plus \$4.379 million RY 3 rate increase, with no bill credit)</p>

Bill Impacts - \$

Electric Service Classes (monthly)	Rate Year 1	Rate Year 2	Rate Year 3
Residential (No. 1 - non-heating)	\$0.38	\$3.86	\$5.58
Residential (No. 1 - heating)	\$0.59 or	\$5.91	\$8.55
General (No. 2 - non-demand)	\$0.29	\$3.83	\$5.27

Gas Service Classes (annual)	Rate Year 1 (decrease)	Rate Year 2	Rate Year 3
Residential (No. 1 & 12)	\$(3.99)	\$14.32	\$59.54
Comm. & Industrial (No. 2,6 & 13)	\$(159.41)	\$47.38	\$183.20

Bill Impacts - Total Bill

Electric Service Classes	Rate Year 1	Rate Year 2	Rate Year 3
Residential (No. 1 - non-heating)	0.34%	3.42%	4.78%
Residential(No. 1 - heating)	0.37%	3.70%	5.15%
General (No. 2 - non-demand)	0.35%	4.69%	6.17%

Gas Service Classes	Rate Year 1	Rate Year 2	Rate Year 3
Residential (No. 1 & 12)	(-0.28%)	1.02%	4.25%
Comm. & Industrial (No. 2,6 & 13)	(-2.53%)	0.76%	2.87%

Bill Impacts - Delivery Bill

Electric Service Classes	Rate Year 1	Rate Year 2	Rate Year 3
Residential (No. 1 - non-heating)	0.48%	7.92%	9.38%
Residential(No. 1 - heating)	0.56%	8.19%	10.92%
General (No. 2 - non-demand)	0.68%	10.02%	12.49%

Gas Service Classes	Rate Year 1	Rate Year 2	Rate Year 3
Residential (No. 1 & 12)	(-0.46%)	1.66%	6.82%
Commercial & Industrial (No. 2,6 & 13)	(-2.53%)	0.76%	2.87%

Customer Charge

- Recommended increase adopted for gas and large commercial.
- Increase would have been:
 - \$24 current to \$29 in 3rd year of rate plan for Residential.
 - \$35 current to \$44 in 3rd year of rate plan for small commercial
- Residential and small commercial have this under consideration in REV Track 2.

Driver – Net Plant Rev. Requirement

Two year rate freeze from Acquisition case (July 2013 to June 2015), which followed a three-year rate plan (July 2010 to June 2013). No rate case since the July 2010.

Net Plant and Depreciation	Rate Year 1	Rate Year 2	Rate Year 3
Electric	\$ 19,303,000	\$ 10,031,000	\$ 8,980,000
Gas	\$ 11,371,000	\$ 5,027,000	\$ 5,000,000

CH Capital Program 2010-2014

- Electric Capital: Transmission Sag Mitigation, WM line rebuild
Two new subst (Galenville and Spackenkil)
Two subst upgrades (Saugerties and Grimley Rd)
- Gas Capital: Leak prone pipe removal
Facilities for service to increased customer base
- Common Capital: Upgraded corporate facilities and software systems

Driver – Property Taxes

Property Taxes	Rate Year 1	Rate Year 2	Rate Year 3
Electric	\$ 3,563,000	\$ 2,258,000	\$ 3,097,000
Gas	\$ 2,405,000	\$ 713,000	\$ 978,000

Driver – Change in Forecasts

- Note - for electric, the change in Forecasted Base Revenues is:
-\$9.26 MM, \$0.03MM, \$1.47MM (for RY 1, 2, 3)
- Note - for gas, the change in Forecasted Base Revenues is:
\$8.12MM, \$1.96MM, \$2.00MM (for RY 1, 2, 3)

Non-Rate Initiatives

- Elec. Dept. Major Storm Reserve
- Monthly Billing
- Gas Service Expansion
- Leak Prone Pipe Replacement
- Incentive to Reduce Resid. Serv. Terminations
- Same Day Reconnection Program

Elec. Dept. Major Storm Reserve

- Addresses the balance between predictability and unpredictability.
- Detailed implementation agreement (App. Q) .
- \$700,000 per year in the rate plan.
- Other NY utilities use storm reserves.

Monthly Billing

- Monthly billing vs. monthly meter reading.
- Benefits to customers on monthly budgets.
- All other utilities have monthly bills.

Gas Service Expansion

- Today: 255k electric customers, 69k gas customers
- 5 yr, +5000 residential, +3875 commercial
- \$1 MM annually for incentives to customers
- PRA one basis point/200 customers over forecast up to 5 bps

Leak Prone Pipe Replacement

- Establishes 13m, 14m and 15m targets with NRA of 8 bp (Gas bp is approx. \$24k)
- This is a change from a \$\$ expenditure to a miles metric.
- Also defer cost of pipe put in in excess of target up to \$1.4, \$1.5, \$1.6 million per mile.
- Also a 2 bp incentive for each mile over the target, capped at 10 bp.

Incentive to Reduce Residential Service Terminations

- Historic average was 12,605.
- Incentive threshold is 11,000.
- PRA (not NRA) of 5 bp for meeting the target.
- About a 12.7% reduction.
- Accompanied by a data collection requirement.

Same Day Reconnection Program

- Initiative is for customers who lose service, but then re-qualifies.
- Company commits to use best efforts to reconnect on same day at least 80% of the time.
- Can be a significant incentive for customer to re-qualify.
- Quarterly reports required.

REV

- REV may create new requirements for CH.
- JP recognizes that REV would have precedence.
- New requirements may take effect during rate plan.
- CH retains right to seek deferrals for new costs.