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John B. Rhodes, Chair

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## **PSC Dramatically Lowers Central Hudson's Rate Request**

**— Company's Initial \$85.6 Million Request Cut by \$49.2 Million or Nearly 60%; Stakeholder-Supported Plan Lowers Bills for 25,000 Low-Income Customers; Significantly Improves Energy Efficiency, Renewable Energy, Gas Safety & Infrastructure Resiliency —**

**ALBANY** — The New York State Public Service Commission (Commission) today adopted a joint proposal supported by Department staff, the company, and parties representing customer, municipal, and environmental interests regarding new electric and natural gas rates for Central Hudson Gas & Electric Corporation customers. The decision establishes a three-year electric and gas rate plan that limits the overall revenue increases in the first year to only \$13.7 million or 1 percent for electric customers, and only \$3.2 million or 1.5 percent for natural gas customers. Today's decision represents a far better outcome for customers than the company's initial request for a \$63.4 million revenue increase in electric rates or 21.2 percent of delivery revenue, and a \$22.2 million increase or 24.3 percent of delivery revenue in natural gas rates.

Under the new rate plan, a typical residential customer using 625 kWh of electricity per month would see a total monthly bill increase of \$1.46 or 1.3 percent in the first year starting in July 2018, \$3.31 or 3 percent in the second year starting in July 2019, and \$5.04 or 4.4 percent in the third year starting in July 2020. A typical residential heating customer using 910 therms of gas annually would see an average monthly bill increase of \$2.54 or 2.1 percent in the first year, \$5.59 or 4.4 percent in the second year, and \$7.22 or 5.5 percent in the third year. Eligible low-income electric customers will see a bill reduction of up to 65 percent.

"The progressive plan that was adopted — endorsed with complete stakeholder support by environmental groups, large business customers, and the largest municipality in the region — includes a nation-leading affordability policy that substantially lowers bills for most low-income customers," **said Commission Chair John B. Rhodes.** "Not only was it better than the plan submitted by the utility, but it advances the State's climate agenda, expands energy efficiency investments, and funds non-wire alternatives and other cleaner, more resilient energy initiatives."

The Commission's decision provides funding for technology upgrades, expanded tree-trimming, and the low-income discount program. It allows the company to pursue the development of a training center and co-located primary control center. It provides for the continuation and enhancement of existing gas and public safety programs.

The Commission's decision accounted for issues and concerns raised in public comments. Other benefits provided by the adopted joint proposal and also support the Reforming the Energy Vision Initiative, or REV, to build a cleaner, more resilient and affordable energy system, include:

- **Low-Income Programs:** Low-income customers will see a sharp increase in benefits totaling more than \$31 million over the three-year period, all in keeping with the Commission's policy to limit energy costs for low-income households to no more than 6 percent of household income. These funding levels will result in bill discounts for electric heating and non-heat customers of between \$19 and \$39 per month, gas heating customers of between \$30 and \$50 per month, and gas non-heating customers of \$3 per month. These discounts are much greater than the current monthly discounts of \$5.50 for non-heating gas and non-heating electric customers, \$17.50 for electric heating customers, \$5.50 for gas heating customers, \$23 for heating customers utilizing both electric and gas, and \$11 for non-heating customers utilizing both electric and gas.
- **Customer Service:** Fees associated with payments made by credit/debit card or at walk-in locations will be eliminated and the company agreed to study the feasibility of implementing an electronic deferred payment agreement program.
- **Rate Design:** Customer charges for residential electric and gas service customers will be reduced by \$3 a month in the first year, \$1 a month in the second year, and \$0.50 in the third year. By the third year, the customer electric charge will fall to \$19.50 a month, down from \$24 currently, and the gas rate charge will drop to \$24.25 per month, down from \$26 a month currently.
- **Vegetation Management:** More than \$60 million will be provided for vegetation management, a much-needed increase in part because of the greater storms the region is experiencing. The funding level will allow Central Hudson to improve reliability by reducing tree-related outages on distribution and transmission lines.
- **Geothermal Credit:** Central Hudson will provide a \$264 annual credit to customers who install qualified geothermal systems. The program will reduce the upfront cost of investment in this energy-efficient alternative to the more carbon-intensive heating and cooling methods currently utilized by many of Central Hudson's customers.
- **Energy Efficiency:** Central Hudson's yearly energy efficiency program budgets will be increased. This shift is consistent with Commission policy because it promotes a more comprehensive approach to energy efficiency, which can be combined with peak-reduction and system-efficiency activities, as cohesive components of the company's core business.
- **Energy Efficiency Incentives:** Central Hudson will be incentivized to improve the efficiency of the electric and gas systems and of customers' electric and gas usage, to promote development of the market for distributed energy resources, and to shift usage to cleaner technologies. All these actions advance State policies to reduce emissions of greenhouse gases and other pollutants while improving the reliability and resiliency of our energy infrastructure.
- **Natural Gas Safety and Reliability:** Central Hudson will be incentivized to replace leak-prone infrastructure and accelerate its repair of non-hazardous leaks. The company is being encouraged to pursue non-pipes alternatives to meet demand for heating fuels. The company has committed to pursuing natural gas efficiency and demand response programs and will

issue a request for proposals focused on non-pipes alternatives that can displace traditional infrastructure projects.

- **Training Center:** Central Hudson was authorized to begin development of an integrated facility dedicated to providing hands-on and scenario-based learning and indoor/outdoor electric and gas training. The training center would be used to educate its workforce in a safe and controlled environment that simulates real-life field conditions, and it would allow Central Hudson to conduct drills with first responders; provide training on pipeline operation and maintenance in response to changes in gas safety regulations; and conduct electric progression training under simulated conditions. In addition, Central Hudson will begin development of an integrated transmission and distribution system operations center.
- **Future Initiatives:** Central Hudson is encouraged to petition the Commission for approval of initiatives that advance goals established under the State's Reforming the Energy Vision strategy, or REV. Under REV, New York seeks to lower the costs of and speed up the achievement of the State's energy policy goals through accelerating the deployment and scale of solutions that create the most economic value for both consumers and the State's energy system, drawing on innovation and investment from all sectors.

Since the beginning of the case, Department staff has worked tirelessly to minimize cost increases by advocating progressive outcomes regarding affordability, energy efficiency, and the environment. The Commission's decision also reflects the impact of changes to the federal corporate tax rate and bonus depreciation prospectively, with a net first-year benefit for customers totaling \$18 million.

Parties signing the joint proposal include the company, Department of Public Service staff, Multiple Intervenors, Pace Energy and Climate Center, New York Geothermal Energy Organization, the Utility Intervention Unit of the Department of State, Division of Consumer Protection, Dutchess County, Acadia Center, the Public Utility Law Project of New York, Inc., the Natural Resources Defense Council (NRDC) (partial); Bob Wyman, and the U.S. Army Legal Services Agency, representing the U.S. Department of Defense and other Federal agencies. No party opposed the joint proposal.

Under the rate plan adopted by the Commission, Central Hudson will add 48 new jobs over three years. Central Hudson distributes electricity to approximately 300,000 customers and natural gas to about 80,000 customers in the Mid-Hudson River Valley region of New York.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Number 17-E-0459 or 17-G-0460 in the input box labeled "Search for Case/Matter Number". Many libraries offer free internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.