

STATE OF NEW YORK

# Public Service Commission

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## **NEW GAS, ELECTRIC RATES FOR CENTRAL HUDSON APPROVED — 3-Year Rate Plan Spreads Costs, Lessens Customer Impact —**

Albany, NY—06/17/10—The New York State Public Service Commission (Commission) today voted to adopt a three-year rate plan that establishes new electric and natural gas service delivery rates for Central Hudson Gas & Electric Corporation (Central Hudson) beginning July 1, 2010. Under the plan’s terms, rate increases are delayed as much as possible to the plan’s later years when economic conditions may have improved. The Commission also voted to substantially increase funding for assistance to Central Hudson’s low-income customers and to provide other customer benefits.

“This rate plan serves the interests of customers and Central Hudson,” said Commission Chairman Garry Brown. “It minimizes the impact of rate increases on individual customers and on the service territory as a whole and it provides the company the revenues and direction needed to provide safe and adequate service over an extended planning horizon.”

The plan in the first year calls for an electric delivery rate increase of \$11.8 million, or 4.5 percent. Second year delivery rates will go up \$9.3 million, or 3.4 percent; third year delivery rates will go up \$9.1 million, or 3.2 percent. The gas delivery rate increase in the first year will be \$5.7 million, or 8.9 percent. Second year delivery rates will go up \$2.3 million, or 3.4 percent; third year delivery rates will go up \$1.6 million, or 2.3 percent.

During the course of the proceeding, Central Hudson provided updated information. Had these updates been included in the original filing the single year electric delivery rate increase would

have been approximately \$26.3 million, or 10.3 percent, and the gas delivery rate increase would have been approximately \$7.8 million, or 11.9 percent.

Typical monthly residential electric bills for combined delivery and commodity service are expected to increase \$4.42, or 4.1 percent, in the first year; \$3.65, or 3.6 percent, in the second year; and \$2.68, or 3.0 percent, in the third year. Typical monthly residential gas bills for combined delivery and commodity service are expected to increase \$5.86, or 4.7 percent, in the first year; \$2.73, or 2.1 percent, in the second year; and \$2.02, or 1.5 percent, in the third year.

In the first year of the rate plan, roughly 80 percent of the electric rate increase can be attributed to higher local property taxes, infrastructure additions and removals, uncollectible accounts expense, and other operation and maintenance expenses. Roughly half of the gas rate increase can be attributed to higher local property taxes, infrastructure additions and removals, and uncollectible accounts expense.

The Commission's decision was based on a Joint Proposal agreed upon by Central Hudson; staff of the Department of Public Service, and Multiple Intervenors, an association of about 50 large utility customers. Central Hudson serves about 301,000 electric customers and 74,000 natural gas customers, 85 percent of them residential, in eight counties in the mid-Hudson region. To ensure public input, public statement hearings were held regarding the company's initial filing and, later, the Joint Proposal.

The Joint Proposal exemplifies a multi-year rate plan well designed to serve the primary interests of both the utility company and its customers, by providing the company the revenues and direction needed to provide safe and adequate service over an extended planning horizon yet minimizing the impact of rate increases on individual customers and on the service territory as a whole.

In addition to proposing a three-year rate schedule, the Joint Proposal recommended expanding funding for Central Hudson's low-income program by 50 percent in the first year and 100 percent over three years. The Joint Proposal also includes stringent requirements concerning

replacement of leak-prone gas pipes, strong incentives for Central Hudson to effectively manage its costs and continues incentives for the utility to provide high quality customer service.

In view of the adverse economic conditions in the Central Hudson service territory, the new rate plan significantly strengthens the company's economic development programs. Central Hudson will commit up to \$1 million annually, almost double the current amount, for a range of economic development initiatives, including a new program to assist entrepreneurs or start-up companies to wire buildings for electrical equipment.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.state.ny.us](http://www.dps.state.ny.us) and entering Case Number 09-E-0588 or 09-G-0589 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).