PSC Slashes Central Hudson Rate Hike Request

Electricity Rates Decrease in First Year for Residential and Commercial Customers, Minimal Increases in Second & Third Years

CLCPA Requirements Made Core Component of Decision to Promote Energy Efficiency, Demand Response, Geothermal Deployment

Utility Agrees to Reduce Both Electric and Natural Gas Usage

Decision Backed by Governmental, Environmental, Commercial and Customer Groups

ALBANY — The New York State Public Service Commission (Commission) today approved a three-year rate plan for Central Hudson Gas & Electric Corp. (Central Hudson) customers that is dramatically lower than what the company initially requested. The Commission adopted a joint proposal signed by the company, Department staff, and environmental and business groups, that, among other things contains provisions to promote energy efficiency, demand response, geothermal deployment, and electrification options to meet customers’ energy needs while working to lower natural gas demand and further minimize the need for additional gas infrastructure.

“The joint proposal provides sufficient funding for the companies to maintain safe and reliable service, while moderating rate impacts during the term of the rate plan and mitigating the impacts to ratepayers suffering the financial consequences of the pandemic,” said Commission Chair Rory M. Christian. “The joint proposal is also consistent with our nation-leading clean energy initiatives, as well as our social and economic policies. This agreement is in the public interest and it comports with New York’s clean-energy goals.”

The three-year rate plan for Central Hudson’s electric and gas businesses that began on July 1, 2021 and will continue until June 30, 2024. With the Commission’s decision, electric delivery revenues will decrease $1.1 million in the first year and increase of $8 million and $8.7 million in the second and third years, respectively. The gas delivery revenue increases will be $3.9 million in the first year, $3.9 million in the second year, and $4 million in the third year.

For the typical residential electric service customer, these revenue changes would yield a $0.33 decrease in the average monthly bill during the first year, a $1.72 increase in the second year, and a $1.82 increase in the third year. The average monthly bill of the typical gas service customer would increase by $1.64 in the first year, $2.17 in the second year, and $1.50 in the third year.
The order adopts terms of a joint proposal executed by Central Hudson; trial staff of the New York State Department of Public Service; Multiple Intervenors; the Public Utility Law Project of New York, Inc.; the New York Geothermal Energy Organization; the Utility Intervention Unit of the New York State Department of State; Alliance for a Green Economy; Dutchess County; the New York Power Authority; and several private energy companies.

Central Hudson initially proposed delivery rates that were designed to produce an annual electric delivery revenue increase of approximately $32.8 million and an annual gas delivery revenue increase of $14.4 million, resulting in base delivery revenue increases of 8.4 percent and 12.1 percent, respectively, or total bill increases for an average residential customer of 6.2 percent and 8 percent, respectively.

Central Hudson distributes electricity to more than 300,000 customers and natural gas to about 84,000 customers in the Mid-Hudson River Valley Region of New York. The company’s most recent rate plan was adopted in a rate order issued in June 2018, when the Commission approved a three-year electric and gas rate plan.

Other components of the decision include the following:

- **Low-Income Bill Discounts**: The company will provide $31 million in bill discounts to income eligible customers over the next three years. If current overcollection balances are exhausted during the term of the rate plan due to higher than anticipated enrollment levels, the company will defer any incremental funding.

- **Economic Development**: The decision strengthens the company’s economic development programs to promote manufacturing growth in the Hudson Valley through grants that are designed to expand existing businesses, revitalize underutilized existing structures to accommodate manufacturing, increase productivity, and create higher-paying jobs in the service territory, while the company’s “Back to Business Program” will provide financial assistance to small businesses impacted by the pandemic, enabling them to either re-open or continue operations.

- **Energy Efficiency, Heat Pumps, and Electric Vehicles**: To mitigate electric bill impacts, Central Hudson will reduce the impact of incremental energy efficiency and heat pump expenses by deferring certain costs related to these programs. The company will also increase electric and gas energy efficiency; increase electric system efficiency through peak reduction and distributed energy resource utilization; reduce residential and commercial customers’ electric energy intensity (total usage on a per customer basis); and reduce greenhouse gas emissions by facilitating the broader use of electric vehicles. Central Hudson will conduct a Geothermal District Loop Feasibility Study to identify areas in the Company’s service territory where the potential for geothermal district loop pilot projects might exist.

- **CLCPA Goals**: In furtherance of emissions reduction targets and clean energy priorities set forth in New York’s nation-leading Climate Leadership and Community Protection Act, or CLCPA, Central Hudson has made a number of environmental sustainability commitments, including: inventorying its direct and indirect emissions; developing a plan to reduce its gas emissions relative to 2019 activity; targeting cumulative savings during the four-year period between 2021 and 2025 that equate to approximately 2.5 percent from 2019 gas sales; targeting cumulative savings during the same four-year period that equate to approximately 6.9 percent of 2019 electric sales; targeting a 2 percent reduction in electric sales volumes by 2025; and it will promote energy efficiency by phasing-in the elimination of the natural gas
declining block rates. Central Hudson will also cease offering incentives for conversion from oil to natural gas and will modify its website so that it does not promote the use of natural gas.

The Commission’s decision reflects compromises made by diverse and ordinarily adversarial parties with strong incentives to craft resolutions that addressed their various interests. The new rate plan reflects an appropriate balancing of ratepayer and shareholder interests, while making meaningful progress toward the achievements of State climate goals and low-income affordability.

Today’s decision may be obtained by going to the Commission Documents section of the Commission’s Web site at www.dps.ny.gov and entering Case Numbers 20-E-0428; 20-G-0429 or 20-M-0134 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.

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