

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

July 31, 2023

SUBJECT: Proposed Major Revenue Increases for Rate Year Ending June 30, 2025
Case Nos.: 23-E-0418, 23-G-0419
Utility: Central Hudson Gas & Electric Corporation
Date Filed: July 31, 2023 Final Suspension Date: June 30, 2024

Electric Service

Central Hudson Gas and Electric Corporation (Central Hudson or the Company) is requesting an increase in annual electric delivery revenues of approximately \$139.5 million¹ (31.6% increase in base delivery revenues, or 13.3% increase in total system revenues²) compared to the revenues approved in Rate Year Three of the Company's current rate plan. The requested increase in electric delivery revenues results in a monthly bill increase of \$30.12 (31.9% increase on the delivery bill, or 16.4% increase on the total bill) for an average residential customer using 660 kWh per month. The major drivers of the electric revenue request include increases related to capital investment mainly associated with the replacement of aging infrastructure (24%); increased labor expense (21%); continued and enhanced low income, energy efficiency and heat pump programs (18%); increases due to capitalization and financing costs (13%); and timely recovery of costs associated with responding to major storms and extreme weather (11%).

¹ The calculation of the delivery revenue increase for the period July 1, 2024 through June 30, 2025 does not include the impact of the electric bill credits of \$21.5 million, which will expire on June 30, 2024.

² This increase reflects total system revenue as of March 31, 2023 plus Energy Service Company commodity revenue for 2023 and does not reflect the expiration of any current bill credits or changes in surcharges.

Gas Service

Central Hudson is requesting an increase in annual gas delivery revenues of approximately \$41.5 million³ (29.8% increase in base delivery revenues, or 14.2% increase in total system revenues) compared to the revenues approved in Rate Year Three of the Company's current rate plan. The requested increase in gas delivery revenues results in a monthly bill increase of about \$30.13 (29.2% on the delivery bill, or 19.0% increase on the total bill) for an average residential heating customer using 780 Ccf per year. The major drivers of the gas revenue request include increases related to capital investment driven by the continued elimination of leak prone pipe (34%); increased labor expense (19%); increases due to capitalization and financing costs (19%); and continued and enhanced low income and energy efficiency programs (8%).

The Company states its filing focuses on providing safe and reliable service by replacing and investing in infrastructure, facilitating and supporting New York State's environment mandates through Climate Leadership and Community Protection Act programs, responding to major storms and weather events, maintaining the Company's customer assistance programs, and increasing its workforce to support these initiatives. Further details on the rate filings can be found in the attached cover letter to the filings.

Rate cases are a primary instrument of government regulation of these industries. Interested persons may intervene and become parties in a utility company's rate case. Typical intervenors include: industrial, commercial and other large-scale users of electricity; public interest groups; representatives of residential, low-income and elderly customers; local municipal officials; and, dedicated advocacy groups. The applicable legal requirements require the Public Service Commission (PSC) to render a decision within 11 months after a major rate case is filed. Rate cases proceed in an entirely public and open process.

³ The calculation of the delivery revenue increase for the period July 1, 2024 through June 30, 2025 does not include the impact of the gas bill credits of \$5.6 million, which expire on June 30, 2024.