

STATE OF NEW YORK  
DEPARTMENT OF PUBLIC SERVICE

May 26, 2022

SUBJECT: Proposed Major Revenue Increases for Rate Year Ending April 30, 2024  
Case Nos.: 22-E-0317, 22-G-0318, 22-E-0319, & 22-G-0320  
Utility: New York State Electric & Gas Corporation, Rochester Gas and Electric Corporation  
Date Filed: May 26, 2022 Final Suspension Date: April 21, 2023

**Electric Service**

New York State Electric & Gas Corporation (NYSEG) is requesting an increase in annual electric delivery revenues of approximately \$274 million (31.2% increase in delivery revenues, or 16.8 % increase in total revenues) for the rate year ending April 30, 2024.<sup>1</sup> NYSEG projects that the requested increase in delivery revenues will result in a total monthly bill increase of about \$18.31 or a 22.2% increase to the total bill for a residential customer using 600 kWh/month.

Rochester Gas and Electric Corporation (RG&E) is requesting an annual increase in electric delivery revenues of approximately \$93.8 million (19.0% increase in delivery revenues, or 11.3% increase in total revenues). RG&E projects that the requested increase in delivery revenues will result in a total monthly bill increase of about \$12.95 or a 15.0% increase to the total bill for a residential customer using 600 kWh/month.

**Gas Service**

NYSEG is requesting an increase in annual gas delivery revenues of approximately \$43.4 million (20.7% increase in delivery revenues, or 9.8% increase in total revenues). NYSEG projects that the requested increase in delivery revenues will result in a total monthly bill increase of about

\$14.94 or a 15.6% increase to the total bill for a residential heating customer using 83 therms per month.

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<sup>1</sup> As a result of the Companies submitting this filing on May 26, 2022, the effective date of new rates, assuming the full 11-month suspension period, will be May 1, 2023

RG&E is requesting an increase in annual gas delivery revenues of approximately \$37.7 million (20.9% increase in delivery revenues, or 9.7% increase in total revenues). RG&E projects that the requested increase in delivery revenues will result in a total monthly bill increase of about \$9.62 or a 12.8% increase to the total bill for a residential heating customer using 83 therms per month.

### **Rate Drivers**

The rate drivers of the requested increase are categorized into five areas: (1) the Residual Rate Pressures from the 2019 rate cases; (2) Costs Necessary to Support Core business; (3) State Policy Costs; (4) Reliability & Resiliency; and (5) Other.

The delivery rate impact of the Residual Rate Pressure from the 2019 rate cases is approximately 10%, averaged across all companies. These costs include expiring tax credits, amortization of regulatory liabilities, ending of levelization, and plant investments not included in the 2019 rate cases. The delivery rate impact of the Costs Necessary to Support Core Business is approximately 8% which includes property tax increases and inflation. The delivery rate impact of State Policy Costs is approximately 3%. These costs include shorten depreciable lives for gas assets, increased in energy efficiency, electric vehicles (EVs), and other CLCPA related offerings. The delivery impact of the Reliability and Resiliency programs is approximately 4%. These costs include capital investments, cyber security, and 5-year trim cycle. Finally, the impact of Other costs is approximately 5%. The costs in this category include ROE and Equity Ratio, tracking adjustments and new amortizations.

### **Key Programs**

Key elements of the rate filing include (1) Customer Experience Improvements, which will allow for increased AMI functionality and mobile/digital interface options for customer including payment options and notifications, webchat, energy manager to reduce usage, 24/7 emergency support and outage notifications; (2) Emergency Response Improvements, which include better mobilization and lodging options during an emergency event, a municipal portal, increased access to outside resources and an automated system to contact life support equipment (LSE) customers; (3) Climate Action

and Innovation, which include items such as additional charge ports for EVs, an Electric Heat Make Ready program, a Low-Income Clean Generation program, energy storage projects, a pilot program for geothermal district energy with the City of Ithaca and a Hydrogen Blending Pilot; (4) Operations and Reliability, which include the replacement of aging infrastructure and additional full-time equivalents (FTEs) to improve reliability metrics, reaching and maintaining a five-year vegetation management cycle including danger tree removal programs and transmission corridor widening; (5) Gas Operations, which includes leak prone pipe replacement and other gas safety initiatives, gas vegetation management, the Pipeline and Hazardous Materials Safety Administration (PHMSA) “Mega-Rule” and research and development programs. Further details on the filings can be found in the Companies’ transmittal letter.

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.