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DPS to Install Independent Monitor to Examine Billing System at Central Hudson

Central Hudson to Read Customers' Meters Every Month — Resolving a Major Customer Issue

Investigation Continues to Determine Appropriate Penalty and Prudence Remedy for Billing System Failures

ALBANY — The New York State Department of Public Service (DPS) today announced that Central Hudson Gas & Electric Corporation (Central Hudson) has agreed to pay for an independent monitor to verify system and operational improvements to correct billing system errors, and to accelerate its plans to perform monthly meter reading for its customers. The independent monitor will review the capability and functionality of the company's customer information and billing system; review the integration of monthly meter reading into the system, along with a timeline to complete the work; and evaluate whether the company's remedial actions taken to date have effectively resolved the problems identified. The interim agreement to install the independent monitor at shareholder expense does not resolve the Public Service Commission's (Commission) ongoing investigation into past billing system failures by the company.

"Customers rightly expect to receive timely and accurate bills for their utility services," **said DPS CEO Rory M. Christian.** "Unfortunately, our investigation and audit found that Central Hudson wasn't meeting this basic expectation. There is evidence, however, that the company has corrected many of the problems that led to the billing system errors, and our independent monitor will verify that these corrective actions are working and will be sustained. Furthermore, the company's commitment to accelerate implementation of monthly meter reads for customers is expected to reduce the number of customer disputes associated with inaccurate estimated bills."

Throughout the investigation, DPS pressed Central Hudson to prioritize fixing and improving their billing system so that customers receive accurate and timely bills. The corrective actions appear to be working. For example, a sampling of DPS complaints received between November 2022 and January 2023 showed that close to 25 percent of the complaints were due to Central Hudson errors. A subsequent sampling of complaints

received between February 2023 and April 2023 indicated that less than 1 percent were due to Central Hudson errors.

The DPS investigation report issued in December 2022 showed some customers went several months without a meter reading, leading to significant bill increases when the bills were trued up to actual usage. In February 2023, a Commission-directed audit recommended that Central Hudson move to monthly meter reading to better align customer energy usage to fluctuating energy commodity prices, and the Commission required the company to file an implementation plan to implement the audit recommendations. DPS is the staff arm of the Commission.

As part of the agreement announced today, Central Hudson plans to be able to read a vast majority of customer meters every month by December 2024, an acceleration of more than 13 months compared to the company's initial plans (to reach this goal by February 2026). Under today's agreement, the company seeks to begin pilot programs for monthly meter reading in late 2023 and early 2024.

As part of the overall effort that's been done regarding Central Hudson billing issues, DPS acknowledges work by Congressman Pat Ryan and Ulster County Executive Jen Metzger, which included holding workshops and meetings with consumers and Central Hudson to address billing issues.

Central Hudson is a regulated transmission and distribution utility serving approximately 309,000 electric customers and 84,000 natural gas customers in a service territory of New York State's Mid-Hudson River Valley. Central Hudson delivers natural gas and electricity in a service territory that extends from the suburbs of metropolitan New York City north to the Capital Region.

The agreement announced today to install an independent monitor relates to but does not resolve potential violations arising from the company's development and deployment of modifications to the company's billing system that resulted in the launch of an investigation in December 2022. That investigation, and the potential financial penalties that might result, remains ongoing.

In addition to the items above, today's joint agreement also includes the following:

- **Billing Errors:** Central Hudson shall continue to thoroughly investigate all complaints of billing errors and shall continue to promptly refund overpayments to any and all customers who have been overcharged.
- **Monitor Reporting:** The company shall subject itself to targeted testing and verification of system stability under DPS staff-selected third-party monitor and oversight. The monitor will issue a final report containing findings and recommendations within six months of the execution of a protocol and scope of work agreement with said monitor(s), and company shareholders shall bear the cost of third-party monitor and oversight.

- **Monthly Reporting:** The company shall continue to monitor system defects and shall file a monthly written report to DPS reflecting any change in the current downward trends in defects and billing exceptions.
- **Customer Metrics:** The company shall continue to monitor customer service metrics and shall file a monthly written report with DPS reflecting any change in currently observed improvements. The company shall continue its Customer Experience Training Enhancement Initiatives which commenced in January 2023 and shall provide quarterly written updates to DPS staff related to program development and proficiency measures.

Today's action may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 22-M-0645 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.