

Town of Olive Interrogatories to Central Hudson
2023 rate case

1. According to the financial statements filed by Central Hudson on August 29, 2023 in the 12 months ending March 31, 2023 the Gas Operations had Regulatory Operating Income of \$33.0 million on Revenues of \$139.8 million (an Operating Margin of 23.6%), and the Electric Operations had Regulatory Operating Income of \$74.5 million on Revenues of \$436.5 million (an Operating Margin of 17.1%). See Attachments.
 - a. Does Central Hudson agree that it has an economic incentive to give precedence to its Gas Operations as compared to its Electric Operations because the Gas Operations are more profitable?
 - b. Does Central Hudson believe that continuing incentivization to prioritize the Gas Operations is within either the spirit or the law of the CLCPA?

2. The attached screenshots from Facebook taken on September 15, 2023 show advertisements for Central Hudson's Gas Operations.
 - a. In the last rate case did Central Hudson agree to stop advertising for its Gas Operations? If so why is it continuing to spend funds on such advertising?
 - b. Unlike other New York utilities which have stand-alone gas businesses, does Central Hudson's gas customer base overlap 100% with its electric business?
 - c. Why does Central Hudson continue to market its gas business rather than spend those advertising \$ on electrification incentives consistent with its obligations under the CLCPA, OR is it economically benefited by the superior operating profits in its gas business to continue to market that sector?

3. Does Central Hudson support the provisions of the proposed New York HEAT Act pertaining to continuing utility service requirements for natural gas customers?
 - a. If so, what is Central Hudson doing to achieve passage of the NY HEAT Act?
 - b. If not, why not? What provisions would Central Hudson support that would enable it to at a minimum achieve its CLCPA (The NY State Climate Leadership & Community Protection Act) obligations with respect to greenhouse gas reduction?
 - c. If NY HEAT Act provisions were enacted that would enable Central Hudson to offer its gas customers alternate heating/cooling/cooking facilities over its electric network would Central Hudson continue to support the spending forecasts within its "leak-prone gas pipe replacement program?"

Electric Operations
Income Statement & Rate of Return for Periods Indicated
(\$000)

Income Statement - Summary	Twelve Months Ended March 31, 2023			Bridge Period Projection		Rate Year - Twelve Months Ending June 30, 2025		
	Per Books	Normalization Adjustments	As Adjusted	Year Ending December 31, 2023	2024	Before Rate Change	Proposed Rate Change	Proposed Rates
Total Operating Revenue	820,266	(383,777)	436,489	429,118	454,196	465,813	144,503	610,316
Operating & Maintenance Expense	608,717	(387,066)	221,651	242,117	275,703	305,883	8,173	314,056
Depreciation & Amortization	61,651	-	61,651	64,115	68,816	72,560	-	72,560
Taxes Other than Income Taxes	55,756	6,135	61,891	66,499	65,883	63,439	4,092	67,531
Federal & State Income Taxes	15,442	(841)	14,601	5,976	3,071	(3,090)	34,744	31,655
Operating Income - Financial	78,700	(2,005)	76,695	50,411	40,723	27,021	97,494	124,515
Rate-making Adjustments	(2,194)	-	(2,194)	-	-	-	-	-
Operating Income - Regulatory	76,506	(2,005)	74,501	50,411	40,723	27,021	97,494	124,515
Rate Base	1,448,908	(5,536)	1,443,372	1,536,721	1,656,817	1,756,043		1,756,043
Regulatory Rate of Return	5.28%		5.16%	3.28%	2.46%	1.54%		7.10%

Calculation of Regulatory Return on Equity:

Operating Income - Regulatory	124,515
Interest Expense - Regulatory	38,633
Income for Common Equity - Regulatory	85,882
Rate Base Supported by Equity @ 50%	878,022
Regulatory Return on Common Equity	9.80%

Central Hudson Gas & Electric Corporation
Gas Operations
Income Statement & Rate of Return for Periods Indicated
(\$000)

Income Statement - Summary	Twelve Months Ended March 31, 2023			Bridge Period Projection		Rate Year - Twelve Months Ending June 30, 2025		
	Per Books	Normalization Adjustments	As Adjusted	Year Ending December 31, 2023	2024	Before Rate Change	Proposed Rate Change	Proposed Rates
Total Operating Revenue	228,823	(88,977)	139,846	141,398	146,689	147,210	43,397	190,607
Operating & Maintenance Expense	143,539	(89,377)	54,162	59,758	67,865	72,575	1,419	73,994
Depreciation & Amortization	19,812	-	19,812	20,878	22,484	23,721	-	23,721
Taxes Other than Income Taxes	22,493	2,481	24,974	27,010	30,004	24,990	1,643	26,633
Federal & State Income Taxes	7,580	(567)	17,013	5,110	3,061	2,810	10,608	13,418
Operating Income - Financial	35,399	(1,514)	33,885	28,642	23,275	23,114	29,728	52,842
Ratemaking Adjustments	(843)	-	(843)	-	-	-	-	-
Operating Income - Regulatory	34,556	(1,514)	33,042	28,642	23,275	23,114	29,728	52,842
Rate Base	623,637	(8)	623,629	652,688	709,735	745,062		745,062
Regulatory Rate of Return	5.54%		5.30%	4.39%	3.28%	3.10%		7.10%

Calculation of Regulatory Return on Equity:
Operating Income - Regulatory

Operating Income - Regulatory	52,842
Interest Expense - Regulatory	16,392
Income for Common Equity - Regulatory	36,450
Rate Base Supported by Equity @ 50%	372,531
Regulatory Return on Common Equity	9.80%

27.72%

23.63%

40,898
17,013 17%

6:50



Central Hudson 21h



**BE READY
FOR WINTER.
CONSIDER
SWITCHING TO
A COST-EFFECTIVE
HEATING FUEL.**



 See more



6:50



Central Hudson 21h



**VISIT OUR
WEBSITE TO
LEARN MORE
ABOUT
SWITCHING TO
NATURAL GAS.**



 See more



Town of Olive expected Testimony in the 2023 Central Hudson rate case (to be filed by November 21, 2023)

1. The requested electric rate increases should be denied at least until the forensic audit of CH's billing system implementation is completed. During the pandemic 2020-23 the CH electric billing to the Town was largely incomprehensible. Telephone calls to CH for information proved to be inconclusive and often contradictory. The Town simply paid the bills in good faith to keep the lights on.
2. As a municipality we have a legal and ethical obligation to our residents to provide accurate accounting of our paid bills. The Town staff does not have the time or experience to decipher or account for CH's erratic billing during this period. We are not advocating for, have the experience, or expertise to suggest where CH invests their proposed electric system increases but we are simply asking for a denial of the proposal until CH's house is in order. The public has lost their trust that CH has been providing its customers with accurate and honest billing.
3. A significant number of Town residents were complaining about the CH electric billing issues during the recent presentation by Assemblyperson Sarahana Shresthra at the Olive Free Library. The Town as intervenor in the CH rate case stands for its residents in respectfully requesting that the Public Service Commission deny any electric system rate increases for CH until the billing system report has been issued and CH has proposed system and billing changes which the PSC finds acceptable.
4. The Town of Olive has encountered significant direct impacts of climate change, including severe flooding in the hamlet of Boiceville which had serious adverse consequences for our only local supermarket – it was closed for several months – and other flooded businesses, and for housing in the hamlet, causing hardship to the residents of the Town. Additionally there has been significant stream bed and bank erosion requiring extensive and expensive remediation. Indirect consequences include releases of turbid water from the Ashokan Reservoir causing impacts as far away as those towns that take their drinking water from the Hudson River. These direct and indirect impacts of climate change are exacerbated by carbon dioxide emissions from the burning of fossil fuels by Central Hudson's customers and by leaks of methane from the natural gas system operated by Central Hudson.
5. Despite the clear scientific evidence in favor of terminating the supply and burning of fossil fuels, CH continues to impact our communities in the Hudson Valley with their continuing operation of natural gas supply. CH also continues to advertise for natural gas sales and to make higher operating profits in its Gas

Operations than its Electric Operations. In order to both incentivize and compel CH to comply with its CLCPA obligations, the Town of Olive proposes that from and including this rate case forward:

- a. CH be permitted to no more than break-even at the Operating Income line on its gas revenues.
- b. CH pay for out of its shareholder funds for any gas capital expenditures beyond immediate repairs (for example replacement of leak-prone pipe).
- c. CH agree not to spend any more marketing, promotions or advertising for gas sales and instead commit an agreed-upon amount each year through 2030 for such marketing for beneficial electrification.
- d. For any PSC-approved expenditures by CH on beneficial electrification (heat pump subsidies, EV and EV charging subsidies, non-fossil fuel-based Thermal Energy Networks, induction stove and cooking utensil subsidies etc.) CH be permitted a return on those expenditures equal to the allowed return on its Electric Operations.