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May 27, 2020

Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Cases 17-E-0459, 17-G-0460 - *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric & Gas Service*; Central Hudson Gas & Electric Corporation Emergency Petition for Approval on an Emergency Basis to Delay Implementation of Tariff Increases Effective July 1, 2020 and Adjust Revenue Decoupling Mechanism to be Consistent with Delayed Rate Increases to Lessen the Impact of COVID-19 on Customers

Dear Secretary Phillips:

As the New York State Public Service Commission ("Commission") is aware, the COVID-19 pandemic has led to economic hardships for residential customers and to numerous business closures across New York State and Central Hudson Gas & Electric Corporation's ("Central Hudson") service territory. In response to these economic impacts, Central Hudson submits this Emergency Petition to:

- (i) Postpone the approved electric and gas delivery rate increases, and associated rate mitigation, for Central Hudson scheduled to go into effect on July 1, 2020, pursuant to the Commission's Rate Order in Cases 17-E-0459 and 17-G-0460, until October 1, 2020;¹

Central Hudson will make compliance filings in response to the Commission's determination regarding this Petition that are consistent with the Commission's Order.

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- (ii) Defer the forgone revenues associated with the scheduled rate increases for recovery through rates beginning October 1, 2020 and ending June 30, 2021;
- (iii) Adjust Central Hudson's Revenue Decoupling Mechanism Targets to be consistent with the delayed electric and gas delivery rate increase implementation; and
- (iv) Waive, pursuant to Public Service Law ("PSL") § 66(12)(b) and 16 NYCRR § 720-8.1, the requirement that Central Hudson publish in a newspaper the proposed delay of rate implementation so that the delay may timely go into effect for the benefit of customers.

Central Hudson seeks emergency approval of this Petition to help relieve some of the financial hardships being experienced by our customers and communities. As set forth in the Petition, Central Hudson also requests that the Commission waive the notice requirement of the State Administrative Procedures Act ("SAPA") and grant this Petition on an emergency basis as approval is necessary for the public health, safety, and general welfare.

Respectfully,

/s/Paul A. Colbert

Paul A. Colbert
Associate General Counsel-
Regulatory Affairs

NEW YORK STATE
PUBLIC SERVICE COMMISSION

<i>Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric & Gas Service</i>	Case 17-E-0459 Case 17-G-0460
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Central Hudson Gas & Electric Corporation Emergency Petition for Approval on an Emergency Basis to Delay Implementation of Tariff Increases Effective July 1, 2020 and Adjust Revenue Decoupling Mechanism to be Consistent with Delayed Rate Increases to Lessen the Impact of COVID-19 on Customers

DISCUSSION

New York State has declared a state of emergency in response to the COVID-19 global pandemic that rapidly spread across New York and the country. Governor Cuomo, beginning on March 7, 2020, declared a Disaster Emergency and, through, May 22, 2020, has issued 33 executive orders to mitigate the effects of COVID-19 on New York State. Currently, the executive orders remain effective through June 21, 2020 subject to reopen New York guidelines that permit a phased regional reopening of the State. As of the date of this filing, Central Hudson's service territory has been cleared to enter phase one of the reopening and all executive orders remain effective in its service territory.

Governor Cuomo's executive orders have: directed the closure of schools statewide; limited public gatherings; closed many businesses, including gyms, theaters, casinos and restaurants; and designated businesses as essential, including utilities, medical facilities, grocery stores, gas stations and pharmacies. These precautions, while prudent and necessary for public health and safety, have had an ancillary detrimental financial impact on residents across New York State, including those who are paid hourly for their services. Indeed, many residents are temporarily without work or working reduced hours due to the need to stay at home, social distance and avoid large groups of people to help contain the spread of this highly contagious virus.

As a result of this unprecedented pandemic, many customers and communities in Central Hudson's service territory are facing financial hardships. Federal and State assistance will help our customers and communities, but additional financial relief is needed during this challenging time.

I. Requested Relief

In response to this unprecedented pandemic, Central Hudson submits this emergency Petition to:

- (i) Postpone the approved electric and gas delivery rate increases, and associated rate mitigation,² for Central Hudson scheduled to go into effect on July 1, 2020, pursuant to the Commission's Rate Order in Cases 17-E-0459 and 17-G-0460, until October 1, 2020;
- (ii) Defer the forgone revenues associated with the scheduled rate increases for recovery through rates beginning October 1, 2020 and ending June 30, 2021;
- (iii) Adjust Central Hudson's Revenue Decoupling Mechanism Targets to be consistent with the delayed electric and gas delivery rate increase implementation; and
- (iv) Waive, pursuant to Public Service Law ("PSL") § 66(12)(b) and 16 NYCRR § 720-8.1, the requirement that Central Hudson publish in a newspaper the proposed delay of rate implementation so that the delay may timely go into effect for the benefit of customers.

Central Hudson also requests that the Commission waive the SAPA notice requirement. Central Hudson submits that this emergency Petition will help mitigate the financial hardships experienced by our customers and communities during the ongoing COVID-19 emergency. Additionally, given customers' immediate need for financial

² With the exception of the reconciliation components of the Danskammer Gas Bill Credit and Electric Merchant Function Charge (Transition Adjustment) effective July 1, 2020 and the reconciliation component of the Gas Merchant Function Charge (Transition Adjustment) effective September 1, 2020.

support, Central Hudson respectfully requests that the Commission approve the Petition as described herein on an emergency basis.

II. Rate Case Terms and Conditions

On June 14, 2018, in the Commission's Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plan in Cases 17-E-0459 and 17-G-0460 ("Rate Order") the Commission approved a unanimous Joint Proposal. The Joint Proposal set forth the comprehensive terms and conditions of a three-year rate plan for Central Hudson's electric and gas operations beginning July 1, 2018 and continuing through June 30, 2021. To promote rate stability and mitigate bill impacts to customers, the Joint Proposal provided a gradual transition of the agreed upon revenue increase by phasing in the delivery rate increase over the three-year term of the rate plan. Beginning July 1, 2020, the Joint Proposal provides for a delivery rate increase after moderation of \$23.083 million for electric and \$8.183 million for gas, to support investment to modernize infrastructure, implement enhanced safety programs, and deliver energy efficiency, low-income, and other customer-focused programs.

Recognizing the financial strain placed on customers due to the COVID-19 pandemic, Central Hudson proposes to postpone the scheduled electric and gas delivery rate increases and associated rate mitigation for three months, until October 1, 2020, and subsequently, recover the revenue shortfall and provide the rate mitigation, without carrying charges, over nine months instead of twelve (12) months. To do so, Central Hudson requests that the Commission authorize deferral of the forgone revenues and permit cost recovery of those revenues without carrying charges, over the nine (9) months beginning October 1, 2020 and waive the notice requirement that

Central Hudson publish the proposed delay of rate implementation in a newspaper of general circulation pursuant to Public Service Law (“PSL”) § 66(12)(b) and 16 NYCRR§ 720-8.1, with this Petition and with the necessary compliance filing, until such time that Central Hudson files redesigned Rate Year 3 rates.

III. Proposed Rate Amendment

On June 29, 2018 Central Hudson submitted tariff amendments in compliance with the Rate Order to effectuate all three Rate Years of the electric and gas rate plans.³ In order to postpone Central Hudson’s Rate Year 3 delivery rate increases, Central Hudson proposes to continue billing customers at the Rate Year 2 rates currently specified in its tariffs until October 1, 2020 when Central Hudson proposes that redesigned delivery rates become effective. The delayed implementation of Rate Year 3 delivery rate increases and subsequent deferral and recovery of Rate Year 3 delivery rates will not impact Central Hudson’s ability to provide safe and reliable service to customers but will provide financial relief to customers at a crucial moment as New York’s citizens begin to recover from their financial circumstances caused by COVID-19.

Central Hudson proposes to file new tariff leaves and associated statements, removing the Rate Year 3 rates from the tariff, no later than June 16, 2020, with an effective date of July 1, 2020. Central Hudson proposes to further file new tariff leaves and associated statements no later than September 1, 2020, with an effective date of October 1, 2020, in which base electric and gas delivery rates will be designed to recover the Rate Year 3 increase by dividing the deferred rate increase and rate

³ Cases 17-E-0459 and 17-G-0460 - *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric & Gas Service* (Compliance Filing in the Proceeding on Motion of the Commission as to Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric and Gas Service) (June 29, 2018).

mitigation revenue by expected volumes for the period October 2020 through June 2021 to determine the rates for each service classification that would have received a delivery rate increase as shown in Appendix L, Sheet 3 of 6 and Sheet 6 of 6, for electric and gas, respectively. In this way, customers will avoid a rate increase for three months and Central Hudson will be made whole by collecting the Rate Year 3 increase over the period October 1, 2020 through June 30, 2021.

Central Hudson will not design rates to collect any more than the annual revenues approved in its rate plan; however, due to compressing the twelve (12) months of revenue increases into nine (9) months, the rates will have to be proportionately higher. In terms of impacts, as compared to the annual Rate Year 3 delivery increases approved by the Commission in the Rate Order, the postponement of the delivery increase for the period July 1, 2020 through September 30, 2020 are expected to reduce delivery bills by approximately -4.6% to -13.8% for electric customers and -6.9% to -8.9% for gas customers. Similarly, the delivery increases for the nine-month recovery period of October 1, 2020 through June 30, 2021 are expected to increase approximately 1.6% to 5.1% for electric customers and 1.0% to 3.0% for gas customers, depending on service classification. As part of its electric and gas base rate adjustment Central Hudson will consult with Staff in the development of revised Revenue Decoupling Mechanism Targets and file the revised RDM Targets contemporaneously and consistent with the aforementioned tariff filings. Total Rate Year 3 increases, net of approved mitigation, will remain materially unchanged. Central Hudson submits that this is a reasonable outcome that benefits customers under these unique circumstances.

IV. Authority for the Proposed Rate Amendment

The deferral and cost recovery are supported and permitted by the Joint Proposal approved by the Commission in the Rate Order. At page 76 of the Joint Proposal the Parties agreed that:

A minor change, whose revenue effect is de minimis or essentially offset by associated changes within the same class or for other classes so that the difference in the revenues that the Company's base delivery service rates are designed to produce overall before such a change is de minimis, may be made to any individual base delivery service rate or rates. It is understood that, over time, such minor changes may be necessary and that they may continue to be sought during the term of this Rate Plan.

Central Hudson submits that a delayed implementation of rate increases combined with an offsetting deferral and recovery of the forgone revenues, which leaves each rate class in materially the same position as it was in the Joint Proposal's original rate configuration, is a de minimis change, permitted and expected under the Joint Proposal.

Similarly, the deferral and recovery of the forgone revenues is also permitted under the Joint Proposal at page 31:

The Company may petition the Commission for authorization to defer extraordinary expenditures or revenue loss not otherwise addressed by this JP, potentially including items discussed above. Other Signatories reserve the right to respond to any such petition as each such Signatory may see fit. To the extent that new mandatory regulatory, legislative or accounting changes, tax law changes, other regulatory policy changes, or other events materially affecting the Company's cost of providing service not specifically addressed herein become effective or occur during this Rate Plan, any Signatory hereto may petition the Commission to adjust the Company's rates accordingly.

Central Hudson submits that the COVID-19 and the accompanying economic consequences that begat Governor Cuomo's necessary executive orders are the type of changes and events that not only permit, but encourage deferral authorization that is necessary to provide a much needed benefit for customers.

V. The Need for an Emergency Order

In order that Central Hudson may timely suspend the implementation of Rate Year 3 base delivery rate increases Central Hudson requests that the Commission approve this Petition on an emergency basis and without requiring publication in a newspaper of general circulation pursuant to Public Service Law ("PSL") § 66(12)(b) and 16 NYCRR§ 720-8.1. Absent approval by emergency order without publication Central Hudson will not be able to suspend the pending increase by July 1, 2020, which, may result in no suspension of the pending Rate Year 3 electric and gas base delivery rate increases or a recovery of the deferred increases over a shorter period of time to the detriment of customers.

VI. Emergency Adoption Under SAPA

Central Hudson respectfully requests that the Commission adopt this Petition on an emergency basis. SAPA § 202(6) allows a state agency to adopt a rule on an emergency basis if "immediate adoption of a rule is necessary for the preservation of the public health, safety or general welfare" and compliance with the SAPA's general 60-day advanced notice requirement would be contrary to the public interest. The Commission has exercised its emergency rulemaking powers to protect customers from many unjust results, such as rate instability and volatility, unfair subsidization, and potential overcharges. Immediate adoption is needed to preserve the general welfare of

Central Hudson's customers suffering from the COVID-19 pandemic, so that they may receive an immediate rate benefit.

Central Hudson also requests waiver of the newspaper publication requirements of Public Service Law ("PSL") § 66(12)(b) and 16 NYCRR § 720-8.1, with the filing of this Petition and the necessary compliance filing, until such time that Central Hudson files redesigned Rate Year 3 rates, as newspaper notification of these changes is unwarranted under the circumstances of this emergency. Central Hudson will issue a press release to notify customers about the suspension. In addition, Central Hudson's communications, media, and customer teams will work to notify customers through its website, customer interactions, and social media channels about the suspension and subsequent rate change.

CONCLUSION

Central Hudson submits that this emergency Petition will provide benefits for all of Central Hudson's electric and gas customers when it is most needed at the depths of this COVID-19 emergency. The proposed postponement of the Rate Year 3 delivery increases also works hand-in-hand with the Governor's Executive orders by enabling Central Hudson to provide essential safe and reliable electric and gas service to customers at a reasonable rate.

For the reasons set forth above, Central Hudson respectfully requests that the Commission approve the instant Petition described herein on an emergency basis. Pursuant to Article II, Section 202(6)(a) of SAPA, Central Hudson requests that the Commission waive the notice requirement of the SAPA, waive the newspaper

publication and grant the Petition on an emergency basis to avoid delay and provide for the public health, safety, or general welfare.

Date: May 27, 2020

Respectfully submitted,
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