

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**Proceeding on Motion of the Commission
as to the Rates, Charges, Rules and Regulations
of Central Hudson Gas & Electric Corporation
for Electric Service**

CASE 17-E-0459

**Proceeding on Motion of the Commission
as to the Rates, Charges, Rules and Regulations
of Central Hudson Gas & Electric Corporation**

CASE 17-G-0460

**TESTIMONY OF WILLIAM D. YATES, CPA
FOR THE
PUBLIC UTILITY LAW PROJECT OF NEW YORK, INC.**

Dated: November 21, 2017

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1 **I. INTRODUCTION AND OVERVIEW**

2

3 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND IDENTIFY FOR**
4 **WHOM YOU ARE PRESENTING TESTIMONY IN THIS PROCEEDING.**

5 My name is William D. Yates, my office address is at Public Utility Law Project of
6 New York, Inc., 90 South Swan Street - Suite 401, Albany, NY 12210. I am presenting
7 testimony in this proceeding for the Public Utility Law Project of New York, Inc.
8 (“PULP”).

9

10 **Q. PLEASE DESCRIBE PULP AND YOUR RELATIONSHIP TO THE**
11 **ORGANIZATION.**

12

13 **A.** PULP is a New York not-for-profit corporation that was formed in 1981. Its
14 primary focus is to promote and defend the legal rights of residential utility consumers by
15 educating the public, regulators and elected officials about the impacts of utility rates,
16 conducting research on the rights and energy burden of utility consumers, and advocacy
17 with an emphasis on the rights and needs of low income utility consumers. I have been
18 employed by PULP in various capacities since July of 1990. I am currently Director of
19 Research for PULP.

20

21 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND, YOUR PROFESSIONAL**
22 **QUALIFICATIONS, AND EMPLOYMENT HISTORY?**

23 **A.** I am a graduate of Colgate University (B.A. in History, 1982) and a graduate of the
24 New York University Stern School of Business Administration (M.S. in Accounting,
25 1982). I am a Certified Public Accountant (CPA), licensed to practice in New York State
26 since 1987, and I am a member of the American Institute of Certified Public Accountants
27 (AICPA).

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Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NEW YORK STATE PUBLIC SERVICE COMMISSION?

A. Yes, I have provided testimony before the Public Service Commission (“PSC” or “Commission”) on behalf of PULP in a number of prior proceedings, including the following cases in 2012, 2013, 2016 and 2017:
2012 - Cases 12-E-0201 and 12-G-0202 (Niagara Mohawk, a/k/a Nat’l Grid-Upstate);
2013 - Cases 13-E-0030 and 13-G-0031 (Con Edison);
2016 - Cases 16-E-0058 and 16-G-0059 (Nat’l Grid-NY; and Nat’l Grid-LI);
Cases 16- E-0060 and 16-G-0061 (Con Edison);
Case 16-G-0257 (Nat’l Fuel Gas);
2017 – Cases 15-M-0127, 12-M-0476 and 98-M-1343 (ESCO Evidentiary Proceeding);
Cases 17-E-0238 and 17-G-0239 (Niagara Mohawk).

In Cases 12-E-0021 and 12-E-0202, I testified regarding the experience of utility customers of Niagara Mohawk who enter into contracts for “commodity” (or “supply”) with energy service companies (“ESCOs”). The testimony I provided in that case was the first time that evidence of ESCOs systematically charging more than the utility was put forward in a PSC rate case.

In Cases 13-E-0030 and 13-G-0031, I testified regarding the Joint Proposal’s low-income assistance changes, and data reflected in Collection Activity Reports filed monthly by Con Edison concerning its residential customers with arrears who were at risk of actual or threatened interruption of utility service.

In Cases 15-M-0127, 12-M-0476 and 98-M-1343, I have submitted direct and rebuttal testimony on ESCO excess electric and gas charges.

1 In Cases 16-G-0058 and 16-G-0059, I testified regarding affordability issues,
 2 HEFPA matters and rate design in the KEDNY and KEDLI service areas of National Grid,
 3 and I provided testimony concerning the cost of SIRs and superfund site cleanup.

4 In Cases 16-E-0060 and 16-G-0061, I testified regarding affordability issues,
 5 HEFPA matters and rate design in the Con Edison service area,

6 In Case 16-G-0257, I testified concerning affordability issues, rate design and low-
 7 income program funding in the National Fuel Gas service area.

8 In Cases 17-E-0238 and 17-G-0239, I testified concerning affordability issues,
 9 HEFPA matters, collection practices, AMI, certain issues concerning medical conditions
 10 and low-income program funding in the Niagara Mohawk service area.

11

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

13 **A.**My testimony examines and offers recommendations in several areas:

- 14 1. Evidence regarding the difficulties a large number of the Company’s customers, in
 15 particular, low-income, fixed-income and moderate-income customers, are having
 16 paying their utility bills (the Unaffordability Crisis);
- 17 2. The negative impact of proposed increases in “fixed charges” or “customer
 18 charges,” (hereinafter, “basic service charges”);
- 19 3. The Company’s policies and application of collections methodologies, deferred
 20 payment agreements and terminations (HEFPA Compliance); and;
- 21 4. Several issues related to the Company’s system reliability, employee stock
 22 purchase plans, and electric vehicle subsidies.

23

24 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

25 **A.**Yes. I am sponsoring ten (10) non-confidential exhibits as follows:

26 **Exhibit__ (WDY-01):** A set of Charts to which I refer in my testimony.

1 **Exhibit__ (WDY-02):** The June 2017 Comprehensive Management and Operations
2 Audit of Central Hudson Gas & Electric report by Overland Consulting
3 (hereinafter, the “Overland Report”) filed in Case 16-M-0001.

4 **Exhibit__ (WDY-03):** The September 2017 Staff Report Concerning the Collection
5 Practices of Central Hudson Gas & Electric Corporation by the Staff of the New
6 York State Department of Public Service (hereinafter, “DPS Staff”).

7 **Exhibit__ (WDY-04):** The non-confidential parts of the Company’s responses to
8 information requests DPS-413 and DPS-525.

9 **Exhibit__ (WDY-05):** Statements on Auditing Standards AU Section 801, AU
10 Section 601 and AU Section 201 of the American Institute of Certified Public
11 Accountants (AICPA).

12 **Exhibit__ (WDY-06):** The Company’s non-confidential responses to several PULP
13 information requests, together with the Company’s collections activity reports
14 (CARs) from 2011 - 2017.

15 **Exhibit__ (WDY-07):** The Company’s non-confidential responses to several
16 information requests from the Utility Intervention Unit of the New York State
17 Department of State (UIU).

18 **Exhibit__ (WDY-08):** 2017 New York State CAP Poverty Report.

19 **Exhibit__ (WDY-09):** United Way ALICE Report for New York: 2016.

20 **Exhibit (WDY-10):** DPS Electric Reliability Reports, 2007-2016.

21 Additionally, I am sponsoring one (1) confidential exhibit:

22 **Exhibit__ (WDY-20) – CONFIDENTIAL:** A set of information requests to which
23 the Company responded requesting protection from public disclosure pursuant to
24 the New York State Freedom of Information Law (“FOIL”) (Public Officers Law,
25 §§ 84, et seq.), Part 6 of the New York State Public Service Commission’s
26 (“Commission”) regulations, and Paragraphs 5, 6 and 7 of the Protective Order
27 issued in these proceedings.

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Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE SOURCES YOU REVIEWED THAT LED YOU TO MAKE YOUR FINDINGS AND FORM YOUR RECOMMENDATIONS.

A. As discussed in more detail in the remainder of my testimony, I reviewed information from several sources that provided evidence that many of the Company’s customers cannot afford their utility bills. Sources included monthly Collections Activity Reports (CARs) for years 2011 through 2017 submitted by the Company to the Public Service Commission either obtained by PULP from the Company during discovery in this proceeding, through requests under the Freedom of Information Law (“FOIL”), or by use of the DPS document and matter management system (“DMM”); responses to information requests (I/Rs) submitted by PULP and other parties; the 2016 New York State Poverty Report of New York’s Community Action Association (“CAPs”); the 2016 New York Report conducted by the United Way as part of its ALICE project; discovery requests by other parties to this proceeding and the Company’s responses; and other publicly available information. Using these sources, I analyzed indicia of unaffordability and reliability in the Company’s service area and other factors, such as:

1. The Company’s consistent reliance on non-HEFPA payment vehicles in its collection operations;
2. The Company’s scale of terminations and practices and procedures in this area, and;
3. The further impact that the Company’s proposals in this proceeding would have upon utility unaffordability and reliability for its low and fixed income residential customers.

Q. WHAT ARE YOUR RECOMMENDATIONS REGARDING THE AFFORDABILITY AND RELIABILITY PROBLEMS FACED BY THE COMPANY’S LOW-INCOME CUSTOMERS?

1 **A.** Based on the findings I discuss throughout my testimony, I recommend several
2 actions that should be taken to reduce the affordability and reliability problems of many of
3 the Company’s customers. In the context of this rate case:

- 4 1. The Company’s proposals to increase basic service charges for electric and gas
5 service, and to impose a “service size” charge for electric service, should be
6 rejected. Instead, the Company should be required to explore changes in its rate
7 design that would permit basic service charges to be decreased, with the goal of
8 reducing these charges so that they do not exceed \$10 per month each for electric
9 and gas service. Changes in the Company’s rate design should include, at a
10 minimum, its proposal to eliminate declining block rates for residential gas service.
11 Impediments to the possible adoption of inclining block rates for electric and gas
12 service (“Green Rates”) should be identified; in particular, the reason(s) for the high
13 average gas usage of all customers and *especially* the atypically high average
14 electricity usage of heating customers participating in the Company’s low-income
15 bill payment assistance plans (LICAAP customers).
- 16 2. The Company should be required to implement each of the Overland Report’s
17 recommendations pertaining to customer account services organization and
18 operations (Chapter 30) and controls governing compliance with New York
19 customer service rules (Chapter 31), as applicable to residential customers. (Exhibit
20 ___(WDY-02) at 405 – 500) A listing of all Overland recommendations for
21 Chapters 30 – 31 can be found at (Exhibit ___(WDY-02), Pages 503 – 504.
- 22 3. The Company should cease the use of all Non-HEFPA Payment Plans –
23 specifically, the oral payment arrangements known by the Company as “unsigned”
24 payment arrangements.
- 25 4. The Company should agree to commence the process for executing DPAs
26 electronically (e-DPAs), based on the successful pilot program conducted by
27 National Fuel Gas in Case 13-G-0016, as elucidated in the Commission’s Order

1 Modifying Replevin Acts and Practices in Case 16-M-0501 which will be
2 undertaken by Consolidated Edison New York this year.

3 5. The Company should modify its customer service procedures for negotiation of
4 DPAs such that:

5 a. Prior to sending final termination notices (FTNs) to residential customers
6 whose accounts are past due, the Company should inform these customers –
7 directly and in writing by surface mail (supplemented, as applicable, by email)
8 – of their rights under HEFPA; in particular to a DPA;

9 b. The Company’s customer service representatives (CSRs) responding to
10 customers’ phone, email/website, in-person or other forms of inquiry about
11 their resolving their arrears, should be required to read a statement at the
12 beginning of each interaction explaining the customer’s rights under HEFPA;
13 in particular to a DPA;

14 c. Phone calls between customers and CSRs should be recorded, to the extent
15 permitted by law;

16 d. All agreements between customers and the Company to settle past due balances
17 should be confirmed directly and in writing by surface mail (supplemented, as
18 applicable, by email); and

19 e. Reminder notices and IVR calls should be mailed/made to customers who have
20 not returned signed DPAs to the Company.

21 6. The Company’s terminations and uncollectible metric should be suspended
22 pending completion of recommendations 2 – 5. Any *resumption* of the terminations
23 and uncollectibles metric should reflect the lower targeted maximums for
24 percentage of residential customers terminated, together with symmetrical (positive

1 and negative) incentive mechanisms in the recent rate cases of other combined
2 electric and gas service utilities in New York State.¹

- 3 7. Absent better and more transparent justifications, proof of sufficient charging
4 infrastructure, and the likelihood of a widely “democratized” uptake of the purchase
5 of electric vehicles such that recovery from ratepayers of the cost of the Company’s
6 proposed electric vehicle purchase credit would not affect a wealth transfer from
7 low-income and fixed-income households to upper income households, this
8 proposed subsidy should be rejected.
- 9 8. The Company should not be permitted to recover the cost of incentive
10 compensation from its ratepayers until it can make “a very clear, affirmative
11 demonstration that these above base pay incentive compensation programs are
12 designed to return quantifiable or demonstrable benefits to ratepayers in a financial
13 sense or in terms of reliability, environmental impact, or customer service”, as
14 required by the Commission’s June 17, 2011 *Order Establishing Rates for Electric
15 Service for Orange and Rockland Utilities* in Case 10-E-0362.
- 16 9. The Company’s proposal to exclude electricity outages due to “danger trees” and
17 motor vehicle accidents from its SAIFI and CAIDI performance calculations should
18 be rejected, pending the outcome of its deferral petition in Case 17-E-0250, which,
19 if approved, would provide additional Transmission ROW Management resources
20 that the Company maintains will make possible the removal its backlog of “danger
21 trees” by June 30, 2018. Regarding outages due to motor vehicle accidents, the

¹ See *Order Approving Electric and Gas Rate Plans*, Con Edison Cases 16-E-0060, 16-G-0061. The PRA ordered target of 68,000 terminations represents approximately 2.2% of average 2015 residential customers. Available at: <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={77923784-556A-47A6-B2CC-19F5C252C966}> at 89.

See also Niagara Mohawk Cases 17-E-0238, 17-G-0239 - *Staff Consumer Services Panel Exhibit __ (SCSP-4)* Page 1 of 1. The lower (PRA) proposed target of 44,310 terminations represents approximately 2.9% of average 2016 residential customers. Available at: <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={FD18E98A-7E6B-4F77-9231-35F2E0804F00}>

1 Company should be required to develop and implement a long term plan to reduce
2 the impact of such accidents on its infrastructure.
3
4

5 **II. THE UTILITY UNAFFORDABILITY CRISIS**
6

7 **Q. HOW LARGE IS THE COMPANY'S SERVICE TERRITORY?**

8 **A.** Central Hudson Gas & Electric ("Central Hudson" or "Company" or "CHG&E")
9 serves eight Upper-Hudson and Mid-Hudson Valley counties in whole or in part, with gas
10 or electric service, or combined service.² The Company has approximately 302,000 electric
11 customers and 82,000 gas customers.³
12

13 **Q. DOES THE COMPANY'S SERVICE TERRITORY CONTAIN URBAN AND**
14 **RURAL AREAS?**

15 **A.** Yes. The Company serves several distinct regions of the Hudson Valley, and there
16 are four cities within its service territory, which is largely rural in character. The Company
17 describes its functional regions as the Catskill Division, Poughkeepsie Division, Kingston
18 Division, Fishkill Division and Newburgh Division. The counties served are: Albany,
19 Columbia, Dutchess, Greene, Orange, Putnam, Sullivan and Ulster.⁴

20 The four cities are the City of Kingston (23,000; Ulster County), the City of
21 Poughkeepsie (30,250; Dutchess County), the City of Newburgh (28,200; Orange County),
22 and the City of Beacon (14,250; Dutchess County). Taken together, the Company serves
23 approximately 95,750 customers in dense urban areas. Roughly two-thirds of its customers
24 are in rural areas or smaller towns and villages.
25

² See, http://inet.cenhud.com/ic_esco/general_information/chareal.htm.

³ See, https://www.cenhud.com/about_us/facts.

⁴ See, https://www.cenhud.com/static_files/cenhud/assets/pdf/serviceterritorymap.pdf.

1 **Q. DO THE CITIES YOU HAVE PICKED ABOVE SHARE ANY IMPORTANT**
2 **CHARACTERISTICS?**

3 **A.** Yes. The cities selected are the largest population urban areas that receive combined
4 gas and electric service from Central Hudson. Due to constrained fiscal resources, the cities
5 selected are also strongly likely to need to reduce street lighting expenses through
6 replacement of existing bulbs with LED installations, or by purchasing lights to end rental
7 costs. To the extent such cities have underground plant, they are likely to have more such
8 underground networks than smaller municipalities or rural areas in the service territory,
9 and are also more likely to have problems with said underground plant.

10

11 **Q. WHY IS IT IMPORTANT THAT THESE CITIES RECEIVE GAS SERVICE**
12 **FROM THE COMPANY?**

13 **A.** There are several reasons to focus upon the cities in the Company's territory. First,
14 these cities and their close environs are connected to the Company's gas infrastructure.
15 Second, the Company's proposed double-digit gas delivery increase will fall most heavily
16 upon these cities. Finally, these cities have some of the highest indicia of unaffordability
17 among the municipal entities in the Company's service territory, matched only by the
18 poorest of the rural areas, which tend to be electric-only areas and are thus spared some of
19 the worst effects of the Company's proposed increase.

20

21 **Q. DO THESE CITIES HAVE ANY INDICIA OF UNAFFORDABILITY?**

22 **A.** Yes. I will outline the affordability concerns of the larger cities in the Company's
23 service territory, and then I will subsequently examine some of the more economically
24 challenged counties and rural areas.

25 The 2017 *New York State Annual Poverty Report of the New York State Community*
26 *Action Association* (hereafter "Poverty Report") states that, in the Kingston Division, the

1 City of Kingston⁵ has a poverty rate of 18.6%, with 28.8% of children under 18 living in
2 poverty, 8.7% of seniors living in poverty, and 30% of woman-headed households with
3 children live in poverty. (Exhibit ___(WDY-08)

4 In the Poughkeepsie Division, the City of Poughkeepsie⁶ has a poverty rate of
5 24.1%, with 35% of children below 18 living in poverty, 11.7% of seniors living in poverty,
6 and 40.9% of woman-headed households with children living in poverty.

7 In the Fishkill and Newburgh Divisions, respectively, the City of Beacon⁷ has a
8 poverty rate of 13%, with 17.9% of children under 18 living in poverty, 4.1% of seniors
9 (aged 65 and older) living in poverty, and 45% of woman-headed households with children
10 living in poverty.⁸ The City of Newburgh⁹ has a poverty rate of 34.2%, with 46.7% of
11 children under 18 living in poverty, 20.2% of seniors living in poverty, and 57.4% of
12 woman-headed households with children living in poverty.

13
14 **Q. WHY IS IT IMPORTANT THAT THERE ARE LARGE NUMBERS OF**
15 **HOUSEHOLDS IN THESE LARGE CITIES THAT HAVE TROUBLE PAYING**
16 **THE UTILITY AND OTHER BILLS?**

17 **A.** Because these cities are, generally speaking, the largest municipal entities in the
18 Company's gas and combined electric/gas service areas, and their populations will receive
19 the largest part of the Company's double-digit gas delivery charge increase. For
20 municipalities with large numbers of residents that are unable to afford their current bills,
21 an increase of the size requested in this rate case could drive them into financial crisis. As
22 a practical matter that means the potential of increased homelessness in the cities, and the

⁵ See, the 2017 New York State Annual Poverty Report of the New York State Community Action Association, at p. 84 (hereafter "Poverty Report"). The Poverty Report relies upon data from the U.S. Census – American Community Survey reports from 2011-2015. (Exhibit ___(WDY-08)

⁶ See, Poverty Report at p. 96. (Exhibit ___(WDY-08)

⁷ See, Poverty Report at p. 76. (Exhibit ___(WDY-08)

⁸ See, <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>, for 2015 ACS report on the City of Beacon.

⁹ See, Poverty Report at p. 89. (Exhibit ___(WDY-08)

1 necessity to increase safety net expenses. In counties with large numbers of residents
2 gripped in an unaffordability crisis, under the impact of a double-digit rate increase like the
3 one proposed in this case, Social Service Law 131-S payments (“One-Shots”) will increase
4 vastly, straining the counties’ budgets.

5
6 **Q. ARE THERE ANY RURAL COUNTIES OR COUNTIES IN THE COMPANY’S**
7 **SERVICE TERRITORY WITH SMALLER URBAN AREAS WITH SIMILARLY**
8 **GRAVE INDICIA OF UNAFFORDABILITY?**

9 **A.** Yes. The Company’s service territory is divided into five operating divisions: the
10 Catskill Division, Poughkeepsie Division, Kingston Division, Fishkill Division and
11 Newburgh Division. The counties served in whole or in part with gas and electric, or
12 electric-only, or gas-only service are: Albany, Columbia, Dutchess, Greene, Orange,
13 Putnam, Sullivan and Ulster.

14 The Catskill Division serves the counties of Albany and Greene County.¹⁰ Both
15 counties, depending upon area, are served either with both electric and gas service, or
16 electric only service.¹¹ Albany County has an overall poverty rate of 13.5%, 17% of
17 children under 18 live in poverty, 7.7% of seniors live below the poverty level, 36.4% of
18 woman-headed households with children live in poverty, 47% of households qualify for
19 the free or reduced cost lunch program, and 23.4% of unemployed households are without
20 health insurance.¹² In Greene County, there is an overall poverty rate of 12.9%, 17.5% of
21 children under 18 live in poverty, 8.6% of seniors live in poverty, 42.3% of woman-headed
22 households with children live below the poverty level, 47% of households qualify for the
23 free or reduced cost lunch program, and 30.5% of unemployed households are without
24 health insurance.¹³

¹⁰ See, https://www.cenhud.com/static_files/cenhud/assets/pdf/serviceterritorymap.pdf.

¹¹ Id.

¹² See, Poverty Report at p. 8. (Exhibit ___(WDY-08)

¹³ See, Poverty Report at p. 27. (Exhibit ___(WDY-08)

1 The Kingston Division serves the counties of Ulster and Sullivan. The overall
2 poverty rate for Ulster County is 12.9%, 14% of children under 18 live in poverty, 8.6% of
3 seniors live under the poverty level, 26.5% of woman-headed households with children
4 present live in poverty, 43% of households qualify for the free or reduced cost lunch
5 program, and 23% of unemployed households are without health insurance.¹⁴ In Sullivan
6 County, the overall poverty rate is 17.5%, 25.6% of children under 18 live in poverty, 10%
7 of seniors live in poverty, 47.5% of woman-headed households with children present live
8 in poverty, 69% of households qualify for the free or reduced cost lunch program, and 31%
9 of unemployed households are without health insurance.¹⁵

10 The Poughkeepsie Division contains the counties of Columbia and Dutchess. The
11 overall poverty rate for Columbia County is 11.7%, 16.8% of children under 18 live in
12 poverty, 7.4% of seniors live in poverty, 26.2% of woman-headed households with children
13 present live in poverty, 52% of households qualify for the free or reduced cost lunch
14 program, and 17% of unemployed households are without health insurance.¹⁶ In Dutchess
15 County, the overall poverty rate is 9.4%, 11.8% of children under 18 live in poverty, 5.3%
16 of seniors live in poverty, 29.4% of woman-headed households with children present live
17 in poverty, 30% of households qualify for the free or reduced cost lunch program, and
18 25.8% of unemployed households are without health insurance.¹⁷

19 The Newburgh Division contains the counties of Ulster and Orange County. The
20 overall poverty rate for Ulster County is 12.9%, 14% of children under 18 live in poverty,
21 8.6% of seniors live under the poverty level, 26.5% of woman-headed households with
22 children present live in poverty, 43% of households qualify for the free or reduced cost
23 lunch program, and 23% of unemployed households are without health insurance.¹⁸ In

¹⁴ See, Poverty Report at p. 63. (Exhibit ___(WDY-08)

¹⁵ See, Poverty Report at p. 60. (Exhibit ___(WDY-08)

¹⁶ See, Poverty Report at p. 18. (Exhibit ___(WDY-08)

¹⁷ See, Poverty Report at p. 21. (Exhibit ___(WDY-08)

¹⁸ See, Poverty Report at p. 63. (Exhibit ___(WDY-08)

1 Orange County, the overall poverty rate is 12.8%, 20.4% of children under 18 live in
2 poverty, 9.5% of seniors live in poverty, 29.6% of woman-headed households with children
3 present live in poverty, 56% of households qualify for the free or reduced cost lunch
4 program, and 22.3% of unemployed households are without health insurance.¹⁹

5 The Fishkill Division contains the counties of Dutchess and Putnam County. The
6 overall poverty rate for Dutchess County is 9.4%, 11.8% of children under 18 live in
7 poverty, 5.3% of seniors live in poverty, 29.4% of woman-headed households with children
8 live in poverty, 30% of households qualify for the free or reduced cost lunch program, and
9 25.8% of unemployed households are without health insurance. In Putnam County, the
10 overall poverty rate is 5.3%, 4.9% of children under 18 live in poverty, 5.2% of seniors
11 live in poverty, 16.7% of woman-headed households with children present live in poverty,
12 23% of households qualify for the free or reduced cost lunch program, and 25.7% of
13 unemployed households are without health insurance.²⁰

14 In conclusion, the counties served by the Company are primarily rural, with only
15 four cities, numerous villages and towns, and a variety of other smaller municipal entities
16 such as hamlets. A number of the more rural areas receive electric service only and
17 ratepayers either heat with electricity, or via the use of deliverable fuels. The southernmost
18 areas of the service territory receive gas-only service from the Company, and are served
19 with electric by another utility. Generally speaking, much of the Company's service
20 territory suffers from a crisis of affordability, and will receive either a rate increase on
21 electric service, gas service, or both, but I will not describe all of the individual areas in
22 detail here.
23

¹⁹ See, Poverty Report at p. 43. (Exhibit ___(WDY-08)

²⁰ See, Poverty Report at p. 47. (Exhibit ___(WDY-08)

1 **Q. ARE THERE ANY POPULATIONS IN THESE URBAN AREAS OR RURAL**
2 **AREAS BESIDES THOSE LIVING BELOW THE POVERTY LEVEL THAT ARE**
3 **HAVING DIFFICULTY PAYING THEIR UTILITY AND OTHER VITAL BILLS?**

4 **A.** Yes. In 2016, the United Way updated its analysis of a population that is above the
5 poverty line, but below the line that is able to afford to pay all of their vital bills.²¹ (Exhibit
6 ___(WDY-09) That population is called “Asset Limited Income Constrained Employed,”
7 or ALICE, which was formerly referred to as the “working poor.” In New York, that
8 population is one that has recovered significantly from the worst parts of the Great
9 Recession and escaped from below the poverty line, but they have not reached a place
10 where the affected families can afford to pay vital bills. Moreover, when the ALICE cohort
11 is added to low/fixed-income households in many areas of New York, the percentage of
12 households that cannot afford to pay their bills is increased by another 20-40%. In other
13 words, in places like Dutchess County, when the 33% ALICE percentage is added to the
14 City of Beacon’s poverty rate of 13% (the “blended percentage”), it reveals that almost
15 50% of Beacon ratepayers cannot afford their bills.²² And in the City of Poughkeepsie,
16 when the 42% ALICE percentage is added to the City of Poughkeepsie’s poverty rate of
17 22%, the blended percentage reveals that almost two-thirds of Poughkeepsie ratepayers
18 cannot afford their bills.²³

19 In Ulster County, when adding the 45% ALICE percentage to Kingston’s 16%
20 poverty rate, the blended percentage reveals 61% of ratepayers cannot afford their bills.²⁴
21 In Orange County, when adding the 34% ALICE percentage to Newburgh’s 34% poverty
22 rate, the blended percentage reveals that 68% of ratepayers cannot pay their bills.²⁵

²¹ See, United Way ALICE Report – New York, 2016 (“ALICE Report”). The ALICE Report is based upon data from the U.S. Census -- American Community Survey. (Exhibit ___(WDY-09)

²² See, ALICE Report at p. 165. (Exhibit ___(WDY-09)

²³ See, ALICE Report at p. 168. (Exhibit ___(WDY-09)

²⁴ See, ALICE Report at p. 203. (Exhibit ___(WDY-09)

²⁵ See, ALICE Report at p. 186. (Exhibit ___(WDY-09)

1 Examining the counties in the Company's service territory with smaller urban areas
2 considered above, the blended rates for Albany County²⁶ and Greene²⁷ counties reveal that
3 38% (Albany) and 44% (Greene) of the counties' ratepayers cannot afford their bills. In
4 Putnam County,²⁸ the blended percentage reveals that 33% of the county's ratepayers
5 cannot afford their bills.

6 Looked at as a whole, it is important to note that the four major urban areas and
7 their surrounding counties would suffer substantially from an affordability crisis under the
8 double-digit rate increase proposed by the Company. And in the cities of Kingston,
9 Newburgh and Poughkeepsie, for example, customers already struggling to stay afloat
10 financially will be subject to a double-digit percentage increase in electric delivery rates
11 and a double-digit percentage increase in gas rates, in addition to the fact that as the largest
12 urban areas with developed gas infrastructure, most of the cost of the Company's gas
13 increase will land upon their residents. In the less urbanized counties outlined above, the
14 increase may only be to the Company's electric delivery rate increase, or gas rate increase.
15 But even though the percentage of ratepayers below the poverty level may be at a lower
16 percent than the large urban areas, the number of ratepayers in the ALICE category
17 struggling with an affordability crisis is still large, and for ratepayers heating with
18 electricity and not using high-efficiency heating solutions, the increase will be particularly
19 harmful.

20
21 **III. Customer/Fixed Charges**

22
23 **Q. PLEASE DISCUSS THE COMPANY'S PROPOSED RATE DESIGN.**

24 **A.** Historically, the Company's rate design has featured high fixed costs of basic
25 service, flat block rates for electric service, and declining block rates for gas delivery

²⁶ See, ALICE Report at p. 214. (Exhibit ___(WDY-09)

²⁷ See, ALICE Report at p. 233. (Exhibit ___(WDY-09)

²⁸ See, ALICE Report at p. 254. (Exhibit ___(WDY-09)

1 service. It is well settled that rate designs based on high fixed basic service charges and
2 flat and declining block rates for delivery service create affordability problems for low
3 income customers, and act as a disincentive to conservation and energy efficiency
4 initiatives.²⁹ However, echoing recommendations made by PULP in the last Central
5 Hudson rate case, Cases 14-E-0318 and 14-G-0319³⁰, the Company, in its Direct
6 Testimony of the Forecasting and Rates Panel has finally proposed to at least eliminate
7 declining block rates for gas - acknowledging the affordability problems and anti-
8 conservation incentives that declining block rates impose on residential gas customers at
9 average and, especially, below average usage:

10
11 *“The proposal to eliminate declining block rates is consistent with the*
12 *Commission’s goal to promote energy efficiency. Declining block rates send the*
13 *wrong price signal since prices decrease when consumption increases.”*

14 (Direct Testimony of the Forecasting and Rates Panel at 47)

15
16 *“As can be seen in Exhibit __ (FRP-13), Schedules A and B at the actual sales per*
17 *customer levels for the twelve months ending March 31, 2017, an average*
18 *residential and commercial heat customer would have experienced favorable bill*
19 *impacts at flat rates. In general customers with higher than average use would see*
20 *bill increases, where customers with lower than average use would see bill*
21 *decreases.”*

²⁹ See, National Consumer Law Center, Utility Rate Design, High Utility Fixed Charges Harm Low Income, Elders and Households of Color, available here: <http://www.nclc.org/energy-utilities-communications/utility-rate-design.html>; Also see, Cases 16-G-0058/16-G-0059, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Brooklyn Union Gas Company dba National Grid NY for Gas Service and KeySpan Gas East Corp. dba Brooklyn Union Gas L.I. for Gas Service, *Testimony of William D. Yates, CPA*, filed May 20, 2016); and Case 16-G-0257, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corporation for Gas Service, *Corrected Testimony of William D. Yates, CPA*, filed September 2, 2016).

³⁰ See PULP’s *Comments Regarding the Joint Settlement Proposal and the Proposed Resolution of Cases 14-E-0318 and 14-G-0319 of the Central Hudson Electric and Gas Rate Cases*, filed March 26, 2015, at 9 and 12.

1 (Direct Testimony of the Forecasting and Rates Panel at 48)

2
3 **Q. IS THE COMPANY’S PROPOSAL TO ADOPT A FLAT BLOCK RATE**
4 **STRUCTURE FOR GAS, TAKEN TOGETHER WITH ITS OTHER ELECTRIC**
5 **AND GAS RATE DESIGN PORPOSALS, SUFFICIENT TO IMPROVE**
6 **AFFORDABILITY AND ENCOURAGE CONSERVATION AMONG ITS**
7 **RESIDENTIAL CUSTOMERS?**

8 **A.** No. The comparison of declining block rates versus flat rates for gas cited above
9 was based on current rates and therefore, for comparison purposes, held the fixed cost of
10 basic service unchanged. In contrast, the Company’s gas rate request going forward, while
11 proposing to eliminate declining block rates in favor of flat rates, also proposes that the
12 monthly basic service charge for gas service (currently \$26) be *increased* to \$30.
13 (Forecasting and Rates Panel at 59). For residential electric service, the Company
14 proposes an increase in the monthly basic service charge from \$24 to \$25. (Forecasting and
15 Rates Panel at 54)

16 In the case of gas service, the proposal to eliminate declining block rates while
17 simultaneously increasing basic service charges represents “one-step forward, two-steps
18 back” for average and below average residential customers. In particular, non-heating gas
19 customers with monthly usage of 10 Ccf or less would experience delivery and total bill
20 increases of up to 15.4% and 12.5%, respectively. (Company response to UIU-016,
21 Attachment 2, Worksheet Tab “Res Total”) (Exhibit ___(WDY-07) at 1) Put simply, any
22 degree to which the elimination of declining blocks rates would make gas rates more
23 affordable or encouraged conservation for these customers would be much more than offset
24 by an outsized increase in their basic service charges.

25 Even more disconcerting is the fact that the proposed increase in basic service
26 charges means that gas bills for the majority of residential heating gas customers (58%, or
27 8,447 out of 14,506) at or below average usage (Non-LICAAP 74.26 Ccf per month;

1 LICAAP 87.11 Ccf per month) would experience increased bills despite the move to flat
2 rates for gas. (Company response to UIU-014, Attachment, Worksheet Tab “Summary”)
3 (Exhibit ___(WDY-07) at 1-3) If it was the intent of the Company through its proposal
4 to provide savings to residential gas customers at average or less than average monthly
5 usage, it has manifestly failed in its effort.
6

7 **Q. WHAT DOES THE COMPANY PROPOSE FOR RESIDENTIAL ELECTRIC**
8 **CUSTOMERS, BESIDES THE \$1 INCREASE IN MONTHLY BASIC SERVICE**
9 **CHARGES TO \$25?**

10 **A.** The Company proposes to continue its volumetric flat rate design for electricity,
11 except that it also proposes to implement a monthly “service size” charge starting with
12 “slightly above average” usage residential electric customers, including electric heating
13 customers, that it says would be “designed to collect a portion of the costs allocated to this
14 class that are designated as demand-related within the Rate Year Pro Forma embedded cost
15 of service study sponsored by the Cost of Service Panel”. (Forecasting and Rates Panel at
16 51)
17

18 **Q. IS THIS A “FIXED CHARGE”?**

19 **A.** Over the long term, it appears to be. The Company intends to phase in the “service
20 size” charge at lower and lower levels of usage in future rate cases “resulting in the Service
21 Size Charge being applied to consistently more bills” (Forecasting and Rates Panel at 52)
22

23 **Q. WHY NOT JUST ASK FOR A BIGGER INCREASE IN THE FIXED COST OF**
24 **BASIC SERVICE?**

25 **A.** That would, of course, make the increase in the electric basic service charge
26 “bigger”. Under the current proposal, the “service size” charge for residential electric
27 customers would be \$1 per month, set at usage “slightly above” the weighted average for

1 heating and non-heating customers overall (9,000 kWh annually or 750 kWh per month).
 2 (Forecasting and Rates Panel at 51, 53) The trouble is that the average electric heating
 3 household uses 900 kWh per month, which would subject all of them to a \$2 per month
 4 “service size” charge. For these customers, the additional “service size” charge effectively
 5 boosts their monthly electric basic service charge by \$3 (12%).

6 Even more troubling is the disproportionate impact that the “service size” charge
 7 would have on electric heating customers who are low income assistance program
 8 (LICAAP) participants. As shown in the Company’s response to UIU-13, the average
 9 monthly usage of LICAAP heating customers from January 2015 through July 2017 was
 10 1,453 kWh. Under the Company’s proposal, these LICAAP customers would be assessed
 11 an additional \$4 per month (\$48 annually). (Forecasting and Rate Panel Testimony at 53 -
 12 1,453 kWh times 12 = 17,436 kWh annually)

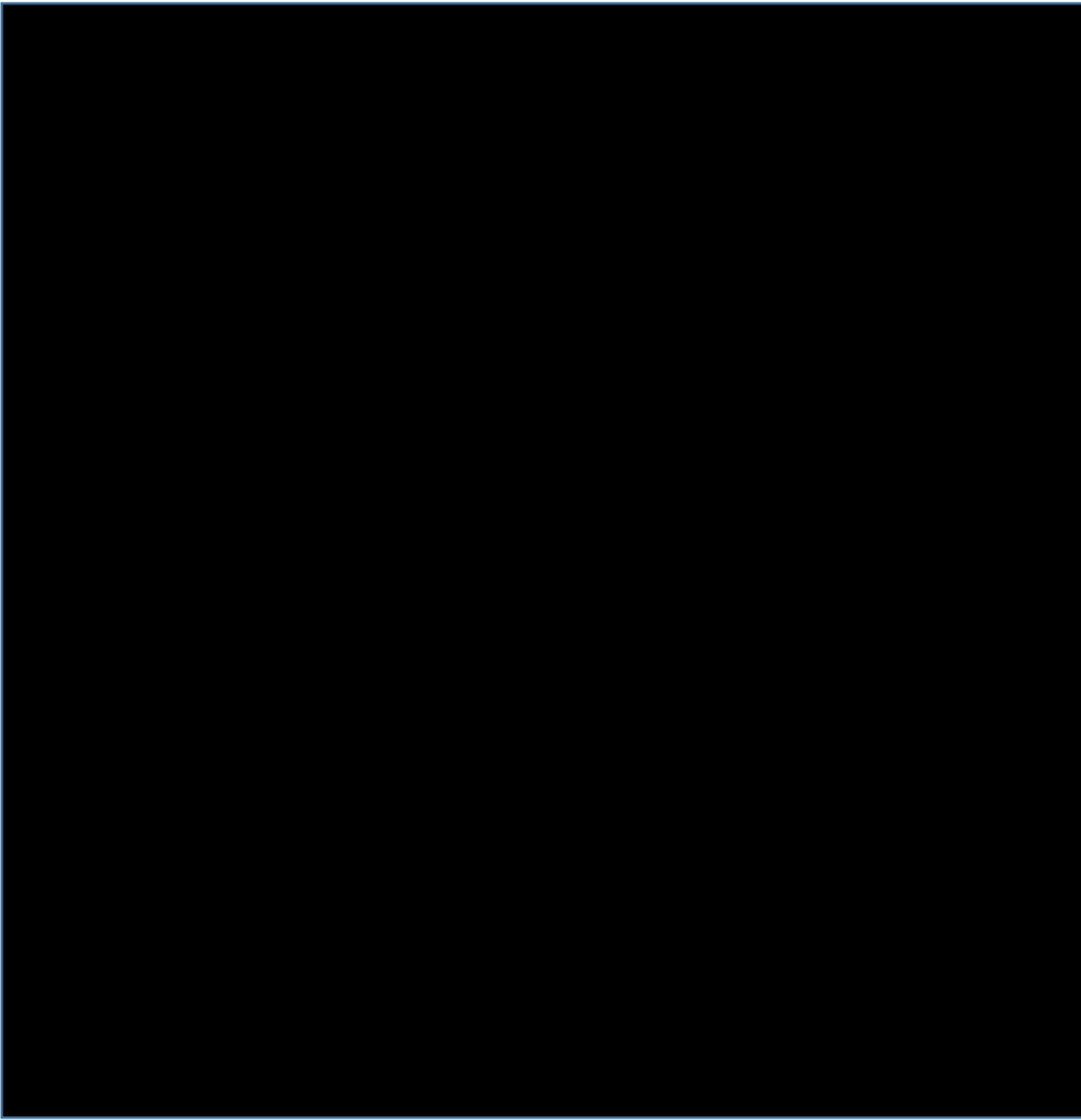
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 14 **IV. COLLECTIONS PRACTICES**

15
 16 **Q. WHAT PAYMENT OPTIONS DOES THE COMPANY OFFER TO**
 17 **RESIDENTIAL CUSTOMERS STRUGGLING TO PAY THEIR CENTRAL**
 18 **HUDSON BILLS?**

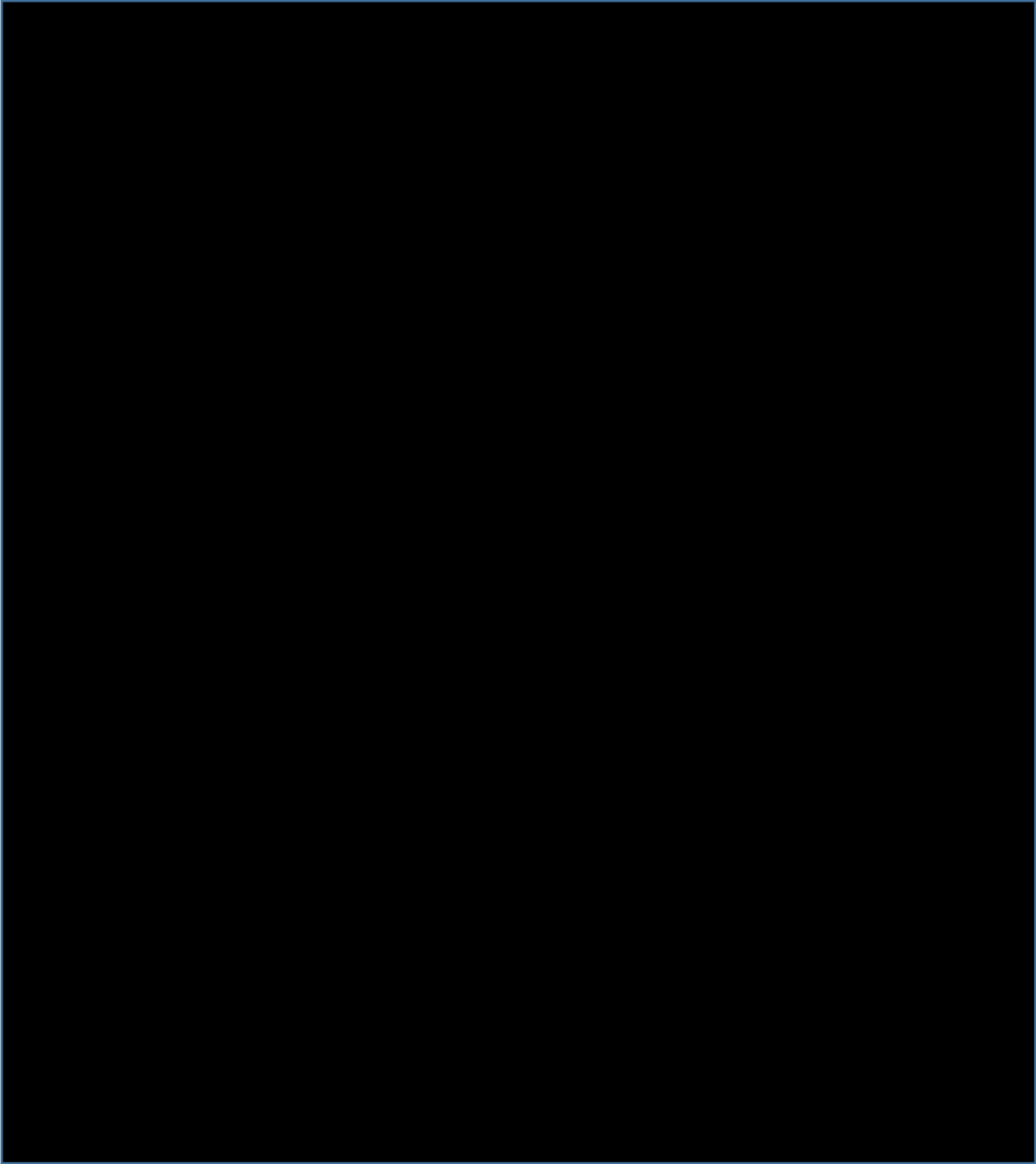
19 **A.** I will examine the different payment options offered by the Company to residential
 20 customers struggling to pay their utility bills through a simple hypothetical involving two
 21 different Central Hudson customers, Mr. Smith and Ms. Jones. Each customer finds
 22 themselves unable to pay their \$300 Central Hudson bill due today. This isn’t the first-
 23 time money has been tight for either of them: each is on a limited income, and each
 24 periodically has unplanned expenses that force them to prioritize their bill payments.
 25 While this has caused them to fall behind on their Central Hudson bills in the past, each
 26 has always managed to catch up within a few months.



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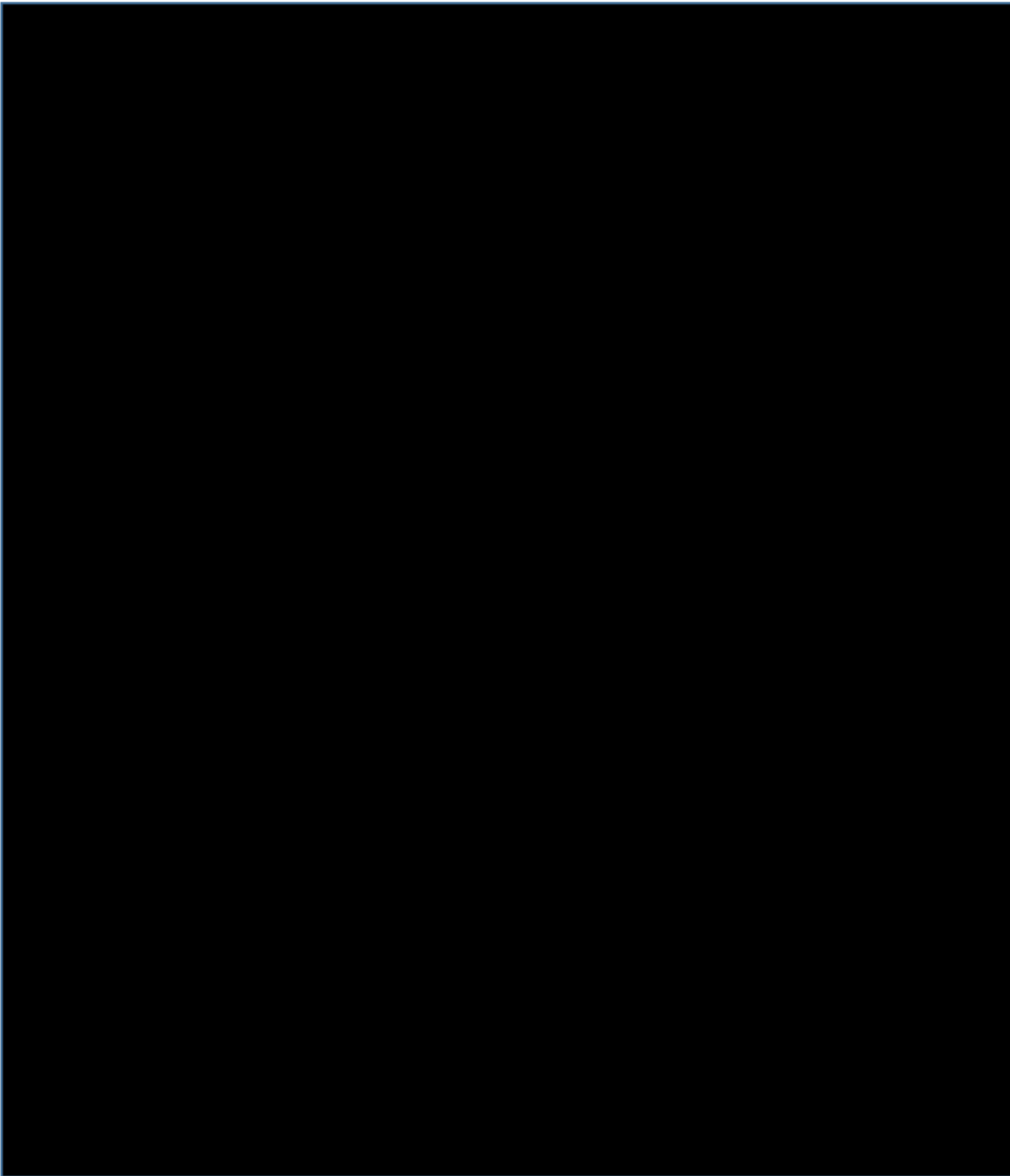


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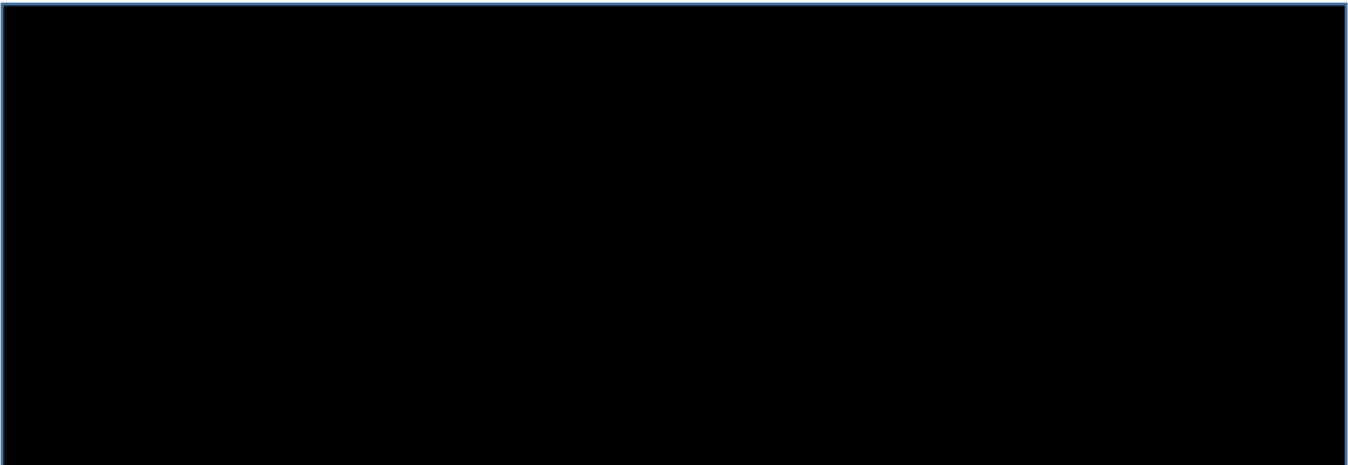


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10 **Q. HOW IMPORTANT ARE THE PROTECTIONS AFFORDED TO MS. JONES IN**
11 **THE WRITTEN OFFER OF THE PAYMENT AGREEMENT SHE RECEIVED**
12 **FROM THE COMPANY?**

13 **A.** Extremely important. They are part of a comprehensive set of statutory rights and
14 protections for residential electric and gas customers known as the “Home Energy Fair
15 Practices Act” or “HEFPA”, which itself is part of the New York State Public Service
16 Law.³² HEFPA is implemented and interpreted principally through New York Public
17 Service Commission (“PSC”) regulations and PSC orders, and is administratively enforced
18 through PSC complaint and emergency Hotline procedures.³³

19 The Payment Agreement chosen by Ms. Jones in the above hypothetical would be
20 a part of the Company’s implementation of the requirements set forth for “Deferred
21 Payment Agreements” or “DPAs”, which HEFPA defines as follows:

22 *“A deferred payment agreement or payment agreement (also referred to as the*
23 *agreement in this section) is a written agreement for the payment of outstanding*
24 *charges over a specific period of time, signed by both the utility and the customer*
25 *or applicant.”*

³² Public Service Law (hereinafter "PSL"), Article 2, §§4(1), 30-53, 66 and 80(1).

³³ Title 16 of New York Compilation of Codes, Rules and Regulations (hereinafter "16 NYCRR") Parts 11 and 12.

1 (16 NYCRR § 11.10(a)(1))
2

3 **Q. YOU PROVIDED A COUPLE OF EXAMPLES OF HEFPA PROTECTIONS**
4 **AFFORDED BY THE PAYMENT AGREEMENT IN THE HYPOTHETICAL**
5 **SCENARIO ABOVE. CAN YOU DISCUSS THE OTHER PROTECTIONS THAT**
6 **HEFPA STATES MUST BE INCLUDED IN DPAS?**

7 **A.** The fundamental principle of customer protection that HEFPA requires be achieved
8 through DPAs is elucidated in the statute as follows:
9

10 *“A utility must negotiate in good faith with any customer or applicant with whom*
11 *it has contact so as to achieve an agreement that is fair and equitable considering*
12 *the customer’s financial circumstances.”*

13 (16 NYCRR § 11.10(a)(1)(i))
14

15 Broadly speaking, these required customer protections, which are detailed by the
16 rest of 16 NYCRR § 11.10, fall under four categories:

- 17 1. Written evidence of agreement between the Company and customer as
18 to the terms and conditions by which the customer will resolve his or
19 her arrears;
- 20 2. Affordability, achieved through fair and equitable negotiation between
21 the Company and customer of a payment plan tailored to the customer’s
22 financial circumstances;
- 23 3. Relief from collections measures for the duration of the agreement, as
24 long as the customer meets his or her obligations under the Payment
25 Agreement; and
- 26 4. Further protections in the event of changes in financial circumstances
27 beyond the customer’s control.

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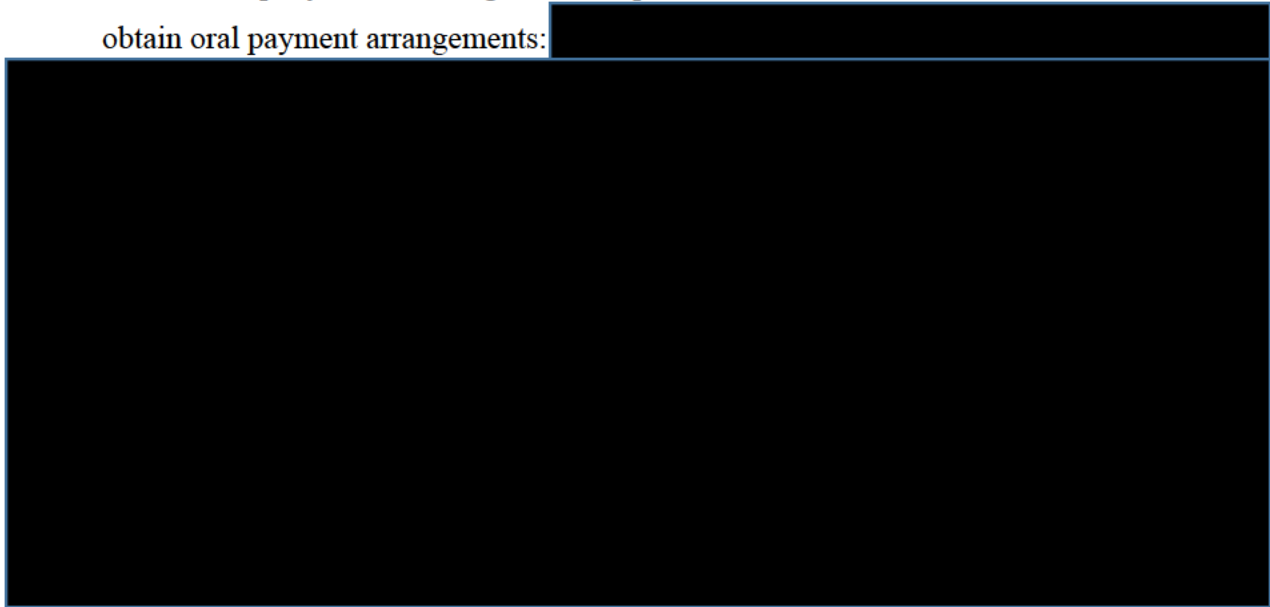
Q. DOES HEFPA SAY ANYTHING ABOUT ORAL PAYMENT ARRANGEMENTS?

A. No. HEFPA does not contemplate anything other than a DPA being used, as the use of Non-HEFPA Payment Plans could undermine consumer protections in the law.

Q. WHY DO YOU RECOMMEND THAT THE COMPANY’S USE OF ORAL PAYMENT ARRANGEMENTS BE DISCONTINUED FOR RESIDENTIAL CUSTOMERS?

A. Oral payment arrangements do not meet the statutory requirements for HEFPA deferred payment agreements (hereinafter “HEFPA DPAs”), yet they constitute a significant majority of payment arrangements used by the Company to resolve the past due amounts of customers having difficulty paying their bills. Oral payment arrangements expose residential customers to unnecessary late payment charges and other collection actions, including the risk of service termination, that are not permitted under HEFPA for the administration of DPAs.

Company CSR training materials provide evidence that residential customers who obtain oral payment arrangements:



1 **Q. WHAT ARE HEFPA COMPLIANT DEFERRED PAYMENT AGREEMENTS?**

2 **A.** HEFPA DPAs are written agreements to pay outstanding utility charges over a
3 specific period of time. Before a utility may terminate, deny an application for service, or
4 refuse to reconnect service because of a customer's arrears, it must first offer a DPA to the
5 residential applicant or customer. Failure to offer a DPA before terminating service to a
6 customer makes the termination unlawful, and is grounds for a complaint to both the utility
7 and the PSC, to restore service pending restitution of new termination procedures that
8 comply with the law. Although a utility need not offer a DPA to any customer whom the
9 PSC determines is able to pay their bill, nor to any customer who has defaulted on an
10 existing, signed DPA, certain conditions exist. For example, if a customer rejects a
11 proffered utility DPA on financial grounds, the utility may require the customer to
12 complete a confidential, financial disclosure form to document assets, income and
13 expenses.

14

15 **Q. DOES THE COMPANY HAVE AN OVERALL SET OF WRITTEN DEFERRED**
16 **PAYMENT AGREEMENT PROCEDURES THAT HELP ENSURE THE USE OF**
17 **HEFPA COMPLIANT DPAs VERSUS OTHER TYPES OF PAYMENT**
18 **ARRANGEMENTS, AS REQUIRED BY HEFPA SECTION 11.10(a)(6)?**

19 **A.** No. As cited in the June 2017 *Management and Operations Audit* of the Company
20 by Overland Consulting (the "Overland Report") (Exhibit ___(WDY-02), the Company:

21

22 *"Does not have a set of written deferred payment agreement (DPA) procedures as*
23 *required by HEFPA section 11.10(a)(6). The Company has tariff leaves that*
24 *address DPA policy. Employee training materials include decision trees and other*
25 *information on DPAs to be used by CSRs."*

26 (Exhibit ___(WDY-02) at 436)

27

1 **Q. HOW DOES THE COMPANY’S LACK OF COMPLIANCE WITH HEFPA**
2 **SECTION 11.10(a)(6) IMPACT OVERLAND’S FINDINGS REGARDING THE**
3 **COMPANY’S PROCESSES FOR NEGOTIATING AND ADMINISTERING**
4 **DPAS?**

5 **A.** Overland finds that the Company’s processes for negotiating and administering
6 DPAs are:

7
8 “...*generally sufficient to assist* in complying with HEFPA requirements.”

9 (Exhibit ___(WDY-02) at 436, *Emphasis added*)

10
11 **Q. WHAT LEVEL OF ASSURANCE DOES OVERLAND’S FINDING PROVIDE**
12 **THAT THE COMPANY’S PROCESSES FOR NEGOTIATING AND**
13 **ADMINISTERING DPAs ACTUALLY RESULT IN HEFPA COMPLIANCE?**

14 **A.** Because Overland determined that the Company did not have a set of written DPA
15 procedures as required by HEFPA section 11.10(a)(6), and because the scope of Overland’s
16 audit pertaining to HEFPA compliance was generally limited to a review of Company
17 procedures without detailed compliance testing, little if any reliance can be placed on
18 Overland’s finding that the Company’s processes for negotiating and administering DPAs
19 are “generally sufficient to assist in complying with HEFPA requirements” actually results
20 in HEFPA compliance. The scope of the Overland audit would not have met the standards
21 promulgated by the American Institute of Certified Public Accountants (AICPA) for audits
22 of compliance under AU Sections 801 and 601, which generally require tests of details and
23 transactions to obtain sufficient appropriate audit evidence about compliance with
24 applicable laws and/or regulations.³⁴ (Exhibit ___(WDY-05) at 17, 23, 34, 35, 39, 54)
25 Overland acknowledges its scope limitation, stating:

26

³⁴ Overland is not subject to such standards because it does not hold itself out as a certified public accounting firm.

1 *“As discussed in Chapter 31, we reviewed Central Hudson’s procedures relating*
2 *to HEFPA and Part 13. These rules require utilities to meet specific standards with*
3 *respect to customer communication, applications for new service, measurement of*
4 *usage, service billing and collection, disconnection for non-payment, and*
5 *reconnection.*

6 *Because the state regulations are extensive, detailed compliance testing would have*
7 *required effort substantially beyond the scope of this management audit. As*
8 *discussed in Chapter 31, we found that, overall, Central Hudson has the procedures*
9 *and controls in place that are necessary to facilitate compliance with the*
10 *regulations. Nevertheless, the existence of internal controls and procedures does*
11 *not prove their efficacy. As such, we also analyzed complaints by Central Hudson’s*
12 *customers registered with the NYSDPS Office of Consumer Services (OCS) Staff to*
13 *determine whether there were indications that internal controls and procedures*
14 *were not operating as intended.”*³⁵

15 (Exhibit ____(WDY-02) at 422)

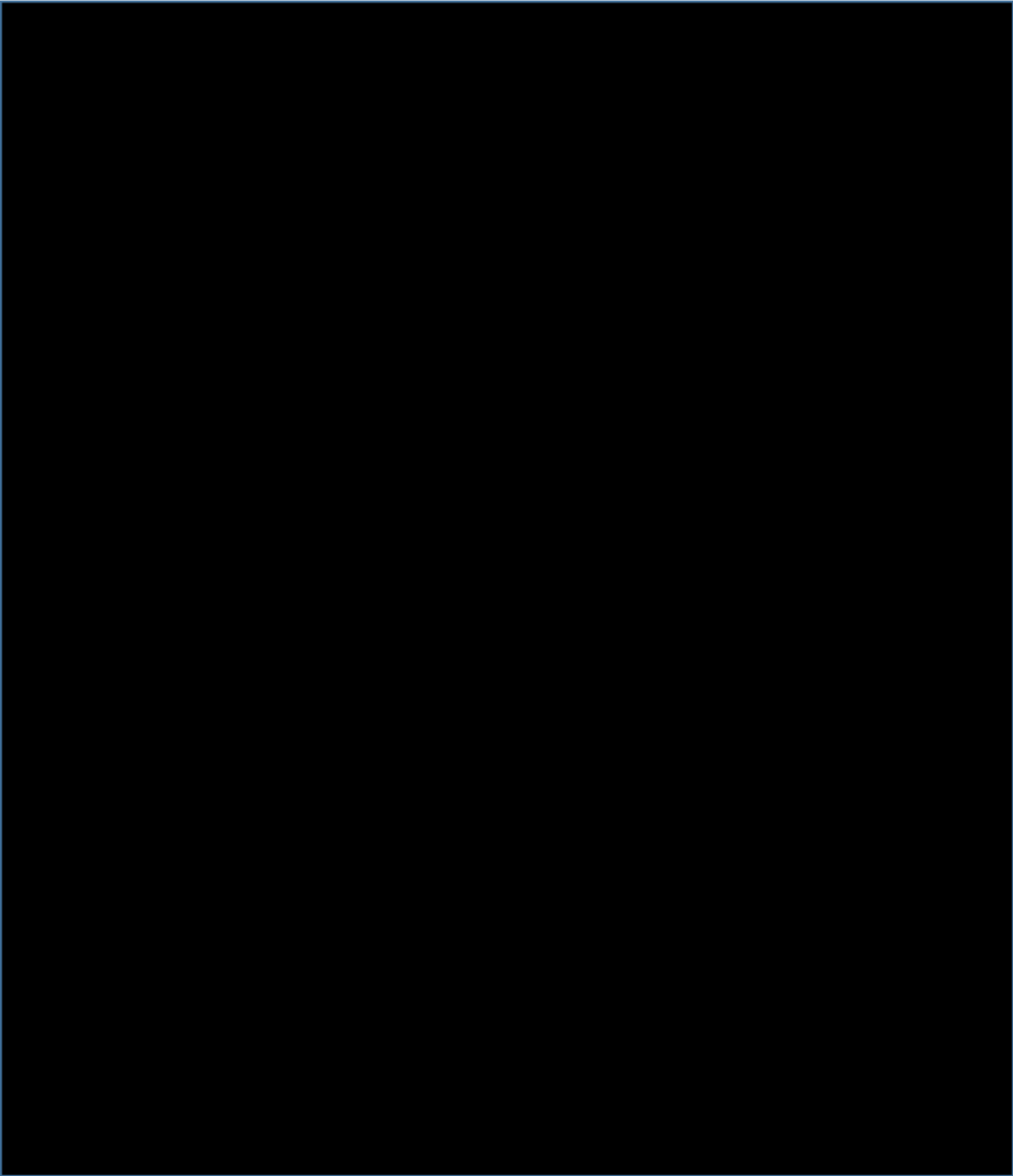
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17 **Q. WHAT EVIDENCE DID YOU OBTAIN THAT THE COMPANY’S USE OF ORAL**
18 **PAYMENT ARRANGEMENTS EXPOSE RESIDENTIAL CUSTOMERS TO**
19 **LATE PAYMENT CHARGES AND OTHER COLLECTION ACTIONS,**
20 **INCLUDING THE RISK OF SERVICE TERMINATION, PRIOR TO FULL**
21 **HEFPA COMPLIANCE??**



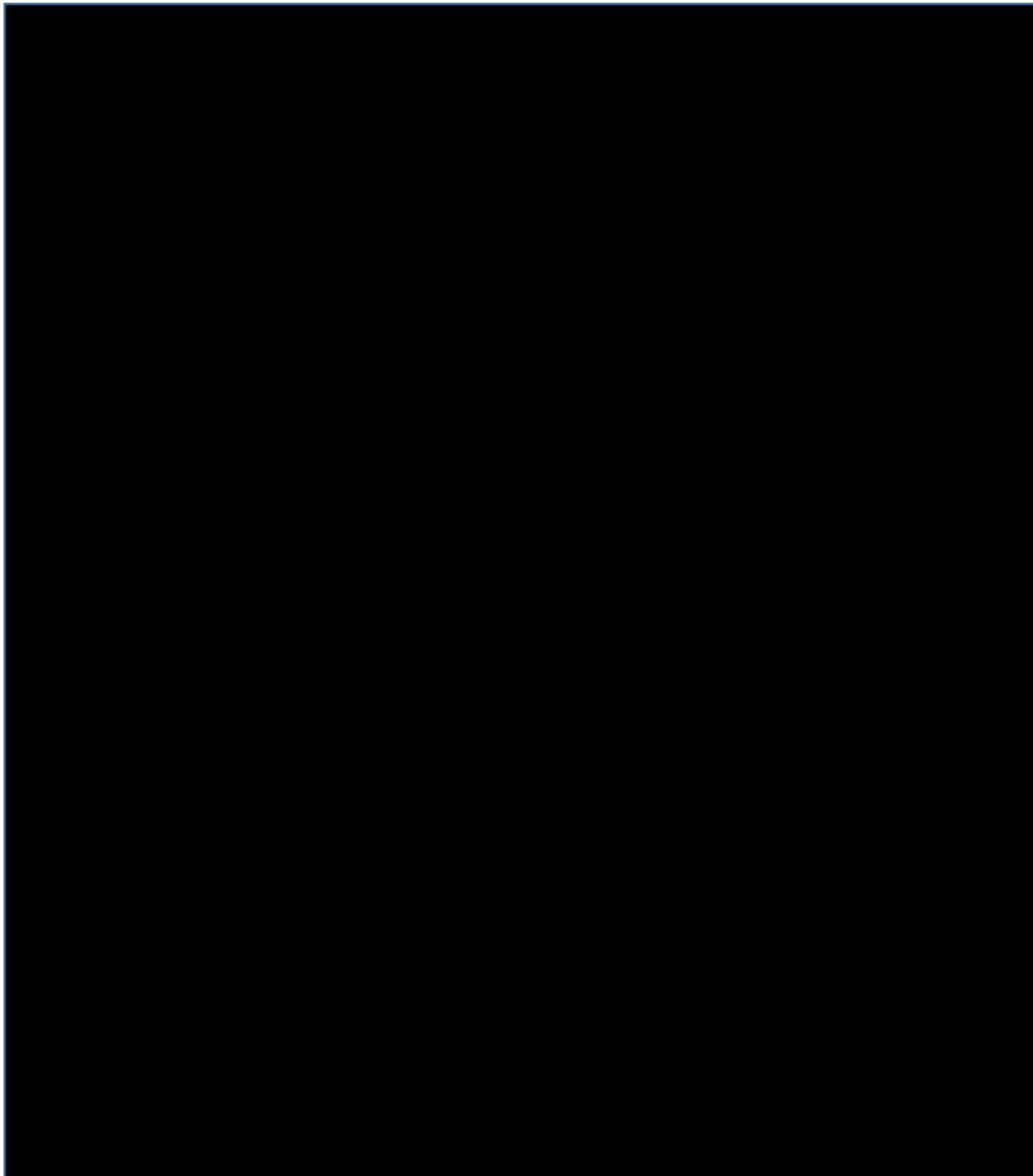
³⁵ With the exception of Overland’s analysis of 106 initially chargeable complaints from 2014 – 2016, it does not appear that compliance testing was performed to verify that controls were operating as intended.

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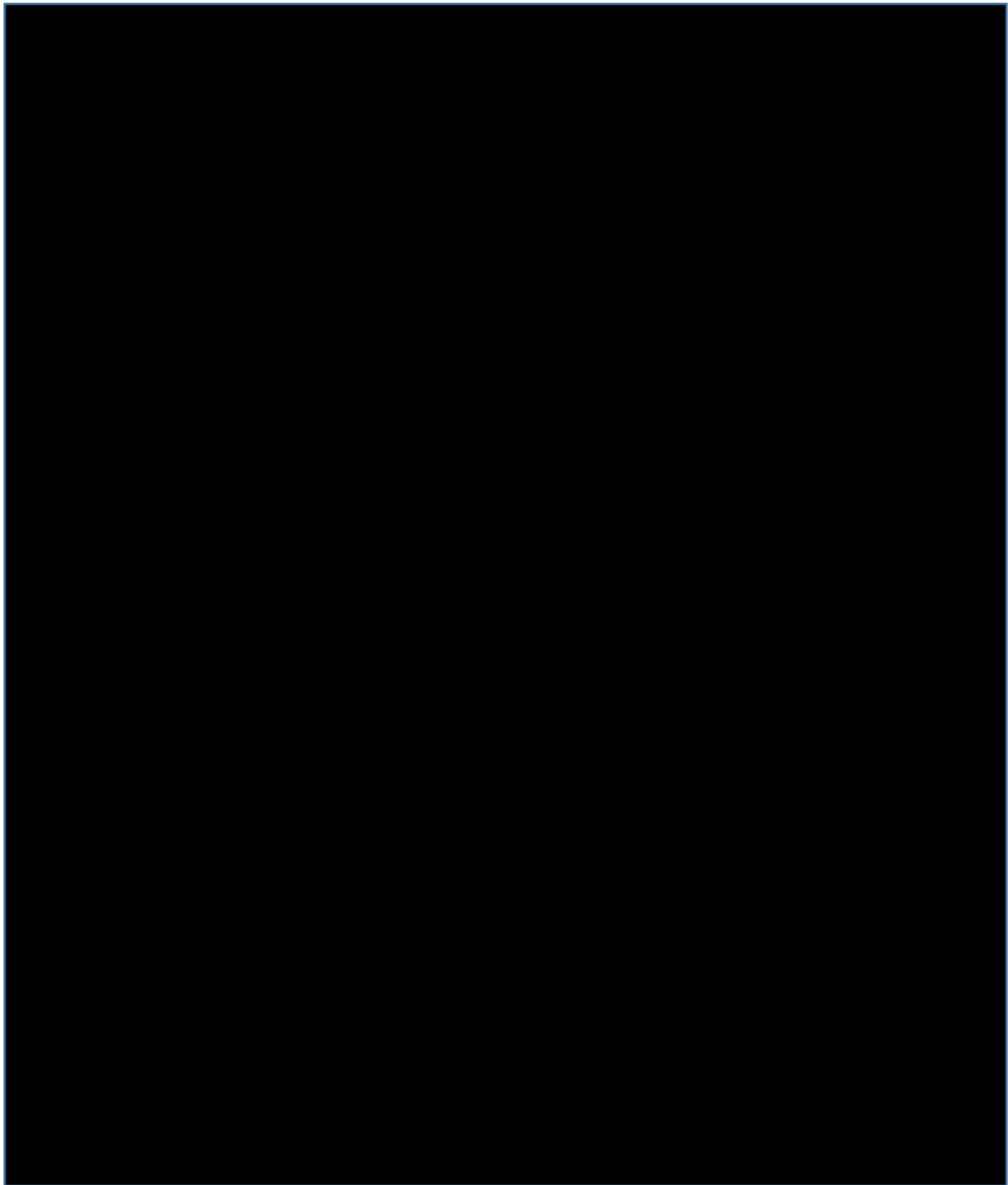
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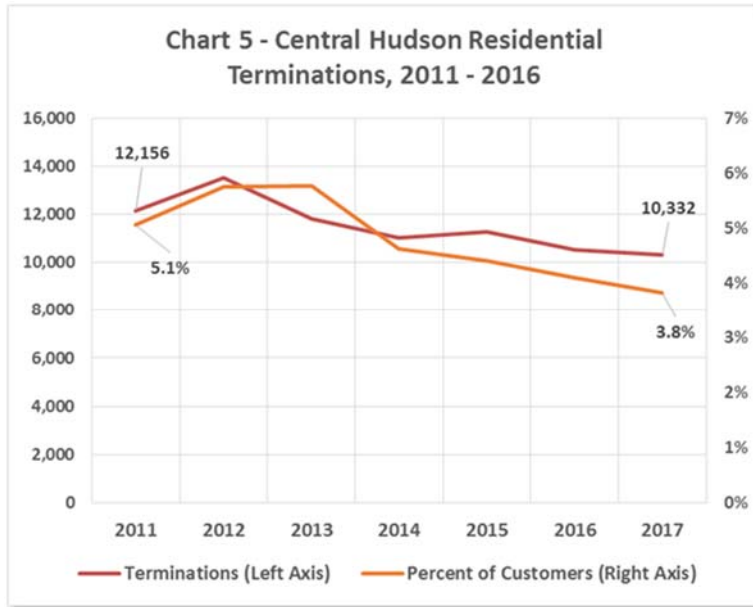
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Based on the above findings, I cannot determine with certainty whether or not it is possible for residential customers having difficulty paying their bills to experience service termination without first being given the opportunity to negotiate a HEFPA DPA that addresses individual financial circumstances. My inability to make such a determination is of particular concern given the Company’s historically high level of residential service terminations, as noted in the findings of DPS Staff in its investigation of the complaint of Nobody Leaves Mid-Hudson (NMLH), a non-profit community-based organization based in Poughkeepsie, New York, against the Company concerning its collection practices. (Exhibit ___(WDY-03)³⁷. While Staff’s report in response to the NMLH complaint found “substantial compliance with the Home Energy Fair Practices Act (HEFPA)” by the Company, it also determined that the Company’s “termination rate for residential customers is higher than the average rate of all New York State utilities and the amount for which Central Hudson terminates is lower than the average for all utilities”, suggesting that the Company “may pursue termination somewhat more aggressively than other utilities”. (Exhibit ___(WDY-03) at 2). In fact, as Chart 5 shows, the Company consistently terminated service to over four percent of its residential customers from 2011 – 2015, only in 2016 dipping below the four percent threshold to a rate of 3.8%.

³⁶ Available at: https://www.cenhud.com/static_files/myaccount/assets/images/R&R_RES2017_30655-I-0151_web.pdf

³⁷ See also: Case 15-0756 at: <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=15-M-0756&submit=Search>.

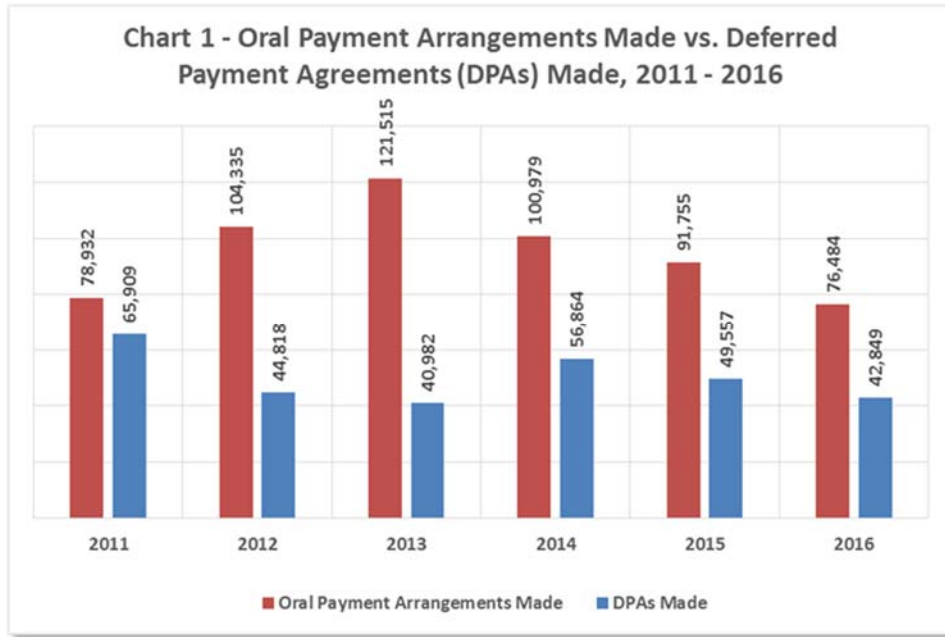


Source: Exhibit ___(WDY-06) at 6-41

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Q. WHAT IS THE MAGNITUDE OF THE USE OF SHORT TERM ORAL PAYMENTS ARRANGEMENTS IN RELATION TO HEFPA DPAS?

A. The Company’s responses to PULP-16 and PULP-50 compared with its submission of collections data to the Public Service Commission provide evidence that, since 2011, oral payment arrangements consistently outnumbered HEFPA DPAs from 2011 through 2016. (Exhibit ___(WDY-06))



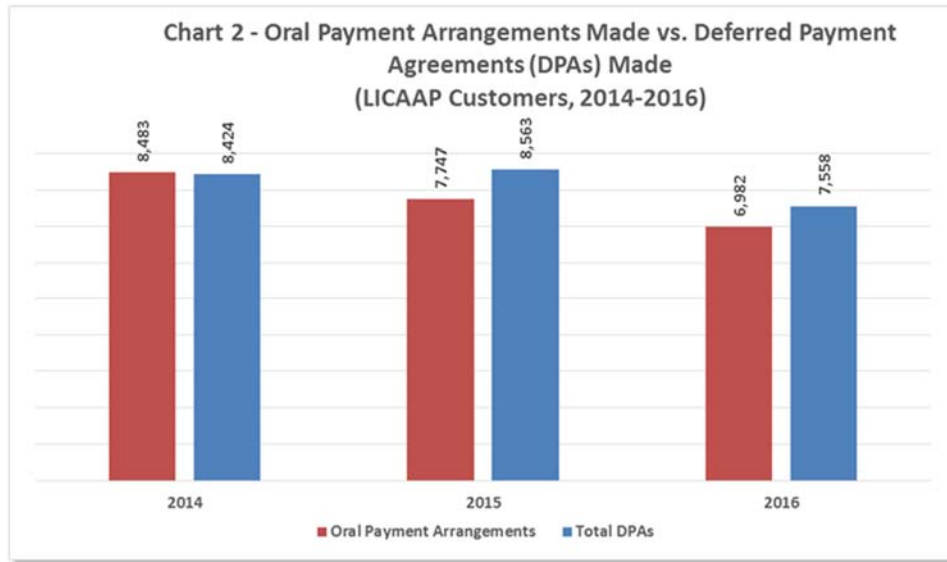
Source: Exhibit ____ (WDY-01) at 1, Exhibit ____ (WDY-06) at 1-121

The Company’s executed DPAs - the only payment arrangements having any chance of HEFPA compliance - amounted to just 31% of the oral payment arrangements made by the Company in 2016 (Chart 3 – 55.7% of Chart 1 - 42,849, or 23,846). Stated differently, for every executed DPA made in 2016, the Company made 2.8 oral payment arrangements. Total DPAs (executed plus unexecuted) were 63% of oral payment arrangements in 2016. There were 1.6 oral payment arrangements created for every DPA made.

Q. WERE YOU ABLE TO DETERMINE THE NUMBER OF LOW INCOME ASSISTANCE PROGRAM (LICAAP) CUSTOMERS WHO OBTAINED ORAL PAYMENT ARRANGEMENTS INSTEAD OF DPAS?

A. Yes. The Company’s response to Staff I/R DPS-525, question 6 presents evidence that from 2014 – 2016 LICAAP customers received a significant number of oral payment

1 arrangements when they were unable to pay their bills, though they obtained DPAs more
 2 frequently than residential customers overall. (Exhibit ___(WDY-04) at 45)
 3



4
 5 Source: Exhibit ___(WDY-01) at 1, Exhibit ___(WDY-04) at 45

6
 7 Though proportionally fewer oral payment arrangements were used by the
 8 Company to address the bill payment difficulties of LICAAP customers than those of
 9 residential customers overall from 2014 - 2016, it is still the case that these customers
 10 received oral payment arrangements almost as often as they received DPAs.

11 The Company’s choice to implement non-HEFPA compliant oral payment
 12 arrangements needlessly subjected participants in the Company’s low-income discount
 13 plan to late payment charges that would not have applied to them if the Company had
 14 followed state law and offered them a HEFPA-compliant DPA instead, thereby avoiding
 15 late payment charges as long as they stay current with their agreed-upon payments. The
 16 Company’s choice to implement oral payment arrangements and impose unnecessary and
 17 statutorily barred late payment charges erodes the value of ratepayer-funded payment
 18 assistance programs, a matter that will take on increasing importance as the Company

1 implements the requirements of the Public Service Commission's May 20, 2016 Order
2 Adopting Low Income Program Modifications and Directing Utility Filings in Case 14-M-
3 0565 (the "Low Income Order"). In its testimony, the Low-Income Panel estimates that
4 enrollment in the Company's low-income program will increase by approximately 67%
5 (10,000 new participants) to 24,566 from December 2017 through November 2020. The
6 rate allowance for the New Low-Income Bill Discount Program is also projected to
7 increase 67%, from \$7.2 million to \$12.1 million. (Low-Income Panel Testimony, Exhibit
8 ___(LIP-2) at 3) Will it be in the public interest to subject even more LICAAP customers
9 to oral payment arrangements that feature continued late payment charges and final
10 termination notices, while at the same time providing them with ratepayer-funded
11 discounts under the Low-Income Order?
12

13 **Q. WHY DO YOU RECOMMEND THAT THE TERMINATIONS AND**
14 **UNCOLLECTIBLES METRIC ADOPTED IN CASES 14-E-0318 AND 14-G-0319**
15 **BE SUSPENDED?**

16 **A.** The termination and uncollectibles metric should operate in a context in which the
17 Company's substantial compliance with HEFPA regarding collections practices is
18 reasonably certain. Given the findings of the Overland Report pertaining to HEFPA; in
19 particular, that the Company does not have a set of written deferred payment agreement
20 (DPA) procedures as required by HEFPA section 11.10(a)(6); together with the evidence I
21 have set forth that the Company has used non-HEFPA compliant oral payment
22 arrangements instead of HEFPA DPAs when dealing with residential customers having
23 difficulty paying their bills, it is not clear that the Company is achieving substantial HEFPA
24 compliance regarding its collections practices.
25

26 **Q. UNDER WHAT CIRCUMSTANCES WOULD YOU FAVOR A RESUMPTION OF**
27 **THE TERMINATIONS AND UNCOLLECTIBLES METRIC?**

1 **A.** The Company would need to implement each of the Overland Report's
2 recommendations pertaining to customer account services organization and operations
3 (Chapter 30) and controls governing compliance with New York customer service rules
4 (Chapter 31), as applicable to residential customers. (Exhibit ___(WDY-02) at 405 – 500)
5 A listing of all Overland recommendations for Chapters 30 – 31 can be found at (Exhibit
6 ___(WDY-02), Pages 503 – 504.

7 Additionally, the Company would need to implement my recommendations 2 – 6
8 as described in the introduction to my testimony.
9

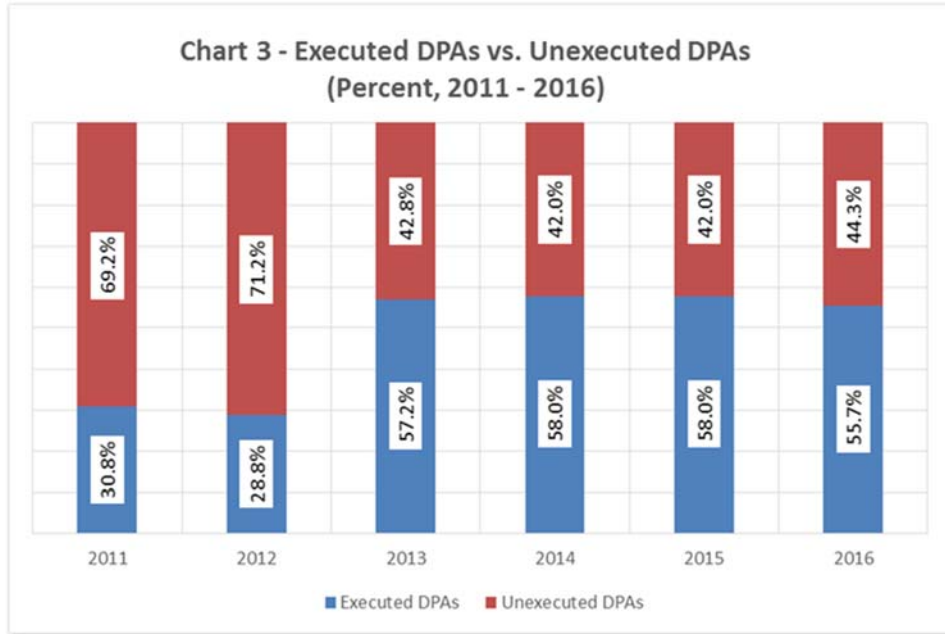
10 **Q. WHY DO YOU RECOMMEND THAT THE COMPANY SHOULD AGREE TO**
11 **COMMENCE THE PROCESS FOR EXECUTING DPAS ELECTRONICALLY (E-**
12 **DPAS), BASED ON THE SUCCESSFUL PILOT PROGRAM CONDUCTED BY**
13 **NATIONAL FUEL GAS IN CASE 13-G-0016, AS ELUCIDATED IN THE**
14 **COMMISSION'S ORDER MODIFYING REPLEVIN ACTS AND PRACTICES IN**
15 **CASE 16-M-0501 WHICH WILL BE UNDERTAKEN BY CONSOLIDATED**
16 **EDISON NEW YORK THIS YEAR?**

17 **A.** The pilot program conducted by National Fuel Gas (NFG) in Case 13-G-0016
18 demonstrated a more convenient method for executing DPAs using a secure portal through
19 which customers could provide their electronic signatures. In its progress reports on the
20 program filed with the Public Service Commission, NFG stated that a significant majority
21 of customers elected to use the e-DPA process and that those customers also adhered to
22 their payment agreements at a higher rate compared to customers with traditional DPAs.³⁸

23 As is made apparent by the Company's response to PULP-50 (Exhibit ___(WDY-
24 06) at 4) and DPS-525, Question 6 (Exhibit ___(WDY-04) at 45), the Company has

³⁸ See Order Modifying Replevin Acts and Practices, Case 16-M-0501
file:///C:/Users/Pulp12/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/%7B11B91D1C-2FB7-4D12-850E-824D43E6DA39%7D.pdf at 19-20.

1 historically found that a high percent of the DPAs it negotiates, prints and mails to
 2 customers are never executed or returned to the Company by the customer.³⁹ This, in turn,
 3 has contributed to the Company’s historically low “DPAs as a Percent of Arrears”.⁴⁰ Chart
 4 3 compares the percent of total DPAs that were executed with the percent of total DPAs
 5 that were not executed from 2011 – 2016.

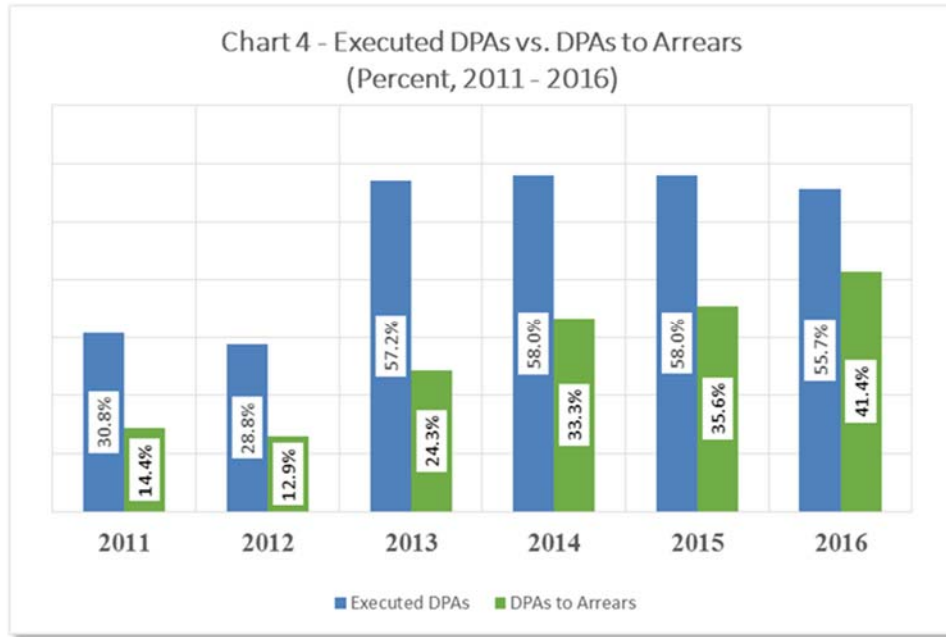


6
 7 Source: Exhibit ___(WDY-01) at 2, Exhibit ___(WDY-06) at 1-121

8 Conversely, Chart 4 shows that DPAs as a Percent of Arrears almost tripled from
 9 2011 (14.35%) to 2016 (41.36%), coinciding with a sizeable increase in the percent of
 10 executed DPAs during the period – from 33.2% to 56.2%. Yet, by 2016, unexecuted DPAs
 11 – those mailed to customers but never signed or returned – still represented 41.36% of all
 12 DPAs offered by the Company.

³⁹ These are termed “negotiated” DPAs by the Company. They should not be confused with oral payment arrangements that are referred to under the misnomer “unsigned” payment arrangements, as discussed previously. In the case of “negotiated” DPAs, the Company makes an attempt to obtain the customer’s signature; whereas with “unsigned” payment arrangements it intentionally does not seek the customer’s signature.

⁴⁰ “DPAs as a Percent of Arrears” is reported monthly on line 6g of the Company’s Collection Activity Reports (CARs) to the Public Service Commission. It is calculated by dividing the number of residential customers with DPAs by the number of residential customers in arrears over sixty days and is expressed as a percent.



Source: Exhibit ____ (WDY-01) at 2, Exhibit ____ (WDY-06) at 1-121

It is obvious from Chart 4 how the implementation of e-DPAs could be beneficial to both the Company and its residential customers. NFG customers found that the e-DPA pilot program provided a more convenient and secure method for obtaining a DPA, suggesting that customers who can execute a DPA at the end of a phone call in which they negotiate acceptable terms and conditions with a CSR increases the percent of DPAs that are executed. Further, NFG customers who undertook this negotiation process with a CSR appear to have been more likely to adhere to the terms and conditions they negotiated than might have been the case for customers who simply signed and returned standard offers without taking the time to call the Company to negotiate such terms and conditions. In sum, the Company seems likely to benefit from implementing e-DPAs through greater HEFPA compliance (executed DPAs), more meaningful CARs data, and lower DPA default rates.

1 **Q. WERE YOU ABLE TO DETERMINE WHY SUCH A LARGE PERCENTAGE OF**
2 **RESIDENTIAL CUSTOMERS HAVE HISTORICALLY NOT EXECUTED THEIR**
3 **DPAs?**

4 **A.** No. There could be many reasons; all of which are worth exploring. In the
5 meantime, however, the Company is administering unexecuted DPAs for residential
6 customers, yet these agreements are not reflected on the Company's monthly collections
7 activity reports (CARs) submitted to the Public Service Commission. This situation creates
8 a significant "gray area" in terms of analyzing the Company's residential customer DPA
9 data: while it would be inappropriate to include unexecuted DPAs on the CARs since
10 HEFPA requires DPAs to be executed in writing, the reality is that there remains a large
11 population of residential customers (well over 40%) with unexecuted DPAs receiving some
12 form of treatment by the Company that may or may not be equivalent to the terms and
13 conditions received by residential customers who sign and return their DPAs to the
14 Company.⁴¹

15
16 **Q. WHAT OTHER RECOMMENDATIONS DO YOU MAKE WITH REGARD TO**
17 **REDUCING THE NUMBER OF DPAs OFFERED BY THE COMPANY THAT**
18 **ARE NOT SIGNED AND RETURNED TO THE COMPANY?**

19 **A.** I recommend that the Company send written and telephonic (IVR) reminders to
20 customers who have not returned their executed DPAs within a period of time that avoids
21 further collection actions by the Company. Reminders should include a reiteration of the
22 customer's right to an affordable DPA under HEFPA, together with suggestions that the
23 customer call to negotiate an acceptable DPA if the one offered by the Company is not
24 acceptable.

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V. ELECTRIC VEHICLE SUBSIDY

Q. HAS THE COMPANY PROPOSED A REBATE/SUBSIDY FOR ELECTRIC VEHICLES IN THE RATE REQUEST?

A. Yes. The Company has proposed a subsidy for electric vehicles in its “Carbon Reduction Programs.”⁴²

Q. WHAT IS THE COMPANY’S RATIONALE FOR SUCH A SUBSIDY TO BE RECOVERED FROM RATEPAYERS?

A. The Company asserts that the inclusion of electric vehicles, certain ground and air sourced heat pumps and other DER technologies in its EAM for DER rollout will incentivize the Company and its customers to lower greenhouse gas impacts. In particular, according to the Company, the:

“EV initiative will assist in reducing the cost of alternatives to carbon intensive transportation methods utilized by many of Central Hudson’s customers. This initiative will be undertaken collaboratively with interested communities and technology vendors and is aimed at reducing the difficulty customers may have in justifying the cost of purchasing an EV. This rebate is expected to be made available to all customer classes and will be linked to the proof of purchase of an EV.”⁴³

Q. DOES THE COMPANY PROVIDE ANY PROOF OF SUCH ASSERTIONS, OR ALTERNATIVELY, A STUDY SHOWING THE SUITABILITY FOR SUCH

⁴² See, Direct Testimony of the Earnings Adjustment Mechanism Panel, Cases 17-E-0459 & 17-G-0460, at p. 17.
⁴³ Id. at p. 16.

1 **VEHICLES TO THE HILLY AND RURAL NATURE OF THE SERVICE**
2 **TERRITORY?**

3 **A.** No.

4
5 **Q.** **GIVEN THE AFFORDABILITY CHALLENGES IN THE SERVICE TERRITORY**
6 **AND LARGELY RURAL NATURE OF LOW-INCOME NEIGHBORHOODS**
7 **SERVED BY THE COMPANY, DOES SUCH AN INCENTIVE SEEM**
8 **REASONABLE?**

9 **A.** No. Absent better and more transparent justifications, and absent proof of sufficient
10 charging infrastructure and the likelihood of a widely “democratized” uptake of the
11 vehicles such that the subsidy will not affect a wealth transfer from low-income and fixed-
12 income households to upper income households, the subsidy plan is unreasonable.

13
14 **VI. EMPLOYEE STOCK PURCHASE PLAN**

15
16 **Q.** **HAS THE COMPANY ADDED ANY NEW EMPLOYEE BENEFITS TO ITS RATE**
17 **REQUESTS SINCE THE 2015 RATE ORDER IN CASES 14-E-0318 AND 14-G-**
18 **0319?**

19 **A.** Yes. The Company has proposed to recover the employer matching contribution to
20 its Employee Share Purchase Plan (“ESPP”) of Fortis Inc. (Canada) common stock.⁴⁴ The
21 “total projected expense associated with the ESPP is \$94,396 in 2017, \$250,825 in 2018,
22 and \$294,807 for the Rate Year.”⁴⁵ The rationale for the recovery of these costs is that the
23 ESPP is “an effective tool for attracting, retaining, and motivating employees to achieve

⁴⁴ See, Direct Testimony of Sharon McGinnis, Staffing, Compensation and Benefits, Cases 17-E-0459 & 17-G-0460, p. 4;

⁴⁵ Id. at p. 5.

1 corporate goals, resulting in better service to our customers.”⁴⁶ This contention, however,
2 is not supported in the Company’s testimony other than as a conclusory statement.
3

4 **Q. IS RECOVERY OF EMPLOYER CONTRIBUTIONS OF SHARE PURCHASE**
5 **PLANS NORMAL IN THE INDUSTRY?**

6 **A.** The Company has provided no evidence in its testimony concerning whether or not
7 recovery of costs for such incentive plans from ratepayers is normal practice in New York
8 utilities, or elsewhere in the U.S. Instead, it cited to the Order Establishing Rates for
9 Electric Service for Orange and Rockland, issued June 17, 2011 in Case 10-E-0362, for the
10 proposition that the Company can recover the cost of executive and non-executive
11 incentives by meeting a multi-part test or by showing that compensation was reasonable
12 by reference to compensation levels in the industry.⁴⁷ “Alternatively, a company can make
13 “a very clear, affirmative demonstration that these above base pay incentive compensation
14 programs are designed to return quantifiable or demonstrable benefits to ratepayers in a
15 financial sense or in terms of reliability, environmental impact, or customer service.” In
16 the Staffing testimony, neither of these two requirements are met, arguably, in other than a
17 conclusory manner. As noted in the Electricity Journal however, “With customers
18 struggling to pay their bills, utilities must present compelling evidence to justify rate
19 recovery of high executive compensation costs in utility rate cases.”⁴⁸
20

21 **Q. HAS THE COMPANY PROPOSED TO RECOVER THE COST OF OTHER SUCH**
22 **INCENTIVES FROM RATEPAYERS?**

23 **A.** Yes. The Company has proposed to add “short-term” incentives to executive salary,
24 based on a rationale that it improves safety and performance, and incentivizes executives

⁴⁶ Id.

⁴⁷ Id. at p. 13.

⁴⁸ See, Julia Sullivan and Jennifer Good, “Recovery of Executive Compensation in Utility Rate Cases,” Volume 24, Issue 3, April 2011, Pages 59-71, at p. 61.

1 to achieve better performance in averting/lowering motor vehicle accidents, and achieving
2 better SAIFI and CAIDI metric results.⁴⁹ As noted below in the section on reliability, the
3 Company's results over the past decade would not appear to provide support for such an
4 argument, unless this is an entirely forward-looking compensation strategy.

5
6 **VII. RELIABILITY CHALLENGES AND ECONOMIC DEVELOPMENT**

7
8 **Q. HAS THE COMPANY PROPOSED ANY CHANGES TO THE METRICS**
9 **APPLIED TO ITS RELIABILITY REQUIREMENTS?**

10 **A.** Yes. The Company has made suggestions for changes in its reliability measures.⁵⁰
11 First, it is requesting the exclusion of "certain classes of outages from its SAIFI and CAIDI
12 performance calculations."⁵¹ That grouping includes:

13 *"1) danger trees including those resulting from unexpected deforestation (e.g.,*
14 *tree mortality caused by the Emerald Ash Borer and other tree diseases); 2)*
15 *motor vehicle accidents; ... Outages due to both danger trees, specifically those*
16 *resulting from unexpected deforestation, and motor vehicle accidents have*
17 *trended upward over the past five years and are having significant impacts on*
18 *the Company's reliability indices."*⁵²

19
20 Setting aside for the moment any in-depth analysis of Emerald Ash Borer (EAB)
21 affected trees, it is worth noting that the infestation in the Hudson Valley dates back to
22 2010 according to New York's Department of Environmental Conservation,⁵³ and rather

⁴⁹ Id. at p. 12.

⁵⁰ See, Case 17-E-0459, Central Hudson Reliability Testimony,
<http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={C8BF8752-4D42-4895-9F77-4DD69EB5EBA8}>("2017 Reliability Testimony").

⁵¹ 2017 Reliability Testimony at p. 6.

⁵² Id. at pp. 6-7.

⁵³ See, <http://www.dec.ny.gov/animals/7253.html>; and see, particularly,
http://www.dec.ny.gov/docs/lands_forests_pdf/eabearlydetect.pdf.

1 than excluding EAB affected trees (i.e., “unexpected deforestation”) the Company should
2 implement the plan it details in its deferral petition in Case 17-E-0250, which, if approved,
3 it maintains would provide sufficient additional Transmission ROW Management
4 resources to remove the backlog of “danger trees” by June 30, 2018. Once such a plan has
5 been implemented, the Company might be justified, after study, in asking for such elements
6 to be removed from its reliability requirement metrics.

7 In the case of motor vehicle accidents that affect reliability, the Company’s service
8 territory is characterized by many smaller secondary roads, densely forested, with
9 numerous hills and sharp turns that affect visibility. Utility poles are located on and/or near
10 such secondary roads, turns and hills, and therefore may suffer from vehicle strikes (and,
11 additionally, tree incursions) at higher numbers than the urban areas served by the
12 Company. Even if such a supposition were true however, none of this is unknown to the
13 Company. The road network and topography pre-date the Company’s 2012 merger, so the
14 Company has had at least five (5) years under its current owners to develop plans to
15 alleviate these known conditions. And, while it is worthwhile for the Company to raise
16 public awareness in its service area about the national problem of distracted driving, as it
17 did beginning in January 2017 through television, radio, newspapers, highway billboards,
18 social media, and other outreach and education, the fact is that it did not furnish any
19 evidence in its testimony or exhibits that outages due to motor vehicle accidents are being
20 caused by distracted driving.

21 Apart from the Company’s concerns about “danger trees” and auto accidents, and
22 its wish to remove them from its reliability target metrics, it is clear that it has a significant
23 reliability problem. According to the Public Service Commission’s 2016 statewide
24 reliability report, “Central Hudson ... failed to meet its corporate RPM target for [electric
25 outage] frequency; resulting in a negative revenue adjustment of approximately \$2.0

1 million.”⁵⁴ None of the other electric utilities were similarly fined in 2016.⁵⁵ In 2015, the
 2 statewide reliability report noted that Central Hudson’s 2015, 2014 and 2011 annual outage
 3 frequency exceeded its five-year average.⁵⁶

4 In 2015, 22.9% of outages were caused by automobile accidents, a 14% increase
 5 from 2014,⁵⁷ and in 2016 the number of outages arising from auto accidents increased
 6 another 5%.⁵⁸ In fact, between 2007 and 2016, auto accidents were always the second
 7 largest cause of outages, and usually amounted to almost 25% of outages, yet the annual
 8 DPS reliability reports reflect little focus by the Company (or by DPS) on addressing such
 9 issues. The reliability reports show the following:

Year	Cause	% of Outages	Cause	% of Outages
2007	Auto	23% ⁵⁹	Trees	39% ⁶⁰
2008	Auto	22% ⁶¹	Trees	37% ⁶²
2009	Auto	25% ⁶³	Trees	35% ⁶⁴

⁵⁴ See, NYS Department of Public Service, 2016 ELECTRIC RELIABILITY PERFORMANCE REPORT, at p. 2; <http://www3.dps.ny.gov/W/PSCWeb.nsf/All/D82A200687D96D3985257687006F39CA?OpenDocument> (“2016 Reliability Report”).

⁵⁵ See 2016 Reliability Report, at p. 2.

⁵⁶ See NYS Department of Public Service, 2015 Electric Reliability Performance Report, at p. 22; [http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/d82a200687d96d3985257687006f39ca/\\$FILE/93222265.pdf/2015%20Electric%20Reliability%20Report.pdf](http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/d82a200687d96d3985257687006f39ca/$FILE/93222265.pdf/2015%20Electric%20Reliability%20Report.pdf) (“2015 Reliability Report”).

⁵⁷ Id.

⁵⁸ See, 2016 Reliability Report, at p. 20.

⁵⁹ See, NYS Department of Public Service, 2007 Electric Reliability Performance Report, at pp. 20-21; [http://www3.dps.ny.gov/pscweb/WebFileRoom.nsf/Web/CBEB3C9FCC1FADDD852574C90058004E/\\$File/301A2007_Electric_Reliability_Report.pdf?OpenElement](http://www3.dps.ny.gov/pscweb/WebFileRoom.nsf/Web/CBEB3C9FCC1FADDD852574C90058004E/$File/301A2007_Electric_Reliability_Report.pdf?OpenElement) (“2007 Reliability Report”).

⁶⁰ Id.

⁶¹ See, NYS Department of Public Service, 2008 Electric Reliability Performance Report, pp. 22-23; <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7B7DFA413F-D725-4EAA-93E0-4E2DF26B613%7D> (“2008 Reliability Report”).

⁶² Id.

⁶³ See, NYS Department of Public Service, 2009 Electric Reliability Performance Report, pp. 19-20; <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7BD8DA1065-027F-4B85-B126-164CCD239EB4%7D> (“2009 Reliability Report”).

⁶⁴ Id.

1	2010	Auto	25% ⁶⁵	Trees	38% ⁶⁶
2	2011	Auto	21% ⁶⁷	Trees	36% ⁶⁸
3	2012	Auto	23% ⁶⁹	Trees	34% ⁷⁰
4	2013	Auto	18% ⁷¹	Trees	38% ⁷²
5	2014	Auto	23.6% ⁷³	Trees	36% ⁷⁴
6	2015	Auto	23.9% ⁷⁵	Trees	36% ⁷⁶
7	2016	Auto	23.4% ⁷⁷	Trees	39% ⁷⁸

8
 9 Examining the above table, there has been little variation in the percentages of
 10 outages caused over the last decade by auto accidents and tree contact. The number of tree

⁶⁵ See, NYS Department of Public Service, 2010 Electric Reliability Performance Report, pp. 22-23;
<http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7B41C1950A-5BF1-498F-8199-8B7FE81FD82C%7D> (“2010 Reliability Report”).

⁶⁶ Id.

⁶⁷ See, NYS Department of Public Service, 2011 Electric Reliability Performance Report, pp. 22-23;
<http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7B6D246921-BCD4-40A3-A99F-D0B4A77B9D2D%7D> (“2011 Reliability Report”).

⁶⁸ Id.

⁶⁹ See, NYS Department of Public Service, 2012 Electric Reliability Performance Report, pp. 27-28;
<http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7B8D094296-7013-425D-9287-043D8860D0CF%7D> (“2012 Reliability Report”).

⁷⁰ Id.

⁷¹ See, NYS Department of Public Service, 2013 Electric Reliability Performance Report, pp. 21-22;
[http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/d82a200687d96d3985257687006f39ca/\\$FILE/Service%20Reliability%20Report%202013.pdf](http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/d82a200687d96d3985257687006f39ca/$FILE/Service%20Reliability%20Report%202013.pdf) (“2013 Reliability Report”).

⁷² Id.

⁷³ See, NYS Department of Public Service, 2014 Electric Reliability Performance Report, pp. 20-22;
<http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7B8F62E3C4-DCE7-4EDE-B860-019ED141C828%7D> (“2014 Reliability Report”).

⁷⁴ Id.

⁷⁵ See, NYS Department of Public Service, 2015 Electric Reliability Performance Report, pp. 22-24;
[http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/d82a200687d96d3985257687006f39ca/\\$FILE/93222265.pdf/2015%20Electric%20Reliability%20Report.pdf](http://www3.dps.ny.gov/W/PSCWeb.nsf/96f0fec0b45a3c6485257688006a701a/d82a200687d96d3985257687006f39ca/$FILE/93222265.pdf/2015%20Electric%20Reliability%20Report.pdf) (“2015 Reliability Report”).

⁷⁶ Id.

⁷⁷ See, NYS Department of Public Service, 2016 Electric Reliability Performance Report, pp. 19-21;
<http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7B25377FDE-DA89-49C8-998E-2D3AA744D1B1%7D> (“2016 Reliability Report”).

⁷⁸ Id.

1 contacts has reduced over time however, according to the DPS Reliability Reports, which
2 assert that “[t]he Company is trying, with some apparent success, to reduce its historically
3 high interruptions rate. [And that since] 2007 Central Hudson has done vegetation line
4 clearance in accordance with a new, improved specification.”⁷⁹ There is no such reference
5 in any of the past decade’s reliability report suggesting a similarly improved specification
6 to reduce outages from car accidents, although the DPS has noted that it would work with
7 the Company to begin such a program.

8 PULP suggests therefore that the Company continue its efforts to reduce tree-
9 caused outages in a manner consistent with proper stewardship of the heavily forested
10 rights of way (and adjacent areas) of its service territory, that it commit to a program to
11 reduce auto-caused outages, and that it apply a cost-benefit analysis to such a program that
12 would pinpoint resources toward averting and lowering outages affecting entities with the
13 largest economic development impacts on the service territory, or the greatest benefit to
14 public health and safety, or both.

15
16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 **A.** Yes.
18
19

⁷⁹ See, 2011 Reliability Report, at p. 23.