

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on August 14, 2025

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
James S. Alesi
David J. Valesky
John B. Maggiore
Uchenna S. Bright
Denise M. Sheehan
Radina R. Valova

CASE 24-G-0483 - Proceeding on Motion of the Commission of the
Staff Investigation into a Natural Gas
Explosion at 7 Brick Row, Wappingers Falls, New
York in the Central Hudson Gas & Electric
Corporation's Service Territory.

ORDER ADOPTING TERMS OF SETTLEMENT

(Issued and Effective August 14, 2025)

BY THE COMMISSION:

This Order adopts the terms and conditions of a
Settlement Agreement that resolves alleged violations committed
by the Central Hudson Gas & Electric Corporation (Central
Hudson) arising out of a natural gas explosion in the vicinity
of Brick Row, Wappingers Falls, Dutchess County, New York on
November 2, 2023. The Settlement Agreement, attached to this
Order as Appendix A, has been submitted for our review and
approval by the Office of Investigations and Enforcement (OIE)
and Central Hudson counsel.

PROCEDURAL BACKGROUND

In October of 2024, the OIE and the Office of Energy

System Planning and Performance (ESPP) issued an Investigation Report regarding the facts and circumstances surrounding the natural gas explosion that occurred on November 2, 2023, on Brick Row in Wappingers Falls, New York. The October 2024 Investigation Report alleged multiple violations of Public Service Law (PSL) §65 and related gas safety regulations pertaining to the natural gas explosion event.¹

On October 16, 2024, the Commission found sufficient factual basis to merit issuing an Order to Commence Proceeding and Show Cause as to why the Commission should not commence an enforcement action pursuant to Public Service Law (PSL) §25-a against Central Hudson.² On November 15, 2024, Central Hudson responded, denying the alleged violations set forth in October 2024 Investigation Report.

On March 21, 2025, the Commission recognized that triable issues of fact and law were present in the administrative record and therefore issued an Order to Assign Administrative Law Judge and Commence Evidentiary Hearing.³ The Order summarized the contentions of the parties before the Commission and further assigned an Administrative Law Judge (ALJ) to preside over an evidentiary hearing.

On April 23, 2024, the presiding ALJ issued a ruling to establish a procedural schedule for prehearing processes and the commencement of an evidentiary hearing.⁴ The OIE and Central

¹ See Case 24-G-0483, Order to Commence Proceeding and Show Cause (issued October 16, 2024); the October 2024 Investigation Report is attached to the Order to Commence Proceeding and Show Cause.

² Case 24-G-0483, Order to Commence Proceeding and Show Cause (issued October 16, 2024).

³ Case 24-G-0483, Order to Assign Administrative Law Judge and Commence Evidentiary Hearing (issued March 21, 2025).

⁴ Case 24-G-0483, Ruling Establishing Procedural Schedule (issued April 23, 2025).

Hudson have subsequently engaged in formal discovery, motion practice, and settlement negotiations. During the course of administrative litigation, the OIE and Central Hudson have now proposed a joint Settlement Agreement for the Commission's review and approval.

It should be noted that multiple civil plaintiffs have filed personal injury actions in Dutchess County Supreme Court against Central Hudson regarding the events of November 2, 2023. The administrative enforcement action before the Commission is entirely independent of any pending civil action in New York State Supreme Court.

DEPARTMENT INVESTIGATION

The Department of Public Service (Department) obtained multiple document productions from Central Hudson, as well as video surveillance, open-source media information, local Fire Department reports, and police records. As detailed in the October 2024 Investigation Report, Department staff conducted 10 sworn witness interviews to secure testimony relating to the November 2, 2023 explosion. Additionally, Department staff conducted site visits at the incident location and physically inspected Central Hudson's involved underground facilities.

The Department's investigation found that, on November 2, 2023, Central Hudson's contractors struck an unmarked natural gas service line and caused a high-pressure gas leak. Minutes later, the residence at 7 Brick Row exploded and a gas-related fire erupted in the building. The October 2024 Investigation Report alleged that Central Hudson had actual knowledge of 7 Brick Row's active natural gas service line prior to the explosion. The Department further contended that Central Hudson apparently did not include this critical information in the project binder given to its contractors for the Brick Row excavation project. Due to this omission, 7 Brick Row's active

natural gas service line was apparently not visually designated as an existing underground facility prior to excavation operations.

Department staff has alleged 128 apparent violations of the Public Service Law and New York Codes, Rules, and Regulations, Title 16, Section 255 regarding the gas explosion at Brick Row. These apparent violations and their factual predicates are detailed in the OIE October 2024 Investigation Report and the October 16, 2024 Order to Commence Proceeding and Show Cause.

LEGAL AUTHORITY

Public Service Law §65(1) requires that utilities provide "service, as shall be safe and adequate and in all respects just and reasonable." Public Service Law §66(2) empowers the Commission to hold utilities to this obligation by vesting the Commission with the authority to investigate utilities and their performance, as well as by ordering utilities to make reasonable improvements that are in the public interest.

The Commission has significant regulatory authority to ensure that utilities meet their obligations to provide safe, adequate, and reliable service. The Public Service Law directs that "[e]very combination gas and electric corporation ... shall adhere to every provision of this chapter and every order or regulation adopted under authority of this chapter[.]"⁵

Public Service Law §25-a(3) and (4) authorize the Commission to commence an administrative penalty proceeding against a combination gas and electric corporation. In determining the amount of any penalty to be assessed, the Commission considers multiple factors, including: (i) the

⁵ PSL §25-a(1).

seriousness of the violation for which a penalty is sought; (ii) the nature and extent of any previous violations for which penalties have been assessed against the corporation or officer; (iii) whether there was knowledge of the violation; (iv) the gross revenues and financial status of the corporation; and (v) such other factors as the commission may deem appropriate and relevant.⁶

Under PSL §25-a(4), the Commission may assess a civil penalty not exceeding the greater of \$250,000 or "three one-hundredths of one percent of the annual intrastate gross operating revenue of the corporation[] ... whichever is greater[.]"⁷ Any such penalties are not recoverable from ratepayers⁸ and, if not remitted in a timely fashion, counsel to the Commission may bring a special proceeding in a court of competent jurisdiction to collect.⁹

Pursuant to PSL §25-a(7), an administrative penalty proceeding may be discontinued through a compromise, and "all moneys recovered pursuant to this section, together with the costs thereof, shall be remitted to, or for the benefit of, the ratepayers in a manner to be determined by the Commission."

SUMMARY OF THE SETTLEMENT AGREEMENT

Under the terms of the Settlement Agreement, Central Hudson and OIE staff have agreed to resolve all alleged regulatory violations arising out of a natural gas explosion in the vicinity of Brick Row, Wappingers Falls, New York that occurred on November 2, 2023.

As part of the settlement, Central Hudson has agreed

⁶ PSL §25-a(2).

⁷ PSL §25-a(4)(i).

⁸ PSL §25-a(9).

⁹ PSL §25-a(8).

to make the following statement:

"The Company acknowledges and agrees that contractors engaged by the Company in connection with the Brick Row segment of the Company's Leak Prone Pipe Replacement Program performed work that did not comply with the Company's established procedures in a manner that led to the November 2, 2023 explosion, and that such scenario constituted a failure on the part of the Company and its contractors to provide safe and adequate service as required by New York State Public Service Law § 65(1)."

The Settlement Agreement also includes the payment of settlement funds. First, Central Hudson has agreed to pay a \$5,000,000 penalty payment for future ratepayer benefit. Second, Central Hudson has agreed to and will also establish a Gas Safety Protocol fund of no less than \$2,500,000 but no more than \$3,500,000 to be used for enumerated gas safety protocol improvements. All these gas safety improvement efforts are aimed at promoting public safety and preventing future gas emergencies. Thus, the collective settlement funds will total \$7,500,000 to \$8,500,000. The settlement funds will be paid by Central Hudson shareholders, not ratepayers or customers.¹⁰

In return, OIE staff agreed to cease the prosecution of the instant enforcement action and resolve all pending violations stemming from the Brick Row explosion event.

DISCUSSION AND CONCLUSION

The November 2, 2023 gas explosion on Brick Row caused a massive fire and tragically injured multiple individuals, including children. The explosion also destroyed homes and upended the lives of the residents of Brick Row.

New York's gas distribution utilities have a responsibility to provide safe and adequate service to their customers. The Commission's paramount concern is protecting the

¹⁰ PSL §25-a(7).

public and ensuring safety throughout New York's energy distribution systems. When gas utilities violate the Public Service Law and associated regulations, the Commission will act to hold gas utilities accountable through enforcement actions.

In reviewing proposed Settlement Agreements, the Commission looks to ensure that the agreement's terms are in the public interest. A compromise should be consistent with the environmental, social, safety, consumer, economic, and legal policies of the Commission and the State. Also, such a compromise should produce results that are within the range of reasonable results that would have likely arisen from a judicial or Commission decision in a litigated proceeding. A settlement agreement likewise should endeavor to balance interests of ratepayers, shareholders, and public safety consistent with the applicable legal framework.¹¹

Here, the Commission finds that the Settlement Agreement's terms are in the public interest. We recognize that Central Hudson has offered a statement that acknowledges the departure from the Public Service Law §65(1) requirement for the provision of safe and adequate service in connection with the November 2, 2023 gas explosion incident in the Brick Row area. We also recognize that the Company has agreed to make a financial penalty payment and a payment to a gas safety protocol fund, both at shareholder expense, as part of this regulatory proceeding. The Commission holds that the proposed Settlement Agreement provides Central Hudson ratepayers with a substantial financial and safety benefit in connection with the resolution of the alleged statutory violations referenced above. The

¹¹ These public interest inquiries are consistent with the considerations noted in, for example, Cases 90-M-0255 et al., Procedures for Settlements and Stipulation Agreements, Opinion 92-2 (issued March 24, 1992).

Commission understands that the Settlement Agreement will improve and strengthen the utility's gas safety protocols and processes and will also provide a substantive resolution of staff's allegations and this regulatory enforcement proceeding. The Settlement Agreement represents an equitable and fair compromise between the parties and is consistent with the environmental, social, and economic policies of the Commission.

The Commission finds that the Settlement Agreement's terms and conditions are within the range of reasonable outcomes that could be expected after a fully litigated administrative action, and provides a benefit to ratepayers consistent with applicable provisions of PSL §25-a. For the reasons discussed in this Order, the Commission approves the terms of the proposed Settlement Agreement and adopts them as part of this Order.

The Commission orders:

1. The terms of the Settlement Agreement, which is attached to this Order as Appendix A, are adopted.
2. By September 15, 2025, Central Hudson Gas & Electric Corporation shall file written confirmation, signed by a chief corporate officer or a New York licensed attorney, that the Company has created and funded an account in the amount of \$5,000,000.00, consistent with the terms of the Settlement Agreement and this Order.
3. By September 15, 2025, Central Hudson Gas & Electric Corporation shall file written confirmation, signed by a chief corporate officer or a New York licensed attorney, that the Company has created and funded an account in the amount of a minimum of \$2,500,000.00, establishing a Gas Safety Protocol fund, consistent with the terms of the Settlement Agreement and this Order.
4. On January 16, 2026, July 14, 2026, and January 14, 2027, Central Hudson Gas & Electric Corporation shall file

written reports, signed by a chief corporate officer or New York licensed attorney, describing and confirming the delivery of benefits to ratepayers consistent with the terms of this Order and the Settlement Agreement and the implementation of the program and information integration improvements consistent with the objectives of the Gas Safety Protocol fund.

5. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

6. The adjudicatory portion of this proceeding previously referred to the Office of Hearings and the Chief Administrative Law Judge is hereby concluded.

7. This proceeding is continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary

APPENDIX A

Settlement Agreement

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

24-G-0483: Proceeding on Motion of the Commission of the Staff Investigation into a Natural Gas Explosion at 7 Brick Row, Wappingers Falls, New York in the Central Hudson Gas & Electric Corporation's Service Territory.

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between the New York State Department of Public Service ("DPS" or "DPS Staff") and the Central Hudson Gas & Electric Corp. ("CHGE" or "the Company") (each individually a "Signatory Party" and collectively, the "Signatory Parties"). This Agreement resolves any and all alleged violations identified in Case 24-G-0483 and related to a natural gas explosion in the vicinity of Brick Row, Wappingers Falls, New York that occurred on November 2, 2023.

RECITALS

WHEREAS, DPS Staff and DPS Office of Investigations and Enforcement ("OIE") have conducted an investigation into a natural gas explosion that occurred in the vicinity of Brick Row, Wappingers Falls, New York, on November 2, 2023 in the CHGE Service Territory, and issued a related Investigative Report ("OIE Report");

WHEREAS, the New York State Public Service Commission ("Commission") issued an Order to Commence Proceeding and Show Cause on October 16, 2024 based upon alleged violations contained in the OIE Report ("Commission Order to Show Cause");

WHEREAS, OIE have alleged that CHGE committed one hundred twenty-eight (128) violations of the Public Service Law (PSL) and/or New York Codes, Rules, and Regulations (NYCRR), Title 16, Section 255 as set forth in the Commission Order to Show Cause.

WHEREAS, OIE contends that it has reasonable cause and a factual basis to initiate and prosecute an enforcement case, under the PSL and associated regulations, regarding the above alleged violations;

WHEREAS, on November 15, 2024, Central Hudson responded to the Commission Order to Show Cause, in which response Central Hudson denied the allegations of violations, and continues to deny such alleged violations, except as specified in this Agreement;

WHEREAS, the Signatory Parties have engaged in discovery and motion practice before an Administrative Law Judge in this matter;

WHEREAS, the Signatory Parties have been engaged in settlement discussions;

WHEREAS, the Signatory Parties agree that CHGE will pay a Five Million dollar (\$5,000,000.00) penalty payment exclusively funded at CHGE Shareholder expense for ratepayer benefit, and additionally pay no less than Two Million Five Hundred Thousand (\$2,500,000.00) but no more than Three Million Five Hundred Thousand (\$3,500,000.00), establishing a Gas Safety Protocol Fund to be used for gas safety protocol improvements (collectively referred to as the “Settlement Funds”), subject to the enumerated terms and conditions of this Agreement;

WHEREAS, the Signatory Parties agree that this Agreement resolves any and all alleged violations arising out of, or in relation to, a natural gas explosion in the vicinity of Brick Row, Wappingers Falls, New York that occurred on November 2, 2023, that are or could have been subject of the OIE Report or Commission Order to Show Cause;

WHEREAS, the Signatory Parties recognize that this Agreement is subject to approval by the Commission;

NOW, THEREFORE, in consideration of the mutual covenants, promises, agreements, and representations set forth herein, the receipt and sufficiency of which are hereby agreed to and acknowledged, the Signatory Parties, intending to be bound, agree as follows:

1. Settlement Consideration

- a. Admission: CHGE has set forth and agreed to the following statement as part of the Settlement:

“The Company acknowledges and agrees that contractors engaged by the Company in connection with the Brick Row segment of the Company’s Leak Prone Pipe Replacement Program performed work that did not comply with the Company’s established procedures in a manner that led to the November 2, 2023 explosion, and that such scenario constituted a failure on the part of the Company and its contractors to provide safe and adequate service as required by New York State Public Service Law § 65(1).”

- b. Settlement Funds:

- 1) CHGE shall not assess any of the Settlement Funds included within this agreement on CHGE’s ratepayers.
- 2) CHGE shall pay a \$5,000,000.00 penalty payment, which the Company shall place in a separate, auditable, interest-bearing regulatory liability account which shall be exclusively funded at CHGE Shareholder expense for ratepayer benefit, as later determined by the Commission;
- 3) CHGE shall also establish a Gas Safety Protocol Fund of no less than \$2,500,000.00 but no more than \$3,500,000.00, placed in a separate, auditable, interest-bearing regulatory liability account exclusively funded at CHGE

Shareholder expense. The Gas Safety Protocol Fund shall be funded exclusively at CHGE Shareholder expense, and shall be auditable by DPS Staff. Such Gas Safety Protocol Fund shall be initially funded at the minimum level \$2,500,000.00. The Gas Safety Protocol Fund shall be used for gas safety protocol improvements over an eighteen (18) month period, in the following ways:

- a) Improving internal Company controls to cross-check Company data during DIP Book assembly and utilization in the field, to ensure that Company personnel (*e.g.*, CHGE Engineering, CHGE Operations, etc.) review and are directly involved in the assembly of DIP Books;
- b) Enhancing the Company's current systems (Customer Information System ("CIS") and Geographic Information System ("GIS")) and related processes to allow for the identification and remediation of data mismatches between CIS and GIS to further customer safety and inclusion of such corrected data in Company construction projects; and
- c) Increased utilization of locators that specialize in locating only Central Hudson underground facilities, rather than locators that are contracted by other underground facility operators, and enhanced training and processes for the identification and resolution of "trouble locates" in the field.

2. Release From Actions

- a. Resolution of Settled Matters: This Agreement fully and finally resolves all issues, concerns, claims, and actions raised and/or asserted, or that could properly have been raised and/or asserted by the Commission, DPS Staff or OIE under PSL 24, 25, or 25-a, or otherwise, in connection with the facts and allegations at issue in Case 24-G-0483 and related to a natural gas explosion in the vicinity of Brick Row, Wappingers Falls, New York that occurred on November 2, 2023. ("Settled Matters").
- b. Non-Settled Matters: This Agreement does not resolve or address any issues, concerns, claims, or actions outside the scope of Case 24-G-0483 and the jurisdiction of the Commission related to a natural gas explosion in the vicinity of Brick Row, Wappingers Falls, New York that occurred on November 2, 2023.
- c. Waiver: Subject to Commission approval of this Agreement, DPS and the Commission fully and finally waive and relinquish any right to seek penalties or any other remedy at law or equity from CHGE, its directors, officers, employees, agents, contractors, shareholders, or affiliates arising out of, or related to, the Settled Matters.
- d. Prohibition on Actions: Subject to Commission approval of this Agreement, neither DPS nor the Commission will institute or cause to be instituted against CHGE, its directors, officers, employees, agents, shareholders, or affiliates any action under the Public Service Law, or under any other statute, regulation, or Commission order,

directly or indirectly related to the Settled Matters.

e. No Third-Party Actions: Subject to Commission approval of this Agreement, neither DPS nor the Commission will entertain a request by another person or entity seeking penalties or other administrative enforcement remedies against CHGE that are related to the Settled Matters.

f. Voluntary Settlement: This Agreement has been entered into voluntarily by the Parties. The Parties have determined the Agreement constitutes a fair and reasonable resolution of all outstanding issues relating to Case 24-G-0483 and avoids further litigation.

3. Governing Law

This Agreement and the rights and obligations of the Parties shall be governed by and construed in accordance with the laws of the State of New York without regard to the principles of conflicts of laws thereof.

4. Authorization

The execution, delivery and performance of this Agreement by each Signatory Party hereto is within its corporate or statutory powers, as appropriate, has been duly authorized by all necessary corporate or statutory action, and does not and will not: (i) require any governing or governmental consent or approval except as required in Paragraph six below, (ii) contravene its organizational documents or enabling legislation, or (iii) violate applicable law.

5. Effectiveness of the Agreement

a. Commission Review and Approval. This Settlement is subject to ratification or approval by the Commission and will have no effect in the absence thereof. If the Commission does not approve this Agreement in its entirety, without modification, CHGE may withdraw its acceptance of this Agreement by serving written notice on the Commission and shall be free to pursue its position without prejudice; to be effective, such notice must be filed within 7 days after issuance of such Commission action. If the Commission approves this Agreement or modifies it in a manner acceptable to CHGE, the parties intend that this Agreement thereafter be implemented in accordance with its terms. The Commission order approving this Settlement is enforceable under the PSL to ensure CHGE complies with its agreements herein.

b. Resolution of Interpretation. In the event of any disagreement over the interpretation of this Agreement or implementation of any of the provisions of this Agreement, which cannot be resolved informally among the Parties, such disagreement shall be resolved in the following manner: (i) the Parties shall promptly convene a conference and in good faith attempt to resolve any such disagreement and/or request the assistance of the Commission's Office of Alternative Dispute

Resolution for mediation or other appropriate process: and (ii) if any such disagreement cannot be resolved by the Parties or alternative process, any Party may petition the Commission for resolution of the disputed matter.

c. Scheduling. Further, the Parties recommend that the Commission authorize the Commission Secretary, in the Secretary's sole discretion, to extend any deadlines set forth in this Agreement.

6. Confirmation of Compliance

a. CHGE shall make a written submission in the docket of this case affirmatively representing and confirming that it has established and funded the account (as described in paragraph 1 above) within thirty (30) days of a Commission order (described in paragraph 6 above). Such submission shall be verified by an attorney licensed to practice in New York or a chief executive officer responsible for financial affairs and accounting.

b. CHGE shall make a written submission in the docket of this case describing, with specificity, the use of the Gas Safety Protocol Fund consistent with purposes and objectives as identified in paragraph 1 above. CHGE shall submit such reports (verified by an attorney or responsible corporate officer) once every six (6) months following the issuance of a Commission order approving this Agreement for an eighteen (18) month period.

7. Interpretation of this Agreement

Except for the admission as set forth in paragraph 1(a), this Agreement is not and should in no way be construed as a Commission finding or an admission by the Company of a violation of any law or regulation or order.

8. Counterparts

This Settlement is being executed in counterpart originals and will be binding on each Signatory Party when the counterparts have been executed.

[Remainder of page left blank for signatures]

IN WITNESS WHEREOF, each of the Signatory Parties hereto has executed this Agreement as of the day and year written below.

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

By:  _____ Date: 08/05/2025

Name: Dennis F. DiBari, Esq.

Title: Managing Attorney
Office of Investigations and Enforcement

CENTRAL HUDSON GAS & ELECTRIC CORP.

 _____ Date: August 5, 2025

Name: Stephanie Raymond

Title: President and Chief Executive Officer