

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on March 16, 2022

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
Diane X. Burman
James S. Alesi
Tracey A. Edwards
John B. Howard
David J. Valesky
John B. Maggiore

CASE 21-M-0541 - Proceeding on Motion of the Commission to
Conduct a Comprehensive Management and
Operations Audit of Central Hudson Gas &
Electric Corporation.

ORDER DIRECTING CENTRAL HUDSON GAS AND ELECTRIC CORPORATION TO
ENTER INTO CONTRACT WITH SELECTED INDEPENDENT AUDITOR

(Issued and Effective March 16, 2022)

BY THE COMMISSION:

INTRODUCTION AND BACKGROUND

On December 16, 2021, the Commission approved and issued a Request for Proposals for an independent third-party consultant to conduct a comprehensive management and operations audit of Central Hudson Gas & Electric Corporation (Central Hudson or the Company). By this Order, the Commission¹ selects Overland Consulting (Overland or Consultant) as the independent auditor and directs the Company to enter into a contract with

¹ The Commission hereby designates the Department of Public Service to act as its agent in the execution and completion of the contract and audit.

Overland and the Commission, which will, among other things, provide for the Company's payments to Overland for the audit.

DISCUSSION AND CONCLUSION

Public Service Law (PSL) §66(19) (a) grants the Commission the authority to provide for management and operations audits of gas and electric corporations. The Commission has discretion to decide whether to have such audits performed by staff of the Department of Public Service or by an independent auditor. For the latter, the Commission has the authority to select the independent auditor and to require the utility being audited to enter into a contract with the independent auditor and the Commission, providing for payment to the independent auditor for its work by the company. The terms of the contract must state that the independent auditor will work for and under the direction of the Commission.

The Commission has chosen to have the audit conducted by an independent auditor and hereby selects Overland to perform the comprehensive management and operations audit of Central Hudson. The Company is directed to enter into a contract with Overland and the Commission, which, among other things, provides for the Company's payments to Overland for the audit. Central Hudson shall sign a multi-party contract with Overland and the Department of Public Service (Department), as the Commission's agent, at a not-to-exceed cost of \$714,150.² In addition, Central Hudson shall designate a senior officer to coordinate the Companies' participation in the audit, as well as a project manager to work with the Department and the Consultant on a day-to-day basis.

² The proposed cost of this audit is a not-to-exceed total; however, payments will only be made for actual work performed. The Department will actively manage the process to ensure that the actual cost of the audit is no more than necessary.

The Commission orders:

1. Central Hudson Gas & Electric Corporation is directed to enter into a multi-party contract with Overland Consulting and the Department of Public Service, as agent of the Commission, for the comprehensive management and operations audit at a not-to-exceed cost of \$714,150 within 20 days of the date of this Order.

2. In conducting this audit, Overland Consulting shall work for and under the direction of the Commission.

3. Central Hudson Gas & Electric Corporation is directed to identify the designated senior officer and project manager in writing to the Secretary within five days of the date of this Order.

4. In the Secretary's sole discretion, the deadlines set forth in this Order, where authorized by statute, 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.

5. This proceeding is continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary