



# Public Service Commission

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Rory M. Christian, Chair

**Contact:**

James Denn | James.Denn@dps.ny.gov | (518) 474-7080

<http://www.dps.ny.gov>

<http://twitter.com/NYS DPS>

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## **PSC Reaches \$64.59 Million Settlement with Central Hudson Over Billing Issues**

### **Portion of Settlement Funds to Offset Future Costs to Customers**

### **Independent Monitor Says Critical Billing Issues Have Been Resolved and System is Stable**

### **Central Hudson Shareholders to Pay for Billing System Fixes, Monthly Meter Reading, Costs Associated with Independent Monitor Recommendations, and Creation of a Customer Benefit Fund**

**ALBANY** — The New York State Public Service Commission (Commission) today approved a settlement valued at \$62.59 million with Central Hudson Gas & Electric Corporation (Central Hudson), and up to an additional \$2 million in stipulated payments if the company fails to deliver monthly meter readings on schedule. The agreement requires shareholders to pay the full cost of remedial actions taken to fix the billing system, as well as costs associated with a move to regular monthly meter reading and to implement recommendations made by an independent monitor. In addition, shareholders will pay \$4 million to directly benefit Central Hudson ratepayers. As adopted, the \$64.59 million settlement agreement resolves the Department's ongoing investigation into past billing system failures by the company.

"Customers rightly expect to receive timely and accurate bills for their utility services," **said Commission Chair Rory M. Christian.** "Our investigation and prudence review and audit found that Central Hudson wasn't meeting this basic expectation. As a result of our investigation, the company has made and will continue to take corrective actions to resolve billing problems that have caused many customers great stress and confusion."

The specific provisions of the agreement include:

- Shareholders must pay the more than \$35.3 million spent over the last two and a half years to remedy problems with the company's customer information and billing system.
- Shareholders will pay \$4 million to directly benefit customers to be allocated by the Commission.
- The company will not challenge approximately \$8.75 million in negative revenue adjustments as a result of missed customer service metrics, largely stemming from the billing system failures.

- Shareholders have incurred more than \$8.2 million in costs associated with back-billing credits to customers that were related to the billing system problems. The company continues to be obligated to provide back-billing credits when warranted if future cases arise.
- Shareholders will pay costs incurred and projected to be incurred to implement monthly meter readings (estimated to be \$6.3 million).
- Shareholders will pay up to \$2 million in additional payments in the event the company does not implement monthly meter readings by October 31, 2024.

The settlement comes after a 123-page report issued by an independent monitor assigned to examine Central Hudson's billing system and proposal to end bi-monthly billing estimates. After a thorough review, the monitor found that Central Hudson has resolved critical billing issues and reached a stable state. The Department of Public Service (DPS), the staff arm of the Commission, noted that in April of this year, complaints reported to the Department reached its lowest number since the company launched its new billing system: down 88 percent from its high in March of 2022.

The independent monitor also identified foundational strategic issues that pose a risk to system stability if not properly addressed. Through the settlement agreement, Central Hudson will use shareholder money to implement the foundational strategic recommendations of the independent monitor. The independent monitor's report was released with today's settlement and order. While the independent monitor and DPS staff have found that system-wide issues have been addressed, individual billing issues may still be possible (as is the case with any utility billing system), and customers who believe their bills are inaccurate are encouraged to file complaints with the DPS's Office of Consumer Services.

As part of the agreement, Central Hudson filed a revision to its monthly meter read plan with a goal of reading the vast majority of customer meters every month by October 31, 2024, an acceleration of more than 14 months compared to the company's initial plans (to reach this goal by February 2026). As noted, the settlement incentivizes completion of the meter reading plan by requiring the company to pay an additional \$500,000 for each month of delay up to \$2 million. If triggered, this incentivization remedy could bring the overall monetary value of the agreement up to \$64.59 million.

Central Hudson is a regulated transmission and distribution utility serving approximately 309,000 electric customers and 84,000 natural gas customers in a service territory of New York State's Mid-Hudson River Valley. Central Hudson delivers natural gas and electricity in a service territory that extends from the suburbs of metropolitan New York City north to the Capital Region.

Today's action may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Number 22-M-0645 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.