

Before the State of New York  
Public Service Commission

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

Case 23-E-0418

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

Case 23-G-0419

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DIRECT TESTIMONY  
OF  
ALLAN R. PAGE  
ON  
BEHALF OF DUTCHESS COUNTY NEW YORK

Dated: November 21, 2023

Allan R. Page  
Principal  
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1 Q. Please state your name, title, and business address.

2 A. My name is Allan R. Page. I am a Principal in the Energy Consulting Firm of A.  
3 Page & Associates LLC. My business address is 9 Vassar Street, Suite 30,  
4 Poughkeepsie, New York 12601.

5 Q. Mr. Page, please briefly summarize your qualifications and employment background.

6 A. I received Bachelor of Science degrees in Physics and Civil Engineering from Union  
7 College in Schenectady New York in 1970. In 1975 I received a Bachelor of  
8 Science degree in Electrical Engineering and in 1983 a Master of Science Degree in  
9 Industrial Administration both from Union College. After graduation from Union  
10 College in 1970 I went to work for Central Hudson Gas & Electric Corporation as a  
11 Junior Engineer. I held various Transmission and Distribution (T&D) district and  
12 staff engineering positions in the Customer Service Group between 1970 and 1979.  
13 Between 1979 and 1984 I worked in district and divisional level manager positions  
14 in T&D and Engineering. Between 1984 and 1999 I held various executive  
15 positions with titles of Assistant Vice President of Engineering, Vice President of  
16 Customer Services, Senior Vice President of Corporate Services, and Executive  
17 Vice President of Energy Resources, Development, and Transition. Between 1999  
18 and 2002 I held various CH Energy Group positions including President and CEO  
19 of CH Resources, Griffith Energy Services, Scasco, Central Hudson Enterprises  
20 Corporation. During the same period of time I held positions of Executive Vice  
21 President and President of the CH Energy Group and President and Chief Operating  
22 Officer of Central Hudson Energy Services. In June of 2002 I retired from Central  
23 Hudson and the CH Energy Group and started an Energy Consulting Firm, A. Page

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1 & Associates LLC. Since founding A. Page & Associates I have worked with  
2 industrial, commercial and government clients advising and consulting on the  
3 purchase of bulk electric, natural gas, propane, gasoline, and heating oil supplies. I  
4 have worked with and advised attorneys on power production and NYISO market  
5 issues. I have provided energy forecasts and worked with corporations on the  
6 development of strategic business plans. I have worked on the development of  
7 renewable energy projects in the United States, Africa, the Middle East, India, and  
8 China. Since 2004 Dutchess County Government has been a client. In general, I  
9 provide energy policy advisory services for Dutchess County. I have represented  
10 Dutchess County interests in Central Hudson's previous five rate proceedings Cases  
11 05-E-0934/05-G-0935; 09-E-0588/09-G-0589; 14-E-0318/14-G-0319; 17-E-  
12 0459/17-G-0460 and 20-E-0428/20-G-0429 in which Dutchess County was an  
13 active party. I have also represented Dutchess County as an active party in the  
14 Fortis/CH Energy Group Merger Case 12-M-0192. Along with other Public Service  
15 Commission Cases, Dutchess has been an active party in the Energy Efficiency  
16 Portfolio Standard Case 07-M-0548, the AC Transmission Upgrades Comparative  
17 Proceeding Case 13-E-0488, the Large Scale Renewable Clean Energy Standard  
18 Case 15-E-0302, and the Cricket Valley Energy Center Article VII Proceeding Case  
19 13-T-0585 for all of which I provided representation. I am also a licensed  
20 Professional Engineer in the State on New York.

21 Q. Mr. Page have you previously testified before the Public Service Commission?

22 A. While in the employ of Central Hudson I did previously testify in a rate case with my  
23 testimony based upon supporting the Central Hudson line clearance program. For

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1 Dutchess County I testified in the rate cases 14-E-0318/14-G-0319 and 17-E-  
2 0459/17-G-0460. I also testified for Dutchess County in the Article VII Case 13-T-  
3 0585 proceeding dealing with the Cricket Valley Energy Center 345 Kv generator  
4 exits. More recently I provided Article VII testimony in Case 18-T-0604  
5 Application of Deepwater Wind South Fork, LLC for a Certificate of Environmental  
6 Compatibility and Public Need for the Construction of Approximately 3.5 Miles of  
7 Submarine Export Cable.

8 Q. On whose behalf are you testifying?

9 A. I am testifying on behalf of Dutchess County New York, the vast majority of which  
10 lies and receives gas and electric service within the Central Hudson Gas & Electric  
11 franchise area. With a population of some 300,000, historically some 41% of  
12 Central Hudson's electric revenues and 44% of gas revenues were received from  
13 customers located in Dutchess County.

14 Q. What is the purpose of your testimony?

15 A. The primary purpose of the testimony is to express the concerns of Dutchess County  
16 as the concerns relate to how climate is being addressed in these rate cases.

17 Q. Do you have an overview of the Dutchess County primary concerns?

18 A. Yes. The County did an in-depth review of the Climate Leadership and Community  
19 Protection Act (CLCPA) Draft Scoping Plan, required under the legislation, and  
20 submitted comments reflecting that in-depth review. The cover letter for the  
21 comments submitted by the County to the Department of Environmental  
22 Conservation (DEC) and New York State Energy Research and Development  
23 (NYSERDA) Authority on June 30, 2022 is provided in Exhibit\_(DC-1). The cover

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1 letter provides a road map for the County's climate concerns in these Central Hudson  
2 rate cases.

3

4 The purpose of Dutchess County government is to serve the citizens of the County  
5 and to fulfill its fiduciary responsibilities to provide a safe clean environment  
6 promoting fulfilling life styles. In commenting on the Draft Scoping Plan, the  
7 County points out the economic pain being imposed on individuals and businesses  
8 and the extreme societal risk created by replacement of reliable, secure energy  
9 infrastructure with intermittent renewables. While affirming its support for solar and  
10 wind power the County notes that the feasibility of meeting arbitrary timing  
11 mandates is slim to none but in the process of attempting to meet those mandates the  
12 State will require that residents help fund trillions of dollars of unproven energy  
13 systems. CO<sub>2</sub> emissions are a world-wide phenomenon and for all the pain, sacrifice,  
14 and cost the State's contribution to the reduction in world wide emissions is  
15 miniscule. The transition required under the Plan for transportation, buildings,  
16 residences, is massive and to avoid catastrophic New York State economy collapse a  
17 modified plan is imperative.

18

19 Central Hudson is one of the businesses in the State, on the CLCPA implementation  
20 forefront. It is in the interest of Dutchess County that the implementation takes place  
21 in the most cost-effective fashion assuring system reliability while maintaining a  
22 level of high-quality customer service. Such is the basis for the County requesting  
23 active party status and accompanying participation in the current Central Hudson rate

1 cases.

2 Q. More specifically what are the concerns as related to the direct testimony provided  
3 by the Central Hudson panels in these cases?

4 A. Let me start off with the concerns generated in the direct testimony provided by the  
5 Central Hudson Climate Leadership and Sustainability Panel.

6 **Climate Leadership and Sustainability Panel (CLSP)**

7 Q. What is the purpose of the direct testimony provided by the CLSP?

8 A. The purpose of the panel's direct testimony (bottom of page 6 top of page 7) was to  
9 enunciate the "substantial efforts and investments" the company has made to  
10 "facilitate and support New York State's decarbonization and environmental justice  
11 objectives as established within" the CLCPA. The enunciation also includes the  
12 outcomes of the company's efforts to facilitate and support the CLCPA goals. As  
13 part of the Panel's purpose listed are "completed, ongoing, and planned" CLCPA  
14 consistent activities, "including the Company's Sustainability Strategy and Efforts;  
15 Climate-Driven Planning, Studies, and Reporting; Gas Initiatives; Electric Vehicle  
16 ("EV") Make Ready Programs ("MRP"), Supplemental EV programs; Electrification  
17 of Central Hudson's fleet; and the Company's Onsite Solar Proposal."

18 Q. What about this CLCPA purpose is of concern to the County?

19 A. The County which was originally formed in 1683 has very much benefited from the  
20 services provided by Central Hudson over the course of the last number of years  
21 since Central Hudson's founding in 1925. Those services consist of the delivery of  
22 two energy products, natural gas and electric supply. There are another two essential  
23 elements associated with these services, low cost and reliability. Up until the middle

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1 of the 1990s Central Hudson arguably had the lowest electric rates in the Northeast.  
2 Such was the time during which Central Hudson controlled its organizational destiny  
3 on the electric side of the business under a vertically integrated corporate structure.  
4 Such was the time when the Public Service Commission functioned as a  
5 crucial repository of public service devoted to serving the public, steering clear of  
6 political entanglements.

7  
8 Benefiting directly from judicious regulation and the delivery of a low-cost essential  
9 service whether gas or electric was the Central Hudson Dutchess County customer.  
10 This Dutchess County customer had and still does have one primary interest, gas  
11 and/or electric service. Tangentially the same customer might be interested in a clean  
12 environment, driving a vehicle that had a different type of prime mover, or seeing a  
13 solar array on top of a Central Hudson building. But first and foremost, that  
14 customer still wants and more fundamentally needs an energy product which is  
15 available upon demand and comes at a reasonable price. With such products the  
16 customer is provided with energy which is the common dominator for a modern-day  
17 western civilization life style.

18  
19 In essence this same Dutchess County customer has hired Central Hudson and the  
20 Public Service Commission to provide for those pricing and reliability needs.  
21 Questioned in the testimony provided by the Panel is whether the customer is being  
22 well served under the direction set by Central Hudson to “facilitate and support New  
23 York State’s decarbonization and environmental justice objectives” (P.6, L.18-20)?

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2 As proposed in the testimony of the CLSP, customer energy costs will go up and the  
3 panel is silent about the reliability of electric and natural gas service improving.

4 Those are the concerns of the County as presented by the CLSP in its direct  
5 testimony.

6

7 Q. As Central Hudson states (P.8, L. 13-15), “The CLCPA mandates substantial  
8 reductions in GHG emissions across all sectors of the state’s economy and  
9 accelerated deployment of clean energy technologies.” As such does Central Hudson  
10 have any alternative but to take whatever steps are necessary to reduce emissions  
11 “across all sectors of the state’s economy and deploy clean energy technologies”?

12 A. Whether within the CLCPA legislation or the Scoping Plan which was put together  
13 to implement the CLCPA, there is no definitive statement made that utilities in New  
14 York or their customers are solely responsible for emission reductions across all  
15 sectors in the state’s economy.

16

17 Q. Is the Public Service Commission through the regulation of jurisdictional utilities  
18 solely responsible for seeing that emission reductions take place across all sectors of  
19 the state’s economy?

20 A. No. The PSC does play a significant role in providing regulation which reduces  
21 emissions through its jurisdictional control of utilities within the state but the PSC is  
22 not solely responsible for such emission reductions across all entities within the  
23 state’s economy.

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1

2 Q. If the PSC jurisdictional utilities within the state and the PSC itself are not solely  
3 responsible for emission reductions across all sectors of the economy what entity  
4 holds that overall responsibility?

5 A. There is no entity or entities that hold or could possibly hold such responsibility for  
6 all sectors of the New York State economy. As such the responsibility must be  
7 shared and cannot disproportionately be placed on the backs of electric and natural  
8 gas customers across the state. However, over the course of the last 20 years  
9 jurisdictional electric customers have carried much of the load for reducing carbon in  
10 the State of New York, which using year 2021 EIA data, ranks as the lowest per  
11 capita carbon producing state in the nation at 7.9 metric tons per year.

12

13 Q. Based upon the direct testimony of the Climate Leadership and Sustainability Panel  
14 as proposed, what will drive up customer delivery costs?

15 A. There are a number of proposals which will drive up customer costs.

16 **First:** On page 11 of the CLSP direct testimony Central Hudson indicates that  
17 against an allocated target of CO<sub>2e</sub> reduction of 1.91 million metric tonnes by the  
18 year 2030 the company is suggesting raising that total to 2.66 mmt an increase of  
19 39%. Justifying this substantial increase, the panel states on the same page that  
20 “these initiatives provide a strong foundation for the achievement of the 2030  
21 CLCPA targets.”

22 **Second:** On page 13 of the testimony lines 5 through 7, the Panel states: “Central  
23 Hudson has taken significant steps to enhance corporate focus on sustainability and

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1 incorporate climate change considerations into its operations.” This includes building  
2 upon (P.13, L.10-13), “existing Central Hudson efforts to understand stakeholder  
3 interests, inform future sustainability reporting and related communications, and  
4 advance a robust sustainability perspective to inform overall strategy building.”

5 In regard to stakeholders Central Hudson provides somewhat of a definition in its  
6 “Greenhouse Gas Emissions Reduction Plan” of December 28, 2022 filed in Cases

7 20-E-0428 and 20-G-0429. On page 3 of the plan under the heading Strategy,

8 Central Hudson notes stakeholders as (customers, employees, investors, and others).

9 In response to a Dutchess County interrogatory DC-8 the company states: “Central

10 Hudson considers stakeholders to include those with a direct interest in Central

11 Hudson’s operations including, but not limited to, industrial, commercial, and other

12 large-scale users of electricity; public interest groups; residential, low-income and

13 elderly customers and representatives of those customers; local municipal officials;

14 dedicated advocacy groups; state agencies, and regulators.” In response to another

15 question in DC-8 asking whether there is “a stakeholder interest priority assigned to

16 the stakeholders” Central Hudson answered no. The company goes on further to state

17 as part of the response in another DC-8 enquiry that “There is no set process for

18 resolving conflicts between stakeholders.” No further definition is provided as to

19 how stakeholders might be prioritized in understanding interests or impacting the

20 building of strategies. Obviously in this definition the owner of the Central Hudson

21 business, Fortis must be included in “other” and the regulator has an equal status

22 with dedicated advocacy groups.

23 **Third:** On page 23 of the Panel testimony under the heading of “Gas Initiatives” on

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1 lines 9 through 15 of the Q&A the following is stated: “Is the Company proposing to  
2 implement new gas initiatives in support of New York State’s CLCPA goals? Yes,  
3 Central Hudson is proposing two gas initiatives that are designed to support the  
4 State’s CLCPA goals; 1) an enhanced utilization of RSG (Responsibly Sourced Gas);  
5 and 2) an assessment of potential sites for on-site clean hydrogen production.”

6  
7 In regard to the enhanced utilization proposal the Panel, lines 17 through 20 on page  
8 23, goes on further to state, “Central Hudson is seeking to expand its ability to  
9 purchase RSG even when it is not identified as the lowest base supply option. This  
10 will allow greater utilization of RSG in serving system gas loads, leading to further  
11 reduction of fugitive methane emissions.”

12  
13 For the “clean hydrogen production” Panel proposal, the Panel goes on further to  
14 state that the basis for the proposal (P.25, L.16-20) is that “Central Hudson will gain  
15 experience with hydrogen technology while identifying barriers to implementation,  
16 market readiness, customer interest, while leveraging the existing pipeline  
17 infrastructure within our unique service territory and contributing to the State’s GHG  
18 emissions reductions goals.”

19 **Fourth:** On page 28 of the Direct Testimony of the CLSP, lines 4 through 12, the  
20 company states: “Central Hudson is currently offering a portfolio of EV programs to  
21 its customers including the Make-Ready Program (“MRP”), Residential Managed  
22 Charging Program, and an EV Time-of-Use Rate. The Company is also in the  
23 process of developing a Commercial Managed Charging Program, EV Load

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1 Management Technologies Program, Demand Charge Rebate, and an EV Phase-in  
2 Rate pursuant to the Commission’s January 19, 2023 Order Establishing Framework  
3 for Alternatives to Traditional Demand-Based Rate Structures in Case 22-E- 0236.”  
4

5 On the same page dealing with light-duty vehicles the company states on lines 15  
6 through 18, that: “The New York State Energy Research and Development Authority  
7 (“NYSERDA”) identified the following as the two greatest barriers: 1) a lack of  
8 awareness and education; and 2) range anxiety, due to a lack of sufficient charging  
9 infrastructure.”  
10

11 On page 29 of the CLSP testimony dealing with EVs, the company indicates that  
12 along with existing offerings that the company is looking to address the NYSERDA  
13 barriers listed above with the following statement on lines 3 through 12: “Central  
14 Hudson is proposing an EV Charging Site Assessment Service (“EV SAS”) for  
15 Multi-Unit Dwellings and an EV Education and Outreach Initiative (“Education  
16 Initiative”). The EV SAS is intended to remove barriers to electrification by  
17 providing education and technical assistance to customers within Multi-Unit  
18 Dwellings seeking access to low- cost EV charging at or near homes, and the  
19 Education Initiative is intended to educate the public and customers about the  
20 benefits of transportation electrification, EV and EV charging options available in  
21 the market, and how customers can take advantage of utility and stackable  
22 incentives, such as those that may be available from state agencies.”  
23

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1 The panel then references Exhibit \_ (CLSP-3) providing two listings of \$934,373 and  
2 \$600,000 to pay for the EV-SAS, and Education and Outreach Initiatives.

3

4 **Fifth:** The CLSP then continues on with its discussion of electric vehicles in turn  
5 targeting the Central Hudson Fleet of vehicles. On page 31 lines 13 through 15 the  
6 Panel states that “Through electrification of this fleet, Central Hudson will lead by  
7 example, further encouraging customers to consider electric alternatives for their  
8 personal vehicles commercial vehicle, or fleet.”

9

10 Further on page 31, lines 17 through 21 the panel states: “Central Hudson has  
11 committed to spending at least 10% of our annual vehicle capital budget on the  
12 procurement of battery electric vehicle and/or plug in hybrid electric vehicles  
13 through 2025 and 50% of the annual vehicle capital budget or more by 2030 to  
14 infrastructure and electric-heavy duty vehicles and equipment.”

15

16 **Sixth:** Continuing on the theme of demonstrating climate leadership Central Hudson  
17 suggests installing solar arrays on its offices in Catskill, Kingston, Eltings Corners,  
18 and Poughkeepsie. On page 34 lines 2 through 7 the Panel indicates, “Central  
19 Hudson strives to be a role model and leader in promoting local and carbon-free  
20 technologies. The installation of solar panels at offices will provide a good example  
21 for customers considering similar projects at their home or business. Furthermore,  
22 Central Hudson will do its part to support the state’s ambitious solar generation goals  
23 while offsetting a portion of its own use.” In response to a Dutchess integratory

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1 DC-01 the Company gave the total projected costs for the installations of \$3.05  
2 million.

3  
4 **Seventh:** The final issue addressed by the CLSP was that of Staffing Needs. As  
5 described on page 34 lines 20 through 23, “45 incremental employees or  
6 approximately 19% of the Company’s proposed employee increase is associated with  
7 the facilitation and achievement of the CLCPA targets.” In addition, the Panel notes  
8 that (P.35, L.6-11) “The Company has substantially increased its sustainability  
9 activities and efforts to address climate change since its 2021 Rate Plan was  
10 approved. In conjunction with the CLCPA and related regulatory proceedings, the  
11 Company is integrating climate change and mitigation, emissions reduction, and  
12 other sustainability activities into its planning, business operations and performance  
13 management.” In the Staffing section of the CLSP testimony the Panel states (P.35-  
14 36, L.19-22 & L.1-9) “Coordination of the Company’s efforts and reporting ESG  
15 requirements were recently centralized in the Company’s newly created  
16 Sustainability and Risk Management Department. The department is tasked with  
17 driving the Company’s efforts for the development of a sustainable business  
18 environment, integration of ESG concepts across the business and to assist with  
19 meeting decarbonization goals. The pace of work associated with coordination of the  
20 Company’s efforts to address climate change risks and policies and meeting  
21 anticipated ESG reporting frameworks, including forthcoming disclosure  
22 requirements from the Securities and Exchange Commission, is only expected to  
23 increase. To ensure adequate and continued support for the Company’s vital climate

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1 and sustainability work and forthcoming SEC reporting, it is anticipated additional  
2 headcount will be needed. To meet the increasing demand, a full-time employee will  
3 need to be added during the Rate Year to the Sustainability and Risk Management  
4 Department.”

5

6 Q. You have listed seven CLSP proposals which you indicate will drive up costs for  
7 Central Hudson customers. Would you please elaborate on your concerns for each of  
8 the proposals, the basis for customer cost increases, and assess the benefits the  
9 customers will receive in return for these cost increases.

10 A. Yes, for the **First** CLSP proposal the company is suggesting increasing carbon  
11 reductions by some 39% over previous required commitments. As indicated a  
12 portion of those reductions, which are not required by regulation, will come from  
13 what is being proposed by the CLSP in this rate proceeding and come at a cost that is  
14 not well defined but will layer on additional revenue requirements. Some of those  
15 revenue requirements the CLSP suggests should be treated as deferrals creating a  
16 future customer cost burden. For this 39% increase in carbon reduction costs what  
17 can the Central Hudson customer expect as a tangible direct return? The answer is a  
18 world wide amount of carbon reduction.

19

20 In response to the DC-7 interrogatory asking: “Exhibit\_(CLSP-2) lists DAC, CO2e  
21 metric ton reductions. Do these reductions lower the ambient CO2e within the DAC  
22 and as a consequence what will be the beneficial impact on climate within the  
23 disadvantaged community?” Central Hudson answered DC-7 by stating, “Central

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1 Hudson’s efforts are expected to reduce ambient CO<sub>2</sub>e emissions globally and the  
2 effects will not necessarily be limited to any area.”

3

4 Now how will the typical Dutchess County customer whether within a  
5 Disadvantaged Community or not, utilize that reduction in carbon versus retaining  
6 available monetary resources? The answer is that a Central Hudson customer will  
7 pay for the program and receive no benefit from the additional carbon reduction.

8 As Central Hudson indicates the benefits will accrue on a global basis. On a global  
9 basis the impacts are too small to be meaningful. However, the global community  
10 may take comfort in the fact that against this CLSP proposal the State of New York  
11 has reduced carbon on a worldwide basis. Not only will the Dutchess County Central  
12 Hudson customer receive no benefit from CO<sub>2</sub> reduction but in fact if you believe the  
13 projections of the UN Intergovernmental Council on Climate Change (IPCC)  
14 ambient carbon in the atmosphere will continue to increase over time from now until  
15 2050 and beyond. Such projections are based upon the fact that all nations are not  
16 committed to reducing national carbon generation, especially larger nations like  
17 China and India which compete with Dutchess County high tech manufacturing and  
18 jobs.

19

20 The **Second** CLSP proposal lists Central Hudson’s taking “significant steps” “to  
21 enhance corporate focus on sustainability and incorporate climate change  
22 considerations into its operations” while building upon “understanding stakeholder  
23 interests”. Taking significant steps to focus on sustainability and climate does not

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1           come free of change, thus there are costs involved. Since the wording “significant  
2           steps” is used by Central Hudson it might be deduced that the costs involved could  
3           very well be significant. As a result of these costs, which customers will need to pay  
4           for, the company in turn indicates that other stake holders will reap the benefits since  
5           the CLSP wants to understand other stakeholder interests. These other stakeholders  
6           may or may not pay for the “significant steps” being taken.

7  
8           How is sustainability being enhanced from a customer perspective? Is such  
9           sustainability capable of being measured and compared against the benefits of other  
10          customer service operational investments which are part of the core business such as  
11          improved response to billing enquires or on the job training to improve operational  
12          efficiencies thus reducing costs in a sustainable operational fashion? If the focus is  
13          on climate, then parts of the core business for which the customers are paying the  
14          bills are placed in a secondary position.

15  
16          The **Third** CLSP proposal on responsibly sourced gas and future hydrogen  
17          production “to support the New York State’s CLCPA goals” ignores one of the  
18          Public Service Commission’s primary responsibilities of serving the public in a cost-  
19          effective fashion.

20  
21          The Commission recently demonstrated its leadership role in keeping consumer costs  
22          down in its October 12<sup>th</sup> Case 15-E-0302 ruling. The Commission Order issued on  
23          the 12<sup>th</sup> came as a result of a petition filed by renewable energy developers and other

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1 interested parties to amend renewable energy contracts which had been  
2 competitively bid by the State. The PSC Commissioners unanimously concluded on  
3 page 54 of the Order that: “The Commission finds that competitive solicitations  
4 remain the best mechanism by which to meet its obligation to establish just and  
5 reasonable rates for renewable generation subsidies under PSL §65(1) on the path to  
6 meeting the renewable energy targets of the CLCPA. The relief sought here is not  
7 consistent with our well-established competitive paradigm for selecting cost-  
8 effective and viable renewable projects. For this reason and those discussed in the  
9 body of this Order, the Commission denies the Petitions.”

10  
11 As may be concluded from the October 12<sup>th</sup> Order the CLSP’s request to purchase  
12 responsibly sourced gas “not identified as the lowest base supply option” even under  
13 a climate banner goes against well established historic and current Commission  
14 Policy.

15  
16 In regard to the second part of the CLSP request on hydrogen supply, expending  
17 customer resources to investigate the capability of siting a hydrogen production  
18 facility, is premature and the feasibility of such an assessment leading to the actual  
19 construction of such a facility during the term of the current rate request at best is  
20 slim to none. Much needs to be done on industry understanding of safe, cost-  
21 effective hydrogen production prior to the investigation of facility siting. Thus, in-  
22 between the current state of hydrogen industry understanding and expending  
23 customer funds on accelerating such understanding on the part of the Central Hudson

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1 operations, comes at a cost with limited customer benefits.

2

3 The CLSP's **Fourth** proposal to reduce EV acceptance barriers through education  
4 and reducing potential customer EV anxiety at a price tag of some \$1,534,373 in  
5 customer funding is better performed by competitive entities looking to market EV's.

6 Central Hudson has no core expertise in EV sales or marketing. The Panel provides  
7 no evidence that the expenditures will produce demonstrable EV acceptance results.

8 The company and Commission for that matter should look to avoid overreach in  
9 taking responsibility for carbon reduction. Carbon reduction in the fossil fueled  
10 vehicular segment of the New York economy does not fall under the Commission's  
11 list of responsibilities. For Central Hudson to now take on the responsibility for  
12 reducing EV acceptance barriers and addressing EV customer anxiety is not  
13 supportable.

14

15 **Fifth** on the list of Panel proposals, deals with electrifying the Central Hudson fleet  
16 of vehicles. Certainly, as vehicles are retired and a competitive EV market exists for  
17 the replacement of similar in-kind vehicles, EV's should be purchased. However, to  
18 prematurely replace existing functional vehicles to advance climate goals in other  
19 market sectors unfairly burdens electric customers with addressing the emission  
20 needs of other sectors of the New York State economy. The transportation sector  
21 should be pulling its fair share to address climate change. The Panel's position that it  
22 desires to lead by example is misplaced. The example that customers desire most  
23 from Central Hudson is a high quality, reliable energy product at the lowest

1 reasonable price.

2

3 In response to DC interrogatory 10 Central Hudson states: “Central Hudson  
4 estimates the cost of all-electric bucket trucks to be approximately \$585,000  
5 compared to a cost of approximately \$345,000 for standard bucket trucks.” The  
6 market place for electric vehicles continues to develop and especially in the area of  
7 work vehicles the market is still in its infant stage. A 70 % increase in the capital  
8 cost of a work vehicle as exemplified with the bucket truck pricing listed above should  
9 be taken as a warning to Central Hudson of setting a bad cost expenditure signal to  
10 that part of the customer base well versed in heavy work vehicle pricing.

11

12 The CLSP **Sixth** proposal previously listed deals with the installation of solar arrays  
13 on Central Hudson offices in Catskill, Kingston, Eltings Corners, and Poughkeepsie.  
14 Justification for the installations is that Central Hudson desires to be a “role model  
15 and leader in promoting local and carbon-free technologies.”

16

17 Central Hudson customers have been exposed to significant amounts of leadership  
18 distribution in the State of New York. If there is one area in New York State where  
19 the State can claim a significant amount of leadership distribution it is in the area  
20 addressing climate change. Electric customers are or will be on the hook for  
21 contributing billions of dollars of personal funds to meet the State’s leadership  
22 initiatives.

23

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1 Dutchess County interrogatory DC-04, raised the question, “What are the out-of-  
2 pocket dollars that generate the net present value of \$300 billion?” listed (P.9, L.14)  
3 in the CLSP testimony, as CLCPA costs identified in the approved Scoping Plan out  
4 through 2050. In response Central noted that the costs were net of the, “Reference  
5 Case costs (business as usual costs for reducing carbon) for the period 2020- 2050 ...  
6 listed as \$4.269 Trillion.... Reference Case values are all presented in 2020 dollars.”  
7 Thus, in total the bills for reduction of carbon out through 2050 in 2020 dollars is  
8 plus or minus around \$4.6 trillion. With a New York State population of 20,000,000  
9 that equates to approximately \$230,000 per person or for a family of 4 approximately  
10 \$1 million dollars. Or in net 2020 present value terms between now and 2050 that  
11 family of 4 will need to contribute on average some \$34,000/per year to help reduce  
12 carbon in the State.

13  
14 Drawing from Chapter 22 “Essential Elements” of the approved Climate Action  
15 Council’s Scoping Plan the Climate Action Council lists “Measuring Success”.  
16 A summary of the essentials is listed on the top of page 421 in the approved Plan  
17 specifying the following: “With State-level actions such as the passage of the  
18 Climate Act and continued procurement of large-scale renewable energy resources,  
19 New York has proven to be a leader in addressing climate change. The release of the  
20 Scoping Plan advances New York to the next level. It has been well-established that  
21 the threat of climate change is great and can only be fully addressed when  
22 stakeholders are in alignment and coordinate mitigation efforts. Success of this  
23 Scoping Plan requires several essential elements including partnerships, outreach and

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1 education, and workforce and economic development.”

2

3 From the current day to 2050 the State measures success through partnerships,  
4 outreach and education, and workforce and economic development. Implementing  
5 the Plan produces no measurements of electric or natural gas customer cost savings,  
6 or reducing climate change threats, or reducing carbon in the atmosphere in Dutchess  
7 County.

8

9 To reiterate, Central Hudson’s desire to “support the state’s ambitious solar  
10 generation goals” increasing customer costs to Dutchess County customers, in order  
11 to promote partnerships, education, and development, provides no tangible Dutchess  
12 County customer benefits.

13

14 Finally, the **Seventh** previously listed CLSP proposal which will drive up customer  
15 costs are the addition of 45 “incremental employees” to facilitate and achieve  
16 CLCPA targets.

17

18 There are Central Hudson regulated mandates which must be implemented by  
19 Central Hudson to comply with CLCPA dictates administered by the Commission.  
20 However, the listing of 45 incremental employees some of whom accrue from  
21 Commission mandates will add to the Central Hudson revenue requirements driving  
22 up distribution rates and customer costs. To the extent that such incremental  
23 additions are voluntary on the part of Central Hudson such additions cannot be

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1 justified as appropriate costs for Dutchess County citizens to pay within the term of  
2 these proposed rate cases.

3

4 Q. Would you please summarize Dutchess County's concerns and recommendations  
5 based upon the direct testimony of the Climate Leadership and Sustainability Panel?

6 A. Dutchess County citizens have been customers of Central Hudson for many years  
7 through numerous rate cases. Up until the present rate cases the focus of the County  
8 has been to seek win-win rate orders in which Central Hudson gains as well as the  
9 County by serving a customer of Central Hudson and a County citizen. Up until  
10 these rate cases Central Hudson was focused on rock solid reliable customer service  
11 delivered at the lowest reasonable cost to the customer. Delivering high quality  
12 customer service to the customer came first, end of discussion.

13

14 Although customers are mentioned frequently in the CLSP direct testimony and  
15 exhibits, throughout the testimony and exhibits customer service is mentioned only  
16 once in Exhibit\_(CLSP-3) at the bottom of page one, and then only in the description  
17 of an electric vehicle charging site application. Customers are now considered by  
18 Central Hudson as stakeholders along with numerous other entities that provide no  
19 monetary support to the Central Hudson organizational entity.

20

21 Loss of customer support is unsustainable for any organization and quality customer  
22 service is the gold standard for keeping and retaining customers. Are customers  
23 interested in a clean environment? Yes. Are customers interested in quality energy

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1 delivery services? Yes.

2

3 Customers are interested in both a clean environment and quality energy delivery  
4 services simultaneously, and in order to sustainably address both, balance is needed.  
5 Through PSC regulation and orders, balance is defined. For Central Hudson to go  
6 beyond such regulated balance adversely impacts customer costs and therefore  
7 service quality. Thus, Central Hudson should fully comply with PSC climate related  
8 regulation but not voluntarily go beyond such required regulation.

9

10 Staff of the PSC and Central Hudson should analyze the requests made by the CLSP  
11 (some of which have been identified in Dutchess County's previously listed seven  
12 concerns) and eliminate all proposed revenue requirements which go beyond current  
13 regulated guidelines dealing with implementation of the CLCPA.

14

15 Staff of the PSC needs to also be cognizant of the fact that when it comes to the  
16 interpretation of the approved CLCPA Scoping Plan, for natural gas and electric  
17 customer service, Staff is a repository of expertise which must balance the Scoping  
18 Plan requirements with what is feasible from a well-engineered workable customer  
19 service perspective. Leadership is not the exclusive domain of the Governor and  
20 New York State legislature and as previously exemplified the PSC in its October Order  
21 in Case 15-E-0302 demonstrated customer sensitive leadership.

22

23 Q. In regard to the Dutchess County CLCPA generated cost concerns based upon the

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1 direct testimony of the CLSP does that complete the County’s testimony?

2 A. No, it does not. There are additional elevated cost concerns identified in the Direct  
3 Testimony of the Policy Panel.

4 **Policy Panel**

5 Q. What is the stated purpose for the Direct Testimony of the Policy Panel (PP).

6 A. On page 3 lines 13 through 20, “The Panel’s testimony provides an overview of  
7 Central Hudson’s electric and gas rate filing. The filing is consistent with and  
8 furthers the environmental goals of the Climate Leadership and Community  
9 Protection Act (“CLCPA”) and it is aligned with New York State’s goals to support  
10 customers located within a Disadvantaged Community (“DAC”). The Panel’s  
11 testimony includes the drivers that have made filing a Rate Case at this time  
12 necessary and the steps that Central Hudson has undertaken to mitigate customer bill  
13 impacts.”

14  
15 Q. As developed in the direct testimony of the Policy Panel what are the Dutchess  
16 County concerns.

17 A. The concerns revolve around Central Hudson’s addressing of what it needs to do to  
18 contribute to the implementation of the CLCPA and the impact on customer costs.  
19 The County questions the enthusiasm that Central Hudson lists and the impact of that  
20 enthusiasm on customer costs.

21  
22 Dutchess finds that there are four Dutchess County cost concerns as listed in the PP  
23 testimony, again driven by the CLCPA.

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1       **First:** On page 9 of the PP direct testimony the current status of the Company’s  
2       SAP Customer Information System (CIS) is described. The system is used to account  
3       for and generate customer billing. The cost for the system has been going up since  
4       system launch on September 1, 2021. Central Hudson maintains that the company  
5       has eaten some \$9 million of these costs (P.10, L.3) accepting responsibility for a  
6       premature launch of the system. Embedded within the CIS is the accounting that  
7       must take place to accommodate the costs for implementing the CLCPA and the  
8       complexity of this accounting is contributing to the cost escalations.

9  
10       **Second:** On page 11 lines 4 through 12 the Panel states: “Despite Central Hudson’s  
11       ongoing efforts to mitigate bill impacts, rate relief is necessary due to numerous cost  
12       drivers. More specifically, the top six drivers, accounting for more than 80% of the  
13       electric and gas increases are: 1) infrastructure investment driven by the replacement  
14       of aging or obsolete infrastructure; 2) workforce expansion, attraction, and retention;  
15       3) capitalization costs; 4) recovery of major storm expense; 5) recovery of Energy  
16       Efficiency Programs and New York State Clean Heat Program (“Clean Heat  
17       Program”) costs; and 6) recovery of Low-Income Bill Discount Program Expenses.”  
18       Many of these above listed cost drivers fall, in part, under the CLCPA  
19       implementation umbrella.

20  
21       As an example, in the first item in the paragraph above on infrastructure being  
22       impacted by the CLCPA the testimony goes on further to state (P. 12, L.1-6), “the  
23       Five-Year Capital Plan also serves to significantly increase the capacity to host

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1 additional Distributed Energy Resources (“DER”) in support of CLCPA targets. This  
2 additional hosting capacity is significant and, over the five-year forecast, represents  
3 an increase of 547 MW or two times Central Hudson’s currently interconnected DER  
4 renewable nameplate capacity.”

5  
6 **Third:** On page 25 lines 11 through 18 under the umbrella “Advancing Climate and  
7 Energy Leadership” initiatives the Panel states: “the Company is proposing changes  
8 to continue moving towards fully eliminating gas declining block rates and eliminate  
9 the high-volume usage discount offering for non-residential gas S.C. No. 6  
10 customers in order to improve and simplify the delivery rate price signal and align it  
11 with the energy conservation and emission reduction goals of the CLCPA.”

12 Under this proposal customer costs will definitely go up attributable to climate  
13 leadership advancements within the State.

14  
15 **Fourth:** On page 26 of the Policy Panel testimony the Panel proposes a better  
16 alignment “with the goals in the CLCPA” (P.26, L.13) through the incentives of  
17 EAMs or earning adjustment mechanisms. The Panel states (P.26, L.14-16) that  
18 “EAMs are designed to incentivize utilities to facilitate specific outcomes that are  
19 deemed beneficial to customers and align with State policy and legislative goals.”

20 The panel goes on further to state (P.26, L17-23 & P.27, L1-4) “the Company  
21 proposes 60 basis points for electric EAM opportunities and 25 basis points for gas  
22 EAM opportunities. These EAM opportunities are allocated among the following six  
23 EAM measures: 1) Electric and Gas Disadvantaged Communities Energy Efficiency

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1 Benefits; 2) Electric and Gas Peak Reduction; 3) Distributed Energy Resource  
2 Utilization; 4) Direct Current Fast Charger Electric Vehicle Supply Equipment and  
3 Infrastructure(“EVSE&I”), 5) Level 2 Charger EVSE&I, and 6) Electric Vehicle  
4 Adoption. The Company also proposes three tracking only scorecard metrics, which  
5 include a load factor metric, a residential energy intensity metric, and commercial  
6 energy intensity metric for reporting purposes only.” Thus, not only will Central  
7 Hudson’s CLCPA , in part voluntary proposals, drive up customer costs to address  
8 the CLCPA affiliated listings above but also the Panel proposes incentivizes  
9 additionally driving up the costs.

10

11 Q. You have listed four Policy Panel proposals which you indicate will drive up costs  
12 for Central Hudson customers. Would you please elaborate for each of the proposals  
13 the basis for customer cost increases and assess the benefits the customers will  
14 receive in return for these cost increases.

15

16 A. Yes, starting with the **First** item dealing with the new CIS being developed, what  
17 could possibly be simpler than the input coding to develop and issue a bill. Simply  
18 read the meter, find out the differential between the last reading and the current  
19 reading, apply the rate and issue the bill. If only that were the case. Electric billing in  
20 New York is probably some of the most complicated regulated electric utility billing  
21 in the United States. The billing determinates must conform with changing  
22 regulations and tariffs, and measure units that are constantly changing many of  
23 which are outside the control of the electric utility. Central Hudson is not unique

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1 with other electric utilities in the state generating CIS billing system errors.  
2 Implementing the CLCPA has compounded the complexity of electric billing in the  
3 State, with DERs, Community Solar, PSC climate affiliated orders layering in more  
4 changes to customer billing which must conform to not easily understood tariffed  
5 language. There is no benefit to the customer in billing errors. Commission Staff  
6 and the Central Hudson must take into account how the outcomes of these rate cases  
7 will impact customer billing and seek ways to reduce the complexity of Central  
8 Hudson billing systems. One such way of reducing complexity is to be most  
9 deliberate and thoughtful in regard to implementing the CLCPA.

10  
11 **Second**, Dutchess views the budgeting for 547 MW of hosting capacity to be on the  
12 excessive level. Why should Central Hudson customers pay for the hosting of  
13 generation capacity prior to an understanding of where DERs will be sited. On a state  
14 wide basis it appears that Central Hudson customers will be picking up a  
15 disproportionate share of DER siting within the franchise.

16  
17 Dutchess County's **Third** item of concern is eliminating the declining block rate in  
18 the S.C. No. 6 gas tariff in order to address climate change. The Policy Panel goes  
19 through a laundry list of increasing cost drivers impacting Central Hudson, such as  
20 inflation, interest rates, arrears, supply prices, and employment trends. For an S.C.  
21 No. 6 customer which probably has an identical set of cost drivers, add another,  
22 elimination of the S.C. No. 6 block rate. As a result of such actions how much will  
23 the environment improve? How much customer satisfaction will be generated? How

1 about economic development and job retention? This is probably the same customer  
2 that in the future will have to buy emission allowances from NYSERDA or the DEC  
3 in order to continue to operate. This proposal is ill conceived and should be  
4 eliminated.

5  
6 The **Fourth** item of concern to Dutchess County deals with providing incentives for  
7 a most likely outcome of driving up customer costs with no tangible out of pocket  
8 benefits. Dutchess is in favor of providing incentives where the incentive reduces  
9 customer costs or improves reliability. For the incentives proposed by the Policy  
10 Panel costs will go up, the company maintains the benefits are significant on a  
11 worldwide basis but on a customer out of pocket basis the benefits are nonexistent

12  
13 Q. Would you please summarize Dutchess County's concerns and recommendations  
14 based upon the direct testimony of the Policy Panel?

15 A. The concerns with the testimony of the Policy Panel mirror those previously listed  
16 for the Climate Leadership and Sustainability Panel. Central Hudson and the  
17 Commission need to focus on customer service. Customer service is critical to  
18 sustain a viable service company such as Central Hudson. In order of priority the  
19 customer comes first followed by climate.

20  
21 To reiterate customers are interested in both a clean environment and quality energy  
22 delivery services simultaneously, and in order to sustainably address both, balance is  
23 needed. Staff of the PSC and Central Hudson should work together to eliminate all

1 proposed revenue requirements which go beyond current regulated guidelines  
2 dealing with implementation of the CLCPA.

3

4 Q. Are there cost concerns which the County has with the direct testimony of other  
5 Central Hudson Panels besides the CLSP and the PP?

6 A. Yes, the Direct Testimony of the Customer Experience Panel (CEP) raises a number  
7 of cost concern issues for the County.

8

**Customer Experience Panel**

9 Q. Would you please go over those cost concern issues raised in the direct testimony of  
10 the CEP, explain the reasoning for the concern and provide recommendations  
11 addressing the issues?

12 A. Yes, on page 9 lines 9 through 18 of the CEP direct testimony the panel states:  
13 “On September 1, 2021, Central Hudson launched its new SAP-based CIS.  
14 Immediately after the launch, there were issues with its new SAP CIS that resulted in  
15 impacts to a portion of Central Hudson’s customers, including through delayed and  
16 inaccurate invoices, confusion, and anxiety. Despite Central Hudson’s best efforts to  
17 correct the issues, the issues continued, and Central Hudson experienced a rise in  
18 customer complaint levels, harsh criticism from politicians, and questions from the  
19 Commission and others seeking to understand the problems with the SAP CIS.  
20 Central Hudson redoubled its efforts with the help of its union and management  
21 employees, third-party experts, and contractors to correct all issues.” The panel goes  
22 on further to say that (P.10, L.12-16) “First it is important to note that progress  
23 towards resolving the SAP CIS issues was significantly impacted by the Columbia

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1 Utilities default with the New York Independent System Operator, which generated  
2 an unexpected billing impact to over 25,000 customers. This can be seen in each key  
3 performance indicator (“KPI”) from July through September of 2022.” (The list of  
4 KPIs included the % of bills that were current, the percent of bills requiring  
5 adjustment, actual bills replaced with estimates, call service levels, and % of calls  
6 abandoned.)

7

8 On page 9 lines 9 through 12 the statement is made, “It is important to note that the  
9 number of customer contacts and confusion have also been exacerbated by  
10 significant increases in commodity costs. During this time, both electric and natural  
11 gas commodity prices have increased by over 100%.” Finally, (P.16, L.16-17) the  
12 Panel states that “prior to July 1, 2024,” “the Company is working on all outstanding  
13 issues and expects to return to or exceed baseline performance levels for each of  
14 these metrics.” The metrics are the KPIs previously listed.

15

16 Even though as indicated in the Policy Panel section, bill development has become  
17 very complex, in the description of the Customer Experience Panel there is no  
18 statement about finding the root cause of the problem or problems and repairing the  
19 problems found. Instead, there is a reference to key performance indicators or  
20 metrics improving and throwing people and money at the problem(s) with the hope  
21 that things will improve albeit that Central Hudson is willing to live with continuing  
22 billing errors or issues. Very simply stated the company needs to put a competent  
23 and motivated individual in charge, the problem(s) rooted out and identified, whether

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1 system, data, people, and repairs made with an objective of complete billing  
2 accuracy by a date certain.

3

4 As the direct testimony of the panel indicates Central Hudson is using its “best  
5 efforts” in resolving the issue viewing KIPs as the standard for success. From  
6 September 1, 2021, over two years ago, these best efforts have not proven successful  
7 and from the testimony provided by the panel there are no definitive indications that  
8 billing errors will be terminated. No one is delighted with errors in billing, obviously  
9 Central Hudson’s billing errors have proven to be extremely costly arguably  
10 resulting in the terminating of a CEO and the issue becoming a part of the US  
11 Congressional record. Both the Commission and Company should hold all new CEP  
12 proposed programs and initiatives in abeyance until an error free billing system is in  
13 place at Central Hudson.

14

15 Q. Could you please be more specific about the Customer Experience Panel proposed  
16 programs which the County recommends be terminated until the next time Central  
17 Hudson files for a change in rates.

18 A. Yes, the programs are drawn from the CEP’s direct testimony and are listed  
19 subsequently (taken from the panel testimony on pages 12 &13):

20 1) Transition to monthly meter reading

21 2) Technology investments to improve customer communications

22 3) Bolstering outreach to the most vulnerable customers

23 4) Using JD Powers to establish customer service improvement performance goals.

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1           Until a customer can be assured that a bill will be accurate adding more bills through  
2           monthly meter reading, providing communications with customers through  
3           technology, reaching out to vulnerable customers, and doing another JD Powers  
4           customer survey will not address the main pillar of customer satisfaction or the  
5           customer experience.

6  
7           To reiterate that main pillar of customer satisfaction is receiving an accurate  
8           accounting of the product or services provided by Central Hudson. The customer  
9           should have a 100% confidence level that the bill received is accurate and the  
10          Central Hudson quality standard should be total billing accuracy.

11  
12          For Central Hudson this is an all-hands-on deck exercise. Central Hudson has a  
13          continuing expertise in response to both electric and gas emergencies and the billing  
14          issue should be treated in a similar fashion. This is not a best-efforts exercise and  
15          poses an extreme cost/existential threat to the sustainability of the Central Hudson  
16          organization and should be treated as such.

17  
18    Q.     Are there other contributing factors which have a bearing on the Central Hudson  
19          billing issue.

20    A.     Yes, the State and Public Service Commission must understand the burdens that are  
21          being placed upon gas and electric utilities within the State of New York. Utilities  
22          are impacted by legislation, regulatory proceedings, commission orders that deal  
23          with climate, the environment, social issues, justice, equity, the indigent, and

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1 stakeholders other than customers. To the extent a utility must participate  
2 understand, respond, follow up on any of these issues there is a cost, if only in the  
3 human resources assigned, which must find its way to a customer bill. Many of these  
4 costs are changing from billing period to billing period and must be reconciled  
5 between billing periods.

6

7 The standard of living in New York cannot exist without the provision of reliable,  
8 high quality, delivered energy upon demand. The continued expansion of billable  
9 layers of rules, regulations, and leadership imposed upon utilities within the state in  
10 the opinion of Dutchess County has reached a tipping point and the Commission in  
11 gas and electric rate proceedings must consider ways to simplify the process  
12 contributing to expedited accounting and accurate billing.

13

14 Q. What other issues and recommendations would Dutchess like to raise in the  
15 testimony provided by the Customer Experience Panel?

16 A. There are four other issues:

17

18 1) On pages 18 through 20 of the Panel testimony, discussed is the EAP or Central  
19 Hudson Energy Affordability Program. The panel indicates on page 20 lines 4  
20 through 7 that “the Company anticipates that these programs will reach the 2% cap  
21 for total program cost in the Rate Year. Reaching the cap equates to a program  
22 budget and rate allowance of \$20.2 million for electric and \$5.3 million for gas.”  
23 Thus, for the 19,854 individuals enrolled as of March 2023 (P.18, L.17) some \$25.5

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1 million in revenues will be charged to Central Hudson customers. Essentially Central  
2 Hudson rate payers are stepping in place of the Federal Government which provides  
3 funding for H.E.A.P a broader program with the same focus of providing for those  
4 finding it difficult to pay their energy bills. Not only are the EAP customers  
5 receiving benefit from the program but also, they are in fact paying for part of the  
6 program through the energy bills they receive which includes the Central Hudson  
7 labor costs to administer and bill for the program. This is another example of an  
8 adder to Central Hudson billing administration. The PSC should look to move the  
9 funding for this program, to be included under the federal government as a  
10 H. E. A. P payment adder. Utilities in the State should not be stepping in place of  
11 state and federal tax collectors.

12  
13 2) On pages 20 through 24 of the Panel's direct testimony Consumer Outreach is  
14 discussed. As a utility with a small service area in the State of New York any part of  
15 the franchise is accessible within a short driving range. Every employee that works  
16 for the company should consider themselves a part of consumer outreach and the  
17 company should make efforts to educate all employees on customer concerns so that  
18 such employees may respond to customer questions. The company should look  
19 favorably on making time available for volunteer efforts which benefit not for profits  
20 in the community. Such volunteer efforts start at the top and Central Hudson  
21 executives should demonstrate by example participation in franchise not for profits.  
22 It is very difficult for a customer to file a complaint against a company that employs  
23 a friend, a neighbor, or volunteer associate. Commission complaints are typically

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1 generated by customers who believe they have no other source of access to the  
2 workings of the company. On page 26 lines 9 through 13 a Customer Service  
3 Excellence Study is referenced with the accompanying statement that it, “is a  
4 benchmarking study to understand how the Company compares to peers in delivering  
5 best in class customer service. This includes access to best practices, customer  
6 experience and operational data, identification of performance gaps, and expert  
7 guidance on improvements.” As opposed to another academic “Excellence Study”,  
8 employee consumer outreach retains experts in house, providing continuous  
9 guidance to the company when such guidance is encouraged.

10  
11 3) On page 27 lines 5 though 12, the Panel in discussing PSC filed complaints  
12 generated as a result of high electric or gas commodity prices, indicates that such  
13 complaints are outside the Company’s control and , “Therefore, complaints resulting  
14 from the price of electric and/or gas energy and/or capacity or the operation of the  
15 Company’s Energy Cost Adjustment Mechanism (“ECAM”) and/or Gas Supply  
16 Charge (“GSC”) do not present a just cause for charging a complaint against the  
17 Company and do not show or point to any deficiency in the Company’s service to  
18 customers.” This statement about lack of control is not totally accurate. In discussion  
19 with the Commission the company could provide a fixed price energy option. The  
20 option could be competitively bid and offered to customers seeking a fixed price that  
21 would be fulfilled by an ESCO offering the service through Central Hudson.

22  
23 4) On page 32 of the Panel’s direct testimony the following information is provided

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1 on lines 7 through 17, “Customer arrears balances have grown significantly since the  
2 Company suspended collections activity for all customers in March of 2020. The  
3 suspension of collection activities continued until very recently in light of the  
4 COVID Pandemic, the Parker-Mosley Act of 2020, the Parker Richardson Act of  
5 2021, and collection limitations included within the Arrears Relief Programs. From  
6 February 2020 through June 30, 2023, residential Arrears Balances greater than 60  
7 days grew by 1,044% to \$96 million while non-residential arrears grew by 1,971% to  
8 \$29 million. Additionally, the number of residential customers with arrears greater  
9 than 60 days has grown by 224% to 66,000, while the number of nonresidential  
10 customers with arrears has grown by 401% to 10,000.” Noted (P.32, L.21-23)  
11 “although the Company has begun a very measured approach to restarting collections  
12 activities, it is expected that these balances will continue to grow prior to July 1,  
13 2024.” These arrear balances over 60 days are staggering and anticipated growth is  
14 also staggering in light of the accumulated balances. Albeit there is always a need to  
15 be customer sensitive, in light of such, the Commission should take heed and look to  
16 mitigate the aggressive cost generating actions of the State in complying with the  
17 CLCPA mandates.

18

19 Q. Would you please generally summarize the concerns expressed by the County in  
20 review of the direct testimony of the Central Hudson Panels up and to this point?  
21 Along with those concerns would you please generally summarize the County  
22 recommendations as how those concerns may be addressed.

23 A. Yes, the general concerns and recommendations are listed under the panel headings

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1 to follow. However, prior to listing the concerns reflected in the direct testimony of  
2 the panels the County would like to express one overarching concern. That concern  
3 is with the role and responsibilities of the Public Service Commission and reflective  
4 of that role and responsibilities, the focus of Central Hudson.

5  
6 The Public Service Commission in New York State is the guardian among other  
7 responsibilities, of high-quality gas and electric service in the State. As Dutchess  
8 views the Commission such is the primary role of the Commission. As it relates to  
9 gas and electric service all other direction taken by the Commission should be placed  
10 in a secondary position to assure high quality, safe, reliable gas and electric service  
11 to customers in the State of New York. In the gas and electric rates, it pays that  
12 responsibility is what the County expects the Commission to provide.

13  
14 In a similar vein, Central Hudson has one primary role and responsibility which is to  
15 provide high quality gas and electric service to a customer at the lowest reasonable  
16 price. The customer that the Central Hudson business enterprise serves is not just  
17 another stakeholder and must be cherished for funding and sustaining the business.

18  
19 The CLCPA has not changed the roles, responsibilities, priorities of the  
20 Commission and Central Hudson, first the customer and then carbon reduction.  
21 Commission and Company have a shared responsibility to first and foremost assure  
22 rates are just, reasonable, and deliver a high-quality service to the customer for the  
23 products being purchased.

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**Summary of Dutchess County General Concerns and Recommendations Based  
Upon the Direct Testimony of the Central Hudson Panels in These Rate Cases**

**Climate Leadership and Sustainability Panel**

As previously discussed, there are voluntary and regulatory investments proposed or required to facilitate and support carbon reduction and environmental justice objectives as established within the CLCPA. The voluntary investments (estimated by the County to be in excess of \$4 million) should be held in abeyance until required by regulation. Investments identified by Central Hudson required by regulation should be examined by the Company along with Commission staff to identify ways in which the cost of such investments may be reduced. In regard to CLCPA cost reductions the Commission should take into account that the CLCPA mandates encompass the entire New York State economy and the various sectors of the economy which will be required to reduce carbon should look to pay their fair share of the cost of carbon reduction. Gas and electric customers should not assume the responsibility for funding or subsidizing carbon reduction in all segments of the economy. Examples of such economic sector subsidies built into Central Hudson current rates involve heating systems and transportation.

**Policy Panel**

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1 The cost drivers for running a business are going up whether based upon changing  
2 information technology, a push for social justice, inflation, a changing work force,  
3 caring for the indigent, attending to real or manufactured emergencies, sustaining the  
4 business, and on an on. Businesses cannot hope to be successful by promoting cost  
5 drivers based upon external regulation and turn around and seek to be incentivized in  
6 the process. EAMs in order to be successful must reduce direct out of pocket  
7 customer costs in Dutchess County not worldwide macroeconomic costs and any  
8 policy of the company should state first and foremost that it is the policy of the  
9 company to provide the highest quality cost effective customer service possible in  
10 order to sustain the company and the customer base. Customer Service is not  
11 mentioned once in the testimony of the panel.

12

13 **Customer Experience Panel**

14 How best does a company provide exceptional customer service? The primary pillar  
15 is the issuance of an accurate bill. Going hand and hand with that bill is collecting  
16 the accurate amount for the product or services provided. Without such collection the  
17 customer walks away with an “experience” that the product or service holds limited  
18 or no value. Even prior to a rate award in these proceedings the company must  
19 completely focus on providing accurate billing. The billing standard must be the  
20 elimination of all inaccurate bills. Once the billing is 100% accurate then the focus  
21 should shift to collecting for the products and services that customers receive.  
22 Statements such as “best efforts” to address billing inaccuracy indicates such  
23 inaccuracy will continue. The billing issue poses an existential treat to the business

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1 and it requires all hands-on deck from the CEO throughout the rest of the  
2 organization.

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4 Q. Does that complete the direct testimony of the County?

5 A. Yes, with one adder. The County has always viewed Central Hudson as a partner in  
6 service. The County cannot pack up its employees, equipment, citizens and move to  
7 Wyoming. In a similar fashion Central Hudson cannot pick up its poles, wires, gas  
8 mains, and employees and move to some other state. Every business day the County  
9 must see that equipment rolls, emergencies are addressed, citizens provided a secure  
10 place to live and work. Central Hudson every business day must have trucks rolling  
11 out of garages, respond to no light calls, and provide a safe and reliable gas and/or  
12 electric product. Both the County and Central Hudson are regulated by the State of  
13 New York with the imposition of cost burdens which must be passed along to  
14 customers or citizens. Finally, the County interacts with Central Hudson on a daily  
15 basis and both organizations have established symbiotic ties. Arguably on an  
16 operational basis no organization understands Central Hudson better than Dutchess  
17 County, within which Central Hudson is headquartered. Both organizations have  
18 historically been very well managed keeping costs down and quality service high.

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20 With that as a background the County has offered cost directed recommendations  
21 within its direct testimony which go beyond a simplistic statement about keeping  
22 costs down and borders on how Central Hudson should run its business. However,  
23 when it comes to keeping costs down and knowing how to run an organization very

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1 similar in operational requirements to the Central Hudson organization, Dutchess  
2 County has a proven record of successful cost constraint. As noted in a Dutchess  
3 County press release issued on November 2, 2023. “Amidst millions in additional  
4 New York State mandated costs and overall cost increases driven by inflation,  
5 Dutchess County Executive William F.X. O’Neil has released his 2024 Executive  
6 Budget, cutting the County’s property tax rate by 10.6 percent while maintaining and  
7 enhancing the County’s high-quality services and programs. The balanced spending  
8 plan, which reduces the property tax levy for the 10th consecutive year, includes  
9 \$599.9 million in appropriations to deliver the multitude of County programs and  
10 services residents rely on. Among the highlights of the 2024 Executive plan are  
11 resources to enhance public safety and emergency response, address homelessness,  
12 mental health and addiction, and create affordable housing, while augmenting  
13 longstanding support of children, families, older adults and veterans. The Executive  
14 Budget plan reduces the County property tax levy to \$99.4 million, the lowest levy in  
15 15 years. The lower property tax levy, combined with Dutchess County’s growing  
16 tax base, reduces the property tax rate from \$2.49 to \$2.23 per \$1,000 of assessed  
17 value. This will be the 11th consecutive year that property owners will see a  
18 reduction in the County tax rate on their tax bill.”

19  
20 While the County is critical of some Central Hudson proposed increasing cost  
21 initiatives in these rate cases, the County will continue to enjoy the benefits of the  
22 services provided and looks forward to working with and serving many of the same  
23 citizens that call the Mid-Hudson Valley home.

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2 Q. With the above listed adder does that conclude the Dutchess County direct  
3 testimony?

4 A. Yes, it does.

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