Central Hudson Gas & Electric Corporation
Cases 24-E-0461 and 24-G-0462
Summary of Electric and Gas Rates Joint Proposal[1]

May 13, 2025

The JP proposes a three-year rate plan for electric and gas service at Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") commencing July 1, 2025, with Rate Year 1 ("RY1"), Rate Year 2 ("RY2") and Rate Year 3 ("RY3") being the 12 months ended June 30, 2026, June 30, 2027, and June 30, 2028, respectively.[2]

Revenue Requirement Increases / Bill Impacts

		ELECTRIC			GAS		
($000,000)		RY1	RY2	RY3	RY1	RY2	RY3
Revenue Requirements (Excluding Rev Tax)		$46.4	$30.7	$21.7	$19.0	$13.9	$16.9
Revenue Requirement After Moderation		$29.7	$31.6	$34.5	$14.5	$15.9	$17.5
% on Delivery Revenues	Before Mod.	8.6%	5.1%	3.4%	11.5%	7.6%	8.7%
	After Mod.	5.5%	5.3%	5.3%	8.8%	8.7%	9.0%
% on Total Revenues	Before Mod.	4.5%	2.8%	1.9%	7.1%	4.9%	5.6%
	After Mod.	2.9%	2.9%	3.0%	5.4%	5.6%	5.8%

The major drivers of the electric increases include increases to net plant resulting from capital investment driven by the replacement of aging and obsolete infrastructure through distribution improvements, substations, and transmission (55%); increases in labor, incentive compensation and benefits expenses due to increased headcount focused on protection against cybersecurity threats (24%); increases in property taxes (14%); and increases to the energy efficiency and heat pump programs supportive of the state-wide energy conservation emission reduction goals of the Climate Leadership and Community Protection Act ("CLCPA") (7%).

The major drivers of the gas increases include increases to net plant resulting from capital investment associated with removal of leak prone pipe, gas distribution improvements, and transmission line maintenance (48%); increases in labor, incentive compensation and benefits expenses due to increased cybersecurity headcount (14%); and increases in property taxes (13%).

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[1] This summary is intended solely for the convenience of the Administrative Law Judges and any other person seeking an executive summary of the Joint Proposal ("JP"). This summary neither supplements nor replaces the JP and is not intended by the Signatories (as hereinafter defined) to vary the terms of the JP.

[2] The JP is executed by the Company; the New York State Department of Public Service Staff ("Staff"); Multiple Intervenors ("MI"); and Walmart, Inc. (collectively, the "Signatories"). Although not Signatories, the Public Utility Law Project of New York, Inc., the Utility Intervention Unit of the Department of State, Division of Consumer Protection, Dutchess County, and the Town of Olive Conservation Advisory Council have stated that they do not oppose the JP.

To moderate rate impacts, the Company will use available regulatory liabilities to apply electric bill credits of $16.7 million in RY1, $15.8 million in RY2, and $3.0 million in RY3; and gas bill credits of $4.5 million in RY1, $2.5 million in RY2, and $1.9 million in RY3.

For residential customers, these delivery increases will result in the following average monthly bill impacts (shown with rate moderation):

Delivery monthly bill increase	**RY1**		**RY2**		**RY3**	
Residential Electric 630 kWh	$5.43	5.09%	$6.25	5.57%	$6.62	5.59%
Residential Gas 64 ccf	$7.73	6.60%	$11.27	9.03%	$12.37	9.09%

Total monthly bill increase	**RY1**		**RY2**		**RY3**	
Residential Electric 630 kWh	$5.43	3.12%	$6.25	3.48%	$6.62	3.57%
Residential Gas 64 ccf	$7.73	5.19%	$11.27	7.20%	$12.37	7.37%

Return on Common Equity ("ROE"), Equity Ratio and Earnings Sharing Mechanism

The JP's revenue requirements reflect an ROE of 9.5% and an equity ratio of 48%.

The JP includes an Earnings Sharing Mechanism, which provides for the sharing of any potential electric and gas regulatory earnings as follows:

Customers/Shareholders	**Earned ROE**
50%/50%	> 10.0% to 10.5%
75%/25%	> 10.5 % to 11.0%
90%/10%	> 11.0%

Deferrals

The JP provides that the Company will defer, for later recovery from or credit to customers, the difference between forecasted and actual expenses for certain costs including, but not limited to: property taxes; major storm expense; non-major storm expense; right of way maintenance costs; and uncollectible write-offs and collection agency fees. For some costs subject to deferral there are limitations, for example, differences in right of way maintenance costs will only be deferred if actual expenses are less than the forecasts used to set rates. Additionally, the JP also includes a downward-only net plant reconciliation for the overall capital plan.

Rate Design

The electric rate design and gas rate design are set forth in Appendix O to the JP. The JP's gas rate design implements the final year of the five-year phase-out of declining block rates for Service Class Nos. 1, 2, 6, 12 and 13, as well as the final year of the two-year phase-out of the high-volume discount for Service Class No. 6 customers (i.e., commercial and industrial customers) who use the greatest amounts of gas. These provisions improve the price signals of gas delivery rates and align with the goals of the CLCPA. The JP also includes increases to customer charges for all electric service classes and gas Service Class Nos. 1, 2, 6, 12 and 13 as set forth in Appendix O of the JP.

Provisions for Low-Income Customers

The JP continues the Company's Energy Affordability Program ("EAP"), which provides bill discounts to eligible customers and waiver of reconnection fees consistent with Case 14-M-0565. The JP implements a number of outreach actions aimed at increasing enrollment in the Company's EAP, including analyzing non-EAP customer account histories for indications of past or current financial need. To the extent the Company's EAP enrollment falls below a certain threshold, beginning in RY2, the Company will waive late fees for the current month for any new self-certifying enrollment as an additional incentive for eligible customers to enroll in the EAP.

Customer Service

The JP continues Customer Service Performance Indicators that establish threshold performance levels for designated aspects of customer service quality and imposes substantial negative revenue adjustments ("NRAs") if the Company fails to meet certain metrics regarding customer satisfaction, call answer rate, and customer complaints. The JP also requires the Company to continue to credit customers $20 per missed appointment.

In recognition of the Limited English Proficient ("LEP") populations in the Company's service territory, the Company will continue to monitor, track, and conduct analysis regarding these populations on an annual basis. The Company will also develop an implementation plan to code within its billing system previously uncoded residential customer accounts as LEP when a customer self-identifies during the collections process. The Company will provide such customers a 15-day extension, during which time the Company will not pursue service termination.

In addition, Central Hudson commits to continuing the following customer protections: 1) additional winter protections for residential customers during the cold weather period of November 1 through April 15, such as accepting all Home Energy Assistance Program payments and providing customers with continued service regardless of the amount due and/or the customer's payment status, and refraining from locking service to customers who are coded as Elderly, Blind or Disabled; and 2) suspending electric residential service terminations during periods of extreme heat.

Economic Development

The JP will implement a Workforce Clean Energy Program, beginning in RY1, to support workforce development in the clean energy sector. The program will provide grants up to $200,000 to educational institutions (e.g., local community colleges, vocational schools, non-profit organizations, and industry organizations) developing and implementing training and micro-credential programs that focus on developing a skilled workforce ready to meet the demands of the clean energy sector. The JP also continues the Company's suite of electric economic development programs, including the Manufacturing Building and Infrastructure, Manufacturing Productivity, and Expansion & Retention for Manufacturers Grant Programs.

Electric Reliability Mechanism

The JP maintains the current performance targets for the frequency and duration of service interruptions, and the current NRA the Company would incur for missing those targets. All NRAs related to the Electric Reliability Mechanism will come from shareholder funds and will be deferred and credited to customers.

Gas Safety Programs and Initiatives

The JP continues and further enhances existing gas safety performance metrics and public safety programs. Specifically, the JP continues the following programs and initiatives: 1) the Leak Prone Services ("LPS") Replacement Program, which authorizes the Company to earn a positive revenue adjustment ("PRA") of 4 basis points ("BPs") if it removes 211 or more LPS per year; 2) the Community Emergency Response Drill Program, which authorizes the Company to earn a PRA of 4 BPs for each drill conducted with municipalities and first responders, with a limit of two drills per year; 3) the First Responder Program, which enables the Company to provide training to first responders to natural gas emergencies through classroom instruction and hand-on training opportunities; 4) the Company's participation in the Pipeline Safety Management System, a management tool used by pipeline operators to manage various aspects of pipeline safety and create a safety framework to identify and mitigate threat and risks and ultimately improve safety; and 5) the Residential Methane Detector program.

In addition, the JP calls for Central Hudson to replace or eliminate the remaining leak prone pipe by December 31, 2028. If the Company fails to meet specified removal targets in each year, it will incur NRAs. The JP also continues gas safety metrics related to emergency response times, leak management, damage prevention and violations of gas safety regulations. For each metric, if the Company fails to achieve specified targets, it will incur an NRA.

Earnings Adjustment Mechanisms

Under the JP, the Companies will implement five electric Earnings Adjustment Mechanisms, which incentivize the Company to achieve outcomes that are aligned with the State's clean energy goals, including the goals set forth in the CLCPA, such as: 1) increasing distributed energy resource utilization; 2) increasing the total megawatts of

load reduction included in the Company's load management programs; 3) incentivizing the reduction of greenhouse gas emissions through increased penetration of electric vehicles ("EVs"); and 4) increasing EV enrollment in the EV ChargeSmart managed charging program and reducing EV charging demand coincident with system peak hours. The Company will also continue to report on four scorecard metrics (Load Factor, Residential Energy Intensity, Commercial Energy Intensity, and Gas Peak Reduction), which track deployment of policy initiatives, and energy usage, that can reduce environmental impacts, improve grid stability and lower costs to both the utility and its customers.

Climate and Energy Leadership Initiatives

The JP contains provisions supportive of and in furtherance of the objectives of the CLCPA. In addition to those identified in previous sections of this summary, the JP also includes the following (without limitation):

- CLCPA Phase I Projects: The JP includes the continuation of CLCPA Phase I capital projects, which will enable the interconnection and transmission of renewable electric generation while enhancing the reliability of the electric system.
- Replacement of LPP/LPS and Year-End Backlog Targets: The JP requires the Company to replace the remaining LPP in the Company's gas system and continues the Company's LPS Replacement Program. The JP also subjects the Company to stringent year-end leak repair targets.
- Differentiated Gas: The Company will continue its pilot program to procure differentiated gas, which is natural gas that reduces emissions compared to traditional gas exploration and production processes. The pilot program shall be limited to an annual cost above traditional supplies of $200,000 per year.
- Fleet Electrification: The JP includes funding for the continuation of the Company's fleet electrification efforts.
- Non-Pipe Alternatives ("NPA") Outreach: NPAs are investments or activities that reduce or avoid reliance on the natural gas system. The Company will focus NPA outreach efforts on: 1) customers in areas of pressure concern identified in system modeling; 2) customers impacted by Transmission Service Replacements; 3) customers impacted by the LPS Replacement Program; and 4) applicants located within 100 feet of a gas main.
- Natural Gas Service Agreements: The Company will modify its Natural Gas Service Agreement forms to include information on the Company's Clean Heat Program.