



Town of Wappinger
20 Middlebush Road
Wappingers Falls, NY 12590

Meeting: 09/14/23 07:00 PM
Department: Town Clerk
Category: Misc Town Board Decisions
Prepared By: Joseph P. Paoloni
Initiator: MinuteTraq Admin
Sponsors: Councilman William H. Beale
DOC ID: 6003

SCHEDULED

RESOLUTION 2023-122

Resolution Opposing Delivery Rate Increases By Central Hudson Gas And Electric Corporation

WHEREAS, Central Hudson Gas & Electric Corporation ("Central Hudson") has applied to the New York State Public Service Commission for increases in its electricity delivery rates and its natural gas delivery rates effective July 1, 2024; and

WHEREAS, Central Hudson seeks a rate increase for electric delivery charges that would result in an increase in the monthly bill of \$30.12 (31.9% increase on the delivery bill, or 16.4% increase on the total bill) for an average residential customer using 660 kWh per month; and

WHEREAS, Central Hudson seeks a rate increase for gas delivery charges that would result in an increase in the monthly bill of \$30.13 (29.2% increase on the delivery bill, or 19.0% increase on the total bill) for an average residential customer using 780 Ccf per year; and

WHEREAS, Central Hudson has stated that the rate increases are justified due to increases in capital investment mainly associated with the replacement of aging infrastructure; increased labor expense; continued and enhanced low income, energy efficiency and heat pump programs; increases due to capitalization and financing costs; and timely recovery of costs associated with responding to major storms and extreme weather.

WHEREAS, customers in a typical home or small business will be experiencing increases in the electric and natural gas delivery bills at a time when many are continuing to experience extraordinary financial hardships due to inflation; and

WHEREAS, Central Hudson's area of service includes the Town of Wappinger, and Central Hudson's proposed rate increases will cause unnecessary hardship for residents of the Town of Wappinger, particularly those with fixed or limited incomes, as well as placing an additional financial burden on the Town's taxpayers as the Town's own facilities are served by Central Hudson; and

WHEREAS, the proposed rate increases will place additional economic strains on small businesses and employers in the Town of Wappinger and discourage economic development and recovery; and

WHEREAS, upon consideration, the Town Board finds that such rate increases place an undue financial burden on residents, businesses and local governments, including the Town of Wappinger, and discourage further commercial and industrial development in our region;

NOW, THEREFORE BE IT RESOLVED, that the Town Board of the Town of Wappinger does hereby oppose the rate increases for delivery of electricity and natural gas for which Central Hudson Gas & Electric Corporation has applied; and

BE IT FURTHER RESOLVED that certified copies of the Resolution be delivered by the Town Clerk to the Hon. Michelle L. Phillips, Secretary, New York State Public Service Commission, the Hon. Rob Rollison, Senator for the 39th District, the Hon. Anil Beephan, Jr., Assemblyman for the 105th District, and to the chief executives of surrounding municipalities served by Central Hudson; and

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

Cases 23-E-0418, 23-G-0419

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

July 31, 2023

SUBJECT: Proposed Major Revenue Increases for Rate Year Ending June 30, 2025
 Case Nos.: 23-E-0418, 23-G-0419
 Utility: Central Hudson Gas & Electric Corporation
 Date Filed: July 31, 2023 Final Suspension Date: June 30, 2024

Electric Service

Central Hudson Gas and Electric Corporation (Central Hudson or the Company) is requesting an increase in annual electric delivery revenues of approximately \$139.5 million¹ (31.6% increase in base delivery revenues, or 13.3% increase in total system revenues²) compared to the revenues approved in Rate Year Three of the Company's current rate plan. The requested increase in electric delivery revenues results in a monthly bill increase of \$30.12 (31.9% increase on the delivery bill, or 16.4% increase on the total bill) for an average residential customer using 660 kWh per month. The major drivers of the electric revenue request include increases related to capital investment mainly associated with the replacement of aging infrastructure (24%); increased labor expense (21%); continued and enhanced low income, energy efficiency and heat pump programs (18%); increases due to capitalization and financing costs (13%); and timely recovery of costs associated with responding to major storms and extreme weather (11%).

¹ The calculation of the delivery revenue increase for the period July 1, 2024 through June 30, 2025 does not include the impact of the electric bill credits of \$21.5 million, which will expire on June 30, 2024.

² This increase reflects total system revenue as of March 31, 2023 plus Energy Service Company commodity revenue for 2023 and does not reflect the expiration of any current bill credits or changes in surcharges.

Gas Service

Central Hudson is requesting an increase in annual gas delivery revenues of approximately \$41.5 million³ (29.8% increase in base delivery revenues, or 14.2% increase in total system revenues) compared to the revenues approved in Rate Year Three of the Company's current rate plan. The requested increase in gas delivery revenues results in a monthly bill increase of about \$30.13 (29.2% on the delivery bill, or 19.0% increase on the total bill) for an average residential heating customer using 780 Ccf per year. The major drivers of the gas revenue request include increases related to capital investment driven by the continued elimination of leak prone pipe (34%); increased labor expense (19%); increases due to capitalization and financing costs (19%); and continued and enhanced low income and energy efficiency programs (8%).

The Company states its filing focuses on providing safe and reliable service by replacing and investing in infrastructure, facilitating and supporting New York State's environment mandates through Climate Leadership and Community Protection Act programs, responding to major storms and weather events, maintaining the Company's customer assistance programs, and increasing its workforce to support these initiatives. Further details on the rate filings can be found in the attached cover letter to the filings.

Rate cases are a primary instrument of government regulation of these industries. Interested persons may intervene and become parties in a utility company's rate case. Typical intervenors include: industrial, commercial and other large-scale users of electricity; public interest groups; representatives of residential, low-income and elderly customers; local municipal officials; and, dedicated advocacy groups. The applicable legal requirements require the Public Service Commission (PSC) to render a decision within 11 months after a major rate case is filed. Rate cases proceed in an entirely public and open process.

³ The calculation of the delivery revenue increase for the period July 1, 2024 through June 30, 2025 does not include the impact of the gas bill credits of \$5.6 million, which expire on June 30, 2024.