

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

Central Hudson Gas & Electric Corporation
Docket No. ER25-2636-000

Issued: August 22, 2025

On June 26, 2025, Central Hudson Gas & Electric Corporation (Central Hudson) filed, pursuant to section 205 of the Federal Power Act (FPA),¹ revisions to its transmission formula rate under Rate Schedule 12 of the New York Independent System Operator, Inc. (NYISO) Open Access Transmission Tariff (OATT) as set forth in section 6.12.5.2.1 of Attachment 1 to Rate Schedule 12.²

Please be advised that your filing is deficient and that additional information is necessary to process the filing. Please provide complete responses to the following:

1. Central Hudson states that it is updating the depreciation rates in Attachment 8 of the transmission formula rate for its Hurley Avenue System Deliverability Upgrade project (Hurley Avenue Formula Rate) to synchronize those rates with those approved by the New York State Public Service Commission (NYPSC) and used in determining Central Hudson's retail transmission and distribution rates effective July 1, 2024.³
 - a. Please explain if the depreciation expenses Central Hudson reported on its 2024 FERC Form No. 1 are based on the proposed depreciation rates. If so, please explain how you propose to account for any differences between the depreciation expenses in accounting and those in rates (i.e., rate base and cost of service differences associated with depreciation). Please explain whether any such difference would be resolved via the annual update process,⁴ and any true-up processes.

¹ 16 U.S.C. § 824d.

² Filing, Transmittal Letter at 1.

³ *Id.* at 1-2.

⁴ *See* NYISO, NYISO Tariffs, NYISO OATT, § 6.12.5.2.2 (Description of Annual

- b. Central Hudson requests waiver of the prior notice requirement for good cause to permit these depreciation rates to become effective on July 1, 2024.⁵ Please state whether the proposed depreciation rates will result in a rate increase or decrease.⁶
 - c. Please clarify the source of the depreciation rates in Attachment 8, lines 26 through 29 (Intangible Plant).⁷
2. Attachment C to the filing contains the proposed revisions to the Hurley Avenue Formula Rate in redline strikeout format, as well as columns and rows highlighted in blue, green, beige, and two shades of yellow.⁸ Please explain what these colors signify.
3. The Commission accepted the Hurley Avenue Formula Rate as part of a settlement agreement on October 4, 2021,⁹ and the Hurley Avenue Project went into service in 2023.¹⁰ Central Hudson states that, since it implemented its Hurley Avenue Formula Rate in 2023, it discovered several corrections and enhancements that need to be made.¹¹
 - a. The tariff sheets in Appendix A, page 5 that the Commission accepted as part of the settlement agreement do not contain any notes after Note J. Similarly, Attachment B and Attachment C to the instant filing (containing

Update Process) (1.0.0).

⁵ Filing, Transmittal Letter at 5.

⁶ See *Cent. Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, at 61,338, *order on reh'g*, 61 FERC ¶ 61,089 (1992) (“We will generally grant waiver of the 60-day prior notice requirement in the following instances: . . . (2) filings that reduce rates and charges . . .”).

⁷ See Filing, attach. C at Attach. 8 – Depreciation and Amortization Rates.

⁸ See Filing, attach. C.

⁹ See *Cent. Hudson Gas & Elec. Corp.*, 177 FERC ¶ 61,007 (2021).

¹⁰ See *Cent. Hudson Gas & Elec. Corp.*, Informational Filing – Hurley-FC Projected Annual Transmission Revenue Requirement for the Period June 2023 through May 2024, Docket No. ER20-715-000, at 1 (filed May 15, 2023).

¹¹ Filing, Transmittal Letter at 2.

a clean revised formula rate and a redline revised formula rate, respectively) do not contain additions proposing notes after Note J.

- i. Please explain why the Excel version of the Hurley Avenue Formula Rate in Attachment D to the instant filing includes new Notes K, L, M, and N in Appendix A, page 5, but Attachment B and Attachment C do not.
- b. In the Attachment D version of the Hurley Avenue Formula Rate, Note K and Note L in Appendix A, page 5 each state “For future use.”¹² In the Attachment C version no such notes exist in Appendix A, page 5. Additionally, Appendix A page 2 contains redline strike-out of references to Note L in Line 28, and to Note K in Line 29. Please explain these discrepancies, and whether Central Hudson intended to propose including these notes in the Hurley Avenue Formula Rate.
- c. In the Attachment D version of the Hurley Avenue Formula Rate, Note M states that “Balances exclude Asset Retirement Costs.”¹³
 - i. Please explain whether Central Hudson proposes to add this Note M to the Hurley Avenue Formula Rate. If so, please explain why it is not included in the Attachment B and Attachment C versions of the Hurley Avenue Formula Rate; please also explain any rate impact from this proposed change.
- d. In the Attachment D version of the Hurley Avenue Formula Rate, Note N states that “Attachment 10 will be used in the event there is a future change to federal or state income tax rates.” Please explain whether Central Hudson intended to propose including this Note N to the Hurley Avenue Formula Rate. Please explain why Attachment 10 is not included in Attachment B, Attachment C, or Attachment D to the instant filing or clarify whether Central Hudson intends to make a separate FPA section 205 filing with a proposed Attachment 10 at a future date.
- e. Central Hudson proposes to eliminate Post-Employment Benefits Other Than Pensions (PBOP) from line 44 in Appendix A of the Hurley Avenue Formula Rate, and delete lines 189-243 on Attachment 3 – Cost Support,

¹² See Filing, attach. D, app. A.

¹³ See Filing, attach. D, app. A.

stating that it is using “actual PBOP expenses.”¹⁴

- i. Please explain how “actual PBOP expenses” will flow through the Hudson Avenue Formula Rate, and how this proposal is consistent with Commission precedent.¹⁵
- ii. In *Post-Employment Benefits Other Than Pensions*, 61 FERC ¶ 61,330 (1992), *order on reh’g* 65 FERC ¶ 61,035 (1994) (PBOP Policy Statement), the Commission required companies to establish an irrevocable external trust fund into which the annual test period allowance for PBOPs would be deposited to ensure that the amounts customers are paying for PBOPs will, in fact, be utilized for such purpose, or in the event that they are not, customers would obtain refunds from the funds accrued in the trust. In order to include “actual PBOP expenses” in the formula rate, please explain how Central Hudson will comply with these requirements, including the customer refund obligations. This includes explaining whether Central Hudson will use the accrual method for both ratemaking and accounting purposes, per the PBOP Policy Statement, and providing the full actuarial studies that support the amounts Central Hudson proposes to include in formula rates for PBOP expenses. Also, please explain how Central Hudson will make these actuarial studies available to its customers, and how the PBOP expenses included in formula rates are reflected in its Form 1s.
- iii. Please describe the rate effect of the proposed changes.

This letter is issued pursuant to 18 C.F.R. § 375.307 and is interlocutory. This letter is not subject to rehearing under 18 C.F.R. § 385.713. A response to this letter must be filed with the Secretary of the Commission within 30 days of the date of this letter by making a deficiency filing in accordance with the Commission’s electronic tariff requirements. For your response, use Type of Filing Code 170 if your company is registered under program code “M” (Electric Market Based Rate Public Utilities) or Type of Filing Code 180 if your company is registered under program code “E” (Electric

¹⁴ See Filing, attach. E at 2.

¹⁵ In *Maine Yankee Atomic Power Co.*, 66 FERC ¶ 61,375 (1994), the Commission rejected proposals to allow automatic adjustments for PBOPs in a formula rate without the requirement to make a rate change filing with the Commission.

Traditional Cost of Service and Market Based Rates Public Utilities).¹⁶ In addition, submit an electronic version of your response to Jason Rhee at Jason.Rhee@ferc.gov. The information requested in this letter order will constitute an amendment to your filing and a new filing date will be established.¹⁷ A notice will be issued upon receipt of your filing.

Pending receipt of the above information, a filing date will not be assigned to your filing. Failure to respond to this letter order within the time period specified may result in a further order rejecting your filing.

Issued by: Leanne Khammal, Acting Director, Division of Electric Power Regulation – East

¹⁶ The filing must include at least one tariff record to restart the statutory timeframe for Commission action even though a tariff revision might not otherwise be needed. *See generally Elec. Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (explaining that the Commission uses the data elements resulting from the tariff filing process to establish statutory filing and other procedural dates).

¹⁷ *See Duke Power Co.*, 57 FERC ¶ 61,215, at 61,713 (1991) (“the Commission will consider any amendment or supplemental filing filed after a utility’s initial filing . . . to establish a new filing date for the filing in question”).