

Attachment 1

Central Hudson Gas and Electric Corporation (Central Hudson)
Response to Deficiency Letter Issued May 6, 2024
Rate Schedule 21 - Central Hudson Wholesale Distribution Service
Docket No. ER24-1434-000
June 5, 2024

1. You state that the basis for the proposed WDS rates are the retail rates accepted by the New York State Public Service Commission's (New York Commission) March 2022 order,¹ as adjusted to exclude transmission revenue requirement, as shown in Attachment C.²
 - a. Please show how the Base Delivery Requirement was derived and explain why the Base Delivery Requirement is an appropriate basis to derive the WDS rates.
 - b. Please show how the revenue numbers on page 2 of Attachment C were derived and how they relate to Central Hudson's retail rates, as approved by the New York Commission. Please explain why the revenue components on page 2 of Attachment C are an appropriate basis from which to determine the WDS rates.
 - c. In the spreadsheet version of Attachment C, the Transmission Revenue Requirement is calculated by subtracting the WDS Revenue Requirement from the Base Delivery Requirement. The WDS Revenue Requirement is calculated by adding revenues from Daily As Used Demand Peak, Daily As Used Demand Super Peak, Contract Demand, and Monthly Customer Charge. There appears to be a mismatch between the calculation of the WDS Revenue Requirement in Attachment C and the explanation in your transmittal. Please clarify and explain in more detail how the WDS Revenue Requirement is derived and provide any relevant quantitative analysis.

Response:

- a. As a reminder, Central Hudson determines its WDS rates consistent with the way in which Consolidated Edison of New York ("Con Edison") and Orange and Rockland Utilities ("O&R") determines their respective WDS rate, and FERC approved Con Edison and O&R's

¹ See Order Establishing Updated Standby Service Rates and Implementing Optional Mass Market Demand Rates, *In the Matter of the Value of Distributed Energy Resources*, Case No. 15-E-0751 (N.Y. Pub. Serv. Comm'n Mar. 16, 2022).

² Transmittal at 5-6.

WDS rates.³ The Base Delivery Revenue Requirement reflects the revenue requirement, excluding Merchant Function Charges (“MFCs”), established under Central Hudson’s current New York Commission rate plan and rates effective July 1, 2023. The revenue requirement was the result of the revenue allocation, the results of which are shown on Appendix L Sheet 3 of 6 of the Joint Proposal adopted by the New York Commission in its Order issued and effective on November 18, 2021 in Case 20-E-0428 (“Joint Proposal”).⁴ For ease of reconciliation to publicly available information, Central Hudson is providing Attachment 2 which reconciles the base delivery revenue requirement utilized to establish base delivery rates effective July 1, 2023, excluding MFCs, with final Rate Year delivery revenue as shown in Appendix K of the Joint Proposal. This base delivery revenue requirement forms the appropriate basis to derive the WDS rates in order to produce rates⁵ that are based upon and consistent with Central Hudson’s T&D rates.

- b. The revenue numbers on page 2 of Attachment C of the initial filing represent the final allocated revenue requirement resulting from the Allocated Cost of Service Study (“ACOS”) which is being provided as Attachment 3 of this response. The allocated revenue requirement is determined as the base delivery revenue requirement shown in Attachment 2 of this response and described in response to 1a above less the transmission revenue requirement, as shown in columns B – D of Attachment 4 of this response. Central Hudson determined the transmission revenue requirement by comparing the results of the ACOS study with and without transmission costs as shown in columns E – G of Attachment 4 of this response. Central Hudson applied the resulting percentage of the ACOS revenue requirement comprised of transmission costs to the base delivery revenue requirement in column B of Attachment 4 of this response to yield the WDS revenue requirement shown in column D. The resulting WDS revenue requirement was then allocated to the As-used Daily Demand, Contract Demand and Customer Charge revenue requirements using the results of the ACOS

³ Consolidated Edison Company of New York, Docket No. ER24-760, DLO dated March 7, 2024 and Orange and Rockland Utilities, Docket No. ER24-967, DLO dated March 21, 2024.

⁴ Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plan issued and effective November 18, 2021

⁵ With the exception of the removal of the transmission revenue requirement as described in the initial filing letter in this docket

Study's allocation of shared versus local costs. This methodology and the resulting revenues are the appropriate basis from which to determine the WDS rates as this methodology is similar to the methodology utilized to develop Standby and Buyback rates in Central Hudson's New York Commission tariff while also excluding transmission costs for purposes of developing the wholesale rates under the Commission's jurisdiction.

- c. Please refer to the response to 1b for a detailed description of how Central Hudson determined the WDS revenue requirement and also refer to Attachment 4 of this response described in more detail in the response to 1b. This description and attachment provide further detail to clarify the development of the WDS revenue requirement.
2. Please provide additional explanation on certain aspects of proposed Rate Schedule 21, as requested below.
 - a. Please clarify whether, if the Contract Demand charge exceeds the Minimum Charge, the Minimum Charge in the rate for Wholesale Distribution Export Service is applied in addition to the Contract Demand charge. If not, explain which one is used (i.e., either the Minimum Charge or of the Contract Demand charge) and how that determination is made.
 - b. Please clarify whether one of the two service level categories labeled "Primary in Excess of 1,000 kW" is incorrectly labeled in proposed section 6.21.6 (Statement of Export Rates). If so, please propose separate categories to distinguish the service levels.
 - c. In proposed section 6.21.7 (Statement of Charging Rates), please clarify whether and which one of the service level categories will include Primary Demand at 1000 kW, given that the service level categories are currently defined as "up to" or "in excess of" 1000 kW.
 - d. Proposed section 6.21.5.2.1.2(2) provides that Contract Demand for a new customer "shall be determined by assessing the nameplate rating of the equipment to be served and projecting the coincidence and diversity of the new customer's load." Please explain in more detail the methodology with which Central Hudson plans to project the coincidence and diversity of the new customer's load to determine its Contract Demand. Please further explain how this methodology ensures that the calculation is consistent with the Contract Demand methodology for existing customers, which is the maximum metered demand over the past 12 months, and how it ensures the calculation is

consistent among different new customers, such that the Contract Demand methodology does not result in undue discrimination among new customers.

- e. Proposed section 6.21.5.2.1.2(2) provides that Central Hudson shall provide the determined Contract Demand to a new customer at least ten days prior to the customer commencing service. Please explain how this timeframe was selected and support why it is appropriate. Please also explain if new customers may dispute the determined Contract Demand, and if so, explain the dispute resolution process for doing so.
- f. Please define the following terms: Merchant Function Charge (MFC), MFC Admin Charge, and MFC Supply Charge.

Response:

- a. The Minimum Charge for Wholesale Distribution Export Service applies even if contract demand charges are in excess of the customer/minimum charge. In other words, the Minimum Charge is applied in addition to the Contract Demand Charge. As described in Section 6.21.5.1.1.1, each month a customer shall pay Central Hudson a Minimum Charge along with a charge for Wholesale Distribution Export Service. Central Hudson further clarifies that the customer/minimum charge applicable under Wholesale Distribution Export Service shall be waived if service is taken by the customer under both Wholesale Distribution Export Service and Wholesale Distribution Charging Service through the same service connection. This clarification has been made in the amended tariffs included as Attachments 5 (clean) and 6 (redline) of this response.
- b. The first of the two service level categories labeled “Primary in Excess of 1,000 kW” is incorrectly labeled in section 6.21.6 and should instead be labeled “Primary up to and including 1,000 kW” which would be inclusive of Primary Demand exactly at 1,000 kW. This correction has been made in the amended tariffs included as Attachments 5 (clean) and 6 (redline) of this response.
- c. Please refer to the response to 2b.
- d. Central Hudson would first determine Contract Demand either based on the customer electing to establish their own Contract Demand or by using existing metered demand. In instances where neither are available, Central Hudson must estimate the Contract Demand using the nameplate capacity of the connected equipment and projecting the coincidence and diversity of the new customer’s load. These projections are based on information provided by the customer, including but not limited to estimated hours of operation and charging/discharging

schedule. For example, a customer may only plan to charge their storage equipment at 50% of the nameplate inverter capacity over a longer time period. Because each circumstance is different, these estimates require some level of engineering judgement, but the principle is applied consistently that all relevant information about the customer's operations should be used to estimate the customer's maximum demand, consistent with the definition of Contract Demand.

- e. Central Hudson selected the "at least ten day" timeframe to be consistent with the same provisions in its New York state retail tariff effective July 1, 2004 in compliance with the December 4, 2003 Order Establishing Electric Standby Rates in Case 02-E-1108. It is also consistent with the proposed timeframe for a customer to provide Central Hudson a customer-established contract demand. A new customer has the ability to determine their own Contract Demand if they do not want to accept the Contract Demand determined by Central Hudson.
- f. The Merchant Function Charge (MFC) is a charge that reflects the costs the Company incurs in the delivery and supply of electricity and includes an Administrative Charge and a Supply Charge. The MFC Admin Charge reflects the costs Central Hudson incurs when third party suppliers bill their customers through Central Hudson and it includes the commodity related credit and collections component and a portion (50%) of the call center costs determined to be commodity related, plus A&G and rate base items associated with each component. The MFC Admin Charge is applicable to all energy deliveries, excluding energy delivered by Central Hudson to customers purchasing their electricity requirements from a Retail Supplier that is not participating in the Company's Purchase of Accounts Receivable Program. The MFC Supply Charge includes commodity-related procurement including a portion (50%) of the commodity related call center costs, commodity related advertising and promotions, plus A&G and rate base items associated with each component. The MFC Supply Charge is applicable to all energy deliveries, excluding energy delivered by Central Hudson to customers purchasing their electricity requirements from a Retail Supplier.