

September 18, 2025

VIA E-FILING

Ms. Debbie-Anne Reese, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: Central Hudson Gas & Electric Corporation, New York Independent System
Operating, Inc.
Docket No. ER25-2636-000
Response to Deficiency Letter re: Central Hudson 205: Revisions to Rate
Schedule 12 FRT re: Hurley Ave to be effective 6/1/2025

Dear Secretary Reese:

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 NYISO OATT as set forth in Attachment 1 to Rate Schedule 12 (Filing).² On August 22, 2025, Leanne Khammal, Acting Director, Division of Electric Power Regulation – East, issued a letter requesting additional information from Central Hudson. Responses to these inquiries are set forth below.

Information Request No. 1:

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

¹ 16 U.S.C. § 824d.

² Filing, Transmittal Letter at 1. The New York Independent System Operator, Inc. (NYISO) is submitting this filing in FERC's eTariff system on behalf of Central Hudson solely in the NYISO's role as the tariff administrator of the NYISO Open Access Transmission Tariff (OATT). The burden of demonstrating that the proposed tariff amendments are just and reasonable rests on Central Hudson, the sponsoring party/applicant. The NYISO takes no position on any substantive aspect of this filing at this time. Unless otherwise defined herein, capitalized terms used in this transmittal letter shall have the meanings ascribed to them in the NYISO OATT.

³ *Id.* at 1-2.

- 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.

Central Hudson's Response: For the general/intangible assets, the depreciation/amortization expenses Central Hudson reported in its 2024 FERC Form No. 1 for the period July 1, 2024, through December 31, 2024, are based on the proposed depreciation/amortization rates in Attachment 8 of the revised formula rate. The depreciation expense for these assets is allocated to Rate Schedule 12 using the wage and salary allocator. Central Hudson cannot maintain two sets of depreciation rates for the same assets, so it began using the updated depreciation/amortization rates in proposed Attachment 8 on July 1, 2024.⁵ However, for the transmission assets, which are directly assigned to Rate Schedule 12, Central Hudson did not use the transmission depreciation rates on the proposed Attachment 8 to determine depreciation expense for the period July through December 2024. Rather, it used the transmission depreciation rates contained on the currently effective transmission formula rate in Attachment 8. Notwithstanding, Central Hudson requested in its June 26, 2025 filing in this proceeding that the depreciation rates contained in Attachment 8 of its revised formula rate be effective July 1, 2024, so that both the transmission and general/intangible depreciation and amortization rates would be revised on the same date and correspond to those approved by the NYPSC. If the Commission approves this request, Central Hudson will include the change in its transmission depreciation expense and related rate base impacts for the period July through December 2024 as a revenue requirement adjustment in its June 2026 projected formula rate.

- b. Central Hudson requests waiver of the prior notice requirement for good

⁴ See NYISO, NYISO Tariffs, NYISO OATT, § 6.12.5.2.2 (Description of Annual Update Process) (1.0.0).

⁵ Central Hudson now realizes that it should have made a timely filing to the Commission to change the depreciation rates on the current Attachment 8 to those approved by the New York State Public Service Commission (NYPSC), as contained on the proposed formula rate, Attachment 8. Central Hudson has put in place a process to ensure that it makes timely filings with the Commission to change Attachment 8 rates soon after any changes to its depreciation/amortization rates approved for NYPSC ratemaking.

cause to permit these depreciation rates to become effective on July 1, 2024.⁶ Please state whether the proposed depreciation rates will result in a rate increase or decrease.⁷

Central Hudson's Response: Implementation of the depreciation rates on Attachment 8 would result in a slightly lower annual depreciation/amortization expense and a slightly lower annual transmission revenue requirement under Rate Schedule 12. See Attachment 1 to this filing for the calculation of this impact.

- c. Please clarify the source of the depreciation rates in Attachment 8, lines 26 through 29 (Intangible Plant).⁸

Central Hudson's Response: These rates are aligned with those approved by the NYPSC as an outcome Case 23-E-0418 and 23-G-0419 and were effective beginning July 1, 2024. The intangible plant amortization rates are a function of the life of the underlying assets.

Information Request No. 2:

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.⁹ Please explain what these colors signify.

Central Hudson Response: Central Hudson created the redlined version of the proposed formula rate (Attachment 4 to the filing) using a program called Litera Compare for Excel ("Litera"). Attachment 2 to this response contains a report from the Litera program that identifies what each color represents. Rows or columns added are blue. Rows or columns deleted are orange/beige. Formula and value changes are darker yellow. Formula only changes are green. Formulas that are auto adjusted are light blue. The lighter yellow highlighted cells are input cells.

Information Request No. 3:

3. The Commission accepted the Hurley Avenue Formula Rate as part of a settlement

⁶ Filing, Transmittal Letter at 5.

⁷ 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 . . .").

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

⁹ See Filing, attach. C.

agreement on October 4, 2021,¹⁰ and the Hurley Avenue Project went into service in 2023.¹¹ 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.¹²

- 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 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.

Central Hudson's Response: Attachments B and C of the June 26, 2025 filing in this proceeding are PDFs of Excel files.

Central Hudson inadvertently did not extend the pdf versions of Appendix A beyond Note J as part of referenced prior filings related to the Hurley Avenue Rate Schedule 12 transmission formula rate. Attachment 5 to this response provides the correct Excel version, with one exception described in response to item 3d below. Central Hudson provides corrected PDF versions as Attachments 3 and 4, respectively, to this response.

- 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."¹³ 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.

Central Hudson Response: As noted in the response to item 3a, Attachments B and C of the June 26, 2025 filing in this proceeding are PDFs of Excel files. Central Hudson inadvertently did not extend the

¹⁰ See *Cent. Hudson Gas & Elec. Corp.*, 177 FERC ¶ 61,007 (2021).

¹¹ 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).

¹² Filing, Transmittal Letter at 2.

¹³ See Filing, attach. D, app. A.

pdf versions of Appendix A beyond Note J as part of referenced prior filings related to the Hurley Avenue Rate Schedule 12 transmission formula rate. Central Hudson did intend to include notes K and L as “[f]or future use” in order not to have to change the references for notes M and N. Central Hudson provides corrected PDF versions as Attachments 3 and 4, respectively, to this response. Attachment 5 to this response provides the correct Excel version.

- c. In the Attachment D version of the Hurley Avenue Formula Rate, Note M states that “Balances exclude Asset Retirement Costs.”¹⁴
- 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.

Central Hudson’s Response: Central Hudson proposes adding this Note M to the Hurley Avenue Rate Schedule 12 transmission formula rate. As explained above, Central Hudson inadvertently did not extend the pdf versions of the Excel formula rates beyond Note J. Central Hudson is providing herewith corrected PDF versions as Attachment 3 and Attachment 4 to this response. There is no rate impact from this proposed change as Central Hudson has never included asset retirement obligations in its Hurley Avenue Rate Schedule 12 transmission formula rate. In fact, there are no asset retirement obligations associated with the Hurley Avenue System Deliverability Upgrade project.

- 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.

Central Hudson’s Response: Note N should refer to Attachment 5, not

¹⁴ See Filing, attach. D, app. A.

Attachment 10. Attachment 5 of the formula rate is the worksheet required by Commission Order No. 864 for excess or deficient accumulated deferred income taxes, as a result of the tax rate changes. Central Hudson has made this correction in Attachments 3 and 4 to this response and includes a corrected Excel file of the formula rate as Attachment 5 to this response.

- 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, stating that it is using “actual PBOP expenses.”¹⁵

- i. Please explain how “actual PBOP expenses” will flow through the Hudson Avenue Formula Rate, and how this proposal is consistent with Commission precedent.¹⁶

Central Hudson’s Response: Actual PBOP expense will be included in administrative and general expenses on Line 34 of Appendix A of the Hurley Avenue Rate Schedule 12 transmission formula rate.

- 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

¹⁵ See Filing, attach. E at 2.

¹⁶ 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.

formula rates are reflected in its Form 1s.

Central Hudson's Response: Central Hudson uses the accrual method for PBOP for both FERC jurisdictional ratemaking and accounting purposes. Central Hudson will make available to stakeholders its PBOP actuarial studies that support the accrual amounts included in the Hurley Avenue Rate Schedule 12 transmission formula rate. During the annual review process (as set forth in Section 6.12.5.2.2 of Attachment 1 to Rate Schedule 12 of the NYISO OATT), Central Hudson will provide such studies to any stakeholder that requests them. Central Hudson includes an accrual for PBOP expenses in Account 926 in its administrative and general expenses in its FERC Form 1, and administrative and general expenses are included in the formula rate on Line 35 of Appendix A.

- iii. Please describe the rate effect of the proposed changes.

Central Hudson's Response: There is no rate effect from the proposed PBOP-related formula rate changes as Central Hudson has been including its actual PBOP accrual in its Hurley Avenue Rate Schedule 12 annual transmission revenue requirement in administrative and general expense since the formula rate's inception. The PBOP section, though included in the Hurley Avenue Rate Schedule 12 transmission formula rate, does not apply to Central Hudson but rather was imported from the Commission-approved formula rate template design of another transmission developer in New York (*i.e.*, New York Transco) where its PBOP expense is a function of its multiple utility owners. Since Central Hudson does not have multiple utility owners, it did not use this worksheet but rather included its PBOP accrual in its formula rate.

Requested Effective Date:

Central Hudson respectfully requests Commission approval of these modifications. Moreover, Central Hudson requests that the revised depreciation rates contained in the revised Hurley Avenue Formula Rate be effective July 1, 2024, to coincide with the effective date of these same depreciation rates used in determining Central Hudson's retail transmission and distribution rates by the

NYPSC.¹⁷ Finally, Central Hudson requests the revised Hurley Avenue Formula Rate be effective June 1, 2025, so that this revised Hurley Avenue Formula Rate can be used to determine the actual ATRR and the Annual True-up Adjustment for the rate year June 2025 to May 2026. Central Hudson requests waiver of the 60-day notice period in order for the Commission to grant the requested effective dates.

List of filing documents:

Attachment 1 – Calculation of change in depreciation expense from new depreciation/amortization rates

Attachment 2 – Revision Report for Proposed Changes to Formula Rate Template

Attachment 3 - Clean Version of Proposed Revisions to Section 6.12.5.2.1 of Attachment 1 to Rate Schedule 12 of the NYISO OATT

Attachment 4 – Redlined Version of Proposed Revisions to Section 6.12.5.2.1 of Attachment 1 to Rate Schedule 12 of the NYISO OATT¹⁸

Attachment 5 – Excel Version of Hurley Avenue Rate Schedule 12 transmission formula rate

Thank you for your attention to this matter. Please direct any further questions to the undersigned.

Respectfully submitted,
Marina W. Chu
Attorney for Central Hudson

cc: Jason Rhee (Jason.Rhee@ferc.gov)

Parties on the service list compiled by the Secretary in this proceeding

¹⁷ In Docket No. ER25-1847, the Commission recently, in a Delegated Order dated May 27, 2025, accepted for filing revised depreciation rates effective July 1, 2024, that the utility requested to synchronize its transmission formula rate depreciation rates with depreciation rates approved in a state proceeding.

¹⁸ Attachment 4 depicts the proposed revisions reflected in the initial June 26, 2025 filing in this proceeding, as well as the incremental revisions described in this response.

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused a copy of the foregoing document to be served upon all parties designated on the official service list in these proceedings in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Dated at Poughkeepsie, New York, this 18th day of September, 2025.

Respectfully submitted,

/s/ Marina W. Chu

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