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Anthony S. Campagiorni, Esq.
Vice President
Regulatory & Governmental Affairs

July 28, 2017

Honorable Kathleen H. Burgess, Secretary
State of New York Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Re: Revisions to Schedule for Electric Service – P.S.C. No. 15 - Electricity

Dear Secretary Burgess:

The amended tariff leaves set forth below are filed by Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") on July 28, 2017 to become effective August 27, 2017. Pursuant to the Order dated June 17, 2015 in Case 14-E-0318, the Company's current rate plan extends until June 30, 2018. As such, the Company's expectation is that the Commission will issue appropriate orders suspending the effective date of the leaves so that the proposed rates may become effective no sooner than July 1, 2018.

P.S.C. No. 15 – Electricity

4th Revised Leaf No. 94
18th Revised Leaf No. 104
10th Revised Leaf No. 106
1st Revised Leaf No. 106.1
Original Leaf No. 106.2
9th Revised Leaf No. 135
11th Revised Leaf No. 163.3
10th Revised Leaf No. 163.5.2
13th Revised Leaf No. 163.5.4
8th Revised Leaf No. 163.5.5
4th Revised Leaf No. 163.5.35
15th Revised Leaf No. 165
18th Revised Leaf No. 169
14th Revised Leaf No. 185
19th Revised Leaf No. 205
16th Revised Leaf No. 205.1
8th Revised Leaf No. 205.2
19th Revised Leaf No. 210
20th Revised Leaf No. 217
16th Revised Leaf No. 218
13th Revised Leaf No. 218.1
9th Revised Leaf No. 218.2
13th Revised Leaf No. 219
16th Revised Leaf No. 220
14th Revised Leaf No. 221
16th Revised Leaf No. 222
17th Revised Leaf No. 226
10th Revised Leaf No. 231
7th Revised Leaf No. 232

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15th Revised Leaf No. 246
18th Revised Leaf No. 246.1

The purpose of these revised tariff leaves is to effectuate the changes proposed by the Company's rate filing and supported by the testimony and exhibits filed with the Commission on July 28, 2017. The language filed herein shall serve as a placeholder pending final outcomes. The letter accompanying the Company's filing, excluding attachments, is attached as Appendix A.

The Company will file, pursuant to Commission Order, a new Merchant Function Charge Statement and Electric Bill Credit Statement to become effective coincident with new base delivery rates as approved by the Commission.

The Company is arranging to comply with the requirements of 66(12)(b) of the Public Service Law by publishing notices of the rate changes proposed herein in the August 9th, 16th, 23th, and 30th, 2017 issues of the Putnam County Courier, the Catskill Daily Mail, the Daily Freeman, the Times Herald Record and the Poughkeepsie Journal.

Questions related to this filing should be directed to Darlene Clay at (845) 486-5466 or dclay@cenhud.com.

Very truly yours,

Anthony S. Campagiorni
Vice President of Regulatory and Governmental Affairs

LETT 420

Received: 07/28/2017

Appendix A

Received: 07/28/2017

Anthony S. Campagiorni, Esq.
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& Government Affairs

People. Power. Possibilities.
Central Hudson
A FORTIS COMPANY

July 28, 2017

Via Electronic Filing
By Hand

Honorable Kathleen Burgess, Secretary
New York State Public Service Commission
3 Empire State Plaza, 19th Floor
Albany, New York 12223-1350

Dear Secretary Burgess:

Central Hudson Gas & Electric Corporation ("Central Hudson" or "Company") hereby submits for filing revisions to its Schedule for Electric Service, PSC No. 15-Electricity and its Schedule for Gas Service, PSC No. 12-Gas.

Tariffs

The tariff leaves listed on Attachment A are issued as of July 28, 2017, with an effective date of August 27, 2017, and are being filed electronically via the Commission's tariff system. The Company anticipates that the Commission will suspend the effective dates of the tariff leaves so that the proposed rates will become effective July 1, 2018 since the Company's current electric and gas rate plans extend until June 30, 2018.

The Company has prepared this rate filing using the operating results, with normalization adjustments where appropriate, for the historical year ending March 31, 2017. The Company has also submitted projected operating results for the forecast rate year ending June 30, 2019 ("Rate Year"), with data linking the historical period and the Rate Year. The Company has developed additional forecasted financial information for the 12-month periods ending June 30, 2020 and 2021, as shown in the separate Attachment B entitled "Additional Information" for use only in the event of future multi-year settlement discussions.

Requested Revenue Increases

The purpose of this filing is to align the charges to our customers with our Rate Year costs of providing electric and gas delivery service. The tariffs filed herewith have been developed to produce the revenues necessary to reflect the Company's costs of providing electric and gas delivery service in the Rate Year. The tariffs would produce electric and gas delivery revenue increases of $43 million and $18.1 million, respectively compared to the revenues approved in Rate Year 3 of the Company's current Rate Plan established in Cases 14-E-0318 and 14-G-0319.

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The Company is proposing to invest in our equipment, update aging infrastructure and deploy technology to modernize the systems that deliver essential electricity and natural gas to our customers. The Company has put forth a number of initiatives including:

- Replacing aging poles and wires with newer, more durable equipment to further storm harden the electric system;
- Utilizing modern technologies to significantly reduce electric service interruptions by automating power flows, and improving the efficiency of the electric system in order to lower customers' energy use;
- Investing in electric system assets in order to accommodate the proliferation of distributed energy resources;
- Upgrading computer systems to improve cybersecurity, enable utilization of advanced electric grid technologies and enhance customer offerings of energy efficient products and services;
- Continuing the environmental cleanup of the site of a former manufactured gas plant in Poughkeepsie, the last of several such sites in the region that once produced gas;
- Offering new carbon reduction programs, including incentives for ground-source heat pumps, and continuing the existing suite of energy efficiency programs, such as discounts on LED lighting and rebates on high-efficiency heating and cooling systems, and proposing new Central Hudson rebates on the purchase of electric vehicles, to promote the benefits of lower overall emissions and reduced operating costs of electric transportation.

Major Drivers of the Requested Rate Increases

Electric Operations

The drivers of the electric rate increase are predominantly related to: distribution and transmission line clearance; growth of capital investment in electrical infrastructure; an increase in the return on equity and a higher equity ratio compared to the prior rate plan; transmission and distribution repair work; information technology expense; and an increase in low income bill discounts.

Gas Operations

On the gas side of the business, the drivers include: the continued accelerated replacement of leak prone pipe; increased labor expense; increased information technology expense; an increase in the low income bill discounts; and an increase in the return on equity and a higher equity ratio in the business.

Areas of Moderation of the Requested Rate Increase

The Company has identified several areas of moderation to the proposed revenue increase including pensions and other post-employment benefits ("OPEBs"), property taxes, depreciation

Received: 07/28/2017

and environmental Site Investigation and Remediation ("SIR") cost recovery that are reflected in the development of revenue requirements.

For example, the Company proposes to continue existing depreciation rates even though a recently completed depreciation study identified an under-reserved amount in excess of the ten percent dead-band that supports an increase in depreciation rates. By not seeking to increase collection of depreciation expense at this time, the Company has mitigated the rate increase. The Company has also applied a 1% productivity credit (based on labor, employee benefits including pension and OPEBs and payroll taxes) to capture productivity gains for the benefit of customers. The Company has also identified a change by the Financial Accounting Standards Board (FASB) for the accounting of Compensation—Retirement Benefits that is another source of potential moderation available should the Commission adopt the FASB change.

The Company has projected net regulatory liability balances for the electric and gas businesses that are available to moderate the bill impacts through bill credits. The Company currently projects to have a maximum of $22 million of electric moderation and $10 million of gas moderation. The Company, in its filing, has applied all of the available moderation, but remains open to discussion with Staff and other parties regarding the appropriate amount and timing of moderation to be used to diminish customer bill impacts.

Major Initiatives

The Company's major initiatives underlying this rate filing include modernization of the Company's electric, gas, and information technology systems to continue to provide safe and reliable service while enhancing the customer experience. Other major initiatives include establishing a new modern employee training center as well as enabling enhanced customer service offerings.

1) Modernization of the Company's Systems

On the electric side of the business, the grid is in the midst of unprecedented change as it evolves into a more integrated and complex system. This transformation requires the installation of new devices and technologies to meet the goal of a more dynamic and efficient energy future through the continued proliferation of distributed energy resources. The Company must continue to replace its aging infrastructure while facilitating the integration of DERs. Accordingly, the Company continues to invest in its Distribution Automation, Distribution Management System, and Network Strategy as part of the Company's broader plans to transition to a distributed system platform provider.

The gas system major initiatives provide for the continued replacement of leak prone pipe at the pace of approximately 15 miles per year. This rate allows the Company to replace and

Received: 07/28/2017

eliminate all leak prone pipe in fifteen years. In addition, the Company will also continue its highly targeted gas expansion plans.

The Company has several initiatives related to information technology. The increasing pace of change occurring in the business and regulatory environment, coupled with customers' heightened expectations of personalization and mobility, are driving investments in information technology. Moreover, parts of the Company's IT systems are old—for example, one of the systems closely linked to customer relationships, the Customer Information System ("CIS"), was put into service in 1982, more than 35 years ago. Without necessary investments now to modernize and upgrade these systems, the Company will be unable to meet customer, market participant, and regulator needs.

2) Training

As the Company's electric, gas, and information technology systems modernize, so must the skills of its workforce. The Company is proposing a multi-year initiative to enhance training by establishing an organization and a dedicated training center to allow the Company to educate its changing workforce in a safe, controlled environment that simulates real field conditions that will enhance learning opportunities and employee skill development and ensure that Central Hudson continues to provide safe and reliable service.

3) Customer Services Initiatives

The Company is proposing a number of customer service initiatives including a no fee credit card option. Customers have come to expect the ability to pay their bills with a credit card without incurring a fee. The Company also proposes a Central Hudson specific low income informational meeting in order for all stakeholders to be further informed of the Company's understanding of how to more effectively utilize energy efficiency, demand response and access to solar programs for this important and vulnerable customer segment. The Company also proposes to implement new and enhanced initiatives to improve customer engagement and better meet customers' growing expectations of personalization and customization.

Proposed Increases in Electric Delivery Rates

The increase in the electric revenue requirement represents a 13.5% increase in base electric delivery revenues and a 7.9% increase in total electric revenues. The increase in delivery revenue results in an average residential monthly delivery bill increase of $8.85 per month which represents a 13.6% increase on the delivery bill or a 7.9% on the total bill for an average 560 kWh per month customer prior to any moderation. The Company has proposed utilization of the maximum available $22 million of moderation. ***The resulting electric delivery impact on a typical residential electric customer would be $4.19 per month which equates to a 6.5% delivery bill impact and a 3.7% total bill impact.***

Received: 07/28/2017

Proposed Increases in Gas Delivery Rates

The increase in the gas revenue requirement represents an 18.5% increase in base gas delivery revenues and 12.3% increase in total gas revenues. The increase in delivery revenue results in an average residential monthly gas delivery bill increase of $14.33 per month which represents an 18.5% increase on the delivery bill or a 12.3% increase on the total bill for an average residential gas customer utilizing 69 Ccf per month prior to any moderation. The Company has proposed utilization of the maximum available $10 million of gas moderation. ***The resulting gas delivery impact on a typical residential gas customer would be $5.51 per month which equates to 7.1% delivery bill impact and a 4.7% total bill impact.***

Procedural Matters

An electronic copy of the Company's prepared written testimony and exhibits, which comprise the Company's direct case in support of this filing, are also submitted herewith. Fifteen hard copies will be provided within three business days under separate cover once copying production has concluded. Notices of this filing will be published in newspapers in accordance with 16 NYCRR Sections 720-8.1 and 270.70 and proof of publication will be submitted upon completion. In addition, the Company will issue appropriate bill inserts in accordance with 16 NYCRR Sections 720-9.1 and 270.80.

Acknowledgment of the receipt of this letter is requested and a triplicate copy together with a return envelope is enclosed for that purpose.

Very truly yours,

Anthony Campagiorni

Anthony Campagiorni

Cc: Commissioner John B. Rhodes, Chair
Commissioner Gregg C. Sayre
Commissioner Diane X. Burman
Commissioner James S. Alesi

Copies: Active Parties to Cases 14-E-0318 and 14-G-0319

Attachment A—Tariff Leaves—PSC No. 15 Electricity and PSC No. 12 Gas
Attachment B—Additional Information