

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of
Central Hudson Gas & Electric Corporation

Cases 09-E-0588 & 09-G-0589

November 2009

Prepared Exhibits (AP-35) through
(AP-41):
Accounting Panel

Michael Summa
Public Utility Auditor II

George Abraham
Senior Auditor

Dave Shahbazian
Senior Auditor

Office of Accounting & Finance
State of New York
Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

Central Hudson Gas & Electric Corporation
Case Nos. 09-E-0588 & 09-G-0589
Response to Staff Information Request No. 260

From: Shahbazian
Requested of: Revenue Requirements Panel
Date of Request: 10/2/2009

Shahbazian: For Central Hudson Revenue Requirements Panel:

260) Please provide copies of the Town / County (2008 and 2009 tax years) and School Tax (2008/2009 and 2009/2010 tax years) that show assessed value, tax rate, and equalization rate for the Kingston Headquarter location.

Response:

Please note that the Kingston Headquarters was acquired on June 11, 2009; therefore the only tax bill available is the 2009/2010 School Tax.

The tax bills have been submitted for payment and have not yet been returned, however, please refer to the attached document captioned "Staff IR 260 – Kingston Headquarter School Taxes" providing a reproduction of the bill.

Date of Response: 10/13/2009
Response by: Revenue Requirements Panel

Attachment: Staff IR 260 - Kingston Headquarter School Taxes

Kingston City School District
2009 Statement of School Taxes

Roll Section: **6**



Internal Bill#: **39993S 5031**

MAKE CHECKS PAYABLE TO
Kingston School District
61 Crown Street
Kingston, NY 12401

39.15-4-19.100
BUILDINGS: **Kingston Service Center**
Address: **Route 9W**

Muni: **Ulster**
School: **Kingston City School District**
Acreage: **18.3**

PaidAndLocked
 Final Bill

The Total Assessed Value of this property is

\$6,600,000

Taxing Purpose	Exempt	Taxable Value	Rate Per \$1000	Tax Amount
Library Tax - Ulster	<input checked="" type="checkbox"/>	\$6,600,000	X 0.017100 *	\$112.86 <input checked="" type="checkbox"/>
School Tax - T/Ulster	<input type="checkbox"/>	\$6,600,000	X 29.708670 =	\$196,077.22 <input checked="" type="checkbox"/>

Equalization Rate 69.5%

TOTAL TAXES DUE \$196,190.08

Central Hudson Gas & Electric Corporation
Case Nos. 09-E-0588 & 09-G-0589
Response to Staff Information Request No. 261

From: Shahbazian
Requested of: Revenue Requirements Panel
Date of Request: 10/2/2009

Shahbazian: For Central Hudson Revenue Requirements Panel:

- 261) Please provide copies of the both the Town / County (2009 tax year) and School Tax (2009/2010 tax year) that show assessed value, tax rate, and equalization rate for the Eltings Corners property.
- a. What is the status regarding the sale of the Eltings Corner Property?
 - b. Does the Company anticipate the closing to occur prior to the RY, during the rate year, or after the RY?

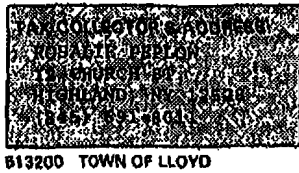
Response:

Please refer to the attached document captioned "Staff IR 261 – Eltings Corners Property Taxes," providing the 2009 Town/County Tax bill and 2009/2010 School tax for Eltings Corners:

- a. A Contract of Sale was entered into on October 16, 2007. The property remains under contract to be sold subject to zoning and site plan approval.
- b. The earliest anticipated closing date would be December 31, 2011.

Date of Response: 10/13/2009
Response by: Revenue Requirements Panel

COUNTY AND TOWN REAL PROPERTY TAXES DUE 2009



Fiscal Year: 01/01/2009 - 12/31/2009 | **County Aid: 43,887,357** | **Bill No: 4198**
Town Aid: 40,000

PROPERTY TAXPAYER'S BILL OF RIGHTS

The Assessor estimates the Full Market Value of this property as of July 1, 2007 was: \$4,004,846
 The Assessed Value of this property is: \$3,724,800
 The Uniform Percentage of Value used to establish assessments in your municipality was: 93.00%

SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

813200 TOWN OF LLOYD

ADDITIONAL HOURS IN JANUARY
SATURDAYS 9 AM TO 11:30 AM
MAY BE MAILED OR PAID IN PERSON

SBL: 87.1-3-18
 Owner: Bank: 0600000
 Central Hudson Gas & Electric
 Company Code 107700
 284 South Ave
 Poughkeepsie, NY 12601

Exemption	Value	Full Value	Tax Purpose	Exemption	Value	Full Value	Tax Purpose

Property Information:

Dimensions: 33.70 ACRES
 Location: 24 South Street

Roll Section: 6
 Property Class: Elect & Gas

DESCRIPTION	TAX RATE	EXEMPTION	EXEMPT VALUE	TAXABLE VALUE	TAX RATE	TAX AMOUNT
County General Tax	74,350.140	2.6	3724,600.00	3,724,600.00	3.766561	14,028.93
Town General Tax	2,297.647	1.4	3724,600.00	3,724,600.00	2.116230	7,882.11
Town Highway Tax	1,465.727	1.5	3724,600.00	3,724,600.00	1.350000	5,028.21
Highland fire	1,008.300	2.8	3724,600.00	3,724,600.00	.947850	3,529.24
Highland light	118.600	0.4	3724,600.00	3,724,600.00	.118774	442.39

If Paid By	Penalty %	1st Payment	2nd Payment	Total Tax Due	
01/31/2009	0.0%	15,455.44	15,455.44	30,910.88	You have the option of paying one full payment or two half payments. If you have an escrow account forward bill to your bank. *Notice Fee for payments made in May
02/28/2009	1.0%	15,609.99	15,609.99	31,219.98	
03/31/2009	2.0%	15,764.55	15,764.55	31,529.10	
04/30/2009	3.0%	15,919.10	15,919.10	31,838.20	
05/31/2009	4.0%	16,073.66	16,073.66	32,147.32	

KEEP TOP PORTION OF BILL FOR YOUR RECORDS

HELP POLICE, FIRE, & AMBULANCE SERVICES FIND YOU...DISPLAY YOUR 911 HOUSE NUMBER
TEAR OFF AND RETURN THIS PORTION WITH YOUR 2ND PAYMENT...

TAX COLLECTOR'S ADDRESS:
 ROSALIE PEPLow
 12 CHURCH ST.
 HIGHLAND, NY 12528
 (845) 691-8011

IT WILL BE RETURNED AS YOUR RECEIPT

BILL NO: 4198
TAX YEAR: 2009

Please circle amount enclosed

If Paid By	Penalty %	2nd Payment
01/31/2009	0.0%	15,455.44
02/28/2009	1.0%	15,609.99
03/31/2009	2.0%	15,764.55
04/30/2009	3.0%	15,919.10
05/31/2009	4.0% +\$1.00*	16,073.66 +\$1.00*

*Notice Fee

****CHECK BOX IF YOU REQUIRE A RECEIPT**

RECEIPT AREA TO BE COMPLETED BY TAX COLLECTOR:

PAID BY: _____ **RECEIVED BY/DATE:** _____

Town: 813200 TOWN OF LLOYD
 SBL: 87.1-3-18
 Location: 24 South Street

Dimensions: 33.70 ACRES
 Assessed Value: \$3,724,800

HELP POLICE, FIRE, & AMBULANCE SERVICES FIND YOU...DISPLAY YOUR 911 HOUSE NUMBER
TEAR OFF AND RETURN THIS PORTION WITH YOUR 1ST PAYMENT...

TAX COLLECTOR'S ADDRESS:
 ROSALIE PEPLow
 12 CHURCH ST.
 HIGHLAND, NY 12528
 (845) 691-8011

IT WILL BE RETURNED AS YOUR RECEIPT

BILL NO: 4198
TAX YEAR: 2009

Please circle amount enclosed

If Paid By	Penalty %	1st Payment	Full Payment
01/31/2009	0.0%	15,455.44	30,910.88
02/28/2009	1.0%	15,609.99	31,219.98
03/31/2009	2.0%	15,764.55	31,529.10
04/30/2009	3.0%	15,919.10	31,838.20
05/31/2009	4.0% +\$1.00*	16,073.66 +\$1.00*	32,147.32 +\$1.00*

*Notice Fee

****CHECK BOX IF YOU REQUIRE A RECEIPT**

RECEIPT AREA TO BE COMPLETED BY TAX COLLECTOR:

PAID BY: _____ **RECEIVED BY/DATE:** _____

Town: 813200 TOWN OF LLOYD
 SBL: 87.1-3-18
 Location: 24 South Street

Dimensions: 33.70 ACRES
 Assessed Value: \$3,724,800

OVER

2009 STATEMENT OF SCHOOL TAXES FOR HIGHLAND CENTRAL

COLLECTOR'S ADDRESS
SCHOOL TAX COLLECTOR
P.O. BOX 308
HIGHLAND, NY 12528

513200 TOWN OF LLOYD

Fiscal Year: 07/01/2009 - 06/30/2010 | State Aid: 12,778,277 | Bill No: 4225

PROPERTY TAXPAYER'S BILL OF RIGHTS

The Assessor estimates the Full Market Value of this property as of July 1, 2008 was: \$3,982,340
The Assessed Value of this property as of July 1, 2009 was: \$3,724,600
The Uniform Percentage of Value used to establish assessments was: 94.00%

SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

YOU HAVE THE OPTION OF PAYING ONE FULL PAYMENT OR TWO PAYMENTS PER THE ENCLOSED PRINTED SCHEDULE. IN PERSON PAYMENTS AT M&T BANK AT HIGHLAND BRANCH. SEE BACK OF BILL FOR MORE INFORMATION.

SBL: 87.1-3-18

Owner: Bank: 0600000

Central Hudson Gas & Electric Company Code 107700
284 South Ave
Poughkeepsie, NY 12601

Exemption	Value	Full Value	Tax Purpose	Exemption	Value	Full Value	Tax Purpose

Property Information:

Dimensions: 33.70 ACRES
Location:

24 South Street

NYS Tax & Finance School District Code: 274

Roll Section: 6

Property Class: Elect & Gas

IF YOU HAVE AN ESCROW ACCOUNT PLEASE FORWARD THIS BILL TO YOUR BANK

LEVY DESCRIPTION	TOTAL TAX LEVY	% CHANGE OF LEVY FROM PRIOR YEAR	TAXABLE VALUE	TAX RATE PER \$1000	TAX AMOUNT
Highland Central	20,489,568	6.7	3724,600.00	16.029380	59,703.03
Highland Library	347,164	3.4	3724,600.00	.271600	1,011.60
TOTAL					60,714.63

Payments Postmarked From:	Penalty %	1st Payment	2nd Payment	Total Tax Due
09/04 - 10/05/2009	0.0%	30,357.32	30,357.31	60,714.63
10/06 - 11/06/2009	2.0%	30,964.47	30,964.46	61,928.93

**KEEP TOP PORTION OF BILL FOR YOUR RECORDS
TEAR OFF AND RETURN THIS PORTION WITH YOUR 2ND HALF PAYMENT**

MAKE CHECKS PAYABLE TO:
SCHOOL TAX COLLECTOR
P.O. BOX 308
HIGHLAND, NY 12528

CANNOT ACCEPT PARTIAL PAYMENTS

BILL NO: 4225

Payments Postmarked From:	Penalty %	2nd Payment
09/04 - 10/05/2009	0.0%	30,357.31
10/06 - 11/06/2009	2.0%	30,964.46

CANNOT ACCEPT PAYMENT POSTMARKED AFTER 11/06/2009

PLEASE CIRCLE AMOUNT ENCLOSED

RECEIPT AREA TO BE COMPLETED BY TAX COLLECTOR:
PAID BY: _____ RECEIVED BY/DATE: _____

Owner:
Central Hudson Gas & Electric Company Code 107700
284 South Ave
Poughkeepsie, NY 12601

Tax Map No: 513200 87.1-3-18
Fiscal Year: 07/01/2009 - 06/30/2010

**CHECK BOX IF YOU REQUIRE A RECEIPT

Central Hudson Gas & Electric 2009 Rate Case
09-E-0588 & 09-G-0589

DPS Exhibit - Fluctuation in Sales Tax - driven by spending levels - not rate increases

Accounting Panel Exhibit # _____

	Twelve Months Ended March 31,				
	2005	2006	2007	2008	2009
Electric Expense	1,231,539	1,034,985	1,252,035	1,336,917	1,512,204
% Change		-15.96%	20.97%	6.78%	13.11%
Average					6.23%
Gas Expense	173,645	186,727	230,402	225,863	198,573
% Change		7.53%	23.39%	-1.97%	-12.08%
Average					4.22%
	1,405,184	1,221,712	1,482,437	1,562,780	1,710,777
electric	87.64%	84.72%	84.46%	85.55%	88.39%
gas	12.36%	15.28%	15.54%	14.45%	11.61%

Growth Rates		
	Electric	Gas
2009 (1)	4.67%	3.16%
2010	6.23%	4.22%
Ry1 (2)	3.11%	2.11%
Ry2	6.23%	4.22%
Ry3	6.23%	4.22%

(1) Represents prorated growth rate for April through December 2009:

Annual Growth Rate	6.23%	4.22%
Number of Months in Yr	<u>12</u>	<u>12</u>
Monthly Growth Rate	0.00518794	0.00351478
Number of Months	<u>9</u>	<u>9</u>
Prorated Growth Rate	4.67%	3.16%

(2) Represents prorated growth rate for January through June 2010:

Annual Growth Rate	6.23%	4.22%
Number of Months in Yr	<u>12</u>	<u>12</u>
Monthly Growth Rate	0.00518794	0.00351478
Number of Months	<u>6</u>	<u>6</u>
Prorated Growth Rate	3.11%	2.11%

Central Hudson Gas & Electric Corporation
Case Nos. 09-E-0588 & 09-G-0589
Response to Staff Information Request No. 114

From: Summa
Requested of: Revenue Requirements Panel
Date of Request: 9/14/2009

Summa: For Central Hudson Revenue Requirements Panel:

- 114) On pg. 49 of the revenue requirement panel testimony, the Company proposes that actual deferred credit and debit balances as of June 30, 2011 be netted against each other. Please provide projected deferred credit and debit balances that the Company anticipates will be offset against each other at June 30, 2011 for both the electric operations and the gas operations.

Response: As a point of clarification, the Company has proposed that deferred balances as of June 30, 2010 be netted against each other. The 2008 case provided for the offsetting of agreed upon deferred debit and credit balances as of June 30, 2009 against the Electric Excess Depreciation Reserve and the Gas Net Regulatory Asset for electric and gas, respectively. Essentially, most of the Company's expenditures or revenues that are afforded deferral accounting were reset to zero effective July 1, 2009 and not enough time has passed since then to show meaningful variations from rate allowances that will warrant balance sheet offset treatment at the end of the current rate year. Therefore, at this time it is premature to project what the final makeup and deferred balances will be at June 30, 2010. As stated in the testimony of the Revenue Requirements Panel testimony on page 49, the Company will provide an estimate of the final makeup and deferred balances as of June 30, 2010 at the brief on exceptions.

Date of Response: 9/21/2009
Response by: Revenue Requirements Panel (Brideau, Smith & Kardas)

Central Hudson Gas & Electric Corporation
Case Nos. 09-E-0588 & 09-G-0589
Response to Staff Information Request No. 218

From: Summa
Requested of: Revenue Requirements Panel
Date of Request: 9/28/2009

Summa: For Central Hudson Revenue Requirements Panel:

- 218) Regarding the Company's response to Staff IR DPS 114 stating the Company's proposal to offset the deferred debit balances and deferred credit balances against each other as of June 30, 2010, Staff understands the Company's response to be that is premature to project the deferred balance amount. Please provide a list of items the Company at this point in time believes will be offset against each other as of June 30, 2010.

Response:

Below is a list of items that the Company believes should be offset against each other as of June 20, 2010:

	<u>Electric</u>	<u>Gas</u>
Pension Costs Over/Under Collection	X	X
Pension Reserve Carrying Charges	X	X
OPEB Costs Over/Under Collection	X	X
OPEB Reserve Carrying Charges	X	X
Unrecovered Regulatory Asset – Non-Interest Bearing		X
Unrecovered Regulatory Asset – Interest Bearing		X
Unrecovered Regulatory Asset – Carrying Charges		X
MGP Site Remediation – Over/Under Collection	X	X
Variable Rate Notes Interest Over/Under Collection	X	X
Long Term Debt – New Issues & Cost Rates	X	X
Research & Development Over/Under Collection	X	X
Long-Term R&D (Millennium Fund) Costs		X
Asbestos Litigation Costs	X	
Asbestos Litigation Carrying Charges	X	
NMP2 Costs	X	
NMP2 Carrying Charges	X	
Excess Electric Depreciation Reserve	X	
Excess Electric Depreciation Reserve Carrying Charges	X	
PSC 18a Temporary Assessment Carrying Charges	X	X
PSC 18a General Assessment Over/Under Collection	X	X
PSC 18a General Assessment Carrying Charges	X	X
Bad Debt Net Write-off – 2008 Deferral		X
Bad Debt Net Write-off – Carrying Charges		X
PV Net Metering	X	
Stray Voltage Testing Over/Under Collection	X	

This listing of items is presented without prejudice with respect to any error or omission and the Company reserves the right to revise this response.

Date of Response: 10/8/2009

Response by: Revenue Requirements Panel (Brideau, Smith & Kardas)

Central Hudson Gas & Electric Corporation
Case Nos. 09-E-0588 & 09-G-0589
Response to Staff Information Request No. 12

From: Michael Summa
Requested of: Accounting Panel
Date of Request: 8/18/2009

Summa: For Central Hudson's Accounting Panel (Komar and Gescheidle):

12) In pre-filed testimony of the Accounting Panel (at p. 13) the Company requests that the Commission continue deferral authorization and requirements, except to the extent that any such authorizations or requirements will not or can not by their terms survive the expiration of the rate year as established in Cases 08-E-0887 and 08-G-0888. Please provide a complete list of the items the Company is seeking deferral treatment and, if applicable, the associated carrying charges. The list should contain existing deferral authorizations the Company seeks to continue and any new deferral authorization the Company may be requesting in this proceeding.

Response: Please refer to the attached file: "IR12 - Deferral Request List.xls." listing current deferral items requested for continued authorization and new deferral authorizations requested in this proceeding. It should be noted that the various deferral items identified may include a number of related calculations, such as the RDM items, which involve tracking the differences between targeted and actual amounts and beginning recoveries/returns at a point at which a "trigger" value is exceeded. In addition, the rate at which carrying charges on deferred balances are accrued related to each item is also identified. Please refer to the Company's Petition for Rehearing in case 08-E-0887 et al. in relation to certain of the carrying charge rates. Not all items are subject to carrying charges for various reasons that include them being a rate base item or the accrual of carrying charges was not required or authorized by the Commission. The listing of items in the attached file is presented without prejudice with respect to any error or omission and the Company reserves the right to revise this response.

Date of Response: 9/3/2009
Response by: Accounting Panel

Central Hudson Gas & Electric Corporation
Case Nos. 09-E-0588 & 09-G-0589
Response to Staff Information Request No. 385

From: Summa
Requested of: Revenue Requirements Panel
Date of Request: 10/27/2009

Summa: For Central Hudson Revenue Requirements Panel:

- 385) Please reconcile and explain the difference between the Non-IBCWIP on RRP 5, Schedule A in the amount of \$41,665 for the electric operations and \$9,250 for the gas operations compared to the Non-IBCWIP on AP 6, Schedule A in the amount of \$27,740 for the electric operations and \$6,889 for the gas operations.

Response:

As stated in the question, the Non-IBCWIP presented by the Revenue Requirements Panel should correspond to Non-IBCWIP developed by the Accounting Panel. The average non-interest bearing CWIP value is calculated by the Accounting Panel by subtracting the calculated average interest bearing CWIP from the total average CWIP value to arrive at the average non-interest bearing CWIP.

During a review of the workpapers in support of Exhibit __ (AP 6), the Accounting Panel discovered errors in the calculated average interest bearing CWIP value and therefore errors in the arrived at value for average non-interest bearing CWIP.

Please refer to the attached document captioned "Staff IR 385 – Revised Exhibit __ (AP-6), Schedule A, Schedule B and Schedule C." In addition, the attached document captioned "Staff IR 385 – AP-6 Support Workpapers" provides the support documentation of the revised Exhibit __ (AP-6).

As a result of these corrections, the presentation of Average Noninterest Bearing CWIP as presented by the Revenue Requirements Panel on Exhibit __ (RRP-5), Schedule A and Exhibit __ (RRP-6), Schedule A required revisions as well. Please refer to the attached document captioned "Staff IR 385 – Revised Exhibit __ (RRP-5) and Exhibit __ (RRP-6)" for the corrected values of Average Noninterest Bearing CWIP. The attached documents captioned "Staff IR 385- Comparison of Exhibit AP-6 Revised versus Original" and Staff IR 385- Comparison of Exhibits RRP-5 and RRP-6 Revised versus Original" provide a reconciliation of the revised

Central Hudson Gas & Electric Corporation
Case Nos. 09-E-0588 & 09-G-0589
Response to Staff Information Request No. 385

values compared to the original values for Noninterest and Interest Bearing CWIP for periods including the historic year, the bridge periods, and the Rate Year.

The following table shows the change in revenue requirements for the Rate Year Ending June 30, 2011:

	<u>Change in Revenue Requirements</u>	
	<u>Electric</u> \$(000)	<u>Gas</u> (\$000)
Change in Rate Base	\$ 2,726	\$ 4
Pre-tax WACC per Exhibit (SAR-4), Schedule A-1	x <u>10.80%</u>	x <u>10.80%</u>
Pre-tax Return Requirement	\$ 294	\$ 0
Uncollectible Accounts	3	0
Revenue Taxes	7	0
Finance Charges	<u>(4)</u>	<u>0</u>
Change in Revenue Requirements	\$ <u>300</u>	\$ <u>0</u>

The Accounting panel will adopt the indicated corrections when it adopts its testimony. The Revenue Requirements Panel will adopt the corresponding changes when it adopts its testimony and will incorporate the corrected projected amounts for Average Noninterest Bearing CWIP for the Rate Year into the development of Rate Base and revenue requirements.

Date of Response: 11/10/2009

Response by: Accounting Panel & Revenue Requirements Panel