

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**Staff Response to Interrogatory/Document Request

Request No.: CH-97  
Date of Request: November 28, 2008  
Reply Date: December 9, 2008  
Responding Witness: Forecasting Panel  
Subject: Energy Efficiency Portfolio Standard Adjustment

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- Q. How have lost sales due to the Energy Efficiency Portfolio Standard been reflected quantitatively in Staff's electric and gas sales forecast?
- A. Staff has incorporated the lost sales adjustments proposed by the Company in its filing; lost sales have been reflected at the levels proposed by the Company in the testimony of Staff witness Puran and Staff's Gas Rates panel.

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**

Staff Response to Interrogatory/Document Request

Request No.: CH-99  
Date of Request: November 28, 2008  
Reply Date: December 11, 2008  
Responding Witness: Gas Rates Panel  
Subject: Revenue Priceout

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Q. Please provide a summary of the price out of Staff's gas sales adjustment (a revenue requirement reduction of \$1.688 million per Exhibit\_\_ (AP-2), Schedule 1) similar to that provided for the electric sales adjustment on Exhibit\_\_ (VVP-5), Page 2 of 2.

A. See the attached spreadsheets titled CH-99 attach.asfiled.xls and CH-99 attach.corrected.xls.

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**Staff Response to Interrogatory/Document Request

Request No.: CH-116  
Date of Request: December 5, 2008  
Reply Date: December 18, 2008  
Responding Witness: Gas Rates Panel  
Subject: Revenue Decoupling and Weather Normalization

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Q. In reference to the Staff Forecasting Panel's ("SFP") testimony on page 15, lines 17 – 20, the SFP recommended that the Company's customer forecasts for both gas and electricity be adopted, and indicated that such customer forecasts were utilized to produce the SFP's sales forecasts (Exhibits \_\_ (FP-6) and (FP-7)). Please:

a) Confirm that the Gas Rates Panel actually utilized Staff's gas customer forecast in forecasting sales and base revenue (Exhibit \_\_ (GRP-4)), as well as in revenue allocation (Exhibit \_\_ (GRP-7)) and rate design (Exhibits \_\_ (GRP-9) and (GRP-12)), rather than the sales forecast presented on Exhibit \_\_ (FP-6); and

b) Provide all necessary revisions, including updated exhibits and workpapers, to reflect utilization of the Company's customer forecast as recommended by the SFP and presented on Exhibit \_\_ (FP-6).

A.

a and b) The sales and base revenues in Exhibit GRP-4 need to be modified to match those presented in FP-6. The attached worksheet titled ch-116 StaffRateDesignC08-G-0888 Company Customers.xls shows that this modification would increase revenue requirements by \$148,000 in the rate year. To accommodate this revision, the GRP would increase the middle block for SC 1 and 12; and, blocks 2, 3, and 4 for SC 2, 6 and 13.

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**Staff Response to Interrogatory/Document Request

Request No.: CH-157  
Date of Request: December 4, 2008  
Reply Date: December 15, 2008  
Responding Witness: Gas Rates Panel  
Subject: Revenue Decoupling and Weather Normalization

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- Q. In reference to the Gas Rates Panel's testimony on page 8, line 21 to page 9, line 1 please explain in detail:
- a) Why the Panel selected 2007, from the 2005, 2006 and 2007 data that the Company had supplied.
  - b) Provide all work papers for the curve fitting process.
- A.
- a) The Panel used the most recent available data.
  - b) An excel spreadsheet titled CH-157.xls containing the methodology is attached. Information provided by the Company in response to Staff interrogatory DPS-9 was used to perform the analysis. The Company has the capability to replicate the study.

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**Staff Response to Interrogatory/Document Request

Request No.: CH-164  
Date of Request: December 5, 2008  
Reply Date: December 16, 2008  
Responding Witness: The Forecasting Panel  
Subject: Forecast update

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- Q. In reference to page 16 lines 21 – 23 of the Staff Forecasting Panel testimony:  
Please clarify the panel's intent as to when it would revise its forecasts to reflect the latest available data; and  
Please specify what data the panel proposes to update.
- A. The Company provided Staff with updated economic projections on November 19, 2008 (identified as supplemental CHG&E responses to staff interrogatories DPS-2, 27 & 37). Staff anticipates that the Company will update its sales forecasts to reflect these changes, along with new fuel price projections, in the near future in rebuttal testimony. The Panel would then subsequently update its forecasts in a similar manner to maintain comparability between the two sets of projections. If this process is completed prior to evidentiary hearings, we would amend Exhibits FP-6 and FP-7 on direct examination to reflect the revised forecasts.

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**Staff Response to Interrogatory/Document Request

Request No.: CH-56  
Date of Request: November 28, 2008  
Reply Date: December 5, 2008  
Responding Witness: Gas Rates Panel  
Subject: Bill Impacts

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Q. Commencing on page 21, lines 12 – 13, the GRP testimony states numerous times that in formulating its proposed rate design the GRP considered rate impacts on customers. Please identify, in detail, all quantitative thresholds and/or criteria by service class and/or subclass and by billing block showing how rate impacts were considered by the GRP.

A. The criteria are listed in the GRP Pre-filed direct testimony on pages 18 and 19.

Quantitative thresholds were not established prior to developing overall bill impacts.

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**Staff Response to Interrogatory/Document Request

Request No.: CH-58  
Date of Request: November 28, 2008  
Reply Date: December 15, 2008  
Responding Witness: Gas Rates Panel  
Subject: Lost Revenues

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Q. With reference to the GRP statement on page 29, lines 4–6, please explain in detail:

a) Why the GRP believes that it is “more appropriate and fair” to recover Central Hudson’s commodity-related lost revenues from all customers, including ESCO commodity customers; and

b) Why such a charge to ESCO commodity customers would not be a disincentive to customer migration?

A.

a) As we understand the Commission’s policies on unbundling, the rationale for charging a portion of lost revenues due to retail access migration to all delivery customers was because some of the lost revenues are associated with the utility’s provider of last resort responsibilities. The remaining portion of lost revenues was to be assigned exclusively to the utility’s sales customers because there was an expectation that the utility would eventually be able to avoid certain commodity-related costs as retail access migration increased. The GRP believes, however, that it would take a significant amount of migration to permit the Company to be in a position to avoid these costs and in fact may never be able to avoid these costs as long as Central Hudson remains the provider of last resort. Therefore, it would be “more appropriate and fair” if all delivery customers shouldered the responsibility for migration-related lost revenues.

b) This change should not be a disincentive to customer migration as sales and transportation customers would pay the same commodity-related lost revenues.

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**

Staff Response to Interrogatory/Document Request

Request No.: CH-61  
Date of Request: November 28, 2008  
Reply Date: December 5, 2008  
Responding Witness: Gas Rates Panel  
Subject: Revenue Decoupling Mechanism

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Q. 61) With respect to the GRP proposal for an additional customer count method and the statements made on page 37, line 18 to page 38, line 2 of the GRP testimony, please explain which customer count method would be deemed to control in the event of differences between the two methods.

A. It is Staff's position that the additional customer count method would be used for verification purposes.

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**

Staff Response to Interrogatory/Document Request

Request No.: CH-62  
Date of Request: November 28, 2008  
Reply Date: December 8, 2008  
Responding Witness: Gas Rates Panel  
Subject: Revenue Decoupling Mechanism

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Q. 62) Please confirm that nowhere in the GRP's testimony, exhibits or workpapers has the GRP presented an empirical analysis demonstrating that the annual RDM targets proposed by Staff will have less variability in required RDM adjustments than the monthly forecast RDM targets proposed by the Company, where "required RDM adjustments" means the difference between actual and targets (not the way in which the differences are returned/recovered).

A. See response to CH-63.

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**Staff Response to Interrogatory/Document Request

Request No.: CH-63  
 Date of Request: November 28, 2008  
 Reply Date: December 8, 2008  
 Responding Witness: Gas Rates Panel  
 Subject: Revenue Decoupling Mechanism

Q. Please provide a quantitative example, based on the available data under the existing rate plan, that shows how the annual gas RDM targets proposed by Staff will have less variability in required RDM adjustments than the monthly forecast gas RDM targets proposed by the Company, where “required RDM adjustments” means the difference between actual and targets (not the way in which the differences are returned/recovered).

A. An excel spreadsheet titled RDM Volatility.xls which contains an example for the residential heat service class is attached.

The spreadsheet assumes the RDM methodology proposed by the Company was in effect for 2006 and 2007. Surcharge/credit rates per mcf for residential customers would have been as follows:

	Company RDM Proposal - Surcharge or (Refund) Per MCF		Staff Proposal (applied in ensuing year)	
	2006	2007	2006	2007
Month	(\$/mcf)	(\$/mcf)	(\$/mcf)	(\$/mcf)
July	(0.21)	0.45	(0.04)	(0.24)
August	0.14	0.02	(0.04)	(0.24)
September	0.14	0.15	(0.04)	(0.24)
October	(0.21)	0.02	(0.04)	(0.24)
November	(0.07)	0.20	(0.04)	(0.24)
December	0.30	(0.20)	(0.04)	(0.24)
January	(0.32)	0.66	(0.04)	(0.24)
February	(0.14)	(0.36)	(0.04)	(0.24)
March	(0.03)	(1.68)	(0.04)	(0.24)
April	0.18	(2.31)	(0.04)	(0.24)
May	0.96	(2.36)	(0.04)	(0.24)
June	(1.00)	(0.10)	(0.04)	(0.24)

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**Staff Response to Interrogatory/Document Request

Request No.: CH-66  
Date of Request: November 28, 2008  
Reply Date: December 10, 2008  
Responding Witness: Accounting Panel  
Subject: Revenue Decoupling Mechanism

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Q. What is the basis for the proposed application of the “other customer capital rate” to revenue deficiencies/excesses associated with an RDM?

A. In determining which rate to use when applying carrying charges on a deferred item Staff typically takes timing of the recovery/refund into consideration. In instances when the timing of the recovery/refund is believed to be longer term Staff typically recommends a longer-term rate, such as the Company's authorized pre-tax rate of return. Conversely when recovery/refund is believed to be shorter-term a short term rate, such as the other customer capital rate is typically recommended. The rationale for this methodology is that rates for short term loans are generally lower than long-term loans. In addition, in this instance, Staff has considered the risk involved; since, the Company is guaranteed the revenues under Staff's RDM proposal, risk is limited and a lower rate is appropriate.

**Cases 08-E-0887 & 08-G-0888- Central Hudson Rates**Staff Response to Interrogatory/Document Request

Request No.: CH-52  
 Date of Request: November 28, 2008  
 Reply Date: December 8, 2008  
 Responding Witness: Gas Rates Panel  
 Subject: Imputation

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Q. On page 13 lines 12 – 19, the GRP proposes an interruptible profit imputation of \$3.0 million based on an average of “the most recent three years experience of the net of fuel revenues received from interruptible sales and sales to generating facilities on a monthly basis”.

a) In calculating the \$3.0 million, the three-year average net of fuel revenues (or profit) was increased by the current imputation of \$1.0 million. Please explain the rationale for the \$3.0 million calculation method employed by the GRP.

b) Assuming that annual net of fuel revenues were to average approximately \$1.95 million, please provide the calculated customer/company sharing impacts utilizing the \$3.0 million imputation recommended by the GRP.

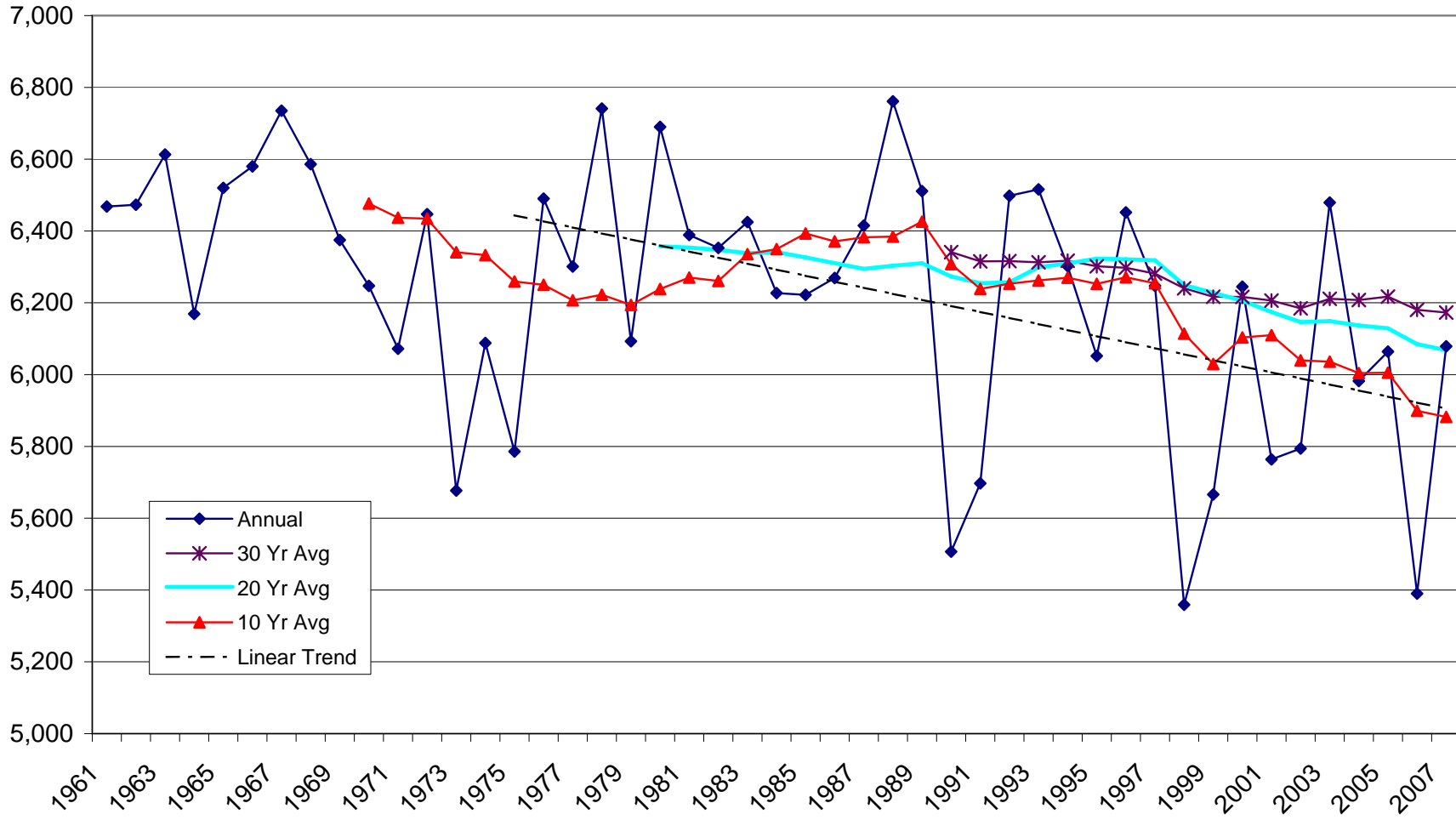
A.

a) Refer to page 13, lines 10 – 19, of the Gas Rates Panel Pre-filed Direct testimony.

(A)	(B)	(C) = (B) - (A)	(D) = (C) * .9	(E) = (C) * .1
Imputation	Actual Net of Fuel Revenues	Difference	Customer	Company
3,000,000	1,950,000	(1,050,000)	(945,000.0)	(105,000.0)

b)

# Gas Heating Degree Days



**Central Hudson Gas & Electric Corporation**  
**Summary of Gas Sales, Base Revenues and Customers By Service Classification**  
**For the Twelve Months Ending June 30, 2010**

<b>Sales &amp; Transport (Mcf)</b>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>Total</u>
Service Classification Nos. 1 & 12	127,887	117,194	96,132	131,372	238,920	578,044	748,640	916,866	784,148	717,258	393,553	245,851	5,095,865
Service Classification Nos. 1 & 12 Unbilled	(4,010)	(11,330)	5,250	700	167,730	56,100	121,770	(9,800)	7,840	(119,370)	(94,070)	(100,730)	20,080
Service Classification Nos. 2, 6 & 13	188,114	166,782	175,289	234,475	410,542	716,843	864,739	954,147	811,129	613,885	382,405	244,130	5,762,480
Service Classification Nos. 2, 6 & 13 Unbilled	(1,930)	(1,640)	590	220	27,230	14,300	22,440	(480)	870	(22,490)	(17,140)	(20,910)	1,060
Service Classification No. 8	20,066	23,165	25,045	56,586	99,975	134,446	139,176	107,875	127,576	61,076	37,685	25,944	858,615
Service Classification No. 9	39,970	39,080	39,580	51,750	78,440	76,190	41,070	36,470	91,300	62,210	44,630	41,700	642,390
Service Classification No. 11	136,373	133,051	137,704	176,092	233,749	294,329	300,712	276,275	274,442	206,206	169,417	133,952	2,472,302
Service Classification No. 14	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales for Resale	-	-	-	-	-	-	-	-	-	-	-	-	-
Interdepartmental	80	60	80	160	1,140	3,040	3,900	4,430	3,970	1,690	1,060	500	20,110
Sales & Transport	506,550	466,362	479,670	651,355	1,257,726	1,873,292	2,242,447	2,285,783	2,101,275	1,520,465	917,540	570,437	14,872,902
Case 07-M-0548 EEPS Adjustment													
Service Classification Nos. 1 & 12	(560)	(510)	(430)	(560)	(1,050)	(2,570)	(3,300)	(4,020)	(3,430)	(3,140)	(1,710)	(1,050)	(22,330)
Total Sales & Transport	505,990	465,852	479,240	650,795	1,256,676	1,870,722	2,239,147	2,281,763	2,097,845	1,517,325	915,830	569,387	14,850,572

<b>Base Revenue (\$)</b>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>Total</u>
Service Classification Nos. 1 & 12	\$ 1,472,580	\$ 1,536,260	\$ 1,324,990	\$ 1,619,790	\$ 2,038,190	\$ 3,542,840	\$ 4,083,660	\$ 4,774,110	\$ 4,120,200	\$ 4,027,690	\$ 2,675,740	\$ 2,163,410	\$ 33,379,460
Service Classification Nos. 1 & 12 Unbilled	\$ (45,710)	\$ (145,020)	\$ 70,350	\$ 8,540	\$ 1,425,710	\$ 336,600	\$ 645,380	\$ (49,980)	\$ 40,770	\$ (656,540)	\$ (630,270)	\$ (876,350)	\$ 123,480
Service Classification Nos. 2, 6 & 13	\$ 684,550	\$ 636,890	\$ 648,620	\$ 826,810	\$ 1,243,470	\$ 2,027,610	\$ 2,361,550	\$ 2,602,160	\$ 2,220,650	\$ 1,792,260	\$ 1,189,220	\$ 857,430	\$ 17,091,220
Service Classification Nos. 2, 6 & 13 Unbilled	\$ (6,940)	\$ (6,230)	\$ 2,180	\$ 770	\$ 81,690	\$ 40,040	\$ 60,590	\$ (1,300)	\$ 2,350	\$ (65,220)	\$ (53,130)	\$ (73,190)	\$ (18,390)
Service Classification No. 8	\$ 12,270	\$ 13,870	\$ 14,410	\$ 38,250	\$ 73,090	\$ 103,470	\$ 111,500	\$ 82,140	\$ 97,990	\$ 45,180	\$ 22,310	\$ 13,700	\$ 628,180
Service Classification No. 9	\$ 21,850	\$ 20,970	\$ 21,970	\$ 29,840	\$ 44,960	\$ 45,780	\$ 30,480	\$ 27,500	\$ 51,920	\$ 33,640	\$ 25,340	\$ 22,810	\$ 377,060
Service Classification No. 11	\$ 139,170	\$ 139,170	\$ 139,170	\$ 139,170	\$ 139,170	\$ 139,170	\$ 139,170	\$ 139,170	\$ 139,170	\$ 139,170	\$ 139,170	\$ 139,170	\$ 1,670,040
Service Classification No. 14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales for Resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interdepartmental	\$ 170	\$ 130	\$ 170	\$ 340	\$ 2,420	\$ 6,450	\$ 8,270	\$ 9,390	\$ 8,420	\$ 3,580	\$ 2,250	\$ 1,060	\$ 42,650
Own Territory	\$ 2,277,940	\$ 2,196,040	\$ 2,221,860	\$ 2,663,510	\$ 5,048,700	\$ 6,241,960	\$ 7,440,600	\$ 7,583,190	\$ 6,681,470	\$ 5,319,760	\$ 3,370,630	\$ 2,248,040	\$ 53,293,700
Case 07-M-0548 EEPS Adjustment													
Service Classification Nos. 1 & 12	\$ (2,740)	\$ (2,510)	\$ (2,140)	\$ (2,820)	\$ (5,230)	\$ (11,450)	\$ (14,250)	\$ (16,760)	\$ (14,210)	\$ (13,320)	\$ (7,820)	\$ (5,060)	\$ (98,310)
Total Own Territory	\$ 2,275,200	\$ 2,193,530	\$ 2,219,720	\$ 2,660,690	\$ 5,043,470	\$ 6,230,510	\$ 7,426,350	\$ 7,566,430	\$ 6,667,260	\$ 5,306,440	\$ 3,362,810	\$ 2,242,980	\$ 53,195,390

<b>Customers</b>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>Total</u>
Service Classification Nos. 1 & 12	58,914	66,731	58,921	66,793	59,037	67,063	61,495	67,270	60,117	67,257	59,394	67,308	63,358
Service Classification Nos. 2, 6 & 13	9,685	10,600	9,687	10,845	9,734	10,921	10,106	10,939	10,010	10,965	9,865	11,004	10,363
Service Classification No. 8	54	54	54	54	54	54	54	54	54	54	54	54	54
Interdepartmental	1	1	1	1	1	1	1	1	1	1	1	1	1
Total Sales & Transport Customers	68,654	77,386	68,663	77,693	68,826	78,039	71,656	78,264	70,182	78,277	69,314	78,367	73,777

**Additional Modifications Made to Gas Model Specifications**

	<u>Customers</u>	<u>Sales</u>
	*Note: economic variables used in customer models indexed to 2001	
<b>Res. Heat</b>	Replaced: EvenMonth_01to05 with EvenMonth_05 and EvenMonth_01to04	None
<b>Res. Non-Heat</b>	None	None
<b>Com. Heat</b>	None	None
<b>Com. Non-Heat</b>	Added: Binary for Dec_07	None
<b>OPA</b>	None	None
<b>Industrial</b>	None	None

**Central Hudson Gas & Electric Corporation**  
**Comparison of Gas Customers, Sales and Base Revenue by Service Classification**  
**Twelve Months Ended June 30, 2010**

	Sales			Base Revenue			Customers		
	Pre-Filed	Update	Diff	Pre-Filed	Update	Diff	Pre-Filed	Update	Diff
Service Classification No. 1 & 12	5,031,349	5,095,865	64,516	\$ 33,320,210	\$ 33,379,460	\$ 59,250	64,669	63,358	(1,311)
Service Classification No. 1 & 12 Unbilled	20,080	20,080	-	\$ 123,480	\$ 123,480	\$ -	-	-	-
Service Classification No. 2, 6 & 13	5,791,601	5,762,480	(29,121)	\$ 17,222,880	\$ 17,091,220	\$ (131,660)	10,585	10,363	(222)
Service Classification No. 2, 6 & 13 Unbilled	1,060	1,060	-	\$ (18,390)	\$ (18,390)	\$ -	-	-	-
Service Classification No. 8	858,615	858,615	-	\$ 628,180	\$ 628,180	\$ -	54	54	-
Service Classification No. 9	642,390	642,390	-	\$ 377,060	\$ 377,060	\$ -	-	-	-
Service Classification No. 11	2,472,302	2,472,302	-	\$ 1,670,040	\$ 1,670,040	\$ -	-	-	-
Service Classification No. 14	-	-	-	\$ -	\$ -	\$ -	-	-	-
Sales for Resale	-	-	-	\$ -	\$ -	\$ -	-	-	-
Interdepartmental	<u>20,110</u>	<u>20,110</u>	<u>-</u>	<u>\$ 42,650</u>	<u>\$ 42,650</u>	<u>\$ -</u>	<u>1</u>	<u>1</u>	<u>-</u>
Subtotal	14,837,507	14,872,902	35,395	\$ 53,366,110	\$ 53,293,700	\$ (72,410)	75,309	73,777	(1,532)
SC 1 & 12 EEPS	<u>(22,330)</u>	<u>(22,330)</u>	<u>-</u>	<u>\$ (98,310)</u>	<u>\$ (98,310)</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Own Territory	14,815,177	14,850,572	35,395	\$ 53,267,800	\$ 53,195,390	\$ (72,410)	75,309	73,777	(1,532)
Own Territory (Excluding Unbilled)	14,794,037	14,829,432	35,395	\$ 53,162,710	\$ 53,090,300	\$ (72,410)	75,309	73,777	(1,532)