

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

Request No.: CH-203  
Date of Request: December 9, 2008  
Reply Date: December 18, 2008  
Responding Witness: Electric Infrastructure Panel  
Subject: Spackenkill Substation

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Q. Please refer to Electric Infrastructure Panel testimony Page 22 line 17 through Page 24 line 12 related to the Spackenkill Substation project. The Panel proposes to remove from the rate year capital forecast the Spackenkill Substation \$6.73 million forecast by Central Hudson, and to permit a deferral of "the carrying charges on the \$6.73 million amount [as forecast by Central Hudson] at the authorized pre-tax rate of return from the date the substation goes in service." The Panel also proposes that the amount deferred be based on the lesser of the actual cost or \$6.73 million.

a) Does the Panel propose that the deferral authority it recommends extend beyond the rate year (i.e., beyond June 30, 2010)?

Answer) If the substation goes in service before the end of the rate year, the Panel proposes that the Company be allowed to defer the rate year revenue requirement. The revenue requirement would be deferred with carrying charges calculated at the authorized pre-tax rate of return. The deferral authority does not apply if the substation goes in service beyond the rate year.

b) To the extent that the actual cost of the Spackenkill Substation project is increased to greater than \$6.73 million as a result of delays in approvals from the Town of Poughkeepsie, is it the Panel's intention to exclude the cost increases due to the delays from the calculation of the deferrable amount?

Answer) The deferral authority applies to the lesser of the actual cost or \$6.73 million. An increase in actual cost greater than \$6.73 million as a result of delays would be excluded.

c) To the extent that the actual cost of the Spackenkill substation project is increased to greater than \$6.73 million as a result of changes in the substation required to obtain approvals from the Town of Poughkeepsie, is it the Panel's intention to exclude those cost increases from the calculation of the deferrable amount?

Answer) The deferral authority applies to the lesser of the actual cost or \$6.73 million. An increase in actual cost greater than \$6.73 million as a result of changes in the substation required to obtain approvals would be excluded.

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d) To the extent that the actual cost of the Spackenkill Substation project is increased to greater than \$6.73 million, as a result of changes in commodity / equipment costs that occur subsequent to the time of the Central Hudson estimates included in its rate year forecasts in these cases, is it the Panel's intention to exclude those increases?

Answer) The deferral authority applies to the lesser of the actual cost or \$6.73 million. An increase in actual cost greater than \$6.73 million as a result of changes in commodity / equipment costs would be excluded.