



NEW YORK STATE SENATOR

Jen Metzger

## Sen. Metzger Presents Comments at Hearing on Central Hudson Rate Case, Calls For Rate Freeze amid Pandemic and Economic Slowdown

JEN METZGER October 28, 2020

| ISSUE: **CENTRAL HUDSON, PROTECTING UTILITY RATEPAYERS, CONSUMER PROTECTION**



**Hudson Valley and Catskills...** Senator Jen Metzger (SD-42) today addressed the New York State Public Service Commission (PSC) public hearing on the Central Hudson rate case. Metzger, who represents Ulster, Sullivan, and Orange communities in Central Hudson's service territory, called on the utility to freeze rates as the severe economic contraction caused by the COVID-19 pandemic continues to burden customers.

Senator Metzger's complete comments are available below.

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## **Comments by State Senator Jen Metzger**

### **Public Hearing of the New York State Public Service Commission**

#### **on the Central Hudson Rate Case**

**Case Numbers 20-E-0428/20-G-0429**

**October 28, 2020**

Good afternoon. My name is Jen Metzger, and I am the State Senator representing the 42nd District, which includes Ulster, Sullivan, and Orange communities in Central Hudson's service territory. Prior to coming into the State Senate last year, I served as Director of Citizens for Local Power, and have participated in previous Central Hudson rate cases to advocate for our residents and small businesses, and to encourage policies that support the shift to a locally-based clean energy economy.

I am here today to urge the Commission to consider the extraordinary context within which this rate case is occurring. We are in the midst of a major pandemic and severe economic contraction that continues to leave many of Central Hudson's customers without jobs, and many of its small business customers struggling to keep their doors open. You will hear statistics from the Public Utility Law Project later today that paint a bleak but realistic picture of this economic reality, including the fact that the number of households in arrears on their Central Hudson utility bills has increased by 157% since February, and the amount those households owe has increased by 57% during the same period.

Every day I receive calls from constituents facing hardships. My office has been working for months to help literally thousands of people navigate the red tape to get unemployment

assistance, and the need has not let up. People are struggling to get food on the table for their families. The Food Bank of the Hudson Valley has seen a 53% increase in demand for emergency food over the same period last year, and has provided 66% more food to school backpack programs.

People are struggling, I cannot emphasize that enough, and a rate increase is just unacceptable right now in this context. Central Hudson recognized this dire economic situation in July when the Company spared customers a rate increase approved in the last rate plan. This was the right thing to do, and I commend Central Hudson for recognizing the financial hardship that so many families face. Unfortunately, this relief from that rate hike is now over, and customers will see their bills go up next month. I urge the Company and the Commission to immediately extend the rate freeze for the duration of the rate year and for 2021-2022.

The freeze for the next rate year can be offset in good part by reducing Central Hudson's regulated rate of profit ("ROE") below the current 8.8% rather than increasing it to 9.1%, as the Company has unfathomably proposed during a time when its customers are struggling. As I argued in the previous rate case, this guaranteed rate of return is unnecessarily high under normal economic conditions, given that the Company now has the opportunity to earn additional profits from meeting energy and environmental performance goals. Central Hudson has, moreover, proposed in this rate case to receive an additional performance-based incentive to expand use of heat pumps in its service territory--a proposal the Commission should reject. Switching customers to technologies that rely on electricity should be incentive enough for a company in the business of selling electricity.

I next want to raise a concern related to rate classes that could discourage developers of multi-family housing from investing in on-site renewable energy and geothermal systems to serve their residents. Currently, a building owner who invests in these technologies for its

renters must use a single meter, and as such, is charged a commercial rate that includes a demand charge. The Lace Works in Kingston, designed by RUPCO to be both affordable to low-income customers and environmentally sustainable, with a 160-kW solar array on the roof, was shocked to receive monthly Central Hudson bills with a demand charge as high as \$900. Essentially, renters in multifamily housing face higher costs for the benefits of renewable energy than individual homeowners, which is not only unfair but also discourages efficient on-site generation by greatly lengthening the payback on the renewable investment. In the Town of New Paltz, an innovative net-zero multifamily development is under construction, and the developers are understandably greatly concerned to learn that their plan to site renewable energy on the roof will end up being prohibitively expensive because of the demand charges associated with a single commercial meter. This is a project that was recently awarded New York State's Buildings of Excellence Competition for supporting the state's climate and energy goals. We want to encourage not discourage these projects, and we want to encourage and not discourage compliance with the CLCPA. While I work on legislation to address this issue going forward, I urge the Commission to develop a separate rate for multifamily housing utilizing distributed energy resources that treats these residential customers no differently than individual residential homeowners.

Regarding Voluntary Time of Use (VTOU) rates, Central Hudson wants to reduce its target for achieving an incentive, claiming that the target is not realizable because so few customers are enrolling in the program. The reason for low participation is that the rate design is poor. I am an electric vehicle driver and a perfect candidate for a VTOU rate, but I have not enrolled in the program because it will end up costing my family more even if I charge my vehicle exclusively during off-peak hours. As I argued in the previous rate case, the VTOU rate was developed on the basis of insufficient analysis of bill impacts and inadequate understanding of the possibilities for load-shifting by residential customers. Rather than making it easier for Central Hudson to profit from a poorly-designed rate

design, I urge the Commission to require the Company to undertake the necessary analysis and create a rate design that will help customers control their energy costs while at the same time improving grid efficiency.

Thank you for this opportunity to provide comments today.

*Jen Metzger represents the 42nd Senate District, which includes all of Sullivan County and parts of Delaware, Orange, and Ulster Counties. Senator Metzger serves as Chair of the Agriculture Committee and sits on the Environmental Conservation, Education, Health, Energy and Telecommunications, Local Government, Women's Issues, Domestic Animal Welfare, and Legislative Commission on Rural Resources Committees.*

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