



Public Utility Law Project of New York, Inc.

For Immediate Release

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Central Hudson Agrees to Reduce Its Residential Customer Charge, Benefiting Consumers and Clean Energy

NEW YORK – On April 18, Central Hudson Gas and Electric proposed a settlement in its ongoing rate proceeding, in which it agrees to reduce its current electric and gas residential customer charge from \$24 to \$19.50 over three years. Central Hudson's customer charge reduction makes it the first New York utility to reduce its customer charge in more than a decade.

Jen Metzger, Director of Citizens for Local Power, said: "Central Hudson's historically high fixed charges have been a burden on many seniors and low- and moderate-income households, which tend use less energy. We welcome this important step in the right direction to alleviate this burden and make rates fairer by tying them more closely to how much energy customers actually use."

Cullen Howe, Acadia Center's New York Director, said: "Central Hudson's agreement to reduce these regressive fees will benefit the majority of its residential customers. As the state looks to ramp up its efforts on energy efficiency and clean energy, Acadia Center believes it is crucial that New York utilities and regulators provide the right incentives to invest in these resources. Though Central Hudson's fixed charge is still high and must continue to be lowered, other utilities should follow its example and begin reducing their customer charges as well."

Also referred to as basic service or fixed charges, customer charges are flat fees that every customer pays, regardless of the amount of electricity or gas used. Across the country, fixed charges for residential electric customers typically range from \$5 to \$10 a month, but in some states—notably New York—these charges are significantly higher. Central Hudson's current customer charges are the highest in New York and among the highest in the nation.

High electric customer charges disproportionately burden low-income customers, who typically use less electricity than average and generally benefit from lower customer charges. They also conflict with New York's goals for a clean, modern, consumer-friendly electric system by removing any incentive for customers to lower their electricity bills through conservation, investment in energy efficiency, or renewable energy technologies like solar power.

While these reductions are an important step, other New York utilities have continued to maintain, or seek increases to, these charges. On March 15, for example, the Public Service Commission approved a decision allowing National Grid to maintain its existing monthly customer charge at \$17, and Orange & Rockland County

Utilities recently filed a rate proceeding seeking to increase its current \$20 customer charge to \$22. The New York Customer Charge coalition has set up a web site at www.lowerfixedcharges.org, to continue advocating for lowering these charges and providing rate relief to low-income and low-usage New York energy consumers.

Jessica Azulay, Program Director at Alliance for a Green Economy, said: “We hope the Central Hudson agreement is the first step in a process to reduce fixed charges for all utilities across New York State. New York has set ambitious energy affordability and climate goals. Reduction in fixed charges is a major tool that utility regulators can and should use to accomplish both of those goals. We urge the Public Service Commission to use this tool aggressively to ease energy burdens for residential customers and incentivize conservation, energy efficiency, and investments in distributed renewable energy.”

Richard Berkley, Executive Director of the Public Utility Law Project of New York, said: “We are grateful to Central Hudson for taking the lead in beginning what will hopefully be a statewide reduction of New York’s extremely high customer charges. In a state where approximately half of residential energy consumers have trouble paying their utility and other vital bills such as food, medicine, mortgages or rent, taking concrete steps toward greater affordability by reducing these regressive charges is something we can all support, and we are equally grateful to our coalition partners and to the Department of Public Service for its assistance in bringing about the first reductions of these charges.”

“Fixed customer charges in New York are too high and are bad policy. This settlement marks an important step toward reducing the harmful effects that these charges have on customers, and in aligning rates with the New York vision for electricity markets,” said Karl R. Rábago, executive director for the Pace Energy and Climate Center and a former utility regulatory commissioner. “We are pleased that our years of work in rate cases in New York against these unfair utility charges is bearing fruit.”

Jonathan Bix, Executive Director of Nobody Leaves Mid-Hudson, said, “This nearly 20% reduction in Central Hudson’s fixed charge will increase affordability and decrease shutoffs for low-income customers. Although this reduction is a critical victory, Central Hudson and other utilities must continue to lower their regressive fixed charges, including Orange & Rockland Utilities through their current rate proceeding.”

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