REPORT FROM THE NEW YORK STATE SENATE

COMMITTEE ON INVESTIGATIONS AND GOVERNMENT OPERATIONS

CHAIR
SENATOR JAMES SKOUFIS

Final Investigative Report: Utility Pricing Practices and Failures

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COMMITTEE ON ENERGY AND TELECOMMUNICATIONS
CHAIR
SENATOR KEVIN S. PARKER

Committee on Investigations and Government Operations

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• Investigative Staff •

Evan R. Gallo
Chief of Investigations & Counsel

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I. EXECUTIVE SUMMARY

Winter 2021-22 was a challenging experience for anyone responsible for paying their power and heating bills. Many New Yorkers are frustrated with the current energy utility landscape as we enter another year of high supply costs with seemingly no end in sight.[1] Consequently, the Senate Standing Committee on Investigations & Government Operations ("Committee") opened a formal review of exponentially rising energy prices and customer billing issues.[2]

This examination, as well as the findings and policy recommendations incorporated herein, is the conclusion of the Committee's review of the State's largest electric and natural gas utilities that will be further discussed in Section III. The Committee has identified the following recommendations, which will be detailed along with related findings in Section IV:

- The Public Service Commission and Department of Public Service should exercise greater scrutiny over utility hedging plans, issue industry best practices where prudent, and mandate parameters and institute penalties when necessary;
- The Public Service Commission and Department of Public Service should standardize requirements for all electric and gas utilities related to the substance, timing, format, mode of delivery, and clear and conspicuous nature of customer communications regarding increased supply costs per a reasonable forecast threshold (such as 10% or more month-to-month variability), access to any and all available customer assistance programs, and any other emergent area to which customers should be provided meaningful and ample notice;

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[1] *See gen* "Think the Energy Crisis is Bad? Wait Until Next Winter," by Suriya Jayanti. Time (October 31, 2022). Available at https://time.com/6226587/energy-crisis-next-winter/
[2] Reference to the "Committee" within this report refers to the actions and opinions of a majority of Investigation and Government Operations Committee members.

- Adoption of Senate Bill 9469 (Hinchey) related to estimated billing limitations and further requiring utilities to reimburse customers, with interest rates equal to that of late payment charges, when there are overestimates resulting in overpayments;
- Adoption of Senate Bill 9578 (Mannion) and Senate Bill 8362A (Parker) to ensure low-income and vulnerable populations are appropriately enrolled in customer assistance programs, as well as deferment of late charges for individuals in such programs;
- Substantial limitations on utilities' ability to retroactively bill customers in instances where a customer's account would experience extra charges as a result;
- Requirements for heightened notice by energy service companies to customers, the Public Service Commission/Department of Public Service, and municipalities before pulling out of an area;
- Explicit approval by the Public Service Commission of new information technology systems;
- Adoption of the Build Public Renewables Act as a means toward decreasing over-reliance on fossil fuels while spurring significant in-state clean energy production;
- New annual audits of power suppliers and heightened requirements for existing operational and management audits of utilities;
- Greater transparency of energy supply purchases by utilities; and
- Prohibitions on service shutoffs when monthly volatility reaches a certain threshold.

II. INTRODUCTION

a. Impacts of Winter 2021-22

The 2021-22 winter season was one of the most difficult in recent memory for New Yorkers due to rising energy costs.[3] In October 2021, the U.S. Energy Information Administration ("EIA") formally signaled the alarm to the public and utilities alike, "forecast[ing] that U.S. households [would] spend more money on energy [for the 2021-22] winter than [the previous] winter […] [especially after] many energy prices reached multiyear lows […] as a result of the COVID-19 pandemic."[4] At the time, the EIA predicted increasing "wholesale prices of natural gas, crude oil, and petroleum products [because] fuel demand [had] increased from recent lows faster than supply, in part, because of economic recovery after the first year of the COVID-19 pandemic."[5] Average household expenditures for electricity and natural gas were projected to be the highest in a decade with propane and heating oil close behind.[6]

Additional international and domestic factors worked in tandem with the post-pandemic supply and demand misalignment to push energy costs upward. Since beginning in February 2022, the Russia-Ukraine conflict has also helped compound global supply constraints; as Europe counts on Russia for about 40% of its natural gas consumption, other countries – the United States in particular – have ramped up exports of liquefied natural gas but at a cost of increased domestic

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[3] *See gen* "U.S. Households Will Pay More to Heat their Homes this Winter, Officials Say," by Joe Hernandez. NPR (October 13, 2021). Available at https://www.npr.org/2021/10/13/1045723713/home-heating-costs-this-winter-natural-gas-electric

[4] *See* "EIA Expects U.S. Households to Spend More on Energy this Winter," by the U.S. Energy Information Administration (October 13, 2021). Available at https://www.eia.gov/todayinenergy/detail.php?id=49936

[5] *See* id.

[6] *See* id.

supply pressures.[7] Moreover, the 2020-21 full decommissioning of the remaining two nuclear reactors in operation at the Indian Point Energy Center power plant in Westchester County directly led to additional reliance on natural-gas fired power generation to meet the needs of the greater-New York City area.[8] As a result of this dependency during a period of heightened natural gas costs, "wholesale electric prices in New York have 'generally increased as a result of the retirement of the [two nuclear reactors],'" seeing the average wholesale prices for electricity jump markedly "from a record low average price of $25.70/MWh in 2020 to $47.59/MWh a year later."[9]

It is unsurprising we find ourselves in an extended age of sustained and increasing energy costs, as the dire scenario forecasted came to fruition in New York where most electricity is produced by natural gas-fired power plants (i.e. there is a substantial nexus between wholesale costs for both commodities). For households across the State buying natural gas, average monthly purchase prices from July 2021 through August 2022 are the highest amounts experienced in at least a decade.[10] Similarly, for New York residences buying electricity, average monthly purchase prices from August 2021-22 are predominantly at their greatest levels in at least a decade (with the minor exception of February and March 2022 expenses being the largest since 2014).[11]

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[7] *See gen* "Ukraine War Drives US, EU Deal to Undercut Russian Energy," by Raf Casert. AP News (March 25, 2022). Available at https://apnews.com/article/russia-ukraine-biden-business-poland-migration-c0c3b6421fc0d454abf53b4b6dd746bb

[8] *See gen* "New York's Indian Point Nuclear Power Plant Closes after 59 Years of Operation," by the U.S. EIA (April 30, 2021) (stating that "Indian Point Unit 3 was one of New York's 10 largest electricity generators[.] Because of Indian Point Unit 3's retirement, a large amount of new carbon-free generating capacity will need to come online to help meet the state's [Clean Energy Standard] goal"). Available at https://www.eia.gov/todayinenergy/detail.php?id=47776

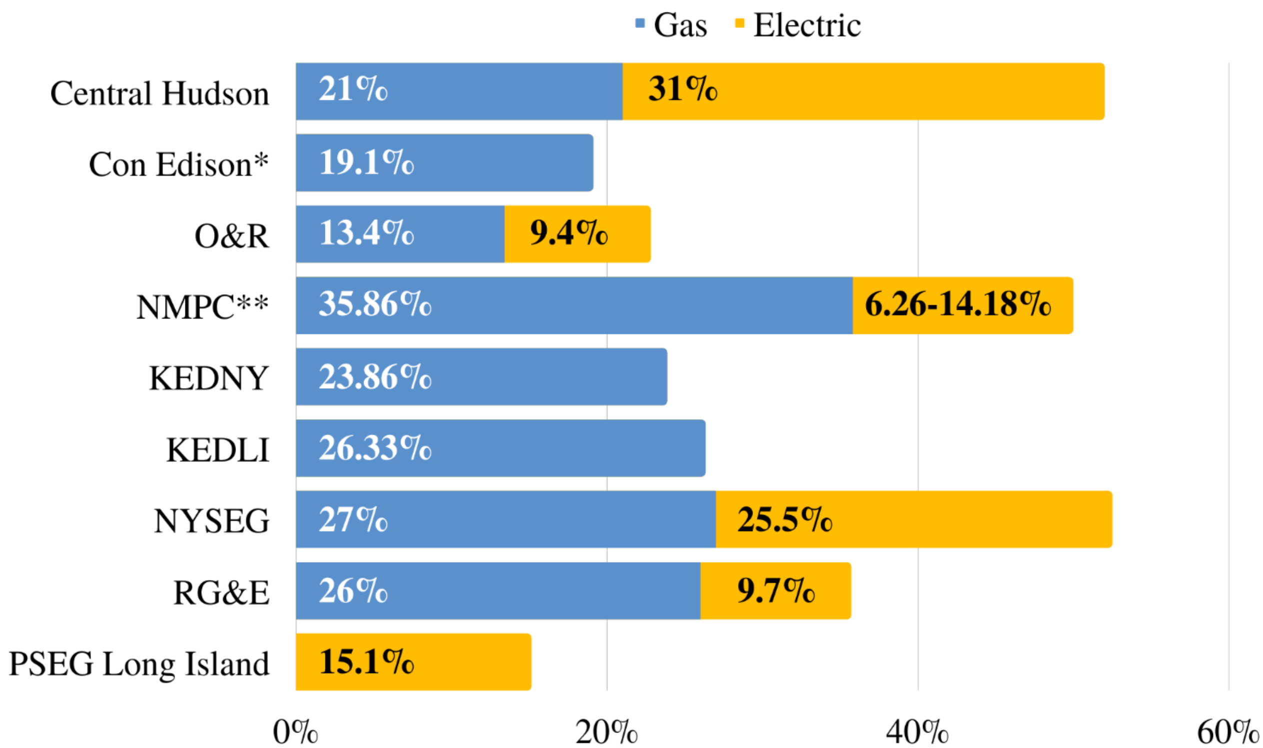
[9] *See* "Power Trends 2022: The Path to a Reliable, Greener Grid for New York (Annual Grid & Markets Report)," by the New York Independent System Operator (also stating that "as eastern New York has become more reliant on natural gas-fired generation, spikes in congestion because of tight gas market conditions on cold winter days have become more frequent"). Available at https://www.nyiso.com/-/press-release-%7C-nyiso-releases-power-trends-2022-the-path-to-a-reliable-greener-grid-for-new-york

[10] *See* "Monthly Average Price of Natural Gas – Residential (New York – Statewide)," as reported by the New York State Energy Research and Development Authority. Available at https://www.nyserda.ny.gov/Researchers-and-Policymakers/Energy-Prices/Natural-Gas/Monthly-Average-Price-of-Natural-Gas-Residential

[11] *See* "Monthly Average Retail Price of Electricity – Residential (New York – Statewide)," as reported by the New York Energy Research and Development Authority. Available at https://www.nyserda.ny.gov/Researchers-and-Policymakers/Energy-Prices/Electricity/Monthly-Avg-Electricity-Residential

Average gas and electric utility residential bills tell the same story.[12] The Committee's evaluations of customer bill charges between the 2020-21 and 2021-22 winter seasons (i.e. November through March) show substantial year-to-year differences overwhelmingly driven by sharply rising commodity costs. Pursuant to utilities' responses to the Committee, percentage increases in total charges (inclusive of delivery and supply costs but not necessarily taxes and other fees) for the 2021-22 winter season as compared to the prior year for typical residential customers were as follows for Central Hudson Gas & Electric Corporation ("Central Hudson"), Consolidated Edison Company of New York, Inc. ("Con Edison"), Orange and Rockland Utilities, Inc. ("O&R"), National Grid (comprised collectively of Niagara Mohawk Power Corporation ("NMPC"), Brooklyn Union Gas Company ("KEDNY"), and KeySpan Gas East Corporation ("KEDLI")), New York State Electric & Gas Corporation ("NYSEG"), Rochester Gas and Electric Corporation ("RG&E"), and PSEG Long Island:

[12] *See* Appendix A for utility-specific summaries of bill components and winter-over-winter percentage differences of charges for typical full-service residential electric and natural gas customers.



*Con Edison's percentage increase for electric was 0%.
**NMPC's percentage increase for electric varied between 6.26%-14.18% depending on zone.

To add insult to injury, thousands of Central Hudson residential, small business, and commercial ratepayers have experienced systemic billing and service issues due to the utility's failed replacement of its 40-year-old customer information and billing system in September 2021.[13] Shoddy implementation of the new software platform resulted in a myriad of difficulties for customers – some continuing to persist over a year later and through the publication of this report – including but not limited to: incorrect bills, including over- and under-billing; multiple bills of differing amounts for the same usage period; no bills for extended timeframes; charges for multiples of what is typically owed (outside of higher energy costs); problems with estimated

[13] *See gen* "System Upgrades and Changes to Your Account," by Central Hudson. Available at https://www.cenhud.com/en/customer-service/customer-information-changes/

billing; issues with auto-billing that also included bank account overdrafts; improper and/or delayed billing and crediting for Community Choice Aggregation and community solar customers; and concerns that low-income customers were not being appropriately identified for certain economic relief and enrollment into customer assistance programs.[14] Thus, Mid-Hudson Valley ratepayers have not only had to deal with the harsh economic realities of ballooning commodity prices but have also been forced to generally question the accuracy and prudence of Central Hudson's calculations and extended efforts to collect on amounts due.

b. Regulatory Landscape & Energy Supply vs. Delivery

The New York State Public Service Commission ("PSC") – and through its day-to-day administrative component, the Department of Public Service ("DPS") – is generally responsible for "regulat[ing] the state's electric, gas, steam, telecommunications, and water utilities[,] [and] is charged by law with setting rates and ensuring New York's utilities provide adequate service."[15] In relation to this regulatory jurisdiction, it is important to comprehend the differences between energy supply and delivery charges to gas/electric utility customers, as well as how both components are ultimately determined.

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[14] *See gen* "Central Hudson is Broken. Can New York Fix It?," by Steven Yoder. The River (May 24, 2022). Available at https://therivernewsroom.com/central-hudson-broken-can-new-york-fix-it/

[15] *See gen* "About the Department of Public Service" (stating "The primary mission of the New York State Department of Public Service is to ensure affordable, safe, secure, and reliable access to electric, gas, steam, telecommunications, and water services for New York State's residential and business consumers, at just and reasonable rates, while protecting the natural environment. The Department also seeks to stimulate effective competitive markets for clean, renewable, and distributed energy resources that benefit New York consumers, as well as product and service innovations") and NYS Public Service Law Sec. 5 (authorizing the "jurisdiction, supervision, powers and duties of the public service commission [as they extend] to the manufacture, conveying, transportation, sale or distribution of gas (natural or manufactured or mixture of both) and electricity for light, heat or power, to gas plants and to electric plants and to the persons or corporations owning, leasing or operating the same"). Available at https://www3.dps.ny.gov/W/PSCWeb.nsf/All/180FE1412ED8012F85257687006F3935

New York utilities do not own meaningful power generation per the State's deregulated (i.e. competitive) energy market. Therefore, customer supply charges reflect the actual price paid by a utility for procuring energy (e.g. electricity and natural gas) from suppliers and through the wholesale energy and capacity markets. Utilities may not profit off these charges, as they are passed along to ratepayers at cost based on customer classification and overall usage. Moreover, the Federal Energy Regulatory Commission maintains regulatory jurisdiction over wholesale energy markets, including those operated by the New York State Independent System Operator ("NYISO"). Further, the Federal Power Act (relating to electricity) and the Natural Gas Act preclude states from intervening in wholesale energy prices. Accordingly, the State of New York itself has a limited set of regulatory tools to directly intervene in the markets that set energy supply prices.

However, the State is allowed to regulate the retail sale (i.e. distribution) of electricity and natural gas in the form of delivery charges. These costs support sustaining, replacing, and/or updating the utility's infrastructure (e.g. wires, substations, pipelines, information technology, etc.) and operations. The PSC commonly exercises this authority over delivery charges through rate case proceedings, as prescribed under NYS Public Service Law Secs. 65 and 66. Every three years, typically, utilities submit rate proposals to the PSC for consideration and approval, subject to modification or rejection. A lengthy review is undertaken where the utility must justify its plan and third-party stakeholders (e.g. consumer advocates) are given an opportunity to intervene. Once a plan is approved by the PSC, any changes to rates and capital outlays are recouped from customers as delivery charges. It is vital to note that although utilities are required to provide safe and adequate service at just and reasonable rates, they are expressly allowed a reasonable return on equity connected with their investments. Nevertheless, the Committee is of the opinion this "reasonableness" standard creates too much subjectivity in the setting of rates (i.e. customer charges), and returns (i.e. utility profits) should be subject to stricter scrutiny by the PSC.

III. NEW YORK STATE SENATE INVESTIGATION

As a result of the aforementioned impacts and groundswell of constituent outrage across the State, the Committee launched an investigation in March 2022 with regard to skyrocketing utility bills due to surging commodity costs and unsuitable billing practices. The Committee focused its examination upon the State's six major investor-owned utilities and its largest public-private utility – serving a total of approximately 4.4 million natural gas retail customers and 8.1 million electric retail customers – based on the way most New Yorkers purchase and are provided with power and heating, including: Central Hudson,[16] Con Edison,[17] O&R,[18] National Grid,[19]

[16] Central Hudson "serves a 2,600-square-mile service territory that includes portions of eight counties of the Hudson River Valley: Dutchess, Putnam, Orange, Ulster, Sullivan, Greene, Albany and Columbia. Headquartered in Poughkeepsie, the company serves approximately 309,000 electric customers and 84,000 gas customers."

[17] Consolidated Edison "provides electric service to approximately 3.5 million customers in all of NYC (except a part of Queens) and most of Westchester County, an approximately 660 square mile service area with a population of more than nine million. The company delivers gas to approximately 1.1 million customers in Manhattan, the Bronx, parts of Queens and most of Westchester County. CECONY also operates the largest steam distribution system in the U.S. by producing and delivering approximately 16,884 MMlb of steam annually to approximately 1,555 customers in parts of Manhattan."

[18] Orange & Rockland "provides electric and gas service to approximately 745,000 people in three counties in NY: Rockland, Orange and Sullivan. O&R serves approximately 234,000 electric customers and 135,000 natural gas customers in NY."

[19] National Grid's operations are comprised of NMPC, KEDNY, and KEDLI. "NMPC is engaged principally in the regulated energy delivery business in NYS, providing electric service to approximately 1.7 million customers in the areas of eastern, central, northern, and western NY, as well as selling, distributing, and transporting natural gas to approximately 600,000 customers in the areas of central, northern, and eastern NY. KEDNY is a gas distribution company engaged in the transportation and sale of natural gas to approximately 1.3 million customers in the boroughs of Brooklyn and Staten Island and two-thirds of the borough of Queens, all in NYC. Likewise, KEDLI is a gas distribution company engaged in the transportation and sale of natural gas to approximately 600,000 customers in Nassau and Suffolk counties on Long Island and the Rockaway Peninsula in Queens, NY."

NYSEG,[20] RG&E,[21] and PSEG Long Island.[22] As the State's utility regulatory body, the PSC/DPS was also scrutinized as a key stakeholder.

Due to the complexities and differences associated with industrial/interruptible service customers and those residential and commercial customers buying energy from energy service companies, the Committee largely concentrated on residential ratepayers who procure and receive electricity and/or natural gas directly from their utilities. However, the interconnected billing issues associated with Community Choice Aggregation and community solar customers will be further discussed later in this report.

For each utility and the PSC/DPS, the Committee issued multiple rounds of detailed information and document requests – receiving and reviewing thousands of pages of materials produced in response and conducting several follow-up interviews with respective personnel. Though largely responsive to the Committee's requests and questions, a substantial volume of documents was deemed to be confidential, proprietary, or otherwise not subject to disclosure due to business sensitivity, attorney-client privilege, attorney work product privilege, inter-agency deliberative process privilege, or inclusion within active external investigations, limiting the Committee's ability to report on certain areas. For example, most aspects of financial and physical contracts related to a utility's energy purchases from generators and other counterparties contain confidentiality provisions preventing full disclosure of terms. Moreover, the PSC/DPS

[20] New York State Electric & Gas serves approximately 907,336 electric customers and 270,204 natural gas customers across 42 counties, 143 cities and villages, and 372 towns in upstate NY.

[21] Rochester Gas & Electric serves approximately 385,925 electric customers and 319,737 natural gas customers across 9 counties, 23 cities and villages, and 67 towns surrounding the City of Rochester.

[22] PSEG Long Island is the service provider for the Long Island Power Authority under a public-private partnership per the LIPA Reform Act of 2013. Its service area consists of 1.1 million retail electric customers in the counties of Suffolk, Nassau, and a portion of Queens.

investigation into Central Hudson's billing practices almost entirely restricted the documents delivered to the Committee that could be shared publicly.[23]

The Committee acknowledges both the past and ongoing work, meetings and discussions, and investigations being conducted by the PSC/DPS, as some aspects may not fully be reflected in this report. Lastly, as a general note regarding recommendations embodied herein, the Committee will urge enactment of legislation to the extent necessary to effectuate its proposals if the PSC/DPS – and PSEG Long Island – are unwilling or otherwise unable to codify suggested reforms via their policymaking authority that is expressed through official orders and/or regulations.

IV. INVESTIGATIVE FINDINGS AND RECOMMENDATIONS

a. Energy Supply Hedging Practices and Billing Reconciliations

Though individual business decisions ultimately lead to different tactics, utilities employ many combinations of similar short-term and long-term energy supply purchasing practices – comprising thousands of various annual supply transactions – to meet their customers' needs. For electricity, these practices may include: third-party bilateral transactions and power purchase agreements, generation owned by the utility (if applicable), requests for proposals for physical and financial products, and – most predominantly – energy sourced from the wholesale market administered by the NYISO or other regional ISOs. For natural gas, procurement mostly depends

[23] *See gen* "Order to Commence Proceeding and Show Cause (Issued and Effective December 15, 2022)," by the PSC, as related to Case 22-M-0645 (Proceeding on Motion of the Commission Concerning Central Hudson Gas & Electric Corporation's Development and Deployment of Modifications to its Customer Information and Billing System and Resulting Impacts on Billing Accuracy, Timeliness, and Errors). Available at https://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=22-m-0645&CaseSearch=Search

on New York Mercantile Exchange ("NYMEX") transactions and competitive agreements for pipeline storage and transportation. Though utilities represented to the Committee their goals to seek as much low-cost energy as possible for customers, their largely defined and consistent procurement processes (including internal policies against "speculation") may run into obstacles when there is market volatility, capacity constraints, and increased user demand.

In order to guard against unwieldy volatility (i.e. periods of high or low prices) in energy commodity markets, utilities also deploy various hedging strategies as part of their supply portfolios to smooth out future, unexpected spikes in costs for customers. Hedging plans generally lock in prices and volumes for energy supply – resulting in less price variability down the road – one or more years in advance of the month that amount of energy is needed. When market prices rise as compared to the hedge, customers receive an economic benefit; when market prices fall as compared to the hedge, customers are saddled with an additional cost. Hedges can be physical (i.e. an actual delivery of a set amount of energy at a certain price for a given timeframe or filling natural gas storage facilities during summer months for use in the winter) or financial (i.e. contracts with counterparties – such as generators or financial institutions – that act as swaps or options, paying out differences from the commodity market price). As described to the Committee, hedging should be seen as an insurance product that is designed to mitigate volatile periods related to customers' energy costs. However, despite any "savings" that may be gained when hedging correctly, the inverse can also hold true: if the practice is utilized too heavily then customers would likely pay higher – but less volatile – energy prices. The utilities' exact strategies – for both hedging and overall procurement – are strictly confidential. The PSC's hedging policies for electricity[24] and natural gas[25] supplies can be found in Orders issued in 2007 and 1998, respectively, and broadly conclude the following without much specificity beyond purchasing diversification and reducing price volatility:

- For electricity: *"New York's six major electric utilities are directed to participate in collaborative discussions supervised by the Department of Public Service Staff for the purpose of developing standards for measuring price volatility, goals for limiting price volatility, and mechanisms for reporting, on a quarterly basis, utility supply portfolio price information in an aggregate form."*
- For natural gas: *"Local distribution companies have many ways to meet their loads; they should consider all the available options for purchasing gas and assess the benefits of each approach. Options may include short and longer term / fixed price purchases, spot acquisitions, the use of financial hedges, and contracts which provide for flexibility in the amount of gas taken over the term of the agreement. We expect companies to manage their gas portfolios to meet the needs of their systems. We note that since we issued our previous order, several of the LDCs have diversified pricing, while others have remained largely with predominantly nondiversified pricing strategies. While we are not directing any particular mix of portfolio options, volatility of customer bills is one of the criteria, along with other*

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[24] *See* "Case 06-M-1017 – Proceeding on Motion of the Commission as to the Policies, Practices and Procedures for Utility Commodity Supply Service to Residential and Small Commercial and Industrial Customers (Order Requiring Development of Utility-Specific Guidelines for Electric Commodity Supply Portfolios and Instituting a Phase II to Address Longer-Term Issues)" (Issued and Effective April 19, 2007). Available at https://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=06-m-1017&CaseSearch=Search

[25] *See* "Case 97-G-0600 – In the Matter of the Commission's Request for Gas Distribution Companies to Reduce Gas Cost Volatility and Provide for Alternate Gas Purchasing Mechanisms (Statement of Policy Concerning Gas Purchasing Practices" (Issued and Effective April 28, 1998). Available at https://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=97-g-0600&CaseSearch=Search

factors such as cost and reliability, that LDCs should consider in their gas supply purchasing strategies. Excessive reliance on any one gas pricing mechanism or strategy does not appear to reflect the best management of the gas portfolio. Any utility without a diversified gas pricing strategy will have to meet a heavy burden to demonstrate that its approach is reasonable."

Moreover, just as purchasing and hedging schemes differ amongst utilities, there can also be variances related to the timing, application, and determination of forecasted vs. actual hedge values and market supply prices as part of the customer billing process. Thus, the mode and schedule of billing reconciliations (i.e. adjusting the differences between actual and estimated hedging values and sales variations) for customers can result in tangible billing impacts, especially in periods of high volatility.

Virtually every utility surveyed claimed relative success as far as their hedging programs' impacts on reducing volatility during winter 2021-22. As provided by each responsive utility, the following shows the (1) total hedging impact (i.e. in this case, the dollar amount saved as compared to overall market supply costs) for November 2021-March 2022, (2) average customer hedging benefit for the same period, and (3) percentage of hedging benefits to total cost of supply:[26]

- **NYSEG**
    - Electric: (1) -$32,002,990 (2) -$39.92 (3) -12.8%
    - Gas: (1) N/A (2) -$27.54 (3) -6%
- **RG&E**
    - Electric: (1) -$20,206,531 (2) -$57.27 (3) -30.6%
    - Gas: (1) N/A (2) -$46.04 (3) -14%

[26] *See* Appendix A for utility-specific hedging costs and benefits for winter 2021-22, as provided.

- **Con Edison**
  - Electric: (1) -$105,540,337 (2) -$35.08 (3) -15.5%
  - Gas: (1) -$26,723,151 (2) -$27.30 (3) -8%
- **O&R**
  - Electric: (1) -$10,668,036 (2) -$67.59 (3) -15.4%
  - Gas: (1) -$4,279,715 (2) -$36.12 (3) -7%
- **National Grid**
  - **NMPC**
    - Electric: (1) -$134,489,803 (2) -$80.55 (3) -55%
    - Gas: (1) -$10,614,468 (2) -$16.78 (3) -5.1%
  - **KEDLI**
    - Gas: (1) -$19,040,708 (2) -$22.44 (3) -6.4%
  - **KEDNY**
    - Gas: (1) -$23,925,970 (2) -$22.40 (3) -5.6%
- **Central Hudson**
  - Electric: (1) -$6,799,643 (2) -$2.72 (3) -5.1%
  - Gas: (1) -$564,590 (2) -$.81 (3) -1.2%
- **PSEG Long Island**
  - Electric: (1) -$68,541,851 (2) -$30.90 (3) -8.4%

The Committee acknowledges there may be caveats to the aforementioned values (e.g. inclusion of costs for customers not subject to a company's hedging practices), as well as variances based on the characteristics of different utility service areas. However, despite the general "successes" (i.e. benefits reducing volatility) of utility hedging programs across the winter 2021-

22 season, the data does speak to a fairly wide range of financial aid to customers and the overall impact to total supply costs. The Committee finds this range is predominantly a result of each utility's proprietary business practices. Moreover, notwithstanding the PSC/DPS' understanding that utilities "hedged approximately 70 percent of their estimated statewide full service electric residential energy needs,"[27] actual winter total hedge percentages as received and reviewed by the Committee ranged from about 46-76 percent.

Additionally, the Committee questions the dissimilarities in timing and planning for bill reconciliations. Take for example, Con Edison where "the actual electric market prices var[ied] significantly from those assumed in the hedge value forecast for the upcoming month [leading to an exacerbated] mismatch between the value of the hedges and the supply rate billed to customers."[28] As a result, "total bills for full-service mass-market customers billed at the end of January were 49 and 58 percent higher for New York and Westchester customers, respectively, from their previous bill for the typical energy usage [with DPS estimating] that approximately 70 percent of the increase in supply rates between December and January was attributable to Con Edison's forecasting hedge values being underestimated."[29] The Committee recognizes that Con Edison subsequently made responsive changes; however, the original problem lends credence to the need for greater standardization of billing practices.

Therefore, the Committee seeks to balance a reduction in volatility with keeping supply costs as low as possible and aligning actual customer costs with expectations to the greatest degree. The Committee proposes legislation directing the PSC/DPS to consider and issue updated electric and gas hedging orders in line with current best practices from across the industry. Though DPS

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[27] *See* Appendix B for "Utilities Prepared to Meet Consumer Demand for Electricity and Natural Gas During Winter." PSC Press Release (October 7, 2021).
[28] *See* Appendix B for DPS Letter to Con Edison (February 11, 2022).
[29] *See* id.

meets with electric utilities twice per year and natural gas utilities once per year to review prior hedging performances and upcoming plans, these discussions are almost entirely advisory rather than authoritative in nature, which is in line with the substantial flexibility granted to utilities to maintain diversity in their long-term supply portfolios, as part of the PSC's historical hedging orders. Accordingly, the Committee believes more consistent and firm guidance from the PSC regarding the long-term procurement of electric and gas, as well as reassessments to supply billing practices, will positively impact customers. Hedging plan considerations, as applicable to gas and/or electric, may include but not be limited to factors such as: target hedging thresholds and periods of suspected volatility (e.g. winter and summer months); the timing until and the supply needed for eventual delivery to customers; mandatory purchases during periods of low energy costs; more contemplation of global and domestic geopolitical and economic factors (i.e. protocols that monitor and respond to increasing prices and volatility instead of deploying a relatively consistent strategy in all market conditions); storage ability; greater analysis of year-over-year costs and benefits resulting from hedging practices; and any other pertinent factor as determined by the PSC. The Committee suggests a reasonable target for maximum customer exposure to volatility in supply costs at 10% of forecasted prices.[30]

Additionally, the PSC should develop tighter parameters for bill reconciliations, accounting for: maximum thresholds for month-to-month volatility; the prudent timing of when full or partial hedging values are provided to customers; flexibility in cost recovery; the appropriate use of forecasted hedging values and supply rates; and any other factor that would dampen price volatility without increasing supply costs. In order to give the PSC/DPS clearer authority to scrutinize and step in if a utility's hedging program goes awry (including penalties if necessary),

[30] As an example, National Grid's flexible reconciliation mechanism allows the company to limit month-to-month bill changes to less than 10%.

the Committee suggests creating a rebuttable presumption for a utility to prove it considered many of the aforementioned factors in its hedging and billing strategies but ultimately decided they were not in customers' best interests.

b. Lack of Competition and Accountability

The statutory and regulatory construct governing electric and gas utilities grants them natural monopolies over the delivery of energy. Given the regional control awarded to these companies, much more public transparency is needed to ensure that utilities' business practices are in their customers' best interest. Moreover, there remain substantial barriers to entry for communities and/or companies to succeed in providing alternatives to energy production and delivery. Therefore, the Committee recommends the following to spur better market accountability, openness, fairness, and competition:

- Per the NYISO's identification of a 10% gap in dispatchable emission-free resources as part of the State's transition to a carbon free grid by 2040,[31] there is a justified need for Senate Bill 6453C (Parker), implementing the Build Public Renewables Act. This bill can increase in-state clean energy production, decrease our over-reliance on natural gas, and inject a healthy dose of competition into the marketplace via the democratically-controlled public ownership of energy generation, transmission, and distribution;
- Greater disclosure of terms and conditions related to utilities' energy purchases in order to allow CCA programs and other entities to better predict future utility prices and

[31] *See gen* "Power Trends 2022."

customers to more clearly determine whether alternative supply choices are warranted; and

- Annual DPS audits of the power suppliers to NYS utilities would discern any discrepancies in historical pricing of commodities, profits and losses, and any injustices. Audits should be conducted by an independent CPA firm, and results should be made publicly available. Moreover, there should be greater independence and transparency involving management and operational audits of the utilities. These audits are currently conducted by a narrow group of consulting firms who respond to DPS solicitations for proposals that are not standardized across the utilities. In every management and operational audit, there should be standardized customer-service related audit steps performed that assess whether Home Energy Fair Practices Act protection procedures are in place and in compliance. Additionally, there should be a firmer outside review of utility energy procurement and hedging practices. These steps should be based on best practices for compliance auditing and not limited to the narrow scope that is often included in DPS RFPs. Further, case filings should include all DPS information requests, together with their responses. Other stakeholders, such as consumer advocates, should be permitted party status in these proceedings, including the ability to comment at each stage of the audit process.

c. Customer Notices and Utility Communications

Every year before the winter season, the DPS reaches out to electric and gas utilities to solicit updates regarding customer outreach and education activities, reviews and provides feedback on responses, and shares its conclusions with the PSC as part of its "Winter Preparedness of the Natural Gas and Electric Systems" presentation during the annual October meeting.[32] DPS conducts public workshops and generally maintains dialogue with utilities throughout the winter months regarding their plans. The Committee acknowledges the meaningful revisions and suggestions shared by DPS pertaining to utility notices and educational materials to customers. However, after reviewing each utility's winter plan, the Committee has strong concerns relating to the non-uniformity of this outreach.

The Committee found significant discrepancies as far as the timing, substance, style, format, and modes of delivery for customer outreach and education materials. Despite the regularity of DPS' review, its comments are largely on an ad hoc basis. The Committee was surprised to learn there are little to no firm parameters in statute or PSC order regarding routine – or periodic due to extenuating circumstances – communications from utilities to customers about supply price increases and customer assistance programs. In effect, utilities are able to pick and choose when, where, and how messages along these lines are sent. The results were, namely: delayed or months-long gaps in notice related to rising energy costs being forecasted; utilities "burying the lead" of cost increases by weaving important information into longer narratives and publications that customers typically skip over; utilities cherry-picking certain customer assistance programs for inclusion or exclusion in materials; and widespread variations in the publishing avenues used to get the word out. For example, while reviewing a draft of National Grid's outreach and education plan, DPS expressed concern that the company failed to mention deferred payment agreements and budget billing options as part of key messages to income eligible customers. Moreover, most of the information O&R – and other utilities for that matter – sent to customers between November 2021-February 2022 was related to tips on managing energy efficiency;

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[32] *See gen* Appendix B for the DPS Office of Consumer Services' Presentation on Outreach and Education Programs.

despite a handful of various communications speaking to bill increases, O&R's social media posts during the same time frame almost exclusively spoke to ways to generally save energy without directly mentioning how much supply prices were anticipated to rise. Additionally, although Con Edison actually provided a tangible winter forecast for residential customers within its December 2021 bill insert (i.e. a "24% increase in gas-heating costs" would likely be experienced), this valuable information was presented much less conspicuously and prominently than other material on the page.

The Committee recognizes the positive changes some utilities have subsequently made in advance of the winter 2022-23 season to proactively deliver customer education and assistance program materials. However, the Committee urges much greater harmony and uniformity in this area. Therefore, the Committee proposes the following:

- For the PSC/DPS to set standard requirements across all electric and gas utilities for the regular or periodic dissemination of customer communications regarding projected or actual increases to supply costs once a reasonable forecast threshold (e.g. 10% or more month-to-month variance) has been determined;
- For the PSC/DPS to set standard requirements across all electric and gas utilities for the regular or periodic dissemination of <u>all</u> statewide, utility-, and regionally-specific customer assistance programs, including targeted outreach to particularly vulnerable customers with the goals of providing them with available utility assistance and facilitating their ability to obtain certain social services;
- For the PSC/DPS to set standard requirements across all electric and gas utilities for the regular or periodic dissemination of any other emergent or important customer information as determined by the PSC/DPS;

- For such requirements to include but not be limited to the substance of communications, timing of communications, exhaustion of all possible modes of electronic and physical communication, language and disability accessibility, format and styling, and the clear and conspicuous disclosure of such information;
- To require collaboration with third-party consumer advocates and representatives such as PULP, AARP, and other state/local agencies to advance important customer communications; and
- To expressly allow for fines and penalties when such requirements are not met.

d. Billing Issues and Assistance

Though surging energy supply prices have garnered the majority of the public's attention, many utility customers have also experienced substantial billing issues unrelated to higher costs. As previously mentioned, these problems have included incorrect bills, including over- and under-billing; multiple bills of differing amounts for the same usage period; no bills for extended timeframes; charges for multiples of what is typically owed (outside of higher energy costs); problems with estimated billing; issues with auto-billing that also included bank account overdrafts; improper billing and crediting for Community Choice Aggregation and community solar customers; and concerns that low-income customers were not being appropriately identified for certain economic relief and enrollment into customer assistance programs. These complications are primarily ascribed to Central Hudson's operations though no utility is immune to criticism.

The failed rollout of Central Hudson's new customer information and billing system has been exhaustively reported upon since its implementation in September 2021 and even continues to today.[33] This botched execution has led to a panoply of customer difficulties and resulted in the PSC opening a formal investigation into these exact issues.[34] Well-over 4000 public comments have been made, affirming the systemic nature of these complaints beyond simple bill increases. The Committee has monitored the PSC's investigation and acknowledges the current findings and allegations against Central Hudson as expressed within its Order that was issued and effective December 15, 2022.[35] Such violations stem from system defects and programming errors, as well as inadequate training, staffing, and testing, and include: unjust, unreasonable, and untimely charges; improperly backbilling customers; intentional overreliance on estimated billing rather than actual meter reads; and failing to adequately track details related to customer billing complaints. The Committee remains optimistic that continued PSC enforcement proceedings will result in the imposition and recovery of substantial financial penalties from the utility that will be remitted to ratepayers. As the next phase of the PSC investigation into Central Hudson unfolds, the Committee will assess the final outcome, including whether any clarifying legislation is needed to ensure proper penalties are levied and funds are redirected back to customers aggrieved by systemic billing failures.

Also, customers with rooftop solar installations or who are part of community solar or community choice aggregation ("CCA") programs have gone months – sometimes upwards of a year – without receiving bills or proper application of credits to their accounts, leaving them unsure

[33] *See gen* "Central Hudson Under Investigation as Billing Issues Persist," by Roger Hannigan Gilson. Times Union (October 20, 2022). Available at https://www.timesunion.com/hudsonvalley/news/article/Central-Hudson-under-investigation-billing-issues-17519053.php
[34] *See* "Matter Number 22-00666 – In the Matter of Staff's Investigation into Central Hudson's Customer Information System Implementation and Resulting Billing Errors." Available at https://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=22-00666&CaseSearch=Search
[35] *See* "Order to Commence Proceeding and Show Cause (Issued and Effective December 15, 2022)."

about what they owe.[36] For example, in July 2022, participants of Hudson Valley Community Power – a CCA serving Beacon, Poughkeepsie, Clinton, Marbletown, New Paltz, Phillipstown, Red Hook, Saugerties, and Cold Spring – were returned to Central Hudson electricity supply service as a result of a default by program energy supplier Columbia Utilities Power, LLC. As the service provider of last resort, Central Hudson absorbed about 23,000 customers as their default energy servicer;[37] however, billings only began to resume around roughly October 2022.[38] Additionally, as recognized by Central Hudson and exacerbated by its billing system deficiencies, there has not been "seamless integration" between one's solar program participation and standard utility account, leading to extremely untimely and/or inaccurate bills.[39]

The Committee is persuaded by the overwhelming volume of sustained customer complaints and service troubles – as directly received amongst legislative offices and the PSC/DPS. On balance, the Committee believes the following recommendations will deliver benefits and additional savings to ratepayers:

- To address widespread criticism and alleged violations of estimated billing practices, adoption of Senate Bill 9469 (Hinchey), requiring actual meter readings in most instances in utility bills from month-to-month and requiring the PSC to institute a best practices estimation formula that can be used as a utility industry standard in New York State for statutorily accepted instances of bill estimation. Additionally, the Committee

[36] *See gen* "Central Hudson Solar Customers Hit With High Bills at the Holidays," Cloey Callahan. Times Union (December 14, 2021). Available at https://www.timesunion.com/hudsonvalley/news/article/Central-Hudson-solar-customers-hit-with-high-bills-16701402.php
[37] *See gen* "Central Hudson Billings Issues Spark Outrage," by Lilly Sabella. The New Paltz Oracle (November 3, 2022). Available at https://oracle.newpaltz.edu/new-paltz-residents-receive-high-cost-backlogged-electricity-bills/
[38] *See gen* "System Upgrades and Changes to Your Account," by Central Hudson.
[39] *See gen* Letter from Central Hudson to Community Distributed Generation Customers. Available at https://www.cenhud.com/globalassets/pdf/my-energy/cdg-customer-letter.pdf

suggests requiring utilities to reimburse customers, with interest rates equal to that of late payment charges, when there are overestimates resulting in overpayments;

- To promote accurate and timely billing, further limiting the ability and time frame for utilities to retroactively bill customers in instances where no original bill was issued or an inaccurate bill was issued and an account would experience extra charges as a result;
- To certify the appropriateness of implementing a new and major information technology system, for the PSC to formally approve the specific vendor and product through a separate proceeding apart from a larger rate case;
- To address instances where low-income customers may be unaware of financial support eligibility due to insufficient identification and assistance by utilities, adoption of Senate Bill 9578 (Mannion), requiring all social services districts in New York automatically re-enroll eligible households and individuals in the Home Energy Assistance Program. Similarly, adoption of Senate Bill 8362A (Parker), requiring the Office of Temporary and Disability Assistance to coordinate with utilities on automated file matching to identify eligible participants in utility energy affordability programs;
- To alleviate financial burdens for vulnerable customers, for utilities to incorporate deferral programs for late payment fees for individuals in qualifying programs;
- To ensure CCA program participants access to the reliable service they selected and anticipated, requiring energy service companies to provide six months' notice to customers, the PSC/DPS, and municipalities before pulling out of an area or face fines and penalties; and
- To hold customers temporarily harmless when experiencing volatility, a blanket prohibition on service shutoffs is warranted when supply costs increase beyond a

reasonable month-to-month variance threshold. This prohibition on shut offs should equally be applied during the heating season and periods of extreme heat with customers still ultimately responsible for paying amounts owed to utilities.

V. CONCLUSION

The desperation and anguish voiced by constituents across New York State are compelling examples of why the Committee seeks to level the playing field for utility customers so there are not winners and losers based on service areas. Take Jane from Newburgh, a residential customer who received no bills for six months, unsuccessfully pled with her utility to send her a bill, and – once she received one month's bill – was more than surprised to see 2000kWh of electricity usage when she typically used under 300kWh per month. Or John from Cornwall, who watched his electric bill double as compared to the same 2021 timeframe despite similar usage. Or Raymond from New Windsor, an electric and solar customer who had not received a correct bill statement in nine months and was not properly credited with three months of payments notwithstanding confirmations from the utility, leading to a faulty outstanding bill balance where he is unable to make payments toward his solar panel loan until the unsettled amount is rectified.

As ratepayers are essentially married to individual utilities due to their geographical location and have few – if any – alternatives, there should be consistency in utility operations to the greatest extent possible. In regards to hedging and bill reconciliation strategies, customer communications, competition and accountability, and resolution of billing issues, these areas are ripe for uniformity and grander scrutiny by the PSC/DPS. Further – and fundamentally, the State must create a new framework that fosters greater competition and offers additional options in both the supply and delivery spaces.

VI. APPENDIX

A: Utility Bill Components and Hedging/Supply Summaries

B: PSC/DPS Materials (Outreach and Education Activities, October 2021 Press Release, and Winter 2022 Supply Price Volatility Review)

Appendix A:

Utility Bill Components and Hedging/Supply Summaries

Central Hudson Gas & Electric Corporation
Senate Investigation
Response to Interrogatory / Document Request

Request No.: S-003, IR-001
Requested by: Senate Committee on Investigations and Government Operations
Date of Request: November 1, 2022
Witness:
Subject:

Question:

In order to harmonize the display, timeline, and substance of hedging and supply cost information received from utilities, please provide the following. Should any data be subject to confidentiality, please identify and explain why.

-Separate summaries of actual bill components for natural gas and electric customers for the period of November 2021-March 2022, as compared to November 2020-March 2021. This breakdown should include the average delivery, supply, and total bill dollar values for a typical full-service residential customer. Please also include percentage changes for each month as compared to the previous year (e.g. February 2022 compared to February 2021).

Response:

Refer to S-003 IR-001 Attachment 1 for residential electric and gas typical bills by month for winter 2020/2021 and 2021/2022, including a breakdown of delivery, supply and total bill and year over year change.

Document(s) Attached:

S-003 IR-001 Attachment 1

Date of Response: November 15, 2022

Central Hudson Gas & Electric Corporation
S-003, IR-001 Attachment 1
Electric Residential Typical Bill - 600 kWh

	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	20/21 Winter	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	21/22 Winter
Customer Charge	$19.50	$19.50	$19.50	$19.50	$19.50	$97.50	$19.50	$19.50	$19.50	$19.50	$19.50	$97.50
Delivery Service Charge	$57.47	$57.47	$57.47	$57.47	$57.47	$287.35	$55.70	$55.57	$55.57	$55.57	$55.57	$277.98
DLM	$0.01	$0.01	$0.01	$0.01	$0.01	$0.05	$0.02	$0.02	$0.02	$0.02	$0.02	$0.10
Electric Bill Credit	($2.44)	($2.44)	($2.44)	($2.44)	($2.44)	($12.20)	$0.00	$0.37	$0.37	$0.37	$0.37	$1.48
RDM	($3.28)	($3.28)	($3.28)	($12.53)	($12.53)	($34.90)	($7.95)	($7.95)	($7.95)	$0.01	$0.01	($23.83)
SBC/CEF/CES	$3.80	$3.80	$3.91	$3.91	$3.91	$19.33	$3.91	$3.91	$3.80	$3.80	$3.80	$19.22
EAM	$0.23	$0.23	$0.23	$0.23	$0.23	$1.15	$0.31	$0.31	$0.31	$0.31	$0.31	$1.55
RAM	$1.69	$1.69	$1.69	$1.69	$1.69	$8.45	$1.78	$1.78	$1.78	$1.78	$1.78	$8.90
MFC Admin Charge	$1.12	$1.12	$1.12	$1.12	$1.12	$5.60	$1.12	$0.86	$0.86	$0.86	$0.86	$4.56
Transition Adj. Charge	$0.21	$0.21	$0.21	$0.21	$0.21	$1.05	$0.17	$0.17	$0.17	$0.17	$0.17	$0.85
Miscellaneous Charges	$0.94	($1.62)	($0.63)	($0.26)	($2.75)	($4.32)	($0.73)	($5.00)	($1.61)	($15.60)	($4.85)	($27.79)
Market Price Charge	$23.36	$26.15	$35.44	$33.34	$60.37	$178.66	$44.98	$48.70	$62.17	$135.45	$79.70	$371.00
Market Price Adjustment	($0.80)	$0.02	($0.55)	($1.73)	($3.22)	($6.28)	($0.88)	($2.18)	$1.01	($5.68)	($10.10)	($17.83)
MFC Supply Charge	$2.16	$2.16	$2.16	$2.16	$2.16	$10.80	$2.11	$2.20	$2.20	$2.20	$2.20	$10.91
Net Charges	$103.97	$105.02	$114.84	$102.68	$125.73	$552.24	$120.04	$118.26	$138.20	$198.76	$149.34	$724.60
NYS & Local Taxes	$1.87	$1.87	$1.90	$1.63	$1.67	$8.94	$1.86	$1.86	$1.90	$1.94	$1.89	$9.46
Total Charges	$105.84	$106.89	$116.74	$104.31	$127.40	$561.18	$121.90	$120.12	$140.10	$200.70	$151.23	$734.06
Delivery	$74.74	$74.74	$74.74	$65.49	$65.49	$355.20	$70.65	$70.72	$70.72	$78.68	$78.68	$369.45
Supply	$22.56	$26.17	$34.89	$31.61	$57.15	$172.38	$44.10	$46.52	$63.18	$129.77	$69.60	$353.17
Surcharges (incl taxes)	$8.54	$5.98	$7.11	$7.21	$4.76	$33.60	$7.15	$2.88	$6.20	($7.75)	$2.95	$11.44
Total Charges	$105.84	$106.89	$116.74	$104.31	$127.40	$561.18	$121.90	$120.12	$140.10	$200.70	$151.23	$734.06
% Change in Total Charges versus Last Year							15%	12%	20%	92%	19%	31%

Central Hudson Gas & Electric Corporation
S-003, IR-001 Attachment 1
Gas Residential Typical Bill - 100 Ccf

	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	20/21 Winter	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	21/22 Winter
Customer Charge	$24.25	$24.25	$24.25	$24.25	$24.25	$121.25	$24.25	$24.25	$24.25	$24.25	$24.25	$121.25
Delivery Service Charge	$97.20	$97.20	$97.20	$97.20	$97.20	$486.00	$96.49	$101.23	$101.23	$101.23	$101.23	$501.41
Gas Bill Credit	($4.47)	($4.47)	($4.47)	($4.47)	($4.47)	($22.35)	$0.00	($0.83)	($0.83)	($0.83)	($0.83)	($3.32)
RDM[1]	$8.66	$11.54	$9.41	$8.53	$8.90	$47.05	$9.96	$12.39	$13.06	($5.11)	$6.11	$36.40
SBC/CEF/CES	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
MFC Admin Charge	$0.68	$0.68	$0.68	$0.68	$0.68	$3.40	$0.68	$0.56	$0.56	$0.56	$0.56	$2.92
Transition Adj. Charge	$0.41	$0.41	$0.41	$0.41	$0.41	$2.05	$0.41	$0.44	$0.44	$0.44	$0.44	$2.17
Miscellaneous Charges	$0.70	$0.70	$0.70	$0.70	$0.70	$3.50	$4.15	$4.26	$4.26	$4.26	$4.26	$21.19
Gas Supply Charge	$33.79	$35.12	$36.27	$44.41	$52.63	$202.22	$69.76	$58.24	$55.74	$73.87	$91.64	$349.25
MFC Supply Charge	$1.85	$1.85	$1.85	$1.85	$1.85	$9.25	$1.86	$1.26	$1.26	$1.26	$1.26	$6.90
Net Charges	$163.07	$167.28	$166.30	$173.56	$182.15	$852.37	$207.56	$201.80	$199.97	$199.93	$228.92	$1,038.17
NYS & Local Taxes	$4.31	$4.33	$4.34	$4.56	$4.64	$22.18	$5.06	$5.05	$5.02	$2.82	$2.82	$20.77
Total Charges	$167.38	$171.61	$170.64	$178.12	$186.79	$874.55	$212.62	$206.85	$204.99	$202.75	$231.74	$1,058.94
Delivery	$128.58	$131.46	$129.33	$128.45	$128.82	$646.65	$133.65	$139.30	$139.97	$121.80	$133.02	$667.73
Supply	$33.79	$35.12	$36.27	$44.41	$52.63	$202.22	$69.76	$58.24	$55.74	$73.87	$91.64	$349.25
Surcharges (incl taxes)	$5.01	$5.03	$5.04	$5.26	$5.34	$25.68	$9.21	$9.31	$9.28	$7.08	$7.08	$41.96
Total Charges	$167.38	$171.61	$170.64	$178.12	$186.79	$874.55	$212.62	$206.85	$204.99	$202.75	$231.74	$1,058.94
% Change in Total Charges versus Last Year							27%	21%	20%	14%	24%	21%

[1]RDM includes average Weather Normalization Adjustment billed during the month

Central Hudson Gas & Electric

Default Supply Option (DSO) Electric Supply Costs	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	
NYISO & Other Supply Costs ($)	$18,014,833	$22,527,708	$47,944,691	$32,073,817	$17,924,312	$138,485,361
NYISO Ancillary Service Costs ($)	$249,166	$543,865	$400,201	$124,417	$234,844	$1,552,493
Hedging Impact (1)($)	$761,874	$4,418,203	($10,810,052)	($2,423,391)	$1,253,723	($6,799,643)
Total	$19,025,873	$27,489,776	$37,534,840	$29,774,843	$19,412,879	$133,238,211
DSO Sales Volume (kWh)	251,168,968	376,007,863	362,713,472	335,081,647	177,370,441	1,502,342,391
Hedge Cost/(Benefit) per kWh	0.0030	0.0118	(0.0298)	(0.0072)	0.0071	(0.0045)
Customer Hedging Cost/(Benefit) per Month(2)	$1.82	$7.05	($17.88)	($4.34)	$4.24	($2.72)

Target Hedge % - volumetric (3)	48.2%	78.5%	79.4%	70.3%	55.5%	
Actual Hedge % - volumetric (4)	35.4%	44.5%	48.5%	42.5%	57.5%	

(1) Includes electric energy and weather hedge results only

(2) Assumes customer monthly use of 600 kwh

(3) Includes electric energy hedge only

(4) Includes HPP customer volume; electric energy hedge only

	Central Hudson Gas & Electric					
Commodity Expense	November 2021	December 2021	January 2022	February 2022	March 2022	Winter Total
Variable Component						
Net Off System Sales	[redacted]					
Gas Purchase Sendout (1)	$4,186,928	$5,504,127	$14,454,847	$7,260,522	$4,492,063	$35,898,487
Storage Withdrawals	$1,245,997	$1,049,604	$2,137,383	$1,943,950	$1,357,960	$7,734,894
Hedging Benefit (2)	($175,960)	($225,220)	($82,920)	($273,170)	$192,680	($564,590)
Fixed Component						
Demand	$1,598,294	$1,520,524	$1,540,456	$1,561,319	$914,923	$7,135,516
Capacity Releases	[redacted]					
			$3			
Total Commodity Expense - Actuals	$6,341,698	$7,357,491	$17,501,380	$9,959,456	$6,424,769	$47,584,794
% of Hedging Benefits to Total Cost of Supply	-2.8%	-3.1%	-0.5%	-2.7%	3.0%	-1.2%
LDC Wholesale Purchase Volume (Mcf) (3)	1,554,971	920,391	2,172,106	1,094,830	1,223,528	6,965,826
Monthly Hedge Rate - $ per Therm	($0.010912)	($0.023597)	($0.003681)	($0.024061)	$0.015186	($0.007816)
Residential Heating Customer Average Monthly Therms (4)	103.7	103.7	103.7	103.7	103.7	103.7
Estimated Residential Heating Customer Hedging Benefit	($1.1316)	($2.4470)	($0.3817)	($2.4951)	$1.5748	($0.8105)
Residential Customers	58,080	75,543	73,032	66,524	81,010	
Total Therms	3,080,694	6,242,636	8,668,085	9,605,197	9,779,957	

Consolidated Edison Company
of New York, Inc.
4 Irving Place
New York NY 10003-0987

November 15, 2022

VIA ELECTRONIC MAIL
Mr. Evan Gallo
Chief of Investigations & Counsel
Office of NYS Senator James Skoufis
Legislative Office Building, Room 815
Albany, NY 12247

Re: NYS Senate IGO Committee Request: Bill Components and Hedging Values

Dear Mr. Gallo:

Consolidated Edison Company of New York, Inc., and Orange and Rockland Utilities, Inc., provide the information included with this letter (Appendices A and B) in response to your e-mail request dated November 1, 2022, seeking information to harmonize the display, timeline and substance of hedging and supply cost information received from utilities.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Kyle Kimball
Vice President
Government Regional and Community Affairs

Appendix A: Information for Consolidated Edison Company of New York (CECONY):

-Separate summaries of actual bill components for natural gas and electric customers for the period of November 2021-March 2022, as compared to November 2020-March 2021. This breakdown should include the average delivery, supply, and total bill dollar values for a typical full-service residential customer. Please also include percentage changes for each month as compared to the previous year (e.g. February 2022 compared to February 2021).

Consolidated Edison Company of New York
Electric Bill Comparisons for Typical Residential Customers
Based on 300 kWh Monthly Usage, NYC

	Nov-21		Dec-21		Jan-22		Feb-22		Mar-22		Winter 2021-2022	
Usage	300 kWh		300 kWh		300 kWh		300 kWh		300 kWh		300 kWh	
	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total
Delivery	$62.44	70.7%	$61.49	74.3%	$65.78	53.2%	$61.89	77.7%	$66.30	65.6%	$63.58	66.8%
Supply	25.91	29.3%	21.31	25.7%	57.91	46.8%	17.78	22.3%	34.79	34.4%	31.54	33.2%
Total	$88.35		$82.80		$123.69		$79.67		$101.09		$95.12	
Increase Over Prior Year	-3.9%		-14.1%		23.3%		-23.4%		22.1%		0.0%	
	Nov-20		Dec-20		Jan-21		Feb-21		Mar-21		Winter 2020-2021	
Usage	300 kWh		300 kWh		300 kWh		300 kWh		300 kWh		300 kWh	
	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total
Delivery	$61.76	67.2%	$64.54	67.0%	$65.59	65.4%	$60.65	58.3%	$57.96	70.0%	$62.10	65.3%
Supply	30.17	32.8%	31.86	33.0%	34.73	34.6%	43.30	41.7%	24.81	30.0%	32.97	34.7%
Total	$91.93		$96.40		$100.32		$103.95		$82.77		$95.07	

Consolidated Edison Company of New York, Inc.
Gas Bill Comparisons for Typical Residential Customers

	Nov-21		Dec-21		Jan-22		Feb-22		Mar-22		Winter 2021-2022	
Usage	82 Therms		146 Therms		196 Therms		209 Therms		177 Therms		162 Ccf Average	
	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total
Delivery	$128.51	68.4%	$195.46	63.8%	$270.58	65.7%	$282.86	66.0%	$249.49	66.1%	$225.38	65.8%
Supply	59.48	31.6%	110.85	36.2%	141.41	34.3%	145.97	34.0%	127.77	33.9%	117.10	34.2%
Total	$187.99		$306.31		$411.99		$428.83		$377.26		$342.48	
Increase Over Prior Year	23.0%		26.3%		18.7%		15.1%		17.1%		19.1%	
	Nov-20		Dec-20		Jan-21		Feb-21		Mar-21		Winter 2020-2021	
	82 Therms		146 Therms		196 Therms		209 Therms		177 Therms		162 Ccf Average	
	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total
Delivery	$111.00	72.6%	$166.49	68.6%	$228.00	65.7%	$249.18	66.9%	$220.63	68.5%	$195.06	57.0%
Supply	41.89	27.4%	76.13	31.4%	119.09	34.3%	123.53	33.1%	101.62	31.5%	92.45	27.0%
Total	$152.89		$242.62		$347.09		$372.71		$322.25		$287.51	

-Additionally, the dollar value cost and benefit to full-service customers resulting from your company's electric and gas hedging practices from November 2021 through March 2022, broken down per month, as a winter total, as a per customer average monthly cost/benefit, and as a percentage of total supply. Please have the cost and benefit information broken down separately for electric and gas service, by month, to include the supply components that follow:

For electric service: (1) NYISO market purchases + other supply costs, (2) hedging cost or benefit, (3) ancillary service costs, and (4) total supply cost to customers.

For gas service: (1) gas supply costs (market, capacity contracts, or other), (2) cost related to the physical storage of gas for winter use, (3) financial or other hedging cost or benefit, (4) ancillary service costs, and (5) total supply cost to customers.

CECONY ELECTRIC	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	**Winter Total**
NYISO Market Purchases + Other Supply Costs	$99,818,682	$98,764,150	$253,608,393	$165,538,458	$113,548,259	**$731,277,942**
Financial Hedging Cost/(Benefit)	$14,424,818	$27,357,750	($104,953,941)	($12,251,345)	$5,374,435	**($70,048,283)**
Ancillary Service Costs	$8,828,912	$9,506,604	$12,794,690	$14,914,362	$11,061,431	**$57,105,999**
Total Supply Costs	$123,072,412	$135,628,504	$161,449,142	$168,201,475	$129,984,125	**$718,335,658**
Financial Hedging Cost/(Benefit) percent of Total Supply	11.7%	20.2%	-65.0%	-7.3%	4.1%	-9.8%
Number of Customers Subject to Hedging	2,986,754	2,997,535	3,005,578	3,012,260	2,982,686	
Financial Hedging Cost/(Benefit) per Customer	$ 4.83	$ 9.13	$ (34.92)	$ (4.07)	$ 1.80	$ (23.23)

**Please note that financial hedging benefit expressed a percentage of total electric supply is understated because the total supply costs include costs for customers not subject to the Company's hedging practices*

CECONY GAS	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	**Winter Total**
Commodity Purchase Costs	$ 35,401,033	$ 51,895,814	$ 71,202,029	$ 74,418,675	$ 40,333,044	**$273,250,595**
Storage Withdrawal Costs	$ 7,400,174	$ 4,197,737	$ 9,743,110	$ 6,116,585	$ 5,665,446	**$33,123,052**
Financial Hedging Cost/(Benefit)	$ (7,145,496)	$ (7,186,896.80)	$ (2,035,283)	$(8,742,841.64)	$ (1,612,634)	**($26,723,151)**
Fixed Charges collected through Full-Service Customers Supply Cost (Pipeline, Storage and Peaking)	$ 14,656,237	$ 14,571,266	$ 14,417,226	$ 14,401,797	$ 14,431,943	**$72,478,469**
Total Supply Costs	$ 50,311,949	$ 63,477,921	$ 93,327,082	$ 86,194,215	$ 58,817,799	**$352,128,965**
Financial Hedging Cost/(Benefit) percent of Total Supply	-14%	-11%	-2%	-10%	-3%	-8%
Number of Firm Customers	976,509	978,302	979,030	980,274	981,584	
Financial Hedging Cost/(Benefit) per Customer	$ (7.32)	$ (7.35)	$ (2.08)	$ (8.92)	$ (1.64)	$ (27.30)

Appendix B: Information for Orange and Rockland Utilities, Inc. (O&R)

-Separate summaries of actual bill components for natural gas and electric customers for the period of November 2021-March 2022, as compared to November 2020-March 2021. This breakdown should include the average delivery, supply, and total bill dollar values for a typical full-service residential customer. Please also include percentage changes for each month as compared to the previous year (e.g. February 2022 compared to February 2021).

Orange and Rockland Utilities, Inc.
Electric Bill Comparisons for Typical Residential Customers

	Nov-21		Dec-21		Jan-22		Feb-22		Mar-22		Winter 2021-2022	
Usage	600 kWh		600 kWh		600 kWh		600 kWh		600 kWh		600 kWh	
	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total
Delivery	$84.85	64.4%	$85.12	61.7%	$82.91	57.0%	$79.94	66.2%	$80.01	57.7%	$82.57	61.2%
Supply	46.87	35.6%	52.94	38.3%	62.56	43.0%	40.75	33.8%	58.74	42.3%	52.37	38.8%
Total	$131.72		$138.06		$145.47		$120.69		$138.75		$134.94	
Increase Over Prior Year	10.3%		9.8%		19.1%		-3.3%		11.3%		9.4%	
	Nov-20		Dec-20		Jan-21		Feb-21		Mar-21		Winter 2020-2021	
Usage	600 kWh		600 kWh		600 kWh		600 kWh		600 kWh		600 kWh	
	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total
Delivery	$82.56	69.1%	$83.16	66.2%	$85.21	69.7%	$84.18	67.4%	$84.19	67.6%	$83.86	62.1%
Supply	36.86	30.9%	42.53	33.8%	36.98	30.3%	40.68	32.6%	40.42	32.4%	39.49	29.3%
Total	$119.42		$125.69		$122.19		$124.86		$124.61		$123.35	

Orange and Rockland Utilities, Inc.
Gas Bill Comparisons for Typical Residential Customers

	Nov-21		Dec-21		Jan-22		Feb-22		Mar-22		Winter 2021-2022	
Usage	81 Ccf		152 Ccf		215 Ccf		240 Ccf		197 Ccf		177 Ccf Average	
	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total
Delivery	$80.97	64.5%	$133.97	61.1%	$182.91	60.8%	$195.13	59.9%	$163.57	59.7%	$151.31	60.7%
Supply	44.48	35.5%	85.36	38.9%	118.09	39.2%	130.90	40.1%	110.40	40.3%	97.85	39.3%
Total	$125.45		$219.33		$301.00		$326.03		$273.97		$249.16	
Increase Over Prior Year	20.5%		22.9%		11.5%		9.5%		10.4%		13.4%	

	Nov-20		Dec-20		Jan-21		Feb-21		Mar-21		Winter 2020-2021	
Usage	81 Ccf		152 Ccf		215 Ccf		240 Ccf		197 Ccf		177 Ccf Average	
	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total	Bill ($)	% of Total
Delivery	$81.13	77.9%	$134.31	75.3%	$184.13	68.2%	$202.65	68.1%	$169.99	68.5%	$154.44	62.0%
Supply	22.99	22.1%	44.13	24.7%	85.82	31.8%	94.97	31.9%	78.06	31.5%	65.19	26.2%
Total	$104.12		$178.44		$269.95		$297.62		$248.05		$219.64	

-Additionally, the dollar value cost and benefit to full-service customers resulting from your company's electric and gas hedging practices from November 2021 through March 2022, broken down per month, as a winter total, as a per customer average monthly cost/benefit, and as a percentage of total supply. Please have the cost and benefit information broken down separately for electric and gas service, by month, to include the supply components that follow:

For electric service: (1) NYISO market purchases + other supply costs, (2) hedging cost or benefit, (3) ancillary service costs, and (4) total supply cost to customers.

For gas service: (1) gas supply costs (market, capacity contracts, or other), (2) cost related to the physical storage of gas for winter use, (3) financial or other hedging cost or benefit, (4) ancillary service costs, and (5) total supply cost to customers.

O&R ELECTRIC	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	**Winter Total**
NYISO Market Purchases + Other Supply Costs	$9,618,000	$9,729,321	$28,890,164	$16,646,663	$10,618,223	**$75,502,371**
Financial Hedging Cost/(Benefit)	$500,562	$1,393,190	($9,471,395)	($1,612,169)	($156,319)	**($9,346,131)**
Ancillary Service Costs	$764,518	$813,568	$1,006,989	$809,801	$1,090,490	**$4,485,366**
Total Supply Costs	$10,883,080	$11,936,079	$20,425,758	$15,844,295	$11,552,394	**$70,641,606**
Financial Hedging Cost/(Benefit) percent of Total Supply	4.6%	11.7%	-46.4%	-10.2%	-1.4%	**-13.2%**
# Customers Subject to Hedging	156,515	158,488	157,738	158,439	159,745	
Financial Hedging Cost/(Benefit) per Customer	$ 3.20	$ 8.79	$ (60.05)	$ (10.18)	$ (0.98)	**$ (59.21)**

**Please note that financial hedging benefit expressed a percentage of total electric supply is understated because the total supply costs include costs for customers not subject to the Company's hedging practices*

O&R GAS	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	**Winter Total**
Commodity Purchase Costs	$ 6,657,772.12	$ 8,805,644.29	$ 14,171,952.78	$ 13,026,253.93	$ 6,457,045.12	**$ 49,118,668.24**
Storage Withdrawal Costs	$ 1,391,729.87	$ 712,268.95	$ 1,939,255.13	$ 1,070,647.70	$ 906,999.21	**$ 6,020,900.86**
Financial Hedging Cost/(Benefit)	$ (1,018,679.90)	$ (1,178,053.68)	$ (335,946.78)	$ (1,472,268.36)	$ (274,766.33)	**($4,279,715)**
Fixed Charges collected through Full-Service Customers Supply Cost (Pipeline, Storage and Peaking)	$ 2,551,693	$2,571,185	$ 2,645,183	$ 2,631,699	$2,674,230	**$13,073,990**
Total Supply Costs	$ 9,582,515	$ 10,911,044	$ 18,420,444	$ 15,256,333	$ 9,763,508	**$63,933,844**
Financial Hedging Cost/(Benefit) percent of Total Supply	-11%	-11%	-2%	-10%	-3%	**-7%**
Number of Firm Customers	117,525	118,255	118,721	119,022	119,737	
Financial Hedging Cost/(Benefit) per Customer	$ (8.67)	$ (9.96)	$ (2.83)	$ (12.37)	$ (2.29)	**$ (36.12)**

Original CECONY Electric Table

ELECTRIC	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Winter Total
NYISO Market Purchases + Other Supply Costs	$99,818,682	$98,764,150	$253,608,393	$165,538,458	$113,548,259	**$731,277,942**
Hedging Cost/(Benefit)	$14,424,818	$27,357,750	($104,953,941)	($12,251,345)	$5,374,435	**($70,048,283)**
Ancillary Service Costs	$8,828,912	$9,506,604	$12,794,690	$14,914,362	$11,061,431	**$57,105,999**
Total Supply Costs	$123,072,412	$135,628,504	$161,449,142	$168,201,475	$129,984,125	**$718,335,658**
Additional hedging costs/ (benefits)	*($11,378,759)*	*($8,448,359)*	*($4,302,612)*	*($5,077,392)*	*($6,284,932)*	*($35,492,054)*

Revised CECONY Electric Table

ELECTRIC	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Winter Total
NYISO Market Purchases + Other Supply Costs	$99,818,682	$98,764,150	$253,608,393	$165,538,458	$113,548,259	**$731,277,942**
Hedging Cost/ (Benefit)	*$3,046,059*	*$18,909,391*	*($109,256,553)*	*($17,328,737)*	*($910,497)*	***($105,540,337)***
Ancillary Service Costs	$8,828,912	$9,506,604	$12,794,690	$14,914,362	$11,061,431	**$57,105,999**
Total Supply Costs	$111,693,653	$127,180,145	$157,146,530	$163,124,083	$123,699,193	**$682,843,604**
UPDATED Hedging Cost/ (Benefit) percent of Total Supply	*2.7%*	*14.9%*	*-69.5%*	*-10.6%*	*-0.7%*	*-15.5%*
# Customers Subject to Hedging	2,986,754	2,997,535	3,005,578	3,012,260	2,982,686	
UPDATED Hedging Cost/ (Benefit) per Customer	*$1.02*	*$6.31*	*($36.35)*	*($5.75)*	*($0.31)*	

Prior Periods Additional Hedging Cost/ (Benefit)	*Amount*
21-Mar	*($483,251)*
21-Apr	*$221,137*
21-May	*($592,654)*
21-Jun	*($712,797)*
21-Jul	*($2,789,254)*
21-Aug	*($4,498,922)*
21-Sep	*($5,265,959)*
21-Oct	*($10,745,159)*

Original O&R Electric Table

ELECTRIC	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Winter Total
NYISO Market Purchases + Other Supply Costs	$9,618,000	$9,729,321	$28,890,164	$16,646,663	$10,618,223	**$75,502,371**
Hedging Cost/(Benefit)	$500,562	$1,393,190	($9,471,395)	($1,612,169)	($156,319)	**($9,346,131)**
Ancillary Service Costs	$764,518	$813,568	$1,006,989	$809,801	$1,090,490	**$4,485,366**
Total Supply Costs	$10,883,080	$11,936,079	$20,425,758	$15,844,295	$11,552,394	**$70,641,606**
Exchange Cleared	*($452,830)*	*($494,112)*	*($153,500)*	*$0*	*($221,463)*	*($1,321,905)*

Original O&R Electric Table

ELECTRIC	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Winter Total
NYISO Market Purchases + Other Supply Costs	$9,618,000	$9,729,321	$28,890,164	$16,646,663	$10,618,223	**$75,502,371**
Hedging Cost/ (Benefit)	*$47,732*	*$899,078*	*($9,624,895)*	*($1,612,169)*	*($377,782)*	***($10,668,036)***
Ancillary Service Costs	$764,518	$813,568	$1,006,989	$809,801	$1,090,490	**$4,485,366**
Total Supply Costs	$10,430,250	$11,441,967	$20,272,258	$15,844,295	$11,330,931	**$69,319,701**
Hedging Cost/ (Benefit) percent of Total Supply	*0.5%*	*7.9%*	*-47.5%*	*-10.2%*	*-3.3%*	*-15.4%*
# Customers Subject to Hedging	156,515	158,488	157,738	158,439	159,745	
Hedging Cost/ (Benefit) per Customer	*$0.30*	*$5.67*	*($61.02)*	*($10.18)*	*($2.36)*	

***Prior Periods Exchange Cleared Cost/* (Benefit)**	*Amount*
21-Mar	*$8,158*
21-Apr	*$3,712*
21-May	*($20,477)*
21-Jun	*($26,048)*
21-Jul	*($109,224)*
21-Aug	*($174,284)*
21-Sep	*($207,494)*
21-Oct	*($422,640)*

Electric Portfolio Hedge Levels

CECONY	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Actual Hedged %	68%	82%	72%	51%	62%	58%	58%	72%	72%	71%	71%	73%	61%

O&R	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Actual Hedged %	56%	58%	50%	41%	68%	66%	66%	57%	54%	58%	67%	72%	57%

Kristoffer P. Kiefer, Esq.
Assistant General Counsel, NY
Regulatory

November 15, 2022

VIA E-MAIL (*egallo@nysenate.gov*)

Evan R. Gallo
Chief of Investigations & Counsel
Office of New York State Senator James Skoufis
New York State Legislative Office Building
Room 815
Albany, New York 12247

RE: Investigation into Winter Energy Prices

Mr. Gallo:

Niagara Mohawk Power Corporation d/b/a National Grid ("Niagara Mohawk"), The Brooklyn Union Gas Company d/b/a National Grid NY ("KEDNY"), and KeySpan Gas East Corporation d/b/a National Grid ("KEDLI") (collectively, "National Grid" or the "Company") provide the attached responses to your November 1, 2022 email seeking information "to harmonize the display, timeline, and substance of hedging and supply cost information received from utilities…."

In response to your first question, the Company includes Attachment 1, which is a summary of actual bill components (delivery and supply) for typical full-service residential Niagara Mohawk electric customers. Attachment 2 includes separate summaries of actual bill components (delivery and supply) for typical full-service residential heating customers for KEDNY, KEDLI, and Niagara Mohawk gas customers.

In response to your second question, the Company includes Attachment 3 for Niagara Mohawk electric supply costs by component, hedging benefit as a percentage of total electric supply and an average residential hedge benefit to full-service customers by month and for the five-month winter period (November 2021 through March 2022). Attachment 4 includes the gas supply costs by component, hedging benefit as a percentage of total gas supply and an average residential heating hedge benefit to full-service customers by month and for the five-month winter period (November 2021 through March 2022) for KEDNY and KEDLI. Attachment 5 includes the gas supply costs by component, hedging benefit as a percentage of total gas supply and an average residential heating hedge benefit to full-service customers by month and for the five-month winter period (November 2021 through March 2022) for Niagara Mohawk gas.[1]

[1] Please note that any purchase of physical gas supply during the summer for storage and used in the winter months is included in the 'Storage Withdrawals' line item as shown in Attachments 4 and 5.

If you have any questions regarding the Company's responses, please contact me

Respectfully submitted,

/s/ Kristoffer P. Kiefer
Kristoffer P. Kiefer
Assistant General Counsel, NY Regulatory

Attachments

NMPC Electric - SC1 Residential Winter Bills Comparison

Average Monthly Usage kWh 600 all months

	Winter 2020/2021 Charges					Winter 2021/2022 Charges					% Difference - winter over winter					
	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Nov	Dec	Jan	Feb	Mar	Winter
Total Delivery	$ 62.60	$ 62.70	$ 61.57	$ 61.03	$ 61.73	$ 58.84	$ 58.01	$ 55.13	$ 57.58	$ 56.90	-6.01%	-7.48%	-10.46%	-5.64%	-7.82%	-7.48%
Total Supply																
West (Zone A)	$ 19.10	$ 27.02	$ 25.16	$ 27.50	$ 21.15	$ 26.54	$ 35.85	$ 41.53	$ 35.51	$ 42.04	38.91%	32.68%	65.07%	29.13%	98.75%	51.31%
Genesee (Zone B)	$ 22.47	$ 26.73	$ 24.76	$ 27.28	$ 20.29	$ 26.28	$ 36.51	$ 35.67	$ 35.38	$ 41.91	16.96%	36.61%	44.09%	29.72%	106.55%	44.63%
Central (Zone C)	$ 22.72	$ 27.33	$ 25.56	$ 27.95	$ 20.82	$ 28.05	$ 37.37	$ 37.19	$ 36.24	$ 42.77	23.48%	36.72%	45.54%	29.63%	105.41%	46.02%
North (Zone D)	$ 19.86	$ 23.89	$ 21.32	$ 24.63	$ 20.76	$ 17.92	$ 28.43	$ 29.58	$ 32.34	$ 51.65	-9.74%	18.98%	38.77%	31.29%	148.87%	44.79%
Mohawk V (Zone E)	$ 22.77	$ 27.24	$ 25.44	$ 28.28	$ 21.41	$ 27.33	$ 37.96	$ 37.64	$ 36.90	$ 50.92	20.02%	39.35%	47.93%	30.47%	137.84%	52.42%
Capital (Zone F)	$ 25.77	$ 32.76	$ 31.74	$ 35.08	$ 28.30	$ 33.73	$ 43.62	$ 55.68	$ 51.29	$ 58.18	30.89%	33.15%	75.40%	46.21%	105.54%	57.82%
Total Charges																
West (Zone A)	$ 81.71	$ 89.72	$ 86.72	$ 88.52	$ 82.88	$ 85.38	$ 93.86	$ 96.65	$ 93.09	$ 98.94	4.49%	4.62%	11.45%	5.16%	19.38%	8.93%
Genesee (Zone B)	$ 85.07	$ 89.42	$ 86.32	$ 88.30	$ 82.02	$ 85.12	$ 94.52	$ 90.80	$ 92.97	$ 98.81	0.06%	5.70%	5.18%	5.28%	20.47%	7.21%
Central (Zone C)	$ 85.32	$ 90.03	$ 87.12	$ 88.98	$ 82.55	$ 86.89	$ 95.38	$ 92.32	$ 93.82	$ 99.68	1.84%	5.94%	5.97%	5.44%	20.74%	7.85%
North (Zone D)	$ 82.46	$ 86.59	$ 82.88	$ 85.66	$ 82.49	$ 76.77	$ 86.44	$ 84.71	$ 89.92	$ 108.56	-6.91%	-0.17%	2.20%	4.98%	31.61%	6.26%
Mohawk V (Zone E)	$ 85.37	$ 89.94	$ 87.01	$ 89.31	$ 83.14	$ 86.17	$ 95.97	$ 92.76	$ 94.48	$ 107.83	0.93%	6.71%	6.61%	5.80%	29.69%	9.76%
Capital (Zone F)	$ 88.37	$ 95.46	$ 93.31	$ 96.10	$ 90.04	$ 92.57	$ 101.63	$ 110.81	$ 108.87	$ 115.08	4.75%	6.47%	18.75%	13.28%	27.82%	14.18%

NMPC Gas - SC1 Residential Heating Winter Bills Comparison

	Winter 2020/2021 Charges					Winter 2021/2022 Charges					% Difference - winter over winter					
Average Monthly Usage Therms	99	136	144	184	140	99	136	144	184	140						
	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Nov	Dec	Jan	Feb	Mar	Winter
Total Delivery	$52.90	$56.39	$56.90	$60.61	$56.53	$52.58	$56.21	$57.17	$66.21	$60.46	-0.61%	-0.32%	0.46%	9.23%	6.94%	3.27%
Total Supply	$24.61	$29.94	$40.35	$67.84	$50.57	$60.81	$79.75	$72.09	$104.05	$65.44	147.09%	166.36%	78.65%	53.38%	29.42%	79.15%
Total Delivery & Supply	$ 77.51	$ 86.33	$ 97.26	$ 128.45	$ 107.10	$ 113.39	$ 135.97	$ 129.26	$ 170.26	$ 125.89	46.28%	57.49%	32.90%	32.55%	17.55%	35.86%

KEDLI - SC1B Residential Heating Winter Bills Comparison

	Winter 2020/2021 Charges					Winter 2021/2022 Charges					% Difference - winter over winter					
Average Monthly Usage Therms	95	160	227	214	150	95	160	227	214	150						
	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Nov	Dec	Jan	Feb	Mar	Winter
Total Delivery	$95.83	$112.91	$132.66	$129.12	$111.82	$97.29	$116.58	$135.74	$132.02	$113.72	1.52%	3.24%	2.32%	2.24%	1.69%	2.23%
Total Supply	$37.55	$61.17	$84.35	$95.47	$61.13	$70.62	$113.88	$145.60	$156.99	$82.35	88.08%	86.18%	72.62%	64.43%	34.72%	67.65%
Total Delivery & Supply	$ 133.38	$ 174.08	$ 217.01	$ 224.60	$ 172.95	$ 167.91	$ 230.46	$ 281.33	$ 289.01	$ 196.07	25.89%	32.38%	29.64%	28.68%	13.37%	26.33%

KEDNY - SC1B Residential Heating Winter Bills Comparison

Average Monthly Usage Therms	92	163	236	221	151	92	163	236	221	151						
	Winter 2020/2021 Charges					Winter 2021/2022 Charges					% Difference - winter over winter					
	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Nov	Dec	Jan	Feb	Mar	Winter
Total Delivery	$99.30	$130.33	$163.58	$156.94	$126.32	$100.59	$133.32	$166.77	$159.89	$127.82	1.30%	2.30%	1.95%	1.88%	1.19%	1.76%
Total Supply	$39.66	$68.12	$93.61	$104.41	$65.41	$71.00	$120.58	$158.88	$169.40	$87.48	79.02%	77.01%	69.72%	62.24%	33.73%	63.61%
Total Delivery & Supply	$ 138.96	$ 198.44	$ 257.20	$ 261.35	$ 191.73	$ 171.59	$ 253.89	$ 325.65	$ 329.29	$ 215.30	23.48%	27.94%	26.62%	26.00%	12.29%	23.68%

	Niagara Mohawk Corporation d/b/a National Grid					
Estimated Mass Market Customer Electric Supply Costs	**November 2021**	**December 2021**	**January 2022**	**February 2022**	**March 2022**	**Winter Total**
NYISO & Other Supply Costs ($)	$45,993,569	$51,206,771	$132,837,411	$83,965,629	$49,494,292	$363,497,672
NYISO Ancillary Service Costs ($)	$2,722,721	$2,896,382	$3,647,751	$2,316,187	$3,716,225	$15,299,265
Hedging Benefits/Costs ($)	($10,518,401)	($9,689,661)	($73,719,485)	($34,855,725)	($5,706,531)	($134,489,803)
Total Estimated Mass Market Customer Electric Supply Costs	$38,197,890	$44,413,492	$62,765,676	$51,426,091	$47,503,985	$244,307,134
% of Hedging Benefits to Total Mass Market Supply Cost	-27.5%	-21.8%	-117.5%	-67.8%	-12.0%	-55.0%
Mass Market Billed Sales Volume (kWh)	739,986,356	935,603,507	1,051,384,802	1,032,070,405	985,430,049	
Estimated Hedging Benefit ($/kWh)	($0.01421)	($0.01036)	($0.07012)	($0.03377)	($0.00579)	
Residential Typical Monthly Usage (kWh)	600	600	600	600	600	
Estimated Residential Electric Customer Hedging Benefit ($)	($8.53)	($6.21)	($42.07)	($20.26)	($3.47)	($80.55)

Notes:

1) Supply cost and hedging benefit amounts shown are only for the mass market customer group defined as residential (SC1) and small commercial (SC2ND) customer classes. National Grid enters into hedges only for the mass market customer group pursuant to NY PSC Orders.

2) National Grid does not receive supply costs values from NYISO by customer service class, therefore the costs listed are the Company's estimates of mass market customer costs using the ratio of mass market customer sales to total full service customer sales volumes.

3) Costs incurred for complying with NY Clean Energy Standard (purchasing RECs / ZECs) are not included in this summary as it does not directly relate to the winter price increases.

	The Brooklyn Union Gas Company d/b/a National Grid NY						KeySpan Gas East Corporation d/b/a National Grid					
Commodity Expense	**November 2021**	**December 2021**	**January 2022**	**February 2022**	**March 2022**	**Winter Total**	**November 2021**	**December 2021**	**January 2022**	**February 2022**	**March 2022**	**Winter Total**
Variable Component												
Net Off System Sales	($2,444,995)	($2,033,432)	($4,764,410)	($5,032,119)	($366,218)	($14,641,175)	($9,056,876)	($7,084,573)	($4,890,478)	($6,986,153)	($1,670,784)	($29,688,864)
Gas Purchase Sendout	$49,010,658	$38,573,804	$110,106,002	$65,697,228	$41,357,515	$304,745,207	$36,769,074	$28,220,696	$81,181,665	$46,355,263	$29,167,121	$221,693,820
Storage Withdrawals	$5,193,655	$11,855,583	$15,760,099	$17,917,320	$15,882,796	$66,609,453	$3,896,416	$8,673,575	$11,619,994	$12,642,270	$11,201,240	$48,033,495
LNG Withdrawals	$0	$78,250	$169,541	$94,137	$143,695	$485,622	$30,172	$25,005	$63,888	$62,586	$138,822	$320,473
Hedging Benefit	($7,705,098)	($5,456,673)	($276,508)	($8,332,863)	($2,154,828)	($23,925,970)	($6,136,146)	($4,339,421)	($222,156)	($6,630,061)	($1,712,926)	($19,040,708)
ESCo (Retail Access Storage Charge Credit)	($528,695)	($1,730,019)	($6,663,388)	($5,937,812)	($3,562,752)	($18,422,667)	($252,933)	($847,269)	($2,894,835)	($2,554,766)	($1,509,130)	($8,058,932)
Fixed Component												
Demand & Capacity Releases	$24,136,134	$25,133,747	$18,742,734	$23,375,047	$22,069,496	$113,457,159	$19,118,586	$19,556,415	$14,150,797	$16,933,708	$15,304,757	$85,064,263
ESCo (Retail Access Storage Charge Credit)	($90,602)	($271,273)	($292,975)	($966,250)	($582,945)	($2,204,046)	($43,345)	($132,855)	($127,280)	($415,733)	($246,927)	($966,139)
Total Commodity Expense - Actuals	$67,571,056	$66,149,986	$132,781,094	$86,814,687	$72,786,759	$426,103,583	$44,324,949	$44,071,574	$98,881,596	$59,407,114	$50,672,174	$297,357,408
% of Hedging Benefits to Total Cost of Supply	-11.4%	-8.2%	-0.2%	-9.6%	-3.0%	-5.6%	-13.8%	-9.8%	-0.2%	-11.2%	-3.4%	-6.4%
Monthly Hedge Rate - $ Per Therm	($0.07194)	($0.03142)	($0.00233)	($0.04648)	($0.02031)		($0.07194)	($0.03142)	($0.00233)	($0.04648)	($0.02031)	
Residential Heating Customer Average Monthly Therms	102	154	178	153	133		102	155	178	154	131	
Estimated Residential Heating Customer Hedging Benefit	($7.34)	($4.84)	($0.41)	($7.11)	($2.70)	($22.40)	($7.34)	($4.87)	($0.41)	($7.16)	($2.66)	($22.44)

	Niagara Mohawk Corporation d/b/a National Grid					
Commodity Expense	**November 2021**	**December 2021**	**January 2022**	**February 2022**	**March 2022**	**Winter Total**
Variable Component						
Net Off System Sales	($33,583)	($336,575)	($2,936,311)	($3,285,927)	($304,710)	($6,897,105)
Gas Purchase Sendout	$29,452,478	$29,733,322	$41,645,164	$36,216,906	$24,440,749	$161,488,618
Storage Withdrawals	$1,975,039	$5,864,564	$11,204,756	$9,638,191	$7,366,314	$36,048,865
Marketer Expense	($72,942)	($34,494)	($73,221)	($30,207)	($8,387)	($219,250)
Hedging Benefit	($3,418,674)	($2,389,974)	($184,274)	($3,640,324)	($981,224)	($10,614,468)
Fixed Component						
Demand & Capacity Releases	$4,901,010	$5,054,807	$5,444,406	$5,450,660	$5,454,952	$26,305,834
Total Commodity Expense - Actuals	$32,803,328	$37,891,650	$55,100,521	$44,349,299	$35,967,696	$206,112,494
% of Hedging Benefits to Total Cost of Supply	-10.4%	-6.3%	-0.3%	-8.2%	-2.7%	-5.1%
Monthly Hedge Rate - $ Per Therm	($0.05467)	($0.02404)	($0.00218)	($0.03448)	($0.01291)	
Residential Heating Customer Average Monthly Therms	107	150	172	152	132	
Estimated Residential Heating Customer Hedging Benefit	($5.85)	($3.61)	($0.37)	($5.24)	($1.70)	($16.78)

John R. Forbush
Senior Counsel

November 17, 2022

<u>Via Electronic Mail Only</u>

Evan R. Gallo, Esq.
Chief of Investigations & Counsel
Office of NYS Senator James Skoufis (NY-39)
LOB 815 | Albany, NY 12247
egallo@nysenate.gov

RE: <u>NYS Senate IGO Committee Request: Bill Components and Hedging Values</u>

Dear Mr. Gallo:

Please accept this letter and the documents enclosed herein as New York State Electric & Gas Corporation's ("NYSEG") and Rochester Gas and Electric Corporation's ("RG&E") (collectively, the "Companies") response to New York State Senate Committee's request dated November 11, 2022 for information related to the components comprising the Companies' retail utility bills as well as the Companies' gas and electric supply hedging programs.

The Companies have redacted certain information in their response related to the Companies' gas supply purchases. Specifically, we have redacted the figures in the rows labeled Net Off System Sales, Hedging Benefits and Capacity Releases, each of which relate to the Gas Cost Incentive Mechanism ("GCIM") as well as pipeline capacity, release and storage. The redacted data is highly sensitive and is generally not available to the public. It would be difficult and costly for suppliers and counterparties to develop this information through their own efforts. The disclosure of such information to the public would provide a material advantage to the Companies' suppliers to the detriment of customers.

Please call me if you have any questions. Thank you.

Sincerely,

John R. Forbush

Senior Counsel
New York State Electric & Gas Corporation
Rochester Gas and Electric Corporation

Enc.

Customer Bill Impact - NYSEG

	Residential Customer Bill						
	Base Delivery	West Commodity	East Commodity	LHV Commodity	West Total Bill	East Total Bill	LHV Total Bill
Winter 2020-21							
Nov-20	$ 48.02	$ 21.11	$ 24.75	$ 26.29	$ 69.13	$ 72.77	$ 74.31
Dec-20	$ 47.01	$ 23.90	$ 28.42	$ 29.91	$ 70.91	$ 75.43	$ 76.92
Jan-21	$ 47.48	$ 23.87	$ 31.31	$ 35.02	$ 71.35	$ 78.79	$ 82.50
Feb-21	$ 45.55	$ 25.54	$ 32.87	$ 37.13	$ 71.09	$ 78.42	$ 82.68
Mar-21	$ 46.33	$ 26.30	$ 32.61	$ 36.51	$ 72.63	$ 78.94	$ 82.84
Total	$ 234.39	$ 120.72	$ 149.96	$ 164.86	$ 355.11	$ 384.35	$ 399.25
Winter 2021-22							
Nov-21	$ 42.40	$ 28.02	$ 41.59	$ 46.49	$ 70.42	$ 83.99	$ 88.89
Dec-21	$ 41.69	$ 36.59	$ 52.65	$ 55.83	$ 78.28	$ 94.34	$ 97.52
Jan-22	$ 41.58	$ 41.48	$ 59.93	$ 62.34	$ 83.06	$ 101.51	$ 103.92
Feb-22	$ 39.87	$ 39.43	$ 56.19	$ 58.14	$ 79.30	$ 96.06	$ 98.01
Mar-22	$ 44.41	$ 50.84	$ 65.84	$ 68.39	$ 95.25	$ 110.25	$ 112.80
Total	$ 209.95	$ 196.36	$ 276.20	$ 291.19	$ 406.31	$ 486.15	$ 501.14
% Change							
November	-11.7%	32.7%	68.0%	76.8%	1.9%	15.4%	19.6%
December	-11.3%	53.1%	85.3%	86.7%	10.4%	25.1%	26.8%
January	-12.4%	73.8%	91.4%	78.0%	16.4%	28.8%	26.0%
February	-12.5%	54.4%	70.9%	56.6%	11.5%	22.5%	18.5%
March	-4.1%	93.3%	101.9%	87.3%	31.1%	39.7%	36.2%
Total	-10.4%	62.7%	84.2%	76.6%	14.4%	26.5%	25.5%

Notes:

1) Residential Service Class 1 600 kWh/month
2) Delivery includes customer charge and tariff delivery charge per kWh plus surcharges found on delivery bill
3) Commodity includes MFC
4) Base Delivery Charges per Rate Case 19-E-0378
5) Taxes are not included in calculations

Customer Bill Impact - RG&E

	Residential Customer Bill		
	Base Delivery	Commodity	Total Bill
Winter 2020-21			
Nov-20	$ 54.43	$ 23.58	$ 78.01
Dec-20	$ 54.25	$ 24.62	$ 78.87
Jan-21	$ 54.19	$ 23.71	$ 77.90
Feb-21	$ 53.99	$ 25.13	$ 79.12
Mar-21	$ 54.21	$ 24.51	$ 78.72
Total	$ 271.07	$ 121.55	$392.62
Winter 2021-22			
Nov-21	$ 50.79	$ 29.86	$ 80.65
Dec-21	$ 50.97	$ 30.47	$ 81.44
Jan-22	$ 50.61	$ 39.28	$ 89.89
Feb-22	$ 50.33	$ 33.10	$ 83.43
Mar-22	$ 50.84	$ 44.52	$ 95.36
Total	$ 253.54	$ 177.23	$430.77
% Change			
November	-6.7%	26.6%	3.4%
December	-6.0%	23.8%	3.3%
January	-6.6%	65.7%	15.4%
February	-6.8%	31.7%	5.4%
March	-6.2%	81.6%	21.1%
Total	-6.5%	45.8%	9.7%

Notes:
1) Residential Service Class 1 600 kWh/month
2) Delivery includes customer charge and tariff delivery charge per kWh plus surcharges found on delivery bill
3) Commodity includes MFC
4) Base Delivery Charges per Rate Case 19-E-0378
5) Taxes are not included in calculations

NYSEG Gas - Winter Bills Comparison
SC1 - Residential Sales

Winter 2021/2022	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Winter
Average Therms	99.4	144.0	181.2	157.1	133.4	715.2
Delivery	$59.85	$67.72	$76.49	$72.00	$67.17	$ 343.23
Commodity	$56.93	$74.36	$87.25	$96.05	$63.63	$ 378.22
Total	$ 116.78	$ 142.08	$ 163.74	$ 168.05	$ 130.80	$ 721.45

Winter 2020/2021	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Winter
Average Therms	95.7	143.6	174.8	155.0	124.8	694.0
Delivery	$58.22	$66.30	$74.45	$70.77	$64.96	$ 334.69
Commodity	$29.68	$43.09	$53.55	$57.26	$48.05	$ 231.63
Total	$ 87.90	$ 109.39	$ 128.00	$ 128.03	$ 113.01	$ 566.32

% Change	Nov	Dec	Jan	Feb	Mar	Winter
Average Therms	4%	0%	4%	1%	7%	3%
Delivery	3%	2%	3%	2%	3%	3%
Commodity	92%	73%	63%	68%	32%	63%
Total	33%	30%	28%	31%	16%	27%

RG&E Gas - Winter Bills Comparison
SC1 - Sales

Winter 2021/2022	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Winter
Average Therms	105.7	145.0	177.8	168.1	117.5	714.1
Delivery	$ 48.06	$ 58.54	$ 69.44	$ 66.74	$ 52.60	$ 295.38
Commodity	$ 52.56	$ 67.10	$ 77.13	$ 89.94	$ 51.80	$ 338.54
Total	$ 100.62	$ 125.63	$ 146.57	$ 156.68	$ 104.41	$ 633.92

Winter 2020/2021	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Winter
Average Therms	103.8	139.3	183.3	140.8	137.2	704.4
Delivery	$ 47.91	$ 57.62	$ 69.81	$ 58.00	$ 57.00	$ 290.34
Commodity	$ 28.46	$ 39.69	$ 55.26	$ 46.62	$ 44.24	$ 214.26
Total	$ 76.37	$ 97.32	$ 125.07	$ 104.61	$ 101.23	$ 504.60

% Change	Nov	Dec	Jan	Feb	Mar	Winter
Average Therms	2%	4%	-3%	19%	-14%	1%
Delivery	0%	2%	-1%	15%	-8%	2%
Commodity	85%	69%	40%	93%	17%	58%
Total	32%	29%	17%	50%	3%	26%

New York State Electric & Gas

Default Supply Option (DSO) Electric Supply Costs	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	
NYISO & Other Supply Costs ($)	$33,347,438	$38,830,104	$101,622,284	$60,823,320	$34,361,185	$268,984,332
NYISO Anciliary Service Costs ($)	$2,532,733	$2,518,316	$3,247,207	$2,532,493	$3,022,307	$13,853,056
Hedging Impact ($)	($3,385,760)	($513,880)	($18,985,132)	($8,820,841)	($297,376)	($32,002,990)
TOTAL	**$32,494,410**	**$40,834,540**	**$85,884,359**	**$54,534,972**	**$37,086,117**	$250,834,398
DSO Sales Volume (kWh)	386,787,709	449,612,265	532,172,140	436,160,819	401,104,275	
Hedge Cost/(Benefit) per kWh	($0.0088)	($0.0011)	($0.0357)	($0.0202)	($0.0007)	
Customer Hedging Cost/(Benefit) per Month (1)	($5.25)	($0.69)	($21.40)	($12.13)	($0.44)	($39.92)

Target Hedge %	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Actual Hedge %	67.1%	72.4%	63.8%	67.1%	71.8%	68.2%

(1) Assumes customer monthly use of 600 kWh

Rochester Gas and Electric

Default Supply Option (DSO) Electric Supply Costs	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	
NYISO & Other Supply Costs ($)	$10,493,263	$11,271,968	$28,848,664	$20,443,765	$10,629,620	$81,687,280
NYISO Anciliary Service Costs ($)	$919,022	$855,428	$975,670	$750,361	$1,006,215	$4,506,696
Hedging Impact ($)	($2,144,249)	($1,085,626)	($11,563,992)	($4,874,545)	($538,119)	($20,206,531)
TOTAL	**$9,268,036**	**$11,041,771**	**$18,260,341**	**$16,319,581**	**$11,097,717**	**$65,987,446**
DSO Sales Volume (kWh)	183,577,741	211,151,850	232,263,539	188,057,690	184,266,296	
Hedge Cost/(Benefit) per kWh	($0.0117)	($0.0051)	($0.0498)	($0.0259)	($0.0029)	
Customer Hedging Cost/(Benefit) per Month (1)	($7.01)	($3.08)	($29.87)	($15.55)	($1.75)	($57.27)

Target Hedge %	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Actual Hedge %	78.5%	74.8%	71.3%	80.0%	75.6%	75.8%

(1) Assumes customer monthly use of 600 kWh

	New York State Electric and Gas						Rochester Gas & Electric					
Commodity Expense	November 2021	December 2021	January 2022	February 2022	March 2022	Winter Total	November 2021	December 2021	January 2022	February 2022	March 2022	Winter Total
Variable Component												
Net Off System Sales	[redacted]											
Gas Purchase Sendout	$ 11,846,698	$ 9,597,956	$ 16,698,606	$ 15,816,383	$ 9,821,674	$ 63,781,317	$ 12,096,581	$ 11,524,789	$ 18,356,665	$ 18,845,492	$ 12,904,002	$ 73,727,529
Storage Withdrawals	$ 2,587,394	$ 4,431,079	$ 7,819,476	$ 6,122,671	$ 4,195,277	$ 25,155,897	$ 2,129,969	$ 3,255,788	$ 5,325,362	$ 4,272,234	$ 3,055,471	$ 18,038,824
Hedging Benefit	[redacted]											
Fixed Component												
Demand	$ 4,809,972	$ 4,258,292	$ 4,215,755	$ 4,404,033	$ 4,172,254	$ 21,860,306	$ 3,656,891	$ 3,811,041	$ 3,819,210	$ 3,792,036	$ 3,671,521	$ 18,750,699
Capacity Releases	[redacted]											
Total Commodity Expense - Actuals	$ 15,522,573	$ 15,483,734	$ 27,499,285	$ 24,569,436	$ 15,782,040	$ 98,857,068	$ 14,051,930	$ 14,674,746	$ 25,567,054	$ 22,302,500	$ 16,719,537	$ 93,315,767
% of Hedging Benefits to Total Cost of Supply	-17%	-11%	-0.2%	-2%	-9%	-6%	-21%	-21%	-4%	-17%	-12%	-14%
Monthly Hedge Rate - $ per Therm	$ (0.11923)	$ (0.05220)	$ (0.00107)	$ (0.01292)	$ (0.04457)		$ (0.10018)	$ (0.07548)	$ (0.02175)	$ (0.07978)	$ (0.06153)	
Residential Heating Customer Average Monthly Therms	99.4	144	181.2	157.1	133.4	715.2	105.7	145	177.8	168.1	117.5	714.1
Estimated Residential Heating Customer Hedging Benefit	$ (11.85)	$ (7.52)	$ (0.19)	$ (2.03)	$ (5.95)	$ (27.54)	$ (10.59)	$ (10.94)	$ (3.87)	$ (13.41)	$ (7.23)	$ (46.04)
Residential Customers	226,653	227,190	227,375	227,652	227,508		279,025	279,714	280,047	280,635	280,958	
Total Therms	22,529,308	32,715,360	41,200,350	35,764,129	30,349,567		29,492,943	40,558,530	49,792,357	47,174,744	33,012,565	

PSEG Long Island
333 Earle Ovington Blvd.
Uniondale, NY 11553

David C. Lyons
Interim President & Chief Operating Officer

December 9, 2022

The Honorable James Skoufis
Chair, NYS Senate Committee on Investigations & Government Operations
Legislative Office Building, Room 815
Albany, New York 12247

Re: *NYS Senate IGO Committee Request: Bill Components and Hedging Values*

Dear Senator Skoufis:

As requested by your office, attached are copies of the two (2) sets of tables previously requested with the "Confidential" watermark removed. After further review, it has been determined that the information contained in the tables is historic in nature as well as shows aggregate data and need not be considered Confidential.

We have also provided an enhanced view of the second table, expanding the power supply and hedge information to break out the gas supply and gas hedge information as requested. Though still historic, aggregate and not marked as Confidential, we would like to point out that care should be taken when looking at this additional level of granularity. For instance:

- LIPA is not a natural gas local delivery company (LDC). Natural gas is purchased / used as a hedge associated with the fuel requirements of power plants under contract that are used to produce electricity to meet the needs of LIPA's customers. Comparing this natural gas information for LIPA to a similar format for a natural gas LDC in NYS may not provide meaningful results. Natural gas is just one type of fuel associated with LIPA's electricity requirements. Other fuels include nuclear, oil, solar and direct purchases of electricity. As such, the volume of natural gas consumed will move up / down due to weather, economic factors, customer demand and the economics of the other electricity production sources; these impacts would be different for a NYS natural gas LDC.

- As discussed with Mr. Gallo during our October 6, 2022, virtual zoom conversation, the hedge column refers to financial hedges – one party agrees to purchase a specific volume / delivery location / quality / price for a product. To the extent the actual market price for the product on that day, for that product, is different – cash is exchanged. LIPA also has physical hedges – the distinction being that the physical product is delivered at the agreed upon price so there is no need to exchange cash. Examples of physical hedges that benefited LIPA's customers during the winter of '21/'22 are both specific physical electricity purchases as well as utilizing oil instead of natural gas for certain power plant production when oil (including all environmental attributes) is a less expensive fuel. The benefits associated with physical hedges are embedded in the NYISO Market Purchases & Other Supply Costs column.

We are happy to discuss any remaining questions you may have.

Sincerely,

David C. Lyons
Interim President & COO

Summary of Actual Bill Components

Separate summaries of actual bill components for natural gas and electric customers for the period of November 2021-March 2022, as compared to November 2020-March 2021. This breakdown should include the average delivery, supply, and total bill dollar values for a typical full-service residential customer. Please also include percentage changes for each month as compared to the previous year (e.g. February 2022 compared to February 2021).

Residential Customer Total Bill
PSEG Long Island - Based on 600 kWh Usage*

Winter 2020-2021**					Winter 2021-2022**					YOY Increase**	
Nov-20	Rate	Bill	Percentage		**Nov-21**	Rate	Bill	Percentage		**Nov-21**	Bill
Delivery	$ 0.1062	$63.72	47.4%		Delivery	$ 0.1083	$64.99	47.9%		Delivery	2.0%
Supply	$ 0.1181	$70.84	52.6%		Supply	$ 0.1177	$70.64	52.1%		Supply	-0.3%
Total	$ 0.2243	$134.55	100.0%		Total	$ 0.2261	$135.63	100.0%		Total	0.8%
Dec-20	Rate	Bill	Percentage		**Dec-21**	Rate	Bill	Percentage		**Dec-21**	
Delivery	$ 0.1062	$63.72	51.4%		Delivery	$ 0.1083	$64.99	47.0%		Delivery	2.0%
Supply	$ 0.1005	$60.31	48.6%		Supply	$ 0.1221	$73.25	53.0%		Supply	21.5%
Total	$ 0.2067	$124.02	100.0%		Total	$ 0.2304	$138.24	100.0%		Total	11.5%
Jan-21	Rate	Bill	Percentage		**Jan-22**	Rate	Bill	Percentage		**Jan-22**	
Delivery	$ 0.1083	$64.99	53.8%		Delivery	$ 0.1194	$71.65	52.2%		Delivery	10.2%
Supply	$ 0.0929	$55.75	46.2%		Supply	$ 0.1092	$65.51	47.8%		Supply	17.5%
Total	$ 0.2012	$120.74	100.0%		Total	$ 0.2286	$137.16	100.0%		Total	13.6%
Feb-21	Rate	Bill	Percentage		**Feb-22**	Rate	Bill	Percentage		**Feb-22**	
Delivery	$ 0.1083	$64.99	52.5%		Delivery	$ 0.1194	$71.65	49.2%		Delivery	10.2%
Supply	$ 0.0979	$58.73	47.5%		Supply	$ 0.1231	$73.87	50.8%		Supply	25.8%
Total	$ 0.2062	$123.72	100.0%		Total	$ 0.2425	$145.52	100.0%		Total	17.6%
Mar-21	Rate	Bill	Percentage		**Mar-22**	Rate	Bill	Percentage		**Mar-22**	
Delivery	$ 0.1083	$64.99	49.7%		Delivery	$ 0.1194	$71.65	47.6%		Delivery	10.2%
Supply	$ 0.1095	$65.69	50.3%		Supply	$ 0.1314	$78.81	52.4%		Supply	20.0%
Total	$ 0.2178	$130.68	100.0%		Total	$ 0.2508	$150.47	100.0%		Total	15.1%

* Note: average residential PSEG LI customer uses ~750 kWh

** Delivery values include the effect of delivery riders including the Revenue Decoupling Mechanism and Delivery Service Adjustment.

Full Service Customers Hedging and Supply
Winter 2021-2022

Additionally, the dollar value cost and benefit to full-service customers resulting from your company's electric and gas hedging practices from November 2021 through March 2022, broken down per month, as a winter total, as a per customer average monthly cost/benefit, and as a percentage of total supply. Please have the cost and benefit information broken down separately for electric and gas service, by month, to include the supply components that follow:

For electric service: (1) NYISO market purchases + other supply costs, (2) hedging cost or benefit, (3) ancillary service costs, and (4) total supply cost to customers.

Winter 2021-2022

Month	Total Power Supply Cost (PSC) Actuals	Hedging (+cost / -benefit)	Hedging (Per Customer Avg***)	% Hedging (Hedging/Total PSC)	Total Sales*
Nov-2021	$129,771,995	($14,661,144)	($7.1)	-11.3%	1,244,739,951
Dec-2021	$166,111,080	($12,942,826)	($5.7)	-7.8%	1,366,527,473
Jan-2022	$203,557,598	($15,369,471)	($6.2)	-7.6%	1,491,384,469
Feb-2022	$154,668,980	($20,792,575)	($9.8)	-13.4%	1,278,216,264
Mar-2022	$161,445,124	($4,775,834)	($2.2)	-3.0%	1,286,104,507
Total	$815,554,777	($68,541,851)	($30.9)	-8.4%	

Month	NYISO Market Purchases + Other Supply Costs	Hedging (+cost / -benefit)	NYISO Ancillary Service Cost	Total Power Supply Cost (PSC) Actuals
Nov-2021	$140,121,121	($14,661,144)	$4,312,018	$129,771,995
Dec-2021	$175,239,178	($12,942,826)	$3,814,728	$166,111,080
Jan-2022	$217,477,018	($15,369,471)	$1,450,051	$203,557,598
Feb-2022	$174,537,046	($20,792,575)	$924,509	$154,668,980
Mar-2022	$162,822,023	($4,775,834)	$3,398,936	$161,445,124
Total	$870,196,386	($68,541,851)	$13,900,242	$815,554,777

*Total sales include Long Island Choice customers that do not benefit from hedging, but represents a negligible fraction (<1%) of load as compared to bundle customers.
**Total PSC net of hedging and NYISO ancillary service cost includes ISONE and PJM, as well as fixed costs such as PPA contracts.
*** Based on 600 kWh average usage. Note, average residential PSEG LI customer uses ~750 kWh

The table below provides further breakdown of physical natural gas costs as well as financial gas and purchased power hedges. Please note that LIPA is not a natural gas local delivery company (LDC) but a load serving entity. As such, these costs are associated with providing electricity to LIPA's customers and comparing these values to that of LDCs might not be beneficial.

Winter 2021-2022

Month	Total Power Supply Cost (PSC) Actuals (1)	Physical Natural Gas Costs	Financial Gas Hedges (+cost / -benefit)	Financial Purchased Power Hedges (+cost / -benefit)	Total Hedging (+cost / -benefit)	Hedging (Per Customer Avg(4))	% Hedging (Hedging/Total PSC)	Total Sales (2)
Nov-2021	$129,771,995	$27,000,931	($6,045,782)	($8,615,363)	($14,661,144)	($7.1)	-11.3%	1,244,739,951
Dec-2021	$166,111,080	$32,110,718	($11,343,334)	($1,599,492)	($12,942,826)	($5.7)	-7.8%	1,366,527,473
Jan-2022	$203,557,598	$37,997,159	($6,898,914)	($8,470,557)	($15,369,471)	($6.2)	-7.6%	1,491,384,469
Feb-2022	$154,668,980	$48,550,320	($17,705,234)	($3,087,341)	($20,792,575)	($9.8)	-13.4%	1,278,216,264
Mar-2022	$161,445,124	$25,233,779	($524,167)	($4,251,667)	($4,775,834)	($2.2)	-3.0%	1,286,104,507
Total	$815,554,777	$170,892,907	($42,517,431)	($26,024,420)	($68,541,851)	($30.9)	-8.4%	

Month	NYISO Market Purchases + Other Supply Costs (3)	NYISO Ancillary Service Cost	Physical Natural Gas Costs	Total Hedging (+cost / -benefit)	Total Power Supply Cost (PSC) Actuals (1)
Nov-2021	$113,120,190	$4,312,018	$27,000,931	($14,661,144)	$129,771,995
Dec-2021	$143,128,460	$3,814,728	$32,110,718	($12,942,826)	$166,111,080
Jan-2022	$179,479,859	$1,450,051	$37,997,159	($15,369,471)	$203,557,598
Feb-2022	$125,986,726	$924,509	$48,550,320	($20,792,575)	$154,668,980
Mar-2022	$137,588,244	$3,398,936	$25,233,779	($4,775,834)	$161,445,124
Total	$699,303,479	$13,900,242	$170,892,907	($68,541,851)	$815,554,777

(1) Total Power Supply Costs include NYISO market purchases (power and ancillary serv.), natural gas costs, oil costs, gas and purchased power hedging results

(2) Total Sales includes Long Island Choice customers that do not benefit from hedging, but it represents a negligible fraction (<1%) of load as compared to bundled customers

(3) Total PSC net of hedging and NYISO ancillary service cost. Includes ISONE and PJM, as well as fixed costs such as PPA contracts.

(4) Based on 600 kWh average usage. Note, average residential PSEG LI customer uses ~750 kWh

Appendix B:

PSC/DPS Materials (Outreach and Education Activities, October 2021 Press Release, and Winter 2022 Supply Price Volatility Review)

Outreach and Education Programs

Anna Senatore
Consumer Outreach and Education
Office of Consumer Services

NEW YORK STATE OF OPPORTUNITY. | Public Service Commission

Messages

- ❑ Winter energy pricing
- ❑ Bill management strategies
- ❑ Special customer protections and heat-related emergencies
- ❑ Energy efficiency tips
- ❑ Safety and storm preparation information

DPS Outreach Efforts

- ❑ Educational Materials
  - LAP publications
- ❑ Grassroots Outreach
  - Virtual and in-person events and presentations
  - Websites and toll-free numbers
  - Email campaigns
- ❑ Social Media
  - Facebook information
  - Scheduled Twitter posts

NEW YORK STATE OF OPPORTUNITY. | Public Service Commission

DPS Outreach Efforts

- Partnerships with community leaders
  - 6,000+ municipal officials, service organizations, government agencies, community-based groups

- Email/Letter Outreach
  - Increase distribution of publications
  - Direct to winter page on AskPSC
  - Presentation/Speaker invitation

- Workshops
  - Series of regional virtual events

NEW YORK STATE OF OPPORTUNITY. | Public Service Commission

Utility Outreach Efforts

- ❑ Media Advertisements
- ❑ Website/Social Media/Mobile Applications
- ❑ Consumer Education
- ❑ Public Relations
- ❑ Outbound calling and IVR messages
- ❑ Employee Training and Quality Monitoring

For Immediate Release: 10/07/21

Rory M. Christian, Chair

Contact:
James Denn | James.Denn@dps.ny.gov | (518) 474-7080
http://www.dps.ny.gov
http://twitter.com/NYSDPS

21102 / 21-M-0243

Utilities Prepared to Meet Consumer Demand for Electricity and Natural Gas During Winter

State Utility Regulator Will Ensure Appropriate Customer Winter Outreach Occurs, Including Information on Available Home Heating Assistance to New Yorkers in Need

PSC Will Closely Monitor Natural Gas Supply Throughout the Winter Heating Season

ALBANY — The New York State Public Service Commission (Commission) today announced that it expects the state's utilities will have adequate supplies of natural gas and electricity on hand to meet the demands of residential and commercial customers in New York State.

"We will continue to closely monitor the utilities serving New York State to make sure they have adequate sources and supplies of electricity and natural gas to meet expected customer demands this winter," **said Commission Chair Rory M. Christian.** "The utilities have hedged approximately 70 percent of their estimated statewide full service electric residential energy needs to protect against unexpected electric market price swings that could occur this winter."

Customer Outreach: The Department of Public Service has a proactive program in place to ensure that customers receive the information and assistance they need. The outreach and education efforts include publications in multiple languages about billing and payment options, financial assistance programs and winter preparedness measures to help with winter bills, and the steps to take if customers are faced with heating-related energy emergencies. Throughout the winter season, staff will monitor issues that could potentially affect the utilities' operations and their customers, such as weather and heating degree day data; alternate fuel and storage inventory management; and interstate pipeline operational issues.

Electric and Natural Gas Price Forecast: This winter's electricity prices statewide are projected to be higher than last winter, although commodity prices can vary significantly due to weather and other conditions. While gas bill impacts will vary by utility, natural gas bills in general are also projected to be higher than last year; nationwide, commodity price forecasts are higher this year compared to last winter. On average, a residential customer using 600 kWh per month is expected to pay about $43 per month for supply, but the actual amount varies by utility. Meanwhile, the average residential customer using 740 therms of natural gas can expect to pay about $935 from November through March, up from last winter which was milder than normal (this amount will vary by utility and weather). A colder-than-normal winter will cause usage and bills to increase. The State's investor-owned utilities have continued to reduce the volatility of electric and gas supply prices to their full-service residential customers. Between financial hedges and gas held in storage, gas utilities have hedged approximately 53 percent of their estimated statewide customer needs.

Winter Heating Preparedness: Staff continues to track weather impacts, pipeline and storage assets, and interruptible customer compliance, and will also work with the local distribution companies (LDCs) and communities to find innovative solutions that increase environmental benefits, while meeting customer expectations for economic solutions. This work includes the aggressive pursuit of efficiency measures, demand response and other solutions to meet growing space and water heating needs. The LDCs serving New York State are finalizing contracting for adequate natural gas supply, delivery capacity and storage inventory to satisfy current firm customer demands under typical winter conditions, including additional new contracts that might be needed. The Department will also continue to closely monitor areas of the State where demand is growing at a faster pace, and where existing distribution systems are becoming constrained. The ongoing gas planning proceeding will include staff recommendations, that have taken into consideration the many public comments received, to modernize the long-term planning process used by the gas utilities. The planning process will include consideration of balancing supply and demand in constrained areas. Department staff continues to coordinate with oil industry representatives and the New York State Energy Research and Development Authority to ensure that customers have access to adequate supplies of winter heating fuels. In keeping with the Commission’s reliability requirements, natural gas companies are auditing systems, processes and procedures, as well as scheduling tests to ensure that interruptible customers comply with the Commission's alternate fuel requirements.

Electric System Preparedness: There is sufficient capability to meet electric demand for the winter. As part of the winter assessment, the major electric generating facility owners in Southeast New York who own about 12,000 MW of dual fuel generation capability were contacted. Staff found that these owners are continuing to implement lessons learned from the Polar Vortex winter of 2013-2014, including having increased pre-winter on-site fuel reserves, having firm contracts with fuel oil suppliers, conducting more aggressive replenishment plans, and having more proactive pre-winter maintenance and facilities preparations.

Home Heating Assistance: On September 30, 2021, Governor Kathy Hochul announced that more than $373 million in home heating aid will be available for low- and middle-income New Yorkers who need assistance keeping their homes warm during the upcoming winter season. Applications opened Friday, October 1, for the Home Energy Assistance Program, also known as HEAP, which is overseen by the state Office of Temporary and Disability Assistance and provides federal funding to assist homeowners and renters with their heating costs during the cold weather months. Eligible homeowners and renters may receive up to $751 in heating assistance, depending on their income, household size and how they heat their home. A family of four may have a maximum gross monthly income of $5,249 or an annual gross income of $62,983 and still qualify for benefits - a modest increase from the previous year's threshold.

Applications for assistance are accepted at local departments of social services in person or by telephone, with funding provided on a first-come, first-served basis. A list of local offices by county can be found here. Residents outside of New York City may also apply online for regular heating assistance benefits. New York City residents may download an application and obtain program information here.

Additionally, Governor Hochul has made $150 million in federal funding available to help low-income households pay heating utility arrears if they do not qualify for the that assistance under New York's Emergency Rental Assistance Program. The one-time payment will cover all accumulated heating utility arrears up to $10,000 per household, with applications for assistance accepted at local departments of social services in person or by telephone.

Today’s report may be obtained by going to the Commission Documents section of the Commission’s Web site at www.dps.ny.gov and entering Case Number 21-M-0243 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission’s Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.

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NEW YORK STATE OF OPPORTUNITY. Department of Public Service

Three Empire State Plaza, Albany, NY 12223-1350
www.dps.ny.gov

Timothy P. Cawley, Chairman, President, & CEO
Consolidated Edison, Inc.
4 Irving Place
New York, NY 10003

February 11, 2022

Dear Mr. Cawley,

Over the past several days, Consolidated Edison Company of New York Inc.'s (Con Edison or the Company) full-service electric customers have received significantly higher bills than those from the prior month. As a you may imagine, given the role of the Department of Public Service (Department) to oversee utility rates, numerous complaints from your customers and their representatives in the New York City Council, State Legislature, and Congress have asked the Department to conduct an investigation of the recent bill increases. The Department's Staff have reviewed the complaints and the circumstances that have contributed to the bill increases, and I write today seeking several actions by Con Edison to (1) mitigate the immediate problem, (2) reassess power supply billing practices to reduce the risk of severe price volatility in the future, and (3) improve communications to customers regarding commodity pricing, especially in advance of anticipated bill increases.

The Department's review of this issue reveals that recent commodity prices for New York's utility customers were significantly higher in January compared to December, driven by abnormally colder weather. Temperatures at New York City's Central Park weather station were more than 15% colder than last year cumulatively for the months of November through January. The cold weather resulted in increased demand for natural gas. The increased gas price also drove up electricity prices. For residences and businesses to maintain the same temperature level during a cold spell naturally requires higher gas or electricity usage, depending on the heat source. Thus, our review shows that the cold weather also resulted in higher energy use by consumers. Billed usage data provided by Con Edison shows that Residential Service Classification No. 1 customers overall energy use increased by 8.4 percent from December to January.

In sum, the Department has determined that this combination of higher market prices for natural gas and electricity coupled with higher energy use resulted in significantly higher bills for consumers. This situation is occurring throughout New York State and is also affecting utility customers throughout New England, which experienced even higher natural gas and electricity commodity prices than New York. While the Department recognizes that these weather-related price impacts are outside of the utilities' control, there are several actions that Con Edison should consider taking to address this situation.

1. **Con Edison should mitigate the recent high customer bills by providing the full value of its hedged commodity procurements to customers in the next billing cycle.**

While the Public Service Commission (Commission) does not regulate commodity prices of natural gas and electricity, and New York's utilities do not control market prices of these commodities, utility procurement and billing practices do impact the prices that customers pay and can dampen or exacerbate price swings from month to month. The Commission has repeatedly found that utilities have a responsibility to use strategies that responsibly procure commodity on behalf of their customers at least cost and have hedging strategies that smooth out market price fluctuations.[1]

This recent cold weather spell has exposed weaknesses in Con Edison's billing practices that warrant closer examination. When Con Edison issues bills, it passes through the weighted average supply rate based on the residential customer load shape and New York Independent System Operator (NYISO) market prices in effect in each billing cycle.[2] The company also applies a forecasted hedge value, which is updated mid-month. This value is fixed for one month

[1] See Case No. 06-M-1017, Order Requiring Development of Utility-Specific Guidelines for Electric Commodity Supply Portfolios and Instituting a Phase II to Address Longer-Term Issues (Issued and Effective April 19, 2007).

[2] Consolidated Edison has approximately 20 billing cycles in each month.

and includes reconciliations to account for underestimated forecasted hedge values and sales variations from prior periods. If the actual electric market prices vary significantly from those assumed in the hedge value forecast for the upcoming month, the mismatch between the value of the hedges and the supply rate billed to customers is exacerbated. This situation occurred in January and is continuing to occur in February. Total bills for full-service mass-market customers billed at the end of January were 49 and 58 percent higher for New York and Westchester customers, respectively, from their previous bill for the typical energy usage. Department Staff estimates that approximately 70 percent of the increase in supply rates between December and January was attributable to Con Edison's forecasting hedge values being underestimated.

Specifically, based on information Con Edison provided to staff, the hedge value forecast for January, while apparently reasonable in the assumptions used at the time of the calculation, led to the actual hedge gains being significantly underestimated. The value of the underestimated hedge benefit should be included in Con Edison's next billing cycle update to ensure that customers receive the full value of Con Edison's hedge. Assuming normal weather for next month, we expect that this adjustment will significantly reduce the commodity price reflected on customer bills next month. The Department has determined that the Company's current hedging strategies combined with a revised supply billing practice may have effectively mitigated the bill volatility seen in January.

2. **Con Edison should reassess its approach of forecasting its hedge value in billing cycle updates to reduce the likelihood of dramatic and sudden price volatility.**

While Con Edison's hedging practices will likely result in substantial cost savings to customers this winter compared to what customers would have paid if Con Edison did not hedge,[3] the underestimated forecast of the hedge benefits, added to the flow through of weighted

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3 High gas prices lead to correspondingly high electric prices. Day-ahead Locational Based Marginal Prices increased from roughly $35/MWh in NYC (Zone J) over a four-week period in January 2021, to over $140/MWh over the same four weeks in January 2022. Securing a portion of supply through longer term contracts can protect customers against these price spikes. Con Edison has estimated its hedging program will save customers more than $100 million through the end of February this winter.

average market prices based on customers' individual billing cycles as noted above increased bill volatility this winter.

Con Edison should immediately reassess its approach to full-service supply billing with a goal to reduce the likelihood of extreme and sudden price volatility, and report to Staff its findings.

3. **Con Edison must improve communications to electric and gas customers to better explain forecasted commodity price changes.**

At our October 7, 2021 session, Department Staff provided its annual winter readiness presentation to the Commission. Based on commodity price forecasts, Staff explained that it expected that utility customers would see significantly higher utility bills this winter. Staff and the Commission worked with utilities to provide information to customers so that they could prepare for the expected higher costs. The Department held workshops throughout the State. Utilities provided bill inserts and provided direct messages to customers. Yet many customers were surprised by the sudden bill increases this winter.

While Con Edison included bill inserts and sent out messages on other platforms that natural gas commodity prices were expected to be higher this winter, it did not inform customers that electric commodity prices were also expected to be higher, or in its billing for last month that there was a spike in electric commodity prices. Con Edison should have foreseen the likely electric commodity price spikes and done more to provide advance notice to their customers and other stakeholders. In addition to preparing customers in advance of expected price increases, it is essential that Con Edison also continue to offer customers deferred payment agreements and provide information regarding other bill assistance programs.

This experience is a painful reminder that the State remains overly reliant on fossil fuels to meet our energy needs. This dependence on fossil fuel is contributing to climate change and air pollution, but, as this experience shows, it is also exposing consumers to global commodity price fluctuations. We must continue working together to advance the State's Climate Leadership and Community Protection Act to both reduce greenhouse gas emissions and reduce our reliance on fossil fuels that are subject to dramatic price swings experienced this winter.

I request a response with recommendations to Department Staff by February 28, 2022. Thank you for your prompt attention to this serious matter.

Sincerely,

Rory M. Christian
Chair

conEdison
a conEdison, inc. company

Timothy P. Cawley
Chairman & Chief Executive Officer

February 24, 2022

Rory M. Christian
Chair and Chief Executive Officer
New York State Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Dear Chair Christian:

Thank you for your letter of February 11, 2022, regarding higher electricity bills experienced by many of Con Edison's customers, and other utility customers throughout New York State and elsewhere. As a preliminary matter, we agree with the Department's findings in your letter, including that the higher bills were the result of higher supply costs, higher energy consumption resulting from cold weather, and a timing difference in our billing process (i.e., the difference between when actual market supply costs are applied to customer bills and when the full value of the Company's hedging programs are applied to those bills).

While your letter acknowledges that supply costs and weather-related increases in energy use are outside of our control, we do control our billing process and are adjusting it. This adjustment will more closely align the impacts of supply price volatility with our hedging position results, reducing the likelihood of significant customer bill volatility. In addition, consistent with our normal process, we are incorporating the full value of our hedging positions into customers' bills now and customers are already seeing significant cost relief in the current billing cycle. We are also focused on providing notice to customers in cases where supply price increases could result in significantly higher bills.

Immediate Customer Relief by Providing Full Hedge Value

We understand the hardship that higher energy bills can cause for our customers. We take seriously the need to mitigate this cost volatility and to help customers who need assistance paying their bills.

The Company hedges a portion of the supply that it procures on behalf of its customers to mitigate the impact of market price volatility on customer bills. Once each month, Con Edison forecasts the value of its hedge—whether positive or negative—and adjusts customer supply costs to account for those forecasted gains or losses. If actual prices differ from the forecast, in either direction, then Con Edison reconciles this difference by adjusting these costs in the following month.

In early January, based on available market data, Con Edison forecasted that monthly hedge value. As has been our process for many years, we applied that forecasted hedge value to bills over the next billing cycle along with the actual, market supply prices. When temperatures fell and energy use rose, those market supply prices increased significantly and that, coupled with the fixed hedge value for the month, resulted in the significantly higher costs on customer bills. As has also been our process, the full balance of that hedge value is passed back to customers during the next month, in this case, beginning on February 11, 2022.[1]

While customers are now experiencing the benefits of the monthly hedge reconciliation, we recognize that many customers have struggled recently with higher-than-expected bills. For those customers, Con Edison offers a range of programs (see https://www.coned.com/en/accounts-billing/payment-plans-assistance) that offer meaningful discounts or more flexible payment terms, including:

- Deferred payment agreements, which more than 100,000 customers currently use to spread payments over time;
- Payment extensions, which provide additional time for customers to make payments;
- Energy Affordability Program discounts for low-income customers, for which we plan to implement a new online enrollment option next week;
- Working with customers and local and state government agencies to facilitate the receipt of public assistance by customers; and
- Level payment plans that allow customers to pay in equal monthly installments over the year even as their bills change, thereby reducing the impact of billing volatility.

Billing Process Enhancements to Reduce Likelihood of Extreme Volatility

As requested in your letter, we have completed an initial review of our supply billing processes to identify opportunities to further reduce volatility. As a result of this initial review, we are adjusting our billing process to more closely align, on monthly bills, the impacts of supply price fluctuations with the results of our hedging positions. The adjustment will serve to reduce the likelihood of supply cost volatility causing significantly higher customer bills. We have had discussions and will continue to collaborate with Staff to consider future process changes.

Improved Customer Communications Regarding Forecasted Commodity Price Changes

Con Edison is also committed to improving its communications to electric and gas customers to provide better information about potential significant increases in customer bills resulting from higher forecasted supply prices.

Before this winter, Con Edison informed its customers that it expected natural gas prices to rise. Going forward, we will specifically address both gas price volatility and its follow on impact on electric price volatility in our pre-winter communications. These communications will also continue to provide cost-saving tips and information on payment assistance programs. We will

[1] For bills issued beginning on February 11, 2022 and continuing until the next adjustments take effect in March, Con Edison has reduced the supply charge for its full-service customers (other than those on hourly pricing) by about 8.8 cents per kilowatt-hour in part to account for the additional value of its January hedges that was not reflected in supply prices in the previous billing cycle. This adjustment will provide full-service customers with significant price reductions that they did not realize in their earlier bills.

also provide notice to customers in cases where supply price increases could result in significantly higher bills.

* * *

As you state in your letter, we must continue to work together to advance the State's ambitious clean energy goals. Con Edison supports those goals and is implementing its own Clean Energy Commitment to play a leadership role in achieving them.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Timothy P. Cawley
Chairman and Chief Executive Officer
Consolidated Edison, Inc.

NEW YORK STATE OF OPPORTUNITY. | Department of Public Service

Three Empire State Plaza, Albany, NY 12223-1350
www.dps.ny.gov

March 1, 2022

Via Email and US Mail

Mr. Charles Freni, President, & CEO
Central Hudson Gas & Electric Corporation
284 South Avenue
Poughkeepsie, NY 12601
CFreni@cenhud.com

Dear Mr. Freni:

Over the past few months, Central Hudson Gas & Electric Corporation full-service electric and gas customers have received significantly higher bills as compared to prior months or years due to an extreme increase in energy supply cost. In order to ensure we mitigate the negative impacts of these rising energy costs to consumers, especially our most vulnerable, I write today seeking several actions by Central Hudson Gas & Electric Corporation to (1) strengthen communications to customers regarding anticipated bill increases due to rising energy costs, (2) continue to leverage power supply buying methods and hedges to mitigate the risk of severe price volatility, and (3) increase outreach and education efforts to promote consumer payment assistance plans and programs to reduce energy usage.

The Department's review of this issue reveals that recent commodity prices for New York's utility customers were significantly higher in recent months, driven by a global increase in natural gas commodity prices due to higher usage as a result of abnormally colder weather and an increased international demand for natural gas. The increase in natural gas prices also drove up electricity prices.

While the Public Service Commission (Commission) does not regulate commodity prices of natural gas and electricity, and New York's utilities do not control market prices of these commodities, utility procurement and billing practices do impact the prices that customers pay and can dampen or exacerbate price swings from month to month. The Commission has repeatedly found that utilities have a responsibility to use strategies that responsibly procure commodities on behalf of their customers at least cost and have hedging strategies that smooth

out market price fluctuations.[1] Central Hudson Gas & Electric Corporation should immediately review their approaches to full-service supply billing to ensure they are reducing the likelihood of extreme and sudden price volatility.

Central Hudson Gas & Electric Corporation should continue to send out proactive messages to their customers on the projected increases in natural gas and electricity commodity prices and the impact to customers' utility bills. Additionally, Central Hudson Gas & Electric Corporation should continue to promote all of the consumer protections, bill payment assistance programs, and energy use reduction programs available to help customers. These efforts shall include, but not be limited to, press releases, newsletters, utility call center representative training, YouTube videos, and social media posts. In addition to preparing customers in advance of expected price increases, it is essential that Central Hudson Gas & Electric Corporation also continue to offer customers deferred payment agreements and provide information regarding other bill assistance programs.

Lastly, this experience is a painful reminder that the State remains overly reliant on fossil fuels to meet our energy needs. This dependence on fossil fuel is contributing to climate change and air pollution, but, as this experience shows, it is also exposing consumers to global commodity price fluctuations. We must continue working together to advance the State's Climate Leadership and Community Protection Act to both reduce greenhouse gas emissions and reduce our reliance on fossil fuels that are subject to dramatic price swings experienced this winter.

I request a response with recommendations for how Central Hudson Gas & Electric Corporation will execute on all of the above actions submitted to Department Staff by March 8, 2022. Thank you for your prompt attention to this serious matter.

Sincerely,

Rory M. Christian
Chair

[1] See Case No. 06-M-1017, Order Requiring Development of Utility-Specific Guidelines for Electric Commodity Supply Portfolios and Instituting a Phase II to Address Longer-Term Issues (Issued and Effective April 19, 2007).

Charles A. Freni
President & Chief Executive Officer

People. Power. Possibilities.
Central Hudson
A FORTIS COMPANY

March 7, 2022

The Honorable Rory M. Christian
Chair and CEO
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Dear Chair Christian,

The recent increases in the prices for energy and other goods have created a financial burden for all New Yorkers. We are committed to doing all we can to help our customers manage their energy costs during these difficult and unusual times.

As outlined in your letter, the market prices of electricity and natural gas have risen sharply due in part to colder weather, higher usage, constrained domestic pipeline capacity, a recovering economy and increased energy demand nationally and globally. In the Hudson Valley, we are more reliant on natural gas for electric power generation since the closure of Indian Point.

Mitigating Price Volatility

Central Hudson hedges energy supply purchases to reduce market price volatility. A portion of electricity and natural gas supply is contracted at fixed prices, and natural gas Is placed into storage in the summer when prices are typically lower. These hedging measures saved customers approximately $17 million and reduced the impact of market prices for electricity by approximately 28% and natural gas by 30% during the January energy purchases. Central Hudson's hedging measures reduced the impact of market prices by 11% for electricity and 24 % for natural gas in February.

In the last two years we have taken additional measures to manage natural gas costs for customers. We utilized a Gas Asset Management Agreement to maximize gas transportation capacity and storage assets, which provides approximately $1.5 million per year in incremental offsets to commodity costs. We have procured Diversified Gas Peaking Services, which included multiple gas gate delivery alternatives with the effect of increasing competition among suppliers and reducing premium costs. For the winter periods 2022-2023, there were no premium costs to procure these services. The Company has also maximized the Tuxedo Gas Gate operations by increasing supply flows through this gate by up to 10,000 Dth/day using a Peaking Contract. This allows for the procurement and delivery of additional supplies at Central Hudson's lowest cost gate. Finally, we have utilized a Costless Collar to hedge extreme winter weather conditions. This no-cost hedging tool saves customers $1-2 million as compared to other hedging tools such as the straight Call Option, and is being used for electricity and gas hedging this winter.

284 South Avenue
Poughkeepsie, NY 12601

(845) 452-2000
Direct: (845) 486-5770
email: cfreni@cenhud.com
www.CentralHudson.com

Outreach & Communications

We began reaching out to customers, elected officials and community leaders last fall regarding the potential for winter energy cost increases as projected by the U.S. Department of Energy and provided customers with information on how to conserve energy during winter weather.

To date we have taken the following actions:

- Issued 3 news releases on the topic
  - Be Safe and Energy Efficient this Winter 10.21.21
  - Central Hudson Alerts Customers of Higher Winter Energy Costs 2.10.22
  - Energy Costs Remain Elevated 3.1.22
- Launched a dedicated webpage, accessible from the homepage of Central Hudson's website and a site-wide top banner: https://www.cenhud.com/en/account-resources/rates/winter-energy-bills/. This page will be updated with additional content and information as it becomes available.
- Information is shared with our customers via on-bill messages and periodic email blasts.
- Customers are kept informed with numerous social media posts.
- Videos have been prepared and shared on social media, in news releases and on Central Hudson's website:
  - How severe weather can impact utility bills
  - High Supply Cost Information
- Central Hudson's monthly newsletter to municipal leaders, and elected officials and community stakeholders, *Energy Central,* featured articles on this topic in October 2021 and February 2022.
- We have proactively participated in radio interviews with local stations including WKIP, La Voz, Q92, WVKR
- Our representatives are also attending municipal meetings as invited to discuss energy costs and continue to work with the news media.

Customer Programs

In our communications we encourage our customers to participate in programs that can lower their usage and help manage their bills through energy efficiency measures, bill payment options and payment assistance programs.

We are advising customers of our optional Budget Billing program to help them avoid seasonal variations in energy costs. This program divides a household's average annual energy bill into even monthly payments and makes energy bills more predictable helping to manage household budgets.

To assist customers affected by higher usage and energy prices, Central Hudson is offering no-cost and interest-free extended payment options to pay off balances over time. Since March 2020, Central Hudson has continued to waive late fees and is not suspending utility services, at this time.

Central Hudson also offers the Extra Security Plan which provides qualified customers with an extended billing due-date for those customers on a fixed income and the Good Neighbor Fund which provides last resort grants for families who have exhausted all other means of assistance.

We conduct both targeted and general messaging regarding payment assistance programs including the Home Energy Assistant Program (HEAP) and the new Regular Arrears Supplement (RAS) program. Customer's receiving HEAP benefits and certain federal assistance programs also qualify for Central Hudson's Bill Discount program, which provides credits on utility bills for up to 12 months. For customers who had received HEAP in the past and had a significant past due balance Central Hudson conducted door-to-door visits to share program and application information for both HEAP and RAS. In addition, automated outbound calls and email notifications have been conducted.

We remind customers that they may also wish to investigate fixed rate options for electric and natural gas supply offered by Energy Service Companies. Fixed rate options do not necessarily provide the lowest average annual cost but do serve as protection against market volatility and price spikes. Approximately 17% of Central Hudson's customers receive energy from an ESCO, including those enrolled in Community Choice Aggregation (CCA) through their municipality. When choosing a supplier, we encourage our customers to be smart consumers when considering an ESCO. Customers enrolled with an ESCO can compare prices through the online Bill Comparison function through their My Account page on Central Hudson's website. In addition, information on the monthly and 12-month average supply prices for electricity and natural gas are provided on our website as well.

Central Hudson's Clean Energy Marketplace provides a resource for customers to learn about renewable energy options. Customers can save up to 10 percent on their utility bill while also investing in local clean energy projects.

Central Hudson offers energy efficiency incentives for homes and businesses, including rebates of up to $1,000 on new, high-efficiency natural gas home heating systems, up to $1,600 on electric heat pump systems, $250 on indirect natural gas water heaters and up to $1,000 on high efficiency heat pump water heaters.

For customers who cannot make significant home investments we share low-cost and no-cost efficiency measures homeowners can take to help manage energy costs such as weatherizing, insulation and energy-saving items available at a discount through Central Hudson's partnership with local retailers. such as LED bulbs, smart thermostats, advanced power strips, water-saving products and more.

As you can see, Central Hudson has been proactive in our communications and in extending customer assistance. We are very concerned about the impact these energy cost escalations have on the families, businesses, and communities we serve and are working to provide information and relief to our customers. As we move forward, we must ensure that state and federal policies allow for the expansion of critical energy infrastructure of all types to ensure robust and diverse energy supplies at stable prices, particularly as we transition to lower carbon resources. I trust that your voice as part of the Climate Action Council will ensure that the cost component of New York State policies are fully and thoughtfully considered before implementation.

Sincerely,

Charles Freni
President & CEO
Central Hudson Gas and Electric

NEW YORK STATE OF OPPORTUNITY. Department of Public Service

Three Empire State Plaza, Albany, NY 12223-1350
www.dps.ny.gov

March 1, 2022

Via Email and US Mail

Mr. Carl Taylor, President, & CEO
New York State Electric & Gas Corporation
and Rochester Gas & Electric
89 East Avenue
Rochester, NY 14649
Carl.Taylor@avangrid.com

Dear Mr. Taylor:

Over the past few months, New York State Electric & Gas (NYSEG) and Rochester Gas & Electric (RG&E) full-service electric and gas customers have received significantly higher bills as compared to prior months or years due to an extreme increase in energy supply cost. In order to ensure we mitigate the negative impacts of these rising energy costs to consumers, especially our most vulnerable, I write today seeking several actions by NYSEG and RG&E to (1) strengthen communications to customers regarding anticipated bill increases due to rising energy costs, (2) continue to leverage power supply buying methods and hedges to mitigate the risk of severe price volatility, and (3) increase outreach and education efforts to promote consumer payment assistance plans and programs to reduce energy usage.

The Department's review of this issue reveals that recent commodity prices for New York's utility customers were significantly higher in recent months, driven by a global increase in natural gas commodity prices due to higher usage as a result of abnormally colder weather and an increased international demand for natural gas. The increase in natural gas prices also drove up electricity prices.

While the Public Service Commission (Commission) does not regulate commodity prices of natural gas and electricity, and New York's utilities do not control market prices of these commodities, utility procurement and billing practices do impact the prices that customers pay and can dampen or exacerbate price swings from month to month. The Commission has repeatedly found that utilities have a responsibility to use strategies that responsibly procure commodities on behalf of their customers at least cost and have hedging strategies that smooth

out market price fluctuations.[1] NYSEG and RG&E should immediately review their approaches to full-service supply billing to ensure they are reducing the likelihood of extreme and sudden price volatility.

NYSEG and RG&E should continue to send out proactive messages to their customers on the projected increases in natural gas and electricity commodity prices and the impact to customers' utility bills. Additionally, NYSEG and RG&E should continue to promote all of the consumer protections, bill payment assistance programs, and energy use reduction programs available to help customers. These efforts shall include, but not be limited to, press releases, newsletters, utility call center representative training, YouTube videos, and social media posts. In addition to preparing customers in advance of expected price increases, it is essential that NYSEG and RG&E also continue to offer customers deferred payment agreements and provide information regarding other bill assistance programs.

Lastly, this experience is a painful reminder that the State remains overly reliant on fossil fuels to meet our energy needs. This dependence on fossil fuel is contributing to climate change and air pollution, but, as this experience shows, it is also exposing consumers to global commodity price fluctuations. We must continue working together to advance the State's Climate Leadership and Community Protection Act to both reduce greenhouse gas emissions and reduce our reliance on fossil fuels that are subject to dramatic price swings experienced this winter.

I request a response with recommendations for how NYSEG and RG&E will execute on all of the above actions submitted to Department Staff by March 8, 2022. Thank you for your prompt attention to this serious matter.

Sincerely,

Rory M. Christian
Chair

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[1] See Case No. 06-M-1017, Order Requiring Development of Utility-Specific Guidelines for Electric Commodity Supply Portfolios and Instituting a Phase II to Address Longer-Term Issues (Issued and Effective April 19, 2007).

Carl A. Taylor
President and Chief Executive Officer

March 8, 2022

VIA ELECTRONIC SERVICE

Rory M. Christian
Chair and Chief Executive Officer
New York Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350
rory.christian@dps.ny.gov

Dear Chair Christian:

I write in response to your letter dated March 1, 2022 regarding increasing natural gas and electricity commodity prices that have impacted energy customers across the state. At New York State Electric & Gas (NYSEG) and Rochester Gas and Electric (RG&E) we operate with a "Customers First" culture – viewing our actions through the customer lens and consistently challenging ourselves to make every day better than the last. With respect to electricity and natural gas commodity prices, as your letter correctly points out, *"New York utilities do not control market prices of these commodities…"* and while that is true, I would say that our current procurement practices have been able to help mitigate some of the price increases associated with electricity and natural gas. We also continue to have the lowest electric delivery rates in the state, despite growing needs on the energy system.

As you inquire of utilities regarding this matter, I would also encourage the state to consider oil and propane customers that are also experiencing higher commodity prices. Additionally, I ask that Governor Hochul, the New York State Legislature and the New York Public Service Commission work together to take the following actions to immediately address the impacts of the increasing electricity and natural gas commodity prices and to help protect customers across the state:

- Allow for greater transparency on customer bills so that customers more clearly understand what they are paying for the supply of energy, our delivery costs, and the costs of public policy, including taxes. I also ask for your help in educating customers that utilities are at the mercy of the markets and do not profit or benefit from higher supply prices.

- Make additional emergency funding available during 2022-2023 for low- and middle-income customers.
- Direct state agencies to streamline the distribution of emergency assistance funds to utilities to assist customers more quickly.
- Support policies that promote America's energy independence and reduce market risks associated with continued dependence on foreign energy production.

With respect to our specific communications around the potential of higher electricity and natural gas commodity prices, our companies have been working to educate customers since before the winter period began, conducting media interviews on the topic as early as October. As the winter period began, we issued formal communications regarding increasing commodity prices and the potential bill impacts that could result. Our communications were published on all available channels, including our websites, bill messages, customer emails, AVANews blog, social media, EnergyLines newsletter and on-hold messages. In addition, we conducted several media interviews across the state as well as legislative outreach.

Consistent with your request, we remain committed to assisting our customers during this time and will take the following actions:

- Develop and publish a blog in March 2022 educating customers on how commodity prices impact their bills and are distinct from delivery charges. The blog will include information on energy efficiency opportunities and customer assistance programs.
- Share our blog on our social media channels upon publishing.
- Send an email to all customers that we have an email address for which will outline the current situation and will offer "tips to save" – energy efficiency best practices – and customer assistance programs.
- Continue to include messaging in our customer-facing direct communications, including bill inserts, newsletters, etc.
- Continue to be responsive to requests by policymakers and others about increasing supply costs.

Likewise, we will place particular emphasis on highlighting customer payment assistance plans and programs in addition to ways that customers can reduce energy usage.

I also extend an offer to the Commission and DPS Staff to do a joint public communication with NYSEG and RG&E to outline how the state and our respective companies have worked and will continue to work together to support the state's energy customers and more appropriately, what resources are available to assist.

NYSEG and RG&E use various practices to dampen electric and natural gas commodity price volatility on behalf of their mass market customers. NYSEG and RG&E hedge in accordance with their hedging programs to reduce price volatility. The Companies provide quarterly reports as required pursuant to the Commission's Order in Case 06-M-1017. This winter, despite the large increase in wholesale commodity prices our customers in hedged service classes that purchase their commodity from NYSEG or RG&E have experienced only moderate supply rate increases. It's important to note that consistent with the joint proposals in the Companies' last two rate cases, NYSEG and RG&E do not hedge energy costs on behalf of time of use customers. These customers, who voluntarily opt to take this commodity service, saw significant increases in their supply costs this winter as a result of much higher spot market wholesale prices. With respect to your request that NYSEG and RG&E review our approaches to full-service supply billing, we are open to continued discussions and collaboration with DPS Staff regarding our existing hedging program.

As subsidiaries of the leading sustainable clean energy company in the United States, NYSEG and RG&E are committed to helping the state meet its ambitious clean energy goals. We were the first utility in the state – perhaps the nation – to voluntarily agree to structure our gas planning with the goal of achieving a zero-net increase in natural gas usage. We also agreed to cease promotion of gas expansion and instead focus on educating customers about the benefits of alternatives to natural gas, including forms of beneficial electrification.

We continue to appreciate the collaborative working relationship with DPS Staff and the Commission, as we seek to best serve our customers. I remain confident that by continuing to work together we can ensure that customers are well served.

Sincerely,

Carl A. Taylor

NEW YORK STATE OF OPPORTUNITY. | Department of Public Service

Three Empire State Plaza, Albany, NY 12223-1350
www.dps.ny.gov

March 1, 2022

Mr. Robert Sanchez, President, & CEO
Orange & Rockland Utilities, Inc.
One Blue Hill Plaza, 4th Fl.
Pearl River, NY 10965
sanchezro@oru.com

Dear Mr. Sanchez:

Over the past few months, Orange & Rockland Utilities, Inc. full-service electric and gas customers have received significantly higher bills as compared to prior months or years due to an extreme increase in energy supply cost. In order to ensure we mitigate the negative impacts of these rising energy costs to consumers, especially our most vulnerable, I write today seeking several actions by Orange & Rockland Utilities, Inc. to (1) strengthen communications to customers regarding anticipated bill increases due to rising energy costs, (2) continue to leverage power supply buying methods and hedges to mitigate the risk of severe price volatility, and (3) increase outreach and education efforts to promote consumer payment assistance plans and programs to reduce energy usage.

The Department's review of this issue reveals that recent commodity prices for New York's utility customers were significantly higher in recent months, driven by a global increase in natural gas commodity prices due to higher usage as a result of abnormally colder weather and an increased international demand for natural gas. The increase in natural gas prices also drove up electricity prices.

While the Public Service Commission (Commission) does not regulate commodity prices of natural gas and electricity, and New York's utilities do not control market prices of these commodities, utility procurement and billing practices do impact the prices that customers pay and can dampen or exacerbate price swings from month to month. The Commission has repeatedly found that utilities have a responsibility to use strategies that responsibly procure commodities on behalf of their customers at least cost and have hedging strategies that smooth

out market price fluctuations.[1] Orange & Rockland Utilities, Inc. should immediately review their approaches to full-service supply billing to ensure they are reducing the likelihood of extreme and sudden price volatility.

Orange & Rockland Utilities, Inc. should continue to send out proactive messages to their customers on the projected increases in natural gas and electricity commodity prices and the impact to customers' utility bills. Additionally, Orange & Rockland Utilities, Inc. should continue to promote all of the consumer protections, bill payment assistance programs, and energy use reduction programs available to help customers. These efforts shall include, but not be limited to, press releases, newsletters, utility call center representative training, YouTube videos, and social media posts. In addition to preparing customers in advance of expected price increases, it is essential that Orange & Rockland Utilities, Inc. also continue to offer customers deferred payment agreements and provide information regarding other bill assistance programs.

Lastly, this experience is a painful reminder that the State remains overly reliant on fossil fuels to meet our energy needs. This dependence on fossil fuel is contributing to climate change and air pollution, but, as this experience shows, it is also exposing consumers to global commodity price fluctuations. We must continue working together to advance the State's Climate Leadership and Community Protection Act to both reduce greenhouse gas emissions and reduce our reliance on fossil fuels that are subject to dramatic price swings experienced this winter.

I request a response with recommendations for how Orange & Rockland Utilities, Inc. will execute on all of the above actions submitted to Department Staff by March 8, 2022. Thank you for your prompt attention to this serious matter.

Sincerely,

Rory M. Christian
Chair

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[1] See Case No. 06-M-1017, Order Requiring Development of Utility-Specific Guidelines for Electric Commodity Supply Portfolios and Instituting a Phase II to Address Longer-Term Issues (Issued and Effective April 19, 2007).

Orange & Rockland
a conEdison, inc. company

Robert Sanchez
President and
Chief Executive Officer

March 4, 2022

Mr. Rory M. Christian
Chair and Chief Executive Officer
New York State Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Dear Chair Christian:

Thank you for your letter dated March 1, 2022, requesting that Orange and Rockland Utilities, Inc. take immediate action to (1) strengthen communications to customers regarding anticipated bill increases due to rising energy costs; (2) continue to leverage power supply buying methods and hedges to mitigate the risk of severe price volatility; and (3) increase outreach and education efforts to promote consumer payment assistance plans and programs to reduce energy usage.

O&R appreciates your acknowledgement of the impacts that volatile energy supply costs, compounded by higher energy consumption resulting from cold weather, have had on our customers. We are committed to improving our existing practices and implementing new practices to help mitigate those impacts.

Strengthening Communications to Customers Regarding Anticipated Bill Increases
From the start of this winter season, in anticipation of the higher-than-expected natural gas prices, O&R prepared a communication campaign that used various communication methods. In addition, for customers enrolled in our weekly energy usage program, we provided a report containing detailed usage information available from their smart meters, as well as High Bill Alert notices.

O&R will continue to make modifications to our communications as needed to provide up-to-date information about potential significant increases in customer bills resulting from higher forecasted supply prices. Going forward, we will specifically address both gas price volatility and its impact on electric price volatility in our pre-winter communications. These communications will also continue to include cost-saving tips and information on payment assistance programs.

Continuing to Leverage Power Supply Buying Methods and Hedges
O&R hedges a large portion of its electric supply that it procures on behalf of its customers to mitigate the impact of market price volatility on customer bills.

Included in a customer's monthly Market Supply Charge is a forecast of the energy supply price with the associated value of its hedge and the reconciliation of the forecast to the actual energy supply price. This methodology allows the company to be able to align the energy price and the associated hedging gain or loss on the customer's bill in the same month. The company will continue to consult with Department of Public Service Staff on how to continuously improve these measures.

<u>Increasing Outreach/Education Efforts to Promote Payment Assistance Plans</u>
O&R recognizes that many of its customers have struggled recently with higher-than-expected bills. For those customers, O&R offers a range of programs that offer flexible payment terms and meaningful discounts, such as: deferred payment agreements, payment extensions, level payment plans and Energy Affordability Program discounts for low-income customers.

O&R also provides information on our website about assistance programs administered by local and state agencies to promote and facilitate payments for customers, such as: the Home Energy Assistance Program (HEAP), Emergency Home Energy Assistance Program (EHEAP), Regular Arrears Supplement (RAS) and the Emergency Rental Assistance Program (ERAP).

We also provide our customers with energy use reduction programs that provide incentives for the installation of energy efficient measures to help customers reduce and manage their energy usage.

In closing, we must continue to work together to advance the State's ambitious clean energy goals, particularly as embodied in the State's Climate Leadership and Community Protection Act. O&R supports those goals and is implementing a variety of programs to both reduce greenhouse gas emissions and reduce our reliance on fossil fuels.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Robert Sanchez
President and CEO

Orange and Rockland Utilities, Inc.
One Blue Hill Plaza, Pearl River NY 10965-3104 845 577 2500 sanchezro@oru.com

NEW YORK STATE OF OPPORTUNITY. | Department of Public Service

Three Empire State Plaza, Albany, NY 12223-1350
www.dps.ny.gov

March 1, 2022

Via Email and US Mail

Mr. Rudolph Wynter, President
National Grid NY
2 Hanson Place
Brooklyn, NY 11217
rudolph.wynter@nationalgrid.com

Dear Mr. Wynter:

Over the past few months, National Grid NY full-service electric and gas customers have received significantly higher bills as compared to prior months or years due to an extreme increase in energy supply cost. In order to ensure we mitigate the negative impacts of these rising energy costs to consumers, especially our most vulnerable, I write today seeking several actions by National Grid NY to (1) strengthen communications to customers regarding anticipated bill increases due to rising energy costs, (2) continue to leverage power supply buying methods and hedges to mitigate the risk of severe price volatility, and (3) increase outreach and education efforts to promote consumer payment assistance plans and programs to reduce energy usage.

The Department's review of this issue reveals that recent commodity prices for New York's utility customers were significantly higher in recent months, driven by a global increase in natural gas commodity prices due to higher usage as a result of abnormally colder weather and an increased international demand for natural gas. The increase in natural gas prices also drove up electricity prices.

While the Public Service Commission (Commission) does not regulate commodity prices of natural gas and electricity, and New York's utilities do not control market prices of these commodities, utility procurement and billing practices do impact the prices that customers pay and can dampen or exacerbate price swings from month to month. The Commission has repeatedly found that utilities have a responsibility to use strategies that responsibly procure commodities on behalf of their customers at least cost and have hedging strategies that smooth

out market price fluctuations.[1] National Grid NY should immediately review their approaches to full-service supply billing to ensure they are reducing the likelihood of extreme and sudden price volatility.

National Grid NY should continue to send out proactive messages to their customers on the projected increases in natural gas and electricity commodity prices and the impact to customers' utility bills. Additionally, National Grid NY should continue to promote all of the consumer protections, bill payment assistance programs, and energy use reduction programs available to help customers. These efforts shall include, but not be limited to, press releases, newsletters, utility call center representative training, YouTube videos, and social media posts. In addition to preparing customers in advance of expected price increases, it is essential that National Grid NY also continue to offer customers deferred payment agreements and provide information regarding other bill assistance programs.

Lastly, this experience is a painful reminder that the State remains overly reliant on fossil fuels to meet our energy needs. This dependence on fossil fuel is contributing to climate change and air pollution, but, as this experience shows, it is also exposing consumers to global commodity price fluctuations. We must continue working together to advance the State's Climate Leadership and Community Protection Act to both reduce greenhouse gas emissions and reduce our reliance on fossil fuels that are subject to dramatic price swings experienced this winter.

I request a response with recommendations for how National Grid NY will execute on all of the above actions submitted to Department Staff by March 8, 2022. Thank you for your prompt attention to this serious matter.

Sincerely,

Rory M. Christian
Chair

[1] See Case No. 06-M-1017, Order Requiring Development of Utility-Specific Guidelines for Electric Commodity Supply Portfolios and Instituting a Phase II to Address Longer-Term Issues (Issued and Effective April 19, 2007).

Rudolph Wynter
President, National Grid New York

nationalgrid

March 4, 2022

Via Email
Honorable Rory M. Christian
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350
Rory.christian@dps.ny.gov

Dear Chair Christian,

I am writing in response to your March 1, 2022 letter requesting that National Grid take action to mitigate the impact of rising energy costs to our customers, especially those who are most vulnerable. National Grid is committed to ensuring energy affordability and working to mitigate the impacts of COVID-19 while delivering on New York's ambitious climate goals. We share the Governor's and Commission's concerns over the impact that the extreme increase in energy supply costs is having on our customers. To that end, we have been working since before the start of the heating season to communicate the reasons for the higher commodity prices, discuss our hedging and mitigation strategies, and offer solutions to help customers manage their energy needs.

Hedging Strategies to Mitigate Market Price Volatility
National Grid uses a variety of hedging strategies to help offset market price volatility for residential and small commercial customers. The Company hedges 70% of our electric supply and 50% of our natural gas supply, consistent with the Commission's policies. Our strategies include balancing long-term and short-term supply contracts, financial derivatives and purchasing natural gas in the summer when it is less expensive and storing it for winter use.

- Residential gas customers are charged a fixed supply rate for the month using a forecast of market prices; gas supply costs are reconciled annually with any over/under recoveries in the following calendar year.

- Residential electricity customers are charged a fixed supply rate for the month using a forecast of market prices. This allows the hedge rate and the base supply rate to move in concert with one another helping to mitigate the month-to-month price volatility. Supply and hedge prices are reconciled at the end of the month with actual prices (these largely offset each other) and the difference recovered through a monthly reconciliation. We can use our flexible reconciliation mechanism to spread the recovery over more than just one month when needed to mitigate large bill impacts.

While our hedging strategies are primarily designed to address volatility, in the current winter season, for the period November 2021 through February 2022, National Grid's hedging strategies had a positive impact in mitigating customers' bills. For upstate electricity customers, the hedged portfolio produced bills 20% lower than what the bills would have been without the executed hedges. In addition, our flexible reconciliation mechanism allowed us to limit month to month bill changes to less than 10% up or down. Similarly, both our upstate and downstate gas hedging strategies lowered customers' bills approximately 10%. This benefit is from a combination of the financial hedges and storage withdrawals.

Continuous Customer Outreach Through Multiple Channels

The Company has conducted ongoing customer outreach and communications on the winter energy supply price forecast and offered solutions including budget billing, payment plans, financial assistance and energy-saving tips and programs.

On October 7, 2021, in advance of the winter heating season, National Grid hosted media conference calls that featured an industry/commodity expert who provided insight on the global/national/northeast winter supply price forecast and its drivers. We then highlighted our hedging strategies that reduce the impact of market volatility on customer bills, as well as customer solutions and options. The outreach resulted in extensive media coverage that included our key messages, including customer solutions and assistance. Subsequently, the Company conducted consistent reporter outreach on the issue, including a late November/early December campaign on holiday/winter energy efficiency solutions.

A joint press event with AARP and PULP was held in December on Long Island to increase awareness about the EAP (Energy Affordability Program) program, HEAP, and other assistance available to help customers in need with winter bills.

In January 2022, we launched a media campaign that focused on winter bill solutions, assistance for struggling customers and the great work of our Consumer Advocates. This resulted in extensive media coverage over six consecutive days. Our January campaign included: Direct media outreach/pitches offering influential reporters & news show hosts the opportunity to speak with our Consumer Advocates; a press release to remind customers that's it is not too late to apply for HEAP and other assistance; extensive print and on-camera interviews; social media posts by the National Grid media team and regional reporters; and social media videos featuring our Consumer Advocates offering tips and resources. Additionally, the United Way of Long Island (UWLI) issued a news release about the National Grid Foundation $250,000 grant for Project Warmth and Safe at Home for Seniors programs and associated radio interviews, amplified on social media channels including Instagram, Twitter, Facebook, and LinkedIn.

Our omni-channel direct customer communications campaign began in the fall as well. Since October, we have consistently reached customers through emails, bill insert newsletters, stand-alone bill inserts, social media, web banners on home pages that link to dedicated informational pages, web alerts that pop up when customers visit the site, digital signage on the Albany Times Union Center/MVP Arena, paid search, and radio.

On February 22, 2022, the Company hosted two virtual update meetings with local, state, and federal elected officials. The purpose of the call was to provide information regarding energy supply prices and mitigation measures the company undertakes on behalf of customers. The call included subject matter experts from the key business areas including Consumer Advocates, Billing, Regulatory & Pricing, and the Supply teams. Collectively we discussed Improving Affordability, Customer Outreach and Assistance and COVID recovery. The calls were well attended with over 200 customers, legislators, and staff.

Voluntary Customer Protections

Throughout COVID-19, National Grid, like other utilities in the State, implemented a moratorium on service disconnections for non-payment and suspended collections and late payment charges in compliance with the Parker/Richardson guidelines. Though the Parker/Richardson requirements have expired, the Company, in conjunction with our comprehensive customer winter bill outreach, is continuing the moratorium on service disconnections to residential customers who attested that they were/are experiencing a hardship at least through the end of March. Customers who have applied for ERAP and are awaiting payment from OTDA are also protected from service disconnection. We are also offering flexible payment agreement options to both residential and commercial customers

Additionally, National Grid is an active participant in the PSC EAP Working Group which is focusing on the development of a statewide Arrears Management Program.

Consumer Advocacy to Assist our Most Vulnerable

Our Consumer Advocates are the cornerstone of our customer assistance efforts. The Advocates provided direct counseling and referrals for assistance to nearly 28,000 customers in 2021-22. Throughout the heating season, Advocates have conducted individual outreach and phone calls to vulnerable customers to encourage them to apply for HEAP. When necessary, the Advocates can assist customers in completing the application process.

Consumer Advocates also conduct customer outreach activities and events and serve as the Company's liaisons with state and local social service and community organizations to ensure our customers receive program benefits. The Advocates target senior centers, senior living, community centers, and churches to get information out on available programs and services.

A Financial Literacy Webinar geared toward income eligible customers is planned for later this month. The Webinar is intended to support those low-income customers who received the Residential Arrears Supplement (RAS) but are now falling behind in their energy bills. The Advocates will cover such topics as basic budgeting, programs and services, regular payment behavior and energy efficiency.

Outreach Results to Date

Since October 2021, the Company has achieved the following results from our comprehensive customer engagement on winter bills and available assistance:

- Of the 5,565,240 emails we sent to customers, **1,592,258** opened the email and **98,368** customers clicked to learn more information about how to manage their bills and for energy efficiency tips.
- Nearly **85,000** customers have clicked on our website's pop-up help offer which directs them to tips and assistance for managing winter bills
- **103,748** customers have received HEAP grants on their National Grid account
- **56,733** customers have received Regular Arrears Supplement (RAS) grants
- **344,873** customers are enrolled in Energy Assistance Program (EAP)
- **40,309** customers have enrolled in budget billing
- **520,336** customers have negotiated deferred payment agreements
- Consumer Advocates assisted **27,743** households and conducted **164** outreach activities and events virtually

Winter Is Not Over: "***Here to Help***" Campaign and Beyond

We are proud of our outreach results to date but there is still more to be done as customers receive some of their highest bills of the winter heating season this month.

Importantly, the Company is transforming the winter heating season customer communications efforts into a broader bill assistance campaign, called "***Here to Help***." The messaging will focus on connecting customers with helpful programs, including grant programs, budget billing plans, monthly bill credit options, payment extensions and energy efficiency services. The campaign is designed to meet customers where they are, using a broad range of tactics, including television commercials, newspaper ads, social media, web page, videos, billboards, and signage in highly visible locations, such as bus shelters, gyms, and malls.

We are expanding our community outreach partnerships to further engage customers in bill assistance, energy efficiency and weatherization by forming alliances with faith-based communities and state and local consumer protection agencies such as the New York City Department of Consumer and Worker Protection.

National Grid, together with the other New York utilities and PULP, is working collaboratively to remove barriers to federal and state energy assistance programs by advancing proposals that would modify thresholds and expand eligibility for HEAP and increasing enrollment in EAP through a file-match system with OTDA (New York State Office of Temporary and Disability Assistance).

And we are continuing our quarterly dialog with federal, state, and local elected officials, community stakeholders and social service agencies to keep them apprised of options available to help customers meet their winter bills.

The Company will also continue to work closely with DPS Staff to keep them apprised of our collections activities and plans and will consult with Staff prior to resuming disconnections for non-payment. We will share a monthly look-ahead of our customer communications plans and materials with Consumer Services Staff.

In conclusion, National Grid is committed to energy affordability. We have been aggressive in our efforts to help customers understand the increases in energy costs this winter and assist them to meet their energy needs through referrals to financial assistance and energy efficiency and intervention from our Consumer Advocates. Our hedging strategies have performed well. We will continue to be vigilant in our customer and community engagement and will closely monitor our energy procurement and hedging strategies in order to manage market price volatility. We stand as a partner with the PSC and New York State to advance the Climate Leadership and Community Protection Act to reduce greenhouse gas emissions.

Regards,

Rudolph Wynter

Rudolph Wynter

NEW YORK STATE OF OPPORTUNITY. | Department of Public Service

Three Empire State Plaza, Albany, NY 12223-1350
www.dps.ny.gov

March 1, 2022

Via Email and US Mail

Mr. Daniel Eichhorn, President, & COO
PSEG Long Island
15 Park Drive
Melville, NY 11747
Daniel.Eichhorn@pseg.com

Dear Mr. Eichhorn:

Over the past few months, PSEG Long Island full-service electric customers have received significantly higher bills as compared to prior months or years due to an extreme increase in energy supply cost. In order to ensure we mitigate the negative impacts of these rising energy costs to consumers, especially our most vulnerable, I write today seeking several actions by PSEG Long Island to (1) strengthen communications to customers regarding anticipated bill increases due to rising energy costs, (2) continue to leverage power supply buying methods and hedges to mitigate the risk of severe price volatility, and (3) increase outreach and education efforts to promote consumer payment assistance plans and programs to reduce energy usage.

The Department's review of this issue reveals that recent commodity prices for New York's utility customers were significantly higher in recent months, driven by a global increase in natural gas commodity prices due to higher usage as a result of abnormally colder weather and an increased international demand for natural gas. The increase in natural gas prices also drove up electricity prices.

While the Public Service Commission (Commission) does not regulate commodity prices of natural gas and electricity, and New York's utilities do not control market prices of these commodities, utility procurement and billing practices do impact the prices that customers pay and can dampen or exacerbate price swings from month to month. The Commission has repeatedly found that utilities have a responsibility to use strategies that responsibly procure commodities on behalf of their customers at least cost and have hedging strategies that smooth

out market price fluctuations.[1] PSEG Long Island should immediately review their approaches to full-service supply billing to ensure they are reducing the likelihood of extreme and sudden price volatility.

PSEG Long Island should continue to send out proactive messages to their customers on the projected increases in natural gas and electricity commodity prices and the impact to customers' utility bills. Additionally, PSEG Long Island should continue to promote all of the consumer protections, bill payment assistance programs, and energy use reduction programs available to help customers. These efforts shall include, but not be limited to, press releases, newsletters, utility call center representative training, YouTube videos, and social media posts. In addition to preparing customers in advance of expected price increases, it is essential that PSEG Long Island also continue to offer customers deferred payment agreements and provide information regarding other bill assistance programs.

Lastly, this experience is a painful reminder that the State remains overly reliant on fossil fuels to meet our energy needs. This dependence on fossil fuel is contributing to climate change and air pollution, but, as this experience shows, it is also exposing consumers to global commodity price fluctuations. We must continue working together to advance the State's Climate Leadership and Community Protection Act to both reduce greenhouse gas emissions and reduce our reliance on fossil fuels that are subject to dramatic price swings experienced this winter.

I request a response with recommendations for how PSEG Long Island will execute on all of the above actions submitted to Department Staff by March 8, 2022. Thank you for your prompt attention to this serious matter.

Sincerely,

Rory M. Christian
Chair

CC: Tom Falcone, CEO, Long Island Power Authority

[1] See Case No. 06-M-1017, Order Requiring Development of Utility-Specific Guidelines for Electric Commodity Supply Portfolios and Instituting a Phase II to Address Longer-Term Issues (Issued and Effective April 19, 2007).

PSEG Long Island
333 Earle Ovington Blvd.
Uniondale, NY 11553

Daniel Eichhorn
President & Chief Operating Officer

We make things work for you.

March 8, 2022

Rory M. Christian
Chair and Chief Executive Officer
New York State Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Dear Chair Christian:

In response to your letter dated March 1, 2022, PSEG Long Island is taking several actions to: (i) increase outreach and education efforts to promote consumer payment assistance plans and programs to reduce energy usage; (ii) strengthen communications to customers regarding anticipated bill increases due to rising energy costs; and (iii) continue to leverage power supply buying methods and hedges to mitigate the risk of severe price volatility. The details of these actions are outlined below, along with confirmation that PSEG Long Island is advancing the State's Climate Leadership and Community Protection Act ("CLCPA") to both reduce greenhouse gas emissions and reduce our reliance on fossil fuels that are subject to dramatic price swings experienced this winter.

Outreach Efforts to Customers

PSEG Long Island has remained very active in its outreach efforts to customers, informing them of the various financial assistance and protections programs available to them throughout the pandemic. Outreach channels have included the use of press releases and educational material to the media, targeted customer emails, direct mail, website, social media, webinars, and Interactive Voice Response ("IVR") messaging. These efforts have included promotion of New York State's Regular Arrears Supplement ("RAS") program and Home Energy Assistance Program ("HEAP"), Residential Energy Affordability Partnership ("REAP"), and how to contact us to arrange a Deferred Payment Agreement ("DPA"). We also have partnerships with the NYS Office of Temporary and Disability Assistance ("OTDA") and Nassau County to identify customers eligible for the Household Assistance Program and have had discussions with Suffolk County to do the same. Enrollment in the program enables income eligible customers to receive an average discount of $25 per month.

Starting in October of 2021, our field agents have been visiting residential customers with arrears to inform them about payment options. A press release was issued in October, urging customers to attest to COVID-related financial hardship for special protections including non-termination of electric service for non-payment until December 21, 2021, or a DPA with no down payment, late fees, or penalties. Newsday, WCBS-TV 2, Long Island Business News, WSHU, and the Long Island Patch have covered this topic. In addition, 22 customer email blasts were deployed and 5 letter campaigns were undertaken for our residential and business customers. We utilized owned social media channels with 24 posts covering COVID relief, financial assistance webinars, plus HEAP and REAP programs. We also leveraged paid media with nine print advertisement placements in Newsday, Long Island Herald, Anton Papers, and other local publications between December 9-18, 2021, and social media advertisement placements on Facebook, Twitter, and Instagram in December 2021. Further, PSEG Long Island customer advocates made proactive calls to customers who received HEAP to ensure they were aware of the options available to them. Eight webinars were planned, promoted, and completed in order to further educate customers. There has also been prominent placement on our website homepage carousel and ongoing updates around new funding and program offerings on our financial assistance landing pages. Customers can also learn about energy efficiency and ways to save on their utility bill through two online virtual experiences: My Smart Energy Home and Smart Energy Lab.

PSEG Long Island is in the process of taking the following actions in support of your request to strengthen communications to customers regarding anticipated bill increases due to rising energy costs:

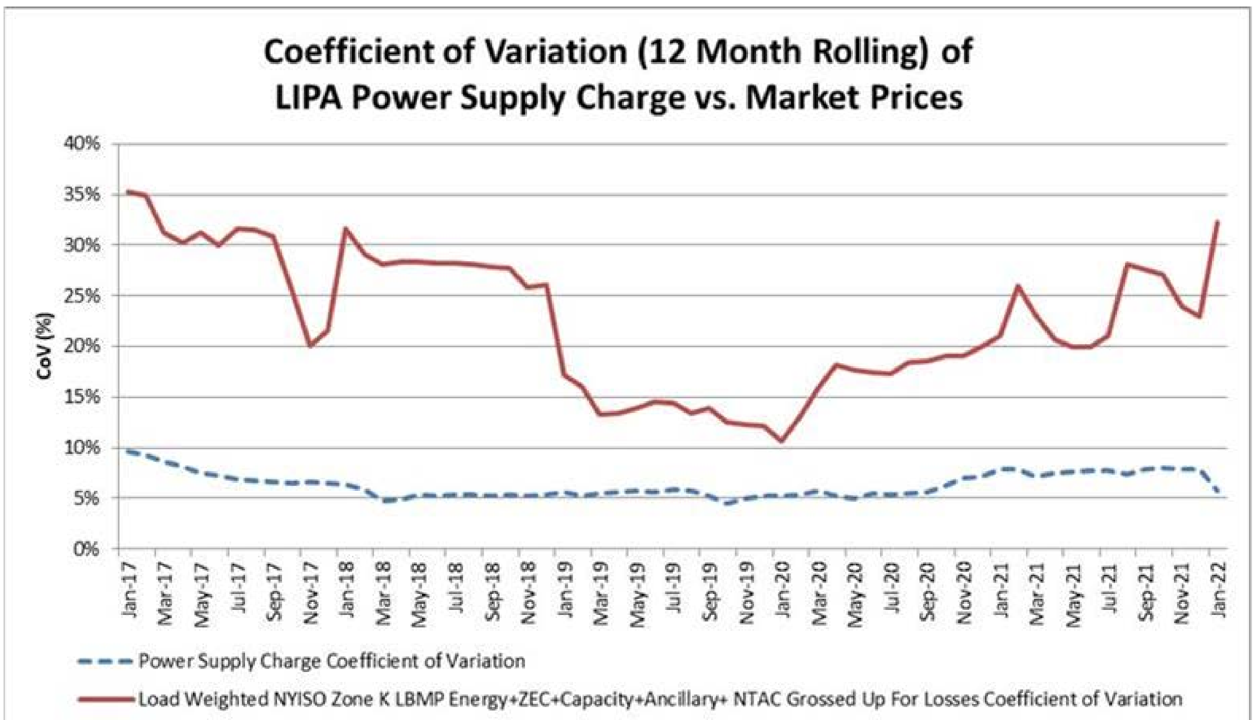
- **Letters**: Communications will include a letter, mailed to customers, explaining energy price volatility, efforts to hedge and mitigate effects to protect customers, and an additional reminder of the various programs available to assist them.
- **Social Media**: On social media, a blog including similar messaging and links to a variety of resources will be posted.
- **Webinars**: Additional webinars on available assistance programs are already planned for March and April.
- **Bill Inserts**: Abbreviated versions of some of the items mentioned above will be included as a bill insert in April bills and will include a QR code to direct customers to the blog post and the resource links included.
- **Website**: While there has been a financial assistance banner on our website homepage throughout the pandemic, we have recently reprioritized the order so this information is even easier to locate.
- **Press Releases**: We plan to issue another press release on financial assistance programs available to customers, this time with messaging on market impact.
- **Call Center**: A set of FAQs will be developed for our call center representatives to assist them in conversations with customers and may also be shared with local elected officials to assist them with consistent conversations.

It should be noted that PSEG Long Island also regularly reviews its customer communications with LIPA staff and incorporates feedback on these initiatives. The LIPA Board has, in particular, requested periodic information on outreach to customers about financial assistance programs.

Reducing the Likelihood of Extreme and Sudden Price Volatility

The LIPA Board of Trustees has a policy to maintain a Power Supply Hedging Program[1] with a primary goal to mitigate a portion of the volatility of power supply costs in a programmatic and reasonable way on behalf of our customers. As mentioned in LIPA's 2022 Budget,[2] as of late 2021, due to the high commodity prices being seen in the marketplace, we were expecting the LIPA hedge program to save our customers $150 million in calendar year 2022. As commodity prices change and hedge positions materialize, those hedge gains or losses are passed on to customers via the Power Supply Charge ("PSC").

The graph below shows the volatility of the PSC versus the wholesale spot market energy price. LIPA's Power Supply Hedging Program greatly reduces price volatility for our customers. As of January 31, 2022, the rolling 12-month volatility of the PSC is approximately 5% (blue dotted line) while the spot market shows price volatility 5X greater at 32% (the solid red line). It should be noted that LIPA's hedging program is reviewed with New York State Department of Public Service ("DPS") staff periodically.



The PSC is developed monthly on a forecasted basis in accordance with the LIPA tariff and it includes any projected gains or losses associated with LIPA's fuel and electric hedging program. Any over-collections or under-collections of the PSC are refunded or recovered in future PSCs. The January 2022 PSC was developed in the second half of December 2021 based on (i) projected power supply costs for January, including expected gains or losses; (ii) any projected true-up for the month of December based on available information, including hedging activity; and (iii) deferral balance from November, where the actuals have been finalized. A

[1] https://www.lipower.org/wp-content/uploads/2022/02/Board-Policies-2-2022.pdf
[2] https://www.flipsnack.com/lipower/lipa-2022-budget/full-view.html

portion of the difference between the projected and actual January 2022 power supply costs was captured when setting the February 2022 PSC rate, in the second half of January 2022. The remaining difference in actual costs and revenues for the month of January, not already captured when setting February 2022 rate, will be recovered in the following PSCs.

Supporting New York State's Clean Energy Goals

New York's CLCPA is one of the most ambitious and comprehensive climate laws in the country. PSEG Long Island supports New York's clean energy goals and continues to work collaboratively with LIPA and the DPS to advance these goals. We offer many opportunities for customers to save energy and reduce their electric bill, which include rebates for LED lighting, heat pumps, smart thermostats, weatherization, and many EnergyStar appliances. For context, such programs reduced energy consumption by 381,000 MWh in 2021 (about 2% of system sales). Extra incentives are also available for low-income customers covering up to 100% of the cost for weatherizing homes.

Additionally, the company offers special tariffs to reduce bills for customers who use electricity for heating during the winter months. PSEG Long Island has been, and plans to continue to be, a leader in the state regarding many of the CLCPA initiatives such as energy efficiency, heat pumps, solar PV, battery storage, and electric vehicles. PSEG Long Island works with LIPA and the DPS each year on the appropriate targets for each of these initiatives through the annual Utility 2.0 filing (which includes an Energy Efficiency and Demand Response Plan).

PSEG Long Island is committed to continuing to work with the State of New York and LIPA to mitigate energy price volatility and inform our customers of the various programs available to assist them. If you have any questions about how PSEG Long Island is responding to the increase in energy supply costs, please contact me.

Sincerely,

Daniel Eichhorn
President & Chief Operating Officer

cc:

Mr. Thomas Falcone
Chief Executive Officer
Long Island Power Authority

Ms. Carrie Gallagher
Director, DPS Long Island

For Immediate Release: 3/16/22

Rory M. Christian, Chair

Contact:
James Denn | James.Denn@dps.ny.gov | (518) 474-7080
http://www.dps.ny.gov
http://twitter.com/NYSDPS

22025 / 22-00346

Commission Receives Update on Initiatives to Help Consumers Dealing with Price Spikes and Billing Problems

Con Edison to Fix Billing Practices to Smooth Out Dramatic Fluctuations in Commodity Prices

All Utilities Pushed to Further Improve and Refine Consumer Education and Outreach Efforts

ALBANY — The New York State Public Service Commission (Commission) today received an update from Commission staff on how the State's major electric and gas utilities have responded to directives to increase their outreach and education efforts with New Yorkers regarding the recent surge in energy supply prices, and to identify ways to improve billing and price hedging practices to ensure they benefit consumers. This action comes in light of the national increases to utility bills as a result of the rising cost of natural gas.

"While neither the Commission nor the utilities can control supply prices, utilities can examine their hedging and billing reconciliation practices to reduce billing volatility and they can strengthen their communications to consumers to ensure they are aware of all of the State's consumer protections and assistance programs that are available." **said Commission Chair Rory M. Christian.**

On February 11, the Chair of the Commission wrote to Con Ed to direct them to improve its billing mechanisms to reduce dramatic changes in commodity price from month to month (an issue unique to Con Edison that exacerbated supply price volatility for their customers) and urged the company to improve communications with customers. On March 1, the Chair wrote to all utilities to strengthen communications. The utilities have responded to the Chair's directives. For example, Con Edison, the state's largest utility with 3.4 million electric and gas customers, filed an emergency tariff to fix its billing by the summertime in advance of any potential summertime increases in energy demand and potential supply price volatility.

The other major utilities, Orange and Rockland, National Grid, NYSEG, RG&E, National Fuel, PSEG Long Island, and Central Hudson, are reviewing their existing power supply purchasing to mitigate the risk of severe price volatility, refocusing their efforts to educate consumers regarding anticipated bill increases, and increasing outreach and education efforts to promote consumer payment assistance plans and programs to reduce energy usage.

The utilities will increase the frequency of their communications using a wide range of platforms such as press releases, bill inserts, newsletters, utility call center representative contacts (supported by additional training for these representatives), YouTube videos, and social media posts.

The utilities will continue to promote a range of programs that offer flexible payment terms and meaningful discounts, such as: deferred payment agreements, payment extensions, level payment plans and Energy Affordability Program discounts for low-income customers. The utilities will also communicate to customers the availability of bill assistance programs such as: the Home Energy Assistance Program, Emergency Home Energy Assistance Program, Regular Arrears Supplement, and the Emergency Rental Assistance Program. For more information on the Office of Temporary and Disability Assistance's available assistance programs, visit: https://otda.ny.gov/programs/heap/.

As New York moves toward a greener, cleaner economy, Governor Kathy Hochul is making significant investments to diversify electricity fuel sources through renewables to decrease the state's reliance on fossil fuels and stabilize energy costs. Recognizing the magnitude of the climate crisis, Governor Hochul announced an ambitious renewable energy and jobs agenda in her 2022 State of the State address and Executive Budget proposal. This agenda includes the next offshore wind development solicitation; a $500 million investment for offshore wind port infrastructure and supply chain; achieving 2 million climate-friendly, electrified or electrification-ready homes by 2030; phasing out New York's dirtiest, polluting power plants; animating the market for new clean energy technologies like green hydrogen; and creating quality green jobs. These initiatives are expected to reduce price volatility over the long-term.

The Commission will continue to proactively warn customers of projected increases in supply prices, potential impacts to customers' utility bills, and the consumer protections and assistance programs that are available to assist customers with managing their energy bills. These efforts, in coordination with the state's electric and gas utilities, will include press releases, newsletters, utility call center representative training, YouTube videos, and social media posts. For more information on available utility assistance programs including the Energy Affordability Policy utility bill discount program, please go to www.dps.ny.gov/winter.

Documents related to today's discussion may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 22-00346 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.

-30-

March 29th, 2022

Rory M. Christian, Chair and CEO
Public Service Commission
Empire State Plaza, Agency Building 3
Albany, NY 12223

Dear Mr. Christian:

We, the undersigned Westchester County Legislators, write on behalf of our constituents who were recently blindsided by astronomical energy bills from Con Edison and NYSEG. While it is necessary to examine ways to reduce and stabilize energy costs, the following issues can and should be addressed immediately:

1. **Improve Communication.**

Both NYSEG and Con Edison anticipated the recent exorbitant cost spike and failed to convey this vital information to customers. Bill inserts are woefully insufficient, especially when many pay their bills electronically. The urgency and severe implications of the message should dictate the method of communication. NYSEG and Con Edison must use the best available technology, such as those measures used to convey extreme weather alerts, to timely and effectively reach all of their customers,

2. **Make Billing Transparent.**

While there are many components to an energy bill, there needs to be a clearer presentation of essential information: kilowatt-hours used, rate, delivery and supply charges as well as an explanation of other taxes, tariffs and fees. In plain language on Page 1, customers should be able to discern each charge, fee and tax imposed.

Bills should also clearly distinguish and explain fixed as opposed to fluctuating costs. Given unavoidable fluctuations, customers need to be provided with an option to better plan and manage how much is owed for each billing cycle. Especially for those using auto-pay, there should be an easily identifiable option to defer payments for bills with amounts due that exceed the customer's average amount due by more than 10 percent. In addition, customers should be able to designate a maximum amount to be automatically deducted from their bank accounts.

3. **Increase Customer Service Staffing.**

Our constituents have good reason to be upset. Automated telephone systems exacerbate frustration and confusion. Utility companies need to hire and train employees to promptly answer phones, provide helpful explanations and fix problems.

We urge the Public Service Commission to hold Con Edison and NYSEG accountable to resolve these shortcomings.

Sincerely,

Erika L. Pierce, Westchester County Legislator District Two

Chairwoman Catherine Borgia
Legislator, District Nine

Vice Chairwoman Nancy E. Barr
Legislator, District Six

Majority Leader Christopher A. Johnson
Legislator, District Sixteen

Minority Leader Margaret A. Cunzio
Legislator, District Three

Minority Whip James Nolan
Legislator, District Fifteen

Colin D. Smith,
Westchester County Legislator District One

Vedat Gashi
Westchester County Legislator District Four

Benjamin Boykin II
Westchester County Legislator District Five

800 Michaelian Office Bldg., 148 Martine Avenue, White Plains, N.Y. 10601 • www.westchesterlegislators.com • 914.995.2800 (main voice)

Catherine F. Parker
Catherine Parker
Westchester County Legislator, District Seven

Jewel Williams Johnson
Westchester County Legislator, District Eight

800 Michaelian Office Bldg., 148 Martine Avenue, White Plains, N.Y. 10601 • www.westchesterlegislators.com • 914.995.2800 (main voice)

March 29th, 2022

Rory M. Christian, Chair and CEO
Public Service Commission
Empire State Plaza, Agency Building 3
Albany, NY 12223

Dear Mr. Christian:

We, the undersigned Westchester County Legislators, write on behalf of our constituents who have been subjected to unfair and irresponsible billing practices by New York State Electric and Gas Company ("NYSEG"). Adding insult to the injury of heightened utility costs, billing irregularities at NYSEG and misleading information on its website imposes financial burdens on many NYSEG customers.

- **Day-Night rate customers pay a higher rate to use electricity during the night than Regular rate customers pay to use electricity during peak daytime hours.**

NYSEG offers its Day-Night rate program as a way to save money. Their website encourages customers to consider switching from a Regular rate to a Day-Night rate as follows: "*The greater the percentage of electricity you use during the nighttime service hours, the greater your savings*" and "*the nighttime service rate per kilowatt-hour (kwh) is about two-thirds the cost of the daytime rate.*" With caveats that "*there is a higher monthly meter charge, and the cost per kwh for electricity used during the daytime service hours is higher than our regular residential rate*" NYSEG advises customers to review their use of electricity carefully before switching because *"only those customers who have considerable nighttime usage will benefit*."

As explicitly disclosed on the NYSEG website: The Day rate exceeds the Night rate as well as the Regular rate and customers would need to factor in a higher monthly meter charge for the Day-Night rate. While there is nothing explicitly stated about whether the Night rate is less costly than the Regular rate, it would be logical, even obvious, to conclude that Night rates would be lower than Regular rates. However, this is not so.

According to data from NYSEG's website, in a two-month period between January 7 and March 7, 2022, there were 35 dates out of 60 where the Night rate was higher than the Regular rate. Once you blend the Day and Night rates and factor in the extra monthly meter charges, the disparity increases even more. This is counterintuitive and unfair. Simply put: **NYSEG's website promoting the Day-Night Rate is unconscionably misleading because it withholds essential information and induces customers to pay more than they would as Regular ratepayers**.

And there is more.

- **NYSEG frequently delays billing its customers and issues oversized catch-up bills.**

NYSEG has a track record of sloppy and irresponsible billing practices, including an overreliance on inaccurately estimated meter reads and delayed manual billing for customers with community solar. The resulting "catch-up" bills may result in customers being charged at a higher rate.

It is our understanding from NYSEG, that the rate it uses to calculate electricity bills is the rate that is in effect on the day the bill period closes, regardless of when the energy was used. There are customers in NYSEG's service region who have gone months without actual meter readings, resulting in enormous catch-up bills representing months of utility usage. Additionally, customers on solar programs have gone anywhere from three to more than six months without a single bill issued. Because of the change in utility rates from the fall into the winter, these customers are potentially paying a larger amount for their electric usage than they would have payed if NYSEG had read their meter and/or billed its customers at the appropriate time.

We urge the Public Service Commission to hold NYSEG accountable to provide: complete and accurate information on its website; timely meters reads; timely accurate monthly bills including solar credits; and finally, to make whole those customers who have been negatively impacted by its unfair, sloppy and misleading business practices.

Sincerely,

Erika L. Pierce, Westchester County Legislator District Two

Chairwoman Catherine Borgia
Legislator, District Nine

Vice Chairwoman Nancy E. Barr
Legislator, District Six

Majority Leader Christopher A. Johnson
Legislator, District Sixteen

Minority Leader Margaret A. Cunzio
Legislator, District Three

Minority Whip James Nolan
Legislator, District Fifteen

Colin D. Smith,
Westchester County Legislator District One

Vedat Gashi
Westchester County Legislator District Four

Benjamin Boykin II
Westchester County Legislator District Five

Catherine Parker
Westchester County Legislator, District Seven

Jewel Williams Johnson
Westchester County Legislator, District Eight