

BEFORE THE  
STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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In the Matter of

Central Hudson Gas and Electric Corporation  
CASES 09-E-0588 & 09-G-0589

November 2009

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Prepared Testimony of:

Karl F. Roenick  
Utility Engineer 2  
Office of Electric, Gas and  
Water

State of New York  
Department of Public Service  
Three Empire State Plaza  
Albany, New York 12223-1350

1 Q. Please state your full name and business  
2 address.

3 A. My name is Karl F. Roenick and my business  
4 address is Three Empire State Plaza, Albany, NY  
5 12223.

6 Q. By whom are you employed and in what capacity?

7 A. I am employed by the New York State Department  
8 of Public Service as a Utility Engineer 2  
9 working in the Office of Electric, Gas and  
10 Water.

11 Q. Please describe your educational background,  
12 qualifications, and experience.

13 A. I graduated from the Polytechnic Institute of  
14 Brooklyn in 1973 with a Bachelor of Science  
15 degree in Mechanical Engineering. After a two-  
16 year tour in the US Army, I worked as a project  
17 planner for several power plant projects. In  
18 1984, I joined the Department to monitor  
19 construction of the Nine Mile Point 2 Nuclear  
20 Plant. I have worked in several areas while at  
21 the Department and have spent most of my time in  
22 the electrical distribution area.

1 Q. Have you previously testified before the Public  
2 Service Commission?

3 A. Yes. I have testified in a number of  
4 proceedings before the Public Service  
5 Commission. I testified in the last Central  
6 Hudson electric rate proceeding, Case 08-E-0887.

7 Q. What is the purpose of your testimony?

8 A. The purpose of my testimony is to establish a  
9 new Electric Reliability Performance Mechanism  
10 (ERPM).

11 Q. Does the Company currently have an ERPM?

12 A. Yes. Central Hudson is operating under the ERPM  
13 developed in the rate order in Case 08-E-0887.

14 Q. Did the Company propose any changes to the ERPM  
15 for the rate year?

16 A. Yes, it did, although the Company stated,  
17 through the testimony of Michal Mosher at page  
18 16, line 13, that it did not.

19 Q. Please explain.

20 A. The current ERPM not only consists of  
21 reliability statistics targets, but also the  
22 attainment of reliability project or program  
23 milestones. The Company did not correctly or

1           completely address the secondary component of  
2           the ERPM.

3    Q.    Please continue.

4    A.    Along with achievement of reliability goals,  
5           worth 20 basis points (electric), the existing  
6           ERPM includes energization of the Galeville  
7           substation, worth five basis points (electric),  
8           and completion of 150 miles of enhanced line  
9           clearance, also worth five basis points  
10          (electric), during the current rate year ending  
11          June 30, 2010.

12   Q.    In what way did the Company not correctly or  
13          completely address these project and program  
14          milestones?

15   A.    The Galeville substation will hopefully be  
16          energized during the rate year of this rate  
17          proceeding, and therefore, its ERPM component  
18          must either be assigned a new project or program  
19          milestone, or otherwise be re-assigned. As far  
20          as the current ERPM's enhanced tree trimming  
21          component, the Company, because it is shifting  
22          funding to its normal trimming program, is  
23          predicting that 100 (vs. the current ERPM's 150)

1 miles of enhanced trimming be performed during  
2 the rate year.

3 Q. Do you propose a non-reliability statistics  
4 component for the ERPM?

5 A. No, I do not.

6 Q. Please explain.

7 A. As discussed in the Staff Electric  
8 Infrastructure Panel, in view of the  
9 difficulties the Company appears to be having in  
10 its transition to a revised specification for  
11 normal trimming, and not to limit the Company's  
12 options, we are not recommending including the  
13 enhanced trimming in the EPRM and instead  
14 propose to assign its five basis points to the  
15 reliability statistics targets.

16 Q. Please continue.

17 A. Concerning the former Galeville component of the  
18 EPRM, I also propose to assign its five basis  
19 points to the reliability statistics targets to  
20 continue to encourage the Company's overall  
21 attention to reliability.

22 Q. What is your proposal for an EPRM?

23 A. I propose to continue the existing reliability

1 targets for each calendar year. Specifically, a  
2 fifteen basis point (electric, pre-tax) negative  
3 revenue adjustment for failure to achieve a  
4 system average frequency index (SAIFI) of 1.45,  
5 and a fifteen basis point (electric, pre-tax)  
6 negative revenue adjustment for failure to  
7 achieve a system-wide customer average duration  
8 index (CAIDI) of 2.50.

9 Q. Why do these reliability statistic targets  
10 continue to be applicable?

11 A. These targets have been in place for the past  
12 several years. Although the Company has not  
13 failed to achieve these targets in the past two  
14 years, achieving them is not easy for the  
15 Company, and requires constant effort on its  
16 part.

17 Q. What is the potential financial impact to the  
18 Company if it fails to achieve the targets of  
19 the proposed EPRM?

20 A. Applying Staff's approximation of \$54,713 (pre-  
21 tax) per basis point to the 30 basis points that  
22 could potentially be assessed yields a total of  
23 \$1,641,390 (pre-tax).

1 Q. Is the Company's total possible exposure to a  
2 revenue adjustment consistent with other  
3 utilities?

4 A. Yes. The thirty basis points at risk for the  
5 Company is similar in magnitude to other New  
6 York electric utilities.

7 Q. What do you recommend as far as reporting  
8 requirements?

9 A. As was ordered in Case 08-E-0887, I recommend  
10 that the Company submit annual compliance  
11 reports on March 31 for the reliability index  
12 targets.

13 Q. Do you propose to continue any other features of  
14 the current ERPM?

15 A. Yes. As also ordered in Case 08-E-0887, I  
16 recommend that the reliability targets of the  
17 ERPM remain in place with the same targets and  
18 associated negative revenue adjustments for  
19 SAIFI and CAIDI until the Commission adopts a  
20 subsequent approach.

21 Q. Does this conclude your testimony?

22 A. Yes, it does.