

PSC NO: 15 ELECTRICITY

LEAF: 104

COMPANY: CENTRAL HUDSON GAS &amp; ELECTRIC CORPORATION

REVISION: 14

INITIAL EFFECTIVE DATE: 08/06/10

SUPERSEDING REVISION: 13

Issued in Compliance with Order in C.09-E-0588 dated June 18, 2010

**29. ENERGY COST ADJUSTMENT MECHANISM**

The charges for electric energy delivered and/or supplied under all Service Classifications shall be adjusted each month upward or downward by the components of the Energy Cost Adjustment Mechanism, as appropriate, all as defined below.

**Factor of Adjustment**

The factor of adjustment is used to adjust certain costs for lost and unaccounted for kilowatthours. Pursuant to the Order in Case 09-E-0588, the factors of adjustment will be the most recent 36-month system average based on data available through May 2010 and will be differentiated as follows:

S.C. Nos. 1, 2 (Non Demand), 2 (Secondary Demand), 5, 6, 8 and 9	1.0560
S.C. Nos. 2 (Primary Demand) and 3	1.0380
S.C. No. 13 (Substation)	1.0185
S.C. No. 13 (Transmission)	1.0104

These components, to the extent applicable, shall be included in the determination of the Market Price Charge, as described below.

**Market Price Charge (MPC)**

The MPC is designed to recover the cost of providing electric power supply to full service delivery customers.

The MPC includes, but is not limited to, the cost of all commodity related purchases, including energy, installed capacity, risk management and fees and charges assessed by the New York State Independent System Operator (NYISO), as well as all ancillary charges incurred prior to February 1, 2002, and on and after July 1, 2007, made by the Company on behalf of its full service customers. Energy and installed capacity provided from the Company's own generation and/or purchased from Independent Power Producers (IPP) and retained for load modification purposes, and/or purchased under either the Transition Power Agreement or the Purchased Power Agreement (Agreements), including such purchases under these Agreements that are transacted through financial arrangements, will be included in the MPC at the cost the Company would have incurred if this energy and installed capacity were purchased solely from the NYISO market, as calculated on a load-weighted average market price based on available NYISO billing data at the end of each month. An allowance for bad debts and working capital costs will also be included in the MPC.

Effective August 1, 2006 three MPC Groups will be implemented: (1) Service Classification Nos. 1, 2 and 9; (2) Service Classification No. 6; and (3) Service Classification Nos. 5 and 8. Effective July 1, 2009 MPC Group 1 will be further differentiated into: (1) Service Classification Nos. 1, 2 (Non Demand), 2 (Secondary Demand) and 9; and (2) Service Classification No. 2 (Primary Demand) in order to reflect service level-specific factors of adjustment, as described above.

Issued by: Michael L. Mosher, Vice President, Poughkeepsie, New York