

PSC NO: 12 GAS
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 7/01/10
Issued in Compliance with Order in C.09-G-0589 dated June 18, 2010

LEAF: 129
REVISION: 3
SUPERSEDING REVISION: 2

42. OTHER CHARGES AND ADJUSTMENTS (Cont'd)

E. Revenue Decoupling Mechanism (RDM) Adjustment

Pursuant to the Commission's Order in Case 08-G-0888 issued and effective June 22, 2009, actual gas deliveries for certain customer classes are subject to reconciliation through an RDM Adjustment. The RDM Adjustment is applicable to Service Classification Nos. 1, 2, 6, 12 and 13. The RDM is not applicable to Service Classification Nos. 8, 9, 11, 14, 15 and 16.

1. Definitions

- a. **Unit per Customer (UPC) Targets** will be determined for Service Classification Nos. 1 and 12 combined and Service Classification Nos. 2, 3 and 13 combined, by billing block for each month by dividing billing determinant units, Mcf, by customer months based on the billing determinants and customer forecasts as approved by the Commission in Case 09-G-0589.
- b. **Actual UPC** will be calculated in the same manner as the target UPC, on a monthly basis, based on actual billed usage as adjusted by the Weather Normalization Adjustment described in General Information Section 27 and billed customer months.
- c. **Annual RDM Period** is defined as the twelve months ending June 30, 2010 and each succeeding twelve-month period thereafter.
- d. **RDM Adjustment Period** is defined as the twelve months beginning August 1 immediately following the Annual RDM Period.

2. Determination of RDM Adjustment

For each service classification group, the Company will compare, on a monthly basis, the difference between Actual UPC and corresponding UPC Targets, by billing block, to determine the UPC difference. The UPC difference will then be multiplied by the actual number of billed customer months in each service classification group to calculate the total unit difference by billing block. The total unit difference by billing block will then be multiplied by the applicable base delivery rate and the applicable Merchant Function Charges, as defined in General Information Section 42.B, and combined to determine the delivery revenue excess or shortfall to be accrued for refund to or recovery from customers at the end of the Annual RDM Period.

In addition, for each of the rate years, the Company will defer monthly for return to residential customers (Service Classification Nos. 1 and 12), through the RDM Adjustment, revenues resulting from customer months in excess of those used to determine the UPC targets, but up to an upper limit of customer months as approved by the Commission in Case 09-G-0589. To determine such revenues, the excess customer months will be multiplied by the UPC Targets to calculate total usage by billing block. The total usage will then be multiplied by the applicable base delivery rate and the applicable Merchant Function Charges, as defined in General Information Section 42.B, and added to the product of the excess customer months and the appropriate customer charge.

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