

PSC NO: 15 ELECTRICITY LEAF: 267.1
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 4
INITIAL EFFECTIVE DATE: 08/01/06 SUPERSEDING REVISION: 3
Issued in Compliance with Order in C.05-E-0934 dated July 24, 2006

SERVICE CLASSIFICATION NO. 13 (Cont'd)

LARGE POWER SUBSTATION AND TRANSMISSION SERVICE (Cont'd)

SPECIAL PROVISIONS (Cont'd)

13.9 HOURLY PRICING PROVISION

Customers taking service under this Service Classification and electing to purchase their energy requirements from the Company will be billed for these requirements based on charges set on an hourly basis according to the market price of electricity described below. The market price of electricity will be the hourly Day-Ahead Locational Based Market Price (DAM) as set forth by the New York State Independent System Operator (NYISO) for Central Hudson, Hudson Valley, Zone G (Zone G). The source of the hourly prices will be the NYISO website for the DAM. Such prices will be adjusted by the Factor of Adjustment set forth in General Information Section 29.

Customers taking service under this Special Provision will also be subject to a charge for energy balancing as well as non-energy components of electric power supply, such as capacity and allowances for working capital costs and bad debts. Effective July 1, 2007 customers taking service under this Special Provision will also be subject to a charge for ancillary services. The total charge, called the HPP UCAP Charge, will be determined on a monthly basis, coincident with the development of the components of the Energy Cost Adjustment Mechanism, as described in General Information Section 29, will be stated in whole \$0.00001 amounts per kilowatthour and will be filed with the Public Service Commission on the Statement of Market Price Charge and Market Price Adjustment. The UCAP Charge will be calculated as the sum of:

- (A) An energy balancing component calculated by subtracting the DAM from the Real-Time LBMP (RTM) as set forth by the NYISO for Zone G for each hour in the current month, multiplying the difference by any purchases or sales made by the Company in the real-time market for load balancing purposes and dividing the net result by the estimate of full service sales, including HPP sales, described in General Information Section 29; and,
- (B) An allocation of capacity charges calculated by taking the sum of HPP customers' estimated unforced capacity (UCAP) requirements multiplied by the monthly average UCAP rate per kW as otherwise included in the Market Price Charge and dividing the result by an estimate of the sales to be billed under the HPP during the month; and,
- (C) A component for ancillary service charges, including NYPA Transmission Access Charges (NTAC), calculated by taking the sum of such charges incurred by the Company and dividing by the estimate of full service sales, including HPP sales, described in General Information Section 29; and,

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York