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COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 3
INITIAL EFFECTIVE DATE: 11/01/01 SUPERSEDING REVISION: 2
STAMPS: Issued in Compliance with Order in C.00-E-1273 dated October 25, 2001
RECEIVED: 10/31/01 STATUS: Effective EFFECTIVE: 11/01/01

29. ENERGY COST ADJUSTMENT MECHANISM (Cont'd)

Purchased Power Adjustment Factor (PPA) (Cont'd)

on a load-weighted average market price based on available NYISO billing data at the end of each month. The total monthly PPA benefit/cost will be divided by an estimate of total delivery sales for the following month. The factor so determined will be stated in whole \$0.00001 amounts per kilowatthour and will be the same for all service classifications.

The Company will reconcile PPA recoveries with actual benefits/costs and refund to or collect from customers any over or under recoveries on a monthly basis through the PPA factor. This PPA reconciliation adjustment will be developed on a three (3) month lag.

For a customer taking service under Service Classification Nos. 3 or 13: (1) if the amount of the PPA benefit in any given billing period exceeds the customer's billed delivery charges from Central Hudson for the billing period, resulting in a net bill less than zero (0), Central Hudson will issue the customer a bill in the amount of zero (0) dollars; or, (2) if the customer's billed delivery charges for any given billing period prior to the application of any PPA benefit are less than zero(0), no PPA benefit will be applied in the billing period. Any PPA benefits not received by the customer due to operation of the above constraints will be reallocated to that customer in the subsequent billing period. In any such reallocation, the aforementioned constraints will continue to be applicable and may entail reallocation to subsequent billing periods.

Statements of Energy Cost Adjustment Mechanism Factors

The Market Price Charge Factor, Market Price Adjustment Factor, Miscellaneous Charges Factor and Purchased Power Adjustment Factor, as determined above, shall be redetermined for each month and shall become effective with the eighth billing batch of the succeeding billing month and shall remain in effect until changed as authorized by the Public Service Commission.

Not less than three (3) business days prior to a proposed change in the Statements of Energy Cost Adjustment Mechanism Factors, Statements showing each factor and the effective date will be filed with the Public Service Commission. Such Statements shall be made available to the public at Company offices.

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