

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
284 SOUTH AVENUE
POUGHKEEPSIE, NEW YORK 12601

July 31, 2006

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

Re: Cases 05-E-0934/ 05-G-0935 Compliance Filing
in the Proceeding on Motion of the Commission as to Rates, Charges,
Rules and Regulations of Central Hudson Gas & Electric Corporation
for Electric and Gas Service

Dear Commissioners:

Pursuant to Public Service Commission Order, issued and effective July 24, 2006, in the above captioned proceeding, Central Hudson Gas & Electric Corporation ("Central Hudson" or "the Company") hereby files amended tariff leaves, statements and supplements to its Schedule for Electric Service, PSC No. 15 – Electricity, and Schedule for Gas Service, PSC No. 12 – Gas.

These amendments which are set forth on Appendix A are filed July 31, 2006 to become effective August 1, 2006 on a temporary basis to effectuate the electric and gas rate increases as well as the other requirements of the aforementioned Order. The purpose for these tariff amendments is described below.

ELECTRIC

Rate Design

Unbundling – The electric delivery rates approved in the aforementioned Order reflect further unbundling through the transfer of additional commodity-related costs to the new Merchant Function Charges ("MFCs") as discussed below.

Service Classification ("S.C.") Nos. 3 and 13 – Effective August 1, 2006, the energy delivery charge rate component for S.C. No. 3 (Primary) and S.C. No. 13 (Substation and Transmission) will be eliminated. The result will be a two-part rate design, excluding MFCs, comprised of a monthly customer charge and a demand delivery charge.

Service Classification No. 9 – (Traffic Signals – Unmetered) – Effective August 1, 2006 a monthly delivery rate will be implemented and applied on a per signal-face basis.

Discount Provisions

The Economic Revitalization Discount available to S.C. Nos. 2 and 3 customers will continue until revised by the Commission or program funding is exhausted.

Energy Cost Adjustment Mechanism ("ECAM")

Three Market Price Charge ("MPC") groups will be implemented on August 1, 2006: (1) for S.C. Nos. 1, 2 and 9; (2) for S.C. No. 6 (Residential Time-of-Use); and (3) for S.C. Nos. 5 and 8. The MPC for each group will be based on each group's average load shape. Effective July 1, 2007, the MPC for S.C. No. 6 will be differentiated into on-peak and off-peak rates.

After June 30, 2007 the Company will no longer reimburse Retail Suppliers for ancillary service costs and NYPA Transmission Access Charges ("NTAC"). Effective July 1, 2007 recovery of ancillary service charges and NTAC will be moved from the Miscellaneous Charges of the ECAM into the MPC and Hourly Pricing Provision.

Effective August 1, 2006 the factors of the ECAM will reflect revised rates, in compliance with the aforementioned Order, for working capital requirements and allowances for uncollectibles.

Merchant Function Charge ("MFC")

The back-out credits provided to customers purchasing their electricity and/or natural gas supplies from a Retail Supplier will no longer be provided after June 30, 2007 and will be replaced by four electric MFCs and a lost revenue provision. The four electric MFC groups are (1) MFC 1 for S.C. Nos. 1 and 6, (2) MFC 2 for S.C. No. 2, (3) MFC 3 for S.C. Nos. 3 and 13, and (4) MFC 4 for S.C. Nos. 5, 8 and 9. The new MFCs include cost-based components to represent commodity-related purchasing, credit and collection, call center costs, advertising and promotions, and related Administrative and General ("A&G") expenses and rate base items allocated to each group.

Each MFC group will be further sub-divided into a MFC_A and a MFC_B . MFC_A will include the allocated portion of credit and collection costs and 50% of procurement-related call center function costs, plus A&G and rate base items associated with each of the above. MFC_B will include commodity purchasing function costs, allocated portions of advertising and promotions function costs and 50% of procurement-related call center function costs, plus A&G and rate base items associated with each of the above.

Customers purchasing their commodity service from the Company will be billed by Central Hudson for MFC_T , which is equal to the sum of MFC_A and MFC_B . Customers electing to purchase their commodity from a Retail Supplier that is participating in the Company's Purchase of Receivables ("POR") Program will be billed by Central Hudson for MFC_A only. Customers electing to purchase their commodity service from a Retail Supplier that is not participating in the Company's POR Program will not be billed a MFC by Central Hudson.

Central Hudson will recover forecast net lost revenues associated with customer migration from delivery and full service customers. The Company will recover 50% of the forecast net lost revenues from full service customers, on a MFC category-specific basis, by adding a separate component for that cost to the base MFC_B . Central Hudson will recover the remaining 50% of forecast net lost revenues from electric delivery customers through a service class-specific component of the Miscellaneous Charges of the ECAM.

GAS

Rate Design

Unbundling – The gas delivery rates approved in the aforementioned Order reflect further unbundling through the transfer of additional commodity-related costs to the new Merchant Function Charges ("MFCs") as discussed below.

Service Classification No. 11 (Firm Transportation) – Effective August 1, 2006 a new sub class, Distribution Large Mains, will be established and applicable to customers using over 400,000 Mcf per year, taking service from Company facilities below transmission pressures and from mains at least 6 inches in diameter. The rules and regulations of S.C. No. 11 will apply to this new subclass. The rate design for this subclass will be comprised of a monthly customer charge and a demand charge applied on a Mcf of MDQ per month basis.

Gas Supply Charge

Effective August 1, 2006 the Gas Supply Charge and Transportation Demand Adjustment

will reflect revised rates, in compliance with the aforementioned Order, for working capital requirements, allowances for uncollectibles and lost and unaccounted for gas, as applicable.

Imputation of Interruptible Revenue

The Company has imputed \$1.0 million of interruptible profit from S.C. Nos. 8, 9 and 14. Each August the Company will reconcile the annual interruptible profit received and will be permitted to retain the first \$1.0 million in profit received. If the profit is less than \$1.0 million the Company will surcharge rate payers for 100% of the first \$0.25 million of the shortfall and 90% of the remaining shortfall. If the profit exceeds \$1.0 million, the Company will credit ratepayers for 100% of the first \$0.25 million of the excess and 90% of the remaining excess.

Merchant Function Charge ("MFC")

The existing back-out credits will continue to apply and will continue to be recovered through the Gas Supply Charge through June 30, 2007, inclusive. Gas MFCs, analogous to those described for electric service, will be implemented on July 1, 2007. There will be two gas MFC groups: MFC 1 for S.C. Nos. 1 and 12 and MFC 2 for S.C. Nos. 2, 6 and 13.

Application of the gas MFCs and recovery of forecasted lost net revenue will be analogous to the process described for electric service except that recovery of forecast net lost revenues from delivery customers will be accomplished through a new service class-specific charge applicable to those customer classes subject to a MFC called MFC Net Lost Revenue.

Gas Balancing

Tariff amendments incorporating the gas balancing approach approved in the aforementioned Order for interruptible and firm transport service classes (S.C. Nos. 9 and 11, respectively) and the aggregated transport service classes (S.C. Nos. 6, 12 and 13) will be filed on or before March 1, 2007 and March 1, 2008 to become effective April 1, 2007 and April 1, 2008, respectively.

ELECTRIC AND GAS ISSUES

New York State Income Tax ("NYSIT")

Effective August 1, 2006 the NYSIT component of the revenue tax surcharge factor will be eliminated to reflect recovery of NYSIT through base delivery rates.

Low Income Program

Effective September 1, 2006 the Powerful Opportunity ("POP") Program will be replaced by the Interim POP Program which will continue to discount the customer charge for enrolled customers to \$5.00 per month. This program will be continued until the Enhanced Powerful Opportunity Program is implemented on or before September 1, 2007.

Bill Format

Central Hudson will propose, no later than October 1, 2006 an unbundled bill format to reflect implementation of the unbundled rates described above on July 1, 2007.

Procedural Matters

As directed by Ordering paragraph five, the requirements of 66(12) (b) of the Public Service Law that newspaper publications are to be completed prior to the effective date of the amendments is waived. Notices of the changes contained herein will be published in August 9,

16, 23 and 30, 2006 issues of the Catskill Daily Mail, the Kingston Freeman, the Times Herald Record and the Poughkeepsie Journal.

Questions related to this filing should be addressed to Glynis L. Bunt at (845) 486-5420.

Very truly yours,

Arthur R. Upright

cc: Active Party List
R.J. Glasser, Thompson Hine

TARIFF LEAVESPSC No. 15 – ELECTRICITY

14 th	Revised Leaf No. 3	8 th	Revised Leaf No. 205
8 th	Revised Leaf No. 104	6 th	Revised Leaf No. 205.1
7 th	Revised Leaf No. 105		Original Leaf No. 205.2
5 th	Revised Leaf No. 106	6 th	Revised Leaf No. 206
5 th	Revised Leaf No. 109	4 th	Revised Leaf No. 206.1
2 nd	Revised Leaf No. 131	2 nd	Revised Leaf No. 206.2
3 rd	Revised Leaf No. 132	5 th	Revised Leaf No. 207
2 nd	Revised Leaf No. 133	7 th	Revised Leaf No. 210
	Original Leaf No. 163.5.1	7 th	Revised Leaf No. 211
	Original Leaf No. 163.5.2	3 rd	Revised Leaf No. 211.1
6 th	Revised Leaf No. 165	6 th	Revised Leaf No. 217
4 th	Revised Leaf No. 165.1	8 th	Revised Leaf No. 218
8 th	Revised Leaf No. 169	5 th	Revised Leaf No. 218.1
5 th	Revised Leaf No. 169.1	2 nd	Revised Leaf No. 218.2
	Original Leaf No. 169.2	5 th	Revised Leaf No. 219
2 nd	Revised Leaf No. 177	7 th	Revised Leaf No. 220
7 th	Revised Leaf No. 178	4 th	Revised Leaf No. 221
2 nd	Revised Leaf No. 178.1	6 th	Revised Leaf No. 222
2 nd	Revised Leaf No. 179	4 th	Revised Leaf No. 222.1
	Original Leaf No. 179.1	2 nd	Revised Leaf No. 222.2
4 th	Revised Leaf No. 184.1	4 th	Revised Leaf No. 226
6 th	Revised Leaf No. 184.2	3 rd	Revised Leaf No. 231
4 th	Revised Leaf No. 184.2.1	7 th	Revised Leaf No. 246
6 th	Revised Leaf No. 185	8 th	Revised Leaf No. 246.1
5 th	Revised Leaf No. 186.1	8 th	Revised Leaf No. 247
3 rd	Revised Leaf No. 193	2 nd	Revised Leaf No. 248
10 th	Revised Leaf No. 194	4 th	Revised Leaf No. 262
3 rd	Revised Leaf No. 194.1	4 th	Revised Leaf No. 267.1
2 nd	Revised Leaf No. 196	6 th	Revised Leaf No. 267.2
4 th	Revised Leaf No. 202.1	3 rd	Revised Leaf No. 272.3
6 th	Revised Leaf No. 202.2	2 nd	Revised Leaf No. 272.7

Statement of Market Price Charge and Market Price Adjustment MPC – 60

Statement of Miscellaneous Charges MISC – 61

Statement of Purchased Power Adjustment PPA – 60

Statement of Revenue Tax Surcharge RTS – 25

TARIFF LEAVES

PSC No. 12 – GAS

3 rd	Revised Leaf No. 3	9 th	Revised Leaf No. 159
5 th	Revised Leaf No. 68	4 th	Revised Leaf No. 181
4 th	Revised Leaf No. 71	7 th	Revised Leaf No. 184
5 th	Revised Leaf No. 72	7 th	Revised Leaf No. 186
2 nd	Revised Leaf No. 75	6 th	Revised Leaf No. 187
9 th	Revised Leaf No. 126	6 th	Revised Leaf No. 188
5 th	Revised Leaf No. 126.1	7 th	Revised Leaf No. 191
7 th	Revised Leaf No. 149	7 th	Revised Leaf No. 192
5 th	Revised Leaf No. 151	5 th	Revised Leaf No. 193
5 th	Revised Leaf No. 152	4 th	Revised Leaf No. 206
3 rd	Revised Leaf No. 153	1 st	Revised Leaf No. 212
4 th	Revised Leaf No. 158		

Statement of Gas Supply Charge GSC – 63
Statement of Firm Transportation Rates FTR – 92
Statement of Revenue Tax Surcharge RTS – 25