

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

August 25, 2011

Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Proposal by Central Hudson to Implement a Residential Off-Peak Rate

Dear Commissioners:

The tariff leaves set forth below are filed by Central Hudson Gas & Electric Corporation (“Central Hudson” or “the Company”) on August 25, 2011 to become effective December 1, 2011:

P.S.C. No. 15 – Electricity

6th Revised Leaf No. 4	Original Leaf No. 203.6
15th Revised Leaf No. 104	Original Leaf No. 203.7
8th Revised Leaf No. 107	Original Leaf No. 203.8
5th Revised Leaf No. 124	Original Leaf No. 203.9
5th Revised Leaf No. 163.4	Original Leaf No. 203.10
5th Revised Leaf No. 163.5.1	Original Leaf No. 203.11
3rd Revised Leaf No. 163.5.3	Original Leaf No. 203.12
6th Revised Leaf No. 163.5.4	Original Leaf No. 203.13
1st Revised Leaf No. 203	4th Revised Leaf No. 272.3.1
Original Leaf No. 203.1	4th Revised Leaf No. 272.3.2
Original Leaf No. 203.2	3rd Revised Leaf No. 272.6.1
Original Leaf No. 203.3	4th Revised Leaf No. 272.10
Original Leaf No. 203.4	1st Revised Leaf No. 272.19
Original Leaf No. 203.5	2nd Revised Leaf No. 272.21

Statement of Bill Credit EBC – 3
Statement of Merchant Function Charges MFC – 6
Statement of New York State Assessment Surcharge NYSA – 7
Statement of Revenue Decoupling Mechanism Adjustment RDM – 5

Purpose of Filing

The purpose of this filing is to propose the implementation of a residential off-peak rate, covering both delivery and supply, to encourage customers owning and/or operating plug-in electric and plug-in hybrid electric vehicles (collectively, “PEV”) to charge these vehicles during off-peak periods. While this rate structure is proposed to address PEV charging, as discussed more fully below, the rate structure would not be limited to this specific end-use only as the Company is not proposing separate metering. Moreover, although the Company currently offers residential time-of-use service under Service Classification No. 6, it would not preclude residential customers from taking service under this new structure to address other significant loads, such as air conditioning and space heating.

The launch of PEVs in 2010 by major automotive manufacturers, including Nissan and Chevrolet, signaled a fundamental shift in transportation to cleaner and more efficient electric drive systems. As a result, all other variables constant, PEVs will increase electricity use. Time differentiated pricing can help determine when this increased load is served. In competitively served electricity supply markets, such as in the New York market, off-peak supply prices generally tend to be lower than on-peak supply prices. Rate design can help to influence financially motivated customers to charge their vehicles during off-peak hours. Encouraging incremental usage during off-peak periods will help to limit peak load and will allow greater use of existing infrastructure, thereby limiting additional investment and minimizing costs to help keep rates lower for all customers.

Rate Structure Proposal

Central Hudson proposes to implement Service Classification (“SC”) No. 4 – Residential Off-Peak Charging. The structure of SC 4 would be similar to SC 6, with on-peak and off-peak rate differentials for both base delivery and electricity supply rates. However, unlike SC 6 wherein the customer selects from one of three 12 hour on-peak periods, the 12 hour on-peak period for SC 4 would be established as 9:00 am to 9:00 pm weekdays, excluding six designated holidays (the same as SC 6). This timeframe, with the weekday off-peak period starting at 9:00 pm, would encourage charging sufficiently outside the peak period frame of 3:00 pm to 7:00 pm.

The SC 4 rate structure would be similar to the SC 6 rate structure, with base delivery rates comprised of a monthly basic service charge, or customer charge, on-peak and off-peak energy delivery charges and Merchant Function Charges, as applicable. Customers requesting service under SC 4 would be required to take service for a minimum of one year.

Two sets of base delivery rates have been developed, as more fully discussed below, with the first effective December 1, 2011 through June 30, 2012 and the second effective on and after July 1, 2012, coinciding with the second and third rate years of the current three-year rate plan approved by the Commission in Case 09-E-0588:

	Effective December 1, 2011	Effective July 1, 2012
Monthly Customer Charge	\$25.00	\$27.00
Energy Delivery Charge per kWh:		
On-Peak	\$0.07019	\$0.07079
Off-Peak	\$0.03105	\$0.03131

The Electric Bill Credit and Merchant Function Charge rates applicable to SC 1 would be applied to SC 4. The Energy Cost Adjustment Mechanism rates applicable to SC 6, which reflect time-differentiated supply rates, would be applied to SC 4. For purposes of both the revenue decoupling mechanism and New York State Assessment, the Company proposes to include SC 4 with SC 1 and SC 6, which it requested be combined pursuant to the tariff filing submitted July 21, 2011 (Case 11-E-0388). The System Benefits Charge, which includes the Renewable Portfolio Standard and Energy Efficiency Portfolio Standard, and which is a system rate that is not time-differentiated, would also apply.

Rate Development

SC 4 delivery rates were developed to be revenue neutral based on general residential service provided under SC 1, pursuant to rates approved in Case 09-E-0588. In other words, based on the determinants utilized to set rates in Case 09-E-0588, if all SC 1 customers were to take service under the proposed SC 4 rates the resulting revenue would equal the SC 1 revenue requirement utilized in Case 09-E-0588 to set SC 1 rates. The rate design development is detailed on Exhibit A and was accomplished as follows:

1. The Rate Year 1 SC 1 levelized revenue requirement by functional category (Joint Proposal ("JP") in Case 09-E-0588, Appendix J, Schedule C, Page 1 of 2) was scaled to the final rate design revenue allocation (combination of Page 2 of 2 of Schedule C of Appendix J and Sheets 1 and 2 of 5 of Appendix M from the JP), excluding Merchant Function Charge revenue.
2. The customer/energy allocation of the scaled revenue requirement was determined by utilizing the SC 6 Rate Year 1 customer charge to estimate the customer portion with the remainder assigned as energy.
3. Current residential non-heat and heat load profiles (as posted on the Company's web site and utilized for retail access settlement) were utilized to determine on-peak and off-peak kWh allocation based on the on-peak definition of 9:00 am to 9:00 pm weekdays.
4. The non-transmission portion of the energy allocation of the scaled revenue requirement was divided by total kWh to determine the "base" energy delivery charge per kWh, which is also the off-peak energy delivery charge per kWh.
5. The transmission portion of the energy allocation of the scaled revenue requirement was divided by the on-peak kWh allocation with the result added to the "base" energy delivery charge per kWh to develop the on-peak energy delivery charge per kWh.
6. Rates for Rate Years 2 and 3 were developed by adding the approved rate increase to the scaled revenue requirement from the previous year and following steps 2 through 5, above, with the appropriate determinants from Case 09-E-0588.

Bill Impact

Annual bill comparisons for various levels of usage including and excluding two levels of assumed off-peak charging have been developed and are presented on Exhibit B. For a customer with non-PEV average consumption of between 500 and 750 kWh a month, off-peak charging under SC 4 for incremental kWh would result in an approximate savings of 3% to 5% depending on level of charging.

Summary

Central Hudson believes its proposal addresses not only the concerns of customers contemplating the purchase and/or operation of a PEV, but also the concerns of all customers for rate optimization. Encouraging off-peak charging of PEV will benefit all customers by increasing the use of existing infrastructure while reducing the contribution of PEV charging to peak demand and limiting resulting additional investment.

The Company is arranging to comply with the requirements of Section 66(12)(b) of the Public Service Law as to newspaper publication by publishing notices of the changes proposed herein in the September 7, 14, 21 and 28 issues of the Catskill Daily Mail, Kingston Freeman, Times Herald Record and Poughkeepsie Journal.

Work papers supporting the rate design contained herein have been provided to Staff of the Department of Public Service.

Questions related to this filing should be directed to Glynis Bunt at (845) 486-5420 or Linda VanEtten at (845) 486-5554.

Yours very truly,

Michael L. Mosher
Vice President - Regulatory Affairs

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Residential Off-Peak Charging Rate Design

Case 09-E-0588 - Rate Year 1 - 12 Months Ending June 30, 2011

RY 2 RY 3

	Levelized			Source	Scaled		Source	Source
	SC 1 NHT	SC 1 HT	Total					
A Demand-related	\$ 59,020,296	\$ 9,031,490	\$ 68,051,786	JP App. J, Sch. C, P. 1 of 2, L39				
B Energy-related	\$ 6,689,871	\$ 799,123	\$ 6,488,994	JP App. J, Sch. C, P. 1 of 2, L40				
C Customer-related	\$ 93,145,359	\$ 10,915,292	\$ 104,060,651	JP App. J, Sch. C, P. 1 of 2, L42				
D Revenue	\$ (4,138,911)	\$ (844,471)	\$ (4,983,382)	JP App. J, Sch. C, P. 1 of 2, L43				
E Total Rev Req	\$ 153,716,615	\$ 19,901,434	\$ 173,618,049					
F Production	\$ 5,505,691	\$ 975,984	\$ 6,481,675	JP App. J, Sch. C, P. 1 of 2, L1 + L2	\$ 6,418,678	F / M * Ma		
G Production - MFC Supply	\$ 3,341,155	\$ 375,983	\$ 3,717,048	JP App. J, Sch. C, P. 1 of 2, L4	\$ 3,727,277	Q x 1000 x \$0.00181 - JP App. M, Sheet 2 of 5		
H Transmission & SubTran	\$ 27,279,187	\$ 3,465,164	\$ 30,744,351	JP App. J, Sch. C, P. 1 of 2, L13	\$ 30,445,537	H / M * Ma		
I Bulk Distribution	\$ 80,387,902	\$ 10,766,656	\$ 91,154,558	JP App. J, Sch. C, P. 1 of 2, L23	\$ 90,268,597	I / M * Ma		
J Customer	\$ 33,916,196	\$ 3,948,017	\$ 37,864,213	JP App. J, Sch. C, P. 1 of 2, sum L24 thru L36 - L34	\$ 37,496,198	J / M * Ma		
K MFC Admin	\$ 3,286,474	\$ 369,730	\$ 3,656,204	JP App. J, Sch. C, P. 1 of 2, L34	\$ 3,665,499	Q x 1000 x \$0.00178 - JP App. M, Sheet 2 of 5		
L Total Rev Req	\$ 153,716,615	\$ 19,901,434	\$ 173,618,049		\$ 172,021,786			
M Bundled Rev Req (excl MFC)	\$ 147,088,976	\$ 19,155,821	\$ 166,244,797	L - G - K				
Ma RY2/RY3 Base Increase					\$ 164,629,010	(P x 12 x \$20) + (Q x 1000 x \$0.05011) - JP App. M, Sheet 1 of 5	\$ 5,817,498	\$ 5,582,121 JP App. I, Sheet 1 of 3
Other Revenue								
N Demand-related	\$ 3,922,529	\$ 588,555	\$ 4,511,084	COS workpapers				
O Energy-related	\$ 214,889	\$ 255,611	\$ 470,500	COS workpapers				
P Number of Customers	230,109	25,887	255,996	JP App. J, Sch. C, P. 2 of 2, L59		257,060	258,263	JP App. I, Sheet 1 of 14, Customer Months/12
Q MWh	1,744,845	314,424	2,059,269	JP App. J, Sch. C, P. 2 of 2, L58		2,032,670	1,994,580	JP App. I, Sheet 1 of 14, kWh/1000
R On-Peak %	39%	33%	36%	Annualized Load Profile		38%	38%	
S Off-Peak %	61%	67%	62%	Annualized Load Profile		62%	62%	
T On-Peak MWh	680,490	103,760	784,250	Q x R		772,415	757,940	
U Off-Peak MWh	1,064,355	210,664	1,275,019	Q - T		1,260,255	1,236,640	
V Customer Charge	\$ 31.12	\$ 32.05	\$ 31.22	(C - K - N)/(P x 12)				
W Energy Rate per kWh	\$ 0.03505	\$ 0.02926	\$ 0.03416	(A + B - G - O)/(Q x 1000)				

Residential Off-Peak Charging Rate Design														
RY 1 - 12 ME 6/30/11					RY 2 - 12 ME 6/30/12					RY 3 - 12 ME 6/30/13				
	\$	23.00	Current SC 6 - JP App. M, Sheet 1 of 5		\$	25.00	\$	27.00	Current SC 6 - JP App. M, Sheet 1 of 5					
On-Peak	\$	0.06968	(AC (scaled)/(Q x 1000)) + (AB / (T x 1000))		\$	0.07019	\$	0.07079	(AC / (Q x 1000)) + (AB / (T x 1000))					
Off-Peak	\$	0.03086	(AC / (Q x 1000))		\$	0.03105	\$	0.03131	(AC / (Q x 1000))					
	\$	164,629,010	Ma		\$	170,446,508	\$	176,028,629	Prior RY Y + Mb					
	\$	70,654,896	(P x 12 x \$23)		\$	77,118,000	\$	83,677,212	P x 12 x SC 6 Cust Chg					
	\$	93,974,114	Y - Z		\$	93,328,508	\$	92,351,417	Y - Z					
	\$	30,445,537	H Scaled		\$	30,236,375	\$	29,919,819	Change in Y * Prior RY AE					
	\$	63,528,577	AA - AB		\$	63,092,133	\$	62,431,598	AA - AB					

Check:

Customer Charge Revenue	\$ 95,893,363	P x 12 x V	\$ 70,654,896
Energy Delivery Revenue	\$ 70,353,232	Q x 1000 x W	\$ 93,993,626
Base	\$ 166,246,595		\$ 164,648,522
MFC	\$ 7,373,252	G + K	\$ 7,373,252
Total	\$ 173,619,847		\$ 172,021,774

difference	\$	(12)		\$	1,305	\$	(2,830)
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Bill Comparisons - Excluding Taxes

Rate Year 2 - Twelve Months Ending June 30, 2012													
Non -PEV Usage (kWh)		Annual Bill				With 1,872 annual PEV kWh off-peak Annual Bill				With 2,340 annual PEV kWh off-peak Annual Bill			
Monthly	Annual	SC 1	SC 4	SC 4 Savings/(Loss)		SC 1	SC 4	SC 4 Savings/(Loss)		SC 1	SC 4	SC 4 Savings/(Loss)	
-	-	\$ 264.00	\$ 300.00	\$ (36.00)	-12.0%	\$ 522.07	\$ 504.87	\$ 17.20	3.4%	\$ 667.65	\$ 620.44	\$ 47.21	7.6%
250	3,000	\$ 677.58	\$ 701.17	\$ (23.59)	-3.4%	\$ 935.65	\$ 906.04	\$ 29.62	3.3%	\$ 1,081.23	\$ 1,021.61	\$ 59.63	5.8%
500	6,000	\$ 1,091.16	\$ 1,102.33	\$ (11.17)	-1.0%	\$ 1,349.23	\$ 1,307.20	\$ 42.03	3.2%	\$ 1,494.81	\$ 1,422.77	\$ 72.04	5.1%
750	9,000	\$ 1,504.74	\$ 1,503.50	\$ 1.24	0.1%	\$ 1,762.81	\$ 1,708.37	\$ 54.44	3.2%	\$ 1,908.39	\$ 1,823.94	\$ 84.46	4.6%
1,000	12,000	\$ 1,918.32	\$ 1,904.66	\$ 13.66	0.7%	\$ 2,176.39	\$ 2,109.54	\$ 66.86	3.2%	\$ 2,321.97	\$ 2,225.10	\$ 96.87	4.4%
1,250	15,000	\$ 2,331.90	\$ 2,305.83	\$ 26.07	1.1%	\$ 2,589.97	\$ 2,510.70	\$ 79.27	3.2%	\$ 2,735.55	\$ 2,626.27	\$ 109.28	4.2%
1,500	18,000	\$ 2,745.48	\$ 2,707.00	\$ 38.48	1.4%	\$ 3,003.55	\$ 2,911.87	\$ 91.69	3.1%	\$ 3,149.13	\$ 3,027.44	\$ 121.70	4.0%
1,750	21,000	\$ 3,159.06	\$ 3,108.16	\$ 50.90	1.6%	\$ 3,417.13	\$ 3,313.03	\$ 104.10	3.1%	\$ 3,562.71	\$ 3,428.60	\$ 134.11	3.9%
2,000	24,000	\$ 3,572.64	\$ 3,509.33	\$ 63.31	1.8%	\$ 3,830.71	\$ 3,714.20	\$ 116.51	3.1%	\$ 3,976.29	\$ 3,829.77	\$ 146.53	3.8%
2,500	30,000	\$ 4,399.80	\$ 4,311.66	\$ 88.14	2.0%	\$ 4,657.87	\$ 4,516.53	\$ 141.34	3.1%	\$ 4,803.45	\$ 4,632.10	\$ 171.35	3.7%
3,000	36,000	\$ 5,226.96	\$ 5,113.99	\$ 112.97	2.2%	\$ 5,485.03	\$ 5,318.86	\$ 166.17	3.1%	\$ 5,630.61	\$ 5,434.43	\$ 196.18	3.6%
3,500	42,000	\$ 6,054.12	\$ 5,916.32	\$ 137.80	2.3%	\$ 6,312.19	\$ 6,121.20	\$ 191.00	3.1%	\$ 6,457.77	\$ 6,236.76	\$ 221.01	3.5%
4,000	48,000	\$ 6,881.28	\$ 6,718.66	\$ 162.62	2.4%	\$ 7,139.35	\$ 6,923.53	\$ 215.83	3.1%	\$ 7,284.93	\$ 7,039.10	\$ 245.84	3.5%
4,500	54,000	\$ 7,708.44	\$ 7,520.99	\$ 187.45	2.5%	\$ 7,966.51	\$ 7,725.86	\$ 240.65	3.1%	\$ 8,112.09	\$ 7,841.43	\$ 270.67	3.5%
5,000	60,000	\$ 8,535.60	\$ 8,323.32	\$ 212.28	2.6%	\$ 8,793.67	\$ 8,528.19	\$ 265.48	3.1%	\$ 8,939.25	\$ 8,643.76	\$ 295.49	3.4%

Rate Year 3 - Twelve Months Ending June 30, 2013													
Non -PEV Usage (kWh)		Annual Bill				With 1,872 annual PEV kWh off-peak Annual Bill				With 2,340 annual PEV kWh off-peak Annual Bill			
Monthly	Annual	SC 1	SC 4	SC 4 Savings/(Loss)		SC 1	SC 4	SC 4 Savings/(Loss)		SC 1	SC 4	SC 4 Savings/(Loss)	
-	-	\$ 288.00	\$ 324.00	\$ (36.00)	-11.1%	\$ 547.98	\$ 531.85	\$ 16.14	3.0%	\$ 694.64	\$ 649.10	\$ 45.54	7.0%
250	3,000	\$ 704.64	\$ 730.32	\$ (25.68)	-3.5%	\$ 964.62	\$ 938.17	\$ 26.45	2.8%	\$ 1,111.28	\$ 1,055.42	\$ 55.86	5.3%
500	6,000	\$ 1,121.28	\$ 1,136.65	\$ (15.37)	-1.4%	\$ 1,381.26	\$ 1,344.50	\$ 36.77	2.7%	\$ 1,527.92	\$ 1,461.74	\$ 66.18	4.5%
750	9,000	\$ 1,537.92	\$ 1,542.97	\$ (5.05)	-0.3%	\$ 1,797.90	\$ 1,750.82	\$ 47.08	2.7%	\$ 1,944.56	\$ 1,868.07	\$ 76.49	4.1%
1,000	12,000	\$ 1,954.56	\$ 1,949.29	\$ 5.27	0.3%	\$ 2,214.54	\$ 2,157.14	\$ 57.40	2.7%	\$ 2,361.20	\$ 2,274.39	\$ 86.81	3.8%
1,250	15,000	\$ 2,371.20	\$ 2,355.62	\$ 15.58	0.7%	\$ 2,631.18	\$ 2,563.47	\$ 67.72	2.6%	\$ 2,777.84	\$ 2,680.71	\$ 97.13	3.6%
1,500	18,000	\$ 2,787.84	\$ 2,761.94	\$ 25.90	0.9%	\$ 3,047.82	\$ 2,969.79	\$ 78.03	2.6%	\$ 3,194.48	\$ 3,087.04	\$ 107.44	3.5%
1,750	21,000	\$ 3,204.48	\$ 3,168.27	\$ 36.21	1.1%	\$ 3,464.46	\$ 3,376.11	\$ 88.35	2.6%	\$ 3,611.12	\$ 3,493.36	\$ 117.76	3.4%
2,000	24,000	\$ 3,621.12	\$ 3,574.59	\$ 46.53	1.3%	\$ 3,881.10	\$ 3,782.44	\$ 98.67	2.6%	\$ 4,027.76	\$ 3,899.68	\$ 128.08	3.3%
2,500	30,000	\$ 4,454.40	\$ 4,387.24	\$ 67.16	1.5%	\$ 4,714.38	\$ 4,595.08	\$ 119.30	2.6%	\$ 4,861.04	\$ 4,712.33	\$ 148.71	3.2%
3,000	36,000	\$ 5,287.68	\$ 5,199.88	\$ 87.80	1.7%	\$ 5,547.66	\$ 5,407.73	\$ 139.93	2.6%	\$ 5,694.32	\$ 5,524.98	\$ 169.34	3.1%
3,500	42,000	\$ 6,120.96	\$ 6,012.53	\$ 108.43	1.8%	\$ 6,380.94	\$ 6,220.38	\$ 160.56	2.6%	\$ 6,527.60	\$ 6,337.63	\$ 189.97	3.0%
4,000	48,000	\$ 6,954.24	\$ 6,825.18	\$ 129.06	1.9%	\$ 7,214.22	\$ 7,033.03	\$ 181.20	2.6%	\$ 7,360.88	\$ 7,150.27	\$ 210.61	2.9%
4,500	54,000	\$ 7,787.52	\$ 7,637.82	\$ 149.70	2.0%	\$ 8,047.50	\$ 7,845.67	\$ 201.83	2.6%	\$ 8,194.16	\$ 7,962.92	\$ 231.24	2.9%
5,000	60,000	\$ 8,620.80	\$ 8,450.47	\$ 170.33	2.0%	\$ 8,880.78	\$ 8,658.32	\$ 222.46	2.6%	\$ 9,027.44	\$ 8,775.57	\$ 251.87	2.9%

Assumes non-PEV on peak/off peak split of 38/62.