

PSC NO: 15 ELECTRICITY

LEAF: 107

COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION

REVISION: 9

INITIAL EFFECTIVE DATE: 12/01/11

SUPERSEDING REVISION: 7

Issued in Compliance with Order in C. 11-E-0390 dated November 17, 2011

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. Effective July 1, 2009, service classification or sub classification specific PPA factors will be implemented. Thirty-one percent of the total monthly PPA benefit/cost will be allocated to each classification based on average contribution to the system during the summer and winter peak based on the pro forma cost of service study most recently approved by the Commission, with the remaining portion allocated based on estimated billed sales. The total PPA benefit/cost for each classification, as so determined, will be divided by an estimate of billed sales for each classification to determine the PPA factor. The factor so determined will be stated in whole \$0.00001 amounts per kilowatthour.

Effective December 1, 2011, pursuant to the Order in Case 01-E-0011, issued and effective October 26, 2001, the PPA with the new owner of the nuclear generating plant previously co-owned by the Company will convert to a Revenue Sharing Agreement (RSA). The RSA will provide the Company with a credit of eighty percent of the amount by which actual market prices exceed a specific schedule of floor prices as identified in the RSA.

Any applicable payments received under the RSA for a contract quarter will be refunded to customers beginning in the calendar month following the month in which the payment is received. Such payments will be refunded to customers over three consecutive months. An allowance for carrying charges at the currently approved customer deposit rate in effect at the time of the payment will also be included. Thirty-one percent of the total monthly RSA benefit will be allocated to each classification based on average contribution to the system during the summer and winter peak based on the pro forma cost of service study most recently approved by the Commission, with the remaining portion allocated based on estimated billed sales. The total RSA benefit for each classification, as so determined, will be divided by an estimate of billed sales for each classification to determine the RSA refund factor. The factor so determined will be stated in whole \$0.00001 amounts per kilowatthour, and will be reflected on the PPA statement.

The Company will reconcile, by each classification, 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. This reconciliation component will continue in a similar manner after the commencement of the RSA.

For a customer taking service under Service Classification Nos. 3 or 13: (1) if the amount of the PPA/RSA 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/RSA benefit are less than zero(0), no PPA/RSA benefit will be applied in the billing period. Any PPA/RSA 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: Michael L. Mosher, Vice President, Poughkeepsie, New York