

PSC NO: 12 GAS
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 11/01/12
Issued in compliance with Order in C.11-G-0697 dated March 19, 2012

LEAF: 125.1
REVISION: 2
SUPERSEDING REVISION: 1

41. RETAIL ACCESS PROGRAM (Cont'd)

P. CAPACITY ASSIGNMENT ADJUSTMENT

Customers taking service under Service Classification Nos. 6, 12 and 13 shall be subject to a Capacity Assignment Adjustment.

The Capacity Assignment Adjustment is a surcharge or credit reflecting the difference between the maximum firm pipeline rates at which the capacity is released to Retail Suppliers and the Company's system weighted average cost of capacity.

The Capacity Assignment Adjustment shall be set annually, effective April 1, based on the Company's estimate of its system weighted average cost of capacity for the applicable annual period, the current interstate pipeline rates for the pipelines upon which the Company releases capacity, and estimated deliveries to Service Classification Nos. 6, 12 and 13 customers.

Any difference between the amount surcharged or credited to Service Classification Nos. 6, 12 and 13 customers through the Capacity Assignment Adjustment and the actual differences between pipeline rates and the Company's system weighted average cost of capacity shall be reconciled annually and reflected in the Capacity Assignment Adjustment billed in the second month following the annual period. The Company may apply such adjustment over a period greater than one month, if deemed necessary by the Company, to mitigate the customer bill impact of the adjustment.

Effective, November 1, 2012, the Capacity Assignment Adjustment shall be a surcharge or credit reflecting the difference between the projected WACOC charged to Retail Suppliers and the actual WACOC experienced by the Company during the same period.

The Capacity Assignment Adjustment shall be set annually, effective June 1, to surcharge or refund the aforementioned reconciliation of the Company's WACOC for the previous 12-month period ending March 31 over deliveries to Service Classification Nos. 6, 12 and 13 for the annual period of June 1 through May 31. However, the Capacity Assignment Adjustment effective June 1, 2013 shall include a reconciliation of the capacity release program effective prior to November 1, 2012 as well as a reconciliation of WACOC for the five months from November 1, 2012 through March 31, 2013.

Any difference between the amount surcharged or refunded to Service Classification Nos. 6, 12 and 13 customers through the Capacity Assignment Adjustment and the actual WACOC reconciliation amount shall be reconciled annually and reflected in the Capacity Assignment Adjustment billed in the second month following the annual period. The Company may apply such adjustment over a period greater than one month, if deemed necessary by the Company, to mitigate the customer bill impact of the adjustment.

Issued by: Michael L. Mosher, Vice President, Poughkeepsie, New York