

PSC NO: 12 GAS
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 7/01/09
Issued in Compliance with Order in C.08-G-0888 dated June 22, 2009

LEAF: 129
REVISION: 2
SUPERSEDING REVISION: 1

42. OTHER CHARGES AND ADJUSTMENTS (Cont'd)

E. Revenue Decoupling Mechanism (RDM) Adjustment

Pursuant to the Commission's Order in Case 08-G-0888 issued and effective June 22, 2009, actual gas deliveries for certain customer classes are subject to reconciliation through an RDM Adjustment. The RDM Adjustment is applicable to Service Classification Nos. 1, 2, 6, 12 and 13. The RDM is not applicable to Service Classification Nos. 8, 9, 11, 14, 15 and 16.

1. Definitions

- a. **Unit per Customer (UPC) Targets** will be determined for Service Classification Nos. 1 and 12 combined and Service Classification Nos. 2, 3 and 13 combined, by billing block for each month by dividing billing determinant units, Mcf, by customer months based on the billing determinants and customer forecasts as approved by the Commission in Case 08-G-0888.
- b. **Actual UPC** will be calculated in the same manner as the target UPC, on a monthly basis, based on actual billed usage as adjusted by the Weather Normalization Adjustment described in General Information Section 27 and billed customer months.
- c. **Annual RDM Period** is defined as the twelve months ending June 30, 2010 and each succeeding twelve-month period thereafter.
- d. **RDM Adjustment Period** is defined as the twelve months beginning August 1 immediately following the Annual RDM Period.

2. Determination of RDM Adjustment

For each service classification group, the Company will compare, on a monthly basis, the difference between Actual UPC and corresponding UPC Targets, by billing block, to determine the UPC difference. The UPC difference will then be multiplied by the actual number of billed customer months in each service classification group to calculate the total unit difference by billing block. The total unit difference by billing block will then be multiplied by the applicable base delivery rate and the applicable Merchant Function Charges, as defined in General Information Section 42.B, and combined to determine the total delivery revenue excess or shortfall to be accrued for refund to or recovery from customers at the end of the Annual RDM Period.

On a monthly basis, interest at the Commission's rate for other customer provided capital will be calculated on the average of the current and prior month's cumulative delivery revenue excess/shortfall (net of state and federal income tax benefits).

At the end of an Annual RDM Period total delivery revenue excess/shortfalls, and associated interest, for each service classification group will be refunded/surcharged to customers through service classification group-specific RDM Adjustments applicable during a corresponding RDM Adjustment Period. The RDM Adjustment for each applicable service classification group shall be determined by dividing the amount to be refunded/surcharged to customers in that service classification group by estimated Ccf to customers in that service classification group over the RDM Adjustment Period. RDM Adjustments shall be rounded to the nearest \$0.00001 per Ccf and applied to all billed Ccf deliveries.

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