

PSC NO: 12 GAS
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 7/01/10
Issued in Compliance with Order in C.09-G-0589 dated June 18, 2010

LEAF: 129.1
REVISION: 2
SUPERSEDING REVISION: 1

42. OTHER CHARGES AND ADJUSTMENTS (Cont'd)

E. Revenue Decoupling Mechanism (RDM) Adjustment (Cont'd)

The deferral provisions noted in the previous paragraph will also be applicable to non-residential customer months (Service Classification Nos. 2, 6, and 13), but only for the year ended June 30, 2011.

This customer related revenue excess will be combined with the UPC related revenue excess or shortfall to determine the net delivery revenue excess or shortfall to be accrued for refund to or recovery from customers at the end of the Annual RDM Period. The Company shall retain revenues due to customer months in excess of the upper threshold as approved in the aforementioned case.

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.

Following each RDM Adjustment Period, any difference between amounts required to be refunded or surcharged to customers in each service classification group and amounts actually refunded or surcharged will be refunded or surcharged to customers in that service classification group, with interest, over a subsequent RDM Adjustment period, or as determined by the Commission if no RDM is in effect.

If for any reason, a service classification included in the RDM no longer has customers, the Company will consult with Commission Staff.

3. Interim RDM Adjustments

If at any time during an Annual RDM Period, the total of the cumulative delivery revenue excess/shortfall exceeds \$2 million, the Company will implement interim RDM Adjustments by service classification group on no less than ten days notice. The refund/surcharge of the Interim RDM Adjustment will occur over a twelve-month period. These Interim RDM Adjustments are subject to reconciliation at the end of the Annual RDM Period in which refund/surcharge of the Interim RDM Adjustment terminates. RDM factors, including Interim RDM Adjustments, may only be changed once in any given six-month period.

4. Statement of RDM Adjustments

Not less than ten (10) days prior to a proposed change in the RDM Adjustments, a Statement showing each factor by service classification group and the effective date will be filed with the Public Service Commission.

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