

PSC NO: 15 ELECTRICITY LEAF: 163.5.1
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 0
INITIAL EFFECTIVE DATE: 08/01/06 SUPERSEDING REVISION:
Issued in Compliance with Order in C.05-E-0934 dated July 24, 2006

36. OTHER CHARGES AND ADJUSTMENTS (Cont'd)

E. Merchant Function Charge (MFC)

The Merchant Function Charge (MFC) is a charge designed to reflect the costs the Company incurs associated with the procurement and provision of electricity supplies. The MFC includes cost-based components to represent commodity-related purchasing, credit and collection, call center costs, advertising and promotions, and related Administrative and General(A&G) expenses and rate base items allocated to each of the aforementioned components.

MFC Groups

Effective July 1, 2007 four MFC groups will be implemented:

- MFC 1 - Service Classification Nos. 1 and 6
- MFC 2 - Service Classification No. 2
- MFC 3 - Service Classification Nos. 3 and 13
- MFC 4 - Service Classification Nos. 5, 8 and 9

MFC Tiers

Each MFC group will be sub-divided into a MFC_A and a MFC_B as follows:

MFC_A will include an allocated portion of credit and collection function costs and fifty percent of procurement-related call center function costs, plus A&G and rate base items associated with each component.

MFC_B will include commodity purchasing function costs, allocated portions of advertising and promotions function costs and fifty percent of procurement-related call center function costs, plus A&G and rate base items associated with each component.

MFC Applicability

Customers purchasing their electricity requirement from Central Hudson will be billed by the Company for MFC_T, which is equal to the sum of MFC_A and MFC_B.

Customers purchasing their electricity requirements from a Retail Supplier that is participating in the Company's Purchase of Accounts Receivables Program (POR), as described in General Information Section 35, will be billed by Central Hudson for MFC_A only.

Customers purchasing their electricity requirements from a Retail Supplier that is not participating in the Company's POR Program will not be billed a MFC by Central Hudson.

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York