

PSC NO: 12 GAS

LEAF: 126.1

COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION

REVISION: 7

INITIAL EFFECTIVE DATE: 10/11/07

SUPERSEDING REVISION: 6

42. OTHER CHARGES AND ADJUSTMENTS (Cont'd)**B. Merchant Function Charge (MFC) (Cont'd)****MFC Applicability**

Customers purchasing their natural gas supplies from Central Hudson will be billed by the Company for the MFC Administration Charge and the MFC Supply Charge.

Customers purchasing their natural gas supplies from a Retail Supplier that is participating in the Company's Purchase of Accounts Receivables Program (POR), as described in General Information Section 41, will be billed by Central Hudson for the MFC Administration Charge only.

Customers purchasing their natural gas supplies from a Retail Supplier that is not participating in the Company's POR Program will not be billed by Central Hudson for the MFC Administration Charge or the MFC Supply Charge.

Base MFCs

The base MFCs effective July 1, 2007 are as follows:

		MFC	MFC
	Applicable to	Administration Charge	Supply Charge
	<u>S.C. No.</u>	(MFC _A)	(MFC _B)
		<u>\$/Ccf</u>	<u>\$/Ccf</u>
MFC-1	1, 12 & 16	0.00680	0.01390
MFC-2	2, 6 & 13	0.00213	0.00277

These base MFCs will remain in effect until changed by order of the Public Service Commission.

MFC Net Lost Revenue

Central Hudson will recover forecast net lost revenues associated with customer migration to Retail Suppliers. Such forecast of customer migration will be developed according to the procedure contained in the Joint Proposal in Case 05-G-0935 as approved by the Public Service Commission in its Order issued and effective July 24, 2006.

Fifty percent of the forecast net lost revenues will be recovered by adding a separate component to the MFC Supply Charge on a MFC group-specific basis. The remaining fifty percent of forecast net lost revenues will be recovered through the Transition Adjustment which is also MFC group specific, and will be applied to the total measured quantities(Ccf) for all customers taking service under Service Classification Nos. 1,2,6,12,13 and 16.

MFC Statement

Not less than fifteen days prior to a proposed change in the MFC Supply Charge net lost revenue component and Transition Adjustment a statement showing the MFC Administration Charge, the MFC Supply Charge by component, and the Transition Adjustment, all by MFC group, will be filed with the Public Service Commission apart from this schedule. Such statement shall be made available to the public on the Company's website at www.CentralHudson.com

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