

PSC NO: 12 GAS LEAF: 197
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 2
INITIAL EFFECTIVE DATE: 03/15/06 SUPERSEDING REVISION: 1
Issued in compliance with Order in C. 03-G-1392 et.al. dated November 23, 2005

SERVICE CLASSIFICATION NO. 14

INTERRUPTIBLE TRANSPORTATION SERVICE TO ELECTRIC GENERATION FACILITIES

(Cont'd)

RATE COMPONENTS

1. The Monthly Rate to be charged for all gas delivered to the Customer will include a fixed and variable rate component. The fixed rate component will be comprised of the following:
 - a. Contribution to Overall System Costs Component equal to \$0.010 per 100 Cu.Ft.
 - b. Marginal System Costs Component which will be equal to the unitized long run incremental cost of building a transmission and high capacity distribution plant. The Marginal System Costs Component will be equal to \$0.017 per 100 Cu.Ft.
2. The variable rate component of the Monthly Rate is comprised of the Value Added Charge.

The Value Added Charge (VAC) reflects projected increases or decreases in the wholesale market price of electricity relative to the changes in the cost of gas generation (Spark Spread expressed in \$/MWh). The VAC is derived from the increase in the Spark Spread from the Base Year to the Test Year as defined hereunder. The Base Year is defined as the twelve months ended November 30, 2000, corresponding to the first full year of the operation of the New York Independent System Operator (NYISO).

The VAC is applicable to all deliveries made by the Company to a customer or to a customer's Minimum Annual Bill hereunder, whichever is greater.

VAC Effective March 15, 2006 through April 30, 2007:

The VAC for the period March 15, 2006 through April 30, 2007 will be set equal to the Annual Total VAC for the Test Year of the twelve months ended November 30, 2005 divided by the number of Ccf delivered by the Company to a customer during the Test Year. If a customer does not have twelve months of consumption data, the customer will be assigned a VAC equal to the average VAC for all customers within the applicable Heat Rate Tier Level as defined hereunder.

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