

PSC NO: 12 GAS LEAF: 147.1
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 1
INITIAL EFFECTIVE DATE: 09/03/03 SUPERSEDING REVISION: 0
Issued in Compliance with Order in C. 99-M-0631 & 03-M-0117 dated June 20, 2003

41. RETAIL ACCESS PROGRAM (Cont'd)

R. RETAIL SUPPLIER CUSTOMER DEPOSITS AND PREPAYMENTS

Retail Suppliers are required to provide Central Hudson evidence of creditworthiness before the Retail Supplier may request customer deposits or prepayments from its customers. Satisfactory evidence is a sufficient bond rating from an independent rating agency for either the Retail Supplier or its parent, if the parent agrees to act as guarantor for the Retail Supplier.

Retail Suppliers may accept prepayments from its customers if the Retail Supplier provides Central Hudson with evidence that it has a minimum rating of "BBB" from S&P, "Baa 2" from Moody's or "BBB" from Fitch. Retail Suppliers are allowed to accept deposits from its customers if the Retail Supplier provides Central Hudson with evidence that it has a minimum rating of "BBB" from S&P, "Baa 2" from Moody's or "BBB" from Fitch or the Retail Supplier has a letter of credit or an escrow account with a financial institution with at least an "A" credit rating.

The required evidence of creditworthiness must be provided to Central Hudson on August 1, 2002 and on August 1 of each subsequent year.

Customer deposits will only be permitted in accordance with Public Service Law and HEFPA rules.

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