

PSC NO: 12 GAS LEAF: 116
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 3
INITIAL EFFECTIVE DATE: 02/19/04 SUPERSEDING REVISION: 2
Issued in Compliance with Order in C. 98-M-1343 Dated December 19, 2003

41. RETAIL ACCESS PROGRAM (Cont'd)

G. **NATURAL GAS SUPPLY REQUIREMENT** (Cont'd)

In addition to any and all other remedies the Company may have in law and/or equity, if a Retail Supplier fails to maintain the firm, non-recallable, primary delivery point capacity, attested to by the Retail Supplier, in its affidavit, the Retail Supplier will be liable to the Company for an amount equal to \$50 times the daily volume in dekatherms previously attested to by the Retail Supplier, in its affidavit, as being supplied with firm non-recallable capacity. The Company, at its sole discretion, may require the Retail Supplier to take and pay for the Company's released firm upstream transportation capacity, at maximum pipeline rates, for a period of twelve months.

If the Retail Supplier chooses to take assignment of Central Hudson's upstream capacity, the Company will determine the specific upstream capacity to be released to the Retail Supplier and will release that capacity at the applicable upstream pipelines maximum rate for the term of the customer's transportation agreement. Central Hudson will reimburse the Retail Supplier the cost of the upstream pipeline capacity in an amount equal to the credit the Company receives from the upstream pipeline related to the capacity release transaction. The cost of the upstream pipeline capacity will be charged to the customer at the Company's weighted average cost of capacity. The Company's weighted average cost of capacity will be determined monthly and will be filed with the New York State Public Service Commission. Once the capacity is released, Central Hudson is not responsible for any actions by the Retail Supplier. The capacity is resalable by the Retail Supplier subject to the provisions contained in the upstream pipeline rules and regulations, and is subject to recall by Central Hudson under the following conditions: (1) when required to preserve the integrity of the system, (2) the customer returns to Central Hudson as a core sales service customer, (3) the customer leaves the system or the meter is locked, or (4) the Retail Supplier serving the customer defaults on delivery obligations. A Retail Supplier will be considered to be in default when the predetermined delivery requirements have ceased for a forty-eight (48) hour period.

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