PSC NO: 15 ELECTRICITY   LEAF: 132
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION   REVISION: 1
INITIAL EFFECTIVE DATE: 02/19/04   SUPERSEDING REVISION: 0
Issued in Compliance with Order in C. 98-M-1343 Dated December 19, 2003

35. RETAIL ACCESS PROGRAM (Cont'd)

K.   REIMBURSEMENT TO RETAIL SUPPLIER FOR ANCILLARY SERVICES (Cont'd)

   (a) (cont'd)
      4. Operating Reserve, Spinning Reserve and Supplemental
      Reserve(Schedule 5); and,

      5. Black Start (Schedule 6).

      Reconciliations for ancillary service charges incurred on or after
      February 1, 2002 shall also be included.

   (b)   On or before the close of business on the third business day of the
         month following the month in which ancillary service charges are
         incurred, each Retail Supplier/Direct Customer will provide Central
         Hudson with an estimate of the Retail Supplier's/Direct Customer's
         charges for ancillary services incurred as a result of providing
         service pursuant to Central Hudson's Retail Access Program. Such
         estimate must detail the load (kWh), rate per kWh and total amount
         for each ancillary service for which reimbursement is requested.
         For ancillary services provided by the NYISO, such estimate shall be
         based on the Hourly Advisory Billings prepared and provided by the
         NYISO.

   (c)   Each Retail Supplier/Direct Customer shall provide Central Hudson
         with an invoice for ancillary services on or before the close of
         business on the ninth calendar day of the month following the month
         in which ancillary service charges are incurred. Each invoice must
         detail the load (kWh), rate per kWh and total amount for each
         ancillary service for which reimbursement is requested.

   (d)   Central Hudson will make payments to each Retail Supplier/Direct
         Customer on or before the fifteenth calendar day of the month. Such
         payments will be made by electronic fund transfer unless another
         payment method has been established.

   (e)   Central Hudson reserves the right to periodically review this
         reimbursement process and modify the policies and procedures of this
         process through additional tariff filings.

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