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**29. ADJUSTMENT OF CHARGES IN ACCORDANCE WITH CHANGES
IN THE COST OF FUEL, INCLUDING ECONOMY ENERGY** (Cont'd)

Average Cost of Fuel (Cont'd)

The Company's own fuel cost shall be determined for each generating station by dividing the sum of the cost of fuel on hand at the beginning of the month and the cost of fuel received during the month by the sum of the quantity of fuel on hand at the beginning of the month and the quantity of fuel received during the month.

Economy Energy

Economy energy is energy purchased or sold on an hourly basis during periods when, for economy purposes, the buyer restricts the generation of energy from its own generating stations or restricts the purchase of energy available under contracts in effect at the time, plus other energy purchased at a total cost equal to or less than the Company's avoided fuel cost.

Economy energy will include the total cost, including capacity, transmission and other related costs, if any, of energy purchased under agreements entered into by the Company solely for economy purposes. With respect to each such agreement, the total cost of such energy shall be included in the cost of fuel for the month in which incurred, or in subsequent months, provided that the cumulative amount of such costs included in the cost of fuel shall at no time exceed the cumulative fuel costs avoided as the result of the purchase of such energy.

Adjusted Average Cost of Fuel

For each calendar month commencing with August 1987 the average cost of fuel defined above shall be adjusted to reflect variations from a forecast of the average cost of fuel which has been determined in accordance with the requirements of the Public Service Commission.

The variations from forecast shall be determined by subtracting the actual average cost of fuel from the forecast of the average cost of fuel for that calendar month. Each month the difference between the actual average cost of fuel and the forecast of the average cost of fuel shall be multiplied by the number of kilowatthours supplied by the Company for its customers. This difference shall be accumulated. The first period in which these differences shall be accumulated shall commence in August 1987, and shall continue for twelve months. Forecasts for subsequent periods shall be determined as necessary pursuant to Public Service Commission Opinion No. 86-18. Until such time as the accumulated difference in the twelve month period commencing in August 1987, as described above, equals \$10,000,000 the adjusted average cost of fuel shall be equal to the actual average cost of fuel plus twenty percent of the variation from that month's forecast of the average cost of fuel. When the accumulated

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