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 COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 0
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5.A. DISTRIBUTION AND SERVICE LINE EXTENSION (Cont'd)

(3) Additional Obligations of Residing Applicants (Cont'd)

(c) (Cont'd)

- iii) The surcharge applicant must sign an agreement as shown in General Information Section 5.A.(5) to pay both a security deposit equivalent to one rateable payment and a surcharge which shall be calculated for overhead and underground line extensions as follows:

A rateable payment equals (Cost of excess facilities (e.g. other than the portion the Company is required to provide without charge or contribution) x interest factor)

The interest factor shall be calculated as follows:

$$(C \div 6) / (1 - (1 + (C \div 6))^{-60})$$

(Where C is the Company's weighted pre-tax cost of capital as set by the rate award in effect at the time of application).

At any time, the applicant may make a lump sum payment of the outstanding balance. This outstanding balance will be the principal to be repaid given the remaining term of the surcharge. Interest due prior to the date of this lump sum payment will not be refunded, however, interest will not be applied to the outstanding balance. Such lump sum payment shall be subject to refund for the remaining term under General Information Section 5.A.(3)(c). The surcharge shall terminate if at any time the total footage allowances of the customers receiving service from the extension equal or exceed the applicable footage allowances of the total extension. Any subsequent owner shall fulfill the original contractual obligation of an established surcharge agreement should the property be sold. The Company shall collect the remainder of the surcharge from subsequent owners as set forth in the surcharge agreement. The seller is obligated to inform prospective buyers of this contractual obligation as set forth in General Information, Section 5.A. (5) of this tariff.

If the initial amount to be surcharged is less than \$1,000, the applicant must make a lump sum payment under General Information Section 5.A.(3)(c)(i).

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