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COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 4
INITIAL EFFECTIVE DATE: 11/01/01 SUPERSEDING REVISION: 3
STAMPS: Issued in Compliance with Order in C.00-G-1274 dated October 25, 2001
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27. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF GAS (Cont'd)

Refund Provision

In the event that the rates and charges of a gas supplier are retroactively reduced and the Company receives a refund of excess charges paid to the supplier during the period to which the retroactive reduction is applicable, the Company will allocate the refund, including interest, to firm service classifications and Company use, based on the relative volumes purchased during the months that the supplier rates subject to refund were in effect.

Any refund \$10,000 or more shall be returned to customers over a succeeding twelve month period. The rate of refund will be determined by dividing the total refund received by the quantity of gas estimated to be sold during the refund period. A lump sum distribution of the refund allocations will be made to Company use.

Any over or under collection at the end of the refund period will be included in the Company's next Annual Surcharge or Refund Calculation following the conclusion of the refund period.

If the Company receives a refund that cannot be related to a specific time period and is less than \$10,000, or any other refund of less than \$10,000, or any other refund of less than \$10,000, the amount of such refund will be included in the next Annual Surcharge or Refund Calculation. The disposition of any refund received that is applicable to periods prior to the effectiveness of the Company's Gas Supply Charge will be determined pursuant to Section 113(2) of the Public Service Law.

Each supplier refund shall accrue interest while held by the Company at the rate prescribed by the Public Service Commission. Interest will be computed prior to refunding by the Company and will be based on the estimated unrefunded balance during the period from the date of receipt of the refund until refunding to customers is complete.

Where exceptional circumstances warrant, the Company may petition the Public Service Commission for waiver of the above refund provision.

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