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COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 1
INITIAL EFFECTIVE DATE: 08/31/99 SUPERSEDING REVISION: 0
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SERVICE CLASSIFICATION NO. 14

INTERRUPTIBLE TRANSPORTATION SERVICE TO ELECTRIC GENERATION FACILITIES
(Cont'd)

RATE COMPONENTS

1. The Monthly Rate to be charged for all gas delivered to the Customer will include a fixed and variable rate component. The fixed rate component will be comprised of the following:
 - a. Contribution to Overall System Costs Component equal to \$0.010 per 100 Cu.Ft.
 - b. Marginal System Costs Component which will be equal to the unitized long run incremental cost of building a transmission and high capacity distribution plant. The Marginal System Costs Component will be equal to \$0.017 per 100 Cu.Ft.
2. The variable rate component of the Monthly Rate will be comprised of the following:
 - a. The Value Added Component reflecting projected increases, or decreases in the wholesale market price of electricity relative to the changes in the cost of gas for generation. The Value Added Component will be determined each month to be effective the following month and will be available on www.cenhud.com on the published close date for NYMEX electricity trading. The Value Added Component per Ccf will be calculated as follows:

$$(\$E - ((\$NG + \$FC) * HR / 1,000) \text{ divided by } (HR / 100)) * 50\%$$

where:

\$E = The wholesale price of electricity as published by Bloomberg Energy for Eastern Seaboard Forwards - New York Power Pool on the published expiration date.

\$NG = The projected cost of natural gas as derived by averaging the settlement prices for the last three trading days as published by Bloomberg Energy for NYMEX Natural Gas Henry Hub Futures. In addition, the projected cost of natural gas will include transportation costs equal to the average of the maximum and minimum Tennessee Gas Pipeline IT transport rate from Zone 0 and Zone 1 to Zone 5 including the equivalent fuel charges.

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