

PSC NO: 12 GAS
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 09/18/17

LEAF: 126.1
REVISION: 17
SUPERSEDING REVISION: 16

42. OTHER CHARGES AND ADJUSTMENTS (Cont'd)

B. Merchant Function Charge (MFC)

The Merchant Function Charge (MFC) is a charge designed to reflect the costs the Company incurs associated with the procurement and provision of natural gas supplies. The MFC includes cost-based components of commodity-related procurement, commodity-related credit and collections, commodity-related call center costs, commodity-related advertising and promotions, and related Administrative and General (A&G) expenses and rate base items allocated to each of the aforementioned components.

MFC Groups

MFC 1 - Service Classification Nos. 1, 12 and 16

MFC 2 - Service Classification Nos. 2, 6 13 and 15

MFC Tiers

Each MFC group will be sub-divided into a MFC Administration Charge and a MFC Supply Charge as follows:

The MFC Administration Charge will include a commodity-related credit and collections component and 50% of commodity-related call center costs, plus A&G and rate base items associated with each component.

The MFC Supply Charge will include commodity-related procurement, 50% of the commodity-related call center costs, commodity-related advertising and promotions, and related A&G expenses and rate base items allocated to each component.

These charges so determined shall be allocated pursuant to the provisions approved by the Public Service Commission in its Order in Case 09-G-0589 issued and effective June 18, 2010 and as continued in its Order in Case 14-G-0319 issued and effective June 17, 2015.

MFC Applicability

Customers purchasing their natural gas supplies from Central Hudson will be billed by the Company for the MFC Administration Charge and the MFC Supply Charge.

Customers purchasing their natural gas supplies from a Retail Supplier that is participating in the Company's Purchase of Accounts Receivables Program (POR), as described in General Information Section 41, will be billed by Central Hudson for the MFC Administration Charge only.

Customers purchasing their natural gas supplies from a Retail Supplier that is not participating in the Company's POR Program will not be billed by Central Hudson for the MFC Administration Charge or the MFC Supply Charge.

Base MFCs

The base MFC Administration Charges are as follows (\$/Ccf):

| | Applicable to <u>S.C. No.</u> | Effective <u>July 1, 2015</u> | Effective <u>July 1, 2016</u> | Effective <u>July 1, 2017</u> |
|-------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| MFC-1 | 1, 12 & 16 | \$0.00449 | \$0.00441 | \$0.00434 |
| MFC-2 | 2, 6, 13 & 15 | \$0.00453 | \$0.00434 | \$0.00419 |

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