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CENTRAL HUDSON GAS & ELECTRIC CORPORATION  
284 SOUTH AVENUE  
POUGHKEEPSIE, NEW YORK 12601

October 31, 2001

Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

Re: Cases 00-E-1273/ 00-G-1274 Compliance Filing  
in the Proceeding on Motion of the Commission as to Rates, Charges,  
Rules and Regulations of Central Hudson Gas & Electric Corporation for  
Electric and Gas Service

Dear Commissioners:

Pursuant to Public Service Commission Order issued and effective October 25, 2001 in the above captioned proceeding, Central Hudson Gas & Electric Corporation ("the Company") hereby files amended tariff leaves, statements and supplements to its Schedule for Electric Service, PSC No. 15 - Electricity and Schedule for Gas Service, PSC No. 12- Gas.

These amendments which are set forth on Appendix A are filed October 31, 2001 to become effective November 1, 2001 on a temporary basis to effectuate the electric rate reductions as well as the other requirements of the aforementioned Order. The purpose for these tariff amendments is described below.

**ELECTRIC**

Rate Design

Service Classification No. 1 - The monthly customer charge will be increased, on a revenue neutral basis, to \$9.75 effective November 1, 2001, to \$11.50 effective July 1, 2003 and to \$12.00 effective July 1, 2004. The customer charge for customers enrolled in the Company's "Powerful Opportunities" low-income program will be \$5.00 per month.

Service Classification No. 2 - The non-demand monthly customer charge will be increased, on a revenue neutral basis, to \$12.00 effective November 1, 2001, to \$13.00 effective July 1, 2002 and to \$14.00 effective July 1, 2003. The secondary demand and primary demand monthly customer charge will be increased to \$20.00 and \$80.00, respectively.

The electric heating provision will be closed to new customers as of November 1, 2001. These customers have been notified by the Company of the elimination of this service. Existing customers taking service under this

provision will be switched to a corresponding standard rate under Service Classification No. 2 coincident with their next billing occurring on or after November 1, 2001. Existing customers will receive the Customer Refund and will be billed the System Benefits Charge for service on and after November 1, 2001.

Service Classification Nos. 3 and 13 - The monthly customer charge for Service Classification No. 3 (primary) and Service Classification No. 13 (substation and transmission) customers will be set at \$250.00 and \$500.00, respectively. A single energy delivery charge for primary, substation and transmission service will replace the separate energy delivery charges for on and off peak usage. A single basic demand charge for primary, substation and transmission service will be applicable for all demand. The peak demand charge in effect from June 16 through September 15 and November 16 through February 15 is eliminated.

Service Classification No. 6 (Residential Time of Use) - The monthly customer charge will be increased to \$12.00 effective November 1, 2001. The customer charge for customers enrolled in the Company's "Powerful Opportunities" low-income program will be \$5.00 per month.

Service Classification No. 9 (Traffic Signals - Unmetered) - This Service Classification will be closed to new customers as of November 1, 2001. All new traffic signal accounts will be metered and take service under Service Classification No. 2.

Service Classification No. 10 - ( Purchase of Electric Energy and Capacity From Customers With Qualifying On-Site Generation Facilities) - Revisions to Service Classification No. 10 will be filed with the PSC under separate cover on November 15, 2001 to allow the Company additional time to make required tariff changes. The Company currently has seven customers that take service under this Service Classification, all of which are billed at month end.

Service Classification No. 12 (Commercial Time of Use) - This Service Classification will be closed to new customers as of November 1, 2001. Existing customers taking service under this Service Classification will be switched to a corresponding standard rate under Service Classification No. 2 coincident with their next billing occurring on or after November 1, 2001. These customers have been notified by the Company of the elimination of this service. Existing customers will receive the Customer Refund and will be billed the System Benefits Charge for service on and after November 1, 2001.

#### Competitive Transition Charge

Based on the Commission's approval of the sale of the Nine Mile Point 2 nuclear generating plant, the expectation that such sale closing will be completed in November 2001, and due to billing system constraints, the separately identified Competitive Transition Charge (CTC) will be eliminated effective November 1, 2001. An estimate of the CTC for the period November 1, 2001 until such time as the sale of the plant is completed will be applied to customer bills on a per kWh basis over a one month period through the Miscellaneous Charges Factor, which is described below.

#### Rate Change During Suspension Period

An estimate of the net change in base delivery rates for the period July 1, 2001 through October 31, 2001 will be applied to customer bills on a per kWh basis over a one month period through the Miscellaneous Charges Factor, which is described below.

### Discount Provisions

The Growth Incentive Discount available to Service Classification ("SC") Nos. 3 and 13, the Job Retention Rate available to SC Nos. 2 and 3 and the Five Percent Base Rate reduction available to SC No. 13 customers are terminated. Customers taking service under the Economic Revitalization Discount, which was available to SC Nos. 2 and 3, prior to February 26, 1998 will continue to receive the discount on delivery service rates for their 60 month term. The discount for customers that qualified for the discount after February 26, 1998, and which was extended through the suspension period, will be terminated. A special meter reading will be performed for these customers on November 1, 2001. Customers impacted by any of the aforementioned discount changes have been notified by the Company.

### Energy Cost Adjustment Mechanism

The Energy Cost Adjustment Mechanism is designed to replace the Company's Energy Supply Charge and is comprised of four factors which will appear as separate line items on customers' bills: Miscellaneous Charges Factor, Purchased Power Adjustment Factor, Market Price Charge and Market Price Adjustment Factor.

The Miscellaneous Charges Factor is designed to recover from or refund to all delivery customers, via a single factor for all service classifications, the cost or benefit of non-avoidable, variable energy related revenues and costs associated with the Company's remaining generating facilities and from mandatory IPP purchases, as well as all ancillary charges incurred on and after February 1, 2002, including reimbursements to ESCOs for ancillary service charges as described below. The Miscellaneous Charges Factor is subject to reconciliation for over and under recoveries.

The Purchased Power Adjustment (PPA) Factor is designed to refund to or collect from all delivery customers, via a single factor for all service classifications, the benefits or costs of the Company's Transition Power Agreement and Purchased Power Agreement with the new owners of the fossil generating and nuclear generating plants, respectively, previously owned by the Company. The measured value is based on the difference between the contract prices and the New York Independent System Operator (NYISO) Day Ahead Market Price (DAM). The following billing constraints apply to customers taking service under Service Classification Nos. 3 and 13: (1) if the amount of the PPA benefit in any given billing period exceeds the customer's billed delivery charges from Central Hudson, resulting in a net negative bill, Central Hudson will issue the customer a bill in the amount of zero dollars; or, (2) if the customer's billed delivery charges for any given billing period prior to the application of any PPA benefit are less than zero, no PPA benefit will be applied. Any PPA benefits not received by the customer due to operation of the above constraints will be reallocated to that customer in subsequent billing period(s). The PPA is subject to reconciliation for over and under recoveries.

The Market Price Charge (MPC) is a service class specific factor which represents the cost of all generation needed to serve the Company's full service customers based on the NYISO DAM. The MPC includes, but is not limited to, the cost of all commodity related purchases including energy, installed capacity, risk management and fees and charges assessed by the NYISO, as well as all ancillary charges incurred prior to February 1, 2002 as discussed below, made by the Company on behalf of its full service customers. The MPC will also include any amounts paid to customers, net of penalties received from customers, under

the Company's Curtailable Electric Service Program (CESP) or under the NYISO's Emergency Demand Response Program, and any penalty amounts paid by the Company to the NYISO under the NYISO's Day Ahead Demand Response Program. Payments made to customers under the Company's CESP for curtailments called in August 2001 will be included in the MPC that will be filed as part of the first set of Statements of Energy Cost Adjustment Mechanism Factors issued subsequent to November 1, 2001.

The Market Price Adjustment Factor is also a service class specific factor and represents the reconciliation of over and under recoveries of prior billings of the Market Price Charge.

#### New Rate Factors

##### System Benefits Charge

All electric customers will be billed a System Benefits Charge ("SBC") which is a state mandated charge designed to fund energy efficiency programs, R&D and other initiatives. The SBC will appear as a separate line item on customers' bills with the rate effective November 1, 2001 set at \$0.00326 per kWh.

##### Customer Refunds

All electric customers will receive a Customer Refund that is funded from the proceeds of the Company's sale of its fossil generating stations. The refund, which totals \$75 million on a pre-tax basis or \$45 million on an after-tax basis, will remain in effect until June 30, 2004. The refund will appear as a separate line item on the majority of customers' bills and will initially be set at (\$0.00563) per kWh. Due to billing system constraints, the Customer Refund will be included in the Miscellaneous Charges for customers taking lighting service under Service Classification Nos. 5, 8 and 9.

##### Retail Access

Customers purchasing their energy from an ESCO or Retail Supplier will receive back-out credits which are service class specific and are intended to approximate the costs Central Hudson no longer incurs to serve these customers. Retail Access customers taking service under Service Classification No. 12, which will be eliminated as previously noted, will receive the back-out credit for usage on and after November 1, 2001.

Central Hudson will reimburse Retail Suppliers/Direct Customers for certain NYISO defined ancillary services incurred on and after February 1, 2002. Such reimbursement will include only those costs Retail Suppliers/Direct Customers incur, either from the NYISO or another ancillary services provider, as a result of providing service to customers pursuant to the Company's Retail Access Program.

#### GAS

##### Rate Unbundling

In this filing, Central Hudson has unbundled its tariff structure to show the total gas costs and delivery service charges separately. To accomplish this, we have removed the base cost of gas and the factor of adjustment from Service Classification Nos. 1 and 2. The gas costs that were previously collected

through our base rates will be collected through the Gas Supply Charge. Effective with this change the rates for Service Classification No. 1 - Residence Delivery Service are identical to the rates for Service Classification No. 12 - Aggregated Firm Transportation - Residence. In addition, the rates for Service Classification No. 2 - Commercial /Industrial Delivery Service are identical to the rates for Service Classification No. 6 - Low Volume - Firm Transport Commercial/Industrial and Service Classification No. 13 - Aggregated Firm Transportation - Commercial/Industrial.

#### Rate Design

The minimum charge in Service Classification Nos. 1, 2, 6, 12 and 13 has been increased to \$7.20. To offset the increase in the minimum charge the second block of S.C. 1 and 12 has been reduced and the third block of S.C. 2, 6, and 13 has been reduced. While rates have been redesigned, the net effect of these changes will not impact the Company's total revenues.

#### Gas Supply Charge

The Company has modified our gas cost adjustment calculation to follow the format outlined in the Commission's Notice of Proposed Rulemaking issued April 7, 1998 in Case 97-G-1178 and will refer to our gas cost collection factor as the Gas Supply Charge (GSC).

The GSC mechanism will collect all of commodity and upstream demand pipeline demand costs. In addition, the GSC will include uncollectibles, working capital and carrying costs on cash working capital requirements related to gas expense and lost and uncounted for gas at a rate of 1.025.

#### Imputation of Interruptible Revenue

The Company has imputed \$1,900,000 of interruptible profit from Service Classification Nos. 8, 9 and 14. Each August the Company will reconcile the annual interruptible profit received and all profit that exceeds the \$1,900,000 imputation up to \$2,299,999 will be shared in an 85% customer / 15% shareholder ratio. Profit that is above \$2,300,000 will be shared in an 80% customer/ 20% shareholder ratio. If the interruptible profit received is less than \$1,900,000, the shortfall below \$1,499,999 will be borne by Central Hudson. The shortfall from \$1,500,000 up to \$1,899,999 will be shared in an 85% customer/ 15% shareholder ratio.

Central Hudson will attempt to minimize the potential monthly shortfalls or over collections through a flowthrough mechanism included in the GSC. Each month Central Hudson will compare the profit received from customers taking service under Service Classification Nos. 8, 9 and 14 to 1/12 of the annual imputation or \$158,333 and if the monthly profit differs from the monthly imputation, Central Hudson will refund or surcharge the customers as appropriate.

#### Retail Access

Customers purchasing their natural gas supplies from an ESCO or Retail Supplier will receive a back-out credit which is intended to approximate the costs Central Hudson no longer incurs to serve these customers. Central Hudson will collect the total cost of the back-out credits from firm sales customers through a surcharge to be included in the GSC.

**GAS AND ELECTRIC ISSUES**

Marketer Ombudsman

Mr. John C. Checklick, Vice President of Customer Services and Marketing, has been designated as Central Hudson's Marketer Ombudsman to serve as a liaison to gas and electric energy suppliers and to address unresolved concerns.

Reconnection Charges

The charge for electric or gas reconnections, excluding those requiring an electric line crew or gas mechanic crew, made between 8:00 a.m. and 4:30 p.m. on days the Company office is open will increase from \$10 to \$20. The charge for reconnections that occur at all other times, excluding those requiring an electric line crew or gas mechanic crew, will increase from \$20 to \$40. Reconnections that require an electric line crew or gas mechanic crew and are made during normal business hours will be assessed a \$100 fee while those made at all other times will be assessed a \$140 fee.

Procedural Matters

As directed by Ordering paragraph three, the requirements of 66(12) (b) of the Public Service Law that newspaper publications are to be completed prior to the effective date of the amendments is waived. Notices of this filing will be published in accordance with 16 NYCRR 136.70 and 270.70 and proof of publication will be submitted not later than six weeks following the amendments effective date. Notices of the changes proposed herein will be published in November 7, 14, 21 and 28, 2001 issues of the Catskill Daily Mail, the Kingston Freeman, the Times Herald Record, the Poughkeepsie Journal and the Putnam County Courier.

Questions related to this filing should be addressed to Maida J. Lewis who can be reached at (845) 486-5375.

Very truly yours,

Arthur R. Upright

cc: Active Party List  
R.J. Glasser, Gould & Wilkie  
T.P. Riozzi, Gould & Wilkie

**TARIFF LEAVES****P.S.C. No. 15 - Electricity**

4th Revised Leaf No. 3	3rd Revised Leaf No. 211
3rd Revised Leaf No. 14	1st Revised Leaf No. 211.1
2nd Revised Leaf No. 94	5th Revised Leaf No. 216
4th Revised Leaf No. 104	3rd Revised Leaf No. 217
4th Revised Leaf No. 105	5th Revised Leaf No. 218
3rd Revised Leaf No. 106	2nd Revised Leaf No. 218.1
3rd Revised Leaf No. 107	3rd Revised Leaf No. 219
4th Revised Leaf No. 109	4th Revised Leaf No. 220
3rd Revised Leaf No. 124	2nd Revised Leaf No. 221
Original Leaf No. 163.1	3rd Revised Leaf No. 222
Original Leaf No. 163.2	2nd Revised Leaf No. 222.1
Original Leaf No. 163.3	Original Leaf No. 222.2
Original Leaf No. 163.4	2nd Revised Leaf No. 223
3rd Revised Leaf No. 165	2nd Revised Leaf No. 225
Original Leaf No. 165.1	2nd Revised Leaf No. 226
3rd Revised Leaf No. 168	5th Revised Leaf No. 237
6th Revised Leaf No. 169	Original Leaf No. 237.1
Original Leaf No. 169.1	4th Revised Leaf No. 246
3rd Revised Leaf No. 171	2nd Revised Leaf No. 246.1
3rd Revised Leaf No. 174	3rd Revised Leaf No. 247
3rd Revised Leaf No. 178	2nd Revised Leaf No. 249
Original Leaf No. 178.1	2nd Revised Leaf No. 250
1st Revised Leaf No. 179	2nd Revised Leaf No. 251
1st Revised Leaf No. 181	6th Revised Leaf No. 256
1st Revised Leaf No. 182	2nd Revised Leaf No. 258
3rd Revised Leaf No. 183	2nd Revised Leaf No. 259
3rd Revised Leaf No. 184	3rd Revised Leaf No. 260
1st Revised Leaf No. 184.1	3rd Revised Leaf No. 262
1st Revised Leaf No. 184.2	3rd Revised Leaf No. 264
3rd Revised Leaf No. 185	3rd Revised Leaf No. 265
3rd Revised Leaf No. 186	3rd Revised Leaf No. 266
Original Leaf No. 186.1	1st Revised Leaf No. 267.1
3rd Revised Leaf No. 190	1st Revised Leaf No. 267.2
3rd Revised Leaf No. 194	2nd Revised Leaf No. 267.6
Original Leaf No. 194.1	1st Revised Leaf No. 267.7
1st Revised Leaf No. 196	
1st Revised Leaf No. 198	
4th Revised Leaf No. 199	
4th Revised Leaf No. 200	
3rd Revised Leaf No. 201	
3rd Revised Leaf No. 202	
1st Revised Leaf No. 202.1	
1st Revised Leaf No. 202.2	
5th Revised Leaf No. 205	
3rd Revised Leaf No. 205.1	
4th Revised Leaf No. 206	
1st Revised Leaf No. 206.1	
Original Leaf No. 206.2	
2nd Revised Leaf No. 207	
3rd Revised Leaf No. 210	

Statement of Customer Refund CR-1  
Statement of System Benefits Charge SBC-1  
Statement of Purchased Power Adjustment PPA-1  
Statement of Miscellaneous Charges MISC-1  
Statement of Market Price Charge and Market Price Adjustment MPC-1  
Statement of Revenue Tax Surcharge RTS-7  
Supplement No. CANC-14

Appendix A  
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**TARIFF LEAVES**

**PSC No. 12 - GAS**

2nd Revised Leaf No. 4  
2nd Revised Leaf No. 63  
2nd Revised Leaf No. 68  
4th Revised Leaf No. 69  
4th Revised Leaf No. 70  
2nd Revised Leaf No. 71  
2nd Revised Leaf No. 72  
3rd Revised Leaf No. 73  
2nd Revised Leaf No. 74  
2nd Revised Leaf No. 148  
2nd Revised Leaf No. 149  
2nd Revised Leaf No. 150  
2nd Revised Leaf No. 151  
2nd Revised Leaf No. 152  
2nd Revised Leaf No. 153  
2nd Revised Leaf No. 154  
2nd Revised Leaf No. 158  
5th Revised Leaf No. 159  
1st Revised Leaf No. 160  
1st Revised Leaf No. 161  
4th Revised Leaf No. 186  
3rd Revised Leaf No. 187  
2nd Revised Leaf No. 188  
2nd Revised Leaf No. 189  
1st Revised Leaf No. 190  
4th Revised Leaf No. 191  
4th Revised Leaf No. 192  
2nd Revised Leaf No. 193  
2nd Revised Leaf No. 194

Statement of Gas Supply Charge GSC-1  
Statement of Firm Transportation Rates FTR-29  
Statement of Interruptible Gas Rates IGR-30  
Statement of Interruptible Transportation Rates ITR-29  
Statement of Revenue Tax Surcharge RTS-7  
Supplement No. CANC-10