

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

September 20, 2007

Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

Re: Case 02-M-0515: Residential Distributed Generation Rates

Dear Commissioners:

The amended tariff leaf set forth below is filed by Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") on September 20, 2007 to become effective January 1, 2007.

P.S.C. No. 12 - Gas

2nd Revised Leaf No. 212

The purpose of this filing is to amend the Company's gas rate schedule with revised Residential Distributed Generation ("DG") rates under Service Classification No. 16.

Rate Design

Pursuant to Ordering Paragraph 4 of the Commission's Order Providing for Gas Service for Residential Distributed Generation issued on August 4, 2004, in the above referenced proceeding, Central Hudson hereby submits replacement residential DG rates. Given that the Company has not had any customers take service under Service Classification No. 16 - Residential Distributed Generation since its implementation on November 2, 2004 and therefore lacks critical usage and load factor information on residential DG customers, the Company has not prepared the analysis required by the aforementioned Order. As a result, the replacement tariff leaf filed with this letter reflects new rates developed utilizing rates approved by the Commission in Case 05-G-0935 based on the same methodology used to develop the currently effective DG rates, as more fully described below.

The rates presented herein are based on the Company's delivery rates effective July 1, 2007 (Rate Year 2 or "RY2") under Service Classification Nos. 1 and 12 as approved by the Commission in its Order issued and effective July 24, 2006 in Case 05-G-0935. The Company's Administrative Charge under Service Classification No. 16 is equivalent to the customer charge as derived in the Company's Cost of Service and filed in Case 05-G-0935. The revenue produced by charges in the second and third rate blocks of the Company's current delivery charges for residential service was reduced by the additional revenue to be collected through the Administrative Charge and converted to a 50 percent load factor volumetric rate applicable to all gas delivered in excess of the first 2 Ccf for all customers taking this service.

DG Rates

The proposed residential DG rates result in increases of 13.2 percent and 149.3 percent in the administration charge and volumetric unit rate, respectively. These increases appear reasonable based on the fact that the underlying SC Nos. 1 and 12 rates approved in Case 05-G-0935 reflect a 94.4 percent increase in the customer charges, as well as increases of 24.3 and 9.0 percent in the penultimate and tail block rates, respectively. Since the proposed administration charge for SC No. 16, which is based on the customer charge developed from the Embedded Cost of Service Study, reflects only a 13 percent increase over the currently effective administration charge, the impact of the resulting increases in the SC Nos. 1 and 12 rates is shifted to the volumetric charge.

Since the Company currently has no customers taking service under this service classification, and any possible prospective customers would need to contact a customer representative regarding interconnection specifications, the Company requests that the requirements of 66 ((12)(b)) of the Public Service law as to newspaper publication be waived.

Questions related to this filing should be directed to Stacy Powers at (845) 486-5815.

Yours very truly,

Michael L. Mosher

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