

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

January 28, 2011

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

Re: Dishonored Payments

Dear Commissioners:

The tariff leaves set forth below are filed by Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") on January 28, 2011 to become effective June 1, 2011.

P.S.C. No. 15 – Electricity

1st Revised Leaf No. 95

P.S.C. No. 12 – Gas

1st Revised Leaf No. 64

The purpose of this filing is to update the dishonored payment fee for customers who submit negotiable instruments that are subsequently dishonored or deemed uncollectible. Under the current tariff provisions, should the Company receive a negotiable instrument from an applicant or customer of any bill, charge, or deposit due, and such instrument be subsequently dishonored or be uncollectible for any reason, the Company shall charge the applicant or customer a handling charge of \$5.00 plus any amounts the Company was required to pay its bank for handling such instrument, up to a total of \$10.00 per such instrument.

Currently authorized payment agents that charge dishonored payment fees include Western Union and Price Chopper. Effective September 13, 2010, Price Chopper began deducting a \$20.00 fee for each dishonored item returned. The fees charged by Western Union, which include bank service charges, electronic check acceptance fees, and utility transaction fees vary monthly (as the per check bank service charges range from \$3.95 to \$15.00). From June 2010 to October 2010, the average per check fee charged by Western Union was \$13.22. In addition, the Company's own bank charges dishonored payment fees to Central Hudson. Currently for each deposit item returned the Company is charged \$10.00 in addition to the \$10.00 charge incurred related to the automatic resubmit of deposited items returned.

The Company herein proposes to increase the maximum dishonored payment fee from a total of \$10.00 per such instrument to a total of \$25.00 per such instrument. This cap would allow for recovery of the \$5.00 handling charge plus an incremental fee up to \$20.00 for payment of bank and third party charges. The Company's proposal is in line with actual charges incurred and with currently effective tariffs at other New York State Utilities. Orange & Rockland's current tariff amendments allow for recovery of \$3.50 handling plus any amounts paid to its banks, with no cap. Rochester Gas & Electric's current tariff amendment allows for recovery of \$20.00.

The dishonored payment fee, should provide a price signal to discourage customers from submitting such payments, and also be designed to recover the costs associated with these services. The average fees charged by third parties that receive payments on behalf of the Company, as well as the Company's own banks have continued to increase in recent years, and are now exceeding the cap currently in place for recovery from customers.

The Company is arranging to comply with the requirements of §66(12)(b) of the Public Service Law by publishing notices of the tariff amendment proposed herein in the February 16, 23 and March 2, 9, 2011 issues of the Catskill Daily Mail, the Kingston Freeman, the Times Herald Record and the Poughkeepsie Journal.

Questions related to this filing should be directed to Amy Dittmar at (845) 486-5433.

Yours very truly,

Michael L. Mosher
Vice President - Regulatory Affairs

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