

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

June 30, 2010

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

Re: Cases 09-E-0588/ 09-G-0589 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 June 18, 2010, in the above captioned proceeding, Central Hudson Gas & Electric Corporation ("Central Hudson" or "the Company") hereby files amended tariff leaves and statements 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 June 30, 2010 to become effective July 1, 2010 on a temporary basis to effectuate the electric and gas rate increases as well as the other requirements of the aforementioned Order. The purpose for these tariff amendments is described below.

**ELECTRIC**

Electric Bill Credit ("EBC")

The electric bill credit was implemented on July 1, 2009 in Case 08-E-0887 to return to customers the regulatory liability remaining after the offset of various deferred balances. The bill credit has been modified in Case 09-E-0588 to return to customers \$12 million for the twelve months ending June 30, 2011 and \$4 million for the twelve months ending June 30, 2012.

Revenue Decoupling Mechanism ("RDM")

The amendments filed herein reflect modifications to the existing revenue per class RDM model as established in the Commission's 2009 Rate order. The RDM continues to be applicable, by sub-class, to S.C. Nos. 1, 2 and 6, as well as to those customers taking service under S.C. No. 14 whose parent service classification is one of the aforementioned classes. In addition, the RDM continues to provide for a monthly comparison of actual delivery revenue to delivery revenue targets, but presents a modification to the existing model's definition of actual delivery revenue for the first two months of each rate year. That is, actual delivery revenue for the first two months of each rate year must be adjusted to reverse the effect of pro-rata between old and new rates. This will be accomplished by multiplying actual billing determinants for each RDM eligible class by the new rate year rates.

Energy Cost Adjustment Mechanism ("ECAM")

ECAM statements are filed herein to effectuate changes to the working capital carrying charge rate, uncollectible rate, electric loss factors and coincident peak included in Case 09-E-0588.

#### S.C. No. 6 – Residential Time of Use

The on- and off-peak volumetric delivery rate split, currently applicable to S.C. No. 6, will be phased out, resulting in a single delivery rate for the rate year ended June 30, 2013.

#### S.C. No. 14 - Standby Rates

The Company has included revised standby rates consistent with the parent service classification rate design and cost of service, such that the rates are revenue neutral.

#### Economic Revitalization Discount

Prior to July 1, 2010, customers taking service under S.C. Nos. 2 or 3 and that met defined criteria were able to take advantage of a discounted monthly demand rate through an Economic Revitalization Discount. This special provision is closed to all new customers beginning July 1, 2010. Service for existing customers under this special provision will continue until the earlier of December 31, 2012 or until program funding is exhausted.

### **GAS**

#### Revenue Decoupling Mechanism ("RDM")

The unit per customer ("UPC") structure of the gas RDM will continue per the Commission's 2009 Rate Order. However, revenues earned as a result of customer months in excess of those used to determine the UPC targets, but only up to the upper limit of customer months as approved by the Commission in Case 09-G-0589, will be deferred monthly, with interest at the Commission's rate for other customer provided capital, for refund to customers. The Company will retain revenues earned as a result of customer months in excess of the upper limit. These provisions apply to both residential and non-residential customers for the rate year ended June 30, 2011, but only apply to residential customers for the rate years ended June 30, 2012 and June 30, 2013.

#### Imputation of Interruptible Revenue

The annual imputed interruptible profit from S.C. Nos. 8, 9 and 14 is \$2.4 million for each of the rate years ending June 30, 2011, June 30, 2012, and June 30, 2013. Each August the Company will reconcile the annual interruptible profit received and will be permitted to retain the first \$2.4 million in profit received. If the profit is less than \$2.4 million the Company will surcharge customers taking service under S.C. Nos. 1, 2, 6, 12 and 13 for 90% of the shortfall. If the profit exceeds \$2.4 million, the Company will credit customers taking service under S.C. Nos. 1, 2, 6, 12 and 13 for 90% of the excess.

#### Factor of Adjustment

The factor of adjustment will continue to be calculated as the three-year average ended August 31, and will be updated on July 1, 2010 to reflect the three-year's ended August 31, 2009. In addition, the company will also employ an updated three-year average ended each August 31<sup>st</sup> to be applicable to the period November 1 to October 31 of the ensuing year to be filed on not less than 30 days notice, as data would not be available in time for the September 1 effective date noted in the Order. The November 1 effective date was implemented in place of the September 1 date included in the Order pursuant to discussion with PSC Staff.

An updated GSC Statement is filed herein to reflect change to the factor of adjustment effective July 1, 2010.

### **ELECTRIC AND GAS ISSUES**

Base Delivery Rates & Merchant Function Charges ("MFCs")

The base delivery and MFC rates effective July 1, 2010, July 1, 2011, and July 1, 2012 reflect revisions to the Company's method of rate unbundling and allocation of costs between MFC Administration and MFC Supply made pursuant to the Commission's Order in Cases 09-E-0588 and 09-G-0589. The base rate and MFC structures have been changed such that (1) all costs previously recovered in the MFC Administration rate are now to be recovered in base rates, (2) delivery-related advertising and promotion costs that were previously recovered in the MFC Supply rate are now to be recovered in base rates, (3) the new MFC Administration rate will be comprised of procurement-related credit and collections costs and fifty-percent of procurement-related call center costs, both of which were previously recovered through the MFC Supply rate, (4) the new MFC Supply rate will be adjusted for the items noted above. MFC statements are filed herein to effectuate the changes noted above, and also include updates to the net lost revenue components.

New York State Assessment ("NYSA")

Electric and gas NYSA statements are filed herein to effectuate changes authorized in the June 19, 2009 Order in Case 09-M-0311, in addition to changes to the uncollectible rate included in Case 09-E-0588 and Case 09-G-0589. Pursuant to the June 19, 2009 Order in Case 09-M-0311, if the July 2010 – June 2011 surcharge amount, including any over/under recovery for July 2009 – June 2010 and carrying charges, produced a lower surcharge factor than that currently in effect, the current higher factor was retained.

HEAP Credit

Each residential customer who received a HEAP benefit for their Central Hudson bill during the 2009/2010 HEAP Plan Year will receive a credit each month applied to their Central Hudson account. The HEAP credit will continue for 12 consecutive months, or until either the customer renews their HEAP eligibility for a succeeding Plan Year or the HEAP Credit Program terminates on June 30, 2013.

	<u>Monthly Credit</u>
July 1, 2010 – June 30, 2011	\$7.00
July 1, 2011 – June 30, 2012	\$9.00
July 1, 2012 – June 30, 2013	\$11.00

Each customer will be entitled to only one monthly credit provided that the customer's account remains active and regardless of whether the customer takes electric and gas service from the Company.

**PROCEDURAL MATTERS**

As directed by Ordering paragraph six, 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 with respect to the tariff changes for the rate year ended June 30, 2011. Notices of the changes contained herein will be published in the July 7, 14, 21 and 28, 2010 issues of the Catskill Daily Mail, the Daily Freeman, the Times Herald Record and the Poughkeepsie Journal.

Questions related to this filing should be addressed to Stacy Powers at (845) 486-5815 or Amy Dittmar at (845) 486-5433.

Very truly yours,

Michael L. Mosher

cc: Active Party List  
R.J. Glasser, Thompson Hine

TARIFF LEAVES

PSC No. 15 – ELECTRICITY

13 <sup>th</sup> Revised Leaf No. 104	10 <sup>th</sup> Revised Leaf No. 205.1
7 <sup>th</sup> Revised Leaf No. 135	4 <sup>th</sup> Revised Leaf No. 205.2
5 <sup>th</sup> Revised Leaf No. 163.3	14 <sup>th</sup> Revised Leaf No. 210
5 <sup>th</sup> Revised Leaf No. 163.5	11 <sup>th</sup> Revised Leaf No. 217
4 <sup>th</sup> Revised Leaf No. 163.5.1	12 <sup>th</sup> Revised Leaf No. 218
7 <sup>th</sup> Revised Leaf No. 163.5.2	9 <sup>th</sup> Revised Leaf No. 218.1
Original Leaf No. 163.5.2.1	6 <sup>th</sup> Revised Leaf No. 218.2
4 <sup>th</sup> Revised Leaf No. 163.5.4	10 <sup>th</sup> Revised Leaf No. 219
2 <sup>nd</sup> Revised Leaf No. 163.5.5	12 <sup>th</sup> Revised Leaf No. 220
11 <sup>th</sup> Revised Leaf No. 165	9 <sup>th</sup> Revised Leaf No. 221
14 <sup>th</sup> Revised Leaf No. 169	11 <sup>th</sup> Revised Leaf No. 222
3 <sup>rd</sup> Revised Leaf No. 177	11 <sup>th</sup> Revised Leaf No. 226
3 <sup>rd</sup> Revised Leaf No. 178.1	7 <sup>th</sup> Revised Leaf No. 231
7 <sup>th</sup> Revised Leaf No. 179	12 <sup>th</sup> Revised Leaf No. 246
11 <sup>th</sup> Revised Leaf No. 185	13 <sup>th</sup> Revised Leaf No. 246.1
4 <sup>th</sup> Revised Leaf No. 193	9 <sup>th</sup> Revised Leaf No. 262
14 <sup>th</sup> Revised Leaf No. 194	10 <sup>th</sup> Revised Leaf No. 272.3
7 <sup>th</sup> Revised Leaf No. 196	3 <sup>rd</sup> Revised Leaf No. 272.3.1
12 <sup>th</sup> Revised Leaf No. 205	3 <sup>rd</sup> Revised Leaf No. 272.3.2

Statement of Market Price Charge and Market Price Adjustment MPC – 113

Statement of Purchased Power Adjustment PPA – 110

Statement of Miscellaneous Charges MISC – 110

Statement of Bill Credit EBC – 2

Statement of Merchant Function Charges MFC – 4

Statement of New York State Assessment Surcharge NYSA – 4

## TARIFF LEAVES

### PSC No. 12 – GAS

9 <sup>th</sup>	Revised Leaf No. 68	11 <sup>th</sup>	Revised Leaf No. 152
7 <sup>th</sup>	Revised Leaf No. 71	11 <sup>th</sup>	Revised Leaf No. 158
8 <sup>th</sup>	Revised Leaf No. 72	12 <sup>th</sup>	Revised Leaf No. 181
7 <sup>th</sup>	Revised Leaf No. 121	14 <sup>th</sup>	Revised Leaf No. 186
14 <sup>th</sup>	Revised Leaf No. 126	13 <sup>th</sup>	Revised Leaf No. 188
11 <sup>th</sup>	Revised Leaf No. 126.1	14 <sup>th</sup>	Revised Leaf No. 191
3 <sup>rd</sup>	Revised Leaf No. 129	12 <sup>th</sup>	Revised Leaf No. 193
2 <sup>nd</sup>	Revised Leaf No. 129.1	13 <sup>th</sup>	Revised Leaf No. 206
14 <sup>th</sup>	Revised Leaf No. 149	7 <sup>th</sup>	Revised Leaf No. 212
9 <sup>th</sup>	Revised Leaf No. 151		

Statement of Gas Supply Charges GSC-111

Statement of Merchant Function Charges MFC – 4

Statement of New York State Assessment Surcharge NYSA – 4