

January 25, 2010



Hon. Jaclyn Brillling  
Secretary  
New York Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

Re: Case 08-E-0887 – Proceeding on Motion of the Commission as to the Rates,  
Charges, Rules and Regulations of Central Hudson Gas &  
Electric Corporation for Electric Service:

Supplemental Plan for Implementation of Expansion of Hourly Pricing Provision

Dear Secretary Brillling:

Pursuant to Ordering Paragraph 5 of the Commission's June 22, 2009 Order ("Order") in the above captioned proceeding, Central Hudson Gas & Electric Corporation ("Central Hudson" or "the Company") submitted its Plan for implementation of expansion of its Hourly Pricing Provision ("HPP") on September 21, 2009. Subsequent to the September 21 filing, the Company filed a supplemental Plan modifying the timeline for expansion. Recently, the Company has been asked to modify proposed tariff language filed in the supplemental plan as well as clarify the Company's intentions with regards to cost recovery. As a result, the Company is submitting this supplement to incorporate changes to proposed tariff language and clarify proposed cost recovery. In addition, the Company is also submitting a modified timeline for expansion based on an expected Commission approval in February 2010.

Also pursuant to Ordering Paragraph 5, the Company believes that the Plan is consistent with the recommendations set forth in the Recommended Decision, and is in the process of posting the enclosed supplemental information on the portion of the Company's website designated for customers who will be added to the program as a result of the expansion.

Questions related to this filing may be directed to Stacy E. Powers at (845) 486-5815 (or [spowers@cenhud.com](mailto:spowers@cenhud.com)) or Glynis L. Bunt at (845) 486-5420 (or [gbunt@cenhud.com](mailto:gbunt@cenhud.com)).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. L. Mosher", written in a cursive style.

Michael L. Mosher  
Vice President – Regulatory Affairs

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**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

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**Proceeding on Motion of the Commission as to  
the Rates, Charges, Rules and Regulations of  
Central Hudson Gas & Electric Corporation  
for Electric Service**

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**Case 08-E-0887**

**PLAN FOR IMPLEMENTATION  
OF EXPANSION OF  
HOURLY PRICING PROVISION**

**SUPPLEMENTAL FILING**

**Dated: January 25, 2010**

**CENTRAL HUDSON GAS & ELECTRIC CORPORATION  
284 South Avenue  
Poughkeepsie, N.Y. 12601**

### **1. Background**

Subsequent to the September 21, 2009 filing, the Company filed a supplemental Plan modifying the timeline for expansion. As a result of recent discussions with Staff, the Company is filing an additional supplement to incorporate requested changes to proposed tariff language as well as clarification regarding cost recovery.

### **2. Schedule of Implementation/Summary of Tariff Amendments**


The Company has extended the proposed implementation timeline to recognize anticipated Commission approval of this Plan in February 2010 and tariff implementation March 1, 2010. Any delay in these dates will necessarily extend the implementation date. A revised timeline is attached as Appendix A. Revised tariff amendments are attached as Appendix B.

### **3. Cost Recovery**

To clarify the Company's previous proposal that implementation costs associated with the HPP expansion be deferred and offset against the competitive metering fund established pursuant to the Commission's June 14, 2004 order in Case 00-E-1273, the Company plans to utilize this fund for costs related to providing Energy Manager software to customers free of charge for one year, up-front costs including modems, polling stations, etc, changes to the existing Energy Manager software to accommodate the new customers, and costs related to outreach and education.

The Company plans to recover the remaining costs relating to materials of installing the required metering through an incremental metering charge. As such, the Company has revised proposed tariff language attached as Appendix B. An estimated incremental charge to recover metering and Energy Manager charges is included in the tariff language proposed in Appendix B. Once actual costs of meter installations are known, the Company will file a new rate to recover actual costs incurred.

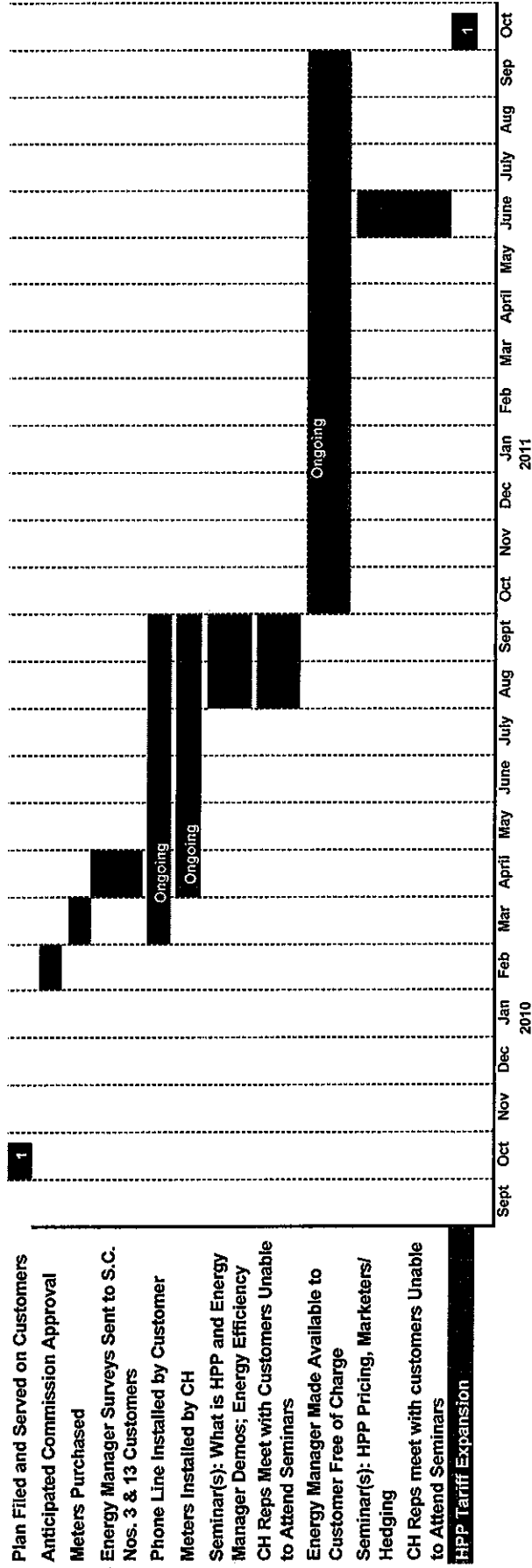
Respectfully submitted,



Michael L. Mosher  
Vice President – Regulatory Affairs

## **Appendix A**

## Central Hudson Gas & Electric Corporation HPP Expansion Timeline



## **Appendix B**

### 36. OTHER CHARGES AND ADJUSTMENTS (Cont'd)

#### G. Revenue Decoupling Mechanism (RDM) Adjustment

Pursuant to the Commission's Order in Case 08-E-0887 issued and effective June 22, 2009, actual delivery revenues for certain customer classes are subject to reconciliation through an RDM Adjustment. The RDM Adjustment is applicable to Service Classification Nos. 1, 2, and 6, and those customers taking service under SC No. 14 whose parent service classification would be either SC 1, 2 or 6. The RDM is not applicable to Service Classification Nos. 3, 5, 8, 9 and 13.

##### 1. Definitions

- a. **Delivery Revenue Targets** by month for each service classification or sub classification will be based on delivery revenue targets for the Rate Year ending June 30, 2010 as set in Case 08-E-0887.
- b. **Actual Delivery Revenue** is defined as the sum of total billed revenue derived from customer charges, base rate energy delivery charges, base rate demand delivery charges and Merchant Function Charges inclusive of lost revenues including the Transition Adjustment, all as applicable. Actual Delivery Revenue shall not include revenues derived from the RDM Adjustment or incremental monthly charges assessed under the Company's Hourly Pricing Provision.
- c. **Annual RDM Period** is defined as the twelve months ending June 30, 2010 and each succeeding twelve-month period thereafter.
- d. **RDM Adjustment Period** is defined as the twelve months beginning August 1 immediately following the Annual RDM Period.

##### 2. Determination of RDM Adjustment

For each service classification or sub classification subject to the RDM Adjustment, the Company will, on a monthly basis, compare Actual Delivery Revenue to a Delivery Revenue Target. If the monthly Actual Delivery Revenue exceeds the Delivery Revenue Target, the delivery revenue excess will be accrued for refund to customers at the end of the Annual RDM Period. Likewise, if the monthly Actual Delivery Revenue is less than the Delivery Revenue Target, the delivery revenue shortfall will be accrued for recovery from customers at the end of the Annual RDM Period.

On a monthly basis, interest at the Commission's rate for other customer provided capital will be calculated on the average of the current and prior month's cumulative delivery revenue excess/shortfall (net of state and federal income tax benefits).

At the end of an Annual RDM Period total delivery revenue excess/shortfalls, and associated interest, for each service classification or sub classification will be refunded/surcharged to customers through service classification or sub classification-specific RDM Adjustments applicable during a corresponding RDM Adjustment Period. The RDM Adjustment for each applicable service classification or sub classification shall be determined by dividing the amount to be refunded/surcharged to customers in that service classification or sub classification by estimated kWh and/or kW deliveries to customers in that service classification or sub classification over the RDM Adjustment Period. RDM Adjustments shall be rounded to the nearest \$0.00001 per kWh or \$0.01 per kW.

**SERVICE CLASSIFICATION NO. 2** (Cont'd)

**GENERAL SERVICE** (Cont'd)

**SPECIAL PROVISIONS** (Cont'd)

2.11 **HOURLY PRICING PROVISION**

Effective October 1, 2011 all customers with demand exceeding 500 kW in any two of the previous twelve months (as measured semi-annually for the twelve months ending June and December, but initially for the twelve months ended August 31, 2009) and electing to purchase their energy requirements from the Company will be billed for these requirements based on the charges set on an hourly basis according to the market price of electricity described below. Any All other customers taking service under this Service Classification may elect to purchase 100% of their energy requirements based on charges set on an hourly basis according to the market price of electricity described below.

The market price of electricity will be the hourly Day-Ahead Locational Based Market Price (DAM) as set forth by the New York State Independent System Operator (NYISO) for Central Hudson, Hudson Valley, Zone G (Zone G). The source of the hourly prices will be the NYISO website for the DAM.

Customers taking service under this Special Provision will also be subject to charges for energy balancing as well as non-energy components of electric power supply, such as capacity, ancillary services and allowances for working capital costs and bad debts.

Prior to May 1, 2011, these charges will be recovered through the HPP UCAP Charge, which will be determined on a monthly basis, coincident with the development of the components of the Energy Cost Adjustment Mechanism, as described in General Information Section 29, will be stated in whole \$0.00001 amounts per kilowatthour and will be filed with the Public Service Commission on the Statement of Market Price Charge and Market Price Adjustment. The UCAP Charge will be calculated as the sum of:

- (A) An energy balancing component calculated by subtracting the DAM from the Real-Time LBMP (RTM) as set forth by the NYISO for Zone G for each hour in the current month, multiplying the difference by any purchases or sales made by the Company in the real-time market for load balancing purposes and dividing the net result by the estimate of full service sales, including HPP sales, described in General Information Section 29; and,
- (B) A component for capacity charges determined by taking the sum of HPP customers' estimated unforced capacity (UCAP) requirements multiplied by the monthly NYISO Spot Auction price for the New York Control Area (NYCA); and,
- (C) A component for ancillary service charges, including NYPA Transmission Access Charges (NTAC), calculated by taking the sum of such charges incurred by the Company and dividing by the estimate of full service sales, including HPP sales, described in General Information Section 29; and,



**SERVICE CLASSIFICATION NO. 2** (Cont'd)

**GENERAL SERVICE** (Cont'd)

**SPECIAL PROVISIONS** (Cont'd)

2.11 **HOURLY PRICING PROVISION** (Cont'd)

**Metering Requirement**

In order to take service under this Special Provision a customer must ~~provide~~ have in place an interval meter, with a dedicated phone line, that is compatible with the Company's MV-90 data acquisition system. ~~In addition to the monthly customer charge pursuant to the parent service classification, C~~customers will be assessed an ~~Monthly Customer Charge~~ incremental monthly charge of \$620.00~~30.00~~.

Pursuant to the June 22, 2009 Order of the Public Service Commission in Case 08-E-0887, all customers with demand exceeding 500 kW in any two of the previous twelve months ended August 31, 2009 will be required to install a dedicated phone line and have in place an interval meter prior to October 1, 2010. Effective October 1, 2011, all S.C. No. 2 customers with demand exceeding 500 kW in any two of the previous twelve months (as measured semi-annually for the twelve months ending June and December) must have in place an interval meter with a dedicated phone line and will be assessed the incremental monthly charge as set forth above.

**Electric Bill Credit, System Benefits Charge, Renewable Portfolio Standard Charge, Energy Cost Adjustment Mechanism, Merchant Function Charge, New York State Assessment and Revenue Decoupling Mechanism**

----- The provisions of the Electric Bill Credit, as described in General Information Section 36.B, System Benefits Charge, as described in General Information Section 36.A, Renewable Portfolio Standard Charge, as described in General Information Section 36.C, Miscellaneous Charges and Purchased Power Adjustment, as described in General Information Section 29, Merchant Function Charge, as described in General Information Section 36.E, New York State Assessment (NYSA), as described in General Information Section 36.F, and Revenue Decoupling Mechanism, as described in General Information Section 36.G, shall apply to all electricity delivered under this Special Provision.

**Increase in Rates and Charges**

All rates and charges for service billed by the Company under this Special Provision, including the Electric Bill Credit, System Benefits Charge, Renewable Portfolio Standard Charge, Miscellaneous Charges, Purchased Power Adjustment, Merchant Function Charge, New York State Assessment and Revenue Decoupling Mechanism, shall be increased pursuant to General Information Section 30 to reflect the tax rates applicable within the municipality where the customer takes service.

**Term**

Eligible customers ~~electing to~~ may take service under this option ~~may do so~~ on a monthly basis. In order to participate customers must indicate their intent to purchase energy under the hourly pricing option no later than 5 business days prior to the start of the month they intend to take service.

**SERVICE CLASSIFICATION NO. 14** (Cont'd)

**STANDBY SERVICE** (Cont'd)

**BACK OUT CREDIT**

The provisions of the Company's Back Out Credit shall apply to the energy deliveries (kWh) of customers participating in the Retail Access Program, as described in General Information Section 35.

**MARKET PRICE CHARGE AND MARKET PRICE ADJUSTMENT**

Effective October 1, 2011 all interval metered customers whose Parent Service Classification is S.C. No. 2 with demand exceeding 500 kW in any two of the previous twelve months (as measured semi-annually for the twelve months ending June and December, but initially for the twelve months ended August 31, 2009) and electing to purchase their energy requirements from the Company will be billed for these requirements based on the charges set on an hourly basis according to the market price of electricity described below. All other interval metered customers whose Parent Service Classification is S.C. No. 2 may elect to purchase their electricity requirements from the Company pursuant to the provisions of the Hourly Pricing Provision as described in Special Provision 2.11 of Service Classification No. 2. Customers whose Parent Service Classification is S.C. No. 3 or 13 and who elect to purchase their electricity requirements from the Company will be required to make these purchases pursuant to the provisions of the Hourly Pricing Provision as described in Special Provisions 3.8 and 13.9 of Service Classification Nos. 3 and 13, respectively. The provisions of the Company's Market Price Charge and Market Price Adjustment, as described in General Information Section 29, shall apply to all other electricity provided and sold by the Company under this Service Classification, and shall be based on Parent Service Classification designation. Customers participating in the Retail Access Program, as described in General Information Section 35, shall not be subject to these charges.

**MERCHANT FUNCTION CHARGE**

The Merchant Function Charge, as described in General Information Section 36.E, shall apply to all electricity delivered under this Service Classification.

**NEW YORK STATE ASSESSMENT**

The New York State Assessment, as described in General Information Section 36.F, shall apply to all electricity delivered under this Service Classification.

**INCREASE IN RATES AND CHARGES**

All rates and charges billed under this Service Classification, including the Minimum Charge, shall be increased pursuant to General Information Section 30 to reflect the tax rates applicable within the municipality where the customer takes service.

**MINIMUM CHARGE**

The Customer Charge plus the Contract Demand Charge. In addition, effective October 1, 2011, customers whose Parent Service Classification is S.C. No. 2 with demand exceeding 500 kW in any two of the previous twelve months (as measured semi-annually for the twelve months ending June and December) will be assessed an incremental monthly charge as set forth in Special Provision 2.11.

**TERMS OF PAYMENT**

Bills are due when personally served or three days after mailing. Bills shall be subject to a late payment charge in accordance with General Information Section 16, if payment is not made by the date specified on the bill which date shall be not less than twenty (20) days from the due date.

Issued by: Michael L. Mosher, Vice President, Poughkeepsie, New York