

Michael L. Mosher, P.E.
Vice President - Regulatory Affairs



August 17, 2010

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

Re: Case 09-E-0588 – Proceeding on Motion of the Commission as to the Rates,
Charges, Rules and Regulations of Central Hudson Gas &
Electric Corporation for Electric Service:

Plan for Implementation of Further Expansion of Hourly Pricing Provision

Dear Secretary Brillling:

Pursuant to Ordering Paragraph 1 of the Commission's June 18, 2010 Order ("Order") in the above captioned proceeding, adopting the terms of the Joint Proposal filed in this proceeding, Central Hudson Gas & Electric Corporation ("Central Hudson" or "the Company") hereby submits its Plan for implementation of expansion of its Hourly Pricing Provision ("HPP").

The Company believes that this Plan is consistent with the Plan approved by the Commission in Case 08-E-0887, and is in the process of serving a copy on each of the customers who will 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) or Glynis L. Bunt at (845) 486-5420 (or 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

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

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

Case 09-E-0588

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

Dated: August 17, 2010

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

1. Background

On November 1, 2004, as a result of the Retail Access Collaborative established pursuant to the Commission's June 14, 2004 Order in Cases 00-E-1273 and 00-G-1274, Central Hudson (the "Company") filed proposed tariff revisions to implement a mandatory hourly pricing provision ("HPP") for the Company's largest electric customers taking service under Service Classification Nos. 3 and 13 who purchase their energy supply from the Company. On May 1, 2005, the Company's HPP filing became effective pursuant to Commission Order dated April 18, 2005 in Case 00-E-1273. Existing tariff provisions for Service Classification No. 2, which allowed these customers to elect hourly supply pricing on a voluntary basis, remained unchanged.

On June 22, 2009, the Commission issued an Order in Cases 08-E-0887 and 08-G-0888 directing Central Hudson to file a plan to expand the Company's mandatory HPP to all S.C. No. 2 customers with demand exceeding 500 kW in any two of the previous twelve months. The Commission directed that the Company's Plan should be consistent with DPS Staff's ("Staff"; Staff Hourly Pricing Panel testimony filed in Case 08-E-0887) recommendations, addressing (1) draft tariff amendments, (2) meter data provisions, (3) an outreach and education program, and (4) an estimate of costs and proposed cost recovery terms. The Plan filed by the Company on September 21, 2009 and later supplemented on October 1, 2009 and January 25, 2010 was later approved by the Commission on February 11, 2010. The Company is currently in the process of implementing this Plan, and S.C. No. 2 customers with demand exceeding 500 kW in any two of the previous twelve months are expected to begin billing under the HPP in October 2011.

On June 18, 2010, the Commission issued an Order in Cases 09-E-0588 and 09-G-0589 directing Central Hudson to file, within 60 days of the issuance of the Order, a plan to further expand the Company's mandatory HPP to all S.C. No. 2 customers with demand exceeding 300 kW in any two of the previous twelve months. The Company hereby submits the following plan ("Plan") to implement HPP for 164 S.C. No. 2 customers with demand greater than 300 kW in any two months during the twelve months ended June 30, 2010.

2. Schedule of Implementation

HPP customers will require interval metering capable of recording hourly usage data and telecommunications to the meter for the downloading of this data to Central Hudson. Based on current experience of expanding the mandatory hourly pricing provision to 111 customers with demand exceeding 500 kW, the Company estimates it will take approximately seven months to install all required meters, and phone lines as necessary, for 164 customers with demand exceeding 300 kW in any two of the preceding twelve months. After receiving Commission approval of the enclosed plan and surveying customers as to their intent to provide a dedicated phone line or have the

Company provide telecommunications to the meter, the Company plans to purchase the required meters in November or December 2010 and begin installing meters in March 2011. As a result, Central Hudson proposes to effectuate billing under the HPP for affected S.C. No. 2 customers on October 1, 2012.

The proposed implementation timeline anticipates Commission approval of this Plan in October or November 2010. Any delay in these dates will necessarily extend the implementation date, as the Company does not plan to move forward with purchasing the necessary meters without Commission approval. A proposed timeline for HPP expansion can be found in Appendix A.

3. Meter/Data/Technology Provisions

a. Metering and Data Technology Requirements

HPP customers will require interval metering capable of recording hourly usage data and telecommunications to the meter for the downloading of this data to Central Hudson. In order to minimize incremental cost and enable rapid implementation, the Company has chosen to expand the use of metering and meter data acquisition technology currently in use, or planned for use, on the Central Hudson system. Specifically, the meters that will be installed will have the same functionality as the meters currently utilized for S.C. Nos. 3 and 13 customers, as well as those currently being installed on S.C. No. 2 customers subject to the HPP expansion. These meters are read through a modem or internet and have built-in load profile storage. Of the 164 customers identified for HPP expansion, it is assumed that all will require the installation or replacement of an interval meter. While six accounts currently have installed meters capable of recording interval data, it is unknown at this time whether these customers will elect the Company to provide telecommunications to the meter, requiring meter replacement.

Customers choosing the Company-provided telecommunications option will be read through a protocol which does not require a phone line or modem connection on the Company's end. It is currently unknown how many customers will choose to provide a dedicated phone line, and therefore, how many additional accounts will be polled through the use of a modem. Recently, the Company accelerated the daily posting of hourly load data to Energy Manager from 10 a.m. to 4:30 a.m to allow customers to view their consumption data first thing each morning. It is estimated that any additional accounts requiring reading through a phone line and modem could be polled after existing scheduled accounts and all polling could still conclude in time for export to Energy Manager prior to the start of the business day. As a result, at this time, the Company estimates that it can accommodate the additional 164 accounts on its existing data acquisition system without any additional polling stations or modems

The estimated costs and proposed recovery of the metering and meter data acquisition technology investments are addressed below. Pursuant to current tariff

provisions, each customer subject to hourly pricing provisions will be required to provide either a dedicated telephone line to the meter and to pay the associated monthly telephone charges or have the Company provide telecommunications to the meter at a cost to the customer.

b. Energy Management Software

Central Hudson currently utilizes Energy Manager software developed by Enerwise Global Technologies (“Enerwise”) to provide electric S.C. Nos. 3 and 13 and gas S.C. Nos. 9 and 11 customers with access to their hourly consumption data, as well as NYISO day-ahead commodity prices utilized for billing, through a secure section of the Company’s web site. The Company is also in the process of adding 111 S.C. No. 2 customers with demand > 500 kW recently subject to the HPP provisions so that they may have access to their hourly load data by October 2010. The software also allows for the performance of various, customized load comparisons for use in supply and demand reduction participation decisions. Currently, the Energy Manager software allows electric customers to view their hourly usage through midnight of the prior day by approximately 4:30 a.m. each morning.

The Company proposes to continue utilizing the Energy Manager software developed by Enerwise to provide all S.C. No. 2 customers subject to HPP expansion with access to their hourly usage data. Customers currently provided with access to Energy Manager are in general satisfied with the service as evidenced by a survey conducted by the Company in April 2010, as recommended by the Staff Hourly Pricing Panel in Case 08-E-0887.

Consistent with recommendations by Staff in Case 08-E-0887 for the expansion of the Company’s HPP Program to customers > 500 kW, the Company proposes to provide the Energy Manager software to the 164 S.C. No. 2 customers > 300 kW free of charge during the period from final meter/phone line installation until billing begins under the HPP in October 2012. The estimated cost and proposed recovery of the monthly Energy Manager software fee are addressed below.

4. Outreach & Education

a. Customer Notification of Plan

The Company will serve all affected customers with a copy of this Plan. A copy of the letter that will accompany the distribution of this Plan to affected customers is attached as Appendix B. As indicated by the letter, the Company will utilize this opportunity to introduce the HPP expansion, address metering requirements, provide informational sources and a point of contact with the Company. The Company plans to utilize email to the extent possible as a means to distribute letters to customers.

Upon Commission approval of the Plan, the Company will again contact customers to notify them of the Plan’s approval and inquire as to whether each customer

intends to install a dedicated phone line or choose to have the Company provide communications to the meter.

b. Seminars

Central Hudson plans to conduct two series of seminars to educate customers on the HPP and related topics: one series in mid-2011 to introduce the program and one in mid-2012 to provide more specific HPP information.

In mid-2011 the Company plans to offer a seminar at several locations throughout Central Hudson's service territory to provide customers with an overview of hourly power markets and the HPP, introduce them to the Energy Manager software and provide information on energy efficiency. Representatives from Enerwise will be present at these seminars to demonstrate the Energy Manager software, similar to the demonstrations performed as part of the Company's outreach and education efforts conducted prior to the implementation of mandatory HPP for S.C. Nos. 3 and 13 customers and those which will be conducted in September 2010 as part of the Company's Outreach & Education efforts for the HPP expansion to customers > 500 kW.

Additionally, energy efficiency information will be provided. Central Hudson currently offers Company-sponsored energy efficiency programs to customers with average monthly electric demand of 350 kW or less. Of the 164 S.C. No. 2 customers with demand greater than 300 kW in any two months during the twelve months ended June 30, 2010, 113 customers have average monthly demand of 350 kW or less. Central Hudson representatives will speak to customers regarding Central Hudson-sponsored programs as well as programs available through NYSERDA to assist customers with energy conservation and/or peak load reduction.

All potential and existing HPP customers (both full service and retail access) will be invited to attend.

In early 2012 the Company plans to hold a second seminar, again at several locations throughout the Company's service territory, to provide customers with detail on how HPP pricing will work and supply alternatives. The approximate one-year lag between the two sets of seminars should provide S.C. No. 2 customers with sufficient time to achieve familiarity with the Energy Manager software and knowledge of their particular load profile. The first half of each of these seminars will focus on the details of the HPP. The Company plans to program the second-half of each of these seminars as an expo-style format. After a brief discussion of retail access, customers will have the opportunity to speak with representatives of Energy Service Companies ("ESCOs") operating in the Company's service territory. It should be noted that as of June 30, 2010, 90 of the 164 S.C. No. 2 customers subject to HPP expansion were participating in the Company's Retail Access Program.

Materials provided during the seminars will be made available, as applicable, on the Company's website, in addition Company representatives will be available to meet with those customers unable to attend the seminars or on request.

c. Website

The Company previously modified its website to create a designated HPP area. This area currently contains HPP Bulletins providing customers with information pertaining to hourly pricing. The Company plans to continue using this area of the website as an additional means of communications with customers. The designated area can be found at: <http://www.cenhud.com/business/commercial.html>

d. Employee Training

The Company's key account representatives, who have participated in the preparation of this Plan and who will be the first contact source for the affected customers, will receive detailed training on the HPP expansion. Additionally, they will be consulted on the content of outreach and education materials, as well as site locations and scheduling of seminars, and will be in attendance at these seminars.

5. Estimated Costs and Cost Recovery

a. Estimated Costs

As previously noted, the Company anticipates incurring additional costs related to the HPP expansion including, but not limited, to those costs associated with meter hardware and installation, energy management software, and outreach and education. Preliminarily, the Company estimates that material costs for the required meter installations/replacements could approximate \$164,000 however, costs could vary depending on site-specific circumstances that might require variations in metering hardware to accommodate different types of communications equipment. As previously noted, it is estimated that no initial, one-time costs will be incurred associated with additional data acquisition hardware and software. If it should be determined at a later time that additional data acquisition hardware and software is required, the Company will provide PSC Staff with an estimate of those costs. Provision of the Energy Manager software free of charge during the period from final meter/phone line installation through September 30, 2012 will approximate \$3,280 per month (164 customers at \$20 per month). Costs associated with the proposed outreach and education are expected to include venue location fees for seminars, material costs, costs to cover payments to scheduled external speakers, such as Enerwise, customer outreach and follow-up and employee training.

b. Cost Recovery

Consistent with Central Hudson's HPP Expansion Plan in Case 08-E-0887, the Company proposes that implementation costs associated with providing Energy Manager software to customers free of charge for one year, any necessary incremental costs including modems, polling stations and telecommunications, if necessary, and costs related to outreach and education 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 recover the remaining costs relating to materials of installing the required metering through the incremental metering charge currently established in the Company's tariff.

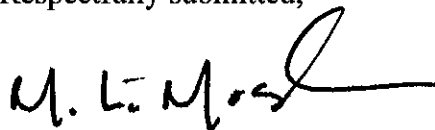
6. Tariff Amendments

The Company anticipates upon Commission approval of this Plan, the Company will be ordered to file tariff amendments effectuating the expansion of the Hourly Pricing Provision to all S.C. No. 2 customers with demand exceeding 300 kW in any two of the previous twelve months.

7. Summary

Central Hudson believes that this Plan to expand the Company's mandatory HPP to all S.C. No. 2 customers with demand exceeding 300 kW in any two of the previous twelve months is consistent with the Plan approved by the Commission and currently being implemented to expand mandatory HPP to all S.C. No. 2 customers with demand exceeding 500 kW. Since the Company cannot, at this time, provide a final estimate of total costs for this expansion, or final outreach and education materials, it believes that on-going communication with Staff as the expansion proceeds will facilitate a successful outcome.

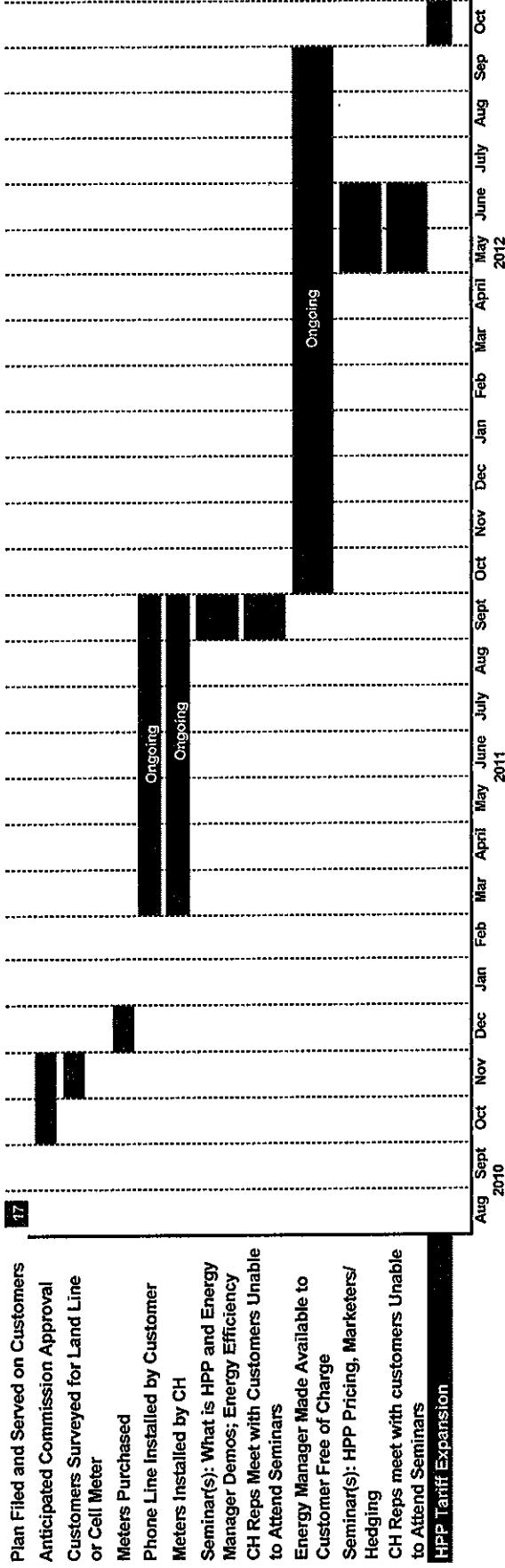
Respectfully submitted,



Michael L. Mosher
Vice President – Regulatory Affairs

Appendix A

Central Hudson Gas & Electric Corporation HPP Expansion Timeline



17

Appendix B



August 20, 2010

Account No.

Contact

Company

Mailing Address 1

Mailing Address 2

Dear _____,

The New York State Public Service Commission has ordered Central Hudson to expand our Hourly Pricing Provision (HPP). Under this expansion, all customers whose electric demand is greater than 300 kW in any two of the last twelve months and who purchase their electricity supply from Central Hudson would be subject to hourly pricing for the cost of their electricity supply. You have been identified as one of our customers subject to this hourly pricing expansion based on your historic usage patterns.

A copy of the Plan filed by Central Hudson to implement this expansion is attached for your information and is available, along with additional HPP information, on the Company's website at <http://www.centralhudson.com/business/commercial.html>. If you would like to submit comments on this plan, you may submit them to the PSC pursuant to the guidelines provided at the following link: <http://www.dps.state.ny.us>.

In order for Central Hudson to make hourly pricing available for your electric account, the Company will need to install interval metering capable of recording hourly consumption at your location. In addition, you will be required to provide telecommunications to the meter. Metering and telecommunications equipment will be required regardless of who you purchase your electric supply from. Such equipment, along with energy management software provided by the Company, will allow you to monitor your electric energy consumption on an hourly basis. The attached Plan includes

a proposed timeline for meter and phone line installation. Once the Plan is approved by the Commission, a Central Hudson representative will contact you to coordinate telecommunications setup before the required metering will be installed/replaced by the Company.

As a result, it may be beneficial for you to learn more about electric load management and conservation programs available through the New York State Energy Research and Development Authority (NYSERDA) and Central Hudson. Programs available through NYSERDA may be found at:

http://www.nysesda.org/programs/Commercial_Industrial, and programs available through Central Hudson may be found at: <http://www.savingscentral.com/business.html>.

In addition, if you are currently purchasing your electricity supply from Central Hudson, you have the option of choosing a third party supplier. Please visit the Energy Choice section of Central Hudson's website at:

http://www.centralhudson.com/energy_choice/index.html to learn more about energy suppliers.

If you should have any questions concerning these proposed changes in the meantime, feel free to contact me at (845) 123-4567 or email at contact@cenhud.com.

Sincerely,

Signed

District Contact