

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

- 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.
- CASE 08-G-0888 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Gas Service.
- CASE 09-M-0004 - Petition of Central Hudson Gas & Electric Corporation for Authorization to Defer Ice Storm Recovery Costs.

ERRATA NOTICE

(Issued June 26, 2009)

On June 22, 2009, the Commission issued an Order establishing rates for electric and gas service for Central Hudson Gas & Electric Corporation (Central Hudson). While the Order approved an employee count of 840 to be included in the Labor Expense used to calculate the revenue requirement, inadvertently, this employee count was not used to calculate the final Labor Expense shown in the original electric Schedule 1 (\$45,558,000) and Gas Schedule 1 (\$10,860,000). The corrected Labor Expense for the electric case, as shown in the revised Electric Schedule 1, is \$46,245,000. In the gas case, the correct amount of \$11,024,000 is now shown in the revised Gas

Schedule 1. These corrected amounts lead to changes in several other expenses, including payroll taxes, productivity and working capital, as shown in revised Electric and Gas Schedules 1, 2, 3, 5, 7, 9, 10, 11, and 12.

Additionally, there was an error in the translation of the final electric sales forecast into service class revenues. When the sales forecast decided by the Commission was calculated errors were made when computing the associated change in billing kW, as well as an incorrect allocation of the sales to the individual service classifications. The correction of these errors results in a decrease in rate year revenues before the rate increase of approximately \$840,000, which results in an electric rate increase by the same amount; the gas case is unaffected. Therefore, the correct revenue requirement increase for electric service is \$39,597,000, not \$38,011,000, and for gas service the correct revenue requirement is \$13,828,000, not \$13,646,000.

Also, the corresponding corrections need to be made in the body of the order: at page 5, lines 16-17, delete "\$38.0" and "\$13.6" and replace with "\$39.6" and "\$13.8".

CASES 08-E-0887, 08-G-0888 & 09-M-0004

The revised Electric and Gas Schedules 1, 2, 3, 5, 7, 9, 10, 11, and 12, and original Electric and Gas Schedules 4,6, and 8 can be viewed at <http://www.dps.state.ny.us/Gas-ElectricReliablilityRpts-CentralHudson.html>

(SIGNED)

JACLYN A. BRILLING  
Secretary

Central Hudson Gas & Electric Corporation  
Electric Operations Income Statement and Rate of Return Calculation  
For the Rate Year Ended June 30, 2010  
(\$000)

	Per RD	Adj. No.	Commission Adjustments	As Adjusted	Rate Increase	As Adjusted Rate Year Revenue Requirement
<b>Operating Revenues</b>						
Own Territory Delivery Revenues	\$217,148	1	\$470	\$217,618	\$39,597	\$257,215
ECAM Revenues	0			0		0
SBC Surcharge Revenues	0			0		0
Deferred Revenues	0			0		0
Subtotal- Delivery Rates	<u>\$217,148</u>		<u>\$470</u>	<u>\$217,618</u>	<u>\$39,597</u>	<u>\$257,215</u>
Resale Revenues	0			0		0
Other Operating Revenues	6,743			6,743	582	7,325
Total Operating Revenues	<u>\$223,891</u>		<u>\$470</u>	<u>\$224,361</u>	<u>\$40,179</u>	<u>\$264,540</u>
<b>Operating Expenses</b>						
Production Maintenance	\$516			\$516		\$516
Right of Way Maintenance-Transmission	1,592			1,592		1,592
Right of Way Maintenance-Distribution	9,792	2	471	10,263		10,263
Labor	43,893	3	2,352	46,245		46,245
Research and Development	1,927			1,927		1,927
Expenses Projected Based on Inflation	9,419	4	(86)	9,333		9,333
Miscellaneous General Expenses	2,926	5	(20)	2,906		2,906
Transportation Depreciation	1,736			1,736		1,736
Transportation Fuel	958	6	(330)	628		628
Fringe Benefits	5,670	7	(224)	5,446		5,446
Other Post Employee Benefits	3,713	8	1,952	5,665		5,665
Pension Plan	8,666	9	15,755	24,421		24,421
Contract Rents	1,885			1,885		1,885
Uncollectible Accounts	1,255	10	552	1,807	\$325	2,132
Regulatory Commission Expenses	11,978	11	(9,999)	1,979		1,979
Information Technology Expense	2,006			2,006		2,006
Other Operating Insurance	1,247	12	(342)	905		905
Telephone	1,877	13	(17)	1,860		1,860
Legal Services	2,140	14	(22)	2,118		2,118
Special Services	1,251	15	(11)	1,240		1,240
Injuries and Damages	2,000	16	97	2,097		2,097
Storm Restoration	4,603	17	415	5,018		5,018
Environmental	364			364		364
Enhanced Powerful Opportunities Program	1,530			1,530		1,530
Expenses Allocated to Affiliates	(674)			(674)		(674)
Stray Voltage Testing	1,967			1,967		1,967
MGP Remediation Cost Recovery	2,399			2,399		2,399
Bill Print & Mail to Customer	538			538		538
Informational & Institutional Advertising	502	18	0	502	\$28	530
Energy Efficiency Program	0			0		0
Transmission Enhanced Infrastructure Maintenance	700			700		700
Transmission Sag Mitigation	0			0		0
Economic Development	0			0		0
Competition Education Program	0			0		0
Productivity	(652)	19	(201)	(853)		(853)
Economic Austerity Imputation	0	20	(2,400)	(2,400)		(2,400)
Total Operating Expenses	<u>\$127,724</u>		<u>\$7,943</u>	<u>\$135,667</u>	<u>\$353</u>	<u>\$136,019</u>
<b>Other Deductions</b>						
Property Taxes	\$20,649	21	\$489	\$21,138		\$21,138
Revenue Taxes	3,419	22	12	3,431	\$984	4,415
Payroll Taxes	3,241	23	238	3,479		3,479
Other Taxes	1,403	24	118	1,521		1,521
Depreciation T&D	26,443	25	196	26,639		26,639
Total Other Deductions	<u>\$55,155</u>		<u>\$1,053</u>	<u>\$56,208</u>	<u>\$984</u>	<u>\$57,192</u>
State Income Taxes	\$1,040	26	(\$367)	\$672	\$2,758	\$3,430
Federal Income Taxes	7,852	27	(1,683)	6,169	12,629	18,799
Total Income Taxes	<u>\$8,892</u>		<u>(\$2,050)</u>	<u>\$6,841</u>	<u>\$15,387</u>	<u>\$22,229</u>
Total Operating Revenue Deductions	<u>\$191,771</u>		<u>\$6,945</u>	<u>\$198,715</u>	<u>\$16,724</u>	<u>\$215,440</u>
<b>Net Operating Income</b>	<u>\$32,120</u>		<u>(\$6,475)</u>	<u>\$25,646</u>	<u>\$23,455</u>	<u>\$49,100</u>
<b>Rate Base</b>	<u>\$671,462</u>		<u>\$2,995</u>	<u>\$674,457</u>		<u>\$674,457</u>
<b>Rate of Return</b>	4.78%			3.80%		7.28%

Central Hudson Gas & Electric Corporation  
Electric Operations Federal Income Tax  
For the Rate Year Ended June 30, 2010  
(\$000)

	<u>Per RD</u>	Adj. <u>No.</u>	Commission <u>Adjustments</u>	<u>As Adjusted</u>	Rate <u>Increase</u>	<u>As Adjusted</u>
Income Before Federal Income Tax Excluding Interest Charges	\$41,012		(\$8,525)	\$32,487	\$38,842	\$71,329
Reconciling Amounts:						
Total Additional Income and Unallowable Deductions	\$45,053		\$196	\$45,249		\$45,249
Total Additional Deductions and Nontaxable Income	\$79,944		(\$3,155)	\$76,790		\$76,790
Taxable Income before State Income Tax Deduction	\$6,120		(\$5,174)	\$946	\$38,842	\$39,788
Taxable Income after State Income Tax Deduction	\$5,942		(\$4,807)	\$1,135	\$36,084	\$37,220
Dividend Credit on Preferred Stock	(\$95)		\$0	(\$95)	\$0	(\$95)
Adjusted Taxable Income	<u>\$5,847</u>		<u>(\$4,807)</u>	<u>\$1,040</u>	<u>\$36,084</u>	<u>\$37,125</u>
Federal Income Tax						
Current Period Accrual	\$2,047		(\$1,683)	\$364	\$12,629	\$12,994
Additional Accrual	1			1		1
Total	<u>\$2,048</u>		<u>(\$1,683)</u>	<u>\$365</u>	<u>\$12,629</u>	<u>\$12,995</u>
Total Provision for Deferred Income Tax Accounts 410.1 & 411.1	<u>\$5,804</u>		<u>\$0</u>	<u>\$5,804</u>		<u>\$5,804</u>
Total Federal Income Taxes	<u>\$7,852</u>		<u>(\$1,683)</u>	<u>\$6,169</u>	<u>\$12,629</u>	<u>\$18,799</u>

Central Hudson Gas & Electric Corporation  
 Electric Operations Additional Income and Unallowable Deductions and  
 Electric Operations Additional Deductions and Nontaxable Income  
 For the Rate Year Ended June 30, 2010  
 (\$000)

<u>Reconciling Items</u>	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
<b>Additional Income and Unallowable Deductions:</b>				
Depreciation - Central Hudson	\$26,486		\$196	\$26,682
Transportation Depreciation	2,952			2,952
Officers Life Insurance Policy Premium	47			47
50 Percent Meal Disallowance	180			180
Avoided Cost Interest Capitalized	856			856
Contribution in Aid of Construction	1,409			1,409
Mortgage Bond Redempt Prem.	241			241
MGP SIR Costs & Recovery	0			0
OPEB Expense-Not Funded	4,035			4,035
Medicare Act Subsidy over/under collection	1			1
Officers Pension Expense FAS 87	1,127			1,127
Pension Expense-Not Deductible	7,719			7,719
Total	\$45,053		\$196	\$45,249

<u>Reconciling Items</u>			
<b>Additional Deductions and Nontaxable Income:</b>			
Interest Expense	\$19,942	(\$3,351)	\$16,592
Depreciation - Central Hudson	45,144	196	45,340
Property Tax Accrued-Central Hudson	204		204
Vacation Accrual- Additional Tax Deduction	11		11
Officers Life Insurance Policy-Buildup CSV	34		34
Cost of Removal-Tax Basis	4,640		4,640
Repair Allowance	1,000		1,000
MGP SIR Costs & Recovery	0		0
OPEB Expense-Not Funded	2,050		2,050
OPEB Expense Medicare Act Subsidy	322		322
Deferred OPEB Over/Under Collected	1		1
Officers Pension Expense FAS 87	445		445
Pension Expense-Not Deductible	6,150		6,150
Deferred Pension Expense Over/Under Collected	1		1
Total	\$79,944	(\$3,155)	\$76,790

Central Hudson Gas & Electric Corporation  
 Electric Operations Federal Income Tax Deferred Items  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
FIT - Current Benefits Deferred:				
Depreciation-Central Hudson	\$7,536			\$7,536
Avoided Cost Interest Capitalized	(240)			(240)
Cost of Removal-Tax Basis	536			536
Repair Allowance	(47)			(47)
Contribution in Aid of Construction	(295)			(295)
Mortgage Bond Redemption Premium	(84)			(84)
MGP Site Removal Costs	0			0
OPEB Expense-Not Funded	(695)			(695)
Officers Pension Expense FAS 87	(239)			(239)
Pension Expense-Not Deductible	(549)			(549)
Amort. Deferred FIT Construction Charges	(109)			(109)
Amort. 81-82 ACRS Method Change	(10)			(10)
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FIT - Current Benefits Deferred	<u>\$5,804</u>		<u>\$0</u>	<u>\$5,804</u>

Central Hudson Gas & Electric Corporation  
 Electric Operations State Income Tax  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>	<u>Rate Increase</u>	<u>As Adjusted</u>
Federal Taxable Income	\$41,012		(\$8,525)	\$32,487	\$38,842	\$71,329
Reconciling Amounts:						
Total Additional Income and Unallowable Deductions	45,053		196	45,249	0	45,249
Total Additional Deductions and Nontaxable Income	79,944		(3,155)	76,790	0	76,790
Taxable Income before State Income Tax Deduction	<u>\$6,120</u>		<u>(\$5,174)</u>	<u>\$946</u>	<u>\$38,842</u>	<u>\$39,788</u>
NYS Adjustments to Federal Taxable Income:						
Additions:						
Federal Depreciation Deduction Transition Property	<u>\$10,184</u>			<u>\$10,184</u>		<u>\$10,184</u>
Total Additions	<u>\$10,184</u>		<u>\$0</u>	<u>\$10,184</u>	<u>\$0</u>	<u>\$10,184</u>
Subtractions:						
NYS Depreciation Deduction Transition Property	\$13,696			\$13,696		\$13,696
Amortization - Regulatory Asset	103			103		103
Total Subtractions	<u>\$13,799</u>		<u>\$0</u>	<u>\$13,799</u>	<u>\$0</u>	<u>\$13,799</u>
NYS Taxable Income	\$2,505		(\$5,174)	(\$2,669)	\$38,842	\$36,173
State Income Tax						
Accrual For Current Period	<u>\$178</u>		<u>(\$367)</u>	<u>(\$190)</u>	<u>\$2,758</u>	<u>\$2,568</u>
Total	<u>\$178</u>		<u>(\$367)</u>	<u>(\$190)</u>	<u>\$2,758</u>	<u>\$2,568</u>
Current Benefits Deferred	<u>\$862</u>		<u>\$0</u>	<u>\$862</u>		<u>\$862</u>
Total State Income Taxes	<u>\$1,040</u>		<u>(\$367)</u>	<u>\$672</u>	<u>\$2,758</u>	<u>\$3,430</u>

Central Hudson Gas & Electric Corporation  
 Electric Operations State Income Tax Deferred Items  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
SIT - Current Benefits Deferred:				
Depreciation-Central Hudson	\$1,060			\$1,060
Avoided Cost Interest Capitalized	(40)			(40)
Cost of Removal-Tax Basis	69			69
Repair Allowance	25			25
Contribution in Aid of Construction	(49)			(49)
Mortgage Bond Redemption Premium	(8)			(8)
MGP Site Removal Costs	0			0
OPEB Expense-Not Funded	(92)			(92)
Officers Pension Expense FAS 87	(31)			(31)
Pension Expense-Not Deductible	(72)			(72)
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SIT - Current Benefits Deferred	<u>\$862</u>		<u>\$0</u>	<u>\$862</u>

Central Hudson Gas & Electric Corporation  
 Electric Operations Rate Base Summary  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	<u>Per RD</u>	Adj. No.	<u>Commission Adjustments</u>	<u>As Adjusted</u>
Book Cost of Utility Plant	\$1,026,574	28	\$3,033	\$1,029,607
Less: Accumulated Provision for Depreciation & Amortization	<u>(\$325,432)</u>	29	<u>\$85</u>	<u>(\$325,347)</u>
Net Plant	<u>\$701,142</u>		<u>\$3,118</u>	<u>\$704,260</u>
Noninterest-Bearing Construction Work in Progress	\$34,336	30	\$95	\$34,431
Customer Advances for Undergrounding	(\$1,434)			(\$1,434)
Deferred Charges	\$10,268		\$0	\$10,268
Accumulated Deferred Federal Taxes	(\$108,708)	31	(\$1,274)	(\$109,982)
Accumulated Deferred State Taxes	(\$5,735)		\$0	(\$5,735)
Working Capital	<u>\$34,834</u>	32	<u>\$1,056</u>	<u>\$35,890</u>
Unadjusted Rate Base	\$664,703		\$2,995	\$667,698
Capitalization Adjustment to Rate Base	\$6,759			\$6,759
Rate Base	<u><u>\$671,462</u></u>		<u><u>\$2,995</u></u>	<u><u>\$674,457</u></u>

Central Hudson Gas & Electric Corporation  
Electric Operations Deferred Items - Rate Base  
For the Rate Year Ended June 30, 2010  
(\$000)

## Deferred Charges:

	<u>Per RD</u>	Adj. <u>No.</u>	Commission <u>Adjustments</u>	<u>As Adjusted</u>
MTA Tax	\$787			\$787
Unamortized Debt Expense	2,867			2,867
Unamortized Discount Long Term Debt	40			40
Deferred Revenues-Attachments Rents	(450)			(450)
Executive Deferred Compensation Plan	2,096			2,096
Unamortized Loss on Reacquired Debt	3,706			3,706
Preferred Stock Costs & Redemption Premium	1,222			1,222
Total Deferred Charges	<u>\$10,268</u>		<u>\$0</u>	<u>\$10,268</u>

## Accumulated Deferred Federal Taxes

	<u>Per RD</u>	Adj. <u>No.</u>	Commission <u>Adjustments</u>	<u>As Adjusted</u>
Investment Tax Credit	(\$1,046)			(\$1,046)
Contributions in Aid of Construction	3,989			3,989
Unbilled Revenue	9,144			9,144
Construction Overheads	(566)			(566)
MTA Tax	(276)			(276)
Deferred Avoided Cost Interest Capitalized	1,202			1,202
Deferred Revenues- Attachment Rents	157			157
Bonds Redeemed	(785)			(785)
Cost of Removal	(2,285)			(2,285)
Repair allowance	(10,294)			(10,294)
Normalized Depreciation	(110,524)	32	(1,274)	(111,798)
ACRS Method Change	(18)			(18)
Use of Customer Benefit Acct-Capital Reliability Program	1,593			1,593
MACRS - Capital Reliability Program	1,001			1,001
Total Deferred Taxes	<u>(\$108,708)</u>		<u>(\$1,274)</u>	<u>(\$109,982)</u>

## Accumulated Deferred State Income Taxes

	<u>Per RD</u>	Adj. <u>No.</u>	Commission <u>Adjustments</u>	<u>As Adjusted</u>
Normalized Depreciation	(\$6,092)			(\$6,092)
MTA Tax	(6)			(6)
Deferred Avoided Cost Interest Capitalized	90			90
Deferred Revenues- Attachment Rents	21			21
Bonds Redeemed	(84)			(84)
Cost of Removal	(302)			(302)
Repair Allowance	(855)			(855)
Contributions in Aid of Construction	422			422
Unbilled Revenue	648			648
Use of Customer Benefit Acct-Capital Reliability Program	222			222
MACRS - Capital Reliability Program	201			201
Rate Base Credit	0			0
MGP Site Costs	0			0
Total Deferred Taxes	<u>(\$5,735)</u>		<u>\$0</u>	<u>(\$5,735)</u>

Central Hudson Gas & Electric Corporation  
 Electric Operations Working Capital - Rate Base  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
<u>Materials and Supplies</u>				
Other Material and Supplies	\$6,146			\$6,146
<u>Prepayments</u>				
Prepaid Property Taxes	\$6,256			\$6,256
Prepaid Insurance	1,076			1,076
Other Prepayments	1,815			1,815
Prepayments Working Capital	<u>\$9,147</u>		<u>\$0</u>	<u>\$9,147</u>
<u>Operation and Maintenance</u>				
Cash Working Capital	<u>\$19,541</u>		<u>\$1,056</u>	<u>\$20,597</u>
Total Working Capital	<u><u>\$34,834</u></u>		<u><u>\$1,056</u></u>	<u><u>\$35,890</u></u>

Central Hudson Gas & Electric Corporation  
 Electric Operations Capital Structure  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	<u>Amount</u>	<u>Adj. No.</u>	<u>%</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pretax</u>
Long Term Debt	\$451,964		49.77%	4.86%	2.42%	2.42%
Customer Deposits	\$8,269		0.91%	4.85%	0.04%	0.04%
Preferred Stock	\$21,027		2.32%	5.05%	0.12%	0.20%
Common Equity	<u>\$426,774</u>		<u>47.00%</u>	10.00%	<u>4.70%</u>	<u>7.78%</u>
Total	<u><u>\$908,034</u></u>		<u><u>100.0%</u></u>		<u><u>7.28%</u></u>	<u><u>10.44%</u></u>

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
Interest deduction Rate Base	\$671,462		\$2,995	\$674,457
Weighted cost of long term debt	<u>2.97%</u>			<u>2.46%</u>
Total interest - tax deduction	<u>\$19,942</u>		<u>(\$3,351)</u>	<u>\$16,592</u>

Central Hudson Gas & Electric Corporation  
 Electric Operations Revenue Requirement Calculation  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	Adj. No.		
Net Income after Rate Increase		\$49,100	\$674,457    7.28%
Net Income before Rate Increase		\$25,646	
Net Income Increase		23,455	
Retention Factor		0.5923	
Revenue Increase Required		\$39,597	
Revenue Increase Required(to I/S)		\$39,597	
Revenue Increase Required		\$39,597	
Uncollectibles		\$325	
Revenue Taxes		\$984	
Informational Advertising		\$28	
Finance Charge		\$582	
<u>Retention Factor</u>			
Additional Revenue Requirement		1.0000	
Less: Revenue Tax		0.02485	
Uncollectibles		0.0082	
Informational Advertising		0.0007	
Finance Charge		-0.0147	
Operating Income subject to FIT		0.9809	
Less: FIT		0.3433	
Less: SIT		0.0453	
Net Operating Income		0.5923	

Adj. No.	Explanation		
<b>Revenues</b>			
1	Update sales forecast to reflect 10 year average	\$	470
<b>Operation &amp; Maintenance Expenses</b>			
2	Right of Way Maintenance To reflect updated ROW Distribution line clearing estimates	\$	471
3	Labor To reflect an employee count of 840 employees and latest known premium pay percentages	\$	2,352
4	Expenses Projected Based on Inflation Updated for the latest GDP factors	\$	(86)
5	Miscellaneous General Expense Updated for the latest GDP factors	\$	(20)
6	Transportation Fuel Updated for the latest known prices applied to historic year volumes escalated at latest GDP factors	\$	(330)
7	Fringe Benefits Update Fringe Benefits for latest twelve months actual medical premiums, claim activity & employee contributions and latest twelve months actual group life insurance premiums & employee contributions and 840 employee count	\$	(224)
8	Other Post Employment Benefits Update for latest known actuarial estimate	\$	1,952
9	Pension Expense Update for latest known actuarial estimate	\$	15,755
10	Uncollectible Accounts Update uncollectible accounts for latest known twelve months of activity	\$	552
11	Regulatory Commission Expense Update for latest known PSC assessment (Excludes new provisions to 18a Assessment)	\$	(9,999)
12	Other Operating Insurance Updated for latest twelve months actual All Risk Insurance premiums, latest twelve months of D&O Insurance premiums and latest GDP factors and allocate only 1/2 of the premium to ratepayers	\$	(342)
13	Telephone Expense Updated for the latest GDP factors	\$	(17)
14	Legal Services Updated for the latest GDP factors	\$	(22)
15	Special Services Updated for the latest GDP factors	\$	(11)
16	Injuries & Damages Updated for latest twelve months actual Workers Comp and the four-year average of claims paid, latest twelve months of Excess Liability Insurance premiums, latest twelve months of personal & property damage, and latest GDP factors.	\$	97
17	Storm Restoration Expense Updated for latest known twelve-month storm restoration expense excluding incremental expense associated with 12-11-08 ice storm in development of 4-year average	\$	415
18	Informational & Institutional Advertising Track impact on changes to total operating revenues	\$	0
19	Productivity To reflect changes to labor, fringe benefits, pensions, OPEBS, and payroll taxes	\$	(201)
20	Economic Austerity Imputation To reflect austerity measures	\$	(2,400)
<b>Other Deductions</b>			
21	Property Taxes Update for latest known assessments	\$	489
22	Revenue Taxes To track Staff's changes to operating revenues	\$	12
23	Payroll Taxes To reflect the impact of the change to the company's employee count	\$	238
24	Other Taxes To reflect latest known sales and use tax	\$	118
25	Depreciation T&D To reflect corrected depreciation expense	\$	196
<b>Taxes</b>			
26	State Income Taxes To track the impact of Staff's adjustments on State Income Taxes	\$	(367)
27	Federal Income Taxes To track the impact of Staff's adjustments on Federal Income Taxes	\$	(1,683)

<b>Adj. No.</b>	<b>Explanation</b>		
	<b>Rate Base</b>		
28	Impact of the change in capitalized Pension and OPEBs on Utility Plant	\$	3,033
29	Update Rate Base Depreciation Reserve to changes to Commons ASL	\$	85
30	Impact of the change in capitalized Pension and OPEBs on Non-interest-Bearing Construction Work in Progress	\$	95
31	Update average deferred FIT on Normalized Depreciation for the additional Bonus Deprecation from the 2009 ARRA	\$	(1,274)
32	Track impact on Rate Base Working Capital for changes to O&M	\$	1,056

Central Hudson Gas & Electric Corporation  
 Gas Operations Income Statement and Rate of Return Calculation  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	Per RD	Adj. No.	Commission Adjustments	As Adjusted	Rate Increase	As Adjusted Rate Year Revenue Requirement
<b>Operating Revenues</b>						
Own Territory Delivery Revenues	\$52,411	1	\$445	\$52,856	\$13,828	\$66,684
GSC Revenues	0			0		0
Subtotal- Delivery Rates	\$52,411		\$445	\$52,856	\$13,828	\$66,684
Resale Revenues	0			0		0
Interruptible Services	1,950			1,950		1,950
Other Operating Revenues	1,063			1,063	270	1,333
<b>Total Operating Revenues</b>	<b>\$55,424</b>		<b>\$445</b>	<b>\$55,869</b>	<b>\$14,097</b>	<b>\$69,966</b>
<b>Operating Expenses</b>						
Labor	\$10,463	2	\$561	\$11,024		\$11,024
Research and Development	359			359		359
Expenses Projected Based on Inflation	3,170	3	(29)	3,141		3,141
Miscellaneous General Expenses	577	4	(3)	574		574
Transportation Depreciation	347			347		347
Transportation Fuel	197	5	(68)	129		129
Fringe Benefits	1,250	6	(51)	1,199		1,199
Other Post Employee Benefits	835	7	439	1,274		1,274
Pension Plan	1,903	8	3,543	5,446		5,446
Environmental	46			46		46
Contract Rents	131			131		131
Uncollectible Accounts	626	9	205	831	\$212	1,043
Regulatory Commission Expenses	2,737	10	(2,285)	452		452
Information Technology Expense	358			358		358
Other Operating Insurance	189	11	(60)	129		129
Telephone	289	12	(2)	287		287
Legal Services	606	13	(9)	597		597
Special Services	356	14	(3)	353		353
Injuries and Damages	417	15	12	429		429
Enhanced Powerful Opportunities Program	270			270		270
Expenses Allocated to Affiliates	(119)			(119)		(119)
MGP Remediation Cost Recovery	416			416		416
Informational & Institutional Advertising	72			72	\$6	78
Bill Print & Mail to Customer	95			95		95
Excess Cost of Removal	286	16	83	369		369
Gas Leak Repairs - Distribution Main	1,502			1,502		1,502
Energy Efficiency Program	0			0		0
Economic Development	0			0		0
Competition Education Program	0			0		0
Recovery of Net Regulatory Assets	4,224	17	330	4,554		4,554
Productivity	(152)	18	(45)	(197)		(197)
Economic Austerity Imputation	0	19	(600)	(600)		(600)
<b>Total Operating Expenses</b>	<b>\$31,450</b>		<b>\$2,018</b>	<b>\$33,468</b>	<b>\$218</b>	<b>\$33,685</b>
<b>Other Deductions</b>						
Property Taxes	\$5,596	20	\$160	\$5,756		\$5,756
Revenue Taxes	989	21	13	1,002	\$412	1,414
Payroll Taxes	729	22	53	782		782
Other Taxes	237	23	(37)	200		200
Depreciation T&D	7,184	24	155	7,339		7,339
<b>Total Other Deductions</b>	<b>\$14,735</b>		<b>\$344</b>	<b>\$15,079</b>	<b>\$412</b>	<b>\$15,491</b>
State Income Taxes	\$347	25	(\$70)	\$277	\$956	\$1,233
Federal Income Taxes	2,161	26	(323)	1,839	4,379	6,218
<b>Total Income Taxes</b>	<b>\$2,508</b>		<b>(\$393)</b>	<b>\$2,116</b>	<b>\$5,335</b>	<b>\$7,451</b>
<b>Total Operating Revenue Deductions</b>	<b>\$48,693</b>		<b>\$1,969</b>	<b>\$50,663</b>	<b>\$5,964</b>	<b>\$56,627</b>
<b>Net Operating Income</b>	<b>\$6,731</b>		<b>(\$1,524)</b>	<b>\$5,206</b>	<b>\$8,133</b>	<b>\$13,339</b>
<b>Rate Base</b>	<b>\$182,884</b>		<b>\$345</b>	<b>\$183,229</b>		<b>\$183,229</b>
<b>Rate of Return</b>	<b>3.68%</b>			<b>2.84%</b>		<b>7.28%</b>

Central Hudson Gas & Electric Corporation  
 Gas Operations Federal Income Tax  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>	<u>Rate Increase</u>	<u>As Adjusted</u>
Income Before Federal Income Tax Excluding Interest Charges	\$9,239		(\$1,917)	\$7,322	\$13,468	\$20,790
Reconciling Amounts:						
Total Additional Income and Unallowable Deductions	\$15,050		\$155	\$15,205		\$15,205
Total Additional Deductions and Nontaxable Income	20,412		(769)	19,642		19,642
Taxable Income before State Income Tax Deduction	<u>\$3,877</u>		(\$993)	\$2,885	\$13,468	\$16,353
Taxable Income after State Income Tax Deduction	\$3,616		(\$923)	\$2,694	\$12,512	\$15,206
Dividend Credit on Preferred Stock	(\$32)		\$0	(\$32)	\$0	(\$32)
Adjusted Taxable Income	<u>\$3,584</u>		(\$923)	\$2,662	\$12,512	\$15,174
Federal Income Tax						
Current Period Accrual	\$1,254		(\$323)	\$932	\$4,379	\$5,311
Total	<u>\$1,254</u>		(\$323)	\$932	\$4,379	\$5,311
Total Provision for Deferred						
Income Tax Accounts 410.1 & 411.1	<u>\$907</u>		\$0	\$907		\$907
Total Federal Income Taxes	<u>\$2,161</u>		(\$323)	\$1,839	\$4,379	\$6,218

Central Hudson Gas & Electric Corporation  
 Gas Operations Additional Income and Unallowable Deductions  
 Gas Operations Additional Deductions and Nontaxable Income  
 For the Rate Year Ended June 30, 2010  
 (\$000)

<u>Reconciling Items</u>	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
<u>Additional Income and Unallowable Deductions:</u>				
Depreciation - Central Hudson	\$7,184		\$155	\$7,339
Transportation Depreciation	521			521
Residual Gas Deferred Balance	4,205			4,205
Officers Life Ins Policy Premium	8			8
50 Percent Meal Disallowance	32			32
Avoided Cost Interest Capitalized	89			89
Contribution in Aid of Construction	88			88
Mortgage Bond Redempt Prem.	81			81
MGP SIR Costs & Recovery	0			0
OPEB Expense-Not Funded	907			907
Officers Pension Expense FAS87	199			199
Pension Expense-Not Deductible	1,736			1,736
Total	<u>\$15,050</u>		<u>\$155</u>	<u>\$15,205</u>

<u>Reconciling Items</u>			
<u>Additional Deductions and Nontaxable Income:</u>			
Interest Expense	\$5,432	(\$924)	\$4,507
Depreciation - Central Hudson	12,393	155	12,548
Property Tax Accrued-Central Hudson	33		33
Vacation Accrual- Additional Tax Deduction	2		2
Officers Life Ins Policy - Buildup CSV	6		6
Cost of Removal-Tax Basis	594		594
MGP SIR Costs & Recovery	0		0
OPEB Expense-Not Funded	450		450
OPEB Expense-Medicare Act Subsidy	72		72
Deferred OPEB Over/Under collected	1		1
Officers Pension Expense FAS87	79		79
Pension Expense-Not Deductible	1,350		1,350
Total	<u>\$20,412</u>	<u>(\$769)</u>	<u>\$19,642</u>

Central Hudson Gas & Electric Corporation  
 Gas Operations Federal Income Tax Deferred Items  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
FIT - Current Benefits Deferred:				
Depreciation-Central Hudson	\$2,713			\$2,713
Residual Gas Deferred Balance	(\$1,472)			(\$1,472)
Avoided Cost Interest Capitalized	(15)			(15)
Cost of Removal-Tax Basis	13			13
Contribution in Aid of Construction	35			35
Mortgage Bond Redemption Premium	(28)			(28)
MGP SIR Costs & Recovery	0			0
OPEB Expense-Not Funded	(160)			(160)
Officers Pension Expense FAS87	(42)			(42)
Pension Expense-Not Deductible	(135)			(135)
Amort 81-82 ACRS Method Change	(2)			(2)
	<hr/>		<hr/>	<hr/>
FIT - Current Benefits Deferred	\$907		\$0	\$907

Central Hudson Gas & Electric Corporation  
 Gas Operations State Income Tax  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>	<u>Rate Increase</u>	<u>As Adjusted</u>
Federal Taxable Income	\$9,239		(\$1,917)	\$7,322	\$13,468	\$20,790
Reconciling Amounts:						
Total Additional Income and Unallowable Deductions	\$15,050		\$155	\$15,205		\$15,205
Total Additional Deductions and Nontaxable Income	<u>20,412</u>		<u>(769)</u>	<u>19,642</u>		<u>19,642</u>
Taxable Income before State Income Tax Deduction	<u>\$3,877</u>		<u>(\$993)</u>	<u>\$2,885</u>	<u>\$13,468</u>	<u>\$16,353</u>
NYS Adjustments to Federal Taxable Income:						
Additions:						
Federal Depreciation Deduction Transition Property	<u>\$3,379</u>			<u>\$3,379</u>		<u>\$3,379</u>
Total Additions	<u>\$3,379</u>		<u>\$0</u>	<u>\$3,379</u>	<u>\$0</u>	<u>\$3,379</u>
Subtractions:						
NYS Depreciation Deduction Transition Property	\$3,541			\$3,541		\$3,541
Amortization - Regulatory Asset	<u>34</u>			<u>34</u>		<u>34</u>
Total Subtractions	<u>\$3,575</u>		<u>\$0</u>	<u>\$3,575</u>	<u>\$0</u>	<u>\$3,575</u>
NYS Taxable Income	\$3,681		(\$993)	\$2,689	\$13,468	\$16,157
State Income Tax						
Accrual For Current Period	<u>\$261</u>		<u>(\$70)</u>	<u>\$191</u>	<u>\$956</u>	<u>\$1,147</u>
Total	<u>\$261</u>		<u>(\$70)</u>	<u>\$191</u>	<u>\$956</u>	<u>\$1,147</u>
Current Benefits Deferred	<u>\$86</u>		<u>\$0</u>	<u>\$86</u>		<u>\$86</u>
Total State Income Taxes	<u>\$347</u>		<u>(\$70)</u>	<u>\$277</u>	<u>\$956</u>	<u>\$1,233</u>

Central Hudson Gas & Electric Corporation  
 Gas Operations State Income Tax Deferred Items  
 For the Rate Year Ended June 30,2010  
 (\$000)

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
SIT - Current Benefits Deferred:				
Depreciation-Central Hudson	\$326			\$326
Residual Gas Deferred Balance	(\$194)			(\$194)
Avoided Cost Interest Capitalized	(4)			(4)
Cost of Removal-Tax Basis	2			2
Contribution in Aid of Construction	3			3
Mortgage Bond Redemption Premium	(2)			(2)
MGP SIR Costs & Recovery	0			0
OPEB Expense-Not Funded	(21)			(21)
Officers Pension Expense FAS87	(6)			(6)
Pension Expense-Not Deductible	(18)			(18)
	<u>\$86</u>		<u>\$0</u>	<u>\$86</u>
SIT - Current Benefits Deferred				

Central Hudson Gas & Electric Corporation  
 Gas Operations Rate Base Summary  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
Book Cost of Utility Plant	\$297,906	27	\$767	\$298,673
Less: Accumulated Provision for Depreciation & Amortization	(\$102,431)	28	\$30	(\$102,401)
Net Plant	<u>\$195,475</u>		<u>\$797</u>	<u>\$196,272</u>
Noninterest-Bearing Construction Work in Progress	\$9,114	29	\$24	\$9,138
Customer Advances for Undergrounding	(\$1)			(\$1)
Deferred Charges	\$2,956		\$0	\$2,956
Accumulated Deferred Federal Taxes	(\$33,391)	30	(\$688)	(\$34,079)
Accumulated Deferred State Taxes	(\$1,357)		\$0	(\$1,357)
Working Capital	<u>\$7,953</u>	31	<u>\$212</u>	<u>\$8,165</u>
Unadjusted Rate Base	\$180,749		\$345	\$181,094
Capitalization Adjustment to Rate Base	\$2,135			\$2,135
Rate Base	<u>\$182,884</u>		<u>\$345</u>	<u>\$183,229</u>

Central Hudson Gas & Electric Corporation  
Gas Operations Deferred Items - Rate Base  
For the Rate Year Ended June 30, 2010  
(\$000)

## Deferred Charges:

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
MTA Tax	\$112			\$112
Unamortized Debt Expense	905			905
Unamortized Discount Long Term Debt	13			13
Executive Deferred Compensation Plan	370			370
Unamortized Loss on Reacquired Debt	1,170			1,170
Preferred Stock Costs & Redemption Premium	386			386
MGP Site Costs	0			0
Total Deferred Charges	<u>\$2,956</u>		<u>\$0</u>	<u>\$2,956</u>

## Accumulated Deferred Federal Taxes

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
Investment Tax Credit	(\$219)			(\$219)
Contributions in Aid of Construction	1,450			1,450
Unbilled Revenue	4,956			4,956
MTA Tax	(39)			(39)
Deferred Avoided Cost Interest Capitalized	296			296
Bonds Redeemed	(248)			(248)
Cost of Removal	(424)			(424)
Normalized Depreciation	(39,156)	28	(\$688)	(39,844)
ACRS Method Change	(7)			(7)
Total Deferred Taxes	<u>(\$33,391)</u>		<u>(\$688)</u>	<u>(\$34,079)</u>

## Accumulated Deferred State Income Taxes

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
Normalized Depreciation	(\$1,877)			(\$1,877)
Deferred Avoided Cost Interest Capitalized	17			17
Bonds Redeemed	(27)			(27)
Cost of Removal	(56)			(56)
Contributions in Aid of Construction	171			171
Unbilled Revenue	415			415
Total Deferred Taxes	<u>(\$1,357)</u>		<u>\$0</u>	<u>(\$1,357)</u>

Central Hudson Gas & Electric Corporation  
 Gas Operations Working Capital-Rate Base  
 For the Rate Year Ended June 30,2010  
 (\$000)

	<u>Per RD</u>	<u>Adj. No.</u>	<u>Commission Adjustments</u>	<u>As Adjusted</u>
<u>Materials and Supplies</u>				
Other Material and Supplies	\$1,234			\$1,234
<u>Prepayments</u>				
Prepaid Property Taxes	\$1,663			\$1,663
Prepaid Insurance	190			190
Other Prepayments	320			320
Prepayments Working Capital	2,173		\$0	\$2,173
<u>Operation and Maintenance</u>				
Cash Working Capital	\$4,546		\$212	\$4,758
Total Working Capital	\$7,953		\$212	\$8,165

Central Hudson Gas & Electric Corporation  
 Gas Operations Capital Structure  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	<u>Amount</u>	Adj. <u>No.</u>	<u>%</u>	Cost <u>Rate</u>	Weighted <u>Cost</u>	<u>Pretax</u>
Long Term Debt	\$451,964		49.77%	4.86%	2.42%	2.42%
Customer Deposits	\$8,269		0.91%	4.85%	0.04%	0.04%
Preferred Stock	\$21,027		2.32%	5.05%	0.12%	0.20%
Common Equity	\$426,774		47.00%	10.00%	4.70%	7.78%
Total	<u>\$908,034</u>		<u>100.0%</u>		<u>7.28%</u>	<u>10.44%</u>

	<u>Per RD</u>	Adj. <u>No.</u>	Commission <u>Adjustments</u>	<u>As Adjusted</u>
Interest deduction Rate Base	\$182,884		\$345	\$183,229
Weighted cost of long term debt	2.97%			2.46%
Total interest - tax deduction	<u>\$5,432</u>		<u>(\$924)</u>	<u>\$4,507</u>

Central Hudson Gas & Electric Corporation  
 Gas Operations Revenue Requirement Calculation  
 For the Rate Year Ended June 30, 2010  
 (\$000)

	Adj. No.			
Net Income after Rate Increase		\$13,339	\$183,229	7.28%
Net Income before Rate Increase		<u>\$5,206</u>		
Net Income Increase		8,133		
Retention Factor		<u>0.5882</u>		
Revenue Increase Required		<u>\$13,828</u>		
Revenue Increase Required(to I/S)		<u>\$13,828</u>		
Revenue Increase Required		<u>\$13,828</u>		
Uncollectibles		<u>\$212</u>		
Revenue Taxes		<u>\$412</u>		
Informational Advertising		<u>\$6</u>		
Finance Charge		<u>\$270</u>		
<u>Retention Factor</u>				
Additional Revenue Requirement		1.0000		
Less: Revenue Tax		0.0298		
Uncollectibles		0.0153		
Informational Advertising		0.0004		
Finance Charge		-0.0195		
Operating Income subject to FIT		<u>0.9740</u>		
Less: FIT		0.3409		
Less: SIT		0.0450		
Net Operating Income		<u>0.5882</u>		

Central Hudson Gas & Electric Corporation  
Gas Operations Commission Adjustments  
For the Rate Year Ended June 30, 2010  
(\$000)

Adj. No.	Explanation	\$	
<b>Revenues</b>			
1	Update sales forecast to reflect 10 year average	\$	445
<b>Operation &amp; Maintenance Expenses</b>			
2	Labor To reflect an employee count of 840 employees and latest known premium pay percentages	\$	561
3	Expenses Projected Based on Inflation Updated for the latest GDP factors	\$	(29)
4	Miscellaneous General Expense Updated for the latest GDP factors	\$	(3)
5	Transportation Fuel Updated for the latest known prices applied to historic year volumes escalated at latest GDP factors	\$	(68)
6	Fringe Benefits Update Fringe Benefits for latest twelve months actual medical premiums, claim activity & employee contributions and latest twelve months actual group life insurance premiums & employee contributions and 840 employee count	\$	(51)
7	Other Post Employment Benefits Update for latest known actuarial estimate	\$	439
8	Pension Expense Update for latest known actuarial estimate	\$	3,543
9	Uncollectible Accounts Update uncollectible accounts for latest known twelve months of activity	\$	205
10	Regulatory Commission Expense Update for latest known PSC assessment (Excludes new provisions to 18a Assessment)	\$	(2,285)
11	Other Operating Insurance Updated for latest twelve months actual All Risk Insurance premiums, latest twelve months of D&O Insurance premiums and latest GDP factors and allocate only 1/2 of the premium to ratepayers	\$	(60)
12	Telephone Expense Updated for the latest GDP factors	\$	(2)
13	Legal Services Updated for the latest GDP factors	\$	(9)
14	Special Services Updated for the latest GDP factors	\$	(3)
15	Injuries & Damages Updated for latest twelve months actual Workers Comp and the four-year average of claims paid, latest twelve months of Excess Liability Insurance premiums, latest twelve months of personal & property damage, and latest GDP factors.	\$	12
16	Excess Cost of Removal To reflect changes to expensing the excess negative net salvage	\$	83
17	Recovery of Net Regulatory Assets Update for latest projected Gas Offset List balances to be recovered over a 5-year period	\$	330
18	Productivity To reflect changes to labor, fringe benefits, pensions, OPEBS, and payroll taxes	\$	(45)
19	Economic Austerity Imputation To reflect austerity measures	\$	(600)
<b>Other Deductions</b>			
20	Property Taxes Update for latest known assessments	\$	160
21	Revenue Taxes To track Staff's changes to operating revenues	\$	13
22	Payroll Taxes To reflect the impact of the change to the company's employee count	\$	53
23	Other Taxes To reflect latest known sales and use tax	\$	(37)
24	Depreciation T&D To reflect corrected depreciation expense	\$	155
<b>Taxes</b>			
25	State Income Taxes To track the impact of Staff's adjustments on State Income Taxes	\$	(70)
26	Federal Income Taxes To track the impact of Staff's adjustments on Federal Income Taxes	\$	(323)



<b>Adj. No.</b>	<b>Explanation</b>		
	<b>Rate Base</b>		
27	Impact of the change in capitalized Pension and OPEBs on Utility Plant	\$	767
28	Update Rate Base Depreciation Reserve to changes to Commons ASL	\$	30
29	Impact of the change in capitalized Pension and OPEBs on Non-interest-Bearing Construction Work in Progress	\$	24
30	Update average deferred FIT on Normalized Depreciation for the additional Bonus Deprecation from the 2009 ARRA	\$	(688)
31	Track impact on Rate Base Working Capital for changes to O&M	\$	212