

PSC NO: 15 ELECTRICITY
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 12/01/11

LEAF: 163.5.4
REVISION: 6
SUPERSEDING REVISION: 4

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Pursuant to the Commission's Order in Case 08-E-0887 issued and effective June 22, 2009, as amended and superseded by the Order in Case 09-E-0588 issued and effective June 18, 2010, actual delivery revenues for certain customer classes are subject to reconciliation through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, 4 and 6, and those customers taking service under SC No. 14 whose parent service classification would be either SC 1, 2, 4 or 6. The RDM is not applicable to Service Classification Nos. 3, 5, 8, 9 and 13.

Effective December 1, 2011 Service Classification Nos. 1 and 4 will be combined for RDM purposes.

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 Years ending June 30, 2011, June 30, 2012, and June 30, 2013 as set in Case 09-E-0588.
- 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, Reactive Demand Charges or incremental monthly charges assessed under the Company's Hourly Pricing Provision. The Actual Delivery Revenue in the first two months of each rate year will be adjusted upward to reverse the effect of proration between old and new rates in actual revenue. This will be accomplished by multiplying actual billing determinants for each RDM eligible class by the new rate year rates.
- 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).

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