

PSC NO: 15 ELECTRICITY

LEAF: 163.5.1

COMPANY: CENTRAL HUDSON GAS &amp; ELECTRIC CORPORATION

REVISION: 3

INITIAL EFFECTIVE DATE: 07/01/09

SUPERSEDING REVISION: 1

Issued in Compliance with Order in C.08-E-0887 dated June 22, 2009

**36. OTHER CHARGES AND ADJUSTMENTS** (Cont'd)**E. Merchant Function Charge (MFC)**

The Merchant Function Charge (MFC) is a charge designed to reflect the costs the Company incurs associated with the procurement and provision of electricity supplies. The MFC includes cost-based components to represent commodity-related purchasing, credit and collection, call center costs, advertising and promotions, and related Administrative and General (A&G) expenses and rate base items allocated to each of the aforementioned components.

Effective July 1, 2009 MFCs will be calculated separately for each service classification or sub classification as follows: Service Classification Nos. 1, 2 (Non Demand), 2 (Secondary Demand), 2 (Primary Demand), 3, 5, 6, 8, 9, 13 (Substation) and 13 (Transmission).

**MFC Tiers**

Each service class or sub-class specific MFC will be sub-divided into a MFC Administration Charge and a MFC Supply Charge as follows:

The MFC Administration Charge, also referred to as MFC<sub>A</sub> in the Joint Proposal in Case 00-E-0934, as approved by the Public Service Commission in its Order issued and effective July 24, 2006, will include an allocated portion of credit and collection function costs and procurement-related call center function costs, plus A&G and rate base items associated with each component.

The MFC Supply Charge, also referred to as MFC<sub>B</sub> in the Joint Proposal in Case 00-E-0934, as approved by the Public Service Commission in its Order issued and effective July 24, 2006, will include commodity purchasing function costs, allocated portions of advertising and promotions function costs and procurement-related call center function costs, plus A&G and rate base items associated with each component.

These charges so determined shall be allocated pursuant to the provisions approved by the Public Service Commission in its Order in Case 08-E-0887 issued and effective June 22, 2009.

**MFC Applicability**

Customers purchasing their electricity requirements from Central Hudson will be billed by the Company for the MFC Administration Charge and the MFC Supply Charge.

Customers purchasing their electricity requirements from a Retail Supplier that is participating in the Company's Purchase of Accounts Receivables Program (POR), as described in General Information Section 35, will be billed by Central Hudson for the MFC Administration Charge only.

Customers purchasing their electricity requirements from a Retail Supplier that is not participating in the Company's POR Program will not be billed by Central Hudson for the MFC Administration Charge or the MFC Supply Charge.

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