

PSC NO: 12 GAS
 COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
 INITIAL EFFECTIVE DATE: 7/01/09
 Issued in Compliance with Order in C.08-G-0888 dated June 22, 2009

LEAF: 126.1
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 SUPERSEDING REVISION: 7

42. OTHER CHARGES AND ADJUSTMENTS (Cont'd)

B. Merchant Function Charge (MFC) (Cont'd)

The MFC Supply Charge, also referred to as MFC_B in the Joint Proposal in Case 00-G-0935, 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-G-0888 issued and effective June 22, 2009.

MFC Applicability

Customers purchasing their natural gas supplies from Central Hudson will be billed by the Company for the MFC Administration Charge and the MFC Supply Charge.

Customers purchasing their natural gas supplies from a Retail Supplier that is participating in the Company's Purchase of Accounts Receivables Program (POR), as described in General Information Section 41, will be billed by Central Hudson for the MFC Administration Charge only.

Customers purchasing their natural gas supplies 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.

Base MFCs

The base MFCs are as follows:

	Applicable to S.C. No.	MFC Administration Charge \$/Ccf	MFC Supply Charge \$/Ccf
MFC-1	1, 12 & 16	\$0.02536	\$0.01970
MFC-2	2, 6, 13 & 15	\$0.00372	\$0.01523

These base MFCs will remain in effect until changed by order of the Public Service Commission.

MFC Net Lost Revenue

Central Hudson will recover forecast net lost revenues associated with customer migration to Retail Suppliers. Such forecast of customer migration will be developed according to the procedure contained in the Joint Proposal in Case 05-G-0935 as approved by the Public Service Commission in its Order issued and effective July 24, 2006.

Fifty percent of the forecast net lost revenues will be recovered by adding a separate component to the MFC Supply Charge on a MFC group-specific basis. The remaining fifty percent of forecast net lost revenues will be recovered through the Transition Adjustment which is also MFC group specific, and will be applied to the total measured quantities (Ccf) for all customers taking service under Service Classification Nos. 1, 2, 6, 12, 13, 15 and 16.

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