

PSC NO: 15 ELECTRICITY

LEAF: 163.5.4

COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION

REVISION: 1

INITIAL EFFECTIVE DATE: 07/18/09

SUPERSEDING REVISION: 0

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

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, 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, and 6, and those customers taking service under SC No. 14 whose parent service classification would be either SC 1, 2 or 6. The RDM is not applicable to Service Classification Nos. 3, 5, 8, 9 and 13.

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 Year ending June 30, 2010 as set in Case 08-E-0887.
- b. **Actual Delivery Revenue** is defined as the sum of total 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.
- 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).

At the end of an Annual RDM Period total delivery revenue excess/shortfalls, and associated interest, for each service classification or sub classification will be refunded/surcharged to customers through service classification or sub classification-specific RDM Adjustments applicable during a corresponding RDM Adjustment Period. The RDM Adjustment for each applicable service classification or sub classification shall be determined by dividing the amount to be refunded/surcharged to customers in that service classification or sub classification by estimated kWh and/or kW deliveries to customers in that service classification or sub classification over the RDM Adjustment Period. RDM Adjustments shall be rounded to the nearest \$0.00001 per kWh or \$0.01 per kW.

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