

PSC NO: 12 GAS LEAF: 126
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 9
INITIAL EFFECTIVE DATE: 08/01/06 SUPERSEDING REVISION: 8
Issued in Compliance with Order in C.05-G-0935 dated July 24, 2006

42. OTHER CHARGES AND ADJUSTMENTS

A. Supplemental Benefit Credit

Each residential customer who receives a HEAP benefit for their Central Hudson bill during the period November 1, 2005 through May 15, 2006 will receive a one-time supplemental benefit credit of \$200 applied to their Central Hudson account. Each customer will be entitled to only one supplemental benefit credit regardless of whether the customer takes electric and gas service from the Company.

The provision of supplemental benefit credits will be funded from the balance of surplus funds in the Powerful Opportunities Program. In the event that the total amount of supplemental credits provided to customers exceeds the balance of funds available, Central Hudson will defer the difference for future recovery.

The provision of supplemental benefit credits complies with the New York State Public Service Commission's Orders in Case Nos. 00-E-1273 and 00-G-1274 issued and effective January 18, 2006 and May 26, 2006.

B. 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 natural gas 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.

MFC Groups

Effective July 1, 2007 two MFC groups will be implemented:

- MFC 1 - Service Classification Nos. 1 and 12
- MFC 2 - Service Classification Nos. 2, 6 and 13

MFC Tiers

Each MFC group will be sub-divided into a MFC_A and a MFC_B as follows:

MFC_A will include an allocated portion of credit and collection function costs and fifty percent of procurement-related call center function costs, plus A&G and rate base items associated with each component.

MFC_B will include commodity purchasing function costs, allocated portions of advertising and promotions function costs and fifty percent of procurement-related call center function costs, plus A&G and rate base items associated with each component.

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York