

PSC NO: 12 GAS LEAF: 197.1
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 1
INITIAL EFFECTIVE DATE: 06/01/06 SUPERSEDING REVISION: 0
Issued in compliance with Order in C. 03-G-1392 et.al. dated November 23, 2005

SERVICE CLASSIFICATION NO. 14

INTERRUPTIBLE TRANSPORTATION SERVICE TO ELECTRIC GENERATION FACILITIES
(Cont'd)

RATE COMPONENTS (Cont'd)

2. (Cont'd)

VAC Effective May 1, 2007:

On and after May 1, 2007, the VAC for each Test Year, comprised of the twelve months ended the preceding December 31, will be calculated as follows: the Reconciliation Charge will be added to or subtracted from the Annual Total VAC for the Test Year. The resulting difference will be divided by the number of Ccf the Company delivered to the customer during the Test Year.

Monthly Total VAC: will be calculated by subtracting the Base Year Spark Spread from the Spark Spread for each hour of the Test Year that the generator actually operated. Five percent (5%) of the resulting difference will be multiplied by the customer's MWh Generated Output during the same hour of the Test Year. The resulting products will be summed for each month of the Test Year. If such monthly value is less than or equal to zero, the Monthly Total VAC for that month will be set equal to zero. If such monthly value is greater than zero, such monthly value will be the Monthly Total VAC for that month.

Annual Total VAC: will be calculated as the sum of the Monthly Total VAC for the twelve months of the Test Year.

Reconciliation Charge: will be calculated by subtracting the total VAC actually collected from the customer during the Collection Period from the total VAC that would have been collected had the VAC been calculated based on the actual Spark Spreads realized during the Collection Period rather than on the Test Year.

Spark Spread: will be calculated as the difference between the Market Electric Price and the Fuel Cost of Generation and expressed in \$/Mwh.

Collection Period: Effective March 15, 2006, the Collection Period will be March 15, 2006 through April 30, 2007. Effective May 1, 2007, the Collection Period will be the twelve month period of May 1st through April 30th of the following year.

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