

PSC NO: 15 ELECTRICITY
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION
INITIAL EFFECTIVE DATE: 8/30/08

LEAF: 163.5.1
REVISION: 2
SUPERSEDING REVISION: 1

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.

MFC Groups

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

- MFC 1 - Service Classification Nos. 1 and 6
- MFC 2 - Service Classification No. 2
- MFC 3 - Service Classification Nos. 3 and 13
- MFC 4 - Service Classification Nos. 5, 8 and 9

MFC Tiers

Each MFC group 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_A 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_B 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.

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

Cancelled by supplement No. 42 effective 06/24/2009

Suspended to 06/28/2009 by order in Case 08-E-0887. See Supplement No. 39. The supplement filing date was 12/17/2008

Suspended to 12/27/2008 by order in Case 08-E-0887. See Supplement No. 38. The supplement filing date was 08/27/2008