PSC NO: 12 GAS LEAF: 118
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 3
INITIAL EFFECTIVE DATE: 02/19/04 SUPERSEDING REVISION: 2
Issued in Compliance with Order in C. 98-M-1343 Dated December 19, 2003

41. RETAIL ACCESS PROGRAM (Cont'd)

H. BALANCING AND SETTLEMENT

The Retail Supplier must deliver to Central Hudson on each day of the month, at predetermined interconnection points, the ADCQ as provided in General Information, Section 41.G. Daily deliveries in excess of 102 percent of the ADCQ will be purchased by Central Hudson at one hundred percent of the lowest weekly gas price posted in Natural Gas Week for Texas Offshore and Onshore and Louisiana Offshore and Onshore prices plus

Tennessee Gas Pipeline's FT transportation costs and equivalent fuel costs from Zone 0 and Zone 1 to Zone 5, for the applicable month. In the event that the daily deliveries are less than 98 percent of the ADCQ, the Retail Supplier will purchase from Central Hudson the incremental gas required to increase the deliveries to 98 percent of the ADCQ at a rate equal to one hundred percent of the highest weekly gas price posted in Natural Gas Week for the New York City citygate, for the applicable month plus a charge of ten ($10) dollars per dekatherm. In the event that an excess delivery occurs during a period in which Central Hudson has issued an operational flow order the Retail Supplier will be assessed all penalties incurred by Central Hudson which resulted from the excess delivery. In the event that the under-delivery occurs during a period in which Central Hudson has issued an operational flow order, the Retail Supplier will be assessed a charge of twenty-five ($25) dollars per dekatherm.

Central Hudson will reconcile the gas supplies delivered and the natural gas consumed by the customers operating under Service Classification Nos. 6, 12 and 13 during the twelve months ended March 31 of each year. The natural gas available to the applicable customers will be the amount delivered by the Retail Supplier increased by the volumes sold by Central Hudson to cover the under-deliveries reduced by the over-deliveries purchased by Central Hudson and line losses. Central Hudson will purchase net over-deliveries from the Retail Supplier at one hundred percent of the average weekly gas price posted in Natural Gas Week for Texas Offshore and Onshore and Louisiana Offshore and Onshore prices plus Tennessee Gas Pipeline's FT transportation charges and the equivalent fuel costs from Zone 0 and Zone 1 to Zone 5, during the applicable annual period. The Company will charge for net under-deliveries at one hundred percent of the average weekly gas price posted in Natural Gas Week for the New York City citygate, during the applicable annual period.