

..DID: 11840
..TXT: PSC NO: 12 GAS LEAF: 133
COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 1
INITIAL EFFECTIVE DATE: 06/08/00 SUPERSEDING REVISION: 0
STAMPS:
RECEIVED: 05/01/00 STATUS: Effective EFFECTIVE: 06/08/00

41. RETAIL ACCESS PROGRAM (Cont'd)

O. CREDITWORTHINESS (Cont'd)

(c) Credit Exposure/Security Calculation (Cont'd)

2. Gas Imbalances

The maximum security associated with natural gas balancing and settlement risk will be determined for each season. The seasons are defined as Summer (April 1 - October 31) and Winter (November 1 - March 31). This credit exposure may be no more than as determined by: (a) the maximum daily quantity (MDQ) of a Retail Supplier's customers' projected aggregate consumption (or Direct Customer's projected consumption), based on the appropriate season of the past year; (b) priced at the highest month's average daily closing NYMEX price, at the Henry Hub, plus upstream capacity charges to the city gate, for the appropriate season of the past year; and (c) times 30 days. The Retail Supplier may, at its option, elect to have the security determined annually, rather than seasonally in which case it will be based on the winter season.

(d) Security Instruments

Upon notification by Central Hudson that a Retail Supplier/Direct Customer has failed to satisfy the credit requirements or, subsequently, while providing service to retail customers, no longer satisfies the credit requirements, such Retail Supplier/Direct Customer may still obtain or retain credit approval from Central Hudson if it pays any outstanding balance due Central Hudson for services rendered and elects to provide one of the following, as mutually agreed by the parties:

1. an advance cash deposit or prepayment;
2. a standby irrevocable letter of credit issued by a bank, insurance company or other financial institution with at least an "A" bond rating;
3. security interest in collateral found to be satisfactory to Central Hudson;
4. a guarantee, acceptable to Central Hudson, by another party or entity with a satisfactory credit rating of at least "BBB" by S&P's, "Baa2" by Moody's or "BBB" by Fitch;

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