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COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 2  
INITIAL EFFECTIVE DATE: 11/01/01 SUPERSEDING REVISION: 0  
STAMPS: Issued in Compliance with Order in C.00-G-1274 dated October 25, 2001  
RECEIVED: 10/31/01 STATUS: Effective EFFECTIVE: 11/01/01

**27. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF GAS**  
(Cont'd)

Annual Surcharge or Refund (Cont'd)

Interim refunds or surcharges during the 12-month period ended August 31 will be permitted for the purpose of preventing large over-collection or under-collection balances from accruing at August 31. The methodology used to determine the amount of over-collection or under-collection and the method of refund or surcharge will be determined by the Company and filed with the Commission.

Capacity Release Credit

Eighty five percent (85%) of the credits received from upstream pipelines resulting from upstream capacity assignments and streaming transactions will be credited to customers taking service under Service Classification Nos. 1, 2, 6, 12 and 13.

Interruptible Sales Credit or Surcharge

If the monthly net of fuel revenues from the customers taking service under Service Classification Nos. 8, 9 and 14 differs significantly from 1/12 of the annual imputation of \$1,900,000, the Company may refund or surcharge, as appropriate, the difference through the Gas Supply Charge in a subsequent month.

Back Out Credit/Surcharge

By Commission Order in Case 00-G-1274, the Company will reduce the delivery charges to customers operating under Service Classification Nos. 6, 12 and 13 by \$0.015 per Ccf. The net reduction in delivery charges to these customers will be collected from customers taking service under Service Classification Nos. 1 and 2 through a surcharge included in the monthly Gas Supply Charge.

Fixed Gas Supply Charge Factor

By Commission Order in Case 97-G-0600, the Company will make available to all customers with annual consumption requirements greater than 500 Ccf operating under Service Classification Nos. 1 and 2 a Gas Supply Charge Factor that will be in effect for the twelve (12)month period beginning November 1 of each year. The Fixed Gas Supply Charge Factor will be an optional pricing service available to customers on a first come first served basis until a predetermined volume of annual gas supplies are allocated.

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