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COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 4
INITIAL EFFECTIVE DATE: 11/01/01 SUPERSEDING REVISION: 3
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27. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF GAS (Cont'd)

Gas Supply Charge (Cont'd)

- (2) The Average Commodity Cost of Gas shall be computed by applying the variable rates and charges of the transporters, storage providers, and suppliers to the billing determinants associated with transportation, storage supplies and gas supply for the forecasted weather normalized quantities of gas to be taken for delivery to the Company's own sales customers during the month in which the Gas Supply Charge will be in effect. These costs shall be further adjusted by;
- a) including average unit cost of liquefied propane in storage at the date of computation to the quantities of propane used to serve the Company's customers during the prior month and;
 - b) including the allowance for bad debt related to commodity costs and;
 - c) including the carrying costs on material and supply inventories and;
 - d) adding at zero cost the quantities received for, but not delivered to, transportation customers and;
 - e) reducing the commodity costs by the revenue produced from the standby sales adjustment collected from firm transportation customers and;
 - f) reducing the commodity costs by the revenue produced from delivery penalties billed to the Retail Suppliers, and;
 - g) increasing the commodity costs by the replacement cost of fuel paid to non-core customers for gas supplies which were diverted to meet the needs of core customers, as described in General Information Section 31.

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