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COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 0
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31. CURTAILMENT OF GAS SERVICE (Cont'd)

C. Definitions (Cont'd)

3. For purposes of the Company's curtailment of gas service procedure, firm commercial and industrial customers are those taking service under Service Classification Nos. 2, 6, or 13. Residential customers are those taking service under Service Classification Nos. 1 or 12.
4. The replacement cost of fuel to compensate a non-core customer for gas supplies diverted to meet the needs of core customers will be calculated as the market value of the equivalent volume of the non-core customer's alternate fuel on the day(s) the gas was diverted or, in the event the customer does not use an alternate fuel, the market value of the diverted gas on the day(s) the gas was diverted. The market value of the customer's alternate fuel shall be the most recently available posted price for such fuel in Platt's Marketscan for New York deliveries. The market value of the displaced gas shall be 100 percent of the gas price posted in Natural Gas Week for the New York City citygate. When gas is diverted to serve firm sales customers, the payments made by the Company will be recovered through the gas adjustment clause. When gas is diverted to serve a customer operating under a firm transportation service, that firm transportation customer will reimburse the Company for its payments to the non-core customer.

D. Method of Curtailment

1. Curtailment will proceed through the priorities starting with Priority 1, and will require curtailment of consumption by the affected customer after not less than two hours notice by telephone or otherwise. The Company will notify customers when curtailment of consumption is no longer required.
2. Curtailment within each priority shall be made on a pro rata basis except that curtailment of firm residential requirements will be by individual customers in descending order based on volume of gas used.
3. The Company reserves the right to curtail services outside the order listed in order to protect the efficient operation of the system.

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