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COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 0
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41. RETAIL ACCESS PROGRAM (Cont'd)

J. NATURAL GAS SUPPLY REQUIREMENT (Cont'd)

capacity. The Company's weighted average cost of capacity will be determined monthly and will be filed with the New York State Public Service Commission. Once the capacity is released, Central Hudson is not responsible for any actions by the Retail Supplier. The capacity is resalable by the Retail Supplier subject to the provisions contained in the upstream pipeline rules and regulations, and is subject to recall by Central Hudson under the following conditions: (1) when required to preserve the integrity of the system, (2) the customer returns to Central Hudson as a core sales service customer, (3) the customer leaves the system or the meter is locked, or (4) the Retail Supplier serving the customer defaults on delivery obligations. A Retail Supplier will be considered to be in default when the predetermined delivery requirements have ceased for a forty-eight (48) hour period.

Central Hudson shall in no way be liable for any errors in the calculation of the customer's delivery requirements, nor be responsible for any additional gas costs incurred by the Retail Supplier due to an error in the calculation of the delivery requirements.

In the event that the upstream pipeline capacity to be released to the Retail Supplier by Central Hudson has an associated gas supply contract in place, the Retail Supplier may be required to either assume the gas supply contract or incur the penalty provisions contained in the gas supply contract.

In the event a customer begins taking service under Service Classification Nos. 6, 12 or 13 on any day other than April 1, Central Hudson will allocate an appropriate volume of storage supplies needed to meet the customer's winter requirements. The cost of the transferred commodity to be charged to the customer's Retail Supplier will be equal to the incremental cost of gas for new customers or the storage inventory cost, including commodity cost, injection and transportation charges, for customers transferring to transportation service from Central Hudson's core sales service.

K. 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.J. 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

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