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COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION REVISION: 0  
INITIAL EFFECTIVE DATE: 08/02/99 SUPERSEDING REVISION:  
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Cancelled by 2 Rev. Leaf No. 72 Effective 11/01/2001  
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**27. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF GAS** (Cont'd)

Annual Surcharge or Refund (Cont'd)

- (3) the applicable base cost of gas determined by multiplying the base cost of gas times the total quantity of gas purchased, determined by multiplying actual firm sales during the period by the factor of adjustment;
- (4) the applicable gas cost adjustment revenue for the period, net of supplier refund credits and adjusted to eliminate (a) the effect of any adjustments relating to interruptible sales and sales to Company owned electric generating facilities, (b) any miscellaneous charges or credits, and (c) the revenue tax effect;
- (5) the previous years applicable over-collection, if any, with interest to the extent not refunded,
- (6) any over refunding or under refunding of gas supplier refunds that were finalized during the twelve months ended August 31; divided by the quantities of gas to be sold by the Company to its firm customers during the surcharge/refund period.

Fixed Gas Cost Adjustment 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 Cost Adjustment Factor that will be in effect for the twelve (12) month period beginning November 1 of each year. The Fixed Gas Cost Adjustment 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. Customers choosing the Fixed Gas Cost Adjustment option are required to remain on that service through October 31 of each year.

The Fixed Gas Cost Adjustment Factor will be computed annually and will reflect:

- (1) the commodity rates and charges of a predetermined winter supply contract(s), a proportionate share of the Company's storage supplies, and the applicable summer gas supply requirements;
- (2) the weighted average cost of the pipeline demand charges currently in effect;

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