



April 11, 2014

Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

**Re: Central Hudson Gas & Electric Corporation**  
**Tariff Filing to Reflect New NYISO Capacity Zone**

Dear Commissioners:

Central Hudson Gas & Electric Corporation ("Central Hudson" or "the Company"), hereby files the attached amended tariff leaves on April 11, 2014 to become effective May 11, 2014.

**P.S.C. No. 15 – Electricity**

9<sup>th</sup> Revised Leaf 184.2

15<sup>th</sup> Revised Leaf 202.2

2<sup>nd</sup> Revised Leaf 230

15<sup>th</sup> Revised Leaf 267.2

The aforementioned leaves effectuate changes necessary with the implementation of the New York Independent System Operators ("NYISO") new capacity zone. The Company hereby also respectfully requests that the tariff leaves listed above be allowed to go into effect on less than statutory notice on May 1, 2014. On Friday, April 11, 2014, the Company filed an emergency tariff filing request letter with the commission which provided justification for such a request (which was assigned as Case 14-E-0133).

The Company had originally intended to submit a housekeeping tariff filing since the Company is not independently proposing a change but rather the implementation of a change imposed by the NYISO, as approved by the Federal Energy Regulatory Commission. However, pursuant to recent discussions, DPS Staff has indicated that this change would not be eligible for housekeeping filing status. For the following reasons, the Company is requesting that an emergency filing be allowed to effectuate the changes in a manner consistent with the timing of the changes to the NYISO zones on May 1.

The adoption of a new capacity zone would impact the references included in the Company's tariff as it relates to Hourly Pricing customers as well as Service Classification No. 10. The Company's current tariff references the New York Control Area ("NYCA") price for capacity charges billed to Hourly Pricing customers. Although the Company will continue to make some capacity purchases at the NYCA, effective May 1, 2014, the Company will be required to purchase the majority of its capacity at the new Lower Hudson Valley (LHV). The capacity prices for the NYCA are expected to be significantly lower than that of the newly established LHV. Continuing to reference the NYCA prices in relation to the capacity charges for hourly pricing customers would result in a cross subsidization by full service Market Price Charge ("MPC") customers as the Company currently takes total NYISO charges (which would reflect the higher LHV prices) less the billed charges applicable to hourly pricing customers (which would continue to reference NYCA prices) to develop its MPC rates.



The Company has estimated that in addition to the overall impact of the new capacity zone, MPC customers will pay an additional 2.2% or approximately \$138,000 of related capacity costs that would otherwise be the responsibility of the HPP customers. As the forward looking monthly spot auction capacity prices for the NYCA and G-J Locality are unknown at this time, the Company utilized the Summer 2014 Strip Auction Prices available through the NYISO and the May 2013 actual MW's of capacity for both MPC and HPP customers to determine the estimated impact for May 2014.

The Company's existing Service Classification No. 10 tariff references payments for capacity at the NYISO Zone G price. Although the Company does not currently make any payments for capacity under this service classification, the reference to Zone G is not correct and should be changed to reflect the new zonal pricing structure.

From a cost causation perspective, the Company feels as though an emergency filing is warranted to address the need to recognize both the implementation of the new capacity zone May 1, 2014 and the contingency that the implementation is revised in some manner.

As these amendments only add references to the G-J Locality pricing zone, the Company requests that the requirements of 66(12)(b) of the Public Service Law as to newspaper publication for the amendments listed herein be waived. Questions related to this filing should be directed to Amy Dittmar at (845) 486-5433 or [adittmar@cenhud.com](mailto:adittmar@cenhud.com).

Yours very truly,

Michael L. Mosher  
Vice President - Regulatory Affairs

LETT326