



September 23, 2015

Honorable Kathleen H. Burgess, Secretary
State of New York Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Proposal by Central Hudson Gas & Electric Corporation to add EZ Rate Provisions

Dear Secretary Burgess:

Central Hudson Gas & Electric Corporation ("Central Hudson" or "the Company") hereby files the following proposed tariff amendments on September 23, 2015 to become effective January 1, 2016.

P.S.C. No. 15 – Electricity

26th Revised Leaf No.3

Original Leaf No. 163.6

Original Leaf No. 163.6.1

Tariff Amendments

Empire State Development ("ESD") administers the Empire Zone ("EZ") program, an economic development program that provides various benefits, including electric delivery discounts, for businesses whose relocation or expansion in economic zones certified by ESD pursuant to Article 18-B of the General Municipal Law results in the addition of permanent load. The electric delivery discounts are provided to eligible customers on their new or expanded load requirements for up to ten years from the date of certification by ESD pursuant to Public Service Law ("PSL") §66(12)c.

While EZ designations ended on June 30, 2010 pursuant to §969(a) of the aforementioned Article 18-B, a certified business wishing to move or expand into property that was located within the EZ boundaries designated as of June 29, 2010 in the same EZ in which it was certified may continue to qualify and claim EZ benefits.

Until recently, the Company did not have any EZ certified businesses or EZ boundary designations within its service territory and, therefore, did not provide an electric delivery discount option through an EZ rate pursuant to PSL §66(12)c. By letter dated March 18, 2015, and provided to the Company on September 5, 2015, the New York State Department of Economic Development ("NYSDDED") certified a business acquiring an existing business within the Company's service territory as EZ eligible effective as of June 22, 2010 and confirmed that the property acquired by the new owner was located within EZ boundaries as those boundaries were configured as of June 29, 2010.

With this filing, the Company proposes to add an EZ Rate to its electric tariff to address this and any other EZ extensions that might be granted. Central Hudson proposes that the rate provisions of the EZ Rate be the same as the rate provisions of the Company's Excelsior Jobs Program, as currently provided in General Information Section 41 of P.S.C. No. 15 – Electricity, as both rates are required to be set equal to the incremental cost of providing service pursuant to §66(12)c and §66(12)d, respectively, of the PSL.

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Recovery of Base Rate Discounts

The provision of a delivery discount through the proposed EZ Rate provision will result in a loss of revenue, determined as the difference between currently authorized rates and the proposed EZ rates, that was not addressed or contemplated in the development of the three-year Rate Plan recently approved by the Commission in its order issued and effective June 17, 2015 in Cases 14-E-0318 and 14-G-0319. To the extent that EZ rates are applied to customers taking service under Service Classification ("SC") No. 2, any resulting lost revenue will be captured, and the Company made whole, through the operation of the revenue decoupling mechanism ("RDM"). Conversely, absent any intervention by the Commission, the application of EZ rates to customers taking service under SC Nos. 3 and 13 will result in the permanent loss of revenue to the Company as these classes are not part of the RDM. As a result, Central Hudson is requesting, through the separate, concurrent submission of a petition to the Secretary, authorization for deferral and current recovery of any lost revenue associated with the provision of the proposed EZ Rate. Therefore, the Company's EZ Rate proposal contained herein is predicated on the Commission's approval of the Company's request for recovery of the discounts proposed to be provided.

Procedural Matters

Based on the specific nature of the certification of EZ eligibility by NYSDER and the direct communication required with any customers so certified, the Company requests that the requirements of PSL §66(12)(b) as to newspaper publication of the tariff amendments proposed herein be waived.

Questions related to this filing may be directed to Glynis Bunt at 845-486-5420 or gbunt@cenhud.com or Linda Van Etten at 845-486-5554 or Lvanetten@cenhud.com.

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