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CENTRAL HUDSON GAS & ELECTRIC CORPORATION  
284 SOUTH AVENUE  
POUGHKEEPSIE, NEW YORK 12601

August 8, 2002

Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

Central Hudson Gas & Electric Corporation's  
Economic Revitalization Discount

Dear Commissioners:

The following tariff leaves, issued by Central Hudson Gas & Electric Corporation (the "Company"), are transmitted in compliance with the requirements of the Public Service Commission of the State of New York:

P.S.C. No. 15 - Electricity

1st Revised Leaf No. 177  
4th Revised Leaf No. 178  
1st Revised Leaf No. 193  
4th Revised Leaf No. 194  
1st Revised Leaf No. 194.1

These amendments are issued August 8, 2002 to become effective November 8, 2002. The purpose of this filing is to modify Special Provisions 2.8 and 3.4 of Service Classification Nos. 2 and 3, respectively, to provide a successor Economic Revitalization Discount ("Discount"). Eligibility for the original Discount expired June 30, 2002.

Background

In November 1992 the Company filed tariff amendments to modify Service Classification Nos. 2 and 3 to include the Economic Revitalization Discount, providing an incentive for customers to occupy existing vacant buildings in the Company's service territory. At that time, it was estimated that 3 to 5 million square feet of vacant industrial and commercial space existed in Central Hudson's service territory. These facilities had been previously occupied by various customers and had been vacated for a variety of reasons such as restructuring, relocation and the economic climate. Central Hudson had installed all of the necessary distribution plant to provide service to these facilities, which had only limited potential to be used to serve other customers.

The goal of the Discount was to promote business and job development

through greater utilization of the vacant space and the Company's existing distribution facilities. The Company's final proposal for the Discount, which included an expiration date for the Discount of April 1, 1998, was approved by Order of the Commission issued and effective April 22, 1993.

In April 1998 the Company filed to extend the term of eligibility for the Discount to June 30, 2001. At that time it was estimated that, while the Discount was but one part of a total economic development package offered by the various entities marketing the Hudson Valley, since its inception, 1.7 million square feet of vacant space had been filled with an increase in employment of approximately 2,000. The extension of the Discount was approved by the Commission by Order issued and effective July 27, 1998.

#### Central Hudson's Current Proposal

In compliance with the Joint Proposal adopted on October 25, 2001 in Case 00-E-1273, Central Hudson proposes a successor Discount, similar in most respects to the original Discount as discussed below, which the Company believes will encourage businesses to locate into the approximately 2.5 million square feet of qualifying vacant space.

Similar to the original Discount, the Company proposes (a) to discount current energy and demand delivery base rates by 25 percent if a customer receives secondary service or 10 percent for primary service; (b) that the Discount be available to both new and existing customers, with existing customers usage compared to a base year of usage to determine growth; and, (c) that a facility must be vacant for at least six months before a new occupant could qualify for the Discount.

Pursuant to the Company's proposed Economic Development Program, copies of which were filed with Secretary Deixler by letter dated July 8, 2002, the Discount (a) would be available to those customers in Standard Industrial Classification Major Groups 20-39, 40-48, 50-51, 60-67 and 73; (b) would terminate on May 31, 2007; and (c) would be funded as part of the \$11 million proposed to be expended from the Customer Benefit Fund for economic development initiatives.

While the successor Discount does not require the performance of an energy efficiency audit, as these are no longer routinely performed by the Company, the Company will encourage customers to take advantage of the energy efficiency assistance provided by the New York State Energy Research & Development Authority under its New York Energy Smart program.

Currently, two customers are taking service under the original Discount provisions: one under Special Provision 2.8 and one under Special Provision 3.4. Since these customers became eligible for the Discount prior to April 1, 1998 the term of the Discount was sixty months. The discount terms for these customers will expire in September 2002 and February 2003, respectively. These customers will continue to be billed pursuant to the applicable terms of the respective provision under which they are taking service for the remainder of their current discount term.

The Company is arranging to comply with the requirements of 16 NYCRR 136.70 by publishing notices of the changes proposed herein in the August 21, 28, September 4, and 11, 2002 issues of the Catskill Daily Mail, the Kingston Freeman, the Times Herald Record and the Poughkeepsie Journal.

In addition to the aforementioned tariff leaves, a State Administrative Procedures Act Notice for Publication in the State Bulletin is included with this

filing.

Questions related to this filing should be directed to Maida J. Lewis at 845-486-5375.

Yours very truly,

Arthur R. Upright

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cc: Active Parties C. 00-E-1273  
R. J. Glasser, Thompson Hine LLP  
L. Van Ryn, Public Service Commission