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

February 14, 2001

Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Case 00-E-2054

In the Matter of a Status Report on the Demand/Supply Component of
the Department's Electric Price and Reliability Task Force Including
Recommendations for Specific Utility Actions on the Demand Side

Dear Commissioners:

In compliance with the Order dated December 20, 2000, in the above referenced proceeding the Public Service Commission("Commission") directed Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") and the other New York State investor owned utilities to file proposed tariffs that would implement the demand response tariff-based programs included in each Company's January 29, 2001 filing in this same proceeding. Accordingly Central Hudson is issuing the attached proposed tariffs leaves on February 14, 2001 to become effective May 1, 2001.

P.S.C. No. 15 - Electricity

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|--------------------------|---------------|-----------|
| 1st Revised Leaf No. 173 | Original Leaf | No. 267.2 |
| 1st Revised Leaf No. 174 | | |
| 1st Revised Leaf No. 175 | | |
| 1st Revised Leaf No. 176 | | |
| Original Leaf No. 184.1 | | |
| Original Leaf No. 184.2 | | |
| 1st Revised Leaf No. 189 | | |
| 1st Revised Leaf No. 190 | | |
| 1st Revised Leaf No. 191 | | |
| 1st Revised Leaf No. 192 | | |
| Original Leaf No. 202.1 | | |
| Original Leaf No. 202.2 | | |
| 4th Revised Leaf No. 254 | | |
| 4th Revised Leaf No. 255 | | |
| 4th Revised Leaf No. 256 | | |
| 2nd Revised Leaf No. 257 | | |
| Original Leaf No. 267.1 | | |

Electric Curtailable Service Option

The Company has filed a Curtailable service tariff option available to any Service Classification No. 2, 3 or 13 customer with installed interval metering that agree when called upon to reduce their loads by at least 100 kW during the Curtailment Season defined as June 1 through September 30. Participating customers would be required to specify a Firm Power Level for the Curtailment Season. When called upon by Central Hudson, customers will be required within 2 hours to reduce their electric loads to or below the Firm Power Level. A single curtailment will be a minimum of 3 hours and maximum of 8 hours. The Company will limit the number of interruptions during any Curtailment Season to 18.

Central Hudson will target customers who voluntarily shed load by shutting down non-essential equipment and customers who have and can use stand by generation. The Company will require participating customers to sign a three year agreement to take Curtailable Service. The Curtailable program will include payments for meeting the customer's designated Firm Power Level and penalties for non-compliance with curtailments. Based on the Company's current customer base and survey information, we believe the Curtailable program has the potential to provide approximately 16 MW of load reduction. Our estimate of the total curtailable load includes 11 MW from customer generation and the remaining 5 MW from load reduction.

Hourly Pricing Program Option

The Company has also proposed an Hourly Pricing Program provision for customers taking service under Central Hudson's Service Classification No.2, 3 or 13 tariffs. In order to be eligible to participate in the hourly pricing program, customers must have interval metering. Any customer with interval metering may elect to purchase 100% of their energy requirements based on charges set on an hourly basis according to the market price of electricity. The market price of electricity will be the hourly Day-Ahead Locational Based Market Price (LBMP) as set by the New York State Independent System Operator (NYISO) for Central Hudson, Hudson Valley, Zone G (Zone G). Customers electing to take service under the hourly pricing provision will not be subject to the Company's Energy Supply Charge.

For each billing period, the Company will calculate the customer's hourly energy supply cost by applying the hourly day-ahead LBMP price for Zone G to the customer's hourly measured loads. The hourly time energy supply cost will be adjusted to include the customer's prorated share of the monthly charges billed by the NYISO to the Company for Ancillary Services and the NYPA Transmission Adjustment Charge (NTAC). The Ancillary Services and NTAC charges will be set based on an average rate per kWh including the Factor of Adjustment set forth in General Information Section 29 of Central Hudson's electric tariff and will be applied to the customer's actual monthly usage.

Increase in the Use of Interval Meters

All Service Classification Nos. 3 and 13 customers, 52 in total, currently have interval metering. These customers represent approximately 22 percent of the Company's peak load. The Company has an additional 50 interval meters set on other customers. Our estimates show that there may be as many as 950 total customers with demands greater than 100 kW. Central Hudson will increase the use of interval meters in its service area by providing interval meters to customers

who enroll in either the Load Curtailment program or Hourly Pricing Program at the Company's installed cost.

Demand Response Programs - Cost Recovery

The provisions set forth in this filing related to the Curtailable Program and Hourly Pricing Program are not necessarily consistent with tariffs pending in Central Hudson's Case 00-E-1273 rate proceeding. The Company proposes to defer all costs associated with these programs until the end of the Settlement Period established in Case 96-E-0909. The Company proposes to collect these costs through the Variable Cost Recovery Factor of the Purchased Power Recovery Mechanism at the start of the rate year in Case 00-E-1273.

Central Hudson representatives will work closely with customers eligible for these new tariff options to educate them on the new programs and to assist them in determining opportunities to shift load to take advantage of these programs.

The Company will evaluate these programs and consider necessary changes once the programs have been in effect for several months.

Public Awareness Campaign

As required by the December 20, 2000 Order in this proceeding the Company's Public Awareness Campaign which describes the steps Central Hudson will take to raise awareness and educate customers regarding the load and capacity situation and actions consumers can take to control energy usage and bills is included as an attachment to this filing.

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

Yours Very Truly,

Arthur R. Upright

Attachment

Copies to : All Active Parties in Case 00-E-1273/00-G-1274

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

Case 00-E-2054
Utility Demand Response Programs
Public Awareness Campaign

Central Hudson began a proactive program to communicate messages regarding both the load/capacity situation and the promotion of consumer energy conservation tips during the summer of 2000. The Company ran a successful series of print and broadcast advertisements titled "*Hot Ideas*." With a recurring introduction that described the state's possible shortfall in generating capacity, the series of ads shared various tips to curtail electricity usage -- particularly during times of peak demand. The ad campaign -- which appeared in all four local daily newspapers, the region's weekly newspapers, and on all Hudson Valley radio stations -- ran in frequent rotation from June until August.

In November and December, editorial board meetings were held with the *Kingston Daily Freeman*, the *Middletown Times Herald Record* and the *Poughkeepsie Journal* to discuss load/capacity issues and to promote both the conservation of electricity and the construction of new power plants and/or transmission lines in New York States. Supportive editorials appeared in each of the publications as a result. In the interim, and due largely to the events unfolding in California, many additional opportunities were seized with local news media to heighten awareness of the need to build additional generating capacity in New York State. In particular, a Vantage Point editorial written by Central Hudson's Chairman of the Board appeared on the Editorial Page of the *Poughkeepsie Journal* on January 21, 2001; it discussed the capacity shortage and urged future power plant approval.

Going forward, Central Hudson will reprise the "*Hot Ideas*" ad series during the summer of 2001, adding more energy conservation strategies and promoting the availability of the NYSERDA Energy Smart website and/or CD. In addition, the Company intends to incorporate the following into its 2001 communication effort:

- A. Bill Insert - The April/May bill insert to all 260,000 electric customers will address capacity constraints and offer energy conservation tips in the "*Hot Ideas*" format;
- B. Bill Message - An energy conservation message will be included on electric bills during one full bimonthly billing cycle;
- C. News Release - A news release on capacity concerns and the need for energy conservation will be issued during the first peak demand period, alerting customers to the need for conservation and the construction of new power plants in New York; and
- D. News Media - Opportunities will be sought to discuss load/capacity and conservation issues with local news media, including Mid-Hudson radio and cable-television talk-shows.