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

December 27, 2000

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

Re: Case 00-M-1556
Tariff Amendments to Reflect Tax Law Changes

Dear Commissioners:

The following rate leaf, issued by Central Hudson Gas & Electric Corporation (Company), is transmitted for filing in compliance with the Commission's Order Implementing Tax Law Changes issued and effective December 21, 2000.

P.S.C. No. 15 - Electricity

2nd Revised Leaf No. 109

This amendment is issued December 27, 2000 to become effective January 1, 2001. The purpose of this filing is to reflect the following tax law changes provided in the approved New York State Budget for 2000-2001:

- . Elimination of the Gross Earning Tax levied under Section 186 of the Tax Law and corresponding elimination of the Metropolitan Transportation Authority (MTA) surcharge levied under Section 186-b of the Tax Law.
- . Reduction to the statutory rate for the Gross Income Tax levied under Section 186-a of the Tax Law and corresponding revisions to the MTA surcharge levied under Section 186-c of the Tax Law.
- . Imposition of a net income tax under Article 9-A of the Tax Law and corresponding imposition of the MTA surcharge on this tax.

The Company's tariff complies with the Commission's order that all gross revenue taxes continue to be collected through a surcharge tariff at the currently effective statutory rate and that the new state income tax also be collected, temporarily, through a surcharge tariff. The Company has prepared estimates of the impact of the tax law changes and has determined that the Company will not be required to file any changes to its currently effective RTS-3 since the rate will not change. This conforms with the Commission's intent that the total of the new gross revenue taxes and the new state income tax collected from customers should be no greater than the previous gross revenue tax collections.

Implementation of the tax law revisions also requires application of different tax rates to commodity revenues and revenues from transmission and distribution services. The Company currently has proposed tariff amendments pending before the Commission in Case 96-E-0909 that provide for the unbundling of rates based on the pending sale of its fossil generation. The Company has proposed that these unbundled rates be effective one day following the closing of the fossil generation sale, which is anticipated to occur in early January 2001. Upon approval of these rates the Company expects to issue a Revenue Tax Surcharge Statement reflecting the different tax rates applicable to commodity revenues and revenues derived from transmission and distribution services, consistent with the Commission's policy of implementing unbundled rates for services.

Questions related to this filing should be directed to Maida J. Lewis who can be reached at (914) 486-5375.

Very truly yours,

Arthur R. Upright