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

July 31, 2008

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

Dear Commissioners:

Re: Revisions to Schedule for Gas Service – P.S.C. No. 12 - Gas

The amended tariff leaves set forth below are filed by Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") on July 31, 2008 to become effective August 30, 2008. The Company's expectation is that the Commission will issue appropriate orders suspending the effective date of the leaves through June 30, 2009 so that the proposed rates may become effective July 1, 2009.

P.S.C No. 12 – Gas

7th Revised Leaf No. 68
6th Revised Leaf No. 72
3rd Revised Leaf No. 121
9th Revised Leaf No. 124.1
11th Revised Leaf No. 126
8th Revised Leaf No. 126.1
10th Revised Leaf No. 149
6th Revised Leaf No. 151
6th Revised Leaf No. 152
5th Revised Leaf No. 153
6th Revised Leaf No. 158
5th Revised Leaf No. 171
5th Revised Leaf No. 172
7th Revised Leaf No. 181
10th Revised Leaf No. 186
9th Revised Leaf No. 188
10th Revised Leaf No. 191
7th Revised Leaf No. 193
3rd Revised Leaf No. 195
9th Revised Leaf No. 206
4th Revised Leaf No. 212

The purpose of these revised tariff leaves is to effectuate the changes proposed by the Company's rate filing and supported by the testimony and exhibits filed with the Commission on July 31, 2008. The letter accompanying the Company's filing is attached as Appendix A.

The Company plans to file, fifteen days prior to the effective date of revised delivery rates pursuant to Commission Order, a new Merchant Function Charge Statement to become effective coincident with new base delivery rates as approved by the Commission.

The Company is arranging to comply with the requirements of 66(12)(b) of the Public Service Law by publishing notices of the rate changes proposed herein in the August 13, 20, 27 and September 3, 2008 issues of the Catskill Daily Mail, the Kingston Freeman, the Times Herald Record and the Poughkeepsie Journal.

Questions related to this filing should be directed to Amy Patel at (845) 486-5433.

Yours very truly,

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Michael L. Mosher
Vice President - Regulatory Affairs

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Attachment A

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Central Hudson
Gas & Electric Corporation

July 31, 2008

NYS Public Service Commission
Agency Building 3
Empire State Plaza
Albany, New York 12223-1350

Dear Commissioners:

Central Hudson Gas & Electric Corporation ("Central Hudson" or "the Company") hereby submits for filing revisions to its Schedule for Electric Service, PSC No. 15-Electricity and its Schedule for Gas Service, PSC No. 12-Gas.

The tariff leaves listed on Attachment A are issued as of July 31, 2008 with an effective date of August 30, 2008, and are being filed electronically. The Company's expectation is that the Commission will issue appropriate orders suspending the effective date of the leaves through June 30, 2009 so that the proposed rates may become effective July 1, 2009. The tariffs are supported by the testimony and exhibits being filed herewith.

The Company has prepared this rate filing using the operating results, with normalization adjustments where appropriate, for the historical year ending March 31, 2008. The Company has also submitted projected operating results for the forecast rate year ending June 30, 2010.

The gas and electric revenues being produced by the existing rates are well below the level of revenues authorized by the Commission in Cases 05-E-0934 and 05-G-0935 and further below the ongoing and projected costs of providing electric and natural gas delivery service during the forecast rate year. The purpose of the present filing is to recalibrate rates and align revenues with the revenue requirements that properly reflect the costs of providing delivery services to customers. The costs incurred by the Company have been increasing as a result of inflation and supra-inflationary cost increases in inputs such as fuel and other commodities. In addition, the Company's increased capital investments during the term of the current rate plan have led to increases in depreciation expense, and the Company will be required, during the rate year and beyond, to make significant new expenditures for in-river environmental remediation at the Newburgh MGP site. After mitigation proposed by the Company, as described below, the typical residential electric bill increase (for commodity and delivery) is 3.5% and the gas bill increase (for commodity and delivery) is 7.9%.

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The Company has voluntarily mitigated the required rate increases. First, the Company has achieved significant productivity increases in its rate year forecast labor costs (salaries and benefits), which it proposes to pass along to customers through reflecting these forecast savings in the rate year revenue requirements. The cost savings amount to over $6 million on a Company basis in the forecast rate year, inclusive of increases in the Company's labor force required by increases in its scope of activities, as described in the testimony of its witnesses. Second, the Company has limited the proposed rate of return on common equity to 10.25%, the lower bound of the range of reasonableness developed by its cost of equity witness. Third, for the electric department, the Company is proposing that the net regulatory liability remaining after offsets against regulatory assets as of June 30, 2009, which is currently estimated to be $21.2 million, be passed back to customers during the rate year through a new bill credit mechanism. In doing so, the Company can reduce the additional electric revenues required during the rate year from $35.4 million to $14.2 million, and thereby offset about sixty percent of the increase. Fourth, although the opportunities to mitigate are limited on the gas department, after offsetting regulatory assets against regulatory liabilities, a net regulatory asset of $25.4 million remains for recovery from customers. To mitigate the impact of this item on current rates, the Company proposes to reduce this customer liability through a credit from the excess depreciation reserve and to amortize the resulting balance over the remaining five-year term of the amortization established in Case 05-G-0935. By doing so, the Company can reduce the projected gas rate increase to $14.7 million.

The Company is not proposing any structural changes to its electric or natural gas tariffs, since they were restructured in the 2006 rate plan into fully unbundled delivery service rates applicable to all customers, whether they purchase their commodity supply from Central Hudson or another supplier. The tariffs continue, with minor recommended changes, the existing purchased power recovery mechanisms to recover the cost of purchased energy supplies for those customers that elect to have Central Hudson provide them with this service. Similarly, the gas tariffs continue use of Gas Cost Adjustment to recover the cost of purchased natural gas, and other gas cost components for those customers who elect to have Central Hudson provide them with gas supply service. Additionally, the Company is not proposing any modifications to any customer service fees, such as reconnection charges. As is required by the Commission, the Company is proposing revenue decoupling mechanisms for its electric and gas delivery services.

Embedded cost of service studies for the historical period, as well as for the forecast rate year were conducted for electric and gas operations to establish rates of return for individual customer classes. Based on the indicated class rates of return, the individual customer classes were targeted to be within plus or minus 15 percent of the system average rate of return. The incremental revenue required to meet the full revenue requirement was then allocated to customer classes based on delivery revenues. Increases to individual classes were limited to no greater than 1.25 times the system average for electric classes and 1.50 times for natural gas classes and not less

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than 0.5 times the overall change for gas and not less than 0.75 times the overall change for electric. Customer charges were increased to be more in line with, although still significantly below, embedded costs, and energy and demand delivery rates increased accordingly.

Central Hudson's electric and gas rates have been previously separated into fully unbundled delivery and commodity components to facilitate retail competition. Retail access supply choice is fully available for all of Central Hudson's customers.

During the current rate plan, Central Hudson will have invested over $225 million in electric and gas system infrastructure improvements to its delivery systems. . Central Hudson respectfully submits that the rate increases being requested are necessary to continue to improve our aging delivery infrastructure, so that we can continue to maintain reliability and customer satisfaction. In this context, it should be noted that the customer service, electric reliability and gas safety provisions of the current rate plan will continue until changed by the Commission. Central Hudson is not proposing changes to these provisions, but has proposed to provide additional funding for additional gas leak repairs during the forecast rate year. In addition, although generally supportive of the implementation of Advanced Metering technology, Central Hudson has not been able to propose any Automatic Metering Infrastructure initiatives at this time due to the ongoing pendency of the Commission proceeding to define requisite attributes of preferred AMI systems.

Central Hudson has previously expressed its interest in implementing energy efficiency programs in its service territory in response to the expressed desires of its customers. Consistent with that interest, the Company has included in this filing a suite of three "expedited" utility energy efficiency programs, additional electric, gas and low income program proposals for utility administration and a set-aside for proposals from independent bid-in administrators that, in aggregate, are designed to achieve the 91 GWH in energy savings through 2011 specified for Central Hudson in the Commission's June 23, 2008 Order in the generic energy efficiency portfolio case. However, the Commission's Order did not specify how these programs should be funded. In designing these programs, the Company has assumed that funding will occur through an SBC mechanism. These proposals are made in this case for two reasons: to begin the attainment of the 91 GWH goal as soon as possible and to assure that, should funding for utility energy efficiency programs not occur through the SBC mechanism, it will be feasible to provide for all appropriate energy efficiency costs as part of the rates that will be established in these cases.

<u>Procedural Matters</u>

Fifteen copies of the prepared written testimony and exhibits, which comprise the Company's direct case in support of this filing, are also submitted herewith. The Company has also developed additional forecast financial information for the 12-month periods ending June 30, 2011 and 2012, as shown in the separate volume entitled "Additional Information."

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Notices of this filing will be published in newspapers in accordance with 16 NYCRR 720-8.1 and 270.70 and proof of publication will be submitted upon completion. In addition, the Company will issue appropriate bill inserts in accordance with 16 NYCRR 720-9.1 and 270.80.

Acknowledgment of the receipt of this letter is requested and a triplicate copy together with a return envelope is enclosed for that purpose.

Very truly yours,

M. L. Mosher

Michael L. Mosher
Vice President –
Regulatory Affairs

cc: Active Parties to 00-E-1273, 00-G-1274, 05-E-0934, and 05-G-0935
Robert J. Glasser – Thompson Hine LLP

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Attachment A

PSC No. 15 – Electricity

2nd Revised Leaf No. 53.7
9th Revised Leaf No. 104
8th Revised Leaf No. 105
4th Revised Leaf No. 107
7th Revised Leaf No. 109
3rd Revised Leaf No. 133
6th Revised Leaf No. 134
4th Revised Leaf No. 135
2nd Revised Leaf No. 135.1
5th Revised Leaf No. 136
5th Revised Leaf No. 137
7th Revised Leaf No. 138
5th Revised Leaf No. 139
2nd Revised Leaf No. 163.5.1
3rd Revised Leaf No. 163.5.2
Original Leaf No. 163.5.3
8th Revised Leaf No. 165
5th Revised Leaf No. 165.1
9th Revised Leaf No. 169
6th Revised Leaf No. 169.1
1st Revised Leaf No. 169.2
8th Revised Leaf No. 178
3rd Revised Leaf No. 179
6th Revised Leaf No. 184.2.1
7th Revised Leaf No. 185
9th Revised Leaf No. 186
6th Revised Leaf No. 186.1
11th Revised Leaf No. 194
3rd Revised Leaf No. 196
9th Revised Leaf No. 205
7th Revised Leaf No. 205.1
1st Revised Leaf No. 205.2
7th Revised Leaf No. 206
6th Revised Leaf No. 206.1
3rd Revised Leaf No. 206.2
6th Revised Leaf No. 207
11th Revised Leaf No. 210
8th Revised Leaf No. 211
4th Revised Leaf No. 211.1
8th Revised Leaf No. 217
9th Revised Leaf No. 218
6th Revised Leaf No. 218.1
3rd Revised Leaf No. 218.2
7th Revised Leaf No. 219
9th Revised Leaf No. 220
6th Revised Leaf No. 221
8th Revised Leaf No. 222
5th Revised Leaf No. 222.1
4th Revised Leaf No. 222.2
6th Revised Leaf No. 226
4th Revised Leaf No. 231
8th Revised Leaf No. 246
9th Revised Leaf No. 246.1
9th Revised Leaf No. 247
3rd Revised Leaf No. 248
5th Revised Leaf No. 262
3rd Revised Leaf No. 272.7

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PSC No. 12 – Gas

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3rd Revised Leaf No. 195
9th Revised Leaf No. 206
4th Revised Leaf No. 212