

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

December 16, 2003

Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

Re: Central Hudson Gas & Electric Corporation:  
Case 02-M-0515 Proceeding on Motion of the Commission to Establish Gas  
Transportation Rates for Distributed Generation Technologies

In compliance with the Commission' Order in Case 02-M-0515, issued and effective December 3, 2003, Central Hudson Gas & Electric Corporation ("Central Hudson" or "the Company"), is issuing the attached tariff leaves. These leaves are issued on a temporary basis to become effective on January 1, 2004.

P.S.C. No. 12 - Gas

First Revised Leaf No. 204	First Revised Leaf No. 207
First Revised Leaf No. 205	First Revised Leaf No. 208
First Revised Leaf No. 206	First Revised Leaf No. 209
	First Revised Leaf No. 210

The purpose of this filing is to modify the tariffs the Company filed on July 22, 2003 in Case 02-M-0515. These revised tariffs incorporate the changes that were recommended by the PSC Staff and are included in Appendix II of the Commission's December 3 Order.

Rate Design

As directed, the rates presented in this filing are based on the Company's Cost of Service Study as filed in Case 00-G-1274 and the Company's currently effective delivery rates under Service Classification No. 2, 6 and 13. The Company's Administrative Charge under Service Classification No. 15 is equivalent to the customer charge as derived in the Company's Cost of Service as filed in Case 00-G-1274. The revenue produced by charges in the second and third rate blocks of the Company's current delivery charges for commercial and industrial service was reduced by the additional revenue to be collected through the Administrative Charge and converted to a 70 percent load factor volumetric rate that will be applicable to all gas delivered in excess of the first 2 Ccf for all customers taking this service. The terminal rate under the Company's current delivery charges for commercial and industrial service was converted to a 70 percent load factor demand rate that will be applicable to all customers

with distributed generation equipment equal to or greater than 5 megawatts. In addition, as directed by the Order, both the volumetric and demand rates reflect a 10 percent seasonal rate differential.

Metering, Balancing and Curtailment

Customers with distributed generation equipment that is equal to or greater than 5 megawatts will be required to have installed remote metering. However, the Company's originally filed tariffs were revised and the smaller customers will not be required to have remote metering, unless, those customers request to be billed under the rates applicable to customers with distributed generation equipment equal to or greater than 5 megawatts. In addition, tariffs were revised so that customers operating under this service that purchase their natural gas supplies from a Retail Suppliers, will operate under the same balancing provisions as customers operating under Service Classification No. 11 - Firm Transportation and customers operating under this service classification will have a curtailment priority equivalent to commercial and industrial firm sales or firm transportation customers, as applicable.

Load Factor

The Company has included a provision in the revised tariffs which maintains that each year on the anniversary of the commercial operation of the Customer's distributed generation unit, the Company will calculate the Customer's actual annual load factor. If the Customer's annual load factor, based on their winter peak demand, is not at least 50 percent, the Customer will be transferred to the appropriate firm sales or transportation service for one year, unless there are mitigating circumstances which would argue for allowing the Customer to continue operating under this service classification or returning to this service classification in less than one year, at the discretion of the Company. The calculation of the Customer's load factor will be defined herein as the Customer's annual usage divided by the Customer's peak winter day demand times 365 days.

As directed in Ordering paragraph 8, the requirements of 66((12)b) of the Public Service Law as to newspaper publication has been waived. Questions related to this filing should be directed to Patricia M. Buck at (845) 486-5244.

Yours very truly,  
Arthur R. Upright

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