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

July 22, 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

The tariff leaves set forth below are filed by Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") on July 22, 2003 to become effective November 1, 2003.

P.S.C. No. 12 - Gas

Original Leaf No. 204	Original Leaf No. 207
Original Leaf No. 205	Original Leaf No. 208
Original Leaf No. 206	Original Leaf No. 209
	Original Leaf No. 210

By this filing the Company proposes to establish a new firm transportation service applicable to Distributed Generation Customers. Service Classification No. 15 ("S.C. No. 15") will contain the rates, terms and conditions applicable to the sale of natural gas and the transportation of supplies to customers which qualify for service under this tariff.

Service under this Classification will be available to Electric Generation Facilities with up to a maximum generation capacity of 49 megawatts.

Natural Gas and Upstream Pipeline Sales

S.C. No. 15 customers will have the option of purchasing their natural gas supplies from either Central Hudson or a Retail Supplier. Natural gas supplies will be sold to distributed generation customers by Central Hudson at the monthly Gas Supply Charge Rate filed with the Public Service Commission.

Customers purchasing their supplies from a Retail Supplier must use firm, non-recallable, primary delivery point capacity to the Company's citygate (s) during the months from November through March. If the Customer uses upstream capacity that is under contract to the Company, the Company will charge the Customer the weighted average cost of capacity for the pipeline capacity released to the Customer's Retail Supplier. If a Customer requests service and the

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Company does not have sufficient upstream pipeline capacity available, the Customer must either enter into an agreement with a Retail Supplier having sufficient upstream pipeline capacity or agree to have the Company purchase the upstream pipeline capacity needed to meet the Customer's requirements wherein the Customer will be required to continue service under this Service Classification for the term of the new upstream pipeline capacity contract.

The Company will offer a ten (10) percent daily delivery balancing tolerance for Customers purchasing their natural gas supplies from a Retail Supplier. All daily delivery imbalances outside of the initial ten (10) percent tolerance will incur additional balancing charges.

Rate Design

The rates proposed by the Company in this filing are based on the Company's Embedded Cost of Service Study (ECOS) filed March 14, 2002 in Case 00-M-0504 - Proceeding on the Motion of the Commission Regarding Provider of Last Resort Responsibilities, the Role of Utilities in Competitive Energy Markets and Fostering the Development of Retail Competitive Opportunities - Unbundling Track.

As directed by the Commission's Order in this Case, the rate design reflects a seventy (70) percent load factor rate. The customer related share of distribution mains, meter stations, services, industrial regulator stations, customer accounting and customer service costs are to be collected from Customers through a monthly Administrative Charge.

Customers with facilities 5 MW or less will be charged a volumetric transportation rate to collect all costs not collected through the Administrative Charge. In compliance with the Commissions's directive to offer a seasonal rate, the Company derived a summer rate by reducing the calculated transportation rate by five (5) percent and increased the calculated transportation rate by five (5) percent to produce a winter rate.

Customers with facilities greater than 5 MW will be assessed a monthly demand charge to collect all costs not collected through the Administrative Charge. The monthly demand charge will be the product of the filed demand rate and the Customer's maximum daily quantity (MDQ). The Customer's MDQ will be set initially on the fuel requirements of Customer's installed distributed generation equipment for a twenty-four (24) hour period. If the Customer's actual usage exceeds their estimated MDQ, their MDQ will be increased to the new actual level for billing purposes. The Company adjusted the calculated demand rate by an arbitrary five (5) percent to be in compliance with the Commissions's directive to offer a seasonal rate.

Metering and System Reinforcements

All Customers taking service under this classification will be required to have automated meter recording equipment. The Company has expanded the Commission's requirement that customers with facilities in excess of 5 MW must have automated meter recording equipment to include all customers. The Company feels this change is necessary to meet the Commission's data collection and reporting requirements.

Customers operating under this service will pay for system reinforcements

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that are in excess of the Company's required service installations for firm commercial customers. However, if the Customer takes service under this classification for less than one year they will be obligated to reimburse the Company for the cost of system upgrades made by the Company to serve the Customer.

Natural gas used by the Customer for purposes other than distributed generation will be measured and billed separately. Separate service lines for the distributed generation usage and all other usage will not be required unless existing facilities are not adequate to deliver the additional supplies.

The Company is arranging to comply with the requirements of 66((12)(b)) of the Public Service Law as to newspaper publication by publishing notices of the rate changes proposed herein in the July 30, August 6, 13 and 20, 2003 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 Patricia M. Buck at (845) 486-5244.

Yours very truly,
Arthur R. Upright

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