

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

May 29, 2003

Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Re: Central Hudson Gas & Electric Corporation:
Modifications to Service Classification No. 10 - Purchases of Energy and/or
Capacity by the Company from Qualifying Facilities

Dear Commissioners:

The amended tariff leaves set forth below are filed by Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") on May 29, 2003 to become effective September 1, 2003.

P.S.C. No. 15 - Electricity

1st Revised Leaf No. 228	1st Revised Leaf No. 233
1st Revised Leaf No. 229	1st Revised Leaf No. 234
1st Revised Leaf No. 230	1st Revised Leaf No. 235
1st Revised Leaf No. 231	Original Revised Leaf No. 235.1
1st Revised Leaf No. 232	

By this filing the Company proposes revisions to Service Classification No. 10 ("S.C. No. 10") containing the rates, terms and conditions applicable to purchases of energy and/or capacity by the Company from qualifying facilities.

Energy and Capacity Payment Rates

Currently, Central Hudson has no customers taking service under the S.C. No. 10 administratively set rates for energy and capacity purchases. All purchases made by Central Hudson are through separately negotiated contracts. Effective September 1, 2003, Central Hudson is proposing that the administratively set rates for energy and capacity purchases be eliminated and energy and capacity purchased by Central Hudson from qualifying facilities be based on the market prices set by the New York Independent System Operator

("NYISO"). Specifically, the Company proposes that the S.C. No. 10 energy payment rate will be based on hourly integrated/time weighted locational-based marginal prices determined by the NYISO for Zone G. The payment rates for energy purchased by the Company will continue to be time differentiated, consistent with NYISO rating periods and as set forth below, with the applicable payment rate for each period set at the monthly average of the hourly LBMPs in the Real-Time Market in the period in which the purchase is made.

Period	Description
On-Peak	7 AM - 11 PM inclusive on weekdays, except holidays, all months
Off-Peak	11 PM - 7 AM inclusive on weekdays, all day on Saturdays, Sundays and North American Electric Reliability Council Holidays (New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day), all months

The Company also proposes that it will pay for the capacity it purchases under S.C. No. 10 at a rate based on the pre-capability period strip auction set by the NYISO for Zone G prior to the start of each summer and winter capability period. Sellers opting to sell capacity will be required to enter into a sales agreement with the Company for the purchase of such capacity. Such agreements must include, among other things, provisions requiring the capacity to satisfy all of the requirements applicable to installed capacity established by the NYISO, including reimbursements for capacity deficiencies, imposed by the NYISO on the Company as a result of the seller's failure to satisfy all such requirements.

Other Tariff Changes

- C The Company has amended the section entitled "Applicable to" to clearly define the applicability of S.C. No. 10 and to include the definition of qualifying facility under New York Public Service Law.
- C The payment rate for energy purchased by the Company and delivered at the secondary distribution level will be increased by the Company's Factor of Adjustment to reflect avoided primary distribution line losses.
- C The monthly metering and minimum charges applicable to the primary service level have been listed separately from those for the substation and transmission service levels, with all of these rates updated to conform to the rates approved by the Commission in Case 00-E-1273. In addition, the monthly distribution demand charges have been revised.
- C The special provision section has been amended to provide a separate provision for interconnections subject to the New York State Standardized

Interconnection Requirements.

- C The Special Provision C, regarding system emergencies, has been amended to provide for reduced supplies in addition to full curtailment.
- C The content of the special provision regarding surcharges applicable in cases where measured demand exceeds contract demand has been included in the section entitled "Determination of Contract Demand".
- C A special provision requiring customers to provide advance notice to the Company for changes in facilities has been added.
- C Special Provision E, regarding small suppliers, whose deliveries are random in nature, has been amended to reflect market-based pricing.
- C The special provision regarding the negotiation of special contracts for facilities where construction commenced prior to November 9, 1978 has been eliminated.
- * The special provision allowing a customer to withhold a portion of their measured total energy output has been eliminated.

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 June 4, 11, 18 and 25, 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 Glynis L. Bunt at (845)-486-5420 or Patricia M. Buck at (845) 486-5244.

Yours very truly,
Arthur R. Upright

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