

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

November 1, 2004

Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Re: Case 00-E-1274
Joint Proposal - Retail Access Collaborative

Dear Commissioners:

Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") hereby files proposed tariff modifications to address changes to the Company's Hourly Pricing Provision. Central Hudson is issuing the attached proposed tariff leaves to become effective on April 1, 2005.

P.S.C. No. 15 - Electricity

2nd Revised Leaf No. 169.1	3rd Revised Leaf No. 202.1
3rd Revised Leaf No. 184.1	2nd Revised Leaf No. 202.2
2nd Revised Leaf No. 184.2	4th Revised Leaf No. 246.1
Original Leaf No. 184.2.1	4th Revised Leaf No. 247
5th Revised Leaf No. 186	3rd Revised Leaf No. 267.1
1st Revised Leaf No. 186.1	2nd Revised Leaf No. 267.2

On June 14, 2004, the Commission issued an Order adopting the terms of a Joint Proposal for Rate Plan Modification ("JP"). One of the items included in the JP was the establishment of a Retail Access Collaborative. The Collaborative has been meeting on a regular basis since June 2004. Among the issues agreed to during these meetings were changes to the Company's Hourly Pricing Provision ("HPP"), currently available to customers taking service under Service Classification ("S.C.") Nos. 2, 3, and 13.

Background

Currently, customers taking service under S.C. Nos. 2, 3 or 13 and purchasing their electricity requirements from the Company can elect to be billed under the HPP. A customer electing this option is not subject to the Market Price Charge ("MPC") and Market Price Adjustment ("MPA"), rather the customer's

total energy supply costs are calculated as the sum of three components:

1. The hourly Day-Ahead Locational Based Market Price ("DAM") as set forth by the New York Independent System Operator ("NYISO") for Central Hudson, Hudson Valley, Zone G ("Zone G");
2. The total DAM price, as calculated above, multiplied by the Factor of Adjustment (currently 4.37%) to account for losses; and,
3. A per kWh charge, ICAP Charge, for non-energy components of electric power supply, such as capacity and allowances for working capital costs and bad debts, equal to the amounts for these charges included in the otherwise applicable MPC, applied to the hourly measured load.

Proposed Changes

Pursuant to agreements reached on certain issues during the aforementioned Collaborative, the Company proposes to make the following changes to the HPP effective April 1, 2005:

1. Eliminate the MPC/MPA pricing option for S.C. Nos. 3 and 13 customers who continue to purchase their electricity requirements from Central Hudson. As a result, these customers would be required to purchase their electricity requirements from the Company under the HPP or choose an alternate supplier under the Company's Retail Access Program. Customers taking service under S.C. No. 2 would continue to be able to select to take service under the HPP on a voluntary basis.
2. Rename the HPP ICAP Charge to UCAP Charge and revise the method for determining this charge as follows:
 - A. Allocate unforced capacity ("UCAP") charges from the MPC to the HPP UCAP Charge based on the sum of HPP customers' UCAP requirements multiplied by the Company's monthly average UCAP rate per kW as included in the MPC.
 - B. Add an energy balancing component to the UCAP Charge to reflect Company purchases and sales in the Real-Time Market which are required to balance load. This component will be calculated, using current month data, by subtracting the DAM from the Real-Time Locational Based Market Price ("RTM") as set forth by the NYISO for Zone G for each hour and multiplying the difference by any purchases or sales that occurred in the respective hour. The net total will be divided by total estimated full service sales, including HPP sales, consistent with the calculation set forth for the MPC, to arrive at an energy balancing component per kWh.
 - C. The HPP UCAP Charge per kWh will then be comprised of the UCAP charges as set forth in A. above, the energy balancing component proposed in B. above, and allowances for working

capital carrying charges and bad debts equal to the amounts for these charges included in the MPC.

With this filing the Company also deleted the references to the Customer Refund for S.C. Nos. 3 and 13 since these customers are no longer eligible for this item.

Estimated Impacts

The HPP changes proposed herein shift costs between the HPP customers and the remaining full service customers subject to the MPC. Estimates of the impact of these changes on a HPP customer were not determined, since HPP customers' commodity costs are based on varying hourly prices and loads. Estimates of the impact of these changes on a typical residential customer (500 kWh per month) were calculated, based on the assumption that these changes were in effect for the months of July through September 2004. The impact of changing the allocation of UCAP would have increased the typical residential customer's bill by approximately 0.25%, on average, while the addition of an energy balancing component to the HPP would have decreased the typical residential customer's bill by approximately 0.02%.

Administrative

Because the proposed tariff changes have been sent to all parties who participated in the collaborative, including all Retail Suppliers operating in Central Hudson's service territory, and the Company has been working with PSC Staff to develop an educational outreach program for S.C. Nos. 3 and 13 customers, including direct notification of the changes proposed herein, the Company requests that the requirements of 66(12)(b) of the Public Service Law as to newspaper publication be waived.

Questions related to this filing should be directed to Glynis L. Bunt at (845) 486-5420.

Yours very truly,
Arthur R. Upright

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