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

September 30, 2010

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

Re: Gas Balancing Provisions

Dear Commissioners:

Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") hereby submits the proposed tariff amendments listed below to become effective April 1, 2011.

P.S.C. No. 12 - Gas

5th Revised Leaf No. 114
9th Revised Leaf No. 118
3rd Revised Leaf No. 118.1

These amendments are being made to clarify the daily balancing and revise the monthly balancing and semi-annual settlement provisions contained in the Company's Retail Access Program (Program) as more fully detailed below. The Company is proposing these amendments become effective April 1, 2011 to allow time for required programming changes.

The Company's Program requires retail suppliers to deliver to Central Hudson on a daily basis a predetermined volume of gas called the Aggregated Daily Contract Quantity Forecast ($ADCQ_{forecast}$). In the event of a period of peak weather conditions, or other system emergencies, the Company may increase the volume of natural gas to be delivered by the Incremental Daily Contract Quantity (IDCQ).

The balancing/settlement of delivered volumes is done on a daily, monthly and semi-annual basis. On a daily basis, retail suppliers are required to deliver gas volumes that are within 2% of the $ADCQ_{forecast}$. In the event that daily deliveries are either less than 98% or exceed 102% of the $ADCQ_{forecast}$, retail suppliers are required to purchase deficiencies from or sell excesses to Central Hudson according to the provisions of the Program. The tariff amendments proposed herein clarify this process to explicitly state that the daily balancing process reflects any applicable IDCQ.

Currently, the Program provides for a monthly cash out by estimating customer consumption using actual degree-days and the same heat and non-heat factors utilized in the $ADCQ_{forecast}$. This estimate is the Aggregated Daily Contract Quantity Actual ($ADCQ_{actual}$). The monthly cash out for each retail supplier is equal to the difference between the monthly aggregated $ADCQ_{forecast}$ minus the monthly aggregated $ADCQ_{actual}$. A final settlement is performed on a semi-annual basis for each retail supplier to reconcile the gas supplies delivered and the natural gas consumed. This reconciliation compares the total usage for a retail supplier's pool of customers to the total pool deliveries, inclusive of confirmed nominations including incremental gas, any daily and monthly imbalances, if applicable, and any Winter Bundled Sales volumes. With this filing the Company is proposing to revise the monthly and semi-annual

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processes to move the recognition of incremental gas from the semi-annual reconciliation to the monthly cash out in order to better align volume imbalances and pricing.

These revisions were previously discussed with Staff of the Department of Public Service (Staff) and were reviewed with Staff and retail suppliers approved to provide service in the Company's franchise area during a collaborative teleconference on August 18, 2010. In addition, the Company will be providing, via e-mail, a copy of this filing to the aforementioned retail suppliers. Accordingly, the Company respectfully requests that the publication 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 Stacy Powers at 845-486-5815.

Yours very truly,

Michael L. Mosher
Vice President - Regulatory Affairs

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