

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

May 24, 2012

Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Proposed Modification to RDM Reconciliation

Dear Commissioners:

The tariff amendments set forth below are filed by Central Hudson Gas & Electric Corporation (“Central Hudson” or “the Company”) on May 24, 2012 to become effective September 1, 2012.

P.S.C. No. 15 – Electricity

9th Revised Leaf No. 163.5.4

3rd Revised Leaf No. 163.5.5

P.S.C. No. 12 – Gas

4th Revised Leaf No. 129

3rd Revised Leaf No. 129.1

Pursuant to the Order in Case 08-E-0887 and 08-G-0888 issued and effective June 22, 2009, Revenue Decoupling Mechanisms (“RDMs”) were implemented for electric Service Classification Nos. 1, 2 and 6 and gas Service Classification Nos. 1, 2, 6, 12 and 13. The Company has been operating under the RDM models defined in the aforementioned Order since July 2009 and to date has experienced several hindrances which considerably delay the final reconciliation of Rate Year revenues to targets¹.

The tariff revisions proposed herein allow the Company to reconcile revenues on a more real-time basis and moderate the accumulation of carrying charges related to past periods without notably changing the operation of the RDMs. With these proposed tariff modifications, the provision that “RDM factors, including Interim RDM adjustments, may only be changed once in any given six-month period” is maintained, which addresses the Commission’s concerns that monthly reconciliation would needlessly complicate the operation of the RDMs².

Furthermore, the Company proposes to modify the Delivery Revenue Targets in a similar manner to that approved in Case 11-E-0176³, to adjust Delivery Revenue Targets to reflect non-RDM customers moving to RDM classes, and vice-versa.

Given that RDM factors change from time to time and the tariff revisions proposed herein do not notably change the operation of the RDM, the Company requests that the requirements of Section 66(12)(b) of the Public Service Law as to newspaper publication be waived.

¹ For example, the Company is currently collecting revenues associated with under-collections related to July and August 2009.

² Order Adopting Recommended Decision with Modifications Issued and Effective June 22, 2009, p. 66

³ In the Matter of the Commission’s Implementation of Certain Provisions of the Recharge New York Power Program Act

Questions related to this filing should be directed to Stacy Powers at (845) 486-5815 or spowers@cenhud.com.

Yours very truly,

Michael L. Mosher
Vice President - Regulatory Affairs

LETT290