



August 17, 2012

Hon. Jaclyn Brilling
Secretary
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 11-G-0697 –Central Hudson Gas & Electric Corporation Tariff Filing to Implement Weighted Average Cost of Capacity Pricing

Dear Secretary Brilling:

The tariff leaf set forth below is filed by Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") on August 17, 2012 to become effective on November 1, 2012. The filing herein modifies the Company's June 15, 2012 filing to implement Weighted Average Cost of Capacity ("WACOC") pricing for capacity released to Retail Suppliers required to accept mandatory assignment of capacity in compliance with the Commissions Order issued and effective March 19, 2012.

P.S.C. No. 12 – Gas

3rd Revised Leaf No. 125.1

The Company's June 15th, 2012 filing proposed to set the capacity release rate at the Company's proposed WACOC, based on rates that the Company pays for firm pipeline capacity as published in the pipeline's FERC tariff and/or as negotiated with the pipeline, inclusive of a provision for a rate revision should the rate differ by greater than plus or minus five (5) percent. At that time, the Company also proposed to maintain the existing Capacity Assignment Adjustment ("CAA") mechanism, but revise the calculation to surcharge or credit firm transportation customers the difference between the WACOC charged to Retail Suppliers during the 12-month period ending March 31 and the actual WACOC experienced by the Company during the same period.

Pursuant to discussion with Staff, the Company has herein revised its original proposal to eliminate the Capacity Assignment Adjustment. The need for a reconciliation component is mitigated by the fact that volume changes are usually known ahead of time, and pipeline tariff rates change infrequently. Additionally, the five (5) percent threshold for recalculating would effectively capture any significant changes to the WACOC rate. However, the Company shall retain the CAA to reflect the reconciliation of the final period prior to the November 1, 2012 changes in capacity release pricing.

Questions related to this filing should be directed to Amy Dittmar at adittmar@cenhud.com or (845) 486-5433.

Yours very truly,

Michael L. Mosher
Vice President - Regulatory Affairs

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