



September 21, 2009

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

Re: Case 08-E-0887 – Proceeding on Motion of the Commission as to the Rates,
Charges, Rules and Regulations of Central Hudson Gas &
Electric Corporation for Electric Service:

Plan for Implementation of Expansion of Hourly Pricing Provision

Dear Secretary Brilling:

Pursuant to Ordering Paragraph 5 of the Commission's June 22, 2009 Order ("Order") in the above captioned proceeding, Central Hudson Gas & Electric Corporation ("Central Hudson" or "the Company") hereby submits its Plan for implementation of expansion of its Hourly Pricing Provision ("HPP"). The Order required such filing by August 21, 2009 however, by notification from your office dated August 5, 2009 the Company's request for an extension request until September 21, 2009 was granted.

Also pursuant to Ordering Paragraph 5, the Company believes that the Plan is consistent with the recommendations set forth in the Recommended Decision, and is in the process of serving a copy on each of the customers who will be added to the program as a result of the expansion.

Questions related to this filing may be directed to Stacy E. Powers at (845) 486-5815 (or spowers@cenhud.com) or Glynis L. Bunt at (845) 486-5420 (or gbunt@cenhud.com).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. L. Mosher", written in a cursive style.

Michael L. Mosher
Vice President – Regulatory Affairs

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Poughkeepsie NY 12601

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**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**Proceeding on Motion of the Commission as to
the Rates, Charges, Rules and Regulations of
Central Hudson Gas & Electric Corporation
for Electric Service**

Case 08-E-0887

**PLAN FOR IMPLEMENTATION
OF EXPANSION OF
HOURLY PRICING PROVISION**

Dated: September 21, 2009

**CENTRAL HUDSON GAS & ELECTRIC CORPORATION
284 South Avenue
Poughkeepsie, N.Y. 12601**

1. Background

On November 1, 2004, as a result of the Retail Access Collaborative established pursuant to the Commission's June 14, 2004 Order in Cases 00-E-1273 and 00-G-1274, Central Hudson (the "Company") filed proposed tariff revisions to implement a mandatory hourly pricing provision ("HPP") for the Company's largest electric customers taking service under Service Classification Nos. 3 and 13 who purchase their energy supply from the Company. On May 1, 2005, the Company's HPP filing became effective pursuant to Commission Order dated April 18, 2005 in Case 00-E-1273. Existing tariff provisions for Service Classification No. 2, which allowed these customers to elect hourly supply pricing on a voluntary basis, remained unchanged.

On June 22, 2009, the Commission issued an Order in Cases 08-E-0887 and 08-G-0888 directing Central Hudson to file, on or before August 21, 2009, a plan ("Plan") to expand the Company's mandatory HPP to all S.C. No. 2 customers with demand exceeding 500 kW in any two of the previous twelve months. The Commission directed that the Company's Plan should be consistent with DPS Staff's ("Staff"; Staff Hourly Pricing Panel testimony filed in Case 08-E-0887) recommendations, addressing (1) draft tariff amendments, (2) meter data provisions, (3) an outreach and education program, and (4) an estimate of costs and proposed cost recovery terms. Subsequently, the Company requested, and the Secretary approved, a thirty-day extension for filing the Plan. The Company hereby submits the following Plan to implement HPP for 109 S.C. No. 2 customers with demand greater than 500 kW in any two months during the twelve months ended August 31, 2009 consistent with the proposed timeline recommended by Staff. Although 66 of these customers were taking supply service under the Company's Retail Access Program as of September 1, 2009, the following Plan encompasses all 109 customers due to the retail access/full service switching provisions of the Company's Retail Access Program.

2. Schedule of Implementation/Summary of Tariff Amendments

In its testimony, Staff recommended that the Company "develop timetables for installation of new meters that realistically take into account its resources." Adding that "[o]nce the meters are installed and are functioning properly, the expansion of the HPP should be effectuated one year later," estimating that the affected customers "will be placed on mandatory hourly pricing in early 2011."

Pursuant to the Commission's Order in Case 08-E-0887, the Company has been directed to modify the generation capacity charge billed to customers taking supply under the Company's HPP so that it is based on each customer's demand during the NYISO peak hour. The new capacity charge will be based on each customer's contribution to the system's 2010 summer peak and accordingly will go into effect May 1, 2011 coincident with the start of the new capability period.

As a result, Central Hudson proposes to effectuate billing under the HPP for affected S.C. No. 2 customers on May 1, 2011 coincident with the revised capacity pricing. The Company believes that a May 1, 2011 date will not only allow sufficient time for meter and phone line installation, but will also eliminate the potential for confusion resulting from an earlier implementation under a different capacity pricing structure.

In order to effectuate interval metering for these S.C. No. 2 customers, each customer must provide a dedicated telephone line that is compatible with the Company's meter data acquisition system. As a result, the Company has filed, in compliance with the Commission's Order in Case 08-E-0887 issued and effective June 22, 2009, and coincident with the submission of this Plan, tariff leaves establishing special provisions for S.C. No. 2 customers with demand greater than 500 kW. The Company has made this filing with the understanding that these provisions may later be modified if so determined by the Commission or the Company to effectuate the expansion of mandatory hourly pricing for these customers. Redline versions of the tariff leaves filed by the Company have been included as Appendix A.

Based on the aforementioned estimated time frame for HPP expansion, the Company has commenced with its plan to purchase and install the required metering, as discussed below, so that customers may be given access to their hourly consumption data on or before May 1, 2010.

A proposed timeline for HPP expansion can be found in Appendix B.

3. Meter/Data/Technology Provisions

a. Metering and Data Technology Requirements

HPP customers will require interval metering capable of recording hourly usage data and a dedicated telephone line to the meter for the downloading of this data to Central Hudson. In order to minimize incremental cost and enable rapid implementation, the Company has chosen to expand the use of metering and meter data acquisition technology currently in use on the Central Hudson system. Specifically, the meters that will be installed will have the same functionality as the meters currently utilized for S.C. No. 3 customers. These meters are modem read with built-in load profile storage. Of the 109 customers identified for HPP expansion, 96 will require the installation or replacement of an interval meter. Based on time requirements for the delivery of meters from the manufacturer and installation at the customers' premises, the Company currently has 50 meters on order. The remaining meters will be ordered in early 2010.

The Company estimates that in order to accommodate the additional 109 accounts on its existing data acquisition system, two additional polling stations each containing two modems and one PC will be required. The two additional polling stations will

necessarily include installation charges, a software license upgrade for the database and monthly charges for each of the four modem lines.

The estimated costs and proposed recovery of the metering and meter data acquisition technology investments are addressed below. Each customer will be required to provide the dedicated telephone line to the meter and to pay the associated monthly telephone charges.

b. Energy Management Software

Central Hudson currently utilizes Energy Manager software developed by Enerwise Global Technologies (“Enerwise”) to provide electric S.C. Nos. 3 and 13 and gas S.C. Nos. 9 and 11 customers with access to their hourly consumption data, as well as NYISO day-ahead commodity prices utilized for billing, through a secure section of the Company’s web site. The software also allows for the performance of various, customized load comparisons for use in supply and demand reduction participation decisions. Currently, the Energy Manager software allows electric customers to view their hourly usage through midnight of the prior day by approximately 11:00 a.m. each morning. However, the Company is currently working to accelerate the daily posting of hourly load data such that the data will be available by approximately 4:30 a.m. each morning.

The Company proposes to continue utilizing the Energy Manager software developed by Enerwise to provide all S.C. No. 2 customers subject to HPP expansion with access to their hourly usage data. The Company has developed a successful working relationship with Enerwise facilitating troubleshooting and maintenance of the software. Further, 47 customers are currently provided with access to Energy Manager as part of the Company’s existing HPP tariff. These customers are in general satisfied with the service and the Company finds no need to establish a separate software for the 109 S.C. No. 2 customers and/or educate the existing 47 customers, their marketers and consultants on a new software package.

As recommended by Staff, the Company proposes to provide the Energy Manager software to the 109 S.C. No. 2 customers free of charge during the period from final meter/phone line installation through April 30, 2011. The estimated cost and proposed recovery of the monthly Energy Manager software fee are addressed below.

The Company plans to communicate with the 47 customers currently provided with access to Energy Manager to determine if there are additional ways to make Energy Manager more appealing and useful. The Company plans to distribute the survey attached as Appendix C in mid-October, with the intent to utilize the results of this survey to improve the Energy Manager software prior to its rollout to the 109 S.C. No. 2 customers.

4. Outreach & Education

a. Customer Notification of Plan

As required by the Commission's Order in Case 08-E-0887, the Company will serve all affected customers with a copy of this Plan. A copy of the letter that will accompany the distribution of this Plan to affected customers is attached as Appendix D. As indicated by the letter, the Company will utilize this opportunity to introduce the HPP expansion, address metering requirements, provide informational sources and a point of contact with the Company. The Company has attempted to compile a list of specific contacts, rather than utilizing each customer's billing address, for the distribution of this letter to ensure that it will receive the appropriate attention.

b. Seminars

Central Hudson plans to conduct two series of seminars to educate customers on the HPP and related topics: one series in early 2010 to introduce the program and one in early 2011 to provide more specific HPP information.

In April 2010 the Company plans to offer a seminar at several locations throughout Central Hudson's service territory to provide customers with an overview of hourly power markets and the HPP, introduce them to the Energy Manager software and provide information on energy efficiency. Representatives from Enerwise will be present at these seminars to demonstrate the Energy Manager software, similar to the demonstrations performed as part of the Company's outreach and education efforts conducted prior to the implementation of mandatory HPP for S.C. Nos. 3 and 13 customers. Additionally, energy efficiency information will be provided. Although Central Hudson does not currently offer any Company-sponsored efficiency programs, the Company is in contact with NYSERDA to arrange for a representative of NYSERDA to provide a brief overview of NYSERDA programs available to assist these customers with energy conservation and/or peak load reduction and/or provide educational/informational materials to be available at the seminars. All potential and existing HPP customers (both full service and retail access) will be invited to attend.

In March 2011 the Company plans to hold a second seminar, again at several locations throughout the Company's service territory, to provide customers with detail on how HPP pricing will work and supply alternatives. All S.C. Nos. 3 and 13 customers will be invited to these seminars to learn about the new capacity pricing effective May 1, 2011. The approximate one-year lag between the two sets of seminars should provide S.C. No. 2 customers with sufficient time to achieve familiarity with the Energy Manager software and knowledge of their particular load profile. The first half of each of these seminars will focus on the details of the HPP. The Company plans to program the second-half of each of these seminars as an expo-style format. After a brief discussion of retail access, customers will have the opportunity to speak with representatives of Energy Service Companies ("ESCOs") operating in the Company's service territory. It should be

noted that as of September 1, 2009, 66 of the 109 S.C. No. 2 customers subject to HPP expansion were participating in the Company's Retail Access Program.

Materials provided during the seminars will be made available, as applicable, on the Company's website, in addition Company representatives will be available to meet with those customers unable to attend the seminars or on request.

c. Website

The Company is currently modifying its website to create a designated HPP area. It is the Company's intent to post HPP information, particularly as it relates to the HPP expansion addressed in this Plan, on a regular basis to this area of the website. The first such posting will be a copy of this Plan. Future postings will address various aspects of the HPP and related topics. A copy of the second posting providing an overview of the current HPP as well as introducing the expansion is provided in Appendix E.

d. Employee Training

The Company's key account representatives, who have participated in the preparation of this Plan and who will be the first contact source for the affected customers, will receive detailed training on the HPP expansion. Additionally, they will be consulted on the content of outreach and education materials, as well as site locations and scheduling of seminars, and will be in attendance at these seminars.

5. Estimated Costs and Cost Recovery

a. Estimated Costs

As previously noted, the Company anticipates incurring additional costs related to the HPP expansion including, but not limited, to those costs associated with meter hardware and installation, additional data acquisition hardware and software, energy management software, and outreach and education. Preliminarily, the Company estimates that material and labor costs for the required meter installations/replacements could approximate \$200,000 however, costs could vary depending on site-specific circumstances that might require variations in metering hardware to accommodate different types of communications equipment. It is estimated that initial, one-time costs associated with the required additional data acquisition hardware and software will approximate \$5,100, with recurring monthly costs of approximately \$130 per month. Details of these estimates are provided in Appendix F. Provision of the Energy Manager software free of charge during the period from final meter/phone line installation through April 30, 2011 will approximate \$2,180 per month (109 customers at about \$20 per month). Costs associated with the proposed outreach and education are expected to include venue location fees for seminars, material costs, costs to cover payments to scheduled external speakers, such as Enerwise, customer outreach and follow-up and employee training.

b. Cost Recovery

While Staff, in its testimony, recommends that the incremental meter costs resulting from HPP expansion should “be recovered via a tariffed incremental meter charge,” it does not provide a recommendation as to the recovery of all other incremental costs associated with the expansion. As indicated previously, the Company is unable, at this time, to provide any more than a very preliminary estimate for a portion of the costs to be incurred. Site-specific circumstances may require variations in metering hardware to accommodate different types of communications equipment. Moreover, details regarding outreach and education efforts, including development of materials, venue selection and external trainer fees, will need to be finalized closer to the anticipated event dates.

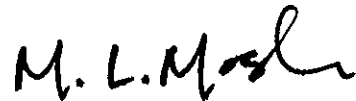
As a result, the Company proposes that implementation costs associated with the HPP expansion be deferred and offset against the competitive metering fund established pursuant to the Commission’s June 14, 2004 order in Case 00-E-1273. In that order, the Commission approved the reservation of up to \$500,000 from the Benefit Fund, accrued from the Company’s generating plant sale proceeds and other credits, for “use in encouraging appropriate installations of advanced metering technologies and implementation of related pricing strategies.” Previously, the Commission authorized utilization of the competitive metering fund for the recovery of the monthly Energy Manager subscription fee for S.C. Nos. 3 and 13 customers. This use of the competitive metering fund ended June 30, 2009 with the inclusion of the monthly Energy Manager fee in the monthly customer charge effective July 1, 2009 in compliance with the Commission’s order in Case 08-E-0887. As of August 31, 2009, the balance of the competitive metering fund was \$410,278. The Company proposes to provide Staff with quarterly summaries of actual costs incurred and deferred/offset.

Effective May 1, 2011, the monthly Energy Manager fee will be recovered through the monthly customer charge as authorized by the Commission in its June 22, 2009 Order in Case 08-E-0887. Concomitantly, the Company proposes to include other on-going costs of the program in the Miscellaneous Charge component of the Company’s Energy Cost Adjustment Mechanism, with new meter installations continuing to be charged against the competitive metering fund. Additionally, the Company proposes to implement, effective May 1, 2011 for all S.C. Nos. 2, 3 and 13 customers subject to the HPP, a monthly charge for the manual download of hourly usage data in the event that a customer’s telephone line is not installed or is not functioning. The addition of the 109 customers will more than triple the current number of customers subject to HPP. As a result, properly functioning communication will be imperative in order to insure timely and accurate data collection and billing. The Company proposes to develop this monthly charge after all meter installations are complete in order to recognize any differences in metering and/or communications equipment that might occur.

6. Summary

Central Hudson believes that this Plan to expand the Company's mandatory HPP to all S.C. No. 2 customers with demand exceeding 500 kW in any two of the previous twelve months is consistent with Staff's recommendations. Since the Company cannot, at this time, provide a final estimate of total costs for this expansion, or final outreach and education materials, it believes that on-going communication with Staff as the expansion proceeds will facilitate a successful outcome.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. L. Mosher". The signature is fluid and cursive, with a prominent initial "M" and a long, sweeping underline.

Michael L. Mosher
Vice President – Regulatory Affairs

Appendix A

SERVICE CLASSIFICATION NO. 2 (Cont'd)

GENERAL SERVICE (Cont'd)

SPECIAL PROVISIONS (Cont'd)

2.11 **HOURLY PRICING PROVISION**

Effective May 1, 2011 all customers with demand exceeding 500 kW in any two of the previous twelve months (as measured semi-annually for the twelve months ending June and December, but initially for the twelve months ended August 31, 2009) and electing to purchase their energy requirements from the Company will be billed for these requirements based on the charges set on an hourly basis according to the market price of electricity described below. ~~Any~~ All other customers taking service under this Service Classification may elect to purchase 100% of their energy requirements based on charges set on an hourly basis according to the market price of electricity described below.

The market price of electricity will be the hourly Day-Ahead Locational Based Market Price (DAM) as set forth by the New York State Independent System Operator (NYISO) for Central Hudson, Hudson Valley, Zone G (Zone G). The source of the hourly prices will be the NYISO website for the DAM.

Customers taking service under this Special Provision will also be subject to charges for energy balancing as well as non-energy components of electric power supply, such as capacity, ancillary services and allowances for working capital costs and bad debts.

Prior to May 1, 2011, these charges will be recovered through the HPP UCAP Charge, which will be determined on a monthly basis, coincident with the development of the components of the Energy Cost Adjustment Mechanism, as described in General Information Section 29, will be stated in whole \$0.00001 amounts per kilowatthour and will be filed with the Public Service Commission on the Statement of Market Price Charge and Market Price Adjustment. The UCAP Charge will be calculated as the sum of:

- (A) An energy balancing component calculated by subtracting the DAM from the Real-Time LBMP (RTM) as set forth by the NYISO for Zone G for each hour in the current month, multiplying the difference by any purchases or sales made by the Company in the real-time market for load balancing purposes and dividing the net result by the estimate of full service sales, including HPP sales, described in General Information Section 29; and,
- (B) A component for capacity charges determined by taking the sum of HPP customers' estimated unforced capacity (UCAP) requirements multiplied by the monthly NYISO Spot Auction price for the New York Control Area (NYCA); and,
- (C) A component for ancillary service charges, including NYPA Transmission Access Charges (NTAC), calculated by taking the sum of such charges incurred by the Company and dividing by the estimate of full service sales, including HPP sales, described in General Information Section 29; and,

SERVICE CLASSIFICATION NO. 2 (Cont'd)

GENERAL SERVICE (Cont'd)

SPECIAL PROVISIONS (Cont'd)

2.11 **HOURLY PRICING PROVISION** (Cont'd)

Metering Requirement

In order to take service under this Special Provision a customer must provide an interval meter, with a dedicated phone line, that is compatible with the Company's MV-90 data acquisition system. Customers will be assessed a Monthly Customer Charge of \$620.00.

Pursuant to the June 22, 2009 Order of the Public Service Commission in Case 08-E-0887, all customers with demand exceeding 500 kW in any two of the previous twelve months ended August 31, 2009 will be required to install a dedicated phone line prior to May 1, 2010.

Electric Bill Credit, System Benefits Charge, Renewable Portfolio Standard Charge, Energy Cost Adjustment Mechanism, Merchant Function Charge, New York State Assessment and Revenue Decoupling Mechanism

The provisions of the Electric Bill Credit, as described in General Information Section 36.B, System Benefits Charge, as described in General Information Section 36.A, Renewable Portfolio Standard Charge, as described in General Information Section 36.C, Miscellaneous Charges and Purchased Power Adjustment, as described in General Information Section 29, Merchant Function Charge, as described in General Information Section 36.E, New York State Assessment (NYSA), as described in General Information Section 36.F, and Revenue Decoupling Mechanism, as described in General Information Section 36.G, shall apply to all electricity delivered under this Special Provision.

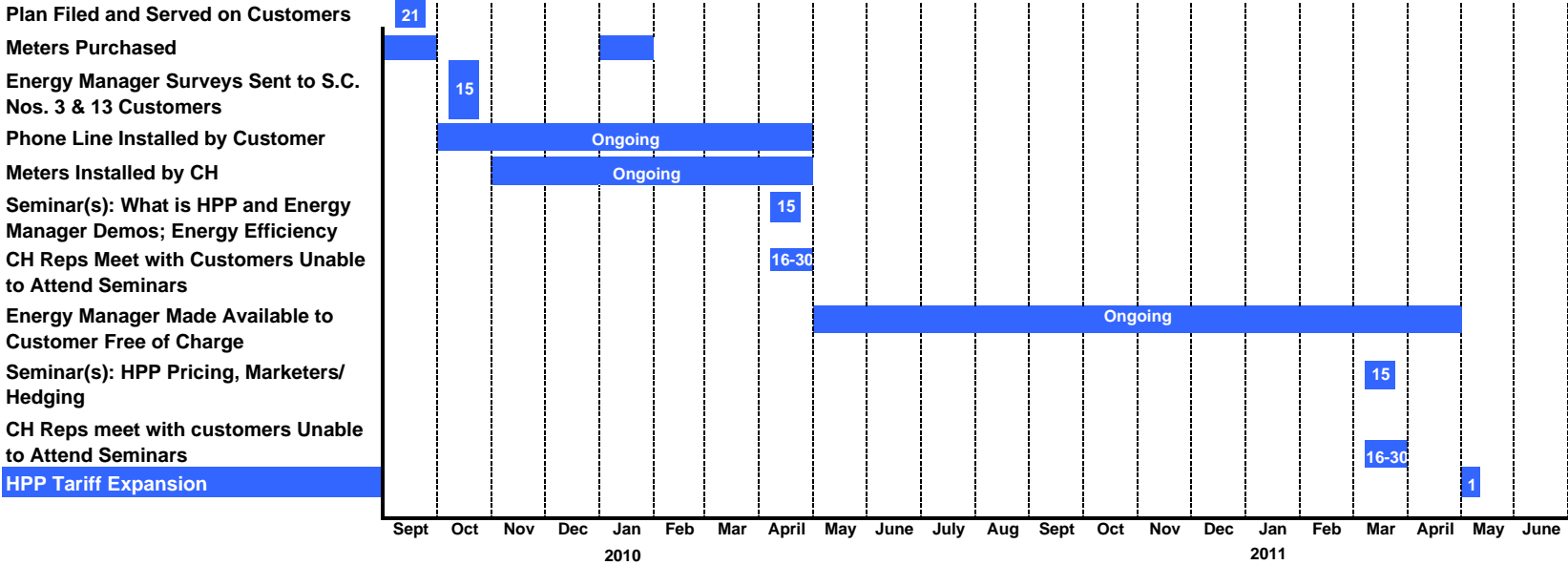
Increase in Rates and Charges

All rates and charges for service billed by the Company under this Special Provision, including the Electric Bill Credit, System Benefits Charge, Renewable Portfolio Standard Charge, Miscellaneous Charges, Purchased Power Adjustment, Merchant Function Charge, New York State Assessment and Revenue Decoupling Mechanism, shall be increased pursuant to General Information Section 30 to reflect the tax rates applicable within the municipality where the customer takes service.

Term

Eligible customers ~~electing to may~~ take service under this option may do so on a monthly basis. In order to participate customers must indicate their intent to purchase energy under the hourly pricing option no later than 5 business days prior to the start of the month they intend to take service.

Central Hudson Gas & Electric Corporation HPP Expansion Timeline



Appendix C

Central Hudson's Energy Manager Web Application – Survey for Customers

1. What description best reflects your organization?
 - a. Commercial Office Building
 - b. Hospital, Nursing Home or other Health Care
 - c. Multi-family
 - d. Manufacturing
 - e. Retail
 - f. Education
 - g. Government
 - h. Other (please explain) _____
2. While Central Hudson distributes your electricity, from whom do you purchase the electric supply? _____
3. How often would you estimate you access the Energy Manager web application?
 - a. More than once per day
 - b. Once per day
 - c. Once per week
 - d. Once per month
 - e. Have not used it
4. If you purchase your electricity supply from a company other than Central Hudson, do you know if your supplier uses Energy Manager in the management of your account? (Yes / No)
5. Have you used Energy Manager to make changes to your operational procedures and/or energy management practices? (Yes / No)
6. Was the information on Energy Manager adequate for your needs? (Yes / No)

If no, what additional data would you have liked to have access to?

7. Do you feel it is helpful to be able to view hourly electric commodity prices a day in advance? (Yes / No)
8. Central Hudson posts your interval energy consumption data to Energy Manager once per day. Do you find this frequency of data update adequate? (Yes / No)

If no, what update frequency would you find adequate?

9. Did Energy Manager's functionality meet your needs, in terms of ease of use, viewing / analyzing your energy data, relating your energy consumption to the cost of that energy, etc.? (Yes / No)

If no, why not?

10. Have you utilized the Help segment of Energy Manager (Yes / No)?

If so, did you find the section easy to navigate in order to answer your questions? (Yes / No)

If no, why not?

11. Central Hudson hosted a session on April 21, 2005 to (among other things) provide basic training on the use of Energy Manager. If you attended this session, was it an effective program to help you learn the basics of using Energy Manager? (Yes / No)

If no, why not?

11. Would you be interested in attending another training seminar on the use of Energy Manager? (Yes / No)

12. Are there any suggestions you would like to offer on the Energy Manager application, such as changes, upgrades, additional features, training, etc.?

Thank you.

Appendix D

Interval Metering Currently Installed

September 21, 2009

«Contact_»

«Company»

«Mailing_Address_1»

«Mailing_Address_2»

«Mailing_Address_3»

Dear «Contact_»,

The New York State Public Service Commission has ordered Central Hudson to expand our Hourly Pricing Provision (HPP). In response to that Order, Central Hudson filed a proposed Plan and tariff changes on September 21, 2009. Under the proposed Plan, all customers whose electric demand is greater than 500 kW in any two of the last twelve months would be subject to hourly pricing for the cost of their electricity.

Effective May 1, 2011, under the revised provisions of Service Classification No. 2, if you purchase your electricity supply from Central Hudson you will be required to do so at hourly market prices pursuant to the terms of the HPP. You have been identified as one of our customers subject to hourly pricing for your electricity based on your historic usage patterns. A copy of this Plan is attached for your information and is available, along with additional HPP information, on the Company's web site at

<http://www.centralhudson.com/business/commercial.html>.

If you would like to submit comments on this plan, you may submit them to the PSC pursuant to the guidelines provided at the following web link:

<http://www.dps.state.ny.us/>

In order for Central Hudson to implement hourly pricing for your electric account, the Company must install interval metering capable of recording hourly consumption at your location. In addition, you are required to furnish a dedicated phone line necessary

Interval Metering Currently Installed

for the downloading of hourly data to the Company.

Such equipment, along with energy management software provided by the Company, will allow you to monitor your electric energy consumption on an hourly basis. Upon successful completion of interval meter and phone line installation, the Company has proposed to offer the energy management software to you free of charge until April 30, 2011.

As a result, it may be beneficial for you to learn more about electric load management and conservation programs available through the New York State Energy Research and Development Authority (NYSERDA). Programs available through NYSERDA may be found at: http://www.nyserda.org/programs/Commercial_Industrial/.

In addition, you have the option of choosing a third party supplier from whom to purchase your electricity supply. Please visit the Energy Choice section of Central Hudson's website at http://www.centralhudson.com/energy_choice/index.html to learn more about energy suppliers.

As interval metering is currently installed at your location a Central Hudson representative will contact you to verify that the dedicated phone line is installed and operational prior to May 1, 2010.

The Company will be hosting several educational seminars in April 2010 to provide you with additional information regarding the HPP. More information regarding these seminars will follow. If you should have any questions concerning these proposed changes in the meantime, feel free to contact me at «Phone» or email at «Email».

Sincerely,

«District_Contact»

Interval Metering Required for Installation/Replacement

September 21, 2009

«Contact_»

«Company»

«Mailing_Address_1»

«Mailing_Address_2»

«Mailing_Address_3»

Dear «Contact_»,

The New York State Public Service Commission has ordered Central Hudson to expand our Hourly Pricing Provision (HPP). In response to that Order, Central Hudson filed a proposed Plan and tariff changes on September 21, 2009. Under the proposed Plan, all customers whose electric demand is greater than 500 kW in any two of the last twelve months would be subject to hourly pricing for the cost of their electricity. Effective May 1, 2011, under the revised provisions of Service Classification No. 2, if you purchase your electricity supply from Central Hudson you will be required to do so at hourly market prices pursuant to the terms of the HPP. You have been identified as one of our customers subject to hourly pricing for your electricity based on your historic usage patterns. A copy of this Plan is attached for your information and is available, along with additional HPP information, on the Company's web site at <http://www.centralhudson.com/business/commercial.html>.

If you would like to submit comments on this plan, you may submit them to the PSC pursuant to the guidelines provided at the following web link:
<http://www.dps.state.ny.us/>

In order for Central Hudson to implement hourly pricing for your electric account, the Company must install interval metering capable of recording hourly consumption at your location. In addition, you are required to furnish a dedicated phone line necessary

Interval Metering Required for Installation/Replacement

for the downloading of hourly data to the Company.

Such equipment, along with energy management software provided by the Company, will allow you to monitor your electric energy consumption on an hourly basis. Upon successful completion of interval meter and phone line installation, the Company has proposed to offer the energy management software to you free of charge until April 30, 2011.

As a result, it may be beneficial for you to learn more about electric load management and conservation programs available through the New York State Energy Research and Development Authority (NYSERDA). Programs available through NYSEDA may be found at: http://www.nyserda.org/programs/Commercial_Industrial/.

In addition, you have the option of choosing a third party supplier from whom to purchase your electricity supply. Please visit the Energy Choice section of Central Hudson's website at http://www.centralhudson.com/energy_choice/index.html to learn more about energy suppliers.

As interval metering is not currently installed at your location, or needs to be replaced, a Central Hudson representative will contact you to coordinate phone line setup before the required interval metering will be installed/replaced by the Company.

The Company will be hosting several educational seminars in April 2010 to provide you with additional information regarding the HPP. More information regarding these seminars will follow. If you should have any questions concerning these proposed changes in the meantime, feel free to contact me at «Phone» or email at «Email».

Sincerely,

«District_Contact»

Appendix E

HOURLY PRICING PROVISION - Introduction

What is the Hourly Pricing Provision?

The Hourly Pricing Provision (“HPP”) is a pricing program under which customers purchasing their electricity supply from Central Hudson are charged for that supply based the hourly market price of electricity.

What is the market price?

The market price of electricity is the hourly Day-Ahead Locational Based Market Price (“LBMP”) as set forth by the New York Independent System Operator (“NYISO”) for Zone G – Hudson Valley. There are 11 zones in New York with marginal prices that vary from one another to account for transmission constraints and losses between locations. The Day-Ahead Market (“DAM”) prices are available on the NYISO’s web site www.nyiso.com. It should be noted that each day’s DAM prices are available by 11:00 am of the preceding day.

Which customers are subject to the HPP?

Currently, all customers taking service under Service Classification Nos. 3 and 13 and purchasing their electric commodity from Central Hudson are subject to the HPP. Pursuant to an Order issued by the Public Service Commission on June 22, 2009 in Case 08-E-0887, Central Hudson filed a plan (“Plan”) on September 21, 2009 to expand HPP to those customers taking service under Service Classification No. 2 with demand exceeding 500 kW in any two of the previous twelve months and purchasing their electric commodity from Central Hudson.

How does HPP affect customers purchasing their electricity supply from a company other than Central Hudson?

Customers purchasing their electricity supply from a company other than Central Hudson, or retail access customers, will still be required to install and or maintain special equipment to facilitate HPP due to each customer’s option to choose Central Hudson as its electricity supplier.

What are these special equipment requirements?

In order to take service under the HPP a customer must have in place an interval meter capable of recording hourly usage data and downloading this information to Central Hudson via a telephone line. The Company's Plan contains a proposal regarding the recovery of the cost of the meter and installation. Customers will be required to install and maintain a dedicated telephone line to the meter and pay the associated monthly telephone charges. In its Plan, the Company has also proposed the imposition of a monthly fee for the manual download of hourly usage data in the event that a telephone line is not installed or is not functioning.

How will I know if I need a different meter?

If your current meter meets these requirements, a Central Hudson representative will contact you to verify that a dedicated phone line will be installed and operational prior to May 1, 2010. If your meter needs to be replaced, a Central Hudson representative will contact you to coordinate phone line setup before the Company will install the required metering.

What is the significance of May 1, 2010?

The Company has proposed to have all equipment in place for this HPP expansion by May 1, 2010 so that customers will have one year until the pricing terms of the HPP are in effect (May 1, 2011) to analyze their hourly loads.

How will I access my hourly load data?

The Company has proposed to provide you with the energy management software currently utilized by customers taking service under Service Classification Nos. 3 and 13 free of charge during the period from final meter/phone line installation through April 30, 2011. Subsequently, the monthly charge for this software, which is about \$20, will be included in your monthly basic service charge.

Can you provide more details?

More HPP-related information, including pricing (both under HPP and retail access), billing, energy management and educational opportunities will be provided in subsequent issues of the *HPP Bulletin*.

**Central Hudson Gas & Electric Corporation Hourly Pricing Provision (HPP) Expansion
Estimate of Additional Data Acquisition Hardware/Software**

<u>Up-Front Cost</u>				<u>Continuing Costs</u>				
<u>Qty</u>	<u>Description</u>	<u>\$ Each</u>	<u>Total \$</u>	<u>Qty</u>	<u>Description</u>	<u>\$ Amount</u>	<u>Monthly</u>	<u>Annual</u>
4	modem line installation	\$ 200	\$ 800	4	monthly charge for each line	\$ 32	\$ 128	\$ 1,536
4	modem		\$ 1,000					
2	PC polling stations		\$ 1,700					
	license upgrade for Pervasive Database to accommodate additional polling							
1	stations		\$ 1,500					
	various adapters		\$ 100					
			\$ 5,100				\$ 128	\$ 1,536