



March 16, 2005

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

Dear Secretary Brilling:

Re: Case 00-M-0504: Statement of Policy on Further Steps
Toward Competition in Retail Energy Markets

The Joint Proposal for Rate Plan Modification approved by the Commission in Cases 00-E-1273 and 00-G-1274 on June 14, 2004, authorizes Central Hudson ("the Company") to offset up to \$250,000 in each of the Rate Years ending June 30, 2005 and June 30, 2006 from the Benefit Fund for incremental spending on a competition education campaign aimed at promoting customer migration. The Company was directed to develop the education campaign in collaboration with Staff and interested parties.

On December 15, 2004, the Company filed its Plan to Foster the Development of Retail Energy Markets ("Plan") in response to an order issued and effective August 25, 2004 in the above referenced proceeding. The Plan includes a section relating to Customer Education.

The Company has had ongoing discussions during its Retail Access Collaborative concerning the appropriate methods of educating and communicating the availability of retail choice to customers. In September 2004, a Market Expo was held to provide an opportunity for large commercial and industrial customers to meet with Energy Services Companies (ESCOs) and learn about competitive opportunities. Starting in January 2005, the Company began using bill inserts and to encourage customers to provide permission to release their name, phone number, and/or e-mail address to ESCOs. This program has led to over 1000 sales leads and is still in progress. Through the end of February 2005, less than \$30,000 has been expended.

It is unlikely that the Company will spend \$250,000 on customer competition education by June 30, 2005. However, later in 2005, the Company plans to launch a new "Energy CHoice" program as outlined in the Plan. Members of the Collaborative have agreed that a significant advertising campaign should be used to coincide with the introduction of "Energy CHoice".

The Company requests that the Customer Education Program section of the Plan be modified as follows:

1. Allow the carryover of unexpended funds into the second rate year if less than \$250,000 is spent on the Customer Education campaign by June 30, 2005. This would allow greater levels of expenditures to occur when the Energy CHoice program is launched without exceeding the overall two-year limit of \$500,000.
2. Authorize the use of up to \$75,000 of Customer Education funds to be used to enhance the Customer Choice Section of the Central Hudson Web Page. This medium is becoming more and more popular as a means for customers and ESCOs to learn about customer choice and communicate their intentions. This use of the funds was discussed at a recent meeting of the Collaborative and received agreement from the Collaborative members. While the Company has not yet finalized its plans, the \$75,000 estimate is expected to cover the costs of using an outside firm with specialized expertise in web design to enhance the Customer Choice section of the web page. The Collaborative will be informed of the detailed plans and cost estimates as they evolve.

Questions related to this filing should be directed to Michael F. Voltz at (845) 486-5317.

Yours very truly,

Arthur R. Upright
Senior Vice President
Regulatory Affairs,
Financial Planning and Accounting

cc: Service List (via e-mail)