

BEFORE THE  
STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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In the Matter of  
Central Hudson Gas and Electric Corporation  
Cases 08-E-0887 & 08-G-0888  
November 2008

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Prepared Exhibits of:

Staff Depreciation Panel

Colonel E. Dickens  
Utility Engineer 3

Alan F. Mostek  
Utility Engineer 3

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

CENTRAL HUDSON CASE 08-E-0788 DEPRECIATION

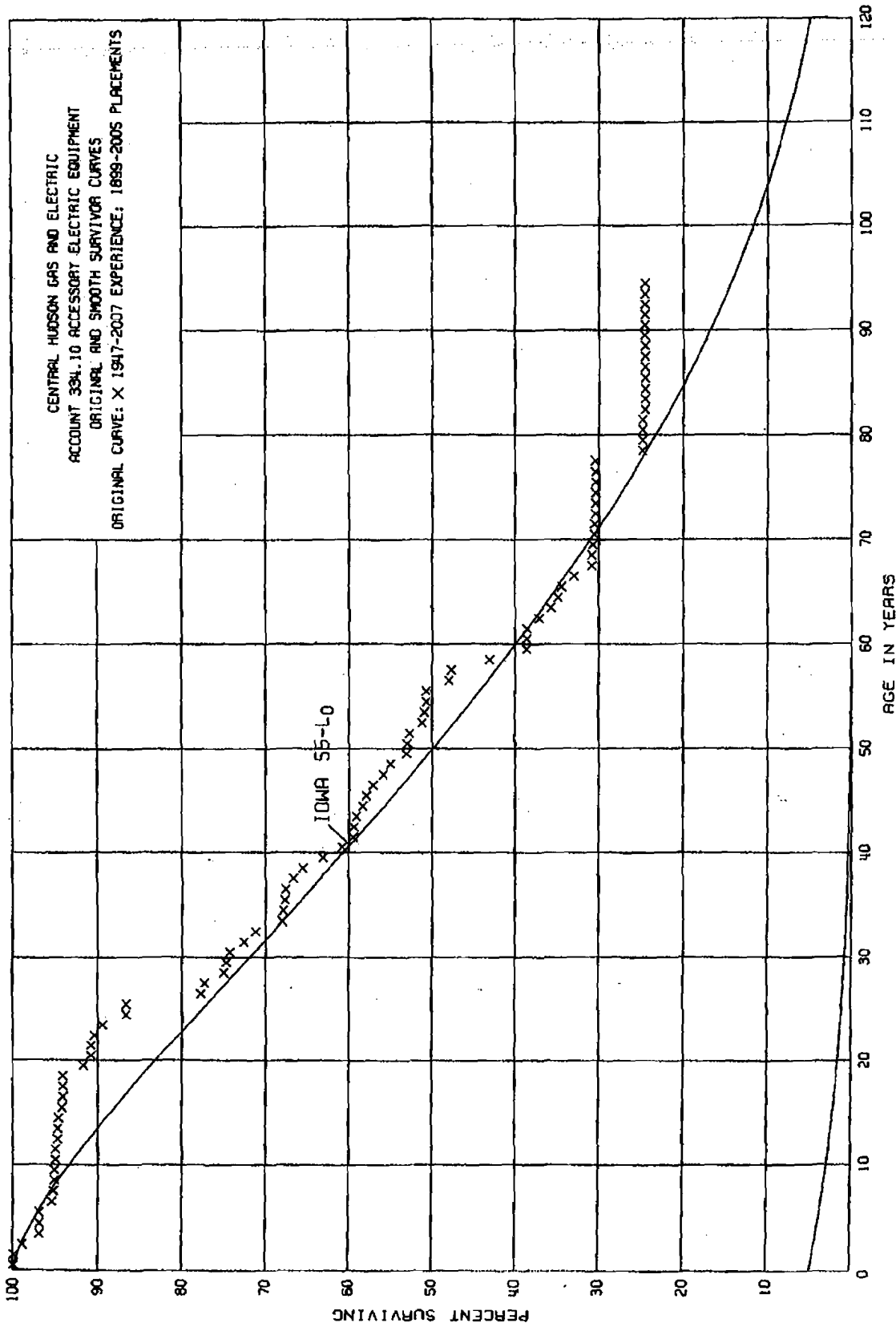
Comparison of all changes

HYDRO	original cost	ASL	Curve	Net Salv	CURRENT Accrual	Book Res	Theo Res	Difference	COMPANY			STAFF			Theo Res	Difference				
									ASL	Curve	Net Salv	ASL	Curve	Net Salv			ASL	Curve	Net Salv	
331	2,031,131	60	R3	-50%	50,778	1,035,523	1,014,095	21,428	65	R3	-45%	45,310	919,440	116,083	65	R3	-45%	45,310	919,440	116,083
332	10,708,091	75	L5	-60%	228,439	5,462,633	5,393,754	68,879	75	L5	-60%	228,439	5,409,081	53,552	75	L5	-60%	228,439	5,409,081	53,552
333	5,653,167	60	R4	-60%	150,751	2,970,334	2,949,195	21,139	60	R4	-70%	160,173	3,005,778	-35,444	60	R4	-70%	160,173	3,005,778	-35,444
334	1,643,704	55	R1.5	-60%	47,817	775,218	769,818	5,400	50	R1.5	-60%	52,599	826,347	-51,129	55	L0	-70%	50,805	569,063	206,165
335	156,251	40	S2.5	-40%	5,469	97,577	100,796	-3,219	45	S2.5	-40%	4,861	91,138	6,439	45	S2.5	-40%	4,861	91,138	6,439
OTHER PRODUCTION																				
341	392,209	27	R5	-5%	15,253	358,720	359,430	-710	40	S4	-5%	10,295	288,850	69,870	40	S4	-5%	10,295	288,850	69,870
342	942,169	27	R5	-5%	21,084	395,178	374,838	20,340	35	S3	-20%	18,589	344,971	50,207	35	S3	-20%	18,589	344,971	50,207
343	537,481	27	R5	-5%	36,458	496,549	492,563	3,986	25	R4	-5%	39,374	511,433	-14,884	25	R4	-5%	39,374	511,433	-14,884
344	824,691	27	R5	-5%	32,071	670,140	691,827	-21,687	40	S4	-20%	24,741	656,160	13,980	40	S4	-20%	24,741	656,160	13,980
345	440,868	27	R5	-5%	17,145	292,478	212,632	79,846	35	R2.5	-25%	15,745	189,759	102,719	35	R2.5	-25%	15,745	189,759	102,719
346	43,593	27	R5	-5%	1,695	15,716	15,486	230	30	R2.5	0%	1,453	12,144	3,572	30	R2.5	0%	1,453	12,144	3,572
TRANSMISSION																				
350	15,740,275	85	R4	10%	166,662	4,125,417	4,097,565	27,852	70	R3	0%	224,861	5,097,162	-971,745	70	R3	0%	224,861	5,097,162	-971,745
352	6,606,557	66	R3	-40%	142,295	2,347,265	2,343,467	3,798	65	R3	-30%	132,131	2,150,362	196,903	65	R3	-30%	132,131	2,150,362	196,903
353-11	83,124,689	58	R1	-10%	1,662,494	23,989,698	22,419,468	1,569,230	52	R1	-15%	1,836,335	22,771,649	1,228,049	52	R1	-15%	1,836,335	22,771,649	1,228,049
353-12	2,578,242	28	S1	-10%	101,288	1,223,183	1,164,722	58,461	28	S1	-10%	101,288	1,158,700	64,483	28	S1	-10%	101,288	1,158,700	64,483
354	2,985,231	65	R3	-30%	59,705	1,921,003	1,851,347	69,656	65	R3	-50%	68,890	2,135,628	-214,625	65	R3	-30%	59,705	1,851,347	69,656
355	29,865,274	55	R3	-50%	814,507	11,705,849	11,660,707	45,142	50	S0.5	-65%	985,554	12,101,557	-395,708	55	R3	-50%	814,507	11,660,707	45,142
356-10	24,806,645	60	R2	-25%	516,805	7,173,171	109,155	6,964	60	R2	-30%	586,339	7,822,705	-540,379	60	R2	-30%	537,477	7,531,830	-249,504
356	3,815,248	60	R2	-35%	85,843	2,789,575	2,449,562	340,013	55	S0.5	-30%	90,179	2,311,360	478,215	60	R2	-30%	82,664	2,327,084	462,491
356-20	1,997,309	60	R2	-35%	44,939	1,117,543	1,340,721	-223,178	55	S0.5	-30%	47,209	1,254,200	-136,657	60	R2	-30%	43,275	1,273,685	-156,142
357	20,965	40	L0.5	-5%	550	10,090	9,468	622	40	R0.5	0%	524	10,830	-740	40	R0.5	0%	524	10,830	-740
358	7,339,490	40	R3	-20%	220,185	4,398,553	4,198,928	199,625	40	R3	-20%	220,185	4,198,918	199,635	40	R3	-20%	220,185	4,198,918	199,635
DISTRIBUTION																				
360	935,296	60	S4	10%	14,029	505,314	493,467	11,847	60	R3	0%	15,588	515,967	-10,653	60	R3	0%	15,588	515,967	-10,653
361	6,432,937	80	R3	-25%	100,515	1,250,029	1,366,061	-116,032	80	R3	-35%	133,607	1,759,540	-509,511	80	R3	-25%	100,515	1,366,061	-116,032
362	95,442,195	52	R1.5	-20%	2,202,512	24,748,606	24,426,372	322,234	55	R2	-30%	2,255,906	27,447,935	-2,699,329	55	R1.5	-20%	2,082,375	22,715,501	2,033,105
362-12	1,992,731	30	R2	-10%	73,067	710,726	746,631	-35,905	30	R2	-15%	76,388	750,039	-39,313	30	R2	-15%	76,388	750,039	-39,313
364	125,854,143	55	O1	-25%	2,860,321	19,912,552	19,912,552	0	55	R0.5	-35%	3,089,147	25,545,101	-4,020,477	55	R0.5	-30%	2,974,734	24,598,986	-3,074,362
365	129,346,126	60	R1	-30%	2,802,499	36,627,847	33,771,356	2,856,491	60	R1.5	-40%	3,018,076	39,681,553	-3,053,706	60	R0.5	-30%	2,802,499	33,647,278	2,980,569
366	18,502,889	65	R3	-25%	355,825	5,700,891	5,586,128	114,763	65	R3	-30%	370,058	5,805,610	-104,719	65	R3	-25%	355,825	5,805,610	-104,719
367	42,893,834	55	R2.5	-10%	857,877	11,679,642	11,374,925	304,717	60	R2.5	-10%	786,387	10,514,467	1,165,175	60	R2.5	-10%	786,387	10,514,467	1,165,175
368	94,189,263	43	L1	-10%	2,409,493	26,356,990	26,328,692	28,298	43	L1	-10%	2,409,493	26,161,421	195,569	43	L1	-10%	2,409,493	26,161,421	195,569
369	32,008,089	52	R1.5	-75%	1,077,195	13,222,639	12,639,691	583,148	52	R1.5	-100%	1,231,080	14,539,082	-1,316,243	52	R1	-75%	933,569	10,152,826	3,070,073
369-21	8,742,809	52	R1.5	-25%	210,164	1,513,364	1,343,262	170,302	60	R1	-30%	218,570	1,395,360	118,204	60	R1	-25%	162,142	1,468,579	-24,985
370	32,073,593	32	R1.5	0%	1,002,300	9,521,616	10,919,194	-1,397,578	30	L0	0%	1,069,120	8,241,163	1,280,453	30	O2	0%	1,069,120	6,899,601	2,622,015
371	4,092,926	20	R0.5	-15%	235,343	1,637,512	1,341,172	296,340	22	R0.5	-20%	223,251	1,291,315	346,197	22	R0.5	-15%	213,948	1,237,510	400,002
372	633,882	11	L2	0%	57,626	511,595	245,194	266,401	7	S1.5	5%	86,027	335,808	175,787	7	S1.5	5%	86,027	335,808	175,787
373	8,720,898	30	L0	-25%	363,371	3,390,475	3,390,675	501,800	30	R0.5	-30%	377,906	4,500,627	-608,152	30	R0.5	-25%	363,371	4,275,596	-383,121
390	761,681	40	R1.5	-30%	24,755	337,296	391,509	-54,213	37	R0.5	-20%	24,703	318,334	18,962	37	R0.5	-40%	28,820	382,000	-44,704
Total	804,876,582				19,069,125	233,232,134	225,360,441	7,871,693				20,282,381	242,071,494	-8,839,360				19,135,540	222,877,341	10,354,793

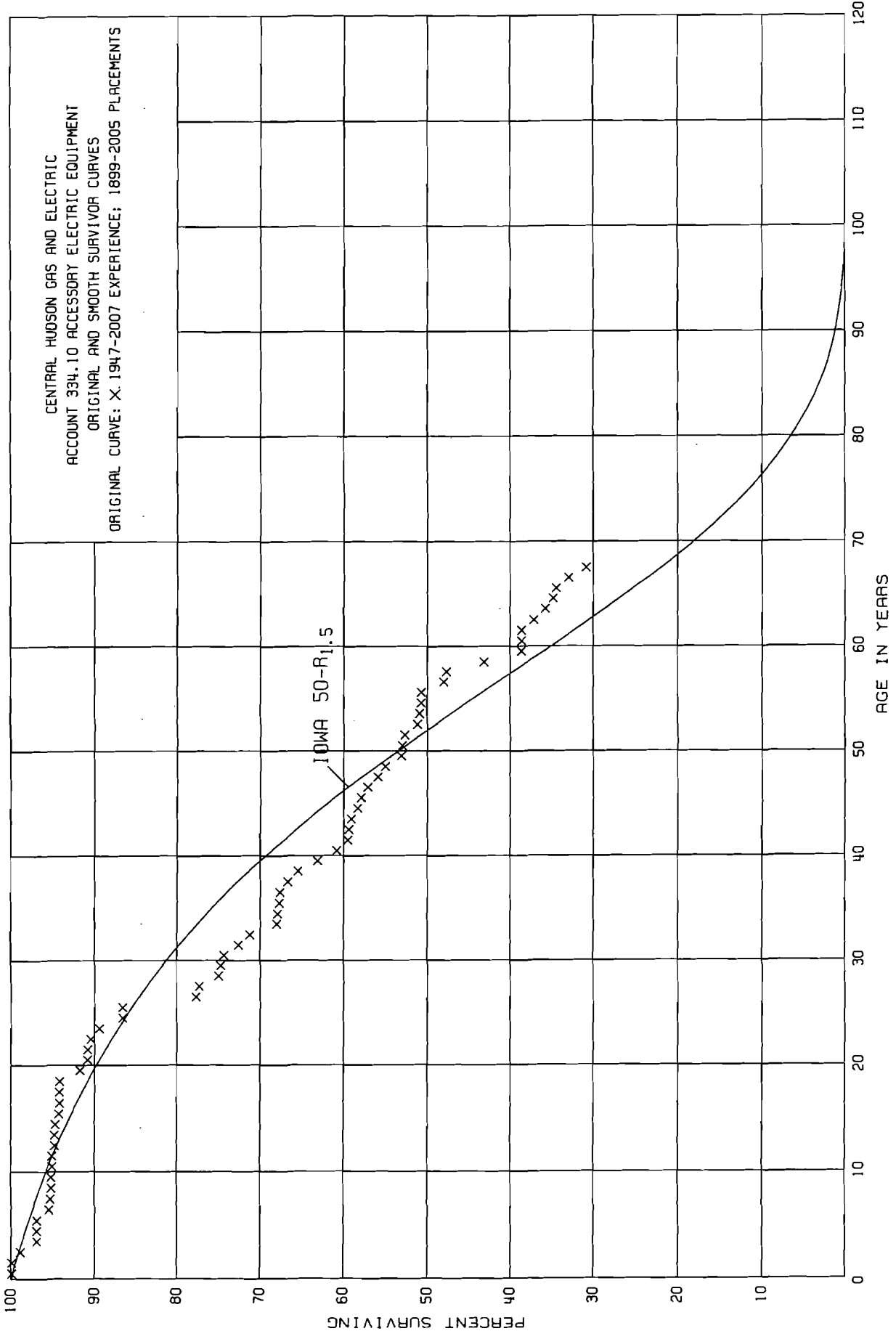
CENTRAL HUDSON CASE 08-E-0788 DEPRECIATION

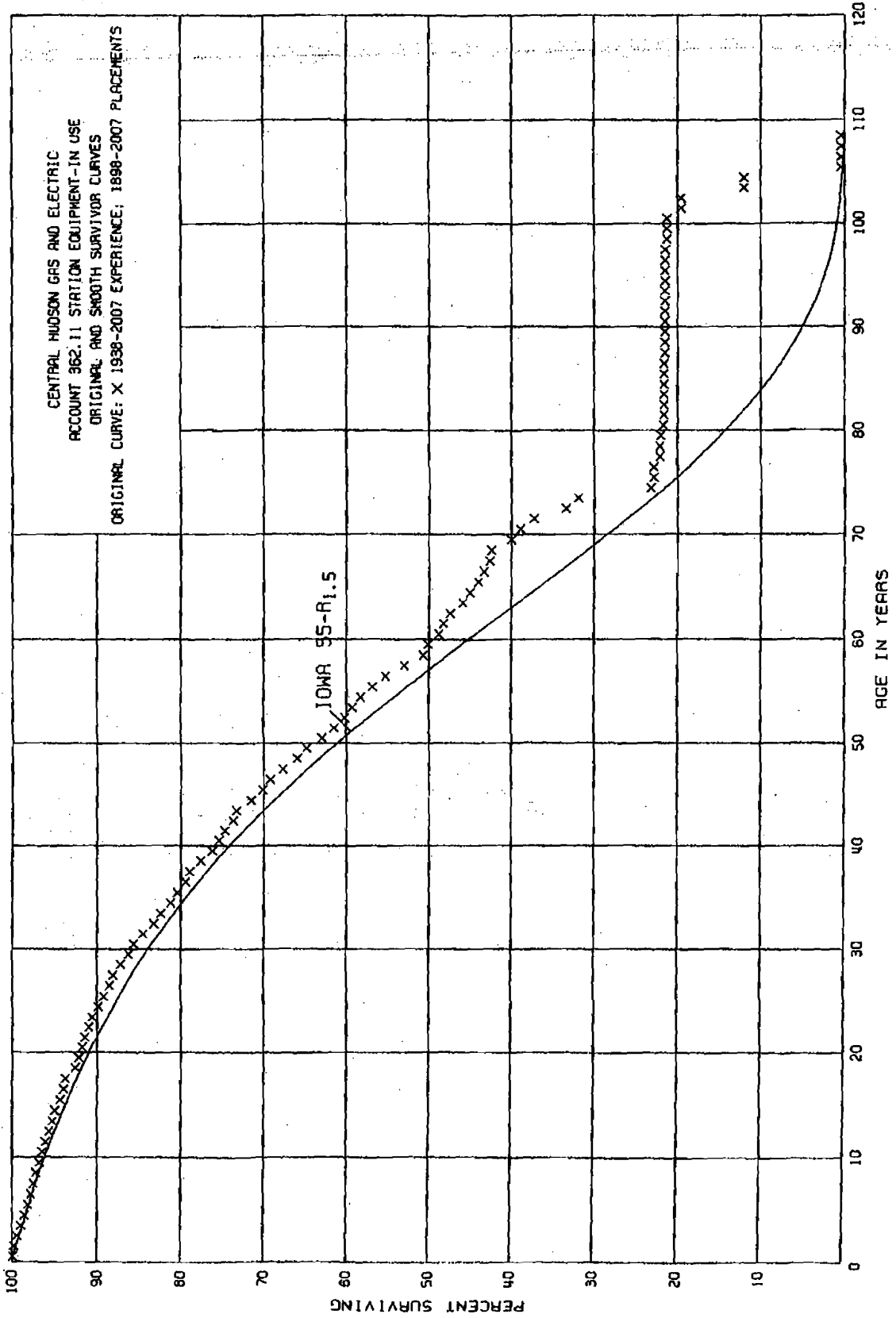
Summary of Staff adjustment to the Company

HYDRO	original cost	ASL	Curve	CURRENT			Book Res	Theo Res	Difference	ASL	Curve	COMPANY			ASL	Curve	STAFF			
				Accrual	Net Salv	Difference						Accrual	Net Salv	Difference			Accrual	Net Salv	Difference	
334	1,643,704	55	R1.5	47,817	-60%	775,218	769,818	5,400	50	R1.5	-60%	52,599	826,347	-51,129	55	L0	-70%	50,805	569,063	206,155
TRANSMISSION																				
354	2,985,231	65	R3	59,705	-30%	1,921,003	1,851,347	69,656	65	R3	-50%	68,890	2,135,628	-214,625	65	R3	-30%	59,705	1,851,347	69,656
355	29,865,274	55	R3	814,507	-50%	11,705,849	11,660,707	45,142	55	S0.5	-65%	985,554	12,101,557	-395,708	55	R3	-50%	814,507	11,660,707	45,142
356-10	24,806,645	60	R2	516,805	-25%	7,282,326	7,173,171	109,155	55	S0.5	-30%	586,339	7,822,705	-540,379	60	R2	-30%	537,477	7,531,830	-249,504
356	3,815,248	60	R2	85,843	-35%	2,789,575	2,449,562	340,013	55	S0.5	-30%	90,179	2,311,360	478,215	60	R2	-30%	82,664	2,327,084	462,491
356-20	1,997,309	60	R2	44,939	-35%	1,117,543	1,340,721	-223,178	55	S0.5	-30%	47,209	1,254,200	-136,657	60	R2	-30%	43,275	1,273,685	-156,142
DISTRIBUTION																				
361	6,432,937	80	R3	100,515	-25%	1,250,029	1,366,061	-116,032	65	R3	-35%	133,607	1,759,540	-509,511	80	R3	-25%	100,515	1,366,061	-116,032
362	95,442,195	52	R1.5	2,202,512	-20%	24,748,606	24,426,372	322,234	55	R2	-30%	2,255,906	27,447,935	-2,699,329	55	R1.5	-20%	2,082,375	22,715,501	2,033,105
364	125,854,143	55	O1	2,860,321	-25%	21,524,624	19,912,552	1,612,072	55	R0.5	-35%	3,089,147	25,545,101	-4,020,477	60	R0.5	-30%	2,726,840	24,598,986	-3,074,362
365	129,346,126	60	R1	2,802,499	-30%	36,627,847	33,771,356	2,856,491	60	R1.5	-40%	3,018,076	39,681,553	-3,053,706	60	R1	-30%	2,802,499	33,647,278	2,980,569
366	19,502,889	65	R3	355,825	-25%	5,700,891	5,586,128	114,763	65	R3	-30%	370,058	5,805,610	-104,719	65	R3	-25%	355,825	5,805,610	-104,719
369	32,008,089	52	R1.5	1,077,195	-75%	13,222,839	12,639,691	583,148	52	R1.5	-100%	1,231,080	14,539,082	-1,316,243	55	R1	-75%	1,018,439	10,152,826	3,070,013
369-21	8,742,809	52	R1.5	210,164	-25%	1,513,564	1,343,262	170,302	52	R1.5	-30%	218,570	1,395,360	118,204	60	R1	-25%	182,142	1,488,579	24,985
370	32,073,593	32	R1.5	1,002,300	0%	9,521,616	10,919,194	-1,397,578	30	L0	0%	1,069,120	8,241,163	1,280,453	30	O2	0%	1,069,120	6,899,601	2,622,015
371	4,082,926	20	R0.5	235,343	-15%	1,637,512	1,341,172	296,340	22	R0.5	-20%	223,251	1,291,315	346,197	22	R0.5	-15%	213,948	1,237,510	400,002
373	8,720,898	30	L0	363,371	-25%	3,892,475	3,390,675	501,800	30	R0.5	-30%	377,906	4,500,627	-608,152	30	R0.5	-25%	363,371	4,275,596	-383,121
390	761,681	40	R1.5	24,755	-30%	337,296	391,509	-54,213	37	R0.5	-20%	24,703	316,334	18,962	37	R0.5	-40%	28,820	382,000	-44,704

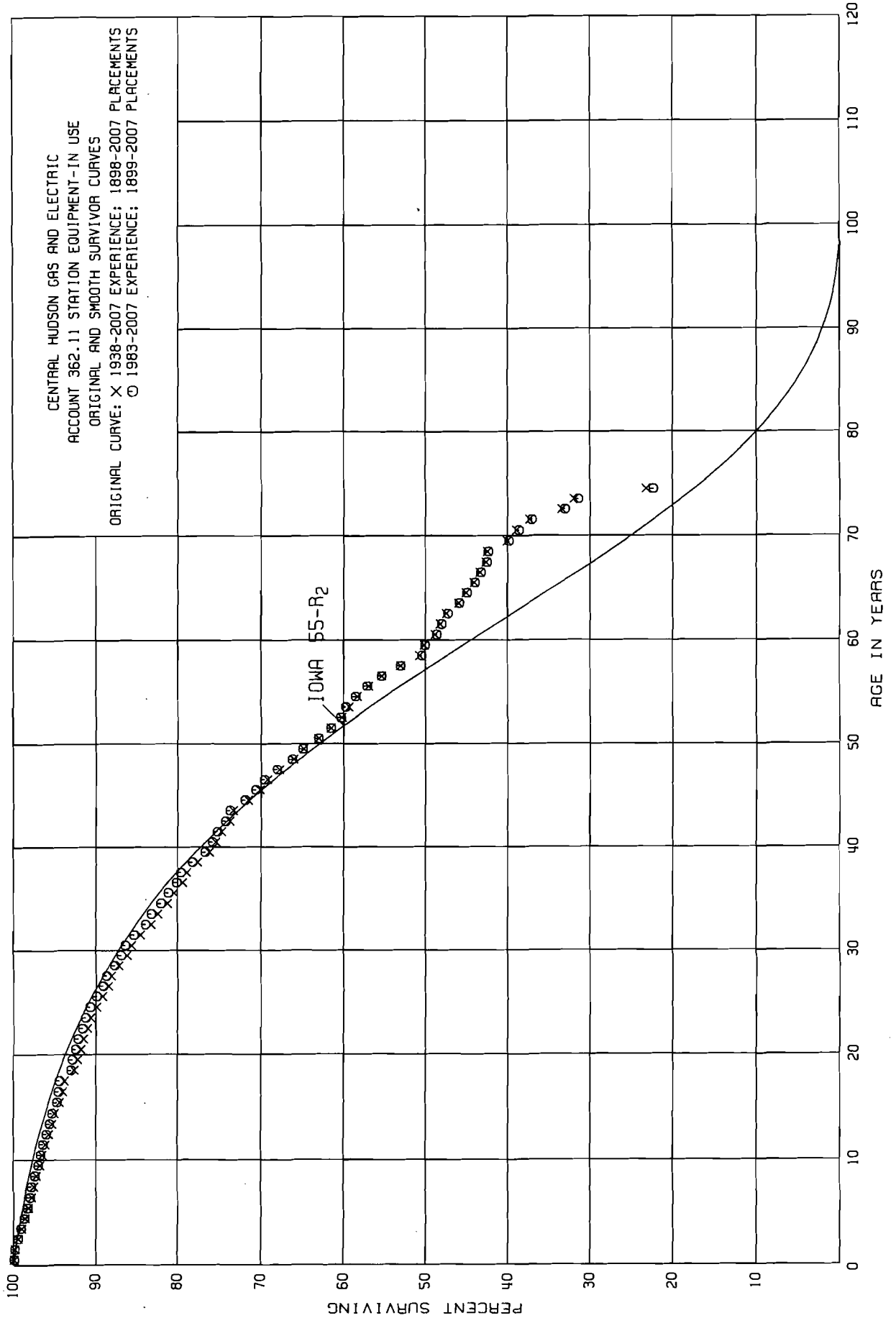


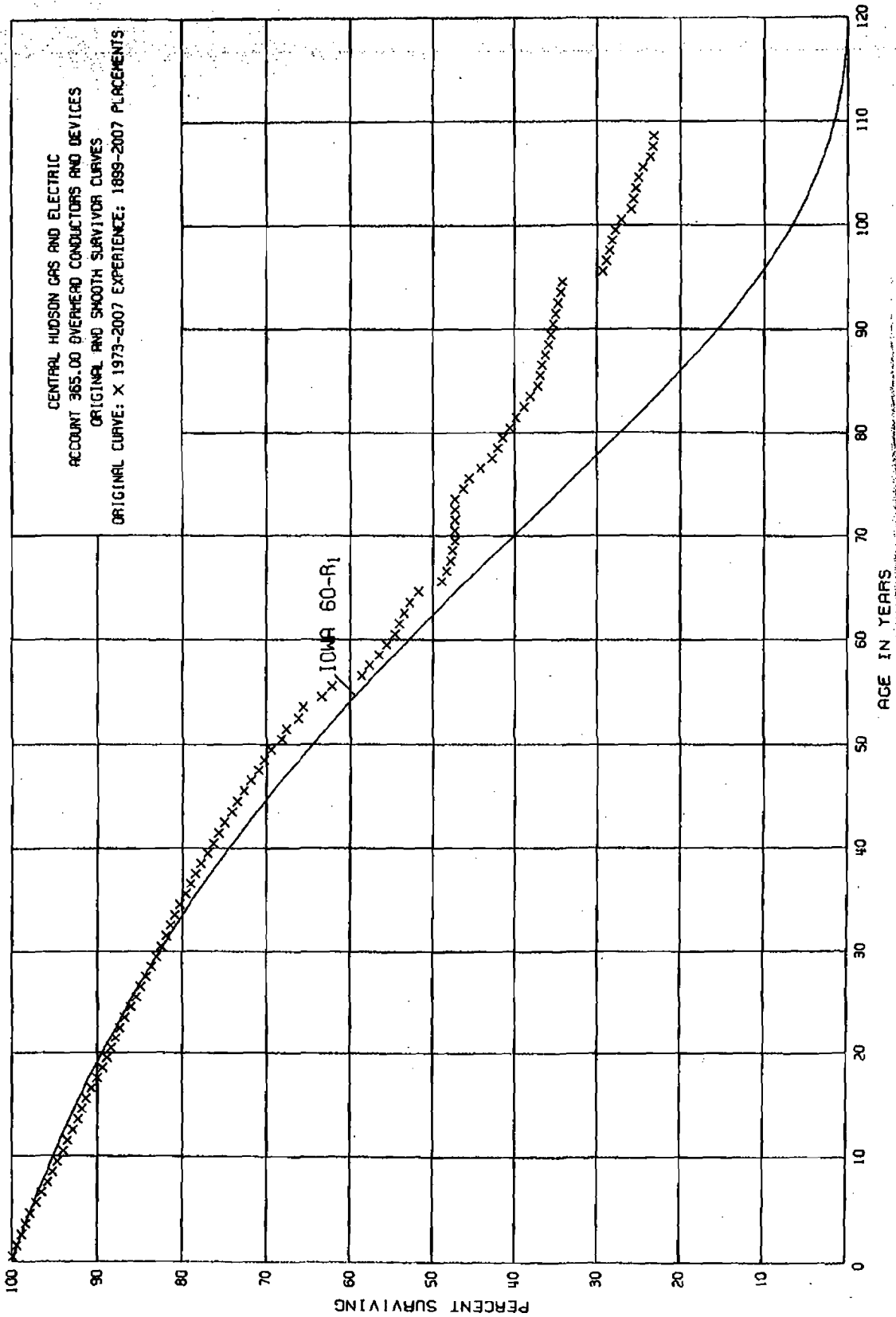
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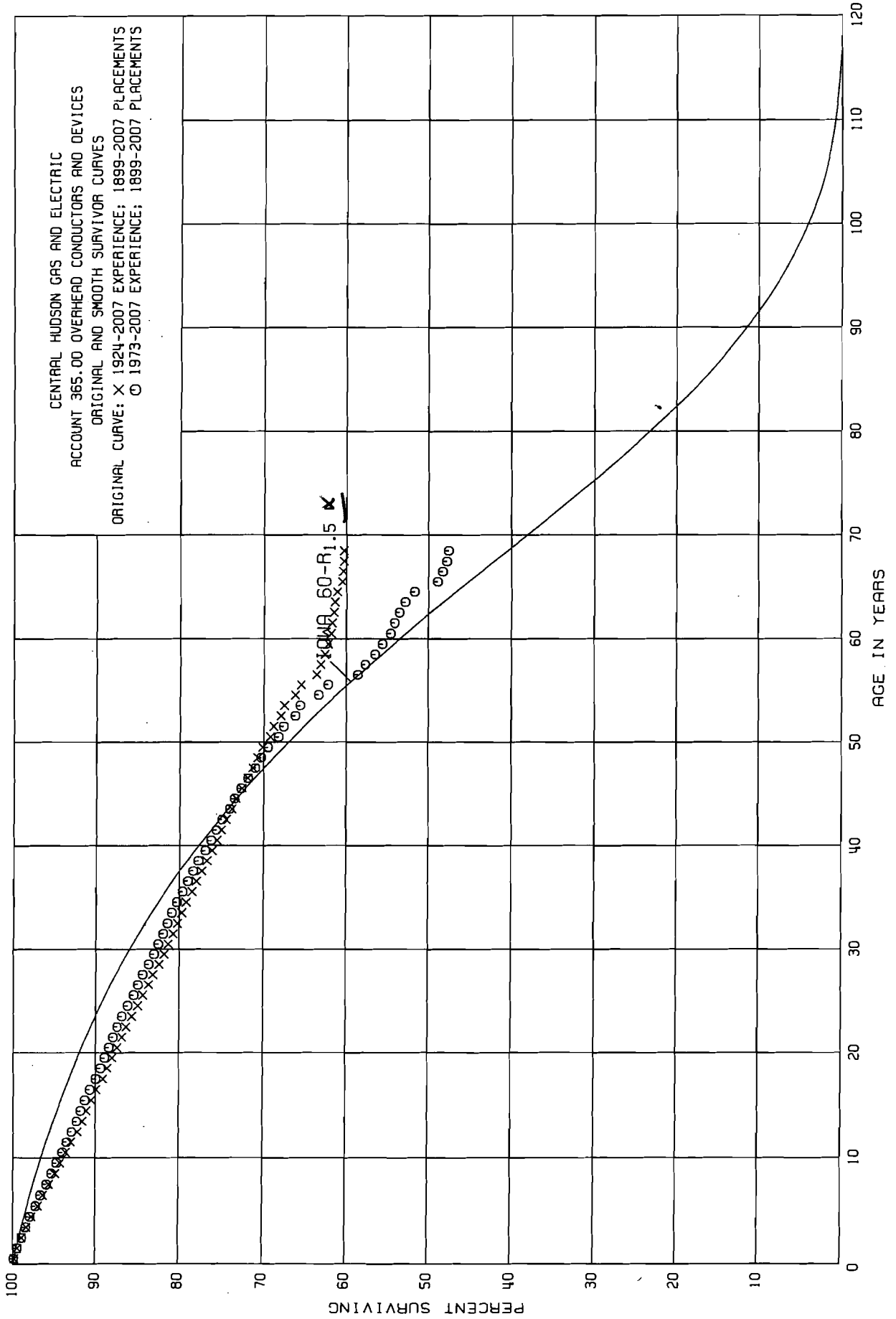


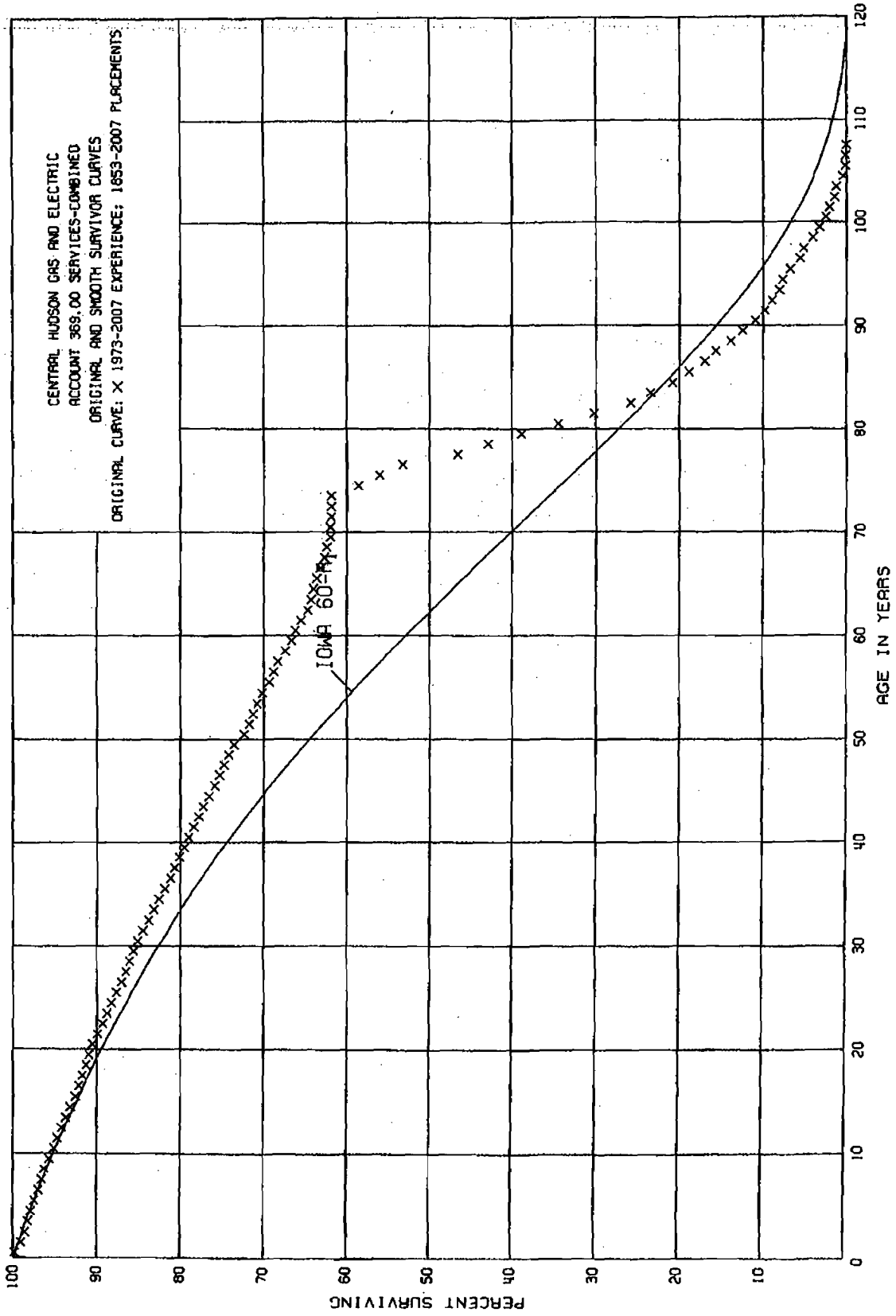
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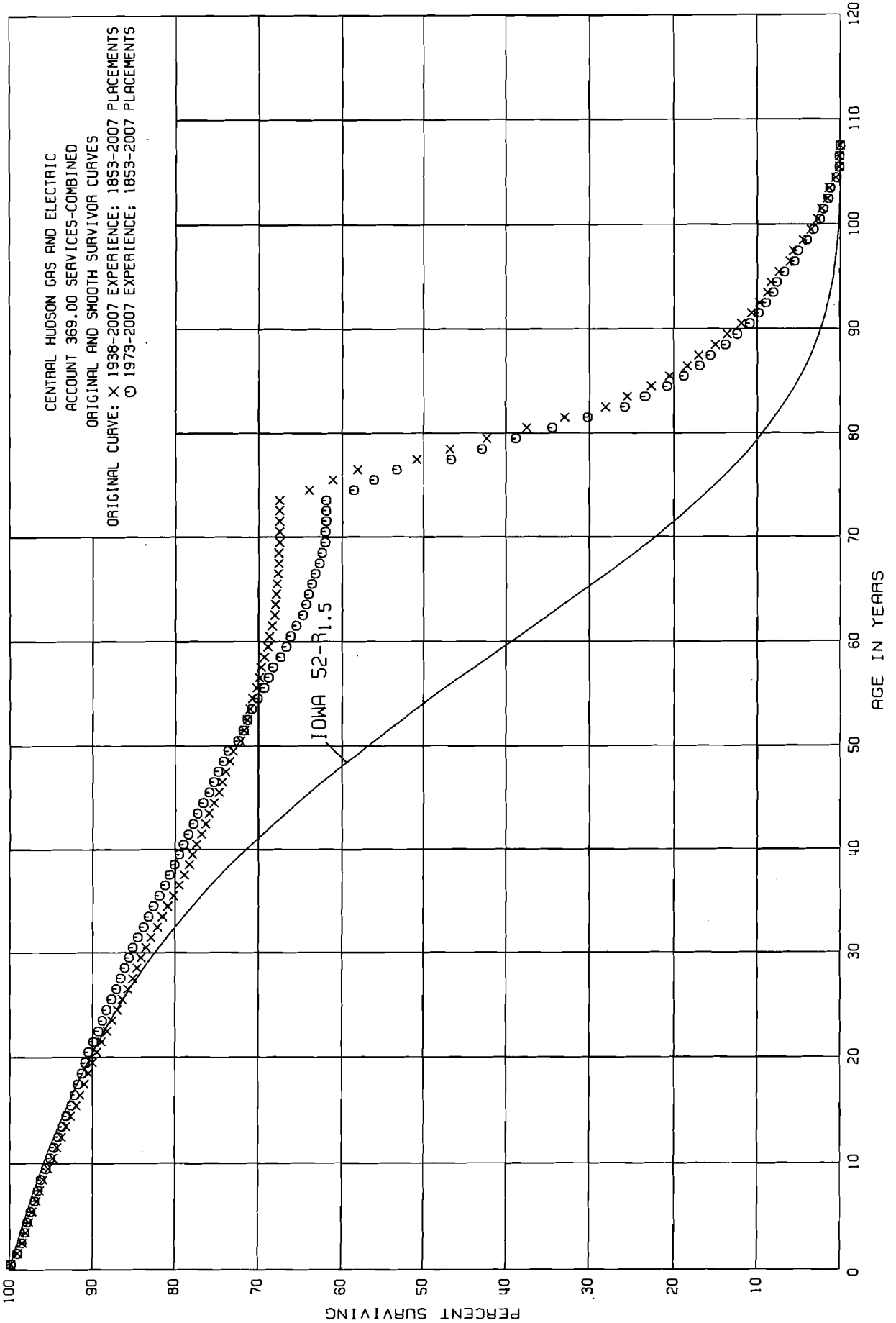


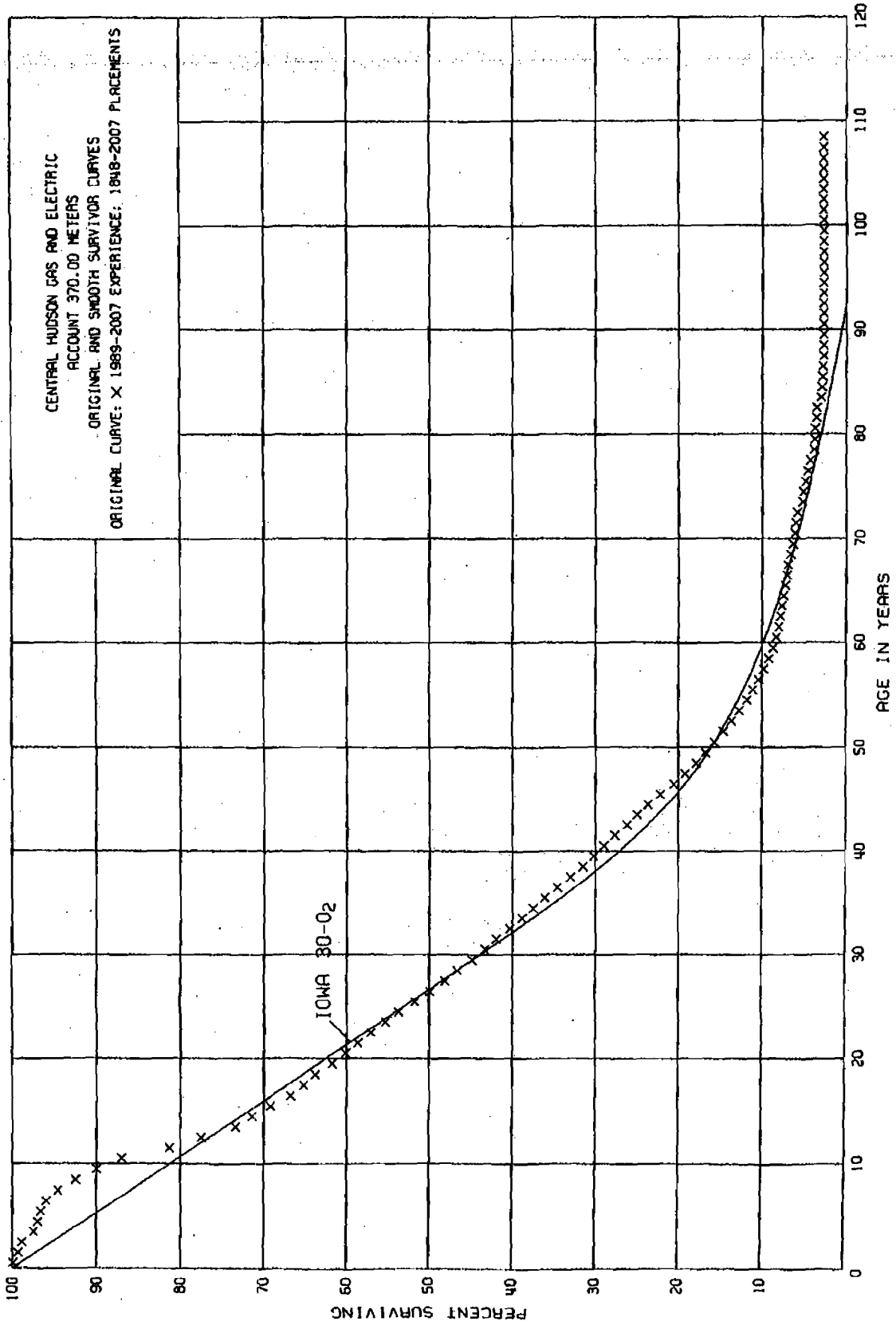
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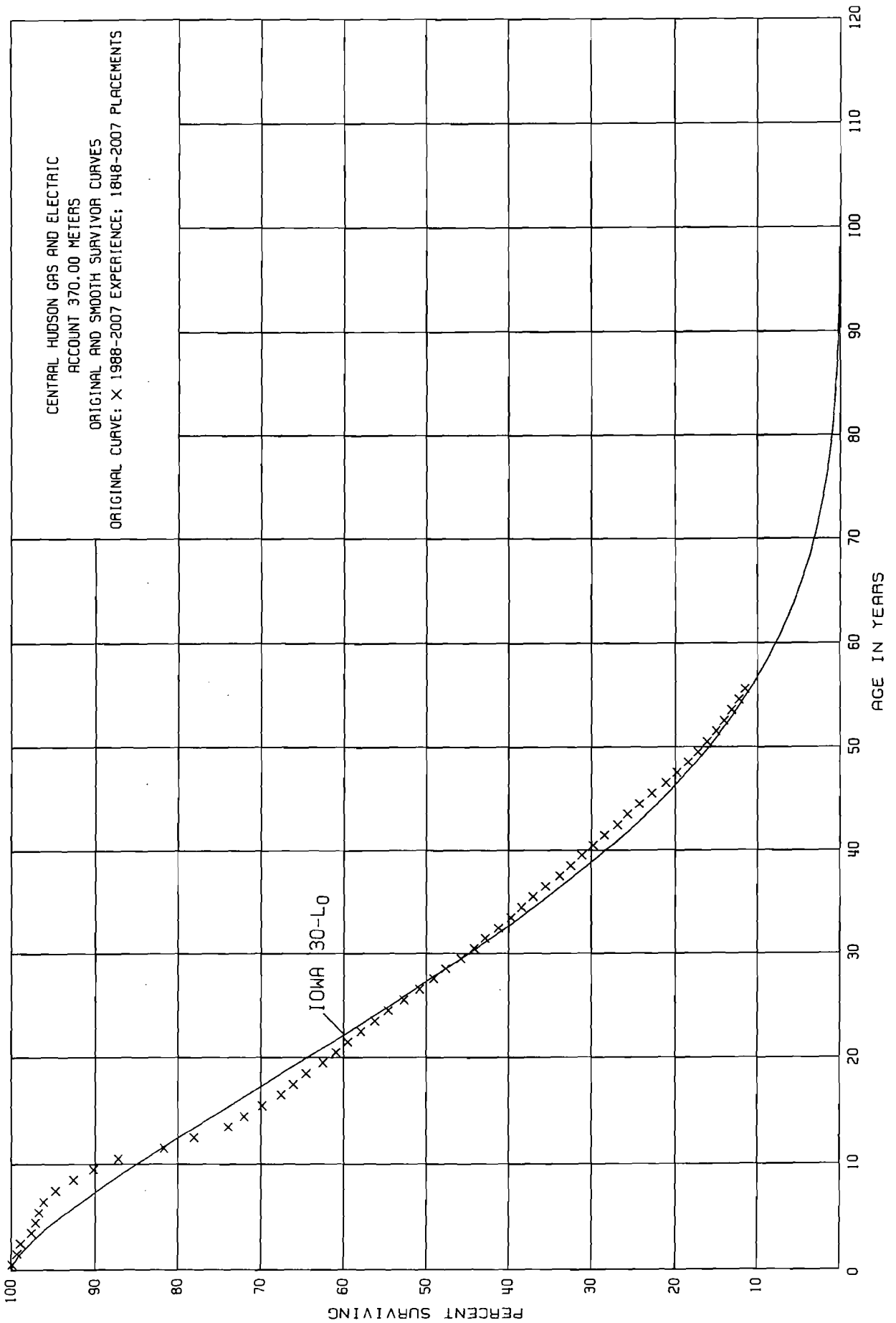


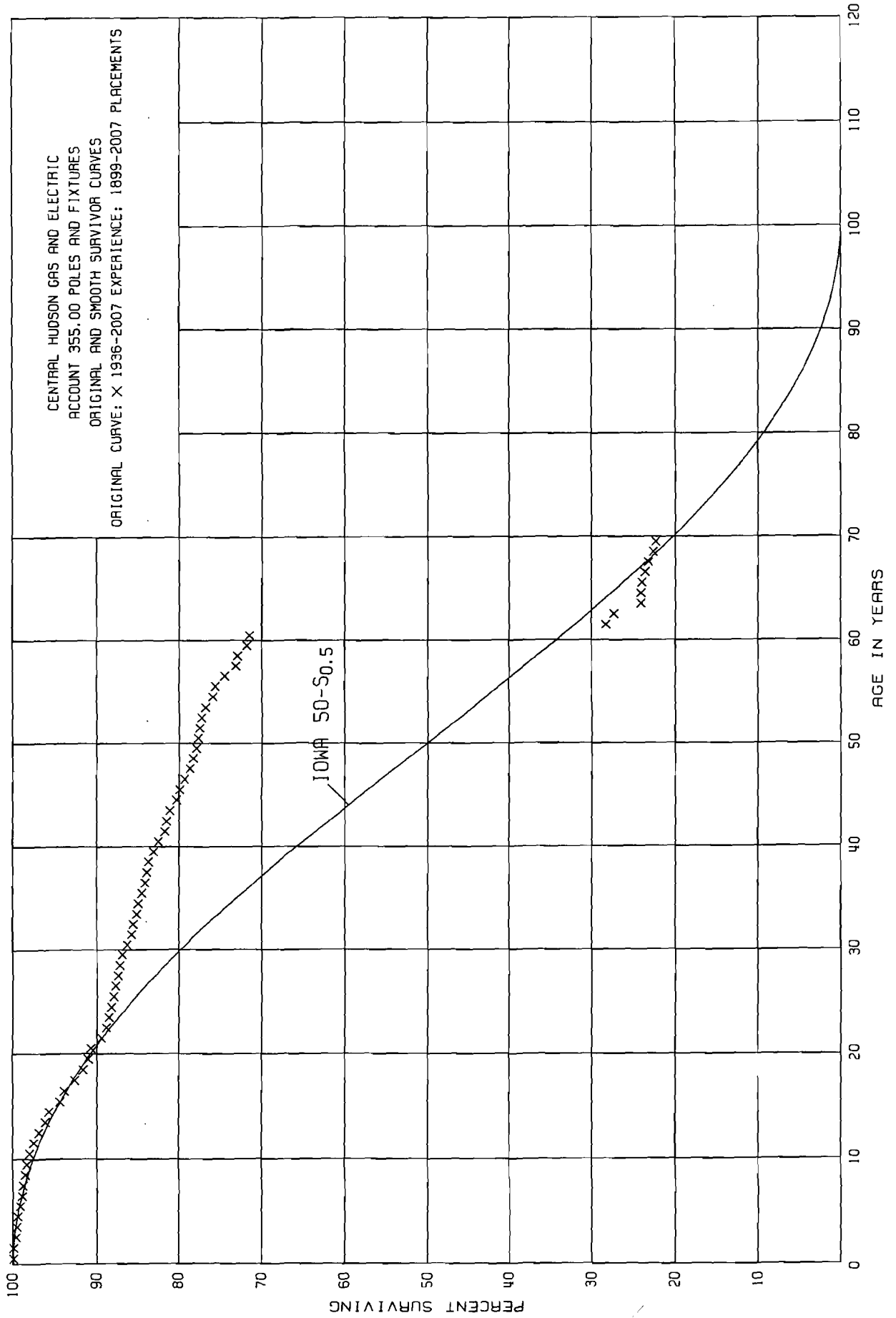
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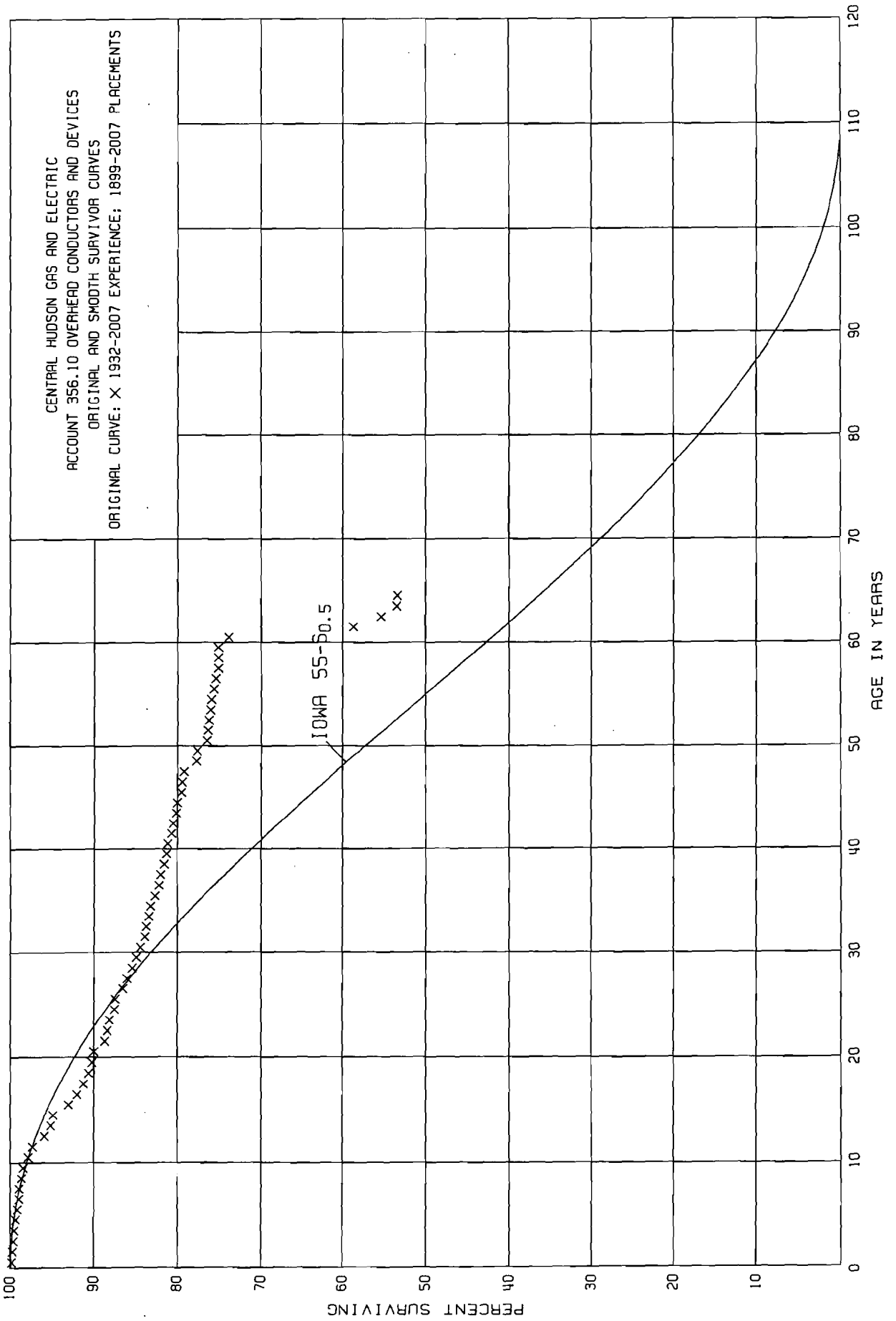


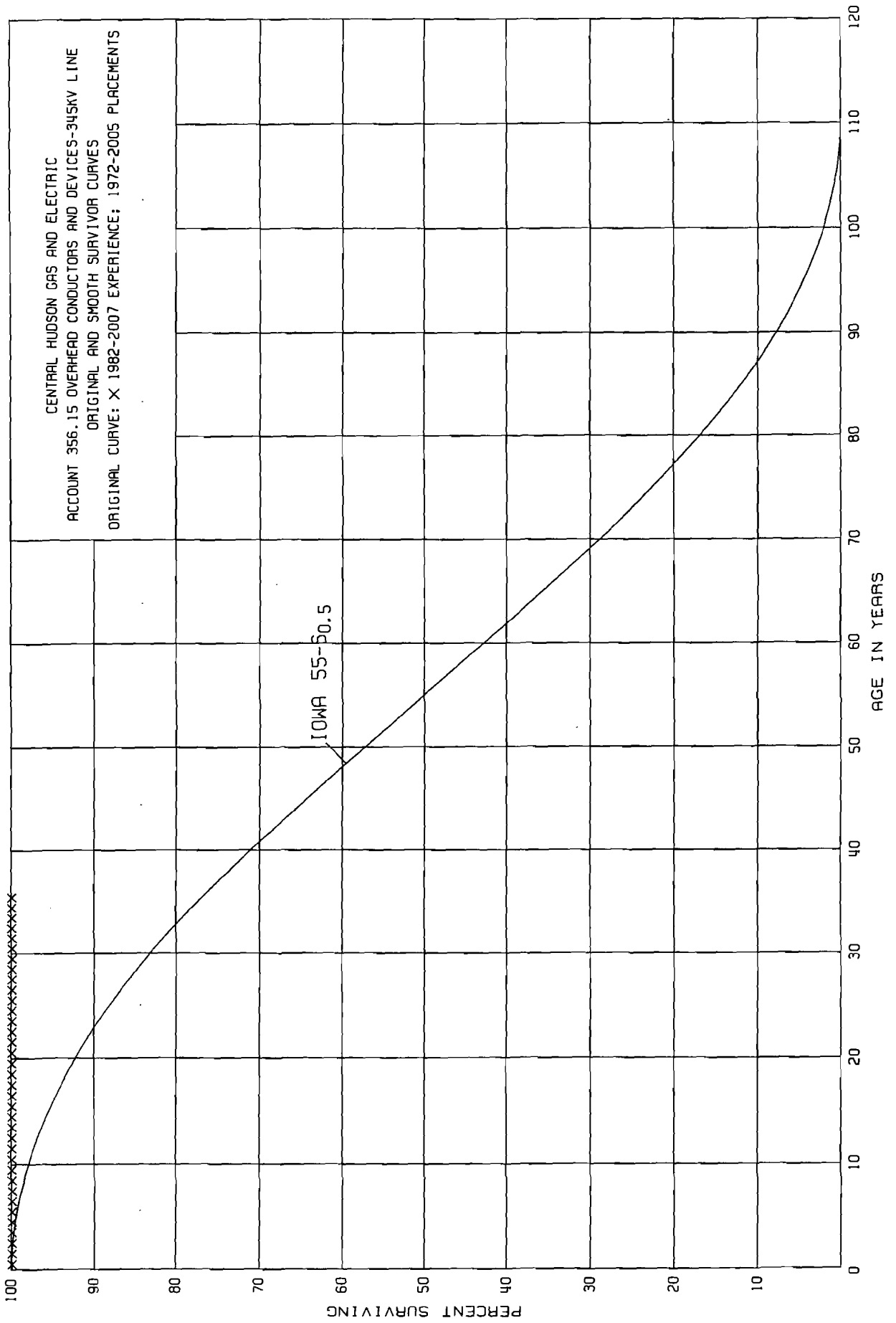


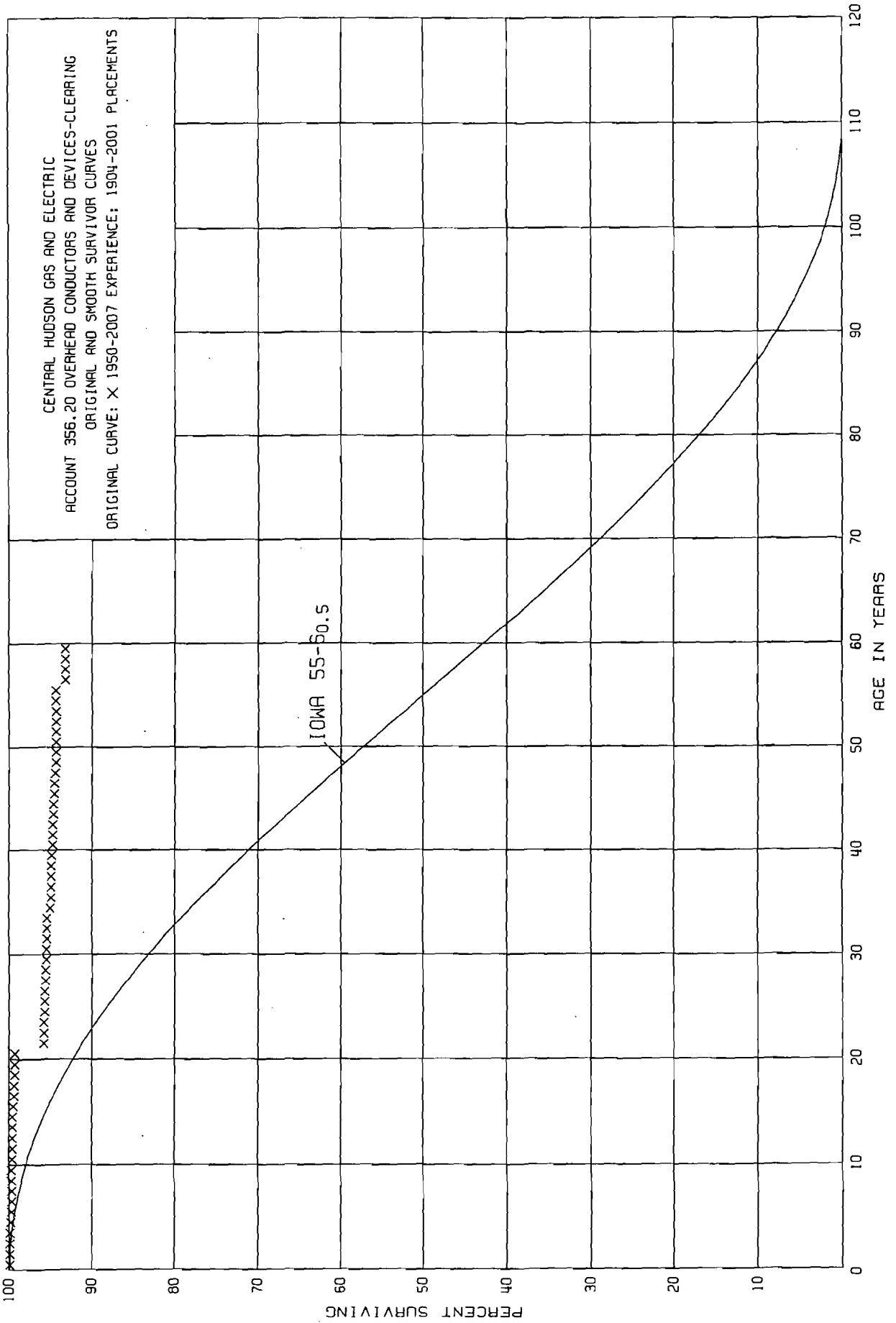
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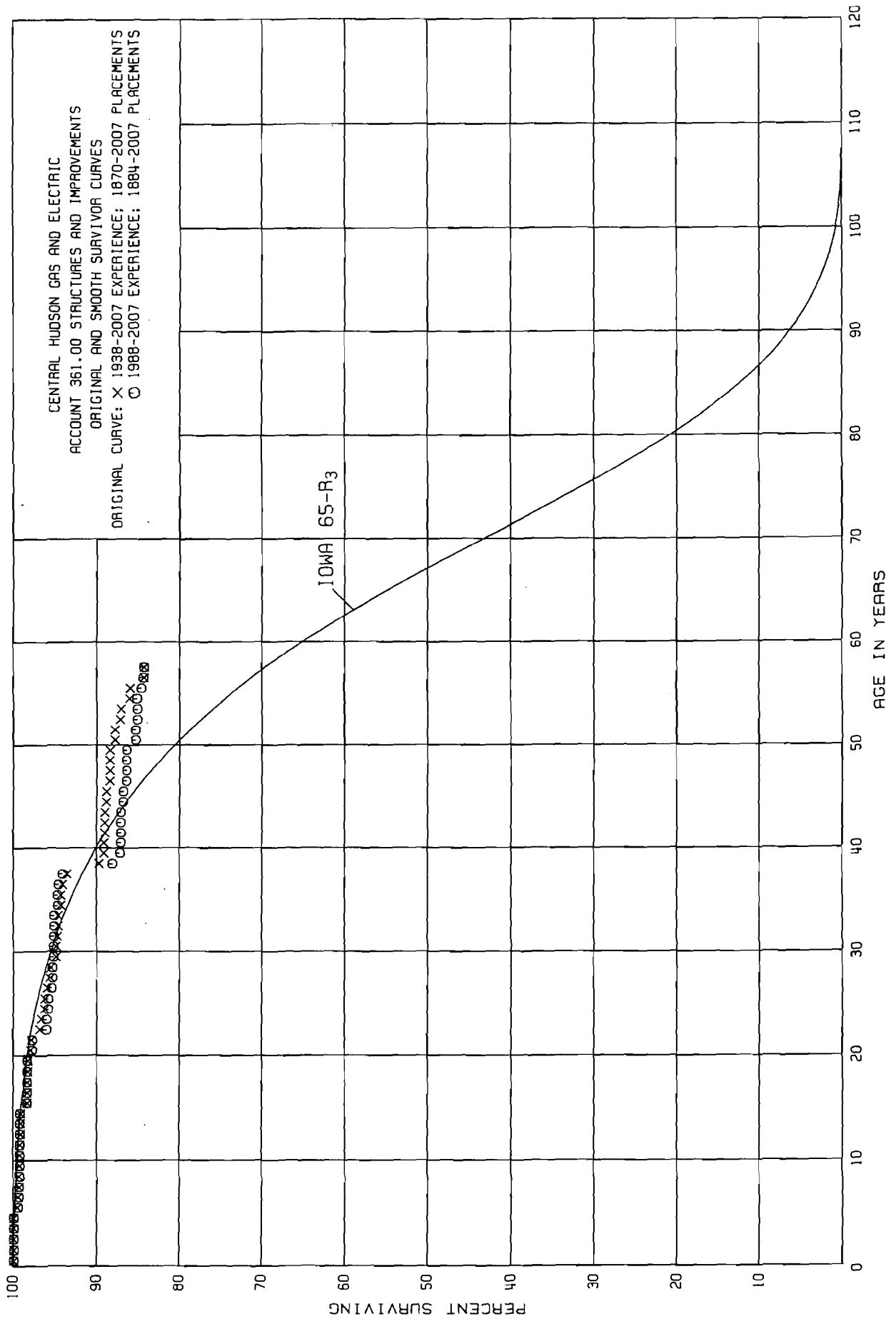












**CENTRAL HUDSON CASE 08-E-0788 DEPRECIATION  
SALVAGE ANALYSIS**

HYDRO	CURRENT		5yr avg	COMPANY PROPOSED		STAFF PROPOSED	
	% rate	accrual		% rate	accrual	% rate	accrual
334	-60	\$17,931	18,683	-60	\$19,724	-70	\$19,177
<b>TRANSMISSION</b>							
354	-30	\$13,788	\$8,728	-50	\$22,963	-50	\$13,788
355	-50	\$271,502	137,174	-65	\$388,249	-50	\$271,502
<b>DISTRIBUTION</b>							
361	-25	\$20,103	11,897	-35	\$34,639	-25	\$20,103
362	-20	\$367,085	163,876	-30	\$520,594	-20	\$347,063
364	-25	\$572,064	612,164	-35	\$800,890	-30	\$686,477
365	-30	\$646,731	407,656	-40	\$795,976	-30	\$646,731
366	-25	\$71,165	5,534	-30	\$85,398	-25	\$71,165
369	-75	\$461,655	158,944	-100	\$615,540	-75	\$400,101
369-21	-25	\$42,033	1,768	-30	\$50,439	-25	\$36,428
371	-15	\$30,697	15,876	-20	\$37,208	-15	\$24,558
373	-25	\$72,674	55,780	-30	\$87,209	-25	\$62,292
390	-30	\$5,713	15,435	-20	\$4,117	-40	\$7,617

Central Hudson Gas & Electric Corporation  
Case Nos. 08-E-0887 & 08-G-0888  
Response to Staff Information Request No. 216

From: Mostek  
Requested of: Accounting Panel  
Date of Request: 8/29/2008

**Mostek: For Central Hudson Accounting Panel**

216) Referring to Exhibit\_\_(AP-8), please provide the last five comparisons of the theoretical depreciation reserve (calculated accrued depreciation using the then current depreciation rates) and the book depreciation reserve by gas plant account prepared by the company.

**Response:**

Exhibit \_\_ (AP-8) shows two book depreciation reserve to theoretical (calculated) depreciation reserve comparisons for gas plant accounts, as well as all other plant accounts, as of December 31, 2007. One is based on the Company's actual plant investment as of that date and the currently effective depreciation factors approved by the Commission in Case 05-G-0935 and the other on the same plant investment base but using the depreciation factors proposed by the Company in this proceeding. The preceding five annually prepared comparisons based on actual gas plant investment as of December 31 and the then current depreciation factors as approved by the Commission are presented in the attached files. They are as of December 31 of the years 2002, 2003, 2004, 2005, and 2006 and labeled Gas Book to Theoretical 2002 –2006.

Date of Response: 9/16/08  
Response by: Accounting Panel

CENTRAL HUDSON GAS & ELECTRIC CORPORATION  
DEPRECIATION RESERVE ANALYSIS AT DECEMBER 31, 2002  
(EXCLUSIVE OF IROQUOIS  
WHICH IS BEING DEPRECIATED USING REMAINING LIFE METHOD)

		Depreciable	Reserves		Book/
		Plant In Service	Book	Theoretical	Theoretical
		12/31/2002	12/31/2002	12/31/2002	Ratio (%)
<u>GAS</u>					
<u>PRODUCTION</u>					
305	Structures & Improvements	812,604	370,529	288,195	128.6
311	Liquified Petroleum Gas Equip	3,984,147	2,488,192	2,344,611	106.1
320	Other Production Equipment	13,148	9,037	8,259	109.4
	Production Total	4,809,899	2,867,758	2,641,065	108.6
<u>STORAGE</u>					
362	Gas Holders	0	0	0	0.0
<u>TRANSMISSION</u>					
365.11&20	Land & Land Rights	942,294	586,343	533,704	109.9
366	Structures & Improvements	270,011	85,244	159,194	53.5
367	Mains	20,977,348	14,023,456	15,564,400	90.1
369.11	Station Equipment	4,552,980	1,998,622	1,256,804	159.0
369.12	Supervisory Equipment	410,085	97,528	136,265	71.6
	Transmission Total	27,152,718	16,791,193	17,650,367	95.1
<u>DISTRIBUTION</u>					
374.11	Land & Land Rights	156,492	60,864	61,541	98.9
375	Structures & Improvements	245,815	194,269	161,583	120.2
376	Mains	71,411,253	20,094,279	21,570,360	93.2
378.11	Station Equipment	5,200,330	2,337,154	1,538,595	151.9
378.12	Supervisory Equipment	82,672	52,909	25,895	204.3
380	Services	47,377,347	14,154,564	12,487,483	113.4
381	Meters	9,130,588	1,506,778	2,431,337	62.0
382	Meter Installations	8,421,316	2,671,492	2,708,237	98.6
383	House Regulators	299,800	351,128	147,567	237.9
384	House Regulators Installation	184,636	229,334	109,194	210.0
385	Industrial - Station Equipment	1,025,031	524,854	558,771	93.9
	Distribution Total	143,535,280	42,177,625	41,800,563	100.9
	Gas Total	175,497,897	61,836,576	62,091,995	99.6
	Interruptible Revenue Allocation		0		
	Total Gas Reserve Per Books		61,836,576		

CENTRAL HUDSON GAS & ELECTRIC CORPORATION  
DEPRECIATION RESERVE ANALYSIS AT DECEMBER 31, 2003  
(EXCLUSIVE OF IROQUOIS)  
WHICH IS BEING DEPRECIATED USING REMAINING LIFE METHOD)

		Depreciable	Reserves		Book/ Theoretical
		Plant In Service	Book	Theoretical	Theoretical
		12/31/2003	12/31/2003	12/31/2003	Ratio (%)
<u>ELECTRIC</u>					
<u>GAS</u>					
<u>PRODUCTION</u>					
305	Structures & Improvements	869,361	388,200	306,514	126.7
311	Liquified Petroleum Gas Equip	3,984,147	2,632,817	2,473,620	106.4
320	Other Production Equipment	13,148	9,563	8,523	112.2
	Production Total	4,866,656	3,030,580	2,788,657	108.7
<u>STORAGE</u>					
362	Gas Holders	0	0	0	0.0
<u>TRANSMISSION</u>					
365.11&20	Land & Land Rights	942,294	599,818	545,777	109.9
366	Structures & Improvements	270,011	94,235	166,090	56.7
367	Mains	20,953,334	14,609,141	16,036,422	91.1
369.11	Station Equipment	5,022,942	2,188,924	1,388,003	157.7
369.12	Supervisory Equipment	439,798	127,529	150,149	84.9
	Transmission Total	27,628,379	17,619,647	18,286,441	96.4
<u>DISTRIBUTION</u>					
374.11	Land & Land Rights	156,492	62,945	63,548	99.1
375	Structures & Improvements	245,815	201,373	164,797	122.2
376	Mains	75,367,810	21,337,012	22,832,375	93.5
378.11	Station Equipment	5,784,723	2,324,900	1,617,282	143.8
378.12	Supervisory Equipment	82,672	57,663	27,763	207.7
380	Services	50,885,115	15,210,517	13,421,139	113.3
381	Meters	9,759,582	1,610,237	2,552,221	63.1
382	Meter Installations	9,221,275	2,916,217	3,013,488	96.8
383	House Regulators	299,800	357,784	151,662	235.9
384	House Regulators Installation	194,739	234,399	115,846	202.3
385	Industrial - Station Equipment	1,058,984	555,252	585,980	94.8
	Distribution Total	153,057,007	44,868,299	44,546,101	100.7
	Gas Total	185,552,042	65,518,526	65,621,199	99.8
	Interruptible Revenue Allocation		0		
	Total Gas Reserve Per Books		65,518,526		

CENTRAL HUDSON GAS & ELECTRIC CORPORATION  
DEPRECIATION RESERVE ANALYSIS AT DECEMBER 31, 2004  
(EXCLUSIVE OF IROQUOIS)  
WHICH IS BEING DEPRECIATED USING REMAINING LIFE METHOD)

		Depreciable	Reserves		Book/ Theoretical
		Plant In Service	Book	Theoretical	Ratio (%)
		12/31/2004	12/31/2004	12/31/2004	
<u>GAS</u>					
<u>PRODUCTION</u>					
305	Structures & Improvements	991,122	413,019	329,124	125.5
311	Liquified Petroleum Gas Equip	3,997,998	2,710,793	2,584,921	104.9
320	Other Production Equipment	13,148	10,089	8,787	114.8
	Production Total	5,002,268	3,133,901	2,922,832	107.2
<u>STORAGE</u>					
362	Gas Holders	0	0	0	0.0
<u>TRANSMISSION</u>					
365.11&20	Land & Land Rights	952,294	613,365	557,904	109.9
366	Structures & Improvements	266,047	97,564	167,200	58.4
367	Mains	21,133,402	15,157,329	16,495,190	91.9
369.11	Station Equipment	5,457,828	2,215,303	1,452,694	152.5
369.12	Supervisory Equipment	425,581	114,789	149,231	76.9
	Transmission Total	28,235,152	18,198,350	18,822,219	96.7
<u>DISTRIBUTION</u>					
374.11	Land & Land Rights	181,485	65,193	65,714	99.2
375	Structures & Improvements	245,991	201,173	165,084	121.9
376	Mains	83,638,824	22,597,624	24,139,691	93.6
378.11	Station Equipment	6,856,885	1,820,541	1,604,951	113.4
378.12	Supervisory Equipment	80,969	59,241	28,141	210.5
380	Services	55,097,037	16,299,875	14,421,990	113.0
381	Meters	10,528,485	1,861,913	2,753,567	67.6
382	Meter Installations	9,759,296	3,107,364	3,207,395	96.9
383	House Regulators	299,800	357,784	155,693	229.8
384	House Regulators Installation	237,851	234,399	141,248	165.9
385	Industrial - Station Equipment	1,063,368	584,875	613,799	95.3
	Distribution Total	167,989,991	47,189,982	47,297,273	99.8
	Gas Total	201,227,411	68,522,233	69,042,324	99.2
	Interruptible Revenue Allocation		0		
	Total Gas Reserve Per Books		68,522,233		

CENTRAL HUDSON GAS & ELECTRIC CORPORATION  
DEPRECIATION RESERVE ANALYSIS AT DECEMBER 31, 2005  
(EXCLUSIVE OF IROQUOIS  
WHICH IS BEING DEPRECIATED USING REMAINING LIFE METHOD)

		Depreciable	Reserves		Book/
		Plant In Service	Book	Theoretical	Theoretical
		12/31/2005	12/31/2005	12/31/2005	Ratio (%)
<u>GAS</u>					
<u>PRODUCTION</u>					
305	Structures & Improvements	991,122	440,275	353,657	124.5
311	Liquified Petroleum Gas Equip	4,024,196	2,845,307	2,700,967	105.3
320	Other Production Equipment	13,148	10,615	9,052	117.3
	Production Total	5,028,466	3,296,197	3,063,676	107.6
<u>STORAGE</u>					
362	Gas Holders	0	0	0	0.0
<u>TRANSMISSION</u>					
365.11&20	Land & Land Rights	1,187,148	628,662	641,629	98.0
366	Structures & Improvements	266,047	106,423	173,827	61.2
367	Mains	21,211,473	15,808,409	17,046,491	92.7
369.11	Station Equipment	5,484,999	2,430,572	1,605,908	151.4
369.12	Supervisory Equipment	425,581	144,835	162,348	89.2
	Transmission Total	28,575,248	19,118,901	19,630,203	97.4
<u>DISTRIBUTION</u>					
374.11	Land & Land Rights	181,775	67,609	68,222	99.1
375	Structures & Improvements	245,991	208,282	168,247	123.8
376	Mains	88,052,139	23,670,135	25,492,926	92.8
378.11	Station Equipment	7,425,406	1,992,651	1,747,822	114.0
378.12	Supervisory Equipment	80,969	63,897	29,828	214.2
380	Services	60,188,756	17,390,251	15,496,075	112.2
381	Meters	10,948,218	2,053,773	2,928,765	70.1
382	Meter Installations	10,816,077	3,347,292	3,467,380	96.5
383	House Regulators	299,800	357,784	159,658	224.1
384	House Regulators Installation	237,851	237,851	145,428	163.6
385	Industrial - Station Equipment	1,067,306	621,640	642,090	96.8
	Distribution Total	179,544,288	50,011,165	50,346,441	99.3
	Gas Total	213,148,002	72,426,263	73,040,320	99.2
	Interruptible Revenue Allocation		0		
	Total Gas Reserve Per Books		72,426,263		

CENTRAL HUDSON GAS & ELECTRIC CORPORATION  
DEPRECIATION RESERVE ANALYSIS AT DECEMBER 31, 2006  
(EXCLUSIVE OF IROQUOIS  
WHICH IS BEING DEPRECIATED USING REMAINING LIFE METHOD)

		Depreciable	Reserves		Book/
		Plant In Service	Book	Theoretical	Theoretical
		12/31/2006	12/31/2006	12/31/2006	Ratio (%)
<u>GAS</u>					
<u>PRODUCTION</u>					
305	Structures & Improvements	991,122	461,188	223,639	206.2
311	Liquified Petroleum Gas Equip	4,136,083	2,948,130	1,975,263	149.3
320	Other Production Equipment	13,148	11,141	9,290	119.9
	Production Total	5,140,353	3,420,459	2,208,192	154.9
<u>STORAGE</u>					
362	Gas Holders	0	0	0	0.0
<u>TRANSMISSION</u>					
365.11&20	Land & Land Rights	1,187,148	645,629	656,636	98.3
366	Structures & Improvements	266,047	114,990	171,870	66.9
367	Mains	21,417,688	16,326,354	13,539,103	120.6
369.11	Station Equipment	5,580,993	2,644,095	1,919,695	137.7
369.12	Supervisory Equipment	425,581	174,050	217,790	79.9
	Transmission Total	28,877,457	19,905,118	16,505,094	120.6
<u>DISTRIBUTION</u>					
374.11	Land & Land Rights	181,775	70,116	68,537	102.3
375	Structures & Improvements	299,503	199,234	147,811	134.8
376	Mains	94,645,543	24,929,318	27,094,794	92.0
378.11	Station Equipment	7,686,805	2,215,285	2,133,613	103.8
378.12	Supervisory Equipment	80,969	67,775	23,967	282.8
380	Services	64,087,094	18,712,801	16,676,580	112.2
381	Meters	11,763,136	2,404,338	3,192,923	75.3
382	Meter Installations	11,224,036	3,646,827	2,934,376	124.3
383	House Regulators	299,800	363,837	138,828	262.1
384	House Regulators Installation	237,851	244,202	135,655	180.0
385	Industrial - Station Equipment	1,082,639	654,265	464,916	140.7
	Distribution Total	191,589,151	53,507,998	53,012,000	100.9
	Gas Total	225,606,961	76,833,575	71,725,286	107.1
	Interruptible Revenue Allocation		0		
	Total Gas Reserve Per Books		76,833,575		

Central Hudson Gas & Electric Corporation  
Case Nos. 08-E-0887 & 08-G-0888  
Response to Staff Information Request No. 348

**From: Dickens**

**Requested of: Accounting Panel**

**Date of Request: 9/18/2008**

**Dickens: For Central Hudson's Witness Accounting Panel (Witnesses Ortlieb and Komar):**

348) Exhibit ( AP-8), Schedule D contains a note " The following schedule reflects common plant accounts which are subject to the Vintage Accounting Method. The existing plant balances will continue to be depreciated using the current depreciation factors. Any additions to General equipment vintage property after the start of the rate year would be segregated in new accounts, as noted by the X's below and would be subject to the proposed rates." Staff notes that the proposed rates have a curve type of SQ.

- a) Please explain in more detail what is meant by the note and the type of curve and why it is being proposed for new additions.
- b) Please also provide support for the changes proposed.

**Response:**

- a) Please explain in more detail what is meant by the note and the type of curve and why it is being proposed for new additions.

Central Hudson currently uses the Vintage Method of retirement for certain common General Equipment (approved case 00-E-1273, 00-G-1274). This method is suitable for use with accounts subject to a high volume of transactions of relatively low individual item cost or relatively short useful lives. Under this method when plant attains the age, or life, determined for its particular plant account, all plant of that age will be fully depreciated. The Common Plant Accounts subject to this accounting are set forth below the footnote on Exhibit AP-8, Schedule D. These accounts represent a large number of assets, but a very small percentage of the depreciable plant for the Company. Thus, the property records are maintained by vintage and retired annually on the vintage basis only. Therefore, there is no dispersion of retirements by vintage. This type of life characteristic is supported by an "SQ" or Square curve. This means all assets of a particular vintage are retired at the same time. For example, if there is a 15-SQ curve for an account, then all plant dollars put into service in 1990 are retired at the end of 2005. These are the only retirements in year 2005. Utilizing this methodology assures a 6.67% rate for each year and 100% of recovery at the end of the amortization period. In referring to the portion of (AP-8), Schedule D in which General Equipment is displayed, note that there are two lines for each account description, the first line reflects the existing utility account original cost and the depreciation factors currently in place. Results of the depreciation study indicate that the factors for many of the accounts have changed. In order to minimize the impact on depreciation expense, which would occur by altering the

Central Hudson Gas & Electric Corporation  
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existing lives, Central Hudson proposes to continue depreciating currently held assets in the existing accounts at the present rates. Central Hudson further proposes that all new General Equipment assets be segregated into newly created sub-accounts, which would be subject to the new depreciation factors resulting from the study.

b) Please also provide support for the changes proposed.

The amortization periods set forth in the study are reasonable useful lives of the asset classes. These are comparable periods to other utilities across the United States and Canada. This practice has been in place for almost all utilities beginning in 1990.

Date of Response: 10/1/08  
Response by: Accounting Panel