

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

CASE 17-E- & CASE 17-G-

FINANCE PANEL

SCHEDULE OF EXHIBITS

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CENTRAL HUDSON GAS & ELECTRIC CORPORATION

CASE 17- E & CASE 17-G

FINANCE PANNEL

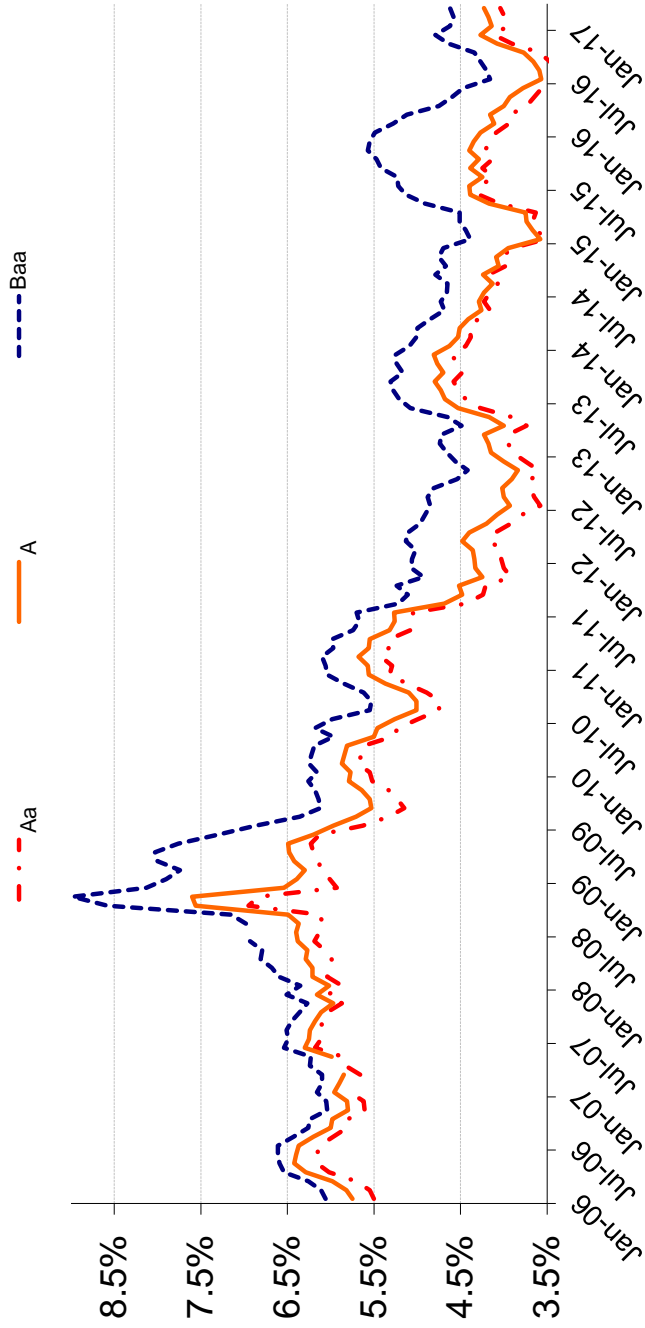
FINANCIAL INTEGRITY

- Schedule A - Public Utility Bond Yields
- Schedule B - Central Hudson Debt Ratings
- Schedule C - Fitch Ratings Press Release, July 2, 2015

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G

Public Utility Bond Yields

Jan '06 - March '17



Source: Mergent Bond Record, April 2017

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

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S&P AND MOODY'S DEBT RATINGS, 2007-2017

Year ⁽¹⁾	S&P Rating ⁽²⁾	Moody's Rating ⁽²⁾	Fitch Rating ⁽²⁾
2007	A	A2	A
2008	A	A2	A
2009	A	A3	A
2010	A	A3	A
2011	A	A3	A
2012	A	A3	A
2013	A	A3	A
2014	A	A2	A
2015	A	A2	A-
2016	A-	A2	A-
2017	A-	A2	A-

(1) All years shown are ratings at year-end, except 2017, which is June 30

(2) Ratings on Central Hudson's senior unsecured debt

FITCH DOWNGRADES CENTRAL HUDSON'S IDR TO 'BBB+'; OUTLOOK REVISED TO STABLE

Fitch Ratings-New York-02 July 2015: Fitch Ratings has downgraded Central Hudson Gas & Electric Co.'s (CHG&E) long-term Issuer Default Rating (IDR) to 'BBB+' from 'A-' and revised the Rating Outlook to Stable from Negative. In addition, Fitch has downgraded CHG&E's senior unsecured debt to 'A-' from 'A'. Fitch has also affirmed CHG&E's short-term IDR at 'F2'.

The ratings downgrade is driven by Fitch's expectation of continued deterioration of CHG&E's financial profile over the next several years, despite the beneficial impact of the recently approved multi-year rate plan. Based on Fitch's forecast, projected credit metrics are not supportive of an 'A' utility credit profile. The downtrend is largely due to incremental debt financings required to fund persistently elevated capex through 2019 and to the deferral of projected manufactured gas plant clean-up costs. The deferred costs result in a significant build-up of regulatory assets and generate lag in cash recovery.

The revision to a Stable Outlook reflects Fitch's expectations that CHG&E will operate its low-risk transmission and distribution (T&D) utility business in a conservative manner through cost control and commitment to maintain a balanced capital structure.

KEY RATING DRIVERS

Rising Capex: Management plans to spend approximately \$790 million in capital investment over 2015-2019, an increase of nearly 65% compared with the \$481 million spent over the previous five years. The high capex will require significant external funding that Fitch anticipates will pressure operating cash flows. Capital spending is primarily allocated toward the upgrade of T&D infrastructure, advanced grid initiatives, and heating oil to natural gas conversions. Capex also reflects accelerated investments in cast iron pipeline replacement projects. Fitch projects CHG&E's internally generated cash flows to fund on average 60% of capex requirements over the next five years, with the balance funded primarily with long-term debt issuances, and manage to a 50%-50% debt equity mix.

Relatively Balanced Rate Order: The recent order that results in the establishment of a three-year rate plan for CHG&E's electric and gas businesses is consistent with Fitch's prior rating case expectations and provides regulatory predictability through June 2018. The utility will continue to benefit from timely and full recovery of commodity costs and a revenue decoupling mechanism that insulates net margins from variation in sales, weather, and energy efficiency and conservation. In addition, the NYPSC approved the use of a storm reserve that will allow CHG&E to recover incremental storm-related costs on a timelier basis.

Under the multi-year plan, CHG&E will receive aggregate base rate increases for combined electric and gas service of approximately \$56 million over the period July 1, 2015 through June 30, 2018. However, the benefit of tariff increases will be largely offset by the NYPSC's use of approximately \$31 million of existing regulatory liabilities as one-time bill credits to moderate the immediate impact of the rate increase. The reliance on balancing accounts for rate setting protects earnings but does not provide immediate cash flows.

In addition, the 9% ROE authorized by the NYPSC is significantly below what was granted, on average, to utilities nationwide in 2014, and the multi-year plan does not include a tracker that accounts for the possibility of a future rise in interest rates.

Decline in Credit Metrics: Credit metrics are currently sound but are projected to weaken materially through the forecast period to levels that are more consistent with a 'BBB' utility credit profile. Fitch's rating case projects FFO lease-adjusted leverage to weaken by almost a full turn in 2015 to 4.2x and be above 4.5x in 2016 and beyond. Adjusted debt/EBITDAR is forecasted to remain near 4x while FFO fixed charge coverage is expected to be below 4x from 2015 to 2019. For the LTM period ended March 31, 2015, FFO adjusted leverage stood at 3.4x, adjusted debt/EBITDAR, 4x, and FFO fixed charge coverage, 4.7x.

REV-based Regulation: The future implementation of the 'Reforming the Energy Vision' (REV) initiative spearheaded by the NYPSC appears to be credit neutral at this time. Under a REV framework, rate plans that span over multiple years and provide long-term rate visibility could be favorable to utilities, in Fitch's view.

Furthermore, a successful penetration of distributed energy resources, one of REV's key objectives, could lead to reduced peak energy demand and allow utilities to scale back capital spending on costly infrastructure-related projects. This is particularly relevant in the case of CHG&E given its large capex cycle and funding requirements.

CHG&E has proposed four demonstration projects before the NYPSC that focus on investments in community solar, micro-grid, demand side management, and smart meters. Those projects, whose funding was determined as part of the 2015 rate order, must be approved by the NYPSC Staff.

KEY ASSUMPTIONS

Fitch's key assumptions within the rating case are as follows:

- Tariff increases per the 2015 rate order;
- Capital spending of approximately \$790 million over 2015-2019 excluding any REV-related investments;
- Core O&M kept relatively flat.

RATING SENSITIVITIES

Positive: Future developments that may, individually or collectively, lead to a positive rating action include:

Given the current downgrade, any positive rating action is unlikely in the near term. However, adjusted debt/EBITDAR below 3.5x on a sustained basis could lead to positive rating actions.

Negative: Future developments that may, individually or collectively, lead to a negative rating action include:

Negative regulatory developments including the inability to timely recover commodity costs or the termination of the revenue decoupling mechanism.

Sustained FFO adjusted leverage greater than 4.75x and adjusted debt/EBITDAR greater than 4.1x.

LIQUIDITY AND CAPITAL STRUCTURE

Fitch assesses CHG&E's ratings on a stand-alone basis under the Fortis corporate umbrella. The utility maintains a separate board, has its own bank credit facility, and can issue long-term debt on its own. The Fortis ownership does provide the utility with some financial flexibility with respect to parent equity infusions or upstream dividends. Fitch expects upstream dividend distributions to be relatively modest over the next five years during the high capex cycle.

Fitch considers liquidity to be adequate. CHG&E has access to a total capacity of \$150 million under a bank credit facility that expires in October 2016. At March 31, 2015, there was \$10 million of borrowings outstanding under the facility and \$34 million of cash and cash equivalents. Long-term debt maturities are considered to be manageable with \$8 million due in 2016, \$33 million due in 2017, and \$30 million due in 2018.

FULL LIST OF RATING ACTIONS

Fitch has taken the following rating actions on CHG&E:

- Long-term IDR downgraded to 'BBB+' from 'A-';
- Senior unsecured debt downgraded to 'A-' from 'A';
- Short-term debt affirmed at 'F2'.

The Outlook is revised to Stable from Negative.

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Applicable Criteria

Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage (pub. 28 May 2014)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=749393

Recovery Ratings and Notching Criteria for Utilities (pub. 05 Mar 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=863298

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CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G

FINANCE PANEL
RATING AGENCY REPORTS

The following exhibits contain copyrighted material

- Schedule A - Moody's Investor's Service, Credit Opinion: Central Hudson Gas & Electric Corporation, July 12, 2016
- Schedule B - S&P Global Ratings, Research Update: Central Hudson Gas & Electric Corp 'A-' Rating Affirmed; Outlook Stable, April 3, 2017
- Schedule C - Fitch Ratings, Full Rating Report: Central Hudson Gas & Electric Corp., April 17, 2017
- Schedule D - S&P Global Ratings, Research Update: Central Hudson Gas & Electric Corp Rating Lowered to 'A-' on Average Management of Regulatory Risk, Outlook Stable, June 21, 2016
- Schedule E - Moody's Investor's Service, Rating Methodology: Regulated Electric and Gas Utilities, December 23, 2013
- Schedule F - Standard & Poor's Ratings Services, Ratings Direct, Corporate Methodology, November 19, 2013
- Schedule G - Standard & Poor's Ratings Services, Ratings Direct, Key Factors for the Regulated Utilities Industry, November 19, 2013
- Schedule H - Fitch Ratings, Rating U.S. Utilities, Power and Gas Companies, March 11, 2014

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Information presented in EXHIBIT _ (FP - 2) SCHEDULE H
filed under separate seal with the Records Access Officer

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

CASE 17-E & CASE 17-G

FINANCE PANEL

CASH REQUIREMENTS

- Schedule A - Forecast of Cash Requirements for the Twelve Months Ending June 30, 2019, 2020 and 2021
- Schedule B - Forecast of Cash Requirements, 2017 - 2021
- Schedule C - Forecast of Capital Expenditures, 2017 - 2021, and the Twelve Months Ending June 30, 2019, 2020 and 2021
- Schedule D - Cash Requirements, 2012 - 2016

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
FORECAST OF CASH REQUIREMENTS
TWELVE MONTHS ENDING JUNE 30, 2019, 2020 AND 2021
(\$000)

	Twelve Months Ending		
	6/30/2019	6/30/2020	6/30/2021
<u>Capital Expenditures</u>			
Construction Expenditures	\$ 236,100	\$ 220,100	\$ 209,100
Cost of Removal	9,200	9,800	10,200
Total Capital Expenditure	\$ 245,300	\$ 229,900	\$ 219,300
 <u>Internal Funds Available</u>			
Depreciation Accruals	60,200	67,400	73,800
Deferred Income Taxes	39,900	35,800	26,600
Retained Earnings	61,600	53,000	67,100
Net Pension & OPEB Accrual & Deferral	8,400	4,200	2,900
Energy Efficiency Programs- NYSERDA	(10,500)	(3,200)	-
Total Internal Funds	159,600	157,200	170,400
 <u>Balance of Capital Expenditures to be Financed</u>	85,700	72,700	48,900
 <u>Mandatory Refunding of Long Term Debt</u>	30,000	27,000	40,000
 <u>Other Cash Requirements</u>			
Contribution - Pension & OPEB	16,600	3,900	3,600
Deferred SIR Expenditures	10,000	(200)	(8,300)
Other	2,200	6,800	8,000
Total	28,800	10,500	3,300
 Total Cash Requirements	\$ 144,500	\$ 110,200	\$ 92,200

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
FORECAST OF CASH REQUIREMENTS
2017 - 2021
(\$000)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total 2017 - 2021</u>
<u>Capital Expenditures</u>						
Construction Expenditures	\$ 173,200	\$ 210,900	\$ 226,500	\$ 212,500	\$ 208,100	\$ 1,031,200
Cost of Removal	<u>8,900</u>	<u>9,400</u>	<u>9,100</u>	<u>10,600</u>	<u>10,200</u>	<u>48,200</u>
Total Capital Expenditure	\$ 182,100	\$ 220,300	\$ 235,600	\$ 223,100	\$ 218,300	\$ 1,079,400
<u>Internal Funds Available</u>						
Depreciation Accruals	51,900	56,600	63,700	71,000	76,600	319,800
Deferred Income Taxes	31,200	39,100	40,600	31,000	22,100	164,000
Retained Earnings	35,700	58,600	69,500	63,600	60,100	287,500
Net Pension & OPEB Accrual & Deferral	13,800	11,400	5,300	3,000	2,700	36,200
Energy Efficiency Programs- NYSERDA	<u>32,100</u>	<u>(14,500)</u>	<u>(6,400)</u>	<u>-</u>	<u>-</u>	<u>11,200</u>
Total Internal Funds	164,700	151,200	172,700	168,600	161,500	818,700
<u>Balance of Capital Expenditures to be Financed</u>	17,400	69,100	62,900	54,500	56,800	260,700
<u>Mandatory Refunding of Long Term Debt</u>	33,000	30,000	27,000	40,000	44,200	174,200
<u>Other Cash Requirements</u>						
Contribution - Pension & OPEB	15,500	15,700	16,600	3,900	3,600	55,300
Deferred SIR Expenditures	5,300	12,000	7,900	(8,200)	(8,300)	8,700
Other	<u>27,600</u>	<u>1,200</u>	<u>3,200</u>	<u>10,300</u>	<u>5,700</u>	<u>48,000</u>
Total	48,400	28,900	27,700	6,000	1,000	112,000
Total Cash Requirements (rounded)	<u>\$ 98,800</u>	<u>\$ 128,000</u>	<u>\$ 117,600</u>	<u>\$ 100,500</u>	<u>\$ 102,000</u>	<u>\$ 546,900</u>

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
FORECAST OF CAPITAL EXPENDITURES
2017 - 2021
(\$000)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Total <u>2017 - 2021</u>
Capital Expenditures: (a)						
Electric Department	\$ 88,600	\$ 93,500	\$ 97,000	\$ 102,600	\$ 98,600	\$ 480,300
Gas Department	55,100	58,600	61,800	59,000	65,700	300,200
Common Department	29,500	58,800	67,700	50,900	43,800	250,700
Total Program	<u>\$ 173,200</u>	<u>\$ 210,900</u>	<u>\$ 226,500</u>	<u>\$ 212,500</u>	<u>\$ 208,100</u>	<u>\$ 1,031,200</u>

Cost of Removal

COR - Electric	\$ 6,500	\$ 7,400	\$ 7,500	\$ 9,000	\$ 8,500	\$ 38,900
COR - Gas	2,500	1,800	1,800	1,800	1,900	9,800
COR - Common	(100)	200	(200)	(200)	(200)	(500)
Total Cost of Removal	<u>\$ 8,900</u>	<u>\$ 9,400</u>	<u>\$ 9,100</u>	<u>\$ 10,600</u>	<u>\$ 10,200</u>	<u>\$ 48,200</u>

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
FORECAST OF CAPITAL EXPENDITURES
TWELVE MONTHS ENDING JUNE 30, 2019, 2020 AND 2021
(\$000)

	<u>Twelve Months Ending</u>		
	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>
Capital Expenditures: (a)			
Electric Department	\$ 96,800	\$ 102,500	\$ 100,700
Gas Department	66,900	60,200	60,800
Common Department	72,400	57,400	47,600
Total Program	<u>\$ 236,100</u>	<u>\$ 220,100</u>	<u>\$ 209,100</u>

Cost of Removal

COR - Electric	\$ 7,200	\$ 8,200	\$ 8,500
COR - Gas	1,800	1,800	1,900
	200	(200)	(200)
Total Cost of Removal	<u>\$ 9,200</u>	<u>\$ 9,800</u>	<u>\$ 10,200</u>

(a) Excluding allowance for funds used during construction.

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
CASH REQUIREMENTS
2012 - 2016 (a)
(\$000)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total 2012 - 2016</u>
<u>Capital Expenditures</u>						
Total Capital Expenditures	\$ 108,759	\$ 115,187	\$ 111,487	\$ 144,886	\$ 172,628	\$ 652,947
<u>Internal Funds Available</u>						
Depreciation + Amortization	38,139	40,218	43,859	44,074	46,509	212,799
Net Pension & OPEB Accrual & Deferral	29,599	27,404	27,400	20,532	13,013	117,948
Deferred Income Taxes	27,154	8,812	10,976	22,777	34,726	104,445
Retained Earnings	24,304	(1,793)	28,844	21,064	28,120	100,539
Energy Efficiency Programs - NYSERDA	-	-	929	(2,079)	29,967	28,817
Amortization of regulatory assets	4,610	4,554	4,554	27	-	13,745
Total Internal Funds	123,806	79,195	116,562	106,395	152,335	578,293
<u>Balance of Construction Requirements to be Financed</u>	(15,047)	35,992	(5,075)	38,491	20,293	74,654
<u>Mandatory Refunding of Long Term Debt</u>	36,000	46,700	14,000	-	8,000	104,700
<u>Optional Refunding of Long Term Securities</u>						
Preferred Stock	12,180	9,653	-	-	-	21,833
<u>Equity infusion</u>	-	40,000	-	-	-	40,000
<u>Other Cash Requirements</u>						
Pension and OPEB Contributions	31,848	29,535	19,224	23,600	2,632	106,839
Reg. Liab. Rate Moderation	1,107	-	-	6,173	16,108	23,388
Storm Deferral	6,183	(3,450)	5,108	51	(132)	7,760
Prepaid Income Taxes	(1,084)	7,522	8,289	22,528	(29,576)	7,679
Deferred SIR Expenditures	(1,657)	1,453	(4,202)	(2,873)	11,598	4,319
Deferred natural gas and electric costs	592	9,726	8,389	(20,095)	4,747	3,359
PSC tax surcharge and general assessment	(1,132)	(2,220)	(1,185)	109	(784)	(5,212)
Revenue decoupling mechanism	2,534	(4,730)	1,860	(9,210)	(6,990)	(16,536)
Provision for Uncollectibles	(5,616)	(3,484)	(6,645)	(7,598)	(4,181)	(27,524)
Positive Benefit Adjustment Expense	-	(40,000)	-	-	-	(40,000)
Other	(17,239)	9,976	(13,687)	8,192	(1,602)	(14,360)
Total	15,536	4,328	17,151	20,877	(8,180)	49,712
Total Cash Requirements	\$ 48,669	\$ 56,673	\$ 26,076	\$ 59,368	\$ 20,113	\$ 210,899

(a) Source: CH Energy Group Annual Report, Years 2012, 2013, 2014, 2015 and 2016

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

CASE 17-E & CASE 17-G

FINANCE PANEL

FINANCING PROGRAM

Schedule A - Financing Program, Twelve Months Ending June 30,
2019, 2020 and 2021

Schedule B - Financing Program, 2017 -2021

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
FINANCING PROGRAM
TWELVE MONTHS ENDING JUNE 30, 2016, 2017 AND 2018
(\$000)

	<u>Twelve Months Ending</u>		
	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>
<u>Cash Requirements</u>	<u>\$ 144,500</u>	<u>\$ 110,200</u>	<u>\$ 92,200</u>
<u>Financing Program</u>			
Unsecured Senior Debt	118,000	107,000	95,000
Net Equity Infusion	21,000	6,000	-
Short Term Debt	-	-	-
Net Change in Cash on Hand	<u>(5,500)</u>	<u>2,800</u>	<u>2,800</u>
Total	<u>\$ 139,000</u>	<u>\$ 113,000</u>	<u>\$ 95,000</u>
<u>Short Term Debt Outstanding</u>			
Outstanding at Beginning of Year	\$ -	\$ -	\$ -
Increase (Decrease) During Year	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
FINANCING PROGRAM
2017 - 2021
(\$000)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u> <u>2017 - 2021</u>
<u>Cash Requirements</u>	\$ 98,800	\$ 128,000	\$ 117,600	\$ 100,500	\$ 102,000	\$ 546,900
<u>Financing Program</u>						
Unsecured Senior Debt	71,000	113,000	103,000	104,000	105,000	496,000
Net Equity Infusion	-	21,000	6,000	-	-	27,000
Short Term Debt	<u>19,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Net Change in Cash on Hand	(8,800)	7,000	(8,600)	3,500	3,000	(3,900)
Total	<u>\$ 90,000</u>	<u>\$ 135,000</u>	<u>\$ 109,000</u>	<u>\$ 104,000</u>	<u>\$ 105,000</u>	<u>\$ 543,000</u>
<u>Short Term Debt Outstanding</u>						
Outstanding at Beginning of Year	\$ -	\$ 19,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Increase (Decrease) During Year	<u>19,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Outstanding at End of Year	\$ 19,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

CASE 17-E & CASE 17-G

FINANCE PANEL

CAPITALIZATION AND CAPITALIZATION RATIOS

Schedule A -	Actual Capitalization and Capitalization Ratios, June 30, 2017	Preliminary
Schedule B -	Actual Capitalization and Capitalization Ratios, 2012 - 2016	
Schedule C -	Forecast of Capitalization and Capitalization Ratios, 2017 - 2021	
Schedule D -	New York State Electric Utilities: Authorized Common Equity Ratios, Allowed ROE, and Debt Ratings	
Schedule E -	Credit Ratings Forecast Scenarios	

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
CAPITALIZATION AND CAPITALIZATION RATIOS
12-MONTHS ENDING JUNE 30, 2017 AND JUNE 30, 2017
(\$000)

	Actual Balance at December 31, 2016	Preliminary Actual 12 month Average ending June 30, 2017	Preliminary Actual Balance at June 30, 2017
<u>Capitalization</u>			
Long Term Debt ⁽¹⁾	\$ 571,950	\$ 571,950	\$ 571,950
Unamortized Debt Issuance Cost	-	-	-
Total Long Term Debt	<u>571,950</u>	<u>571,950</u>	<u>571,950</u>
Preferred Stock	-	-	-
Common Stock	319,630	319,630	319,630
Retained Earnings	<u>265,640</u>	<u>267,367</u>	<u>280,813</u>
Total Common Equity	585,270	586,997	600,443
Total Capitalization	<u>\$ 1,157,220</u>	<u>\$ 1,158,947</u>	<u>\$ 1,172,393</u>
Short Term Debt	-	-	-
Total (Financial)	<u>\$ 1,157,220</u>	<u>\$ 1,158,947</u>	<u>\$ 1,172,393</u>
Customer Deposits	7,639	7,639	7,639
Total (Ratemaking)	<u>\$ 1,164,859</u>	<u>\$ 1,166,586</u>	<u>\$ 1,180,032</u>
<u>Capitalization Ratios (Financial)</u>			
Long Term Debt	49.4%	49.4%	48.8%
Short Term Debt	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Total Debt	49.4%	49.4%	48.8%
Preferred Stock	0.0%	0.0%	0.0%
Common Equity	<u>50.6%</u>	<u>50.6%</u>	<u>51.2%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>Capitalization Ratios (Ratemaking)</u>			
Long Term Debt	49.1%	49.0%	48.5%
Customer Deposits	0.7%	0.7%	0.6%
Preferred Stock	0.0%	0.0%	0.0%
Common Equity	<u>50.2%</u>	<u>50.3%</u>	<u>50.9%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(1) Includes Current Maturities of Long Term Debt

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
CAPITALIZATION AND CAPITALIZATION RATIOS
AT DECEMBER 31, 2012 - 2016
(\$000)

	Actual <u>2012</u>	Actual <u>2013</u>	Actual <u>2014</u>	Actual <u>2015</u>	Actual <u>2016</u>
<u>Capitalization</u>					
Long Term Debt ⁽¹⁾	\$ 489,950	\$ 489,950	\$ 505,950	\$ 525,950	\$ 571,950
Unamortized Debt Issuance Cost	-	-	-	-	-
Total Long Term Debt	<u>489,950</u>	<u>489,950</u>	<u>505,950</u>	<u>525,950</u>	<u>571,950</u>
Preferred Stock	9,027	-	-	-	-
Common Stock	279,492	319,630	319,630	319,630	319,630
Retained Earnings	<u>190,169</u>	<u>187,612</u>	<u>216,456</u>	<u>237,520</u>	<u>265,640</u>
Total Common Equity	469,661	507,242	536,086	557,150	585,270
Total Capitalization	<u>\$ 968,638</u>	<u>\$ 997,192</u>	<u>\$ 1,042,036</u>	<u>\$ 1,083,100</u>	<u>\$ 1,157,220</u>
Short Term Debt	-	-	-	27,000	-
Total (Financial)	<u>\$ 968,638</u>	<u>\$ 997,192</u>	<u>\$ 1,042,036</u>	<u>\$ 1,110,100</u>	<u>\$ 1,157,220</u>
Customer Deposits	7,069	6,818	6,948	8,366	7,639
Total (Ratemaking)	<u>\$ 975,707</u>	<u>\$ 1,004,010</u>	<u>\$ 1,048,984</u>	<u>\$ 1,091,466</u>	<u>\$ 1,164,859</u>
<u>Capitalization Ratios (Financial)</u>					
Long Term Debt	50.6%	49.1%	48.6%	47.4%	49.4%
Short Term Debt	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>2.4%</u>	<u>0.0%</u>
Total Debt	50.6%	49.1%	48.6%	49.8%	49.4%
Preferred Stock	0.9%	0.0%	0.0%	0.0%	0.0%
Common Equity	<u>48.5%</u>	<u>50.9%</u>	<u>51.4%</u>	<u>50.2%</u>	<u>50.6%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>Capitalization Ratios (Ratemaking)</u>					
Long Term Debt	50.2%	48.8%	48.2%	48.2%	49.1%
Customer Deposits	0.7%	0.7%	0.7%	0.8%	0.7%
Preferred Stock	0.9%	0.0%	0.0%	0.0%	0.0%
Common Equity	<u>48.1%</u>	<u>50.5%</u>	<u>51.1%</u>	<u>51.0%</u>	<u>50.2%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(1) Includes Current Maturities of Long Term Debt

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
CAPITALIZATION AND CAPITALIZATION RATIO
AT DECEMBER 31, 2017 - 2021
(\$000)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Capitalization</u>					
Long Term Debt ⁽¹⁾	\$ 610,000	\$ 693,000	\$ 769,000	\$ 833,000	\$ 893,800
Preferred Stock	-	-	-	-	-
Common Stock	319,600	340,600	346,600	346,600	346,600
Retained Earnings	<u>301,400</u>	<u>360,000</u>	<u>429,400</u>	<u>493,000</u>	<u>553,200</u>
Total Common Equity	621,000	700,600	776,000	839,600	899,800
Total Capitalization	<u>\$ 1,231,000</u>	<u>\$ 1,393,600</u>	<u>\$ 1,545,000</u>	<u>\$ 1,672,600</u>	<u>\$ 1,793,600</u>
Short Term Debt	19,000	20,000	20,000	20,000	20,000
Total (Financial)	<u>\$ 1,250,000</u>	<u>\$ 1,413,600</u>	<u>\$ 1,565,000</u>	<u>\$ 1,692,600</u>	<u>\$ 1,813,600</u>
Customer Deposits	7,639	7,639	7,639	7,639	7,639
Total (Ratemaking)	<u>\$ 1,238,639</u>	<u>\$ 1,401,239</u>	<u>\$ 1,552,639</u>	<u>\$ 1,680,239</u>	<u>\$ 1,801,239</u>
<u>Capitalization Ratios (Financial)</u>					
Long Term Debt	48.8%	49.0%	49.1%	49.2%	49.3%
Short Term Debt	<u>1.5%</u>	<u>1.4%</u>	<u>1.3%</u>	<u>1.2%</u>	<u>1.1%</u>
Total Debt	50.3%	50.4%	50.4%	50.4%	50.4%
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%
Common Equity	<u>49.7%</u>	<u>49.6%</u>	<u>49.6%</u>	<u>49.6%</u>	<u>49.6%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>Capitalization Ratios (Ratemaking)</u>					
Long Term Debt	49.2%	49.5%	49.52%	49.6%	49.6%
Customer Deposits	0.6%	0.5%	0.5%	0.5%	0.4%
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%
Common Equity	<u>50.1%</u>	<u>50.0%</u>	<u>50.0%</u>	<u>50.0%</u>	<u>50.0%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(1) Includes Current Maturities of Long Term Debt

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G

NEW YORK STATE ELECTRIC UTILITIES

AUTHORIZED COMMON EQUITY RATIOS, ALLOWED ROE, AND DEBT RATINGS

<u>Company</u>	<u>Authorized Common Equity Ratio^(a)</u>	<u>Allowed ROE^(a)</u>	<u>Authorization Date</u>	<u>S&P Debt Rating^{(a)(b)}</u>	<u>S&P Debt Outlook^{(a)(b)}</u>	<u>Moody's Debt Rating^{(a)(b)}</u>	<u>Moody's Debt Outlook^{(a)(b)}</u>
Central Hudson Gas and Electric Corp.	48.00%	9.00%	Jun-15	A-	Stable	A2	Stable
New York State Electric and Gas Corp.	48.00%	9.00%	Jun-16	BBB+	Stable	A3	Stable
Orange & Rockland Utilities, Inc.	48.00%	9.00%	Oct-15	A-	Stable	A3	Stable
Consolidated Edison Company of New York, Inc.	48.00%	9.00%	Jan-17	A-	Stable	A3	Stable
Rochester Gas and Electric Corp.	48.00%	9.00%	Jun-16	A-	Stable	Baa1	Positive
Niagra Mohawk Power Corp.	48.00%	9.30%	Mar-13	A-	Stable	A2	Stable

Notes: (a) Source: SNL Interactive

(b) Ratings are senior unsecured debt ratings with the exception of Rochester Gas and Electric, which are issuer ratings

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
CREDIT RATING FORECAST SCENARIOS: QUANTITATIVE

	LTM 3/31/2016		2019 Forecast		2019 Forecast	
	Central Hudson	Central Hudson	Central Hudson	Central Hudson	Central Hudson	Central Hudson
	"Current" View	ROE of 9% & 48% Equity	ROE of 9% & 48% Equity	ROE of 9% & 48% Equity	ROE of 9% & 48% Equity	ROE of 9% & 48% Equity
Moody's Framework from Recent Credit Opinions	Assigned Score	Assigned Score	Assigned Score	Assigned Score	Assigned Score	Assigned Score
Measure and Assigned Score from credit opinions	Measure	Measure	Measure	Measure	Measure	Measure
Estimated Weighted Score is estimated from Table 1	Score	Score	Score	Score	Score	Score

- Factor 1: Regulatory Framework (25%)
- a) Legislative and Judicial Underpinnings of the Regulatory Framework (12.5%)
 - b) Consistency and Predictability of Regulation (12.5%)
- Factor 2: Ability To Recover Costs And Earn Returns (25%)
- a) Timeliness of Recovery of Operating and Capital Costs (12.5%)
 - b) Sufficiency of Rates and Returns (12.5%)
- Factor 3: Diversification (10%) *
- a) Market Position (10%)
 - b) Generation and Fuel Diversity (0%)

Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)

- a) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)
- b) CFO pre-WC / Debt (3 Year Avg) (15%)
- c) CFO pre-WC - Dividends / Debt (3 Year Avg) (10%)
- d) Debt/Capitalization (3 Year Avg) (7.5%)

Rating:

- a) Indicated Rating from Grid (Table 1)
- b) Actual Rating Assigned

Notching Adjustment (0-3):

Holding Company Structural Subordination

* Diversification weighting: for companies with no generation full 10% applied to market position; otherwise Market Position 5% and Generation and Fuel Diversity 5%

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

CASE 17-E & CASE 17-G

CREDIT RATING FORECAST SCENARIOS: QUALITATIVE
HYPOTHETICAL ONE-NOTCH DOWNGRADE OF QUALITATIVE FACTORS

Moody's Framework from Recent Credit Opinions	LTM 3/31/2016		2019 Forecast		2019 Forecast	
	Central Hudson	"Current" View	Central Hudson	Central Hudson	Central Hudson	Central Hudson
Measure and Assigned Score from credit opinions <i>Estimated Weighted Score is estimated from Table 1</i>	Measure	Assigned Score	Measure	Assigned Score	Measure	Assigned Score
Factor 1: Regulatory Framework (25%)						
a) Legislative and Judicial Underpinnings of the Regulatory Framework (12.5%)		A2		A3		A3
b) Consistency and Predictability of Regulation (12.5%)		A2		A3		A3
Factor 2: Ability To Recover Costs And Earn Returns (25%)						
a) Timeliness of Recovery of Operating and Capital Costs (12.5%)		Aa2		Aa3		Aa3
b) Sufficiency of Rates and Returns (12.5%)		Baa2		Baa3		Baa3
Factor 3: Diversification (10%) *						
a) Market Position (10%)		Ba2		Ba2		Ba2
b) Generation and Fuel Diversity (0%)		n/a		n/a		n/a
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)						
a) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	5.1x	A2	5.2x	A2	5.6x	A2
b) CFO pre-WC / Debt (3 Year Avg) (15%)	23%	A2	18%	Baa2	20%	A3
c) CFO pre-WC - Dividends / Debt (3 Year Avg) (10%)	19%	A2	14%	Baa2	21%	A2
d) Debt/Capitalization (3 Year Avg) (7.5%)	46%	A2	40%	A1	39%	Aa
Rating:						
a) Indicated Rating from Grid (Table 1)		A2		Baa1		A3
b) Actual Rating Assigned		A2		Baa1		A3
Notching Adjustment (0-3):						
Holding Company Structural Subordination		0		0		0

* Diversification weighting: for companies with no generation full 10% applied to market position; otherwise Market Position 5% and Generation and Fuel Diversity 5%

Report issued by Moody's as of July 12, 2016

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

CASE 17-E & CASE 17-G

FINANCE PANEL

DEBT COST

FOR THE TWELVE MONTHS ENDING JUNE 30, 2019, 2020 AND 2021

Schedule A - Long Term Debt - Average Capitalization and Cost

Schedule B - Interest rate forecast

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
LONG TERM DEBT - AVERAGE CAPITALIZATION AND COST
FOR THE TWELVE MONTHS ENDING JUNE 30, 2019
(\$,000)

Long Term Debt Outstanding Issues	Maturity Date (1)	Interest Rate % (2)	Principal Amount Outstanding 6/30/2018 (3)	Charges During Rate Year (4)	Months Outstanding (5)	Average Amount Outstanding During Rate Year (6)	Interest Expense During Rate Year (7)
1999 Series B Variable [1]	July 1, 2034	2.45	33,700	-	12	33,700	826
2004 Series E @ 5.05%	November 4, 2019	5.05	27,000	-	12	27,000	1,364
2005 Series E @ 5.84%	December 5, 2035	5.84	24,000	-	12	24,000	1,402
2006 Series E @ 5.76%	November 17, 2031	5.76	27,000	-	12	27,000	1,555
2007 Series F @ 5.80%	March 23, 2037	5.80	33,000	-	12	33,000	1,915
2009 Series F @ 5.80%	November 1, 2039	5.80	24,000	-	12	24,000	1,392
2010 Series G @ 4.15%	April 1, 2021	4.15	44,150	-	12	44,150	1,832
2010 Series G @ 5.716%	April 1, 2041	5.72	30,000	-	12	30,000	1,715
2011 Series G @ 3.378%	April 1, 2022	3.38	23,400	-	12	23,400	790
2011 Series G @ 4.707%	April 1, 2042	4.71	10,000	-	12	10,000	471
2012 Series G @ 4.776%	April 1, 2042	4.78	48,000	-	12	48,000	2,292
2012 Series G @ 4.065%	October 1, 2042	4.07	24,000	-	12	24,000	976
2010 Series A @ 4.30%	September 21, 2020	4.30	16,000	-	12	16,000	688
2010 Series B @ 5.64%	September 21, 2040	5.64	24,000	-	12	24,000	1,354
2013 Series C @ 2.45%	November 1, 2018	2.45	30,000	(30,000)	8	20,000	490
2013 Series D @ 4.09%	December 2, 2028	4.09	16,700	-	12	16,700	683
2014 Series E Variable [1]	March 26, 2024	3.45	30,000	-	12	30,000	1,035
2015 Series F @ 2.98%	March 31, 2025	2.98	20,000	-	12	20,000	596
2016 Series G @ 2.16%	September 21, 2020	2.16	24,000	-	12	24,000	518
2016 Series H @ 2.56%	October 28, 2026	2.56	10,000	-	12	10,000	256
2016 Series I @ 3.63%	October 28, 2046	3.63	20,000	-	12	20,000	726
2017 New Issuance @ 4.2%	August 1, 2037	4.20	48,000	-	12	48,000	2,016
2017 New Issuance @ 4.2%	December 1, 2037	4.20	23,000	-	12	23,000	966
2018 New Issuance @ 4.7%	January 30, 2038	4.70	30,000	-	12	30,000	1,410
2018 New Issuance @ 4.7%	June 1, 2038	4.70	25,000	-	12	25,000	1,175
2018 New Issuance @ 4.7%	October 1, 2038	4.70	-	25,000	9	18,750	881
2018 New Issuance @ 4.7%	December 1, 2038	4.70	-	33,000	7	19,250	905
2019 New Issuance @ 5.1%	June 1, 2038	5.10	-	60,000	1	5,000	255
Average Long Term Debt Outstanding			664,950	88,000		\$ 697,950	\$ 30,484
Interest Charges for the Rate Year							925
Plus: Amortization of Debt Discount and Expense							-
Less: Amortization of Premium on Debt							-
Total Cost of Debt Amount							\$ 31,409
% of Average Long Term Debt Outstanding							4.50%

[1] Assumes no Credit Rating downgrade. A one notch downgrade projected to be 12.5 Bbps

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
LONG TERM DEBT - AVERAGE CAPITALIZATION AND COST
FOR THE TWELVE MONTHS ENDING JUNE 30, 2020
(\$000)

Long Term Debt Outstanding Issues	Maturity Date (1)	Interest Rate % (2)	Principal Amount Outstanding 6/30/2019 (3)	Charges During Rate Year (4)	Months Outstanding (5)	Average Amount Outstanding During Rate Year (6)	Interest Expense During Rate Year (7)
1999 Series B Variable [1]	July 1, 2034	3.05	33,700	-	12	33,700	1,028
2004 Series E @ 5.05%	November 4, 2019	5.05	27,000	(27,000)	4	9,000	455
2005 Series E @ 5.84%	December 5, 2035	5.84	24,000	-	12	24,000	1,402
2006 Series E @ 5.76%	November 17, 2031	5.76	27,000	-	12	27,000	1,555
2007 Series F @ 5.80%	March 23, 2037	5.80	33,000	-	12	33,000	1,915
2009 Series F @ 5.80%	November 1, 2039	5.80	24,000	-	12	24,000	1,392
2010 Series G @ 4.15%	April 1, 2021	4.15	44,150	-	12	44,150	1,832
2010 Series G @ 5.716%	April 1, 2041	5.72	30,000	-	12	30,000	1,715
2011 Series G @ 3.378%	April 1, 2022	3.38	23,400	-	12	23,400	790
2011 Series G @ 4.707%	April 1, 2042	4.71	10,000	-	12	10,000	471
2012 Series G @ 4.776%	April 1, 2042	4.78	48,000	-	12	48,000	2,292
2012 Series G @ 4.065%	October 1, 2042	4.07	24,000	-	12	24,000	976
2010 Series A @ 4.30%	September 21, 2020	4.30	16,000	-	12	16,000	688
2010 Series B @ 5.64%	September 21, 2040	5.64	24,000	-	12	24,000	1,354
2013 Series D @ 4.09%	December 2, 2028	4.09	16,700	-	12	16,700	683
2014 Series E Variable [1]	March 26, 2024	3.95	30,000	-	12	30,000	1,185
2015 Series F @ 2.98%	March 31, 2025	2.98	20,000	-	12	20,000	596
2016 Series G @ 2.16%	September 21, 2020	2.16	24,000	-	12	24,000	518
2016 Series H @ 2.56%	October 28, 2026	2.56	10,000	-	12	10,000	256
2016 Series I @ 3.63%	October 28, 2046	3.63	20,000	-	12	20,000	726
2017 New Issuance @4.2%	August 1, 2037	4.20	48,000	-	12	48,000	2,016
2017 New Issuance @4.2%	December 1, 2037	4.20	23,000	-	12	23,000	966
2018 New Issuance @4.7%	January 30, 2038	4.70	30,000	-	12	30,000	1,410
2018 New Issuance @4.7%	June 1, 2038	4.70	25,000	-	12	25,000	1,175
2018 New Issuance @4.7%	October 1, 2038	4.70	25,000	-	12	25,000	1,175
2018 New Issuance @4.7%	December 1, 2038	4.70	33,000	-	12	33,000	1,551
2019 New Issuance @5.1%	June 1, 2038	5.10	60,000	-	12	60,000	3,060
2019 New Issuance @5.1%	December 1, 2039	5.10	-	43,000	7	25,083	1,279
2020 New Issuance @5.3%	May 15, 2040	5.30	-	64,000	2	8,000	424
Average Long Term Debt Outstanding			752,950	80,000		\$ 768,033	\$ 34,885
Interest Charges for the Rate Year							929
Plus: Amortization of Debt Discount and Expense							-
Less: Amortization of Premium on Debt							-
Total Cost of Debt Amount							\$ 35,814
% of Average Long Term Debt Outstanding							4.66%

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

CASE 17-E & CASE 17-G

INTEREST RATE FORECAST ¹

2017 - 2021

-

Source: Dec 2016 Blue Chip Financial Forecast (BCFF) provided 2018-2021
Dec 2016, Jan 2017, and Feb 2017 Blue Chip Financial Forecasts aggregated for 2017 Quarterly Data unless otherwise noted

2017

Interest Rate Forecast 1	1Q 2017	2Q 2017	3Q 2017	4Q 2017	2017	2018	2019	2020	2021
Federal Funds Rate	0.7%	0.8%	1.0%	1.1%	0.9%	1.8%	2.4%	2.8%	3.0%
LIBOR, 3-month	1.1%	1.2%	1.4%	1.5%	1.3%	2.1%	2.8%	3.1%	3.2%
Commercial Paper, 1-month	0.7%	0.9%	1.1%	1.2%	1.0%	2.0%	2.7%	3.1%	3.2%
Treasury Note, 10-year	2.4%	2.5%	2.7%	2.8%	2.6%	3.1%	3.5%	3.8%	3.9%
Treasury Note, 30-year	3.1%	3.2%	3.3%	3.4%	3.3%	3.8%	4.1%	4.3%	4.4%
CHG&E STD	1.7%	1.8%	2.0%	2.1%	1.9%	2.7%	3.4%	3.7%	3.8%
CHG&E STI	0.7%	0.8%	1.0%	1.1%	0.9%	1.8%	2.4%	2.8%	3.0%
CHG&E ARS	0.7%	0.9%	1.2%	1.3%	1.0%	2.1%	2.8%	3.3%	3.4%
CHG&E FRD	2.1%	2.2%	2.4%	2.5%	2.3%	3.1%	3.8%	4.1%	4.2%
CHG&E Senior Note	3.5%	3.6%	3.8%	3.9%	3.7%	4.2%	4.6%	4.9%	5.0%
CHG&E Senior Note	4.0%	4.1%	4.3%	4.4%	4.2%	4.7%	5.1%	5.3%	5.4%
CHG&E Senior Note	4.5%	4.6%	4.7%	4.8%	4.7%	5.2%	5.5%	5.7%	5.8%
CHG&E Customer Deposit Rate	0.4%	0.4%	0.4%	0.4%	0.4%	2.0%	2.5%	2.9%	3.2%
CHG&E Other Customer Provided Capital	2.1%	2.1%	2.1%	2.1%	2.1%	3.7%	4.2%	4.6%	4.9%
CHEC STI	0.7%	0.8%	1.0%	1.1%	0.9%	1.8%	2.4%	2.8%	3.0%
CHEG STD	1.8%	1.9%	2.1%	2.2%	2.0%	2.8%	3.5%	3.8%	3.9%

Footnotes:

- 1 All projected rates are premised on a Corporate Credit Rating of A/A2 by S&P and Moody's respectively.
- 2 1-Month Libor not forecasted by BCFF; 15 bps downward adjustment to 3-Month Libor, to reflect historical 1-month v. 3-month Libor spreads.
- 3 Assumes 40% tax rate.
- 4 Assumes 20 bps in 2017, 75% of federal funds rate thereafter.
- 5 Assumes no Credit Rating downgrade.
- 6 Maximum interest set at 5.0% through 4-1-2019 through Interest Rate Cap.
- 7 Maximum interest set at 4.0% through 3-31-2017 through Interest Rate Cap.
- 8 2017 is the PSC issued rate; Composite yield of intermediate-term A-rated bonds in the prior year, less costs of Administering the deposit of 1.75% per annum.
- 9 2017 is the PSC issued rate; Composite yield of intermediate-term A-rated bonds in the prior year, no additional adjustment for administrative costs

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

CASE 17-E & CASE 17-G

FINANCE PANEL

AVERAGE COST OF CAPITAL

FOR THE TWELVE MONTHS ENDING JUNE 30, 2016, 2017 AND 2018

Schedule A - Average Cost of Capital

Schedule B - Calculation of Average Common Equity

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
AVERAGE COST OF CAPITAL
FOR THE TWELVE MONTHS ENDING JUNE 30, 2019
(\$000)

	Amount (1)	Percent of Capitalization (2)	Cost Rate (3)	Weighted Cost of Capital (4)	Pre-tax Weighted Cost of Capital (5)
Long Term Debt	\$ 697,950	49.5%	4.50%	2.23%	2.23%
Customer Deposits*	7,639	0.5%	2.20%	0.01%	0.01%
Common Equity	<u>705,878</u>	<u>50.0%</u>	<u>9.50%</u>	<u>4.75%</u>	<u>7.82%</u>
Total	<u>\$ 1,411,467</u>	<u>100.0%</u>		<u>6.99%</u>	<u>10.06%</u>

* Actual balance as of December 2016.

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
AVERAGE COST OF CAPITAL
FOR THE TWELVE MONTHS ENDING JUNE 30, 2020
(\$000)

	<u>Amount</u> (1)	<u>Percent</u> of <u>Capitalization</u> (2)	<u>Cost</u> <u>Rate</u> (3)	<u>Weighted</u> <u>Cost of</u> <u>Capital</u> (4)	<u>Pre-tax</u> <u>Weighted</u> <u>Cost of</u> <u>Capital</u> (5)
Long Term Debt	\$ 768,033	49.5%	4.66%	2.31%	2.31%
Customer Deposits	7,639	0.5%	2.65%	0.01%	0.01%
Common Equity	<u>774,587</u>	<u>50.0%</u>	<u>9.50%</u>	<u>4.75%</u>	<u>7.81%</u>
Total	<u>\$ 1,550,259</u>	<u>100.0%</u>		<u>7.07%</u>	<u>10.13%</u>

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
AVERAGE COST OF CAPITAL
FOR THE TWELVE MONTHS ENDING JUNE 30, 2021
(\$000)

	Amount (1)	Percent of Capitalization (2)	Cost Rate (3)	Weighted Cost of Capital (4)	Pre-tax Weighted Cost of Capital (5)
Long Term Debt	\$ 830,867	49.5%	4.80%	2.38%	2.38%
Customer Deposits	7,639	0.5%	3.00%	0.01%	0.01%
Common Equity	<u>838,103</u>	<u>50.0%</u>	<u>9.50%</u>	<u>4.75%</u>	<u>7.81%</u>
Total	<u>\$ 1,676,608</u>	<u>100.0%</u>		<u>7.14%</u>	<u>10.20%</u>

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
CALCULATION OF AVERAGE COMMON EQUITY FOR THE
TWELVE MONTHS ENDING DECEMBER 31, 2016, 2017 and
2018.(\$000)

	Common Stock (1)	Retained Earnings (2)	Total Common Equity (1)+(2)
Balance - December 31, 2016 - Ratemaking	\$ 319,630	\$ 265,640	\$ 585,270
<u>Twelve Months Ending December 31, 2017</u>			
January 31	319,630	268,118	\$ 587,748
February 28	319,630	273,965	\$ 593,595
March 31	319,630	278,955	\$ 598,585
April 30	319,630	278,324	\$ 597,954
May 31	319,630	281,868	\$ 601,498
June 30 (Actual)	319,630	280,813	\$ 600,443
July 31	319,630	285,813	\$ 605,443
August 31	319,630	290,313	\$ 609,943
September 30	319,630	294,313	\$ 613,943
October 31	319,630	292,313	\$ 611,943
November 30	319,630	296,313	\$ 615,943
December 31	319,630	301,399	\$ 621,029
Average for Twelve Months Ending December 31, 2017	319,630	285,209	604,839
Adjustment for Retained Earnings		16,190	16,190
Balance - December 31, 2017 - Ratemaking	319,630	301,399	621,029
<u>Twelve Months Ending December 31, 2018</u>			
January 31	319,630	306,399	\$ 626,029
February 28	319,630	311,399	\$ 631,029
March 31	319,630	316,399	\$ 636,029
April 30	319,630	321,399	\$ 641,029
May 31	319,630	327,399	\$ 647,029
June 30	319,630	333,399	\$ 653,029
July 31	340,630	337,399	\$ 678,029
August 31	340,630	342,399	\$ 683,029
September 30	340,630	347,399	\$ 688,029
October 31	340,630	350,976	\$ 691,606
November 30	340,630	354,976	\$ 695,606
December 31	340,630	359,976	\$ 700,606
Average for Twelve Months Ending December 31, 2018	330,130	334,127	664,257
Average for Twelve Months Ending June 30, 2018	319,630	306,405	626,035

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CASE 17-E & CASE 17-G
CALCULATION OF AVERAGE COMMON EQUITY FOR THE
TWELVE MONTHS ENDING June 30, 2019, 2020, and 2021
(\$000)

	Common Stock (1)	Retained Earnings (2)		Total Common Equity (1)+(2)
<u>Six Months Ending June 30, 2019</u>				
January 31	340,630	364,976	\$	705,606
February 28	340,630	374,976	\$	715,606
March 31	340,630	379,976	\$	720,606
April 30	340,630	384,976	\$	725,606
May 31	340,630	389,976	\$	730,606
June 30	340,630	394,976	\$	735,606
Average for Twelve Months Ending June 30, 2019	<u>340,630</u>	<u>365,248</u>		<u>705,878</u>
<u>Six Months Ending December 30, 2019</u>				
July 31	346,630	399,976	\$	746,606
August 31	346,630	407,976	\$	754,606
September 30	346,630	412,976	\$	759,606
October 31	346,630	417,976	\$	764,606
November 30	346,630	422,976	\$	769,606
December 31	346,630	429,443	\$	776,073
Average for Twelve Months Ending December 31, 2019	<u>343,630</u>	<u>398,432</u>		<u>742,062</u>
<u>Six Months Ending June 30, 2020</u>				
January 31	346,630	438,443	\$	785,073
February 28	346,630	443,443	\$	790,073
March 31	346,630	433,443	\$	780,073
April 30	346,630	437,943	\$	784,573
May 31	346,630	442,943	\$	789,573
June 30	346,630	447,943	\$	794,573
Average for Twelve Months Ending June 30, 2020	<u>346,630</u>	<u>427,957</u>		<u>774,587</u>
<u>Six Months Ending December 30, 2020</u>				
July 31	346,630	456,943	\$	803,573
August 31	346,630	464,943	\$	811,573
September 30	346,630	474,943	\$	821,573
October 31	346,630	481,943	\$	828,573
November 30	346,630	486,943	\$	833,573
December 31	346,630	492,994	\$	839,624
Average for Twelve Months Ending December 31, 2020	<u>346,630</u>	<u>458,572</u>		<u>805,202</u>
<u>Six Months Ending June 30, 2021</u>				
January 31	346,630	499,994	\$	846,624
February 28	346,630	508,994	\$	855,624
March 31	346,630	499,994	\$	846,624
April 30	346,630	504,994	\$	851,624
May 31	346,630	509,994	\$	856,624
June 30	346,630	514,994	\$	861,624
Average for Twelve Months Ending June 30, 2021	<u>346,630</u>	<u>491,473</u>		<u>838,103</u>