

CENTRAL HUDSON GAS & ELECTRIC CORP
Form 10-Q
November 02, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended.....September 30, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from.....to.....

<u>Commission File Number</u>	<u>Registrant, State of Incorporation Address and Telephone Number</u>	<u>IRS Employer Identification No.</u>
0-30512	CH Energy Group, Inc. (Incorporated in New York) 284 South Avenue Poughkeepsie, New York 12601-4879 (845) 452-2000	14-1804460
1-3268	Central Hudson Gas & Electric Corporation (Incorporated in New York) 284 South Avenue Poughkeepsie, New York 12601-4879 (845) 452-2000	14-0555980

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether CH Energy Group, Inc. is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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Indicate by check mark whether Central Hudson Gas & Electric Corporation is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check One):

Large Accelerated Filer **Accelerated Filer** **Non-Accelerated Filer**

Indicate by check mark whether CH Energy Group, Inc. is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes **No**

Indicate by check mark whether Central Hudson Gas & Electric Corporation is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes **No**

As of the close of business on November 1, 2007, (i) CH Energy Group, Inc. had outstanding 15,762,000 shares of Common Stock (\$0.10 per share par value) and (ii) all of the outstanding 16,862,087 shares of Common Stock (\$5 per share par value) of Central Hudson Gas & Electric Corporation were held by CH Energy Group, Inc.

CENTRAL HUDSON GAS & ELECTRIC CORPORATION MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTIONS (H)(1)(a) AND (b) OF FORM 10-Q AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTIONS (H)(2)(a), (b) AND (c).

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FORM 10-Q FOR THE QUARTER ENDED September 30, 2007

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Filing Format

This Quarterly Report on Form 10-Q is a combined quarterly report being filed by two different registrants: CH Energy Group, Inc. (CH Energy Group) and Central Hudson Gas & Electric Corporation (Central Hudson), a wholly owned subsidiary of CH Energy Group. Except where the content clearly indicates otherwise, any reference in this report to CH Energy Group includes all subsidiaries of CH Energy Group, including Central Hudson. Central Hudson makes no representation as to the information contained in this report in relation to CH Energy Group and its subsidiaries other than Central Hudson.

PART I - FINANCIAL INFORMATIONItem I - Consolidated Financial Statements

CH ENERGY GROUP, INC.
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

For the 3 Months Ended September 30,
2007 **2006**

(Thousands of Dollars)

Operating Revenues		
Electric	\$ 167,949	\$ 154,723
Natural gas	21,622	18,384
Competitive business subsidiaries	70,545	66,713
	<u>260,116</u>	<u>239,820</u>
Operating Expenses		
Operation:		
Purchased electricity and fuel used in electric generation	107,706	95,665
Purchased natural gas	13,579	10,663
Purchased petroleum	54,247	52,651
Other expenses of operation - regulated activities	38,589	31,698
Other expenses of operation - competitive business subsidiaries	17,409	12,668
Depreciation and amortization	8,956	8,843
Taxes, other than income tax	8,990	8,968
	<u>249,476</u>	<u>221,156</u>
Operating Income	<u>10,640</u>	<u>18,664</u>
Other Income and Deductions		
Income from unconsolidated affiliates	171	334
Interest on regulatory assets and investment income	1,685	1,968
Other - net		(93)
	<u>1,856</u>	<u>2,209</u>
Total Other Income	<u>1,856</u>	<u>2,209</u>
Interest Charges		
Interest on long-term debt	4,616	4,115
Interest on regulatory liabilities and other interest	1,340	1,147
	<u>5,956</u>	<u>5,262</u>
Total Interest Charges	<u>5,956</u>	<u>5,262</u>
Income Before Income Taxes and Preferred Dividends of Subsidiary	<u>6,540</u>	<u>15,611</u>
Income Taxes	<u>1,885</u>	<u>4,392</u>
Minority Interest	<u>84</u>	<u>7</u>

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Income Before Preferred Dividends of Subsidiary	4,571	11,212
Cumulative Preferred Stock Dividends of Subsidiary	242	242
Net Income	4,329	10,970
Dividends Declared on Common Stock (Note 1)		8,511
Balance Retained in the Business	\$ 4,329	\$ 2,459
Common Stock:		
Average Shares Outstanding - Basic	15,762	15,762
- Diluted	15,785	15,777
Earnings Per Share - Basic	\$ 0.27	\$ 0.70
- Diluted	\$ 0.27	\$ 0.70
Dividends Declared Per Share (Note 1)	\$ 0.00	\$ 0.54

See Notes to Consolidated Financial Statements

PART I - FINANCIAL INFORMATIONItem I - Consolidated Financial Statements

CH ENERGY GROUP, INC.
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

For the 9 Months Ended September 30,
2007 **2006**

(Thousands of Dollars)

Operating Revenues		
Electric	\$ 470,069	\$ 398,700
Natural gas	126,055	125,651
Competitive business subsidiaries	278,354	246,592
	<hr/>	<hr/>
Total Operating Revenues	874,478	770,943
	<hr/>	<hr/>
Operating Expenses		
Operation:		
Purchased electricity and fuel used in electric generation	298,974	245,114
Purchased natural gas	84,841	87,718
Purchased petroleum	209,625	193,022
Other expenses of operation - regulated activities	115,747	90,193
Other expenses of operation - competitive business subsidiaries	53,958	43,222
Depreciation and amortization	27,086	26,920
Taxes, other than income tax	26,137	25,089
	<hr/>	<hr/>
Total Operating Expenses	816,368	711,278
	<hr/>	<hr/>
Operating Income	58,110	59,665
	<hr/>	<hr/>
Other Income and Deductions		
Income from unconsolidated affiliates	1,715	1,265
Interest on regulatory assets and investment income	6,079	7,660
Other - net	(1,018)	(127)
	<hr/>	<hr/>
Total Other Income	6,776	8,798
	<hr/>	<hr/>
Interest Charges		
Interest on long-term debt	13,603	12,139
Interest on regulatory liabilities and other interest	3,212	3,130
	<hr/>	<hr/>
Total Interest Charges	16,815	15,269
	<hr/>	<hr/>
Income Before Income Taxes and Preferred Dividends of Subsidiary	48,071	53,194
Income Taxes	16,141	19,250
Minority Interest	(13)	(121)
	<hr/>	<hr/>

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Income Before Preferred Dividends of Subsidiary	31,943	34,065
Cumulative Preferred Stock Dividends of Subsidiary	727	727
	<u> </u>	<u> </u>
Net Income	31,216	33,338
Dividends Declared on Common Stock (Note 1)	17,023	25,534
	<u> </u>	<u> </u>
Balance Retained in the Business	\$ 14,193	\$ 7,804
	<u> </u>	<u> </u>
Common Stock:		
Average Shares Outstanding - Basic	15,762	15,762
- Diluted	15,786	15,776
Earnings Per Share - Basic	\$ 1.98	\$ 2.12
- Diluted	\$ 1.97	\$ 2.11
Dividends Declared Per Share (Note 1)	\$ 1.08	\$ 1.62

See Notes to Consolidated Financial Statements

CH ENERGY GROUP, INC.
 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 (UNAUDITED)

	For the 3 Months Ended September 30,	
	2007	2006
	(Thousands of Dollars)	
Net Income	\$ 4,329	\$ 10,970
Other Comprehensive Income:		
Net unrealized gains (losses) net of tax and net income realization:		
FAS 133 Designated Cash Flow Hedges - net of tax of \$(57) and \$118	86	(177)
Investments - net of tax of \$(4) and \$(139)	6	209
Other comprehensive income	92	32
Comprehensive Income	\$ 4,421	\$ 11,002

	For the 9 Months Ended September 30,	
	2007	2006
	(Thousands of Dollars)	
Net Income	\$ 31,216	\$ 33,338
Other Comprehensive Income:		
Net unrealized gains (losses) net of tax and net income realization:		
FAS 133 Designated Cash Flow Hedges - net of tax of \$(302) and \$107	453	(160)
Investments - net of tax of \$(401) and \$(223)	601	335
Other comprehensive income	1,054	175
Comprehensive Income	\$ 32,270	\$ 33,513

See Notes to Consolidated Financial Statements

CH ENERGY GROUP, INC.
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

ASSETS	September 30, 2007	December 31, 2006	September 30, 2006
(Thousands of Dollars)			
Utility Plant			
Electric	\$ 798,503	\$ 768,808	\$ 754,429
Natural gas	244,166	239,317	234,103
Common	115,343	112,426	112,173
	<u>1,158,012</u>	<u>1,120,551</u>	<u>1,100,705</u>
Less: Accumulated depreciation	353,867	344,540	346,395
	<u>804,145</u>	<u>776,011</u>	<u>754,310</u>
Construction work in progress	60,868	51,041	55,952
	<u>865,013</u>	<u>827,052</u>	<u>810,262</u>
Other Property and Plant - net	30,131	33,822	33,713
Current Assets			
Cash and cash equivalents	27,603	24,121	32,195
Short-term investments - available-for-sale securities	20,250	42,611	40,281
Accounts receivable - net of allowance for doubtful accounts of \$4.5 million, \$5.8 million, and \$5.2 million, respectively	101,907	80,862	73,116
Accrued unbilled utility revenues	7,826	9,772	7,122
Other receivables	4,785	7,706	6,017
Fuel, materials and supplies	38,170	27,930	30,530
Regulatory assets	38,332	31,332	20,759
Prepaid income taxes	4,443	11,244	
Fair value of derivative instruments	143		54
Special deposits and prepayments	28,422	23,655	25,666
Accumulated deferred income tax	6,011	5,875	15,925
	<u>277,892</u>	<u>265,108</u>	<u>251,665</u>
Deferred Charges and Other Assets			
Regulatory assets - related to pension plan costs	88,147	99,281	46,273
Regulatory assets - related to other post-employment benefit (OPEB) costs	30,394	36,392	
Regulatory assets	84,520	83,102	90,483
Intangible asset - pension plan			18,148
Goodwill	58,450	52,828	52,742
Other intangible assets - net	34,508	27,550	27,560
Unamortized debt expense	4,370	4,041	3,721
Investments in unconsolidated affiliates	12,676	12,651	12,354

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Other	24,575	18,705	18,594
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Charges and Other Assets	337,640	334,550	269,875
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 1,510,676	\$ 1,460,532	\$ 1,365,515
	<u> </u>	<u> </u>	<u> </u>

See Notes to Consolidated Financial Statements

CH ENERGY GROUP, INC.
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

CAPITALIZATION AND LIABILITIES	September 30, 2007	December 31, 2006	September 30, 2006
	_____	_____	_____
	(Thousands of Dollars)		
Capitalization			
Common Stock Equity:			
Common stock, 30,000,000 shares authorized:			
15,762,000 shares outstanding, 16,862,087 shares issued,			
\$0.10 par value			
	\$ 1,686	\$ 1,686	\$ 1,686
Paid-in capital	351,230	351,230	351,230
Retained earnings	221,248	207,055	205,821
Treasury stock (1,100,087 shares)	(46,252)	(46,252)	(46,252)
Accumulated comprehensive income (loss)	525	(529)	(345)
Capital stock expense	(328)	(328)	(328)
	_____	_____	_____
Total Common Shareholders Equity	528,109	512,862	511,812
	_____	_____	_____
Cumulative Preferred Stock			
Not subject to mandatory redemption	21,027	21,027	21,027
	_____	_____	_____
Long-term debt	403,891	337,889	310,888
	_____	_____	_____
Total Capitalization	953,027	871,778	843,727
	_____	_____	_____
Current Liabilities			
Current maturities of long-term debt		33,000	33,000
Notes payable	36,000	13,000	30,000
Accounts payable	38,480	41,840	30,692
Accrued interest	3,432	5,645	3,162
Dividends payable	242	8,754	8,754
Accrued vacation and payroll	6,586	5,963	5,957
Customer advances	22,785	25,732	21,710
Customer deposits	8,065	7,954	7,894
Regulatory liabilities	12,226	21,651	23,409
Fair value of derivative instruments	7,284	3,582	6,717
Accrued environmental remediation costs	2,562	3,400	3,500
Accrued income taxes			759
Deferred revenues	5,724	5,455	4,383
Other	15,052	14,112	11,776
	_____	_____	_____
Total Current Liabilities	158,438	190,088	191,713
	_____	_____	_____
Deferred Credits and Other Liabilities			
Regulatory liabilities	105,382	107,796	106,151
Operating reserves	5,219	4,906	5,422
Accrued environmental remediation costs	15,542	17,354	17,932
Accrued OPEB costs	70,217	68,818	29,875
Accrued pension costs	43,823	47,299	16,032
Other	13,808	12,566	12,903

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Total Deferred Credits and Other Liabilities	253,991	258,739	188,315
Minority Interest	1,454	1,481	1,501
Accumulated Deferred Income Tax	143,766	138,446	140,259
Commitments and Contingencies (Note 11)			
Total Capitalization and Liabilities	\$ 1,510,676	\$ 1,460,532	\$ 1,365,515

See Notes to Consolidated Financial Statements

CH ENERGY GROUP, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For the 9 Months Ended September 30,	
	2007	2006
Operating Activities:		
	(Thousands of Dollars)	
Net Income	\$ 31,216	\$ 33,338
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,085	26,920
Deferred income taxes - net	5,369	6,987
Provision for uncollectibles	3,989	4,506
Undistributed equity in earnings of unconsolidated affiliates	(225)	515
Pension expense	9,760	(5,120)
OPEB expense	7,761	2,970
Regulatory liability - rate moderation	(15,426)	(7,976)
Minority interest	(13)	(121)
Gain on sale of property and plant	(627)	(2,913)
Changes in operating assets and liabilities - net of business acquisitions:		
Accounts receivable, unbilled revenues and other receivables	(20,167)	28,648
Fuel, materials and supplies	(8,809)	(2,085)
Special deposits and prepayments	(4,767)	(5,148)
Prepaid income taxes	6,801	
Pension plan contribution	(5,800)	
OPEB contribution	(4,747)	(3,300)
Accounts payable	(1,749)	(24,416)
Accrued taxes and interest	(2,213)	(1,235)
Customer advances	(2,947)	11,933
Regulatory liability - MGP site remediations	(4,805)	(251)
Deferred natural gas and electric costs	(598)	16,493
Customer benefit fund		(3,205)
Other - net	11,668	(3,821)
	30,756	72,719
Net Cash Provided by Operating Activities		
Investing Activities:		
Purchase of short-term investments	(54,451)	(29,731)
Proceeds from sale of short-term investments	76,812	31,550
Proceeds from sale of property and plant	4,574	3,205
Additions to utility plant and other property and plant	(61,599)	(50,827)
Issuance of notes receivable	(3,993)	(2,105)
Proceeds from repayment of notes receivable		1,750
Acquisitions made by competitive business subsidiaries	(17,705)	(13,910)
Other - net	(779)	(4,300)
	(57,141)	(64,368)
Net Cash Used in Investing Activities		
Financing Activities:		

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Redemption of long-term debt	(33,000)	
Proceeds from issuance of long-term debt	66,000	
Net borrowings of short-term debt	23,000	
Dividends paid on common stock	(25,535)	(25,534)
Debt issuance costs	(598)	(32)
	<u> </u>	<u> </u>
Net Cash Provided by (Used in) Financing Activities	29,867	(25,566)
	<u> </u>	<u> </u>
Net Change in Cash and Cash Equivalents	3,482	(17,215)
	<u> </u>	<u> </u>
Cash and Cash Equivalents - Beginning of Year	24,121	49,410
	<u> </u>	<u> </u>
Cash and Cash Equivalents - End of Period	\$ 27,603	\$ 32,195
	<u> </u>	<u> </u>
Supplemental Disclosure of Cash Flow Information and Non-Cash Investing Activities		
Interest paid	\$ 17,442	\$ 18,360
Federal and state income tax paid	\$ 24,818	\$ 10,784
Additions to plant included in accounts payable	\$ 2,599	\$ 3,411

See Notes to Consolidated Financial Statements

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

	For the 3 Months Ended September 30,	
	2007	2006
	(Thousands of Dollars)	
Operating Revenues		
Electric	\$ 167,949	\$ 154,723
Natural gas	21,622	18,384
	<u>189,571</u>	<u>173,107</u>
Operating Expenses		
Operation:		
Purchased electricity and fuel used in electric generation	106,255	94,392
Purchased natural gas	13,579	10,663
Other expenses of operation	38,589	31,698
Depreciation and amortization	7,083	7,070
Taxes, other than income tax	8,864	8,877
	<u>174,370</u>	<u>152,700</u>
Operating Income	15,201	20,407
Other Income and Deductions		
Interest on regulatory assets and other interest income	1,002	1,100
Other - net	18	62
	<u>1,020</u>	<u>1,162</u>
Interest Charges		
Interest on long-term debt	4,616	4,115
Interest on regulatory liabilities and other interest	1,339	1,147
	<u>5,955</u>	<u>5,262</u>
Income Before Income Taxes	10,266	16,307
Income Taxes	4,161	5,534
Net Income	6,105	10,773
Dividends Declared on Cumulative Preferred Stock	242	242
Income Available for Common Stock	<u>\$ 5,863</u>	<u>\$ 10,531</u>

See Notes to Consolidated Financial Statements

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

	For the 9 Months Ended September 30,	
	2007	2006
	(Thousands of Dollars)	
Operating Revenues		
Electric	\$ 470,069	\$ 398,700
Natural gas	126,055	125,651
	<u>596,124</u>	<u>524,351</u>
Total Operating Revenues	596,124	524,351
Operating Expenses		
Operation:		
Purchased electricity and fuel used in electric generation	295,268	243,202
Purchased natural gas	84,841	87,718
Other expenses of operation	115,747	90,193
Depreciation and amortization	21,513	21,986
Taxes, other than income tax	25,720	24,835
	<u>543,089</u>	<u>467,934</u>
Total Operating Expenses	543,089	467,934
Operating Income	53,035	56,417
Other Income and Deductions		
Interest on regulatory assets and other interest income	4,090	5,149
Other - net	(541)	(256)
	<u>3,549</u>	<u>4,893</u>
Total Other Income	3,549	4,893
Interest Charges		
Interest on long-term debt	13,603	12,139
Interest on regulatory liabilities and other interest	3,211	3,130
	<u>16,814</u>	<u>15,269</u>
Total Interest Charges	16,814	15,269
Income Before Income Taxes	39,770	46,041
Income Taxes	15,032	18,090
	<u>24,738</u>	<u>27,951</u>
Net Income	24,738	27,951
Dividends Declared on Cumulative Preferred Stock	727	727
	<u>24,011</u>	<u>27,224</u>
Income Available for Common Stock	\$ 24,011	\$ 27,224

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 (UNAUDITED)

For the 3 Months Ended September 30,

2007 2006

(Thousands of Dollars)

Net Income	\$	6,105	\$	10,773
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Other Comprehensive Income

Comprehensive Income	\$	6,105	\$	10,773
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For the 9 Months Ended September 30,

2007 2006

(Thousands of Dollars)

Net Income	\$	24,738	\$	27,951
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Other Comprehensive Income

Comprehensive Income	\$	24,738	\$	27,951
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See Notes to Consolidated Financial Statements

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

ASSETS	September 30, 2007	December 31, 2006	September 30, 2006
(Thousands of Dollars)			
Utility Plant			
Electric	\$ 798,503	\$ 768,808	\$ 754,429
Natural gas	244,166	239,317	234,103
Common	115,343	112,426	112,173
	<u>1,158,012</u>	<u>1,120,551</u>	<u>1,100,705</u>
Less: Accumulated depreciation	353,867	344,540	346,395
	<u>804,145</u>	<u>776,011</u>	<u>754,310</u>
Construction work in progress	60,868	51,041	55,952
Net Utility Plant	<u>865,013</u>	<u>827,052</u>	<u>810,262</u>
Other Property and Plant - net	416	434	496
Current Assets			
Cash and cash equivalents	2,497	1,710	2,776
Accounts receivable - net of allowance for doubtful accounts of \$2.7 million, \$3.8 million, and \$3.8 million, respectively	70,438	48,611	49,260
Accrued unbilled utility revenues	7,826	9,772	7,122
Other receivables	1,654	3,034	2,584
Fuel, materials and supplies - at average cost	31,173	22,804	25,041
Regulatory assets	38,332	31,332	20,759
Prepaid income taxes	3,508	10,477	
Special deposits and prepayments	22,365	21,009	22,085
Accumulated deferred income tax	5,064	4,600	15,165
Total Current Assets	<u>182,857</u>	<u>153,349</u>	<u>144,792</u>
Deferred Charges and Other Assets			
Regulatory assets - related to pension plan costs	88,147	99,281	46,273
Regulatory assets - related to OPEB costs	30,394	36,392	
Regulatory assets	84,520	83,102	90,483
Intangible asset - pension plan			18,148
Unamortized debt expense	4,370	4,041	3,721
Other	12,465	12,172	11,153
Total Deferred Charges and Other Assets	<u>219,896</u>	<u>234,988</u>	<u>169,778</u>
Total Assets	<u>\$ 1,268,182</u>	<u>\$ 1,215,823</u>	<u>\$ 1,125,328</u>

See Notes to Consolidated Financial Statements

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

CAPITALIZATION AND LIABILITIES	September 30, 2007	December 31, 2006	September 30, 2006
(Thousands of Dollars)			
Capitalization			
Common Stock Equity:			
Common stock, 30,000,000 shares authorized; 16,862,087 shares issued (\$5 par value)	\$ 84,311	\$ 84,311	\$ 84,311
Paid-in capital	174,980	174,980	174,980
Retained earnings	84,221	68,710	62,033
Capital stock expense	(4,961)	(4,961)	(4,961)
Total Common Shareholders Equity	338,551	323,040	316,363
 Cumulative Preferred Stock Not subject to mandatory redemption	 21,027	 21,027	 21,027
Long-term debt	403,891	337,889	310,888
 Total Capitalization	 763,469	 681,956	 648,278
Current Liabilities			
Current maturities of long-term debt		33,000	33,000
Notes payable	36,000	13,000	30,000
Accounts payable	27,936	32,418	23,401
Accrued interest	3,432	5,645	3,161
Dividends payable - preferred stock	242	242	242
Accrued vacation and payroll	5,005	4,682	4,767
Customer advances	8,684	15,907	11,302
Customer deposits	7,943	7,811	7,766
Regulatory liabilities	12,226	21,651	23,409
Fair value of derivative instruments	7,284	2,971	6,431
Accrued income taxes			6,312
Accrued environmental remediation costs	2,304	3,400	3,500
Other	9,639	8,884	7,410
Total Current Liabilities	120,695	149,611	160,701
Deferred Credits and Other Liabilities			
Regulatory liabilities	105,382	107,796	106,151
Operating reserves	4,171	3,936	4,248
Accrued environmental remediation costs	14,161	15,457	16,000
Accrued OPEB costs	70,217	68,818	29,875
Accrued pension costs	43,823	47,299	16,032
Other	13,139	11,802	12,169
Total Deferred Credits and Other Liabilities	250,893	255,108	184,475
 Accumulated Deferred Income Tax	 133,125	 129,148	 131,874

Commitments and Contingencies (Note 11)

Total Capitalization and Liabilities	<u>\$ 1,268,182</u>	<u>\$ 1,215,823</u>	<u>\$ 1,125,328</u>
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See Notes to Consolidated Financial Statements

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For the 9 Months Ended September 30,	
	2007	2006
Operating Activities:	(Thousands of Dollars)	
Net Income	\$ 24,738	\$ 27,951
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,513	21,986
Deferred income taxes - net	4,401	5,741
Provision for uncollectibles	3,316	3,833
Pension expense	9,760	(5,120)
OPEB expense	7,761	2,970
Regulatory liability - rate moderation	(15,426)	(7,976)
Gain on sale of property and plant	(468)	(2,215)
Changes in operating assets and liabilities - net:		
Accounts receivable, unbilled revenues and other receivables	(21,817)	15,232
Fuel, materials and supplies	(8,369)	(1,630)
Special deposits and prepayments	(1,356)	(5,917)
Prepaid income tax	6,969	
Pension plan contribution	(5,800)	
OPEB contribution	(4,747)	(3,300)
Accounts payable	(2,871)	(17,483)
Accrued taxes and interest	(2,213)	3,993
Customer advances	(7,223)	6,528
Regulatory liability - MGP site remediations	(4,805)	(251)
Deferred natural gas and electric costs	(598)	16,493
Customer benefit fund		(3,205)
Other - net	11,353	(2,330)
	14,118	55,300
Investing Activities:		
Proceeds from sale of property and plant	862	2,440
Additions to utility plant	(59,827)	(48,395)
Other - net	(541)	(1,542)
	(59,506)	(47,497)
Financing Activities:		
Redemption of long-term debt	(33,000)	
Proceeds from issuance of long-term debt	66,000	
Net borrowings of short-term debt	23,000	
Dividends paid on cumulative preferred stock	(727)	(727)
Dividends paid to parent - CH Energy Group	(8,500)	(8,500)
Debt issuance costs	(598)	(32)
	(13,815)	(17,759)

Net Cash Provided by (Used In) Financing Activities	46,175	(9,259)
	<u> </u>	<u> </u>
Net Change in Cash and Cash Equivalents	787	(1,456)
Cash and Cash Equivalents - Beginning of Year	1,710	4,232
	<u> </u>	<u> </u>
Cash and Cash Equivalents - End of Period	\$ 2,497	\$ 2,776
	<u> </u>	<u> </u>
Supplemental Disclosure of Cash Flow Information and Non-Cash Investing Activities		
Interest paid	\$ 17,442	\$ 15,581
Federal and state income tax paid	\$ 12,322	\$ 6,626
Additions to plant included in accounts payable	\$ 2,599	\$ 3,411

See Notes to Consolidated Financial Statements

CH ENERGY GROUP, INC.
CENTRAL HUDSON GAS & ELECTRIC CORPORATION
Notes to Consolidated Financial Statements (Unaudited)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

This Quarterly Report on Form 10-Q is a combined report of CH Energy Group, Inc. (CH Energy Group) and its regulated electric and natural gas subsidiary, Central Hudson Gas & Electric Corporation (Central Hudson). The Notes to the Consolidated Financial Statements apply to both CH Energy Group and Central Hudson. CH Energy Group s Consolidated Financial Statements include the accounts of CH Energy Group and its wholly owned subsidiaries, which include Central Hudson and CH Energy Group s non-utility subsidiary, Central Hudson Enterprises Corporation (CHEC). Operating results of CHEC s wholly owned subsidiary Griffith Energy Services, Inc. (Griffith) and CHEC s Lyonsdale Biomass, LLC (Lyonsdale) subsidiary are consolidated in the financial statements of CH Energy Group. The minority interest shown on CH Energy Group s Consolidated Financial Statements represents the minority owner s proportionate share of the income and equity of Lyonsdale.

Unaudited Consolidated Financial Statements

The accompanying Consolidated Financial Statements of CH Energy Group and Central Hudson are unaudited but, in the opinion of Management, reflect adjustments (which include normal recurring adjustments) necessary for a fair statement of the results for the interim periods presented. These condensed, unaudited, quarterly Consolidated Financial Statements do not contain the detail or footnote disclosures concerning accounting policies and other matters which would be included in annual Consolidated Financial Statements and, accordingly, should be read in conjunction with the audited Consolidated Financial Statements (including the Notes thereto) included in the combined CH Energy Group/Central Hudson Annual Report on Form 10-K for the year ended December 31, 2006 (the Corporations 10-K Annual Report).

CH Energy Group s and Central Hudson s balance sheets as of September 30, 2006, are not required to be included in this Quarterly Report on Form 10-Q; however, these balance sheets are included for supplemental analysis purposes.

Cash and Cash Equivalents

For purposes of the Consolidated Statement of Cash Flows, CH Energy Group and Central Hudson consider temporary cash investments with a maturity (when purchased) of three months or less, to be cash equivalents.

Accounting for Derivative Instruments and Hedging Activities

Central Hudson

Reference is made to the caption *Accounting for Derivative Instruments and Hedging Activities* of Note 1 *Summary of Significant Accounting Policies* to the Consolidated Financial Statements of the Corporations' 10-K Annual Report. At September 30, 2007, the total fair value of open Central Hudson derivatives, which hedge electric and natural gas commodity purchases, was an unrealized loss of (\$7.3) million. This compares to a fair value at December 31, 2006, of (\$3.0) million, and a fair value of (\$6.4) million at September 30, 2006, both net unrealized losses. At September 30, 2007, Central Hudson had open derivative contracts hedging approximately 32.8% of its projected electricity requirements for the period October 2007 through December 2007 and 38.0% of its projected natural gas requirements for the period November 2007 through March 2008. Central Hudson recorded actual net losses of (\$7.0) million on such hedging activities for the quarter ended September 30, 2007, as compared to a net loss of (\$1.3) million for the same period in 2006. Comparative amounts for the nine months ended September 30, 2007, and 2006, were net losses of (\$11.7) million and (\$7.0) million, respectively.

Realized gains and losses, in addition to unrealized gains and losses, serve to either decrease or increase actual energy costs, and are deferred for return to or recovery from customers under Central Hudson's electric and natural gas energy cost adjustment clauses as authorized by the New York State Public Service Commission (PSC) and in accordance with the provisions of Statement of Financial Accounting Standard (SFAS) No. 71, titled *Accounting for the Effects of Certain Types of Regulation* (SFAS 71). Central Hudson also entered into weather derivative contracts to hedge the effect of weather on sales of electricity and natural gas. The periods covered were the months of February and March of the heating season ended March 31, 2007, the three months of the heating season ended March 31, 2006, the three months of the cooling season ended August 31, 2007, and the months of July and August 2006. Central Hudson made no settlement payments to or received payments from counter-parties during the nine months ended September 30, 2007. Settlement payments to counter-parties during the nine months ended September 30, 2006 were \$0.5 million.

Griffith

The fair value of Griffith's open derivative positions at September 30, 2007, and 2006, was not material. The fair value of derivative instruments at December 31, 2006, was a net unrealized loss of (\$0.6) million. Derivatives outstanding at September 30, 2007, include call options designated as cash flow hedges for fuel oil purchases from October 2007 through June 2008, which hedge approximately 5.8% of Griffith's total projected fuel oil requirements for this period. The call options are used only for those customers who seek capped prices. Settlement amounts recorded for the quarter ended September 30, 2007 were not material. Settlement amounts for the quarter ended September 30, 2006 were (\$0.6) million. A total actual net loss including

premium expense was recorded during the nine months ended September 30, 2007, in the amount of (\$0.7) million. A net loss of (\$0.6) million was recorded during the same period in 2006.

Griffith entered into weather derivative contracts for selected months of the heating season ended March 31, 2007, and due to weather that was colder than the contractual ceiling price paid \$0.9 million to the related counter-party. The settlement amount for the weather-hedging contract covering the three-month period ended March 31, 2006, was not material.

Parental Guarantees

CH Energy Group and CHEC have issued guarantees in conjunction with certain commodity and derivative contracts that provide financial or performance assurance to third parties on behalf of a subsidiary. The guarantees are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the relevant subsidiary's intended commercial purposes. Reference is made to Note 1 Summary of Significant Accounting Policies to the Consolidated Financial Statements of the Corporations 10-K Annual Report under the captions Parental Guarantees and Product Warranties.

The guarantees described above have been issued to counter-parties to assure the payment, when due, of certain obligations incurred by CH Energy Group subsidiaries in physical and financial transactions related to heating oil, propane, other petroleum products, and weather and commodity hedges. At September 30, 2007, the aggregate amount of subsidiary obligations covered by these guarantees was \$7.3 million. Where liabilities exist under the commodity-related contracts subject to these guarantees, these liabilities are included in CH Energy Group's Consolidated Balance Sheet.

Depreciation and Amortization

Reference is made to the caption Depreciation and Amortization of Note 1 Summary of Significant Accounting Policies to the Consolidated Financial Statements of the Corporations 10-K Annual Report. For financial statement purposes, Central Hudson's depreciation provisions are computed on the straight-line method using rates based on studies of the estimated useful lives and estimated net salvage value of properties. The anticipated costs of removing assets upon retirement are provided for over the life of those assets as a component of depreciation expense. This depreciation method is consistent with industry practice and the applicable depreciation rates have been approved by the PSC.

Financial Accounting Standards Board (FASB) SFAS No. 143, titled *Accounting for Asset Retirement Obligations* (SFAS 143), precludes the recognition of expected future retirement obligations as a component of depreciation expense or accumulated depreciation. Central Hudson, however, is required to use depreciation methods and

rates approved by the PSC under regulatory accounting. In accordance with SFAS 71, Central Hudson continues to accrue for the future cost of removal for its rate-regulated natural gas and electric utility assets. In accordance with SFAS 143, Central Hudson has classified \$47.2 million, \$44.6 million, and \$44.1 million of net cost of removal as regulatory liabilities as of September 30, 2007, December 31, 2006, and September 30, 2006, respectively. For further information, see Note 1 Summary of Significant Accounting Policies under the caption Depreciation and Amortization to the Consolidated Financial Statements of the Corporations 10-K Annual Report.

For financial statement purposes, both Griffith and Lyonsdale have depreciation provisions that are computed on the straight-line method using depreciation rates based on the estimated useful lives of depreciable property and equipment. Expenditures for major renewals and betterments, which extend the useful lives of property and equipment, are capitalized. Expenditures for maintenance and repairs are charged to expense when incurred. Retirements, sales, and disposals of assets are recorded by removing the cost and accumulated depreciation from the asset and accumulated depreciation accounts with any resulting gain or loss reflected in earnings.

Accumulated depreciation for Griffith was \$19.7 million, \$17.3 million, and \$16.7 million as of September 30, 2007, December 31, 2006, and September 30, 2006, respectively. Accumulated depreciation for Lyonsdale was \$1.1 million, \$0.6 million and \$0.4 million as of September 30, 2007, and December 31, 2006, and September 30, 2006, respectively.

Amortization of intangibles (other than goodwill) is computed on the straight-line method over an asset's expected useful life. See Note 5 Goodwill and Other Intangible Assets for further discussion.

Earnings Per Share

Reference is made to Note 1 Summary of Significant Accounting Policies to the Consolidated Financial Statements of the Corporations 10-K Annual Report under the caption Earnings Per Share.

In the calculation of earnings per share (basic and diluted) of CH Energy Group's common stock (Common Stock), earnings for CH Energy Group are reduced by the preferred stock dividends of Central Hudson. The average dilutive effect of CH Energy Group's stock options and performance shares was 23,097 shares and 15,473 shares for the quarters ended September 30, 2007, and 2006, and 23,473 shares and 14,455 shares for the nine months ended September 30, 2007, and 2006, respectively. Certain stock options are excluded from the calculation of diluted earnings per share because the exercise prices of those options were greater than the average market price per share of Common Stock for some of the periods presented. Excluded from the calculation were options for 18,420 shares for the three-month and nine-month periods ended September 30, 2007, and 35,700 shares for the three-month and nine-month periods ended September 30, 2006. For additional information regarding stock options and performance shares, see Note 10 Equity-Based Compensation Incentive Plans.

Equity-Based Compensation

CH Energy Group has an equity-based employee compensation plan that is described in Note 10 Equity-Based Compensation Incentive Plans.

FASB Interpretation Number (FIN) 46R Consolidation of Variable Interest Entities

Reference is made to the caption FIN 46 Consolidation of Variable Interest Entities of Note 1 Summary of Significant Accounting Policies to the Consolidated Financial Statements of the Corporations 10-K Annual Report. CH Energy Group and its subsidiaries do not have any interests in special purpose entities and are not affiliated with any variable interest entities that currently require consolidation under the provisions of FIN 46R.

Income Tax

On April 9, 2007, New York State enacted its 2007 2008 budget, which included amendments to the state income tax. Those amendments included a reduction in the Corporate Net Income Tax Rate to 7.1% from 7.5%, as well as the adoption of a single sales factor for apportioning taxable income to New York State. Both amendments are effective January 1, 2007, and are not material to CH Energy Group and Central Hudson.

Reclassification

Certain amounts in the 2006 Consolidated Financial Statements have been reclassified to conform to the 2007 presentation.

Common Stock Dividends

On March 30, 2007, the Board of Directors of CH Energy Group declared a quarterly dividend of \$0.54 per share, payable May 1, 2007, to shareholders of record as of April 10, 2007. On May 24, 2007, the Board of Directors of CH Energy Group declared a quarterly dividend of \$0.54 per share, payable August 1, 2007, to shareholders of record as of July 10, 2007. On October 2, 2007, the Board of Directors of CH Energy Group declared a quarterly dividend of \$0.54 per share, payable November 1, 2007, to shareholders of record as of October 12, 2007. Although this dividend was declared at the beginning of the fourth quarter, it represents the third quarter 2007 dividend declaration.

NOTE 2 REGULATORY MATTERS

Reference is made to Note 2 Regulatory Matters under captions Expiring Rate Proceedings Electric and Natural Gas and New Rate Proceedings Electric and Natural Gas to the Consolidated Financial Statements of the Corporations 10-K Annual Report.

Utility Land Sales

Central Hudson

On April 23, 2007, the PSC issued an Order approving the proposed transfer of Central Hudson's ownership interest in its 900 kW Groveville Mills Hydroelectric facility and the deferral of any gain realized upon the transfer for the benefit of customers.

During the nine months ended September 30, 2007, Central Hudson sold utility property, including the Groveville Mills Hydroelectric facility, for \$0.3 million in excess of book value plus transaction costs. The excess was recorded as a regulatory liability.

Non-Utility Land Sales

Central Hudson

During the nine months ended September 30, 2007, Central Hudson sold four parcels of non-utility real property for \$0.5 million in excess of book value plus transaction costs, which is recorded as a reduction to Other Expenses of Operation.

NOTE 3 NEW ACCOUNTING STANDARDS AND OTHER FASB PROJECTS

Reference is made to the captions New Accounting Standards and Other FASB Projects Standards Implemented and New Accounting Standards and Other FASB Projects Standards to be Implemented of Note 1 Summary of Significant Accounting Policies to the Financial Statements of the Corporations 10-K Annual Report.

New accounting standards are summarized below, and explanations of the underlying information for all standards (except those not currently applicable to CH Energy Group and its subsidiaries) follow the chart.

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Impact*	Status	Category	Reference	Title	Issued Date	Effective Date
1	Under Assessment	Fair Value	SFAS 159	Establishing the Fair Value Option for Financial Assets and Liabilities	Feb-07	Jan-08
1	Under Assessment	Fair Value	SFAS 157	Fair Value Measurement	Sep-06	Jan-08
1	Under Assessment	Derivatives	FIN 39-1	Amendment of FIN 39, Offsetting of Amounts Related to Certain Contracts	Apr-07	Jan-08
2	Implemented	Pension, Postretirement	SFAS 158	Employers Accounting for Defined Benefit Pension and Other Postretirement Plans	Sep-06	Dec-06
2	Implemented	Taxes	FIN 48	Accounting for Uncertainty in Income Taxes - an Interpretation of SFAS No. 109	Jul-06	Jan-07
2	Implemented	Taxes	FIN 48-1	Definition of Settlement in FIN 48	May-07	Jan-07
3	Not Currently Applicable	Derivatives	SFAS 133 Issue B40	Embedded Derivatives: Application of Paragraph 13 (b) to Securitized Interests in Prepayable Financial Assets	Dec-06	Jan-07
3	Not Currently Applicable	Financial Assets	SFAS 156	Accounting for Servicing of Financial Assets	Mar-06	Jan-07
3	Not Currently Applicable	Financial Instruments	SFAS 155	Accounting for Certain Hybrid Financial Instruments, an Amendment of SFAS No. 133 and 140	Feb-06	Jan-07
3	Not Currently Applicable	Derivatives	SFAS 133 Issue G26	Cash Flow Hedges: Hedging Interest Cash Flows on Variable-Rate Assets and Liabilities that are not Based on a Benchmark Rate	Dec-06	Apr-07

*Impact Key:

1 - No significant impact on the financial condition, results of operations and cash flows of CH Energy Group and its subsidiaries expected.

2 - Following the chart, the impacts are separately disclosed as of standard effective dates.

3 - No current impact on the financial condition, results of operations and cash flows of CH Energy Group and its subsidiaries.

Standards Under Assessment

SFAS 159 permits entities to choose to elect, at specified election dates, to measure eligible financial instruments at fair value. The election is made on an instrument-by-instrument basis, and once made is irrevocable. Eligible instruments include written loan commitments, rights and obligations under insurance contracts and warranties that are not financial instruments, and firm commitments that would otherwise not be recognized at inception and that involve only financial instruments. The statement requires that entities report in earnings unrealized gains and losses on items for which the fair value option has been elected, and recognize upfront costs and fees related to those items in earnings as incurred.

SFAS 157 will change the definition of fair value, establish a framework for measuring it in accordance with General Accepted Accounting Principles, and expand disclosures about the fair value measurements.

FSP No. FIN 39-1 permits a reporting entity to offset fair value amounts recognized for the rights to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative agreements if the receivable or payable arises from the same master netting arrangement as the derivative instrument. This FSP also replaces the terms conditional contracts and exchange contracts with the term derivative contracts (as defined by Statement 133).

Standards Implemented

SFAS 158 requires an employer that sponsors a defined benefit pension or other post-retirement plans to report the current economic status (i.e., the overfunded or underfunded status) of each such plan in its statement of financial position by measuring plan assets and benefit obligations on the same date as the employer's assets and liabilities. SFAS 158 became effective for fiscal years ending after December 15, 2006, with an exception for the provision to change the measurement date, which is effective and will be implemented for fiscal years ending after December 15, 2008. The impact of the measurement date change on CH Energy Group's financial condition, results of operations, and cash flows cannot be determined at this time. Reference is made to Note 1 Summary of Significant Accounting Policies to the Consolidated Financial Statements of the Corporation's 10-K Annual Report under the caption Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans.

FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS 109, *Accounting for Income Taxes*. FIN 48 also prescribes a recognition threshold and measurement methodology for tax positions taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, accounting for interim periods, and disclosure and transition issues. Only tax positions that are more likely than not to be successful may be recognized. No adjustment to the opening balance of retained

earnings was recorded upon CH Energy Group's adoption of FIN 48 in January 2007. Due to no uncertain tax positions, no interest or penalties have been recorded in the financial statements. If CH Energy Group and its subsidiaries incur any interest or penalties on underpayment of income taxes, the amounts would be included on the line "Other liabilities" on the Consolidated Balance Sheet and on the line "Other - net" on the Consolidated Statement of Income. CH Energy Group and its subsidiaries file a consolidated Federal and New York State income tax return, which represents the major tax jurisdictions of CH Energy Group. The statute of limitations for federal tax years 2004 through 2006 are still open for audit. The New York State income tax return is currently open for audit for tax years 2002 through 2006, and tax years 2002 through 2004 are currently under audit.

FIN 48-1 clarifies the rules regarding settled tax positions. Under the approach prescribed by FIN 48-1, an enterprise must evaluate all of the following conditions when determining effective settlement: whether a tax authority has examined the tax year; whether or not the enterprise intends to appeal or litigate any aspects of the tax position; and, based on a taxing authority's widely understood policy, whether the enterprise considers it remote that the taxing authority would subsequently examine or reexamine any of the positions once the examination process is completed. CH Energy Group's determination of settled positions is consistent with these rules.

NOTE 4 ACQUISITIONS AND INVESTMENTS

Reference is made to Note 4 - Acquisitions and Investments to the Consolidated Financial Statements of the Corporations' 10-K Annual Report.

Acquisitions

During the nine months ended September 30, 2007, Griffith acquired fuel distribution companies as follows (in Millions):

3 Month Period Ended	# of Acquired Companies	Purchase Price	Total Intangible Assets⁽¹⁾	Goodwill⁽³⁾	Total Tangible Assets⁽²⁾
March 31, 2007	3	\$ 11.4	\$ 9.5	\$ 4.6	\$ 1.9
June 30, 2007	1	\$ 0.2	\$ 0.2	\$ 0.1	
September 30, 2007	4	\$ 6.1	\$ 5.3	\$ 0.9	\$ 0.8
Total	8	\$ 17.7	\$ 15.0	\$ 5.6	\$ 2.7

⁽¹⁾ Including goodwill.

⁽²⁾ Total tangible assets include \$1.5 million in liquid petroleum and spare parts inventory, and \$1.2 million in vehicles.

⁽³⁾ The amount of purchase price assigned to goodwill is based upon preliminary assessment and may be subject to adjustment.

NOTE 5 GOODWILL AND OTHER INTANGIBLE ASSETS

Reference is made to Note 5 Goodwill and Other Intangible Assets to the Consolidated Financial Statements of the Corporations 10-K Annual Report.

Intangible assets include separate, identifiable, intangible assets such as customer lists and covenants not to compete. Intangible assets with finite lives are amortized over their useful lives. The estimated useful life for customer lists is 15 years, which is believed to be appropriate in view of average historical customer turnover. However, if customer turnover were to substantially increase, a shorter amortization period would be used, resulting in an increase in amortization expense. For example, if a ten-year amortization period were used, annual amortization expense would increase by approximately \$1.8 million. The useful life of a covenant not to compete is based on the expiration date of the covenant, generally between two and ten years. Intangible assets with indefinite useful lives and goodwill are no longer amortized, but instead are periodically reviewed for impairment. Griffith tests the goodwill and intangible assets remaining on the balance sheet for impairment annually in the fourth quarter, and retests between annual tests if an event should occur or circumstances arise that would more likely than not reduce the fair value below its carrying amount.

The components of amortizable intangible assets of CH Energy Group are summarized as follows (in Thousands):

	September 30, 2007		December 31, 2006		September 30, 2006	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer Lists	\$ 51,854	\$ 17,578	\$ 42,479	\$ 15,508	\$ 41,758	\$ 14,808
Covenants Not to Compete	1,415	1,183	1,350	771	1,734	1,124
Total Amortizable Intangibles	\$ 53,269	\$ 18,761	\$ 43,829	\$ 16,279	\$ 43,492	\$ 15,932

Amortization expense was \$2.5 million and \$2.2 million for each of the nine-month periods ended September 30, 2007, and 2006, respectively. The estimated annual amortization expense for each of the next five years, assuming no new acquisitions, is approximately \$3.6 million. The carrying amount for goodwill was \$58.4 million as of September 30, 2007, \$52.8 million as of December 31, 2006, and \$52.7 million as of September 30, 2006.

NOTE 6 SHORT-TERM INVESTMENTS

CH Energy Group's short-term investments consist of Auction Rate Securities (ARS) and Variable Rate Demand Notes (VRDN), which have been classified as current available-for-sale securities pursuant to the provisions of SFAS 115, titled *Accounting for Certain Investments in Debt and Equity Securities*. ARS and VRDN are debt instruments with a long-term nominal maturity and a mechanism that resets the

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interest rate at regular intervals. CH Energy Group's investments include tax-exempt ARS and VRDN with interest rates that are reset anywhere from 7 to 35 days. These investments are available to fund current operations or to provide funding in accordance with CH Energy Group's strategy to redeploy equity into its subsidiaries. Due to the nature of these securities with regard to their interest rate reset periods, the aggregate carrying value approximates their fair value; as such, it does not impact shareholders' equity with regard to unrealized gains and losses. The aggregate fair value of these short-term investments was \$20.3 million at September 30, 2007, \$42.6 million at December 31, 2006, and \$40.3 million at September 30, 2006. Cash flows from the purchases and liquidation of these investments are reported separately as investing activities in CH Energy Group's Consolidated Statement of Cash Flows.

NOTE 7 FUEL, MATERIALS AND SUPPLIES

Fuel, materials, and supplies for CH Energy Group are valued using the following accounting methods:

<u>Company</u>	<u>Valuation Method</u>
Central Hudson	Average cost
Griffith	FIFO
Lyonsdale	Weighted average cost

The following is a summary of CH Energy Group's and Central Hudson's fuel, materials and supplies at September 30, 2007, December 31, 2006, and September 30, 2006 (In Thousands):

CH Energy Group			
	September 30, 2007	December 31, 2006	September 30, 2006
Natural gas	\$ 23,138	\$ 15,640	\$ 17,794
Petroleum products and propane	4,758	3,680	3,887
Fuel used in electric generation	721	393	394
Materials and supplies	9,553	8,217	8,455
Total	\$ 38,170	\$ 27,930	\$ 30,530

Central Hudson			
	September 30, 2007	December 31, 2006	September 30, 2006
Natural gas	\$ 23,138	\$ 15,640	\$ 17,794
Petroleum products and propane	557	493	493
Fuel used in electric generation	371	233	252
Materials and supplies	7,107	6,438	6,502
Total	\$ 31,173	\$ 22,804	\$ 25,041

NOTE 8 LONG-TERM DEBT

Reference is made to Note 8 Capitalization Long-term Debt to the Consolidated Financial Statements of the Corporations 10-K Annual Report.

On March 23, 2007, Central Hudson issued \$33 million of 30-year, 5.80% Series F notes. The proceeds were used to redeem at maturity \$33 million of 5-year, 5.87% Series D Notes, on March 28, 2007. On September 14, 2007, Central Hudson issued an additional \$33 million of 10-year 6.028% Series F Notes. The proceeds will be used to finance ongoing investments in capital improvements.

NOTE 9 POST-EMPLOYMENT BENEFITS

The following are the components of Central Hudson's net periodic benefit costs for its pension and other postretirement benefits (OPEB) plans for the quarters and nine months ended September 30, 2007, and 2006. The OPEB amounts for both years reflect the effect of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 under the provisions of Financial Staff Position (FSP) 106-2, titled *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*.

	Quarter Ended September 30,			
	Pension Benefits		OPEB	
	2007	2006	2007	2006
	(In Thousands)		(In Thousands)	
Service cost	\$ 1,977	\$ 1,985	\$ 1,414	\$ 830
Interest cost	5,928	5,577	3,538	2,005
Expected return on plan assets	(6,999)	(6,709)	(1,739)	(1,496)
Amortization of:				
Prior service cost	494	542	(314)	(314)
Transitional obligation (asset)			642	641
Recognized actuarial loss	3,344	3,240	2,731	1,077
Net periodic benefit cost	\$ 4,744	\$ 4,635	\$ 6,272	\$ 2,743

	Nine Months Ended September 30,			
	Pension Benefits		OPEB	
	2007	2006	2007	2006
	(In Thousands)		(In Thousands)	
Service cost	\$ 5,931	\$ 5,955	\$ 3,241	\$ 2,492
Interest cost	17,783	16,730	7,694	6,015
Expected return on plan assets	(20,998)	(20,127)	(4,907)	(4,489)
Amortization of:				
Prior service cost	1,482	1,625	(942)	(942)
Transitional obligation (asset)			1,924	1,924
Recognized actuarial loss	10,033	9,721	5,249	3,230
Net periodic benefit cost	\$ 14,231	\$ 13,904	\$ 12,259	\$ 8,230

Decisions to fund Central Hudson's pension plan (the Retirement Plan) are based on several factors, including the value of plan assets relative to plan liabilities, legislative requirements, and available corporate resources. The liabilities are affected by the discount rate used to determine benefit obligations and the accruing of additional benefits. Central Hudson is currently reviewing the provisions of the Pension Protection Act of 2006 to determine funding requirements for the near-term and future periods. Central Hudson contributed \$5.8 million to the Retirement Plan in September 2007.

Employer contributions for OPEB totaled \$4.7 million and \$3.3 million during the nine months ended September 30, 2007, and 2006, respectively. The total contribution for the 2006 plan year was \$4.9 million including a \$1.7 million contribution funded in April of 2007. The determination of future funding depends on a number of factors, including the discount rate, expected return on plan assets, medical claims assumptions used, and corporate resources. Annual funding for the 2007 plan year is expected to approximate \$6.7 million. This includes \$1.9 million to be funded in the first quarter of 2008.

For additional information related to pensions and OPEB, reference is made to Note 9 Post-Employment Benefits to the Consolidated Financial Statements of the Corporations 10-K Annual Report.

NOTE 10 EQUITY-BASED COMPENSATION INCENTIVE PLANS

Reference is made to Note 10 Equity-Based Compensation Incentive Plans to the Consolidated Financial Statements of the Corporations 10-K Annual Report, to the description of CH Energy Group's Long-Term Performance-Based Incentive Plan (the 2000 Plan), and to the description of CH Energy Group's Long-Term Equity Incentive Plan (the 2006 Plan) described therein.

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A summary of the status of performance shares granted to executives under the 2000 Plan and 2006 Plan as of September 30, 2007 is as follows:

Plan	Grant Date	Performance Shares Granted	Performance Shares Outstanding at 9/30/07
2000 Plan	March 24, 2005	23,000	20,900
2006 Plan	April 25, 2006	20,710	18,990
2006 Plan	January 25, 2007	20,920	20,480

The ultimate number of shares earned under the awards is based on metrics established by the Compensation Committee at the beginning of the award cycle. Compensation expense is recorded as performance shares are earned over the relevant three-year life of the performance share grant prior to its award. Due to the retirement of one of CH Energy Group's executive officers on January 1, 2007, a pro-rated number of shares under the 2005 and 2006 grants were paid out in April 2007. Additionally, outstanding performance shares for all grants were reduced in the second quarter of 2007 for forfeitures.

Description	Quarter Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Performance shares compensation expense	\$ 339,000	\$ 397,000	\$ 696,000	\$ 816,000
Stock options				
Compensation expense	Not material	Not material	Not material	Not material
Balance accrued on outstanding options	\$ 127,000	\$ 213,000	\$ 127,000	\$ 213,000
Intrinsic value of outstanding options	Not material	Not material	Not material	Not material

A summary of the status of stock options awarded to executives and non-employee Directors of CH Energy Group and its subsidiaries under the 2000 Plan as of September 30, 2007, is as follows:

	Stock Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
Outstanding at 12/31/06	45,260	\$ 45.87	4.82
Granted			
Exercised	(4,780)	44.23	
Expired/Forfeited	(180)	48.62	
Outstanding at 9/30/07	40,300	\$ 46.05	4.16
Total Shares Outstanding	15,762,000		
Potential Dilution	0.3%		

A total of 4,780 non-qualified stock options with exercise prices of \$44.06 and \$48.62 were exercised during the nine months ended September 30, 2007. The total intrinsic value of options exercised was not material.

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The following table summarizes information concerning outstanding and exercisable stock options at September 30, 2007, by exercise price:

<u>Exercise Price</u>	<u>Number of Options Outstanding</u>	<u>Weighted Average Remaining Life in Years</u>	<u>Number of Options Exercisable</u>	<u>Number of Options Remaining to Vest</u>
\$31.94	320	2.25	320	
\$44.06	21,560	3.25	21,560	
\$48.62	18,420	5.25	17,430	990
	<u>40,300</u>	<u>4.16</u>	<u>39,310</u>	<u>990</u>

NOTE 11 COMMITMENTS AND CONTINGENCIES

Electricity Purchase Commitments

Reference is made to Note 11 Commitments and Contingencies to the Consolidated Financial Statements of the Corporations 10-K Annual Report, to the caption Electric Purchase Commitments.

On November 12, 2002, Central Hudson entered into an agreement with Entergy Nuclear Indian Point 2, LLC and Entergy Nuclear Indian Point 3, LLC to purchase electricity (but not capacity) on a unit-contingent basis at defined prices from January 1, 2005 to and including December 31, 2007. On March 6, 2007, Central Hudson entered into new agreements with Entergy Nuclear Power Marketing, LLC to purchase electricity (but not capacity) on a unit-contingent basis at defined prices from January 1, 2008 through December 31, 2010. On an annual basis, the electricity purchased through the Entergy contracts represents approximately 19% of Central Hudson's full-service customer requirements, or 832,250 MWh.

Contingencies

CH Energy Group and Central Hudson face a number of contingencies which arise during the normal course of business and which have been discussed in Note 11 Commitments and Contingencies to the Consolidated Financial Statements of the Corporations 10-K Annual Report and to which reference is made.

City of Poughkeepsie

On January 1, 2001, a fire destroyed a multi-family residence on Taylor Avenue in the City of Poughkeepsie, New York resulting in several deaths and damage to nearby residences. Eight separate lawsuits arising out of this incident have been commenced against Central Hudson and other defendants. The basis for the claimed liability of Central Hudson in these actions is that it was allegedly negligent in the supply of natural gas. The suits seek an aggregate of \$528 million in compensatory damages. Central Hudson has notified its insurance carrier, has denied liability, and is defending the lawsuits. Based on information known to Central Hudson at this time, including information from ongoing discovery proceedings in the lawsuits, Central Hudson believes that the likelihood it will have a liability in these lawsuits is remote.

Environmental Matters

Central Hudson:

Air

In October 1999, Central Hudson was informed by the New York State Attorney General (Attorney General) that the Danskammer Point Steam Electric Generating Station (Danskammer Plant) was included in an investigation by the Attorney General's Office into the compliance of eight older New York State coal-fired power plants with federal and state air emissions rules. Specifically, the Attorney General alleged that Central Hudson may have constructed, and continues to operate, major modifications to the Danskammer Plant without obtaining certain requisite preconstruction permits. In March 2000, the Environmental Protection Agency (EPA) assumed responsibility for the investigation. Central Hudson has completed its production of documents requested by the Attorney General, the New York State Department of Environmental Conservation (DEC), and the EPA, and believes any permits required for these projects were obtained in a timely manner. Notwithstanding Central Hudson's sale of the Danskammer Plant on January 30, 2001, Central Hudson could retain liability depending on the type of remedy, if any, imposed in connection with this matter. Central Hudson presently has insufficient information with which to predict the outcome of this matter.

Former Manufactured Gas Plant Facilities

Like most late 19th and early 20th century utilities in the northeastern United States, Central Hudson and its predecessors owned and operated manufactured gas plants (MGPs) to serve their customers' heating and lighting needs. MGPs manufactured gas from coal and oil. This process produced certain by-products that may pose risks to human health and the environment.

The DEC, which regulates the timing and extent of remediation of MGP sites, has notified Central Hudson that it believes Central Hudson or its predecessors at one time owned and/or operated MGPs at eight sites in Central Hudson's franchise territory. The DEC has further requested that Central Hudson investigate and, if necessary, remediate these sites under a Consent Order, Voluntary Cleanup Agreement, or Brownfield Cleanup Agreement. The DEC has placed five of these sites on the New York State Environmental Site Remediation Database. A number of the eight sites are now owned by third parties and have been redeveloped for other uses.

Central Hudson spent approximately \$5.2 million during the nine months ended September 30, 2007, related to site investigation and remediation. Based on the 2006 PSC Rate Order (i.e. the 2006 Order), on July 1, 2007, Central Hudson started the recovery of a rate allowance for MGP Site Investigation & Remediation Costs which totaled \$0.4 million as of September 30, 2007. In addition, Central Hudson has developed estimates of the potential remediation costs for four of the eight identified MGP sites indicating that the total costs could exceed \$125 million over the next 30

years. These estimates were based on DEC-approved remediation plans for two sites, and conceptual plans for the other two sites. The cost estimates involve assumptions relating to investigation expenses, remediation costs, potential future liabilities, and post-remedial monitoring costs, and are based on a variety of factors including projections regarding the amount and extent of contamination, the location, size and use of the sites, proximity to sensitive resources, status of regulatory investigations, and information regarding remediation activities at other MGP sites in New York State. These cost estimates also assume that proposed or anticipated remediation techniques are technically feasible and that proposed remediation plans receive DEC approval.

Prior to 2007, Central Hudson recorded a \$19.5 million estimated liability regarding two of the four sites for which it has estimated future costs. This amount represented the low end of the range of cost estimates for these two sites since no amount within the range was considered to be most likely. Based on the actual expenditures from the remediation completed to date and the latest cost projections, Central Hudson has increased its estimated liability by \$1.7 million. As of September 30, 2007, \$16.5 million of the estimated liability has not been spent; \$2.3 million of the estimated liability is expected to be spent over the next twelve months.

Nothing has been accrued in connection with the other two sites for which Central Hudson has estimated future costs developed from conceptual plans because, absent DEC-approved remediation plans, management cannot estimate what cost, if any, will be incurred.

With regard to the remaining four sites not discussed above, Central Hudson now believes that it has no liability for two of these sites. For one of these sites, records show that Central Hudson did not own or operate the site. Central Hudson has submitted its findings to the DEC and is awaiting the DEC's response. Testing performed at the second site has not revealed any data to indicate remediation is required. Central Hudson has submitted its findings to the DEC and the DEC has agreed that no further investigation or remedial action is required at that site.

For one of the remaining four MGP sites, Central Hudson has reached agreement with the DEC on the scope of remediation work and completed the remediation work during the third quarter of 2007. The expenditures for this remediation work were \$0.7 million.

For the last of the remaining four MGP sites, Central Hudson estimates that it will be at least 2-3 years before sufficient data has been obtained to estimate the potential remediation costs. Testing at this site started in September 2007.

Central Hudson has become aware of information contained in a DEC Internet website indicating that, in addition to the eight sites referenced above, Central Hudson is attributed with responsibility for three additional MGP sites. Central Hudson does not believe that it ever owned one of these three additional sites, and it believes that another of the identified locations was never an MGP site. Central Hudson has provided the DEC with this information about the two sites but it has not yet received a

formal response. With respect to the third site, Central Hudson has provided the DEC with information that it believes demonstrates Central Hudson has no responsibility for the site, and Central Hudson is awaiting the DEC's response.

Central Hudson has obtained a copy of a publication developed by the DEC entitled "New York State's Approach to the Remediation of Former Manufactured Gas Plant Sites." The DEC has indicated that this publication will be distributed to municipal and elected officials throughout the state. Within the publication, Central Hudson is listed as having seven MGP sites currently identified, with six under clean-up agreements. Central Hudson does not know what implications, if any; this publication poses regarding MGP clean-up agreements and remediation schedules.

Future remediation activities and costs may vary significantly from the assumptions used in Central Hudson's current cost estimates, and these costs could have a material adverse effect (the extent of which cannot be reasonably determined) on the financial condition, results of operations and cash flows of CH Energy Group and Central Hudson if Central Hudson were unable to recover all or a substantial portion of these costs through insurance and/or customers via collection in rates.

Central Hudson has put its insurers on notice and intends to seek reimbursement from its insurers for the costs of any liabilities. Certain of these insurers have denied coverage. Furthermore, pursuant to the 2006 Order, Central Hudson is permitted to defer for future recovery the differences between actual costs for MGP site investigation and remediation and the associated rate allowances, with carrying charges to be accrued on the deferred balances at the authorized pre-tax rate of return.

Little Britain Road

In December 1977, Central Hudson purchased property at 610 Little Britain Road, New Windsor, New York. In 1992, the DEC informed Central Hudson that the DEC was preparing to conduct a Preliminary Site Assessment (PSA) of the site and in 1995, the DEC issued an Order of Consent in which Central Hudson agreed to conduct the PSA. In 2000, following completion of the PSA, Central Hudson and the DEC entered into a Voluntary Cleanup Agreement (VCA) whereby Central Hudson removed approximately 3,100 tons of soil and has conducted a routine groundwater sampling program since that time. Groundwater sampling results show the presence of certain contaminants at levels exceeding DEC criteria. Deep groundwater wells were installed in 2005 and 2006, which also show contaminants exceeding DEC criteria. The DEC responded with a request for a plan to address the situation. Negotiations between DEC and Central Hudson regarding additional site work and closure of the VCA are ongoing. Central Hudson has submitted a proposal to DEC for limited additional site work, and closure of the VCA. Although at this time Central Hudson does not have sufficient information to estimate potential remediation costs, Central Hudson has put its insurers on notice regarding this matter and intends to seek reimbursement from its insurers for amounts, if any, for which it may become liable. Neither CH Energy Group nor Central Hudson can predict the outcome of this matter.

Newburgh Consolidated Iron Works

By letter from the EPA dated November 28, 2001, Central Hudson, among others, was served with a Request For Information pursuant to the Comprehensive Environmental Response, Compensation and Liability Act regarding any shipments of scrap or waste materials that Central Hudson may have made to Consolidated Iron and Metal Co., Inc. (Consolidated Iron), a Superfund site located in Newburgh, New York. Sampling by the EPA indicated that lead and polychlorinated biphenyls (or PCBs) are present at the site, and the EPA subsequently commenced a remedial investigation and feasibility study at the site. No records were found which indicate that the material sold by Central Hudson to Consolidated Iron contained or was a hazardous substance. Central Hudson has put its insurers on notice regarding this matter and intends to seek reimbursement from its insurers for amounts, if any, for which it may become liable. Neither CH Energy Group nor Central Hudson can predict the outcome of this investigation at the present time.

Asbestos Litigation

As of October 15, 2007, of the 3,310 asbestos cases brought against Central Hudson, 1,183 remain pending. Of the cases no longer pending against Central Hudson, 1,976 have been dismissed or discontinued without payment by Central Hudson, and Central Hudson has settled 151 cases. Central Hudson is presently unable to assess the validity of the remaining asbestos lawsuits; accordingly, it cannot determine the ultimate liability relating to these cases. Based on information known to Central Hudson at this time, including Central Hudson's experience in settling asbestos cases and in obtaining dismissals of asbestos cases, Central Hudson believes that the costs which may be incurred in connection with the remaining lawsuits will not have a material adverse effect on either of CH Energy Group's or Central Hudson's financial position, results of operations, or cash flows.

CHEC:

Griffith has a voluntary environmental program in connection with the West Virginia Division of Environmental Protection regarding Griffith's Kable Oil Bulk Plant, located in West Virginia. The State of West Virginia has indicated that some additional remediation will be required, and Griffith has received an estimate of \$300,000 for the environmental remediation. During the nine months ended September 30, 2007, \$177,000 was spent on site remediation efforts. In addition, Griffith spent \$81,000 on remediation efforts in Maryland, Virginia, and Connecticut in 2007. Griffith is to be reimbursed \$275,000 from the State of Connecticut under an environmental agreement and has recorded this amount as a receivable.

Griffith has a reserve for environmental remediation which is \$1.6 million as of September 30, 2007, of which approximately \$258,000 is expected to be spent in the next twelve months.

Other Matters

Central Hudson

Central Hudson is involved in various other legal and administrative proceedings incidental to its business which are in various stages. While these matters collectively could involve substantial amounts, it is the opinion of management that their ultimate resolution will not have a material adverse effect on either of CH Energy Group's or Central Hudson's financial positions, results of operations, or cash flows.

NOTE 12 SEGMENTS AND RELATED INFORMATION

Reference is made to Note 12 Segments and Related Information to the Consolidated Financial Statements of the Corporations 10-K Annual Report.

CH Energy Group's reportable operating segments are the regulated electric utility business and regulated natural gas utility business of Central Hudson and the unregulated fuel distribution business of Griffith. The investments and business development activities of CH Energy Group and the renewable energy and investment activities of CHEC, including its ownership interests in ethanol, wind, and biomass energy projects, are reported under the heading Other Businesses and Investments.

Certain additional information regarding these segments is set forth in the following tables. General corporate expenses, Central Hudson property common to both electric and natural gas segments, and the depreciation of Central Hudson's common property have been allocated in accordance with practices established for regulatory purposes.

Central Hudson's and Griffith's operations are seasonal in nature and weather-sensitive and, as a result, financial results for interim periods are not necessarily indicative of trends for a twelve-month period. Demand for electricity typically peaks during the summer, while demand for natural gas and heating oil typically peaks during the winter.

CH Energy Group, Inc. Segment Disclosure

(In Thousands, Except Earnings Per Share)	Quarter Ended September 30, 2007					Total
	Central Hudson		Griffith	Other Businesses and Investments	Eliminations	
	Electric	Natural Gas				
Revenues from external customers	\$ 167,949	\$ 21,622	\$ 67,725	\$ 2,820	\$	\$ 260,116
Intersegment revenues	5	34			(39)	
Total Revenues	167,954	21,656	67,725	2,820	(39)	260,116
Income before income taxes	12,586	(2,562)	(5,525)	1,715		6,214
Net income	7,587	(1,724)	(3,315)	1,781		4,329
Earnings per share diluted	0.48	(0.11)	(0.21)	0.11 ⁽¹⁾		0.27
Segment assets at September 30, 2007	\$ 959,633	\$ 308,549	\$ 163,400	\$ 79,565	\$ (471) ⁽²⁾	\$ 1,510,676

(1) The amount of EPS attributable to CHEC's other businesses and investments was \$0.04 per share, with the balance of \$0.07 per share resulting primarily from interest income.

(2) Includes minority owner's interest of \$1,454 related to Lyonsdale and elimination of affiliates' accounts receivable of (\$1,925).

CH Energy Group, Inc. Segment Disclosure

(In Thousands, Except Earnings Per Share)	Quarter Ended September 30, 2006					Total
	Central Hudson		Griffith	Other Businesses and Investments	Eliminations	
	Electric	Natural Gas				
Revenues from external customers	\$ 154,723	\$ 18,384	\$ 64,266	\$ 2,447	\$	\$ 239,820
Intersegment revenues	5	38			(43)	
Total Revenues	154,728	18,422	64,266	2,447	(43)	239,820
Income before income taxes	17,423	(1,358)	(3,882)	3,179		15,362
Net income	11,207	(676)	(2,329)	2,768		10,970
Earnings per share diluted	0.71	(0.04)	(0.15)	0.18 ⁽¹⁾		0.70
Segment assets at September 30, 2006	\$ 835,986	\$ 289,342	\$ 141,285	\$ 99,219	\$ (317) ⁽²⁾	\$ 1,365,515

(1) The amount of EPS attributable to CHEC's other businesses and investments was \$0.12 per share, with the balance of \$0.06 per share resulting primarily from interest income.

(2) Includes minority owner's interest of \$1,501 related to Lyonsdale and elimination of affiliates' accounts receivable of (\$1,818).

CH Energy Group, Inc. Segment Disclosure

(In Thousands, Except Earnings Per Share)	Nine Months Ended September 30, 2007					Total
	Central Hudson		Griffith	Other Businesses and Investments	Eliminations	
	Electric	Natural Gas				
Revenues from external customers	\$ 470,069	\$ 126,055	\$ 271,507	\$ 6,847	\$	\$ 874,478
Intersegment revenues	12	240			(252)	
Total Revenues	470,081	126,295	271,507	6,847	(252)	874,478
Income before income taxes	30,922	8,121	2,752	5,562		47,357
Net income	19,080	4,931	1,651	5,554		31,216
Earnings per share diluted	1.21	0.31	0.10	0.35 ⁽¹⁾		1.97
Segment assets at September 30, 2007	\$ 959,633	\$ 308,549	\$ 163,400	\$ 79,565	\$ (471) ⁽²⁾	\$ 1,510,676

⁽¹⁾ The amount of EPS attributable to CHEC's other businesses and investments was \$0.14 per share, with the balance of \$0.21 per share resulting primarily from interest income.

⁽²⁾ Includes minority owner's interest of \$1,454 related to Lyonsdale and elimination of affiliates' accounts receivable.