

CH ENERGY GROUP INC  
Form 10-Q  
August 04, 2009

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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 June 30, 2009

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number	Registrant, State of Incorporation Address and Telephone Number	IRS Employer Identification No.
0-30512	CH Energy Group, Inc. (Incorporated in New York) 284 South Avenue Poughkeepsie, New York 12601-4839 (845) 452-2000	14-1804460
1-3268	Central Hudson Gas & Electric Corporation (Incorporated in New York) 284 South Avenue Poughkeepsie, New York 12601-4839 (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 CH Energy Group, Inc. has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark Central Hudson Gas & Electric Corporation has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether CH Energy Group, Inc. is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  T

Non-Accelerated Filer  Smaller Reporting Company

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

Large Accelerated Filer  Accelerated Filer

Non-Accelerated Filer  T Smaller Reporting Company

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  T

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  T

As of the close of business on July 31, 2009, (i) CH Energy Group, Inc. had outstanding 15,790,053 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 JUNE 30, 2009

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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.

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## PART 1 – FINANCIAL INFORMATION

## ITEM 1 – FINANCIAL STATEMENTS (UNAUDITED)

## CH ENERGY GROUP CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

(In Thousands, except per share amounts)

	Three Months Ended June 30,	
	2009	2008
Operating Revenues		
Electric	\$ 108,597	\$ 145,844
Natural gas	31,056	44,275
Competitive business subsidiaries:		
Petroleum Products	50,451	99,796
Other	10,126	23,737
Total Operating Revenues	200,230	313,652
Operating Expenses		
Operation:		
Purchased electricity and fuel used in electric generation	51,884	90,441
Purchased natural gas	19,301	31,465
Purchased petroleum	40,669	102,122
Other expenses of operation - regulated activities	44,390	41,254
Other expenses of operation - competitive business subsidiaries	20,443	21,540
Depreciation and amortization	10,122	9,549
Taxes, other than income tax	9,595	9,327
Total Operating Expenses	196,404	305,698
Operating Income	3,826	7,954
Other Income and Deductions		
(Loss) income from unconsolidated affiliates	(153 )	66
Interest on regulatory assets and investment income	2,350	1,792
Other - net	(1,652 )	(559 )
Total Other Income	545	1,299
Interest Charges		
Interest on long-term debt	4,568	5,049
Interest on regulatory liabilities and other interest	1,883	1,343
Total Interest Charges	6,451	6,392
(Loss) income before income taxes, non-controlling interest and preferred dividends of subsidiary	(2,080 )	2,861
Income Taxes	(708 )	972
Net (Loss) Income	(1,372 )	1,889
Net (loss) income attributable to non-controlling interest:		
Non-controlling interest in subsidiary	(157 )	(23 )
Dividends declared on Preferred Stock of subsidiary	242	242
Net (loss) income attributable to CH Energy Group	(1,457 )	1,670
Dividends declared on Common Stock	8,526	8,523
Change in Retained Earnings	\$(9,983 )	\$(6,853 )
Common Stock:		
Average shares outstanding		



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Basic	15,774	15,768
Diluted	15,826	15,812
Amounts attributable to CH Energy Group common shareholders		
Earnings per share		
Basic	\$(0.09 )	\$0.11
Diluted	\$(0.09 )	\$0.11
Dividends Declared Per Share	\$0.54	\$0.54

The Notes to Financial Statements are an integral part hereof.

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## CH ENERGY GROUP CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

(In Thousands, except per share amounts)

	Six Months Ended June 30,	
	2009	2008
Operating Revenues		
Electric	\$265,350	\$289,658
Natural gas	121,179	120,494
Competitive business subsidiaries:		
Petroleum Products	171,030	272,476
Other	21,145	40,816
Total Operating Revenues	578,704	723,444
Operating Expenses		
Operation:		
Purchased electricity and fuel used in electric generation	143,635	174,775
Purchased natural gas	84,126	84,603
Purchased petroleum	126,940	252,980
Other expenses of operation - regulated activities	90,710	84,167
Other expenses of operation - competitive business subsidiaries	44,630	45,207
Depreciation and amortization	20,285	19,009
Taxes, other than income tax	19,738	18,790
Total Operating Expenses	530,064	679,531
Operating Income	48,640	43,913
Other Income and Deductions		
Income from unconsolidated affiliates	77	335
Interest on regulatory assets and investment income	3,466	3,065
Reserve for note receivable	(1,299 )	-
Other - net	(2,361 )	(118 )
Total Other Income	(117 )	3,282
Interest Charges		
Interest on long-term debt	9,348	10,138
Interest on regulatory liabilities and other interest	3,391	2,631
Total Interest Charges	12,739	12,769
Income before income taxes, non-controlling interest and preferred dividends of subsidiary	35,784	34,426
Income Taxes	13,825	12,909
Net Income	21,959	21,517
Net (loss) income attributable to non-controlling interest:		
Non-controlling interest in subsidiary	(190 )	61
Dividends declared on Preferred Stock of subsidiary	485	485
Net income attributable to CH Energy Group	21,664	20,971
Dividends declared on Common Stock	17,050	17,041
Change in Retained Earnings	\$4,614	\$3,930
Common Stock:		
Average shares outstanding		
Basic	15,773	15,765
Diluted	15,825	15,809
Amounts attributable to CH Energy Group common shareholders		

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Earnings per share		
Basic	\$1.37	\$1.33
Diluted	\$1.37	\$1.33
Dividends Declared Per Share	\$1.08	\$1.08

The Notes to Financial Statements are an integral part hereof.

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(In Thousands)

	Three Months Ended June 30,	
	2009	2008
Net (loss) Income	\$(1,372	) \$1,889
Other Comprehensive Income:		
Fair value of cash flow hedges - FAS 133:		
Unrealized gains - net of tax of (\$38) and (\$273)	57	410
Reclassification for gains realized in net income - net of tax of \$0 and \$340	-	(511
Net unrealized losses on investments held by equity method investees - net of tax of \$0 and (\$33)	-	50
Other comprehensive income (loss)	57	(51
Comprehensive (loss) Income	(1,315	) 1,838
Comprehensive income attributable to non-controlling interest	85	219
Comprehensive (loss) income attributable to CH Energy Group	\$(1,400	) \$1,619

	Six Months Ended June 30,	
	2009	2008
Net Income	\$21,959	\$21,517
Other Comprehensive Income:		
Fair value of cash flow hedges - FAS 133:		
Unrealized gains - net of tax of (\$39) and (\$455)	58	682
Reclassification for gains realized in net income -net of tax of \$0 and \$806	-	(1,208
Net unrealized losses on investments held by equity method investees - net of tax of \$0 and \$153	-	(230
Other comprehensive income (loss)	58	(756
Comprehensive Income	22,017	20,761
Comprehensive income attributable to non-controlling interest	295	546
Comprehensive income attributable to CH Energy Group	\$21,722	\$20,215

The Notes to Financial Statements are an integral part hereof.

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## CH ENERGY GROUP CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(In Thousands)

	Six Months Ended June 30,	
	2009	2008
<b>Operating Activities:</b>		
Net income	\$21,959	\$21,517
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	17,678	16,563
Amortization	2,607	2,446
Deferred income taxes - net	(11,916 )	13,434
Provision for uncollectibles	8,216	4,596
Distributed equity in earnings of unconsolidated affiliates	550	488
Pension expense	6,352	6,565
Other post-employment benefits ("OPEB") expense	5,056	5,226
Regulatory liability - rate moderation	-	(5,900 )
Regulatory asset amortization	2,812	2,765
Gain on sale of property and plant	(39 )	(27 )
Changes in operating assets and liabilities - net of business acquisitions:		
Accounts receivable, unbilled revenues and other receivables	34,596	4,153
Fuel, materials and supplies	8,695	2,148
Special deposits and prepayments	(860 )	4,110
Prepaid income taxes	-	(9,828 )
Accounts payable	(16,323 )	6,954
Accrued income taxes and interest	19,094	(997 )
Customer advances	(7,639 )	(12,544 )
Pension plan contribution	(6,850 )	(12,762 )
OPEB contribution	-	(4,200 )
Regulatory asset - Manufactured gas plant ("MGP") site remediations	(1,970 )	(789 )
Deferred natural gas and electric costs	30,912	(8,790 )
Customer benefit fund	(9 )	(366 )
Other - net	4,157	931
Net cash provided by operating activities	117,078	35,693
<b>Investing Activities:</b>		
Proceeds from sale of short-term investments	-	3,545
Proceeds from sale of property and plant	189	45
Additions to utility and other property and plant	(66,162 )	(39,545 )
Acquisitions made by competitive business subsidiaries	-	(9,259 )
Other - net	(2,676 )	712
Net cash used in investing activities	(68,649 )	(44,502 )
<b>Financing Activities:</b>		
Redemption of long-term debt	(20,000 )	-
Proceeds from issuance of long-term debt	50,000	-
(Repayments) borrowings of short-term debt - net	(35,500 )	33,500
Dividends paid on Preferred Stock of subsidiary	(485 )	(485 )
Dividends paid on Common Stock	(17,046 )	(17,036 )
Debt issuance costs	(116 )	(7 )
Net cash (used in) provided by financing activities	(23,147 )	15,972

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Net Change in Cash and Cash Equivalents	25,282	7,163
Cash and Cash Equivalents at Beginning of Period	19,825	11,313
Cash and Cash Equivalents at End of Period	\$45,107	\$18,476
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$10,172	\$11,447
Federal and state income tax paid	\$7,039	\$9,852
Additions to plant included in liabilities	\$5,113	\$12,523

The Notes to Financial Statements are an integral part hereof.

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## CH ENERGY GROUP CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In Thousands)

	June 30, 2009	December 31, 2008	June 30, 2008
<b>ASSETS</b>			
Utility Plant			
Electric	888,772	862,465	832,509
Natural gas	274,251	263,874	257,348
Common	137,619	135,732	117,247
	1,300,642	1,262,071	1,207,104
Less: Accumulated depreciation	379,502	369,925	362,363
	921,140	892,146	844,741
Construction work in progress	57,358	53,778	70,346
Net Utility Plant	978,498	945,924	915,087
Non-Utility Property & Plant			
Griffith non-utility property & plant	42,724	42,691	41,351
Other non-utility property & plant	20,534	15,345	13,775
	63,258	58,036	55,126
Less: Accumulated depreciation - Griffith	24,786	23,398	22,046
Less: Accumulated depreciation - other	2,634	2,212	1,788
Net Non-Utility Property & Plant	35,838	32,426	31,292
Current Assets			
Cash and cash equivalents	45,107	19,825	18,476
Accounts receivable from customers - net of allowance for doubtful accounts; \$9.1 million, \$8.8 million and \$5.6 million, respectively	94,872	131,727	134,288
Accrued unbilled utility revenues	8,542	12,657	7,372
Other receivables	7,371	7,914	7,288
Fuel, materials and supplies	27,890	36,585	31,580
Regulatory assets	35,510	60,502	46,090
Prepaid income tax	-	-	9,828
Fair value of derivative instruments	-	-	9,997
Special deposits and prepayments	22,255	21,344	24,014
Accumulated deferred income tax	21,851	7,498	1,088
Total Current Assets	263,398	298,052	290,021
Deferred Charges and Other Assets			
Regulatory assets - pension plan	181,083	197,934	44,078
Regulatory assets - OPEB	7,682	4,257	-
Regulatory assets - other	93,922	109,743	103,816
Goodwill	67,455	67,455	67,559
Other intangible assets - net	34,045	36,129	38,065
Unamortized debt expense	4,937	5,009	4,161
Investments in unconsolidated affiliates	8,834	9,711	10,799
Other investments	9,559	7,815	9,797
Other	15,242	15,728	14,628
Total Deferred Charges and Other Assets	422,759	453,781	292,903
Total Assets	1,700,493	1,730,183	1,529,303

The Notes to Financial Statements are an integral part hereof.





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## CH ENERGY GROUP CONSOLIDATED BALANCE SHEET (CONT'D) (UNAUDITED)

(In Thousands)

	June 30, 2009	December 31, 2008	June 30, 2008
<b>CAPITALIZATION AND LIABILITIES</b>			
<b>Capitalization</b>			
CH Energy Group Common Shareholders' Equity			
Common Stock (30,000,000 shares authorized: \$0.10 par value; 16,862,087 shares issued) 15,789,759 shares, 15,783,083 shares, and 15,782,774 shares outstanding, respectively	1,686	1,686	1,686
Paid-in capital	350,851	350,873	350,783
Retained earnings	221,248	216,634	219,569
Treasury stock - 1,072,328 shares, 1,079,004 shares, and 1,079,313 shares, respectively	(45,059 )	(45,386 )	(45,397 )
Accumulated other comprehensive income	113	55	417
Capital stock expense	(328 )	(328 )	(328 )
Total CH Energy Group Common Shareholders' Equity	528,511	523,534	526,730
Non-controlling interest in subsidiary	1,258	1,448	1,406
Total Equity	529,769	524,982	528,136
Preferred Stock of subsidiary	21,027	21,027	21,027
Long-term debt	463,896	413,894	383,892
Total Capitalization	1,014,692	959,903	933,055
<b>Current Liabilities</b>			
Current maturities of long-term debt	-	20,000	20,000
Notes payable	-	35,500	76,000
Accounts payable	36,621	52,824	50,448
Accrued interest	6,080	5,899	5,964
Dividends payable	8,769	8,765	8,765
Accrued vacation and payroll	7,528	6,628	8,080
Customer advances	22,803	30,442	10,501
Customer deposits	8,446	8,445	8,328
Regulatory liabilities	30,575	4,275	11,225
Fair value of derivative instruments	14,177	15,759	-
Accrued environmental remediation costs	8,950	5,757	7,075
Accrued income taxes	19,354	441	-
Deferred revenues	6,642	8,827	6,528
Accumulated deferred income tax	-	-	4,173
Other	15,258	27,974	23,019
Total Current Liabilities	185,203	231,536	240,106
<b>Deferred Credits and Other Liabilities</b>			
Regulatory liabilities - OPEB	-	-	13,412
Regulatory liabilities - other	86,112	130,893	119,416
Operating reserves	4,620	5,155	5,222
Accrued environmental remediation costs	17,564	21,796	23,393
Accrued OPEB costs	54,298	52,645	29,470
Accrued pension costs	161,712	161,674	6
Other	12,104	12,478	12,389
Total Deferred Credits and Other Liabilities	336,410	384,641	203,308

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Accumulated Deferred Income Tax	164,188	154,103	152,834
Commitments and Contingencies			
Total Capitalization and Liabilities	1,700,493	1,730,183	1,529,303

The Notes to Financial Statements are an integral part hereof.

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## CH ENERGY GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

(In Thousands, except share and per share amounts)

	CH Energy Group Common Shareholders										
	Common Stock \$0.10 par value; 30,000,000 shares authorized		Treasury Stock		Paid-In Capital	Capital Stock Expense	Retained Earnings	Accumulated Other Comprehensive Income / (Loss)			Totaling Equity
	Shares Issued	Amount	Shares Repurchased	Amount				Interest			
Balance at January 1, 2008	16,862,087	\$1,686	(1,100,087)	\$(46,252)	\$351,230	\$(328)	\$215,639	\$1,173	\$1,345	\$524,493	
Comprehensive income:											
Net income							20,971		61	21,032	
Change in fair value:											
Derivative instruments								682		682	
Investments								(1,208)		(1,208)	
Reclassification adjustments for losses recognized in net income								(230)		(230)	
Dividends declared on common stock (\$2.16 per share)							(17,041)			(17,041)	
Treasury shares issued			20,774	855	(447)					408	
Balance at June 30, 2008	16,862,087	\$1,686	(1,079,313)	\$(45,397)	\$350,783	\$(328)	\$219,569	\$417	\$1,406	\$528,136	
Balance at January 1, 2009	16,862,087	\$1,686	(1,079,004)	\$(45,386)	\$350,873	\$(328)	\$216,634	\$55	\$1,448	\$524,982	
Comprehensive income:											
Net income							21,664		(190)	21,474	
Change in fair value:											
Derivative instruments								58		58	
Investments										-	
Reclassification adjustments for losses recognized in										-	

net income										
Dividends declared on common stock (\$2.16 per share)						(17,050 )				(17,050 )
Treasury shares issued	6,676	327	(22 )							305
Balance at June 30, 2009	16,862,087	\$1,686	(1,072,328)	\$(45,059)	\$350,851	\$(328)	\$221,248	\$113	\$1,258	\$529,769

The Notes to Financial Statements are an integral part hereof.

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## CENTRAL HUDSON STATEMENT OF INCOME (UNAUDITED)

(In Thousands)

	Three Months Ended June 30,	
	2009	2008
Operating Revenues		
Electric	\$ 108,597	\$ 145,844
Natural gas	31,056	44,275
Total Operating Revenues	139,653	190,119
Operating Expenses		
Operation:		
Purchased electricity and fuel used in electric generation	51,242	89,138
Purchased natural gas	19,301	31,465
Other expenses of operation	44,390	41,254
Depreciation and amortization	7,989	7,450
Taxes, other than income tax	9,363	9,132
Total Operating Expenses	132,285	178,439
Operating Income	7,368	11,680
Other Income and Deductions		
Interest on regulatory assets and other interest income	1,866	1,436
Other - net	(1,202 )	(158 )
Total Other Income	664	1,278
Interest Charges		
Interest on other long-term debt	4,568	5,049
Interest on regulatory liabilities and other interest	1,323	1,114
Total Interest Charges	5,891	6,163
Income Before Income Taxes	2,141	6,795
Income Taxes	924	2,604
Net Income	1,217	4,191
Dividends Declared on Cumulative Preferred Stock	242	242
Income Available for Common Stock	\$975	\$3,949

The Notes to Financial Statements are an integral part hereof.

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## CENTRAL HUDSON STATEMENT OF INCOME (UNAUDITED)

(In Thousands)

	Six Months Ended June 30,	
	2009	2008
Operating Revenues		
Electric	\$265,350	\$289,658
Natural gas	121,179	120,494
Total Operating Revenues	386,529	410,152
Operating Expenses		
Operation:		
Purchased electricity and fuel used in electric generation	141,765	171,744
Purchased natural gas	84,126	84,603
Other expenses of operation	90,711	84,167
Depreciation and amortization	15,998	14,814
Taxes, other than income tax	19,330	18,434
Total Operating Expenses	351,930	373,762
Operating Income	34,599	36,390
Other Income and Deductions		
Interest on regulatory assets and other interest income	2,611	2,328
Other - net	(1,561 )	438
Total Other Income	1,050	2,766
Interest Charges		
Interest on other long-term debt	9,348	10,138
Interest on regulatory liabilities and other interest	2,761	2,214
Total Interest Charges	12,109	12,352
Income Before Income Taxes	23,540	26,804
Income Taxes	9,729	10,866
Net Income	13,811	15,938
Dividends Declared on Cumulative Preferred Stock	485	485
Income Available for Common Stock	\$13,326	\$15,453

The Notes to Financial Statements are an integral part hereof.

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## CENTRAL HUDSON STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(In Thousands)

	Three Months Ended June 30,	
	2009	2008
Net Income	\$1,217	\$4,191
Other Comprehensive Income	-	-
Comprehensive Income	\$1,217	\$4,191

  

	Six Months Ended June 30,	
	2009	2008
Net Income	\$13,811	\$15,938
Other Comprehensive Income	-	-
Comprehensive Income	\$13,811	\$15,938

The Notes to Financial Statements are an integral part hereof.

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## CENTRAL HUDSON STATEMENT OF CASH FLOWS (UNAUDITED)

(In Thousands)

	Six Months Ended June 30,	
	2009	2008
Operating Activities:		
Net Income	\$13,811	\$15,938
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	15,470	14,410
Amortization	528	404
Deferred income taxes - net	(13,394 )	11,450
Provision for uncollectibles	5,122	3,059
Pension expense	6,352	6,565
OPEB expense	5,056	5,226
Regulatory liability - rate moderation	-	(5,900 )
Regulatory asset amortization	2,812	2,765
Changes in operating assets and liabilities - net:		
Accounts receivable, unbilled revenues and other receivables	20,599	10,198
Fuel, materials and supplies	7,946	(212 )
Special deposits and prepayments	1,261	5,375
Prepaid income taxes	-	(5,904 )
Accounts payable	(12,702 )	11,660
Accrued income taxes and interest	15,974	(3,506 )
Customer advances	(2,985 )	(9,179 )
Pension plan contribution	(6,850 )	(12,762 )
OPEB contribution	-	(4,200 )
Regulatory asset - MGP site remediations	(1,970 )	(789 )
Deferred natural gas and electric costs	30,912	(8,790 )
Customer benefit fund	(9 )	(366 )
Other - net	5,114	572
Net cash provided by operating activities	93,047	36,014
Investing Activities:		
Additions to utility plant	(60,389 )	(37,730 )
Other - net	(2,941 )	(1,093 )
Net cash used in investing activities	(63,330 )	(38,823 )
Financing Activities:		
Redemption of long-term debt	(20,000 )	-
(Repayments) borrowings of short-term debt - net	(25,500 )	4,500
Additional paid-in capital	25,000	-
Dividends paid on cumulative Preferred Stock	(485 )	(485 )
Debt issuance costs	(118 )	(7 )
Net cash (used in) provided by financing activities	(21,103 )	4,008
Net Change in Cash and Cash Equivalents	8,614	1,199
Cash and Cash Equivalents - Beginning of Period	2,455	3,592
Cash and Cash Equivalents - End of Period	\$11,069	\$4,791
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$10,064	\$10,955
Federal and state income tax paid	\$7,417	\$8,642



Plant additions in liabilities	\$5,113	\$12,523
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The Notes to Financial Statements are an integral part hereof.

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## CENTRAL HUDSON BALANCE SHEET (UNAUDITED)

(In Thousands)

	June 30, 2009	December 31, 2008	June 30, 2008
ASSETS			
Utility Plant			
Electric	\$888,772	\$ 862,465	\$832,509
Natural gas	274,251	263,874	257,348
Common	137,619	135,732	117,247
	1,300,642	1,262,071	1,207,104
Less: Accumulated depreciation	379,502	369,925	362,363
	921,140		