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Central Hudson
Gas & Electric Corporation

March 16, 2011

VIA E-MAIL

Office of the Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549

Ladies and Gentlemen:

RE: File No. S7-18-08

CH Energy Group, Inc. ("CH Energy Group") appreciates the opportunity to offer comments on the proposed changes to Form S-3 under the Securities Act of 1933 proposed by the Securities and Exchange Commission (the "Commission") in Release No. 33-9186. The proposed change would eliminate the provision in Form S-3 that allows issuers of non-convertible investment grade debt securities that do not have $75 million in common equity held by non-affiliates to register the sale of those securities on Form S-3. Instead, only entities that have publicly issued $1 billion or more in such securities over a period of three years would be permitted to use Form S-3.

CH Energy Group (NYSE: CHG) is a well-known seasoned issuer with a market capitalization over $750 million. CH Energy Group is the holding company of Central Hudson Gas & Electric Corporation ("Central Hudson") and Central Hudson Enterprises Corporation ("CHEC"). Central Hudson is an electric and natural gas company regulated by the New York State Public Service Commission. CHEC is the parent company of CH Energy Group's unregulated businesses and investments, chiefly Griffith Energy Service, Inc., a fuel distribution business. Central Hudson represents approximately 90% of the holding company assets.

CH Energy Group concurs with the concerns expressed by the Edison Electric Institute on December 3, 2009 and September 5, 2008 regarding the impact of the same changes when proposed in 2009. The concerns expressed by EEI are not lessened by the adoption of Dodd-Frank – in fact, the difficulty in capital raising that followed the financial crisis that led to the adoption of Dodd-Frank only increased the realization that the proposed changes in their present form will have a significant negative impact on normal capital raising efforts for many registrants.

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State regulated utilities such as Central Hudson are commonly organized as wholly-owned subsidiaries of publicly traded holding companies. They often periodically issue registered investment grade nonconvertible debt on Form S-3 to finance their operations but will not meet the proposed $1 billion threshold for continued use of Form S-3. The proposed changes will have a disproportionate impact on these companies because they do not meet the other transaction requirements of the form ($75 million of equity securities held by non-affiliates) since their equity is entirely held by an affiliate.

While a wholly-owned subsidiary theoretically could register the public sale of debt on Form S-1, that form is not a practical alternative to Form S-3 for periodic registered debt offerings such as Central Hudson's current medium term note program. This program permits the company to quickly and relatively inexpensively access the debt markets through a shelf registration on Form S-3 as opportunities and needs arise.

Since the company's post-effective periodic filings are not automatically incorporated by reference into Form S-1 (as they are with Form S-3), the registration statement can be kept current for future sales after it is declared effective only by periodically preparing and filing post-effective amendments to the registration statement to include updated financial and other information, a time consuming and relatively expensive process. The alternative of filing a new Form S-1 for each individual debt offering would be even more unwieldy, with the uncertainty of potential staff review and comments for each filing. As a result, the loss of the right to use Form S-3 for shelf registrations of debt would eliminate for Central Hudson (and, indirectly, its stockholders and customers) most of the cost and timing benefits associated with access to the public debt markets.

Conversely, unregistered offerings of debt that rely on an exemption from registration tend to be more costly (in part because the universe of potential investors is more limited) and less transparent.

Because Central Hudson, our utility operating subsidiary, must be able to quickly access the capital markets and take advantage of favorable market conditions, it is likely that Central Hudson would use private placements, which would in turn reduce its access to broad, public sources of liquidity. It ought to be noted that Central Hudson was able to use Form S-3, relying on General Instruction I.B.2., to access the credit markets during the difficult capital market conditions in the recent financial crisis; it sold $30 million of senior unsecured debt securities in November 2008 as part of its ongoing medium term note program.

In what may well be an unanticipated consequence of the proposed rule amendments, reliance on non-registered offerings would also make it more difficult for regulated utility issuers to meet the historical issuance test in future because only registered offerings would be counted toward the $1 billion threshold.

Further, any additional cost of such debt such as higher coupon rates for debt placed under Rule 144A is likely to ultimately be borne by the ratepayers of the affected utilities. The costs of raising capital for Central Hudson could increase as a result of the proposed change to the eligibility requirements. Over time this could lead to higher incremental financing costs that our utility customers typically pay through cost-of-service ratemaking[1].

The proposed change to Form S-3 clearly will increase the burden on capital-raising by many utility subsidiaries such as Central Hudson. In addition, we are not aware of any claims of abuse rising out of the use of Form S-3 by utility subsidiaries for the registration of investment grade debt in reliance on current General Instruction I.B.2; in fact, because these registration statements are subject to review by the Commission staff, they are subject to greater potential scrutiny than the private placement alternative for issuing debt (which will be the most practical option for many utility subsidiaries if the proposed changes are adopted).

If the Commission determines that it is necessary to change the eligibility requirements for Form S-3 to conform to the Dodd-Frank legislation, we believe that the proposed historical $1 billion issuance test is not the appropriate sole standard for determining Form S-3 eligibility and that any change in the eligibility requirements should not adversely impact the ability of companies, specifically utilities already under substantial regulation, to efficiently access the public markets by issuing traditional corporate debt securities. A targeted solution appropriate to this sector might be to allow utility operating subsidiaries regulated by a state public utility commission or equivalent governmental entity a specific exemption under the proposed Rule changes.

CH Energy Group appreciates the efforts of the Commission to comply with the directives of the Dodd-Frank statute, but we believe that the proposed changes have an unnecessarily adverse impact on traditional corporate debt offerings. If the Commission has any questions regarding this letter, please contact the undersigned at (845) 452-2000.

Very truly yours,

Christopher M Capone

CMC:dmg

[1] A 2002 paper from The Darden School at the University of Virginia suggests that "For investment grade debt, issue costs in the 144A market average 30 basis points higher than the public market." See Chaplinsky, Susan and Ramchand, Latha: "The Impact of SEC Rule 144A on Corporate Debt Issuance by International Firms" forthcoming in The Journal of Business.