

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
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GENERAL INFORMATION

2. HOW TO OBTAIN SERVICE (Cont'd)

A. APPLICATION FOR SERVICE (Cont'd)

(3) Retail Access Service

(a) Creditworthiness

The following provisions apply to Marketers selling natural gas to Customers and to Customers procuring their own energy supplies (Direct Customers). These provisions do not apply in circumstances involving credit risks of wholesale energy suppliers (except to the extent associated with load balancing and settlement by the Company).

Under the applicable circumstances, the Marketer's or Direct Customer's participation in the Company's retail access program is contingent upon the Marketer or Direct Customer satisfying a credit appraisal based on independent bond/credit ratings and supplying any security that may be found necessary to meet the Company's credit requirements. Credit appraisals and security requirements will be reviewed by the Company annually, at a minimum. Qualified Marketers and Direct Customers shall promptly advise the Distribution Provider of any material change in business or financial condition.

- (i) A Marketer can satisfy the Company's criteria for unsecured credit by having a minimum rating of "BBB" from Standard and Poors (S&P), "Baa2" from Moody's, or "BBB" from Fitch ("Minimum Rating"); or posting security in an acceptable form as listed in Rule 2.A.(3)(b). The Company will be able to require a Marketer having the Minimum Rating to post security:
 - (aa) For the amount by which the Company's Credit Exposure for any Marketer exceeds 5% of the Company's applicable revenues for the applicable time period (e.g., 30 days of gas revenues for gas balancing); or
 - (bb) For the full amount of the Credit Exposure if the Marketer or its guarantor is at the Minimum Rating and is placed on credit watch with negative implications by any of the three designated rating agencies or the utility receives information that indicates that the Marketer's or its guarantor's credit rating could be downgraded below the Minimum Rating (which security requirement will be lifted if the Marketer's or its guarantor's credit rating is not downgraded during the ensuing sixty (60) days), or the Marketer's status as a Billing Agency is terminated by another New York utility for failing to render timely bills to customers or to make timely payments to the utility.
- (ii) A Marketer having a minimum "1A2" rating from Dun and Bradstreet ("D&B") coupled with twenty-four (24) months good payment history will satisfy the Company's credit requirement, but unsecured credit will be limited as indicated below:
 - (aa) Rating of a 4A1 or 4A2, the unsecured credit will be thirty percent (30%) of a Marketer's equity, up to five percent (5%) of the Company's total monthly gas revenues for the applicable time period;

(Continued on next leaf)

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