

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: June 1, 2003
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Revision: 0
Superseding Revision:

GENERAL INFORMATION

2. HOW TO OBTAIN SERVICE (Cont'd)

A. APPLICATION FOR SERVICE (Cont'd)

(3) Retail Access Service (Cont'd)

(c) Alternative Security Mechanism (Lockbox) (Cont'd)

- (iv) That the depository bank shall perform a daily accounting and allocation of all funds deposited in the Lockbox Account, as follows: all funds deposited shall be allocated first to pay any amounts payable by the Marketer to the Company under the terms of this Tariff, including but not limited to charges for balancing and non-delivery. Additional funds deposited into the Lockbox Account, if any, shall be allocated to a Marketer's account.
- (v) That the Marketer shall expressly assume responsibility for payment to the depository bank of all fees and charges for the maintenance and administration of the Lockbox Account, for any charges for returned checks deposited into the Lockbox Account, and for any similar penalties or charges;
- (vi) That the Company shall not be responsible for the collection of any of the Marketer's accounts receivable from Customers located within the Company's franchise area, but that the Company may, at its option, pursue such collection;
- (vii) That the rights of the Company under the Lockbox Agreement are in addition to, and not in limitation or in lieu of, any other rights of the Company against the Marketer, as a creditor of the Marketer or otherwise; and
- (viii) That the Marketer shall make payment to the Company for services rendered by the Company according to the provisions hereof.

The Lockbox Agreement shall further incorporate such additional provisions as are appropriate to ensure the effective functioning of the Alternative Security Mechanism.

(d) Calling on Security

The Company may call upon the security posted by a Marketer or Direct Customer after providing five (5) days' notice to the Marketer or Direct Customer whenever the Marketer or Direct Customer fails to pay the Company on a timely basis, unless the Marketer or Direct Customer makes a payment in full within the five (5) calendar day notice period.

The Company may call upon the security posted by a Marketer or Direct Customer without prior notice if the Marketer or Direct Customer files a petition in bankruptcy (or equivalent, including the filing of an involuntary petition in bankruptcy against the Marketer or Direct Customer) or if for any reason a Marketer ceases to provide service to its Customers under the Company's retail access program.

(Continued on next leaf)

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