

PSC No: 20 - Electricity
Rochester Gas and Electric Corporation
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GENERAL INFORMATION

PART II - RULES AND REGULATIONS

2. HOW TO OBTAIN SERVICE (Cont'd)

A. QUALIFICATION AND APPLICATION (Cont'd)

(5) Creditworthiness (Cont'd)

- (b) A Distribution Customer having a minimum A1A2" rating from Dun and Bradstreet ("D&B") coupled with twenty four (24) months good payment history will satisfy the Distribution Provider's credit requirement, but unsecured credit will be limited as indicated below:
 - (i) Rating of a 4A1 or 4A2, the unsecured credit will be thirty percent (30%) of a Distribution Customer's equity, up to five percent (5%) of the Distribution Provider's total monthly electric revenues for the applicable time period;
 - (ii) Rating of a 3A1 or 3A2, the unsecured credit will be thirty percent (30%) of a Distribution Customer's equity, up to five percent (5%) of the Distribution Provider's total monthly electric revenues for the applicable time period;
 - (iii) Rating of a 2A1 or 2A2, the unsecured credit will be fifty percent (50%) of a Distribution Customer's equity, up to \$500,000; or
 - (iv) Rating of a 1A1 or 1A2, the unsecured credit will be fifty percent (50%) of a Distribution Customer's equity, up to \$375,000.

The Distribution Provider requires a Distribution Customer or its guarantor, which has been qualified on the basis of a D&B rating to provide two (2) years of audited financial statements; two (2) trade references, preferably those of other utilities; and one (1) bank reference. References must be from nonaffiliated companies. The Distribution Provider will have the option to require a Distribution Customer to post security to cover the Distribution Customer's credit exposure in excess of the above limits.

- (c) The Distribution Provider may reduce or eliminate security requirements if the Distribution Customer is below the Minimum Rating and voluntarily provides additional financial information. The Company will determine the reduction or elimination of security on an equitable basis for all Distribution Customers.
- (d) The Distribution Provider shall provide to the Distribution Customer its rationale for its determination and the calculation supporting the credit limit and any resulting security requirement within ten (10) calendar days after receiving a completed application. The Distribution Provider will perform its credit evaluation and associated security calculation in a non-discriminatory manner.

The creditworthiness standards described above shall be waived for a Direct Customer, provided that the Direct Customer's accounts are current and have been maintained current for twelve (12) months, and provided that the Direct Customer's long-term unsecured debt securities are, and remain, rated a minimum of BBB, Baa2, or BBB by S&P's, Moody's, or Fitch, respectively. If the Direct Customer's debt is not rated, its account with the Company must be current, and it must not have a poor payment history with the Distribution Provider for the past twenty-four (24) months.

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