

PSC No: 120 - Electricity  
New York State Electric and Gas Corporation  
Initial Effective Date: December 1, 2003

Leaf No. 88  
Revision: 0  
Superseding Revision:

#### GENERAL INFORMATION

16. Customer Advantage Program - General Retail Access: (Cont'd.)

E. ESCO or DC Participation: (Cont'd.)

7. Creditworthiness Standards: (Cont'd.)

(g) Calling on Security: (Cont'd.)

The ESCO must replenish or reinstate the required security within five (5) calendar days where: (1) the ESCO's credit rating or security no longer meets the credit requirements set forth in this Program tariff, and/or (2) NYSEG, at its discretion, draws on the ESCO's security deposit. If the ESCO/DC fails to replenish the required security, NYSEG shall have the right to initiate a process to discontinue such ESCO/DC's participation in NYSEG's Program.

- i. NYSEG may, at its discretion, reduce or eliminate any security requirements as long as this standard is applied equitably to all ESCOs/DCs existing and new.

(h) Prepayments and Deposits:

If an ESCO, or its parent guarantor, has submitted evidence of (1) a minimum bond rating of "BBB" from S&P, "Baa 2" from Moody's or "BBB" from Fitch, or (2) an escrow account, or (3) a letter of credit, the ESCO may accept deposits from its customers. An ESCO may accept prepayments from its customers, only if it, or its parent guarantor, has submitted evidence of a minimum bond rating as set forth in the preceding sentence.

ESCOs seeking to collect prepayments or deposits from their customers shall submit the required evidence described in the preceding paragraph to NYSEG on August 1, 2002 and on August 1 of each subsequent year to show appropriate evidence of financial viability.

An ESCO that has appropriately secured deposits by showing evidence of an escrow account or a letter of credit from an "A" rated financial institution may secure customer deposits, request deposits from its customers, and negotiate appropriate deposit amounts.

An ESCO must provide a notice describing, among other things, the methods used to secure customer deposits and prepayments to a new customer before the customer makes a deposit or prepayment. An ESCO shall notify its existing customers of its methods used to secure customer deposits and prepayments by providing copies of revised disclosure statements and/or contracts that contain the information in the notice. ESCOs are required to file an example of the revised disclosure statement and/or contract with PSC Staff prior to distribution to customers.

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