

PSC No: 19 - Electricity
Rochester Gas and Electric Corporation
Initial Effective Date: March 1, 2004
Issued under the authority of the PSC in Case Nos. 02-E-0198 and 02-G-0199, issued and effective March 7, 2003

Leaf No. 160.14
Revision: 0
Superseding Revision:

GENERAL INFORMATION

11. GENERAL RETAIL ACCESS - MULTI-RETAILER MODEL (Cont'd)

If the ESCO/DC credit standing ceases to meet RG&E's credit requirements or if its financial exposure changes due to increased usage during the period of service, then RG&E has the right to require security or prepayment as specified herein. RG&E, however, may not request additional security unless the credit exposure exceeds the current security level by at least 10%, or a reasonable RG&E specified threshold. If the security is not tendered within five (5) calendar days after such request, then RG&E may initiate a process to discontinue retail access service to the ESCO/DC. Deposits received in cash will accumulate interest at the applicable "Other Customer Capital Rate" per annum, as approved by the Commission. If the ESCO/DC subsequently satisfies the creditworthiness standards without the need for some or all of the security requirement, RG&E shall return the appropriate portion of the ESCO's/DC's advance deposit with accumulated interest. Similarly, if RG&E's credit risk is determined to decrease by at least 10% below the current security level or a reasonable RG&E specified threshold, relative to the amount of cash security on deposit, the excess shall be refunded to the ESCO/DC with accumulated interest within five (5) calendar days of such determination.

(e) Customers Procuring Their Own Energy (DCs):

The aforementioned creditworthiness standards shall be waived for a DC procuring its own Electric Power Supply, provided that such DC's accounts are current and have been maintained current for 12 months, and provided that the DC's long-term unsecured debt securities are, and remain, rated a minimum of BBB, Baa2 or BBB by S&P, Moody's, or Fitch, respectively. If the DC's debt is not rated, its account with RG&E must be current, and it must not have a poor payment history with RG&E for the past 24 months.

(f) Lockbox Mechanism:

An alternative security mechanism for ESCOs shall be available in the form of a "lockbox" for any of the security requirements specified above. A lockbox will reduce any security requirements to 50% of what would otherwise be required. Under the lockbox, an ESCO customer's payments will be made to a lockbox, which will be administered by an entity mutually agreed upon by RG&E and the ESCO. All costs associated with implementing and administering the lockbox will be the responsibility of the ESCO. The allocation of funds in the lockbox between RG&E and the ESCO, and other administrative rules, must be agreed to by both parties, with RG&E having first rights on funds in the lockbox to off-set all amounts incurred or imposed by RG&E in connection with this General Retail Access program. The administrative rules shall specify the terms under which the lockbox mechanism shall be terminated for non-compliance. Except as otherwise provided for under this General Retail Access program, RG&E, after petition to the Commission, is permitted to terminate the lockbox and request full security if expected customer payments are not received in a timely manner.

(g) Calling on Security:

RG&E may call upon the security posted by an ESCO/DC after providing five (5) calendar days' notice to the ESCO/DC whenever the ESCO/DC fails to pay RG&E on a timely basis, as set forth in the Operating Agreement, unless the ESCO/DC makes payment in full within the five (5) day notice period.

RG&E may call upon the security posted by an ESCO/DC without prior notice if the ESCO/DC files a petition in bankruptcy (or equivalent, including the filing of an involuntary petition in bankruptcy against the ESCO/DC) or for any reason an ESCO ceases to provide service to its customers under this General Retail Access program.

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Rochester, New York