

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

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

(f) Lockbox Mechanism:

- (1) An alternative 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.
- (2) Under the lockbox, an ESCO customers' payments will be made to a lockbox, which will be administered by a mutually agreed upon entity.
- (3) All costs associated with implementing and administering the lockbox will be the responsibility of the ESCO.
- (4) The allocation of funds in the lockbox between the Company and the ESCO, and other administrative rules, must be agreed to by both parties, with the Company having first rights on funds in the lockbox to off-set Company charges. The administrative rules shall specify the terms under which the lockbox mechanism shall be terminated for non-compliance.
- (5) The Company, after petition to the PSC, 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:

- (1) The Company may call upon the security posted by the ESCO /Direct Customer after providing five (5) calendar days notice to the ESCO/Direct Customer if the ESCO/Direct Customer fails to pay the Company on a timely basis, unless the ESCO/Direct Customer makes payment in full within the five (5) calendar day notice period.
- (2) The Company may call upon the security posted by the ESCO/Direct Customer without prior notice:
 - (a) if the ESCO /Direct Customer files a petition in bankruptcy (or equivalent, including the filing of an involuntary petition in bankruptcy against the ESCO/Direct Customer); or
 - (b) if the ESCO ceases service to its customers.
- (3) The ESCO must replenish or reinstate the required security within five (5) calendar days where
 - (a) the ESCO's credit rating or security is no longer adequate regarding the Company's credit requirements, and/or
 - (b) the Company draws on the ESCO's security deposit. If the ESCO fails to replenish the required security, the Company shall have the right to initiate a process to discontinue the ESCO's participation under this General Retail Access program.

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