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41. RETAIL ACCESS PROGRAM (Cont'd)

O. CREDITWORTHINESS (Cont'd)

(b) Creditworthiness Determinants for Retail Suppliers (Cont'd)

Central Hudson will have the option to require a Retail Supplier to post security to cover the Retail Supplier's credit exposure in excess of the above limits.

Central Hudson will complete its credit evaluation within ten (10) calendar days after receiving an application. Central Hudson will provide the rationale for its determination, the calculation supporting the credit limit and any resulting security requirement (as discussed in Section c below). Central Hudson will perform its credit evaluation and associated security calculation in a non-discriminatory manner. Central Hudson may, at its discretion, reduce or eliminate any security requirements per standards equitably applied to all Retail Suppliers existing and new.

(c) Credit Exposure/Security Calculation

If the Retail Supplier meets the credit requirements in Section (b), or a Direct Customer receives a waiver as set forth in Section (e) below, no security will be required. If the Retail Supplier does not meet the credit requirements in Section (b), or the requirements of Section (e) cannot be met for Direct Customers, security in an amount equal to the credit exposure must be provided in a form as set forth in Section (d) below.

The maximum security amounts identified below are associated with the risk of the failure of a Retail Supplier, delivering a single bill for delivery and commodity service to the retail customer, to pay Central Hudson (Paragraph 1 below) and, the failure of a Retail Supplier to pay Central Hudson for underdeliveries when that Retail Supplier has underdelivered by up to 100% of its customers' needs (Paragraphs 1 and 2 below).

1. Delivery

The maximum security associated with the natural gas delivery risk, where the Retail Supplier bills customers for both delivery and commodity services, will be no more than 60 days of a Retail Supplier's customers' projected peak period natural gas requirements over the next twelve (12) months priced at Central Hudson's applicable delivery tariff rate, including relevant gas costs and customer charges.

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York