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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 reserve the option to require a Retail Supplier with a Minimum Rating to post security:

1. for the amount by which Central Hudson's Credit Exposure (see Section C below) for any Retail Supplier exceeds 5% of Central Hudson's applicable revenues for the applicable time period; or
2. for the full amount of the Credit Exposure if (1) the Retail Supplier or its guarantor is at the Minimum Rating and is placed on credit watch with negative implications by any of the three designated rating agencies or Central Hudson receives information that indicates that the Retail Supplier's or its guarantor's credit rating could be downgraded below the Minimum Rating (which security requirement will be lifted if the Retail Supplier's or its guarantor's credit rating is not downgraded during the ensuing 60 days), or (2) the Retail Supplier's status as a billing agent is terminated by another New York utility for failing to render timely bills to customers or to make timely payments to that utility.
3. A Retail Supplier having a minimum "1A2" rating from Dun & Bradstreet coupled with 24 months good payment history will satisfy Central Hudson's credit requirements, but unsecured credit will be limited as indicated below:

<u>Rating</u>	<u>Unsecured Credit</u>
4A1 or 4A2 OR 3A1 or 3A2	30% of a Retail Supplier's equity, up to five percent (5%) of Central Hudson's applicable revenues for the applicable time period
2A1 or 2A2	50% of a Retail Supplier's equity, up to \$500,000
1A1 or 1A2	50% of a Retail Supplier's equity, up to \$375,000

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