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COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 0  
INITIAL EFFECTIVE DATE: 06/01/99 SUPERSEDING REVISION:  
STAMPS:  
RECEIVED: 04/26/99 STATUS: Effective EFFECTIVE: 06/01/99

### GENERAL INFORMATION

## 22. CREDITWORTHINESS: (CONT'D)

### D. Security Instruments

- (1) A Marketer/Pool Operator/Aggregation Pool Operator /Direct Customer, upon notification by the Company that it has failed to satisfy the credit requirements or, subsequently, while providing service to retail customers, it no longer satisfies the credit requirements, may still obtain or retain credit approval from the Company if it pays any outstanding balance due the Company for service rendered and elects to provide mutually agreeable security to the Company. An illustrative list of security instruments is provided in the Gas Transportation Operating Procedures Manual.
- (2) If the rating of a bank or other financial institution or an insurance company with claims paying ability from whom a Marketer/Pool Operator/Aggregation Pool Operator/Direct Customer has obtained a letter of credit or surety bond, for meeting the requirements set forth above, falls below an "A" rating, the Marketer/Pool Operator/Aggregation Pool Operator/Direct Customer will have five (5) calendar days to obtain a substitute letter of credit or surety bond from an "A" rated bank or other financial institution with at least an "A" bond rating, or an insurance company with claims paying ability.
- (3) If the Marketer/Pool Operator/Aggregation Pool Operator /Direct Customer's credit standing ceases to meet the Company's credit requirements or if its financial exposure changes due to increased usage during the period of service, then the Company has the right to require security or prepayment. If the security is not tendered within five (5) calendar days after the request, then the Company may initiate a process to discontinue the Marketer/Pool Operator/Aggregation Pool Operator/Direct Customer. The Company may not request additional security unless the credit exposure has increased by at least ten percent (10%), or other reasonable level specified by the Company. Similarly, if the Company's credit risk is determined to decrease by at least ten percent (10%), or other reasonable level specified by the Company, relative to the amount of security on deposit, the excess shall be refunded with accumulated interest within five (5) calendar days of the determination.
- (4) Deposits received in cash will accumulate interest at the applicable rate per annum approved by the New York State Public Service Commission for Other Customer Capital.

Issued By: George E. Bonner, Vice President - Gas Operations & Marketing, Binghamton, NY  
(Name of Officer, Title, Address)