

PSC No: 88 - Gas
NEW YORK STATE ELECTRIC & GAS CORPORATION
Initial Effective Date: 11/01/10
Issued in compliance with Order in Case 09-G-0716 dated 09/21/10

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GENERAL INFORMATION

35. Purchase of ESCO Accounts Receivable Program (POR)

In accordance with the Joint Proposal on Purchase of Accounts Receivable ("POR JP") dated October 28, 2005, in Case 05-M-0543 as approved by the Public Service Commission's Order Adopting the Terms and Conditions of the Joint Proposal for the Purchase of Accounts Receivable, issued December 27, 2005, and as amended with the Joint Proposal dated July 14, 2010, in Cases 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718. NYSEG will purchase accounts receivable at a discount and without recourse for commodity sales by ESCOs that provide commodity service in NYSEG's territory.

Eligibility Requirements:

ESCOs that elect the Company's consolidated billing option for all or a portion of their customers will be required to sell their accounts receivable for such customers to NYSEG under the terms of the POR. ESCOs continue to have the right to issue their own bill using dual billing for all or a portion of their customers. Such ESCOs will be precluded from participating in the POR for customers receiving dual billing.

Purchase Price:

Gas accounts receivable will be purchased at a discount off face value of the ESCO receivable. The discount rate will be sufficient to compensate the Company for its financial risk in purchasing gas receivables, and be comprised of the following components.

- a) Commodity-related Uncollectible percentage based on total Company uncollectible costs for the most recent available twelve-month period divided by the sum of the total retail, retail access, and purchased ESCO receivables revenue for the same twelve-month period.
- b) Financial Risk Adder set at 20% of the applicable uncollectible percentage.
- c) Commodity-related credit and collections and call center percentage.

Discount rates will be adjusted each year to reflect NYSEG's most recent twelve-month experience for uncollectible expense. Additionally, the credit and collections and call center allocation included in the discount rate will be reconciled annually with any under- or over-collections included in the following year's discount rate.

A POR Discount (DISC) Statement setting forth the electric discount and gas discount will be filed with the Public Service Commission sixty (60) days prior to the September 1 effective date of each annual filing.

Payments:

As specified in Appendix B of the POR JP, payments to ESCOs will be made, via ACH (Automated Clearing House), 20 days after acceptance of the EDI 810 transaction.

Other Considerations:

The POR shall be subject to modifications based upon Commission orders, rules, and regulations applicable to retail access, including, but not limited to, the Uniform Business Practices, proration of customer payments under a single bill, and provisions of Home Energy Fair Practices Act. The POR obviates the need for NYSEG to prorate partial customer payments among ESCOs that are participating in the POR.

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