

PSC No: 17 - Gas
Rochester Gas and Electric Corporation
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GENERAL INFORMATION

PART II - RULES AND REGULATIONS

2. HOW TO OBTAIN SERVICE (Cont'd)

A. QUALIFICATION AND APPLICATION (Cont'd)

(4) **Creditworthiness (Cont'd)**

- (e) A Distribution Customer, having submitted evidence to the Distribution Provider of the required bond rating evidence required by Uniform Business Practices, may accept prepayments from its customers.
 - (i) Satisfactory evidence shall be a sufficient bond rating from an independent rating agency for either the Distribution Customer or its parent, if the parent agrees to act as guarantor for the Distribution Customer.
 - (ii) Sufficient bond ratings are BBB from S&P, Baa2 from Moody's, or BBB from Fitch.
 - (iii) A Distribution Customer shall submit required evidence to the Distribution Provider on August 1, 2002 and on August 1 of each subsequent year.
- (f) A Distribution Customer may accept deposits from its customers if it submits evidence of the required bond rating, an irrevocable letter of credit from a financial institution with at least an A credit rating, or an escrow account with a financial institution with at least an A credit rating.
- (g) Transfer of any deposit amount from the Distribution Provider to the Distribution Customer is prohibited.

(5) **Security**

If the Distribution Customer or Direct Customer meets the creditworthiness requirements as set forth above, no security may be required. If the creditworthiness requirements are not met, security in an amount equal to the credit exposure may be sought and provided in a form as set forth herein.

The maximum security amounts identified below are associated with the risk of the failure of a Distribution Customer, delivering a single bill for delivery and commodity service to the Customer, to pay the Distribution Provider and, the failure of a Distribution Customer to pay the Distribution Provider for underdeliveries when that Distribution Customer has underdelivered by up to 100% of its Customers' needs:

- (a) The maximum security associated with the gas delivery risk, where the Distribution Customer bills Customers for both delivery and commodity services, may be no more than sixty (60) days of a Distribution Customer's Customers' projected twelve (12) months deliveries priced at the Distribution Provider's applicable delivery tariff rate, including relevant competitive transition and Customer charges.

(Continued on next leaf)

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