

PSC No: 17 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: June 1, 2003

Leaf No. 28
Revision: 0
Superseding Revision:

GENERAL INFORMATION

PART II - RULES AND REGULATIONS

2. HOW TO OBTAIN SERVICE (Cont'd)

A. QUALIFICATION AND APPLICATION (Cont'd)

(6) **Alternative Security Mechanism (Lockbox) (Cont'd)**

The Lockbox Agreement shall further provide:

- (a) That all payments made by Retail Customers, located within the Distribution Provider's Control Area, for gas service by the Distribution Customer, shall be remitted to and deposited in the Lockbox Account;
- (b) That payments deposited in the Lockbox Account shall clear and become available funds after a specified period of time following their deposit into the Lockbox Account;
- (c) That the Distribution Customer's service agreements with its Retail Customers shall expressly require that such Retail Customers shall remit their payments for gas service to that Lockbox Account, and that the Distribution Customer shall not amend its service agreement with any Retail Customer, in any way affecting the terms of payment by such Retail Customer, without the prior express written consent of the Distribution Provider;
- (d) That the depository bank shall perform a daily accounting and allocation of all funds deposited in the Lockbox Account, as follows: all funds deposited shall be allocated first to pay all amounts payable by the Distribution Customer to the Distribution Provider under the terms of this Tariff, including but not limited to charges for Distribution Service. Additional funds deposited into the Lockbox Account, if any, shall be allocated to a Distribution Customer Account.
- (e) That the Distribution Customer shall expressly assume responsibility for payment to the depository bank of all fees and charges for the maintenance and administration of the Lockbox Account, for any charges for returned checks deposited into the Lockbox Account, and for any similar penalties or charges;
- (f) That the Distribution Provider shall not be responsible for the collection of any of the Distribution Customer's accounts receivable from Retail Customers located within the Distribution Provider's gas control Area, but that the Distribution Provider may, at its option, pursue such collection;
- (g) That the rights of the Distribution Provider under the Lockbox Agreement are in addition to, and not in limitation or in lieu of, any other rights of the Distribution Provider against the Distribution Customer, as a creditor of the Distribution Customer or otherwise; and
- (h) That the Distribution Customer shall make payment to the Distribution Provider for services rendered by the Distribution Provider according to the provisions of Rule 5.E(1) hereof.

The Lockbox Agreement shall further incorporate such additional provisions as are appropriate to ensure the effective functioning of the Alternative Security Mechanism.

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Rochester New York