

PSC No: 20 - Electricity
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)

(6) Security (Cont'd)

Upon notification by the Distribution Provider that a Distribution Customer or Direct Customer has failed to satisfy the credit requirements or, subsequently, while providing service to Customers, no longer satisfies the credit requirements, such Distribution Customer or Direct Customer may still obtain or retain credit approval from the Distribution Provider if it pays any outstanding balance due to the Distribution Provider for services rendered and elects to provide one of the following, as mutually agreed by the parties:

- (a) An advance deposit or prepayment;
- (b) A standby irrevocable letter of credit issued by a bank, insurance company or other financial institution with at least an "A" bond rating;
- (c) A security interest in collateral found to be satisfactory by the Distribution Provider;
- (d) A guarantee, acceptable to the Distribution Provider, by another party with a satisfactory credit rating of at least "BBB" by S&P, "Baa2" by Moodys or "BBB" by Fitch;
- (e) An Alternative Security Mechanism (lockbox) as described in 2.A.(7);
- (f) A surety bond from an insurance company or other financial institution with at least an "A" bond rating; or
- (g) Other mutually acceptable means of providing or establishing adequate security.

If the rating of a bank, insurance company or other financial institution from whom a Distribution Customer or Direct Customer has obtained a letter of credit or surety bond falls below an "A" rating, the Distribution Customer or Direct Customer shall have five (5) calendar days to obtain a substitute letter of credit or surety bond from an "A" rated institution, or furnish an alternative form of security as described above.

If at any time the Distribution Provider's financial exposure to a secured Distribution Customer exceeds the amount for which the Distribution Customer is qualified by the lesser of ten percent (10%) or \$50,000, the Distribution Provider will request immediate payment, additional security or a combination of the two, in an amount corresponding to the Distribution Provider's increased exposure, and may call upon security as specified in Rule 2.A.(8). Requests for Retail Customer enrollments will not be honored until such time as additional security or payment is provided. If additional security or payment is not provided within five (5) calendar days, then the Distribution Provider shall commence discontinuance of service to the Distribution Customer in accordance with Rule 7.B.

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