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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**

If the Distribution Customer or Direct Customer meets the creditworthiness requirements as set forth above, no security may be required. If the security 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 electric 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 priced at the Distribution Provider's applicable delivery tariff rate, including relevant competitive transition and Customer charges.
- (b) The maximum security associated with the electric imbalance risk of the Distribution Provider may be no more than as determine by:
 - (i) The maximum daily quantity (kWh) of a Distribution Customer's Customer' projected aggregate consumption (or Direct Customer's projected consumption) over the coming twelve (12) month;
 - (ii) Priced at the highest month's average daily spot market price, for the area in which the Distribution Customer's Customers (or the Direct Customer) are located, during the previous twelve (12) months; and
 - (iii) Multiplied by thirty (30) days.

If an average daily spot market price is not available for the previous twelve (12) months, the average shall be for the period in which such data does exist. If the ISO has not been established, the spot price will be the real time price as specified in this Tariff.

For Distribution Customers taking full requirements from the Distribution Provider, the security requirement is equal to twice the peak month's consumption during the next twelve (12) month period, multiplied by the distribution rates as set forth in this Tariff. For Distribution Customers with no current Retail Customers, the initial security requirement will be based on the projected peak monthly load over the next twelve (12) months, as estimated by the Distribution Customer.

(Continued on next leaf)

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