

PSC No: 16 - Gas
Rochester Gas and Electric Corporation
Initial Effective Date: January 1, 2005
Issued in compliance with order in Case 02-M-0515 dated August 4, 2004

Leaf No. 127.44
Revision: 3
Superseding Revision: 2

GENERAL INFORMATION

10. GENERAL RETAIL ACCESS - MULTI-RETAILER MODEL (Cont'd)

H. Purchase of ESCO Accounts Receivable Program (POR)

In accordance with the Joint Proposal on Purchase of Accounts Receivable dated August 20, 2004, in Cases 03-E-0765 and 03-G-0766, RG&E will purchase accounts receivable at a discount and without recourse for commodity sales by ESCOs that provide commodity service in RG&E's territory. For ESCOs that have been participating in the Company's consolidated billing option as of January 1, 2005, RG&E will also purchase those ESCOs' arrearages as of January 1, 2005, at a discount and without recourse.

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 RG&E 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:

Electric and 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 electric and/or gas receivables, including, but not limited to, the level of RG&E's uncollectibles.

The electric discount will be based on a five-year average of RG&E's actual historical uncollectibles experience. The gas discount will be based on a five-year average of RG&E's actual historical uncollectibles experience.

Discount rates will be adjusted each year to reflect RG&E's most recent calendar experience for uncollectible expense as part of a rolling five-year average calculation. A POR Discount (DISC) Statement setting forth the electric discount and the gas discount will be filed with the Public Service Commission on not less than three (3) days' notice prior to January 1 of each year.

Payments:

Payments to ESCOs will be made, via wire transfer, 20 days after consolidated bills are issued, and will continue throughout the billing cycle.

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 RG&E to prorate partial customer payments among ESCOs that are participating in the POR.

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