

PSC No: 120 - Electricity
New York State Electric and Gas Corporation
Initial Effective Date: December 1, 2003

Leaf No. 87
Revision: 0
Superseding Revision:

GENERAL INFORMATION

16. Customer Advantage Program - General Retail Access: (Cont'd.)

E. ESCO or DC Participation: (Cont'd.)

7. Creditworthiness Standards: (Cont'd.)

(f) Lockbox Mechanism

An alternative security mechanism for ESCOs shall be available in the form of a "lockbox" for any of the security requirements specified above. A lockbox will reduce any security requirements to 50% of what would otherwise be required. Under the lockbox, an ESCO customer's payments will be made to a lockbox, which will be administered by an entity mutually agreed upon by NYSEG and the ESCO. All costs associated with implementing and administering the lockbox will be the responsibility of the ESCO. The allocation of funds in the lockbox between NYSEG and the ESCO, and other administrative rules, must be agreed to by both parties, with NYSEG having first rights on funds in the lockbox to off-set all amounts incurred or imposed by NYSEG in connection with this Program. The administrative rules shall specify the terms under which the lockbox mechanism shall be terminated for non-compliance. Except as otherwise provided for under this Program, NYSEG, after petition to the Commission, is permitted to terminate the lockbox and request full security if expected customer payments are not received in a timely manner.

(g) Calling on Security

NYSEG may call upon the security posted by an ESCO/DC after providing five (5) calendar days' notice to the ESCO/DC whenever the ESCO/DC fails to pay NYSEG on a timely basis, as set forth in the Operating Agreement, unless the ESCO/DC makes payment in full within the five (5) day notice period.

NYSEG may call upon the security posted by an ESCO/DC without prior notice if the ESCO/DC files a petition in bankruptcy (or equivalent, including the filing of an involuntary petition in bankruptcy against the ESCO/DC) or for any reason an ESCO ceases to provide service to its customers under the Program.

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