

PSC No: 16 - Gas  
Rochester Gas and Electric Corporation  
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## GENERAL INFORMATION

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

(c) thirty (30) days.

(4) The ESCO may, at its discretion, elect to have the security determined annually. In such an instance, the required security will be based on the winter season.

#### **(d) Security Instruments:**

(1) An ESCO /Direct Customer, upon notification by the Company that it has failed to satisfy the credit requirements or, subsequently, while providing service to retail customers, it no longer satisfies the credit requirements, may still obtain or retain credit approval from the Company if it pays any outstanding balance due the Company for service rendered and elects to provide mutually agreeable security to the Company. An illustrative list of security instruments is provided in the Gas Transportation Operating Procedures Manual.

(2) If the rating of a bank or other financial institution or an insurance company with claims paying ability from whom an ESCO/Direct Customer has obtained a letter of credit or surety bond, for meeting the requirements set forth above, falls below an "A" rating, the ESCO/Direct Customer will have five (5) calendar days to obtain a substitute letter of credit or surety bond from an "A" rated bank or other financial institution with at least an "A" bond rating, or an insurance company with claims paying ability.

(3) If the ESCO /Direct Customer's credit standing ceases to meet the Company's credit requirements or if its financial exposure changes due to increased usage during the period of service, then the Company has the right to require security or prepayment. If the security is not tendered within five (5) calendar days after the request, then the Company may initiate a process to discontinue the ESCO/Direct Customer. The Company may not request additional security unless the credit exposure has increased by at least ten percent (10%), or other reasonable level specified by the Company. Similarly, if the Company's credit risk is determined to decrease by at least ten percent (10%), or other reasonable level specified by the Company, relative to the amount of security on deposit, the excess shall be refunded with accumulated interest within five (5) calendar days of the determination.

(4) Deposits received in cash will accumulate interest at the applicable rate per annum approved by the New York State Public Service Commission for Other Customer Capital.

(5) If the ESCO /Direct Customer subsequently satisfies the credit appraisal without the need for some or all of the security requirement, the Company will return the appropriate portion of the ESCO's/Direct Customer's advance deposit with accumulated interest.

#### **(e) Direct Procurement of Energy Supplies:**

(1) These creditworthiness standards shall be waived for a Direct Customer, provided that the Direct Customer's account(s) are current and have been maintained current for twelve (12) months, and provided that the Direct Customer's long-term unsecured debt securities are, and remain, rated a minimum of BBB, Baa2, of BBB by S&P's, Moody's or Fitch, respectively. If the Direct Customer's debt is not rated, its account(s) with the Company must be current, and it must have a good payment history with the Company for the past 24 months.

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