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35. RETAIL ACCESS PROGRAM (Cont'd)

O. CREDITWORTHINESS (Cont'd)

(a) Applicability (Cont'd)

To participate in Central Hudson's Retail Access Program, each Retail Supplier/Direct Customer must satisfy a credit appraisal based on independent bond/credit ratings and provide any security that may be found necessary. Central Hudson will review security requirements and credit appraisals annually.

(b) Creditworthiness Determinants for Retail Suppliers (See Section (e) below for credit requirements for Direct Customers)

A Retail Supplier can satisfy Central Hudson's credit requirement by:

1. it or its guarantor having a minimum rating of "BBB" from S&P's, "Baa2" from Moody's, or "BBB" from Fitch ("Minimum Rating"); or
2. posting security in an acceptable form as listed in Section (d) below;

Central Hudson will reserve the option to require a Retail Supplier with a Minimum Rating to post security:

1. for the amount by which Central Hudson's Credit Exposure (see Section (c) below) for any Retail Supplier exceeds 5% of Central Hudson's applicable revenues for the applicable time period; or
2. for the full amount of the Credit Exposure if (1) the Retail Supplier or its guarantor is at the Minimum Rating and is placed on credit watch with negative implications by any of the three designated rating agencies or Central Hudson receives information that indicates that the Retail Supplier's or its guarantor's credit rating could be downgraded below the Minimum Rating (which security requirement will be lifted if the Retail Supplier's or its guarantor's credit rating is not downgraded during the ensuing 60 days), or (2) the Retail Supplier's status as a billing agent is terminated by another New York utility for failing to render timely bills to customers or to make timely payments to that utility.

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York