



February 24, 2014

VIA ELECTRONIC FILING

Honorable Kathleen Burgess, Secretary  
New York State Department of Public Service  
Three Empire State Plaza  
Albany, NY 12223-1350

RE: Case Nos. 05-M-0453, 09-E-0715 and 09-G-0716 – New York State  
Electric & Gas Corporation - PURCHASE OF RECEIVABLES  
SEPTEMBER 2012 THROUGH AUGUST 2013 PROGRAM REPORT

RE: Case Nos. 03-E-0765, 03-G-0766, 09-E-0717 and 09-G-0718 –Rochester  
Gas and Electric Corporation– PURCHASE OF RECEIVABLES  
SEPTEMBER 2012 THROUGH AUGUST 2013 PROGRAM REPORT

Dear Secretary Burgess:

The Joint Proposals on Purchase of Accounts Receivable approved by the  
Commission in the above referenced proceedings require the filing of reports with the  
Secretary of the Commission no later than 60 days after each calendar year detailing  
the performance of the Purchase of Receivables (“POR”) program.

Attached are NYSEG and RG&E’s POR reports for September 2012 through August of 2013.  
The reporting period is consistent with the rate years as established in Case Nos. 09-E-0715, 09-  
G-0716, 09-E-0717 and 09-G-0718

If you have questions on the attached reports, please contact Carolyn Sweeney at (585) 771-4809  
or myself at (607) 762-8710.

Very truly yours,

A handwritten signature in black ink that reads "Lori A. Cole".

Lori A. Cole  
Manager – Regulatory & Tariffs

Attachments

**New York State Electric & Gas Corporation**  
**Purchase of Receivables**  
**Program Report September 2012 through August 2013**

**Introduction**

In accordance with the *Order Adopting the Terms and Conditions of The Joint Proposal For the Purchase of Accounts Receivable* in Case 05-M-0453 – In the Matter of New York State Electric & Gas Corporation’s Plan to Foster the Development of Retail Energy Markets, issued and effective December 27, 2005 (“POR JP”) and as further amended by the *Order Establishing Rate Plan* in Cases 09-E-0715 and 09-G-0716, issued and effective September 21, 2010 (“Rate Plan”), New York State Electric & Gas Corporation (“NYSEG” or the “Company”) hereby files its report detailing the performance of the purchase of receivables (“POR”) program for September 1, 2012 through August 31, 2013. The reporting period consistent with the rate years as established in Case Nos. 09-E-0715 and 09-G-0716.

**Background**

Section IV.1 of the POR JP requires the following:

No later than 60 days after each calendar year, NYSEG will file a report with the Secretary of the Commission detailing the performance of the POR.

Appendix W of the Rate Plan requires the following:

1. The Companies will file POR tariff statements sixty days prior to the effective date for each annual update.

**POR Program Description**

Pursuant to the POR JP, effective February 1, 2006, NYSEG began purchase of accounts receivable at a discount and without recourse for electric and gas commodity sales by Energy Services Companies (“ESCOs”)/marketers that provide commodity service in NYSEG’s territory.

**POR Business Process**

The NYSEG POR program involves the following steps:

- NYSEG reads the customer’s meter and creates a bill on a nightly basis; an 867 Electronic Data Interchange (EDI) transaction is sent to the ESCO.
- ESCOs have two days in which to prepare their bills and submit them to NYSEG. NYSEG uses the “Utility bill ready” model. Each ESCO must send NYSEG its billing information via an EDI 810 transaction by 5:00 p.m. on the second day. The ESCO information is incorporated into the customer’s bill and the bill is mailed.
- After the account has been invoiced, an EDI 824 response is sent to the ESCO that acknowledges receipt of the EDI 810 transaction and provides the date that payment will be made to the ESCO as well as the total amount due.

- Based on information contained in the 810 transaction, NYSEG applies the associated discount, calculates the discounted payment, and sends a voucher to Accounts Payable for remittance to the ESCO.
- On the 19<sup>th</sup> day after the customer bill was issued, NYSEG sends an EDI 820 transaction for all receivables to be purchased the following business day. Each accepted 810 Invoice receivable amount would be itemized on the EDI 820 to include the gross amount, discount amount, and the net accounts payable amount
- A reference number is established for each usage record that is sent to the ESCO by way of the EDI 867 Monthly Usage transaction. This reference number can be used as a cross reference within the EDI 810 Invoice transaction, EDI 824 Positive Notification, and the EDI 820 Remittance Advice transaction.
- The voucher is held until 20 days after the customer bill is issued. Payment is released to the ESCO via Automated Clearing House (ACH) at Day 20.
- NYSEG administers a three-way call process to enable ESCOs to be able to respond to customer inquiries about their account while providing customers with one-stop service.

### **POR Purchase Price**

Electric and gas accounts receivable are purchased at a discount off face value of the ESCO bill amount . The Electric discount was set on September 1, 2012 at a rate of 2.67%, in accordance with Appendix W of the Rate Plan. The Gas discount was set on September 1, 2012 at a rate of 2.43%, in accordance with Appendix W of the Rate Plan.

### **Program Performance**

Forty-seven electric ESCOs and thirty-two gas ESCOs were participating in the POR program at August 2013, serving 237,993 electric customers and 65,464 gas customers. During the rate year, NYSEG paid \$273,976,509 for \$281,357,380 of book receivables, resulting in a rate year total POR discount of \$7,380,871

**Rochester Gas and Electric Corporation**  
**Purchase of Receivables**  
**Program Report September 2012 through August 2013**

**Introduction**

In accordance with the *Order Adopting the Terms and Conditions of The Joint Proposal For the Purchase of Accounts Receivable And Approving Related Tariff Amendments* in Cases 03-E-0765 and 03-G-0766, issued and effective December 27, 2004 (“POR JP”) and as further amended by the *Order Establishing Rate Plan* in Cases 09-E-0717 and 09-G-0718 , issued and effective September 21, 2010 (“Rate Plan”), Rochester Gas and Electric Corporation (“RG&E” or the “Company”) hereby files its report detailing the performance of the purchase of receivables (“POR”) program for September 1, 2012 through August 31, 2013. The reporting period is consistent with the rate years as established in Case Nos. 09-E-0717 and 09-G-0718.

**Background**

Section IV.1 of the POR JP requires the following:

No later than 60 days after each calendar year under the Rate Joint Proposals, RG&E will file a report with the Secretary of the Commission detailing the performance of the POR.

Appendix W of Rate Plan requires the following:

1. The Companies will file POR tariff statements sixty days prior to the effective date for each annual update.

**POR Program Description**

Pursuant to the POR JP, effective January 1, 2005, RG&E began purchase of accounts receivable at a discount and without recourse for electric and gas commodity sales by Energy Service Companies (“ESCOs”)/marketers that provide commodity service in RG&E's territory.

**POR Business Process**

The RG&E POR program involves the following steps:

- RG&E reads the customer’s meter and creates a bill on a nightly basis; an 867 Electronic Data Interchange (EDI) transaction is sent to the ESCO.
- ESCOs have two days in which to prepare their bills and submit them to RG&E. RG&E uses the “Utility bill ready” model. Each ESCO must send RG&E its billing information via an EDI 810 transaction by 5:00 p.m. on the second day. The ESCO information is incorporated into the customer’s bill and the bill is mailed.
- After the account has been invoiced, an EDI 824 response is sent to the ESCO that acknowledges receipt of the EDI 810 transaction and provides the date that payment will be made to the ESCO as well as the total amount due.

- Based on information contained in the 810 transaction, RG&E applies the associated discount, calculates the discounted payment, and sends a voucher to Accounts Payable for remittance to the ESCO.
- On the 19<sup>th</sup> day after the customer bill was issued, RG&E sends an EDI 820 transaction for all receivables to be purchased the following business day. Each accepted 810 Invoice receivable amount would be itemized on the EDI 820 to include the gross amount, discount amount, and the net accounts payable amount
- A reference number is established for each usage record that is sent to the ESCO by way of the EDI 867 Monthly Usage transaction. This reference number can be used as a cross reference within the EDI 810 Invoice transaction, EDI 824 Positive Notification, and the EDI 820 Remittance Advice transaction.
- The voucher is held until 20 days after the customer bill is issued. Payment is released to the ESCO via Automated Clearing House (ACH) at Day 20.
- RG&E administers a three-way call process to enable ESCOs to be able to respond to customer inquiries about their account while providing customers with one-stop service.

### **POR Purchase Price**

Electric and gas accounts receivable are purchased at a discount off face value of the ESCO bill amount. The Electric discount was set on September 1, 2012 at a rate of 3.76%, in accordance with Appendix W of the Rate Plan. The Gas discount was set on September 1, 2012 at a rate of 4.28%, in accordance with Appendix W of the Rate Plan.

### **Program Performance**

Forty-four electric ESCOs and thirty-one gas ESCOs were participating in the POR program at August 2013, serving 102,892 electric customers and 77,169 gas customers. During the period, RG&E paid \$151,854,246.07 for \$ 158,094,007.88 of book receivables, resulting in a twelve month ending August 2013 total POR discount of \$6,239,761.81.