

SECTION XI
END-USE CUSTOMER PAYMENT PROCESSING AND COLLECTIONS FOR CONSOLIDATED BILLING

11.1. Payments

- a) Bills are due on the date indicated thereon as being the last day for payment of the net amount, and the due date shall not be less than twenty-one (21) calendar days after the mailing of the bill or amended Company practice as approved by the Commission.
- b) Payment may be made at any commercial office of the Company or at any Company Authorized Payment Agency.
- c) The Company may require that an End-use Customer who is not creditworthy tender payment by means of a certified or cashier's check, electronic funds transfer, cash or other immediately available funds.

11.2. Payment Processing

- a) The End-use Customer is responsible for payment in full to the Company for all the Company and Certified Supplier charges when the Company performs Consolidated Billing.
- b) The Company will remit all received payments for Certified Supplier charges on the Company's Consolidated Bill to the appropriate Certified Supplier after processing, on a daily basis. The Company will remit payments to Certified Suppliers involved in the Company's Purchase of Accounts Receivable Program as specified by the Account Receivables Purchase Agreement described in Section 11.5 herein.
- c) All End-use Customer charges are grouped into categories and a payment priority is established for each. If a partial payment is received, the Company will apply the following payment priorities classification. Payments will be applied first to prior gas and electric Regulated Utility Charges, second to current gas and electric Regulated Utility Charges, third to prior electric Certified Supplier charges and gas supplier charges (if applicable), fourth to current electric Certified Supplier charges and gas supplier charges (if applicable), and then on a pro-rata basis for non-regulated products and services. When the priority classification is equal, payments will be applied to the oldest receivables first.

11.3. End-use Customers In Arrears

- a) End-use Customer in Arrears for the Company's Regulated Gas and Electric Utility Charges Only

End-use Customers who fail to pay gas and electric Regulated Utility Charges to the Company will be subject to the Company's late payment charge policy and the rules and regulations governing the current credit, collection and disconnection procedures in accordance with Sections, 4901:1-10, 4901:1-17 and 4901:1-18 of the Ohio Administrative Code.

- b) End-use Customers in Arrears to their Certified Supplier

Unless the Certified Supplier has entered into an agreement with the Company for Purchase of Accounts Receivable, the Certified Supplier is ultimately responsible for the collection of such unpaid non-regulated charges regardless of billing option selected for the End-use Customer. However, in the course of following its collection procedures for Regulated Utility Charges, the Company may inform End-use Customers of such arrearages.

- c) End-use Customer in Arrears for the Company's Non-Regulated Products/Services

End-use Customers who fail to pay for the Company's non-regulated products and services will be subject to the Company's current collection procedure which can include a series of letters, retrieval of the product, and discontinuance of the service that is being provided to the End-use Customer.

Filed pursuant to an Order dated July 8, 2009 in Case No. 08-709-EL-AIR before the Public Utilities Commission of Ohio.

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- d) Certified Suppliers shall determine their own credit/collection policy.

11.4. Disconnection of Service

- a) The Company may disconnect service to an End-use Customer for non-payment of Regulated Utility Charges only in accordance with Sections, 4901:1-10 and 4901:1-18 of the Ohio Administrative Code.
- b) Pursuant to Sections 4901:1-10 and 4901:1-18 of the Ohio Administrative Code, the Company is not permitted to disconnect service to the End-use Customer for nonpayment of Certified Supplier charges. Nor are Certified Suppliers permitted to physically disconnect electric service for nonpayment of the Certified Supplier charges.
- c) If the Company disconnects service to an End-use Customer, the End-use Customer's Certified Supplier will be notified within five (5) business days of processing the disconnect order when the final bill is generated.
- d) If the Company restores the End-use Customer's service under the same account number within the five (5) business day period, no notification to that End-use Customer's Certified Supplier will be given.

11.5 Transfer of End-use Customer Deposit

If the Certified Supplier participates in the Company's Purchase of Accounts Receivable program and if the Certified Supplier holds a deposit from the End-use Customer, the Certified Supplier shall retain the deposit until required to refund such deposit to the End-use Customer, except where the Company has notified the Certified Supplier that the End-use Customer is 60 days or more in arrears for Certified Supplier charges that the Company has acquired under the Purchase of Accounts Receivable program. In that case, the Certified Supplier shall transfer the End-use Customer's deposit to the Company within three business days of receipt of such notice, unless the Company's Purchase of Accounts Receivable agreement with the Certified Supplier provides otherwise.

11.6 Purchase of Accounts Receivable (PAR)

- a) In order to participate in the Company's Purchase of Accounts Receivable (PAR) Program, a Certified Supplier must first sign an Account Receivables Purchase Agreement with the Company, which may include, but will not be limited to, the following provisions:
- i) Purchase price, procedures, and fees
 - ii) Obligations of the parties
 - iii) Representations and warranties
 - iv) Covenants of Seller
 - v) Conditions Precedent
 - vi) Administration and Collection
 - vii) Termination
 - viii) Indemnification
- b) Prior to the effective date of the Account Receivables Purchase Agreement between the Certified Supplier and the Company, all End-use Customer electric service accounts actively enrolled with the Certified Supplier, billed on Company Consolidated and Rate Ready or Bill Ready Billing, and having arrears of 30 days or more totaling \$50.00 or more must have the billing option changed by the Certified Supplier to Certified Supplier billing, or the Company will return the account to the Company's Standard Offer Rate.

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- c) If a change DASR for an End-use Customer electric service account actively enrolled with a Certified Supplier is submitted by the Certified Supplier to change the billing option from Certified Supplier billing to Company Consolidated and Rate Ready or Bill Ready billing and the Certified Supplier is participating in the Company's Purchase of Accounts Receivable (PAR) Program, the Company will reject the change DASR if the Company's account with the End-use Customer has an arrears of 30 days or more totaling \$50.00 or more.
- d) The discount rate for the purchase of accounts receivable shall be calculated as follows:

Annual Base Carrying Cost	12.71%
/Days in Year	366
= Daily Carry Charge	0.0348%
x DSO	32.80
= Carrying Cost Discount Factor	1.14%
+ Collection Experience Component	<u>0.73%</u>
= Total Discount Factor	<u>1.87%</u>

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