

## Form of Irrevocable Standby Letter of Credit

**Irrevocable Standby Letter of Credit No. \_\_\_\_\_**

**Issued: [Date]**

**Expires at our counter (unless evergreen): [Date]**

Ladies and Gentlemen:

We do hereby issue this Irrevocable Non-Transferable Standby Letter of Credit No. \_\_\_\_\_ by order of, for the account of and on behalf of \_\_\_\_\_ (“Account Party”) and in favor of Southwest Power Pool, Inc. (“Beneficiary” or “SPP”) (“Letter of Credit”).

This Letter of Credit is irrevocable and is issued, presentable and payable and we guaranty to the Beneficiary of this Letter of Credit that drafts drawn under and in compliance with the terms of this Letter of Credit will be honored on presentation and surrender of certain documents pursuant to the terms of this Letter of Credit.

This Letter of Credit is available in one or more drafts and may be drawn hereunder for the account of Account Party up to an aggregate amount not exceeding \$ \_\_\_\_\_ .00 (United States Dollars \_\_\_\_\_ and 00/100).

This Letter of Credit is drawn against by presentation to us at our office located at the following address:

\_\_\_\_\_  
\_\_\_\_\_

of a drawing certificate: (i) Signed by an officer or authorized agent of the Beneficiary; (ii) dated the date of presentation; and (iii) containing one (1) of the following statements:

1. “The undersigned hereby certifies to \_\_\_\_\_ (“Issuer”), with reference to its Irrevocable Non-Transferable Standby Letter of Credit No. \_\_\_\_\_, dated \_\_\_\_\_, issued on behalf of \_\_\_\_\_ (“Account Party”) and in favor of Southwest Power Pool, Inc. (“Beneficiary”) that said Account Party has failed to make a payment in accordance with the terms and provisions of one or more of the following, as applicable: SPP’s Tariff, as may be amended and supplemented from time to time, together with all replacements and substitutes (the “Tariff”), any and all agreements entered into by Account Party under, pursuant to, or in connection with the Tariff and any and all agreements to which Account Party and SPP are parties, as such agreements may be amended and supplemented from time to time, whether now or hereafter executed, and any replacements or substitutions thereof, (collectively, the “Agreements”). The Beneficiary hereby draws upon the

Letter of Credit in an amount equal to \$ \_\_\_\_\_ (United States Dollars \_\_\_\_\_ and 00/100)”; or

2. “As of the close of business on \_\_\_\_\_, 20\_\_ (fill in date which is less than eighty-seven (87) days before the expiration date of the Letter of Credit), Account Party has failed to renew, replace or amend the Letter of Credit in a manner acceptable to Beneficiary.” The Beneficiary hereby draws upon the Letter of Credit in an amount equal to \$ \_\_\_\_\_ (United States Dollars \_\_\_\_\_ and 00/100)”; or
3. “As of the close of business on \_\_\_\_\_, 20\_\_ (fill in date which is more than three (3) Business Days after the Beneficiary has requested that Account Party replace the Letter of Credit because the Issuer’s corporate debt is rated less than “A-” by S&P, “A3” by Moody’s, “A-” by Duff & Phelps, or “A-” by Fitch), Account Party has failed to replace the Letter of Credit in a manner acceptable to Beneficiary.” The Beneficiary hereby draws upon the Letter of Credit in an amount equal to \$ \_\_\_\_\_ (United States Dollars \_\_\_\_\_ and 00/100)”.

Beneficiary shall have the right, in the event of a draw pursuant to subparagraph (2) or (3) of the immediately preceding paragraph, to draw down the entire face value of the Letter of Credit.

If presentation of any drawing certificate is made on a business day and such presentations made on or before 10:00 a.m. \_\_\_\_\_ Time, (“Issuer”) shall satisfy such drawing request on the same business day. If the drawing certificate is received after 10:00 a.m. \_\_\_\_\_ Time, (“Issuer”) will satisfy such drawing request on the next business day.

It is a condition of this Letter of Credit that it will be automatically extended without amendment for one year from the expiration date hereof, or any future expiration date, unless at least 90 days prior to any expiration date we notify you by registered mail or overnight courier that we elect not to consider this Letter of Credit extended for any such period.

This Letter of Credit may be terminated upon Beneficiary’s receipt of full payment from the Account Party and Issuer’s receipt of a written release from the Beneficiary releasing the Issuer from its obligations under this Letter of Credit.

Disbursements under the Letter of Credit shall be in accordance with the following terms and conditions:

1. The amount, which may be drawn by the Beneficiary under this Letter of Credit, shall be automatically reduced by the amount of any drawings hereunder.

2. All commissions and charges will be borne by the Account Party.
3. This Letter of Credit may not be transferred or assigned by the Issuer.
4. This Letter of Credit is irrevocable.
5. Except when the amount of this Letter of Credit is increased this Letter of Credit may not be amended, changed or modified without the express written consent of the Beneficiary and the Issuer. Such consent may be delivered by electronic means including electronic mail to \_\_\_\_\_.
6. This Letter of Credit shall be governed by the International Standby Practices Publication No. 590 of the International Chamber of Commerce, including any amendments, modifications or revisions thereof (the "ISP"), except to the extent that terms hereof are inconsistent with the provisions of the ISP, in which case the terms of the Letter of Credit shall govern. This Letter of Credit shall be governed by the internal laws of the state of Arkansas to the extent that the terms of the ISP are not applicable; provided that, in the event of any conflict between the ISP and such Arkansas laws, the ISP shall control.

\_\_\_\_\_  
[Authorized Signature]

\_\_\_\_\_  
[Date]

Name: \_\_\_\_\_

Title: \_\_\_\_\_