

2010
MARYLAND STANDARD OFFER SERVICE
REQUEST FOR PROPOSALS FOR
FULL REQUIREMENTS WHOLESALE ELECTRIC POWER SUPPLY

QUESTIONS AND ANSWERS

- Q1. Who has the Maryland Public Service Commission chosen as a consultant for this procurement process?**
- A1. The Maryland Public Service Commission has chosen Boston Pacific Company, Inc.
- Q2. Will the volumetric Risk Adjustment mechanism (inc / dec) apply to all products (Residential, Type 1 and Type II)?**
- A2. The volume risk mitigation (VRM) mechanism applies only to Residential and Type I.
- Q3. In the current FSA, there is a requirement for the Seller to supply Federal Renewable Requirements which are in effect as of the "Initial Bid Date". Please define "Initial Bid Date"**
- A3. The "Initial Bid Date" will be the date that price proposals are first due under the 2010 RFP, which is scheduled to be October 19, 2009.
- Q4. Will there be any additional hourly data provided prior to the October 19 bid date? If so, when will this data be posted?**
- A4. Pepco and Delmarva will have new hourly data posted by COB October 9. That update will include 60 day settlement load data for July 2009, and estimated hourly load data for the period August 1st through October 5th
BGE will have new data posted by COB October 9. That update will include historical hourly load data with last 60 day month (July), finalized bid plan, and finalized bid form spreadsheets.
Allegheny does not plan to update any hourly data prior to October 19th.
- Q5. Similar to DPL and PEPCO, can AP and BGE provide bidders with estimated hourly data for the period August 1 through October 5th?**
- A5. Allegheny will not be providing estimated hourly data. All hourly data provided is the final settled profile data using actual metered data.
- BGE provides the final settlement, also called settlement B or sixty day settlement, hourly load data. No other hourly data can be provided before this procurement.
- Q6. I would like to confirm that in the increment/decrement provisions for mitigation of volume risk, the Base PLC per Bid Block can be reduced, but never increased. As such, should customers migrate to third party suppliers resulting in a reduction of the Base PLC per Bid Block and subsequently return, to the degree that the influx is above the 5 MW PLC threshold over the Base PLC per Bid Block, that excess PLC**

obligation is the responsibility of the MD Utility for however long those customers remain on SOS. Is this understanding correct?

- A6. In general the understanding of INC/DEC presented in scenario described in the question is correct. There are two points which can be added to make this understanding more precise:
- It is not that “those customers” must “remain on SOS”, but rather that certain amount of load remains on SOS. Customers can change into and out of SOS supply, and as long as load coming back to SOS is equal to load leaving SOS supply, SOS contract will not experience any INC/DEC change.
 - MD utility is not responsible for INC load “however long those customers remain on SOS”, but rather until enough load remains on SOS to trigger INC (see first bullet) or until the contract having INC is ended, whichever comes first. The RFP process renewing contracts for the load share associated with contracts having an INC, will pick back all load. For new contracts, new Base Bid Block is established on the first day of service. The new contracts will always serve all load associated with their share of load, even if expiring contracts they replace had an INC. In short, utility responsibility for INC load is replaced by new contracts replacing contracts in INC state.

Q7. Our question would be if you could explain in greater detail how the increment/decrement concept works to mitigate volume risk. From the RFP presentation we understand there is a dead band of +5 MW and -3 MW of the base. How often is the base reset? For example the presentation say more than one reduction is allowed per day. I'm not sure how this would reduce the suppliers risk if the load can be reduced multiple times. Please explain how the increment and decrement works. If you could provide us 4 examples of the how the VRM would work if the load obligation were to cross the dead band under these scenarios it would be appreciated. Please include how the suppliers obligation and what the base load would be reset to and when the base load is reset.

- A7. The volumetric risk mitigation mechanism assures that the supplier obligation to serve load is capped by the INC amount of 5MW above the current Base PLC Per Bid Block (“Base PLC”). The Base PLC can only be reduced by a DEC event when the daily Capacity PLC per block is equal to or less than the Base PLC minus 3MW. This INC/DEC mechanism assures that: (i) in the event of load growth in SOS, the INC limits the wholesale suppliers obligation to serve. and (ii) in the event of a load decrease in SOS the DEC allows the supplier to redeploy its resources elsewhere and does not force supplier to unnecessarily reserve service for the loads that have left SOS. Also note that the INC of 5MW and the DEC of 3MW of Block size pertain to each block served not to one transaction.

Few examples:

- Q1. Day one Base PLC set at 50 MW. Day 2 load increases to 65 MW.
- A1. The supplier in this example is responsible for 55 MW (Base PLC plus 5 MW). The additional 10 MW of load would be purchased at spot under the INC provision of FSA section 6.3.1.a.i.

- Q2. Day one Base PLC set to 50 MW. Day 2 load decreases to 42 MW. Day 3 load decreases to 38 MW.
- A2. On day 2 the suppliers Base PLC would drop to 44 MW since the DEC provision occurs in multiples of 3 off of the original Base PLC. On day 3 their Base PLC Per Bid Block would drop to 38MW.
- Q3. Day one Base PLC set to 50 MW. Day 2 load increases to 60 MW. Days 3, 4, etc. load stays at 60 MW.
- A3. Supplier in this example is responsible for 55 MW (Base PLC of 50 MW plus 5 MW) on day 2, day 3, day 4, etc. The additional 5 MW above the 55 MW of load would be purchased at spot under the INC provision of FSA section 6.3.1.a.i.
- Q4. Day one Base PLC is set to 50 MW. Day two load decreases to 38 MW. Day 3 load increases to 60 MW.
- A4. On day 2 the Base PLC would drop to 38 MW. On day 3 the supplier would be responsible for 43 MW (Base PLC of 38 MW plus 5 MW) and the EDC would be responsible for the additional 17 MW at spot under the INC provision of FSA section 6.3.1.a.i.

Q8. Are winning suppliers responsible for paying gross receipts tax or other taxes?

A8. Tax responsibility is addressed in Article 8 of the FSA. Per Article 8.2 a, “As between the Parties: (i) Seller is responsible for the payment of all taxes imposed by any Governmental Authority on the wholesale sales of Full Requirements Service under this Agreement; and (ii) Buyer is responsible for the payment of all taxes imposed by any Governmental Authority on retail sales of Full Requirements Service under this Agreement.” Thus there are no taxes, gross receipts or otherwise, that the wholesale supplier is responsible for associated with retail sales to the SOS customers.

Q9. If a guarantor or an applicant is not extended any unsecured credit and will therefore post cash or LC for margin will a guarantee be required to be put in place if the applicant is awarded a supply contract?

A9. A Guaranty would not be required if the exposure is fully covered by cash or LC.

Q10. When will the utilities update their hourly data for the auction on January 11, 2010?

A10. **Allegheny** will post reconciled hourly load data through September on or before December 18th. We will not be posting any un-reconciled (preliminary data) from October 1 and beyond.

BGE posts historical final settlement hourly data on rfp.bge.com on or before the 5th business day of each month.

Pepco and Delmarva have posted reconciled hourly load data through September. Preliminary load data starting with October 1, will be posted during the last week of December.

Q11. With respect to the Performance Assurance required in Article 14 of the agreement, is it acceptable to post a combination of cash and a letter of credit, or does it have to be 100% cash or 100% LC?

A11. Yes, it is acceptable to post a combination of cash and letter of credit.

Q12. With respect to the Performance Assurance required in Article 14 of the agreement, is it acceptable during the term of the agreement to switch part or all of the posted amount from cash to a letter of credit or from LC to cash?

A12. Yes, it is acceptable to switch between cash and LC.

Q13. Please provide 2010 NSPL values for the rate classes in each of the four utilities.

A13. BGE NSPL data:

12/22/2009 SCALED NSPL

| <u>Type</u> | <u>SOS</u> | <u>Eligible</u> |
|-------------|------------|-----------------|
| PL1 | 221.3 | 301.0 |
| PL2 | 514.9 | 1,633.8 |
| Res | 3,076.5 | 3,249.7 |

PHI NSPL data:

Updated NSPLs were posted on the 2009 Pepco and Delmarva MD RFP Websites on December 11th. This data will next be updated on January 4th.

Allegheny NSPL data

Updated NSPL's were posted on Allegheny's 2009 and 2010 websites on Monday, December 21.

Q14. The September 14, 2009 RFP says "Type II March 2010 contracts will be governed by the 2009 Model FSA." However, we are looking for guidance on the Bid Assurance LoC, which are part of the RFP, not the FSA. We currently have Letters of Credit in place that follow the language of the old (September 10, 2008) RFP. Should we re-issue the Letters of Credit to match the new (2009) RFP, or may we use the existing LoC?

A14. If the Letters of Credit your company has in place follow the language of the September 10, 2008 RFP (2009 Model RFP and FSA), they can only be used on bids for the Type II load.

If bidding on Type I or Residential load, your company must submit the Bid Assurance Letter of Credit issued in the September 14, 2009 RFP (2010 Model).

This is the last procurement for the remaining Type II load from the September 10, 2008 RFP. Future scheduled procurements will be governed only by the September 14, 2009 Model 2010 RFP and FSA

Q15. Can the 4 Maryland utilities could update the NSPLs for the products that are offered to bid in the Jan10 bid? We are requesting data after 1/1/2010.

A15. Following is information regarding the Maryland Utilities' updated NSPLs:

Allegheny Power has updated NSPL information in the following file located on its RFP website:

[Maryland PLC NSPL by Type for PAT calculation](#) (update 01/04/2010)

PHI:

**Delmarva MD PLCs and Number of Customer Accounts (SOS and Eligible)
for January 11, 2010**

| Service Type | Class | KW SOS CPLC | KW SOS NSPLC | Number of SOS Customer Accounts | KW Eligible CPLC | KW Eligible NSPLC | Number of Eligible Customer Accounts |
|--------------------------|--------------|----------------|-----------------|------------------------------------|---------------------|----------------------|---|
| Type I | OL & ORL | 12 | 34 | 4137 | 12 | 76 | 4,393 |
| Type I | GS-SH | 9,156 | 10,011 | 1505 | 17,627 | 19,368 | 1,926 |
| Type I | GS-WH | 26 | 28 | 30 | 26 | 28 | 31 |
| Type I | SGS-S <25 kW | 46,545 | 42,678 | 17228 | 60,380 | 56,918 | 20,697 |
| Total Type I | | 55,740 | 52,751 | 22,900 | 78,045 | 76,389 | 27,047 |
| Type II | GS-P | 3,035 | 3,403 | 45 | 23,784 | 25,446 | 135 |
| Type II | LGS-S | 8,176 | 7,672 | 50 | 59,573 | 61,765 | 266 |
| Type II | SGS-S | 66,685 | 66,416 | 2570 | 152,191 | 152,408 | 4,633 |
| Total Type II | | 77,897 | 77,490 | 2,665 | 235,548 | 239,618 | 5,034 |
| Residential | R | 465,981 | 497,072 | 170708 | 475,448 | 507,035 | 173,178 |
| Residential | R-TOU-ND | 257 | 266 | 84 | 263 | 272 | 87 |
| Total Residential | | 466,238 | 497,338 | 170,792 | 475,711 | 507,307 | 173,265 |
| Total | | 599,874 | 627,579 | 196,357 | 789,304 | 823,315 | 205,346 |

BGE:

**Floating Capacity PLC & Scaled Transmission PLC
For January 11, 2010**

| Pseudo | Floating 09CapPlc | Scaled 10TrnPlc | Cust |
|---------|----------------------|--------------------|--------|
| PL1GSXC | 588 | 656 | 127 |
| PL1GSXX | 2,020 | 1,624 | 228 |
| PL1GXXC | 82,087 | 78,554 | 25,946 |
| PL1GXXX | 256,998 | 220,060 | 69,379 |
| PL1PLXX | | | |

| | | | |
|---------|-----------|-----------|---------|
| | - | - | 8,985 |
| PL1SLXC | - | - | 15 |
| PL1SLXX | - | - | 309 |
| PL2GLXC | 984,220 | 913,345 | 6,991 |
| PL2GLXX | 382,504 | 336,158 | 3,942 |
| PL2GSXC | 14,636 | 13,584 | 495 |
| PL2GSXX | 7,785 | 6,835 | 349 |
| PL2GXXC | 175,540 | 157,306 | 6,357 |
| PL2GXXX | 179,618 | 167,765 | 7,871 |
| PL2PXXC | 31,064 | 34,426 | 91 |
| PL2PXXX | 2,152 | 2,308 | 7 |
| PRLPRLC | 21,552 | 19,010 | 4,583 |
| PRLPRLX | 282,820 | 247,431 | 63,387 |
| PRXPRXC | 175,667 | 157,526 | 49,572 |
| PRXPRXX | 3,198,494 | 2,822,650 | 999,734 |
| OTHER-- | 1,512,691 | 1,416,762 | 679 |

Q 16. In Reference to Q15, what is the definition of Scaled Transmission PLC as used in the data for BGE? Is it same as NSPL?

A 16. Scaled Transmission PLC is a part of the NSPL submitted to PJM by EDC daily. It reflects zonal annual NSPL amount assigned to the load's zone by PJM. The daily Scaled Transmission PLC is calculated in three steps: (i) zone transmission PLCs are summed up for the population of customer accounts active at a given day, (ii) scaling factor is calculated by dividing zonal annual NSPL amount assigned to the load's zone by the calculated total PLC from step (i), and (iii) each detail sum of PLC for that day is multiplied by the scaling factor to obtain scaled transmission PLC.

Q17. Assuming no migration of load, is the supplier obligated to serve the full proportion of load irrespective of weather variations? For example, say the Base PLC is at 100% and 1500 MW. If during the summer extreme weather drives load up to 2000

MW, are the supplier(s) obligated to serve all of the increase in load or will their obligation be capped by the increment calculation?

A17. The supplier is obligated to serve 100% of the base load as defined in the section 6.3 of the FSA irrespective of the weather variances. The inc/dec caps are based on PLC MW and they are in place to address customer migration between shopping and Default Service only.

Q18. Are the utilities willing to accept comments/changes to the RFP Confidentially Agreement?

A18. Shortly after the conclusion of the 2010 Procurement schedule in June 2010, a Procurement Improvement Process meeting will be scheduled by Staff to discuss any requested or recommended improvements to the documents and/or process. Interested parties are welcome to attend these meetings, and may offer suggested revisions to be considered by the group. A consensus is required to have the Process Improvements submitted for Commission approval from the group. Non-consensus items can be filed for Commission consideration also by the interested party.

Q19. Please confirm that if we choose not to participate in the contingency bid option, then no action is required for continued participation in the RFP.

A 19. If your company chooses not to participate in the contingency bid option, then no action is required for continued participation in the RFP process. The revised Appendix 8, Binding Bid Agreement, only needs to be re-submitted if and when your company decides to exercise a contingency bid option. Contingent bids submitted without a revised Appendix 8, Binding Bid Agreement on record will be disallowed.

Q20. For the Bid Assurance LCs it requires a service agreement date (date the RFP was issued), but I was wondering if you would like September 14th, 2009 or September 14th, 2009 REVISED March 19th, 2010

A20. For the April 19 procurement, the Maryland Utilities can accept the bid assurance LC's either with the current language, or with language added to reflect the revision date of the RFP of March 19, 2010.

Q21. In the latest bid plans posted for APS, PEPCO, and DPL are the PLCs posted for the PY 10/11? If not can those PLCs be provided?

A21. *Allegheny response:* The latest bid plans posted for Allegheny Power are PY 09/10. Allegheny does not plan to post anything for PY 10/11 prior to the April 19, 2010 procurement.

PHI response: The latest bid plans posted for Pepco and Delmarva are based on current PY 2009/2010 PLCs. A snapshot of June 1, 2010 PLCs (PY 2010/2011) has been posted on the RFP websites.

Q22. Are suppliers Renewable obligations subject to change during the course of the supply period? Please clarify if pending MD Senate legislation (S.B. 277) mandating higher solar requirements will impact suppliers in Tranche 3?

A22. Section 4.4 of the SOS Full Requirements Service Agreement (FSA) addresses changes in the Maryland Renewable Portfolio Standard (RPS) obligation. As you may be aware, the Maryland General Assembly recently passed Senate Bill 277 - Renewable Energy Portfolio Standard – Solar Energy. The changes to Maryland’s RPS that will be implemented if the bill is signed into law will “be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any contract existing before the effective date of this act.” If signed by the Governor, the bill will be effective January 1, 2011. Therefore, Senate Bill 277 will not alter the RPS requirement that will otherwise apply to obligations resulting from the April 19, 2010 Maryland Standard Offer Service procurement.

Q23. Please confirm that we are not required to post a guaranty even if we stated that a guaranty would be used in our application. Our understanding is that as long as we post cash or an L/C for all exposure, a guaranty is not required.

A23. A guaranty is not required if you elect to post cash or an L/C for all exposure.

Q24. For each of the utilities, please provide RPM historical daily zonal scaling factors. If available, please also provide projected/future daily scaling factors.

A24. RPM historical daily/projected zonal scaling factors are not available for each utility. Information associated with annual RPM zonal scaling factors can be found on the PJM website at <http://www.pjm.com/markets-and-operations/rpm/rpm-auction-user-info.aspx#Item03> . However, on a daily basis the scaling factors change based on the uploaded MW to PJM as can be seen in ERPM software under - Load & Obligation, Peak Load Summary. Unfortunately suppliers do not have view access to the daily data, and data is only available on a single day basis.

The subject of RPM historical daily/projected zonal scaling factors should be brought up in the annual Procurement Improvement Process meetings which will be held this summer, prior to the beginning of the 2011 MD SOS Procurement cycle.

Q25. Will any of the utilities provide updated data prior to the June 7, 2010 auction?

A25. Pepco and Delmarva have posted the Final Bid Plan for the upcoming June 7, 2010 Procurement. We will not be providing any additional data updates.

Allegheny updated its bid plan and customer data files on May 27, and will not be providing any additional updates prior to June 7.

BGE has the last and the next update dates posted on the home page of the rfp.BGE.com site.

Q26. Can you please provide Planning Year 2010/2011 PLCs for all utilities by rate class?

A26. ***Pepco and Delmarva:*** This information is posted on the Pepco and Delmarva websites and can be found under RFP Data, Capacity PLCs NSPLs and Customer Counts

Allegheny Power: This information is posted on the Allegheny Power website and can be found in the “Maryland PLC NSPL by Type for PAT calculation” link; additionally the specific Type PLC NSPL files also depict the Rate Class information respective to each Type.

BGE:

BGE PLC data is presented in the format documented in the BGE historical data file on rfp.BGE.com site:

WEBSupplier,Date,CapacityPLC,COUNT,SCALEDNSPL

PL1GSXC,01JUN10:00:00:00,1047,145,909

PL1GSXX,01JUN10:00:00:00,2166,249,1876

PL1GXXC,01JUN10:00:00:00,93687,26691,80636

PL1GXXX,01JUN10:00:00:00,263945,69120,226754

PL1PLXC,01JUN10:00:00:00,0,2,0

PL1PLXX,01JUN10:00:00:00,0,8950,0

PL1SLXC,01JUN10:00:00:00,0,15,0

PL1SLXX,01JUN10:00:00:00,0,300,0

PL2GLXC,01JUN10:00:00:00,1023881,7070,885799

PL2GLXX,01JUN10:00:00:00,389994,4016,336086

PL2GSXC,01JUN10:00:00:00,15647,490,13583

PL2GSXX,01JUN10:00:00:00,7576,336,6563

PL2GXXC,01JUN10:00:00:00,180016,6285,154891

PL2GXXX,01JUN10:00:00:00,184493,7542,158596

PL2PXXC,01JUN10:00:00:00,30706,91,28190

PL2PXXX,01JUN10:00:00:00,1659,7,1419

PRLPRLC,01JUN10:00:00:00,38995,8341,33692

PRLPRLX,01JUN10:00:00:00,265032,59472,228759

PRXPRXC,01JUN10:00:00:00,285427,77021,248741

PRXPRXX,01JUN10:00:00:00,3143544,976276,2736870

OTHER--,01JUN10:00:00:00,1633677,743,1452636

Q27. On May 20, changes to the solar energy requirements were enacted. Specifically, I would like to know if the table in the following link accurately details suppliers’ obligations for the June 7 RFP, or if suppliers are to assume the changes will not be effective until after Jan 2011 and thus will not affect this bid.

http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=MD05R&re=1&ee=1

A27. Section 4.4 of the SOS Full Requirements Service Agreement (FSA) addresses changes in the Maryland Renewable Portfolio Standard (RPS) obligation. As you may be aware, the Maryland General Assembly passed Senate Bill 277 - Renewable Energy Portfolio Standard – Solar Energy. The Governor has approved the bill which will become effective January 1, 2011. The changes to Maryland’s RPS will “be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any contract existing before the effective date of this act.” Therefore, Senate Bill 277 will not alter the RPS requirement that will otherwise apply to obligations resulting from the June 7, 2010 procurement for Maryland Standard Offer Service

ALLEGHENY POWER-SPECIFIC QUESTIONS AND ANSWERS

AP Q1. Why did the type II load of AP increased significantly from March 08 to April 08 (indicated in the file MD TypeII_072009.xls)? Where can I find the definition of Type II Sec, Pri, and Sub?

AP A1. The wrong files for Type II All Eligible were posted. The data prior to April 2008 represents the old definition of Type II. The files have been corrected on the website. The definition of Type II is provided in the AP Bid Plan.

The designations of Sec, Pri and Sub are simply service voltage designations – secondary, primary, and subtransmission service voltages. We segmented the loads in this fashion because different line loss factors are needed to convert the meter level loads to the supply level.

AP Q2. Would you please briefly describe the difference between the four tabs of residential load spreadsheet? They are labeled as follows:

Residential-Total

AE (kWh)

WOWH (kWh)

WWH (kWh)

AP A2. We have provided hourly load data for the Residential customer class respective to three distinct profile types -

The Residential-Total tab represents the sum of these three residential types or the total Maryland Residential customer load.

AE - Residential customers with electric space heating

WOWH - Residential customers without electric water or space heating

WWH - Residential customers with electric water heater and no electric space heating

AP Q3. The Type 1 data provided by AP, for the classes General Service Secondary and General Service Primary, contains a sharp increase in April 2008. The data then returns to historical levels in the second half of April. Can you please explain this sudden increase? The Type 2 data provided by AP, for General Service Secondary, contains a drop that occurs on April 2008. The data seems to return to historical levels in the second half of April. Can you please explain this sudden decrease?

AP A3. The definition of Type 1 and Type 2 changed effective June 1, 2008. In order to handle the new definitions we had to add new rate codes on Schedules C, CA and G to distinguish the Type 1 customers from Type 2. We moved the newly defined Type 2 accounts to the new rate codes during the month of April 2008. Because this customer migration from Type 1 to Type 2 occurred throughout the month of April we were not able to normalize the loads for the one month. The data for the months prior to April 2008 were normalized to reflect the change in the definition of Types 1 and 2.

AP Q4. Could you provide AP residential SOS hourly load? On the AP RFP website there is link for "Residential SOS", but it does not provide the hourly SOS load. It tells you to check the link "Residential". However, the "Residential" only provides the total hourly residential load, not hourly SOS load.

The AP bid plan indicates very small migration (707MW eligible vs. 701MW SOS). Will this situation continue in the future?

AP A4. Because the residential load migration has been so very small for Allegheny, we have not developed any Residential SOS profiles to date. The differential remains insignificant. We will reevaluate for the next bid round based on updated customer migration data.

AP Q5. The AP type II total load (indicated by the file: MDTypeII_072009.xls, updated on 10/5/09)is the same as AP type II SOS load before 3/31/06 (indicated by the file: TypeIISOS_072009.xls, updated on 9/9/09), and start on 4/1/06,and the type II total load is greater than type II SOS load? Is there anything wrong in one of the file (or both files)?

AP A5. No, there is not anything wrong with these files. The Type II SOS load excludes shopping customer load. The Type II total load should be either greater or equal to the Type II SOS load.

AP Q6. Where can bidders find an updated tariff for Allegheny Maryland that includes the rates for Type 2 load from December 1, 2010 through February 28, 2010? The link on the website <http://www.alleghenypower.com/Tariffs/MD/Attachments/MDRetailTariff.pdf> only contains Type 2 rates through November 30, 2009.

AP A6. The website link has been updated as of December 18, 2009.

AP Q7. Please update the MD PLC NSPL by Type for PAT calculation file with current PLC data as well as 2010 NSPL data.

AP A7. This file will be updated on or around January 4.

AP Q 8 . My question is about the migration of AP type I load. In the bid plan dated on Oct. 16, 09, the load for AP type I is 46MW (SOS) vs. 58MW(Eligible), which indicates a migration of about 21%. However, based on the Historic data files GeneralServiceTypeI_new definition 122009.xls and GeneralServiceTypeISOS_new definition_122009.xls, the SOS load is about 40% of total load in September 09, which indicates a migration of about 60%. Why they are so different?

AP A 8 . Our comparison of the September 2009 General Service Type 1 historical data files does not indicate the difference of 40% indicated. The September total energy from GeneralServiceTypeI_new definition 122009.xls is 19,345,631.649 Mwh and the September 2009 usage from GeneralServiceTypeISOS_new definition_122009.xls is 15,316,519.768 MWh. This difference is about 21%.which is in line with the bid plan data

AP Q 9 . Please provide an example of how a bidder can calculate the average clearing price for Type 2 load in the October 2009 auction using the Allegheny MD Tariff (<http://www.alleghenypower.com/Tariffs/MD/Attachments/MDRetailTariff.pdf>).

AP A9. Winning bid pricing is confidential per the terms of the Commission approved RFP process. Available public data on the bids can be found on the Commission's website under Case Numbers 9056 and 9064 and through the Allegheny Power updated Tariff pages at <http://www.alleghenypower.com/Tariffs/MD/Attachments/MDRetailTariff.pdf>. Additional non-price data on the bidding process can be found on the Allegheny Power website 90 days after each bid round in accordance with the Commission's regulations at <http://www.alleghenypower.com/rfp/Maryland/PreviousSolicitationResults.asp>.

AP Q10. What is the difference in the NSPL values (NSPL Values for Res, Type 1 and Type 2 respectively are 935.1, 49.8, 123.9) posted in the file Maryland PLC NSPL by Type for PAT calculation (update 01/04/2010) and NSPL values (NSPL Values for Res, Type 1 and Type 2 respectively are 739.6, 49.1, 145.0) posted in files Residential Customer PLC and NSPL (update 12/18/2009), Type I Customer PLC (update 12/18/2009), and Type II PLC new definition (update 12/18/2009)? Which one is the most accurate value? Most concerning in the data is the 200 mw difference in the residential class.

AP A10. The NSPL values are effective for a calendar year. The 12/18 files depicted the 2009 values based on a July summer peak value from 2008. The updated calendar 2010 values appear in the PAT calculation file. These are the new values currently effective and are the most accurate. The 2010 NSPL values are based on the January 2009 peak. There are some significant differences between the 2009 and 2010 NSPL values due to the change in the season - 2009 based on a summer peak and 2010 based on a winter peak.

AP Q11. Is there a schedule for the results of the recent Potomac Edison RFP to be publicly released?

AP A11. For Potomac Edison (MD) the official posting of the winning suppliers will be available on Allegheny Power's Maryland RFP website 90 days (April 15, 2010) from the MDPSC approval of the contracts

AP Q12. It seems as if the PLCs have continued to increase while there has been no increase in Customer Counts or Load. Is this a data mistake? If not could you please explain?

AP A12. We have verified that the data in the file matches the data outputs from various reports generated from our CIS system. There is an upward trend residential customer counts but agree the upward trend in the PLCs is more significant. We can't offer an explanation at this time but will look into this further.

AP Q13. In the MD Type R PLC NSPL.xls file, the NSPL is listed as more than 200 mw greater than the PLC. Will you please confirm this is not a mistake but due to a winter peak for the NSPL in 2009 vs the summer peaks for the PLC in 2008?

AP A13. That's correct. The NSPL value for Type R is significantly higher than the PLC value due to a winter peak period basis for the NSPL vs a summer peak period basis for the PLC value.

AP Q14. Will you plan to post additional load data for the upcoming auction?

AP A14. Yes, the Allegheny updated customer profiles will be posted on or before May 27.

AP Q15. I have a question regarding the hourly data. From AP Q&As 5 and 6 on the 2009 Q& A link:

<http://www.alleghenypower.com/rfp/Maryland/Attachments/MDSOS2010/2009%20Q&A.pdf>), please confirm that the PJM Settlement Load would be equal to Secondary Load * (1+ Secondary Voltage Loss Factor) *(1- PJM Deration Factor)

AP A15. Yes, the derivation of the PJM Settlement load as described is correct.

AP Q16. Could you please confirm that the residential load is measured at the secondary voltage level or the combination of all voltage levels?

AP A16. The residential load is measured at the secondary level.

PEPCO-SPECIFIC QUESTIONS AND ANSWERS

Pepco Q1 Where do I find the Pepco Pre-Bid Eligibility Documents?

Pepco A1 Upon logging into the Energy Procurement System, you will go directly to your home page. Under **My Active RFP's** you will see a list of the RFPs for which you have expressed interest. Clicking on the desired RFP will take you to the selected RFP Dashboard. Here under **My RFP Active Tasks** you will be able to complete all your RFP related tasks. The Upload tasks contain the eligibility documents which can be downloaded for your completion, and then uploaded.

Pepco Q2 Where do I find the Pepco Bidder Information?

Pepco A2 To access bidder information (e.g. historical load data, RFP documents) click on the **Bidder Info** button located in the upper right of your home page. If you do not see the Bidder Information folders and documents for the RFP you are interested in, please click on **Click here to subscribe to this Knowledge Center** below the listed RFP.

Pepco Q3. Similar to AP and BGE, can DPL and PEPCO provide bidders with monthly historical customer counts, by rate class, for customers on SOS service and on Competitive Supplier service?

Pepco A3. PEPCO provides this information before each bid round. PEPCO does provide historical daily SOS Capacity PLCs by Customer Type. PEPCO will not be providing monthly historical customer counts, by rate class, for customers on SOS service and on Competitive Supplier service at this time.

Pepco Q4. I have the following questions regarding the upcoming PEPCO solicitation:

1. **Please confirm that PEPCO R-TM hours are as follows:**
 - a. **On-Peak: HE13-HE20**
 - b. **Intermediate-Peak: HE09-HE12 And HE21-HE24**
 - c. **Off-Peak: HE01-HE08**
2. **Given PEPCO's definition of Summer, 5/1 -9/31, is it correct to state that offers for the Summer period within the framework of a PJM planning year will apply to non-contiguous months? For example, a Summer offer for 6/1/10-5/31/11 will be apply to load in the delivery periods 6/1/10-9/31/10 and 5/1/11-5/31/11. Is this correct?**

Pepco A4. PEPCO's R-TM hours are as follows:

- a. On-Peak: HE13 to HE20
- b. Intermediate-Peak: HE09 to HE12 and HE21 to HE24
- c. Off-Peak: HE01 to HE08
Saturdays, Sundays and Holidays
Off-Peak Period All Hours
Holidays
New Year's Day, Rev. Martin Luther King's Birthday, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day and Christmas Day, as designated by the Federal

Government.

2. **PEPCO SEASONAL DEFINITION**

Summer Calendar Months = May - September

Winter Calendar Months = October - April

You are correct in your example for the PJM 2010 planning period (6/1/10 thru 5/31/11)

The summer period would include 6/1/10 thru 9/31/10 and 5/1/11 thru 5/31/11.

Pepco Q5. Regarding, PEPCO RTM class hour:

In RFP, it specifies that

On peak : 12:00 to 8:00PM,

Int peak: 8:00 to 12:00 noon, 8:00 pm to 12:00 midnight

Off peak 12:00 midnight to 8:00 am,

I interpreted this as follows,

On peak: HE(hour ending) 1:00pm to 8:00pm,(actual hour 12:01 ~ 8:00)

Int peak: HE(hour ending) 9:00AM to 12:00 noon, (actual hour 8:01~12:00),

9:00pm to 12:00 midnight

Off peak; HE 1:00AM to 8:00 AM,(actual hour 12:01 ~ 8:00AM)

- 1. Is this interpretation correct?**
- 2. Other than RTM class, do other classes follow PJM standard on/off peak hour definition?**

Pepco A5

1. See response to Pepco Q4
2. No, there no customer classes in the Pepco or Delmarva RFP which use PJM standard on/off peak hour definitions.

Pepco Q6

Is the “Generation” section of the PEPCO electric tariff for Type 2 load the average price (\$0.09573/kWh for MGTLV II and 0.09438/kWh for MGT3A II) of all winning bidders? Do the values presented in this section of the tariff include any other adjustments such as Transmission, Gross Receipt Taxes, Procurement Cost Adjustment, etc.

Pepco A6.

The Pepco MD SOS Type II rates are calculated as the sum of the weighted average price if the winning bids plus the administrative charge. It does not include other adjustments such as Transmission, Gross Receipt Taxes, or the Procurement Cost Adjustment.

Pepco Q7. Under Article 3.3(a) of the FSA on information sharing, can PEPCO provide a sample of the format and information that is referenced under section (a) – specifically the “Buyer’s estimate of the Capacity PLC for the seventh following day of each Service Type.”

Under Article 3.3(b) of the FSA on information sharing, can PEPCO provide a

sample of the format and information that is referenced under section (b) – specifically the “energy and capacity information related to Seller’s obligations under this Agreement that Buyer provides to PJM daily.”

Pepco A7. Pepco's Wholesale Supplier Support Website, provides the supplier with daily information regarding their obligations, and data that is uploaded to PJM.

Pepco’s Wholesale Supplier Support Website View:
Buyer’s estimate of the Capacity PLC for the seventh following day of each Service Type

pepco Home

Supplier's Home
Supplier's Reports
Set Password
What's New
FAQ
Signoff

Peak Load Contribution (PLC) Report : 03-04-2010: Company

Buyer Company:

Download Report Report Selection

| Date | Category | Res and Type, Mw | Type III, Mw |
|------------|-----------------------------|------------------|--------------|
| 03-04-2010 | PLC for Existing Contracts | 144.3 | 0.0 |
| 03-04-2010 | PLC for New Contracts | 312.2 | 0.0 |
| 02-25-2010 | Daily PLC | 144.3 | 0.0 |
| 02-25-2010 | Daily PLC for New Contracts | 312.1 | 0.0 |

Pepco’s Wholesale Supplier Support Website View:
Energy information related to Seller’s obligations under FSA that Buyer provides to PJM daily



Home

Day-after Sales Estimates - BASE Load

Supplier Name :

Load Date

Monday, February , 2010

Buyer Company :

Pepco

| | | 1 | 2 | 3 | 4 | 5 | 6 |
|------------------|---------|---------|---------|---------|---------|---------|---------|
| MD Residential | R-TM | 9.4380 | 9.1880 | 8.9190 | 9.8250 | 9.5730 | 10.6620 |
| MD Residential | R | 45.6750 | 43.0800 | 42.3240 | 42.3840 | 49.5390 | 54.7560 |
| Type I Base Load | GS,T,EV | 2.9370 | 2.8140 | 2.9040 | 2.8620 | 2.8470 | 2.8710 |
| Type I Base Load | TN | 0.1860 | 0.1830 | 0.1860 | 0.1860 | 0.1890 | 0.1830 |
| Type I Base Load | OL & SL | 0.2100 | 0.2100 | 0.2130 | 0.2100 | 0.2130 | 0.2100 |

| | | 7 | 8 | 9 | 10 | 11 | 12 |
|------------------|---------|---------|---------|---------|---------|---------|---------|
| MD Residential | R-TM | 14.1180 | 14.9790 | 11.8020 | 9.8730 | 9.6390 | 8.4000 |
| MD Residential | R | 62.0790 | 65.2620 | 57.8100 | 50.8440 | 45.0690 | 42.3300 |
| Type I Base Load | GS,T,EV | 3.1020 | 3.0180 | 3.7770 | 4.5330 | 4.9080 | 5.0220 |
| Type I Base Load | TN | 0.1800 | 0.1680 | 0.1830 | 0.1830 | 0.1890 | 0.1860 |
| Type I Base Load | OL & SL | 0.1560 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

| | | 13 | 14 | 15 | 16 | 17 | 18 |
|------------------|---------|---------|---------|---------|---------|---------|---------|
| MD Residential | R-TM | 10.9410 | 10.2930 | 9.8670 | 10.5060 | 11.2170 | 13.4280 |
| MD Residential | R | 43.6320 | 46.5600 | 49.0920 | 54.2760 | 59.0400 | 65.4810 |
| Type I Base Load | GS,T,EV | 4.8420 | 5.0310 | 5.2740 | 5.3700 | 4.9590 | 4.6770 |
| Type I Base Load | TN | 0.1830 | 0.1860 | 0.1950 | 0.1890 | 0.1830 | 0.1770 |
| Type I Base Load | OL & SL | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0450 |

| | | 19 | 20 | 21 | 22 | 23 | 24 |
|------------------|---------|---------|---------|---------|---------|---------|---------|
| MD Residential | R-TM | 13.3620 | 13.7250 | 15.8160 | 16.9710 | 14.7990 | 11.7600 |
| MD Residential | R | 70.9620 | 73.8600 | 74.2170 | 73.3920 | 68.3070 | 58.1790 |
| Type I Base Load | GS,T,EV | 3.9750 | 3.6600 | 3.5340 | 3.7110 | 3.4710 | 3.2820 |
| Type I Base Load | TN | 0.1770 | 0.1830 | 0.1890 | 0.2010 | 0.1950 | 0.1830 |
| Type I Base Load | OL & SL | 0.2010 | 0.2070 | 0.2130 | 0.2280 | 0.2220 | 0.2070 |

Generation (zone) level



Home

Supplier's Home

Supplier's Reports

PJM Day-After Load Estimates - Base Load Detail

Supplier Name :

Load Date: Monday, February , 2010

Buyer Company:

| | 1 | 2 | 3 | 4 | 5 | 6 |
|------------------|---------|---------|---------|---------|---------|---------|
| MD Residential | 58.9420 | 55.9550 | 54.7840 | 55.8760 | 63.1800 | 70.1220 |
| Type I Base Load | 3.5620 | 3.4330 | 3.5330 | 3.4860 | 3.4690 | 3.4960 |

| | 7 | 8 | 9 | 10 | 11 | 12 |
|------------------|---------|---------|---------|---------|---------|---------|
| MD Residential | 81.6880 | 86.4510 | 74.4620 | 65.0520 | 58.4680 | 54.3420 |
| Type I Base Load | 3.6870 | 3.4330 | 4.2370 | 5.0530 | 5.4470 | 5.5770 |

| | 13 | 14 | 15 | 16 | 17 | 18 |
|------------------|---------|---------|---------|---------|---------|---------|
| MD Residential | 58.5400 | 60.8810 | 62.9440 | 69.2720 | 75.4120 | 84.7800 |
| Type I Base Load | 5.3900 | 5.5840 | 5.8390 | 5.9440 | 5.5190 | 5.2640 |

| | 19 | 20 | 21 | 22 | 23 | 24 |
|------------------|---------|---------|---------|---------|---------|---------|
| MD Residential | 90.5900 | 93.8030 | 96.1050 | 95.7920 | 88.4120 | 74.9510 |
| Type I Base Load | 4.6740 | 4.3350 | 4.2010 | 4.3900 | 4.1360 | 3.9370 |

Pepco's Wholesale Supplier Support Website View:
Capacity information related to Seller's obligations under FSA that Buyer provides to PJM daily



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- [Supplier's Home](#)
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Peak Load Contributions and Transmission Service Demands

Supplier Name :
 Load Date : Monday, February , 2010
 Buyer Company :

Base Load

| Service Type | Customer Class | Peak Load Contributions | Transmission Service Load |
|-----------------------|----------------|-------------------------|---------------------------|
| Residential and Typel | GS,T,EV | 7.1 | 6.9 |
| Residential and Typel | OL & SL | 0.0 | 0.0 |
| Residential and Typel | R | 112.4 | 99.5 |
| Residential and Typel | R-TM | 24.4 | 21.5 |
| Residential and Typel | TN | 0.3 | 0.2 |
| | Total | 144.2 | 128.2 |

Pepco Q8. Is the Pepco Historical Load Data "SOS Load" or PJM Settlement Load?
 Pepco A8. Pepco's historical load data is PJM 60 day settlement data at the generation level.

Pepco Q9. Is there any "other" data that shows the rest of the PEPCO system? In other words, is there any PEPCO load that is not part of the SOS eligible load?

Pepco A9. Pepco's and Delmarva's Capacity PLCs, NSPLs, and Customer Accounts Report show both the SOS and total Eligible Load. The difference between SOS and Eligible load is that load supplied by Alternate Suppliers. Other load supplied by Pepco and Delmarva are not part of this solicitation nor necessary for your analysis.

Pepco Q10. Regarding the Pepco Loss Factors, does the Hourly Energy factor include Marginal Losses or is this a loss factor exclusively on Pepco's system? BGE provides both PJM Settlement and BGE Settlement data. The differential is ~5.3% for residential. Is the 6.8% equivalent to this 5.3%?

Pepco A10. Pepco loss factors include losses from the retail meter to the Generation zone. Pepco's posted generation level data reflects PJM 60 day Settlement and does not include PJM deration factor.

DELMARVA-SPECIFIC QUESTIONS AND ANSWERS

Delmarva Q1
Delmarva A1

Where do I find the Delmarva Pre-Bid Eligibility Documents?

Upon logging into the Energy Procurement System, you will go directly to your home page. Under **My Active RFP's** you will see a list of the RFPs for which you have expressed interest. Clicking on the desired RFP will take you to the selected RFP Dashboard. Here under **My RFP Active Tasks** you will be able to complete all your RFP related tasks. The Upload tasks contain the eligibility documents which can be downloaded for your completion, and then uploaded.

Delmarva Q2
Delmarva A2

Where do I find the Delmarva Bidder Information?

To access bidder information (e.g. historical load data, RFP documents) click on the **Bidder Info** button located in the upper right of your home page. If you do not see the Bidder Information folders and documents for the RFP you are interested in, please click on **Click here to subscribe to this Knowledge Center** below the listed RFP.

Delmarva Q3.

Similar to AP and BGE, can DPL provide bidders with monthly historical customer counts, by rate class, for customers on SOS service and on Competitive Supplier service?

Delmarva A3.

Delmarva provides this information before each bid round. DPL does provide historical daily SOS Capacity PLCs by Customer Type. DPL will not be providing monthly historical customer counts, by rate class, for customers on SOS service and on Competitive Supplier service at this time.

Delmarva Q4.

Is the rate of \$0.092875/kWh in “Standard Offer Service for Type II Customers” section of the DPL MD electric tariff for Type 2 load the average price of all winning bidders? Do the values presented in this section of the tariff include any other adjustments such as Transmission, Gross Receipt Taxes, Procurement Cost Adjustment, etc.

Delmarva A4.

The Delmarva MD SOS Type II rates are calculated as the sum of the weighted average price of the winning bids plus the administrative charge. It does not include other adjustments such as Transmission, Gross Receipt Taxes, or the Procurement Cost Adjustment.

Delmarva Q5. Is there any "other" data that shows the rest of the PEPCO system? In other words, is there any PEPCO load that is not part of the SOS eligible load?

Delmarva A5.

Pepco's and Delmarva's Capacity PLCs, NSPLs, and Customer Accounts Report show both the SOS and total Eligible Load. The difference between SOS and

Eligible load is that load supplied by Alternate Suppliers. Other load supplied by Pepco and Delmarva are not part of this solicitation nor necessary for your analysis.

BGE-SPECIFIC QUESTIONS AND ANSWERS

BGE Q1. Could you please confirm whether BGE will pay suppliers weekly (ie. inline with PJM's weekly settlement schedule).

BGE A1. Yes, BGE will continue paying suppliers weekly (in line with PJM settlement schedule) as it has been doing since the PJM weekly settlement change was implemented on June 1, 2009.

BGE Q2. The BGE bid plan prepared on October 07, 2009 has a block size of 1.388889% and an approximate block size MW of 48.7.

The RFP and the pre-bid webinar have a block size of 1.470588% and 51.5MW.

Can you please confirm which block size is correct for the auction on Monday October 19th?

BGE A2. The bid plan specified on the website, rfp.bge.com, is the one to be used for the October 19, 2009 auction. The bid plan presented in the webinar was for illustrative purposes only.

BGE Q3. Under Article 3.3(a) of the FSA on information sharing, can BGE provide a sample of the format and information that is referenced under section (a) – specifically the “Buyer’s estimate of the Capacity PLC for the seventh following day of each Service Type.”

7 day capacity report format:

| Date | PL1 | PL2 | PRL | PRX |
|-----------|--------|--------|--------|--------|
| dd-mmm-yy | xxxx.x | xxxx.x | xxxx.x | xxxx.x |

Under Article 3.3(b) of the FSA on information sharing, can BGE provide a sample of the format and information that is referenced under section (b) – specifically the “energy and capacity information related to Seller’s obligations under this Agreement that Buyer provides to PJM daily.”

See attached files.



U:\



U:\



U:\

Confidential-ElectricSIConfidential-ElectricSIConfidential-ElectricSI

BGE Q4. Can you direct me to the area on the BGE website that contains the following: Estimated loss factors; Historic customer migration data.

BGE A4. You can find both: (i) losses and (ii) migration, in a single zip file. Get to the rfp.BGE.com website. Sign up expression of interest if you have not done so before. We will send you user name and password. With that you can access our historical data links which are located on the Home page and on the Due Diligence page of our rfp.bge.com site.

The POLRHourlyLoadsYYYYMM.txt file contains hourly loads at premise level (this is load settlement data with UFE, supplier invoice with BGE is based on this volume), and derated generation level (PJM invoice is based on this volume). Between the two is the loss you need. Note that the loss varies by hour since it needs to account for calculated by PJM hourly values of 500kV losses and deration factor.

When looking at migration data, look at the PLCHistoryYYYYMMDD.txt file. This file has end of month PLC and customer count data.

BGE Q5

BGE Load Files: When looking at the POLRHourlyLoads200912.txt file, does the DateHour code 01JAN10:00:00:00 equal December 31, 2009 Hour Ending 24 or January 1, 2010 Hour Ending 1?

**DateHour,WEBSupplier,SumOfkWh_Premise_With_UFE,SumOfkWh_PJM_Settlement
31DEC09:23:00:00,PL1GSXC,512,541
01JAN10:00:00:00,PL1GSXC,529,559**

BGE A5. All hours are hour ending. If the date/hour is midnight than the data is for the last hour of the previous day, i.e. midnight of 01JAN10:00:00:00 refers to hour from 31DEC09:23:00:00 to 01JAN10:00:00:00. So that would be equivalent to hour 24 on the Dec31, 2009.

BGE Q6. Are the PLC MW's posted on the BGE Bid Plan dated 4/8/10 for PY 10/11?

BGE A6. Yes. BGE Bid Plan and MW on the Bid Forms are based on PLCs to be used during PJM 2010/2011 Delivery Year .

BGE Q7. Follow up to BGE Q6 of the 2010 FAQ. I just wanted to be 100% clear, the Capacity PLC for SOS & Eligible (labeled "as of April 12, 2010") on the top section of the bid form dated April 08, 2010 are the PLCs that will take effect on June 1, 2010 for Planning year? While your response to question 6 was pretty clear, it was still possible that you might have meant the tranche sizes were based on the new 2010/2011 PLC numbers but the "As of April 12, 2010" numbers will still based on PY2009/2010.

BGE A7. All MW numbers in the Bid Plan and Bid Form Spreadsheet are based on 2010/2011 PLCs and population and shopping as of April 12, 2010, i.e. population and shopping will continue to change. See also section 6.3. Base Load and Incremental Load Percentages.

Q&As From September 23, 2009 MD SOS Pre-Bid Webinar

Q1: Is the PAT calculated separately for Residential and Type I products?

A: Yes. The PAT is developed individually for each utility and for each Residential or Type I product. However, Delmarva and Pepco have combined the Type I and Residential products. Thus, only one PAT will be calculated for this combined product. Also, within each type of product a separate PAT will be produced for each contract term.

Q2: Are submissions of eligibility necessary for both Delmarva and Pepco since they are both PHI companies?

A: Yes. Bidders will have to submit eligibility documents individually for Delmarva and Pepco. Note that bidders which have submitted eligibility forms for the 2010 MD SOS Procurement need not resubmit such forms when applying for 2010 eligibility in other PHI jurisdictions (e.g. Delaware and the District of Columbia).

Q3: Do the credit exposure calculations take into account weekly settlements?

A: Yes. All utilities account for weekly settlements in their calculation of exposure to determine performance assurance.

Q4: Regarding the Guarantor: if the Guarantor qualifies for \$50 million in unsecured credit but the Supplier only qualifies for \$25 million, does the \$50 million apply?

After review of the conference recording, the correct response should have been

~~A: No. The unsecured credit limit is the lower of the amounts qualified by the Guarantor and the Supplier's credit rating. Thus, in this case the \$25 million would apply.~~

A4: Yes, the unsecured credit of the guarantor (\$50 million) would apply if they are named as the guarantor in Section 2 of the Credit Application, unless the guarantor limits its guarantee to a level below what it qualifies for.