1 Transmission Service Creditworthiness Standards

1.1 Credit Evaluation

To determine the ability of the Transmission Customer to meet its obligations related to payment for Transmission Service under PacifiCorp’s Open Access Transmission Tariff (OATT), PacifiCorp has established the following credit review procedures. Such procedures shall be documented and available to all existing and prospective Transmission Customers. These transmission service credit review procedures shall consist of an evaluation of each Transmission Customer’s financial status relative to the Creditworthiness Criteria set forth in Section 1.4. If a Transmission Customer does not meet the Creditworthiness Criteria set forth in Section 1.4, security will be required. PacifiCorp shall periodically review Transmission Customers’ creditworthiness. The Transmission Customer may also submit a written request for a credit review following an event that would reasonably indicate a change in that Transmission Customer’s creditworthiness under Section 1.4. These procedures do not apply to an Interconnection Customer’s ability to meet its obligations related to payment for Interconnection Services under PacifiCorp’s OATT; such obligations are the subject of a separate set of Transmission Interconnection Creditworthiness Standards.

1.2 Definitions

Terms with initial capitalization shall have the meaning expressly assigned herein, or the meaning assigned to such terms in PacifiCorp’s OATT. In the case of a conflict between a definition assigned herein and a definition contained in PacifiCorp’s OATT, the definition assigned herein shall apply.

1.3 Transmission Customer Financial Data

The Transmission Customer is required to provide the following minimum information to allow PacifiCorp to conduct such a credit review:

(i) Most recent two fiscal years’ audited financial statement;
(ii) Most recent annual report (as applicable);
(iii) Most recent quarter end financial statements;
(iv) Upon request by PacifiCorp, any other commercially reasonable information used to determine creditworthiness.

PacifiCorp may require the Transmission Customer to provide updated financial information upon request. Failure to comply with a request for updated financial information may lead to termination of the Transmission Customer’s transmission service agreement pursuant to procedures within PacifiCorp’s OATT.

1.4 Creditworthiness Criteria

Upon application for Transmission Service and throughout the term of any Transmission Service Agreements, prospective and existing Transmission Customers will be deemed
creditworthy and shall not be required to provide any form of security so long as the Transmission Customer meets the Creditworthiness Criteria set forth below:

(i) The Transmission Customer is not currently in Default under the OATT; and

(ii) The Transmission Customer or its guarantor either:

1. Provides evidence that its senior long term unsecured debt rating, corporate rating, or issuer rating from Standard & Poor’s (S&P) and Moody’s Investor Service (Moody’s) is at least BBB- by S&P or Baa3 by Moody’s. PacifiCorp will use the lower of the ratings if split; or

2. Demonstrates that it has been in business for at least two (2) years and provides its most recent two (2) fiscal year end audited financial statements demonstrating that it meets standards that are at least equivalent to the standards underlying the credit ratings of BBB- or better by S&P or Baa3 by Moody’s; or

3. Is a federal government agency and its financial obligations under the OATT are backed by the full faith and credit of the United States; or

4. Is a state government agency and its financial obligations under the OATT are backed by the full faith and credit of the state.

If PacifiCorp determines that a Transmission Customer does not meet the Creditworthiness Criteria set forth above, PacifiCorp will notify the Transmission Customer of the reasons for such determination. Upon notification, Transmission Customer must provide the security identified in Section 1.5 below before receiving Transmission Service.

1.5 Security Requirements

To transact business with PacifiCorp, at any time that a Transmission Customer does not meet the Creditworthiness Criteria, the Transmission Customer must comply with the following:

(i) Provide and maintain in effect during the term of the Transmission Service Agreement, security in a form identified in Section 1.6 in an amount equal four (4) times the estimated total service charge for one month of service; or

(ii) Prepay for transmission service, as outlined below in this Subsection:

1. For service of one (1) month or less, the Transmission Customer shall pay the total charge for Transmission Service by the later of five (5) business days prior to the commencement of Transmission Service or at the time Transmission Service is requested to PacifiCorp;

2. For service of greater than one (1) month the Transmission Customer shall provide cash prepayment for each month’s service not less than five (5) business days prior to the beginning of the month.
If a Transmission Customer, pursuant to Subsection (ii) of this Section, fails to provide prepayment five (5) business days prior to the commencement of Transmission Service or five (5) business days prior to the beginning of the month, as may be applicable depending on the term of service, PacifiCorp shall require that the Transmission Customer provide additional security in a form identified in Section 1.6 up to an amount equal to four (4) times its estimated, average monthly service charge.

1.6 Acceptable Forms of Security

The Transmission Customer may provide the following as acceptable forms of financial assurance:

(i) A guaranty from Transmission Customer’s guarantor meeting the Creditworthiness Criteria outlined in Section 1.4 and in the form attached as Exhibit A; or

(ii) An unconditional and irrevocable, standby Letter of Credit, meeting the requirements listed on Exhibit B, issued by a major U.S. commercial bank or a U.S. branch office of a major foreign commercial bank with such bank having shareholder’s equity of at least $10 billion (U.S. Dollars) and a Credit Rating of at least A3 from Moody’s or A- from S&P or otherwise being acceptable to PacifiCorp; or

(iii) Cash Deposit;

(iv) Prepayment; or

(v) Other reasonable forms of security acceptable to PacifiCorp.

PacifiCorp shall accrue interest on cash deposits held as security at PacifiCorp’s average short-term investment rate. All costs associated with meeting the security requirements, including any costs of obtaining and posting security, are the responsibility of the Transmission Customer.

1.7 Return of Security

If the Transmission Customer re-establishes creditworthiness pursuant to Section 1.4, then upon verification by PacifiCorp, all security will be returned (or terminated, if applicable) to the Transmission Customer, with interest on any cash deposit, pursuant to Section 1.6 or otherwise as required under PacifiCorp’s OATT.

1.8 Termination of Transmission Service

Failure to comply with the terms of the above Sections shall be considered default under the OATT and a Transmission Service Agreement. Upon occurrence of a default, PacifiCorp may initiate a proceeding with the Federal Energy Regulatory Commission (the Commission) to terminate service. Default may be cured by the Transmission Customer by providing security in a form identified in Section 1.6 in the amount identified in Section 1.5 within the time allowed pursuant to the OATT.
EXHIBIT A

Guaranty

This Guaranty, dated as of ____________, 2007, is made by __________, a ______________ corporation ("Guarantor"), in favor of PacifiCorp, an Oregon corporation, and its successors and assigns ("Company").

For value received, Guarantor hereby absolutely and unconditionally guarantees, as an independent obligation of Guarantor, the prompt and complete payment when due, whether by acceleration or otherwise, of all obligations and liabilities, whether now in existence or hereafter arising, of __________, a ______________ corporation ("Counterparty"), to Company pursuant to the terms of any and all present or future agreements or contracts relating to transmission, interconnection or ancillary services, including without limitation Long Term and Short-Term Firm Point-To-Point Transmission Service and Non-Firm Point-To-Point Transmission Service, generation interconnection agreements, instruments or extensions of credit, whether secured or unsecured, between Counterparty and Company (collectively, the "Obligations"). This Guaranty is one of payment and not of collection and shall apply regardless of whether recovery of any Obligations may be or become barred by any statute of limitations, discharged, or uncollectible in any bankruptcy, insolvency or other proceeding, or otherwise unenforceable.

All sums payable by Guarantor hereunder shall be made in immediately available funds without any setoff, deduction, counterclaim or withholding unless required by applicable law, in which case Guarantor shall pay, in addition to the payment to which Company is otherwise entitled, such additional amount as is necessary to ensure that the net amount actually received by Company (free and clear of any setoff, deduction, counterclaim or withholding) will equal the full amount which Company would have received had no such setoff, deduction, counterclaim or withholding been required.

Guarantor hereby waives notice of acceptance of this Guaranty and notice of the Obligations and any action taken with regard thereto, and waives presentment, demand for payment, protest, notice of dishonor or non-payment of the Obligations, suit, or the taking of and failing to take other action by Company against Counterparty, Guarantor or others. Guarantor hereby waives any defense of Counterparty or any other guarantor.

Any and all suretyship defenses are hereby waived by Guarantor. Company may at any time, whether before or after termination of this Guaranty, and from time to time without notice to or consent of Guarantor and without impairing or releasing the obligations of Guarantor hereunder: (1) apply any sums received to any indebtedness or other obligations for which Counterparty is liable, whether or not such indebtedness is an Obligation; (2) modify, compromise, release, subordinate, substitute, exercise, alter, enforce or fail or refuse to exercise or enforce any claims, rights or remedies of any kind which Company may have, at any time against Counterparty or Guarantor, endorser, or other party liable for the Obligations or any part or term thereof, or with respect to collateral or security of any kind Company may have, at any time, whether under the Obligations, or any other agreement, or this Guaranty, or otherwise; (3)
release, substitute, or surrender and to enforce, collect or liquidate or to fail or refuse to enforce, collect or liquidate, any collateral or security of any kind Company may have, at any time, whether under this Guaranty or otherwise; (4) take and hold security for the payment and performance of the obligations guaranteed hereby, and exchange, enforce, waive, and release or apply such security and direct the order or manner of sale thereof as Company in its discretion may determine; (5) release or substitute any other Guarantor of Counterparty's payment or performance; and (6) assign this Guaranty in whole or in part or Company's rights hereunder to anyone at any time. Guarantor hereby consents to each and all of the foregoing acts, events and/or occurrences. Guarantor hereby waives: (a) any right to assert against Company as a defense, counterclaim, set-off or cross-claim, any defense (legal or equitable), counterclaim, set-off, cross-claim and/or other claim which Guarantor may now or at any time hereafter have against Counterparty or any other party liable to Company in any way or manner; and (b) any defense arising by reason of any claim or defense based upon an election of remedies by Company which in any manner impairs, affects, reduces, releases, destroys or extinguishes Guarantor's subrogation rights, rights to proceed against Counterparty for reimbursement, or any other rights of the Guarantor to proceed against Counterparty or against any other person, property or security.

This Guaranty shall continue in full force and effect with respect to all Obligations arising prior to its termination. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored or returned due to bankruptcy or insolvency laws or otherwise.

Until all Obligations are indefeasibly paid, Guarantor hereby waives all rights of subrogation, reimbursement, contribution, and indemnity from Counterparty and any collateral held therefor, and Guarantor hereby subordinates all rights under any debts owing from Counterparty to Guarantor, whether now existing or hereafter arising, to the prior payment of the Obligations. Guarantor shall receive no payment in respect of any such subordinated debts. Upon any Obligation becoming due, Counterparty or its assignee, trustee in bankruptcy, receiver, or any other person having custody or control over any or all of Counterparty's property is authorized and directed to pay to Company the entire unpaid balance of the debt before making any payments to Guarantor, and for that purpose. Any amounts received by Guarantor in violation of the foregoing shall be received as trustee for the benefit of Company and shall forthwith be paid over to Company.

Guarantor agrees that one or more successive or concurrent actions may be brought hereon against Guarantor, in the same action in which Counterparty may be sued or in separate actions. Guarantor has reviewed and is familiar with Counterparty's business and financial condition and will remain informed of its financial condition and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment or nonperformance by Counterparty.

Whether or not legal action is instituted, Guarantor agrees to reimburse Company on demand for all reasonable attorneys' fees and all other reasonable costs and expenses incurred by Company in enforcing this Guaranty, or in enforcing any of the Obligations against Counterparty, notwithstanding any dollar limitations to the contrary herein.
Guarantor may not assign its rights nor delegate its obligations under this Guaranty in whole or part, without written consent of Company, and any purported assignment or delegation absent such consent is void. Guarantor agrees to properly execute, or cause to be executed, all documents reasonably required by Company in connection herewith in order to fulfill the intent and purposes hereof and of the Transaction.

The failure of Company to enforce any of the provisions of this Guaranty at any time or for any period of time shall not be construed to be a waiver of any such provision or the right thereafter to enforce the same. All remedies of Company shall be cumulative. The terms and provisions hereof may not be waived, altered, modified, or amended except in a writing executed by Guarantor and a duly authorized officer of Company.

This Guaranty is the entire and only agreement between Guarantor and Company with respect to its subject matter. All representations, warranties, agreements, or undertakings heretofore or contemporaneously made, which are not set forth herein, are superseded hereby. Each provision hereof shall be severable from every other provision when determining its legal enforceability such that this Guaranty may be enforced to the maximum extent permitted under applicable law. There are no third party beneficiaries hereof.

Notices shall be in writing and delivered personally, mailed by certified mail (postage prepaid and return receipt requested), by facsimile or via overnight express mail service, as follows:

If to Creditor:

PacifiCorp
825 NE Multnomah St., Suite 1900
Portland, OR 97232
Attn: Credit Risk Management
Fax: 503-813-5609

If to Guarantor:

This Guaranty shall be governed by and construed in accordance with the internal laws of the state of Oregon without giving effect to principles of conflict of law. Guarantor and
Company agree to the exclusive jurisdiction of the state and federal courts located in the state of Oregon over any disputes arising or relating to this Guaranty.

Very truly yours,

[Name of Guarantor]

________________________________________
By ______________________
Name __________________________
Title __________________________

Counterparty acknowledges and consents to the terms of this Guaranty as set forth above.

________________________________________
A __________ corporation
("Counterparty")

________________________________________
By ______________________
Name __________________________
Title __________________________
EXHIBIT B

Letter of Credit Requirements

The following are the terms and conditions required by PacifiCorp when establishing a Letter Of Credit (LOC):

- PacifiCorp must approve the issuing bank.
- The Applicant’s (Transmission Customer) name appearing in the LOC and the Transmission Service Agreement must be EXACTLY the same.
- If the issuing bank is located outside the U.S., it must be confirmed by a U.S. bank approved by PacifiCorp.
- The LOC form is to be an irrevocable standby LOC in favor of PacifiCorp.
- Drafts are payable at sight.
- The expiry date must be no earlier than twelve (12) months from issuance.
- Partial drawings are permitted.
- The LOC is available by PacifiCorp’s draft(s) at sight when accompanied by a copy of an invoice and one of the two following statements and signed by a representative of PacifiCorp, reading as follows:
  1. We hereby certify that Applicant has violated the terms of PacifiCorp’s Open Access Transmission Tariff.
  2. Applicant has not renewed or provided a satisfactory security deposit to PacifiCorp within ten (10) days of expiration of the Letter Of Credit number __________, dated ______________.
- Invoice(s) in excess of the amount of this LOC are acceptable; however payment is not to exceed the aggregate amount of the LOC.
- In all events the issuing bank will fund the draw of the beneficiary within twenty-four (24) hours of presentment.
- The LOC will provide for the beneficiary to deliver the required documents to fund the draw by either mail or courier with the address of the issuing bank stated as the point of delivery.