

ATTACHMENT L

Creditworthiness Procedures

Customers seeking Transmission Service under the Smoky Mountain Transmission LLC (the “Company”) Open Access Transmission Tariff (“Tariff”) must meet the minimum credit requirements as described below. The process outlined below is intended to determine the ability of the Transmission Customer to meet its obligations related to service under the Tariff. This review shall be made in accordance with standard commercial practices and the quantitative and qualitative criteria discussed herein to determine the level of secured and unsecured credit.

(1) Procedure for determining the level of secured and unsecured credit.

In the initial application for credit, the Transmission Customer must submit for itself or its credit support provider:

- Legal business name, principal address, credit contact name and phone number
- DUNS number (if available)
- Audited financial statements for the past two years, including balance sheet, income statement, cash flow statement, and related footnotes
- Transaction details:
 - A description of the proposed type(s) of service and term
 - The amount of credit being requested.

The analysis of the credit risk for customers is based on financial review and other pertinent information on an individual basis to determine the amount of unsecured and secured credit for each customer.

The process begins with a review of published information including but not limited to Dunn and Bradstreet (“D&B”) reports. Requests for unsecured credit will also be subject to quantitative and qualitative analysis pursuant to the Matrix set forth below. The initial application may then be approved at the discretion of the Credit Manager based on the results of the D&B reports, the amount of credit desired and, for unsecured credit requests, the Matrix analysis.

If the request for credit warrants further investigation the Credit Manager will contact the applicant to request additional financial information and references. A visit to the applicant may also be warranted. Following a satisfactory review of the additional financial information for trend, ratio and other appropriate risk analysis together with input from references, the credit line may be granted. If the review results in an unsatisfactory determination the customer will be notified and will have the opportunity to contest the determination and/or submit additional information, as discussed below. In this case, the Credit Manager may review alternatives with the applicant and internal management to investigate suitable alternatives, including requiring the Transmission Customer to provide security, as described below. If none can be developed credit will be denied.

MATRIX TO DETERMINE INITIAL UNSECURED CREDIT FOR TRANSMISSION SALES BY SMOKY MOUNTAIN TRANSMISSION LLC

Tangible Net Worth/Operating Cash Flow (TNW/OCF) Base Credit Limit Tangible Net Worth of Latest Audited Statement

Operating Cash Flow

	> (\$1M)	>\$0	>\$5M	>10M	>\$30M
> (\$1M)	\$0	\$0	\$50,000	\$100,000	\$500,000
>\$0	\$0	\$0	\$100,000	\$500,000	\$700,000
>\$1M	\$0	\$100,000	\$500,000	\$700,000	\$1,000,000
>\$2M	\$50,000	\$250,000	\$700,000	\$1,000,000	\$1,500,000
>\$3M	\$100,000	\$500,000	\$1,000,000	\$1,500,000	\$2,000,000

- This Matrix is used to establish the initial credit limit for a new transmission customer.
- The credit manager may also adjust the line by up to 50% based on the review of certain qualitative factors including but not limited to years under present management control, D&B paydex score, business profile, and bond ratings.
- Subsequent credit limits will contain similar analysis but will also be impacted by relationship factors which include but are not limited to payment history with SMT administrative inefficiencies in the confirmation and invoicing processes and accuracy of invoicing.
- The calculation from the TNW/OCF base credit limit is then adjusted by the weighted % adjustment from the credit score adjustor.

	Weight	Credit Score Adjustor		Min/Max Adjustor
		Target	Adjustor	
Current Ratio	5	1.2	+/-10% per 0.1	+/-70%
Assets to Liability	1	1.2	+/-10% per 0.1	+/-70%
Debt to Equity	6	0.5	+/-10% per 0.05	+/-70%
Interest Coverage	3	2	+/-10% per 0.5	+/-70%
Gross Margin %	3	10%	+/-10% per 1.5	+/-70%
Return on Assets	2	5%	+/-10% per .5	+/-70%

(2) Reasonable opportunity to contest determinations of credit levels or collateral requirements and opportunity to post additional collateral, including curing any non-creditworthy determination.

If the customer does not meet the requirements above for unsecured credit, the Company will provide a written notification and explanation of such determination to the customer within 10 business days of receipt of complete information for the application for credit.

If a customer not meeting the Company's criteria for unsecured credit believes that additional qualitative criteria (*e.g.*, customer's history; nature of organization and operating environment; management; contractual obligations; governance policies, financial and accounting policies, risk management and credit policies; market risk including price exposures, credit exposures and operational exposures; event risk; state or local regulatory environment), whether singly or in combination, justify extending unsecured credit, then the customer may provide such justification in writing, with any related support, for additional evaluation by the Company.

If the Company does not extend unsecured credit as a result of its evaluation of the additional information, it will provide a written notification and explanation of such determination to the customer within 10 business days of receipt of the customer's written justification.

All credit information should be mailed to:

Brookfield Renewable Energy Group
200 Donald J. Lynch Blvd., Suite 300
Marlborough, MA 01752

(3) List of the acceptable types of collateral/security:

The Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the Transmission Provider and consistent with commercial practices established by the Uniform Commercial Code that protects the Transmission Provider against the risk of non-payment.

The types of collateral available include but are not limited to: cash, bank guarantees and parent guarantees.

If the customer or its credit support provider qualifies for an unsecured credit limit that is equal to or greater than the higher of \$100,000 or 90 days of estimated charges for the transmission service requested, then no deposit will be required. If the customer or its credit support provider qualifies for an unsecured credit limit that is less than the higher of \$100,000 or 90 days of estimated charges for the transmission service requested, then the customer must provide a deposit equal to the difference between that amount and its unsecured credit limit. Alternatively, if a customer's credit support provider qualifies for an unsecured credit limit as described above, then the customer may satisfy the minimum credit standards by having its credit support provider execute a continuing guaranty equal to the amount of the deposit that would otherwise be due in connection with the unsecured credit limit. The contractual nature of any guaranty, as well as the legal structure of the entity providing the guaranty, as well as the legal structure of the entity providing the guaranty, must be reviewed and approved by the

Company's legal department. Such guaranty must be in a form substantially comparable to the form provided to the customer by the Company.

If the customer fails to meet the minimum standards for unsecured credit, and has no credit support provider that qualifies for an unsecured credit limit, then the customer must provide a deposit equal to the higher of \$100,000 or 90 days of estimated charges for the transmission service requested. In lieu of a deposit, the customer may pre-pay or provide an unconditional and irrevocable standby Letter of Credit ("LC") in a form substantially comparable to the form provided to the customer by the Company. If an unconditional and irrevocable letter of credit is provided by the customer, it must be issued by a bank that has a minimum senior unsecured rating of A- or better from Standard & Poor's or A3 or better from Moody's. Applicable interest on any deposit shall be computed in accordance with the Commission's regulations at 18 C.F.R. § 35.19a (a) (2) (iii), and shall be calculated from the day the deposit check is credited to the Company's account.

(4) Procedure for providing customers with reasonable notice of changes in credit levels and collateral requirements and for providing, upon request, a written explanation for any change in credit levels or collateral requirements.

If a Transmission Customer that originally meets the creditworthiness standards above subsequently fails to meet those requirements at any time after it submits a Completed Application but before the termination of service, it shall within five business days of notification by the Transmission Provider either prepay for the next 30 days of transmission service or provide an unconditional and irrevocable letter of credit meeting the standards noted in 1.4(i) above or an alternative form of security acceptable to the Transmission Provider in an amount equal to the charge for the next 30 days of transmission service. If requested by the Transmission Customer, the Transmission Provider, within three business days, must provide a written explanation detailing the justification for a change in the Transmission Customer's creditworthiness status.