

PJM CREDIT APPLICATION PROCEDURES

Pursuant to PJM's Credit Policy (Attachment Q of the PJM Open Access Transmission Tariff), PJM Interconnection, L.L.C. ("PJM") requires that all applicants complete and sign a credit application which confirms their financial responsibilities to PJM. In addition, PJM will conduct a credit review of all applicants that wish to receive unsecured credit for their participation in any PJM activity that may create a financial obligation to PJM (e.g. Transmission service and PJM market activity), in order to determine their ability meet those financial obligations. Portions of the Credit Application that apply only to applicants wishing to receive unsecured credit are clearly marked, and need not be completed by applicants that do not wish to be considered for unsecured credit.

For the timely establishment of credit, all information requested in the PJM Interconnection, L.L.C. Credit Application should be submitted, along with the full Membership application, to PJM's Member Relations Department. An application for Membership will not be considered complete unless all items indicated in the Credit Application Checklist are provided in full. This includes the \$1,500.00 application fee.

PJM will analyze the financial standing of the applicant or proposed guarantor and will determine if the applicant or proposed guarantor is eligible for unsecured credit, and whether the amount, if any, is sufficient for the needs of the applicant. If the applicant intends to utilize a guaranty from a guarantor that is eligible for unsecured credit, then a fully executed guaranty, in the PJM approved format, should be forwarded to the PJM Treasury Department. If an applicant or its proposed guarantor does not qualify for unsecured credit, or insufficient unsecured credit to meet its expected needs, then a cash deposit or a Letter of Credit ("L/C") in the PJM-approved format must be remitted before PJM can approve the applicant's credit application.

The PJM-approved Guaranty and L/C forms are available on the PJM web site in the same location as this document, and must be completed only if applicable. A Guaranty must be from an entity that qualifies for unsecured credit pursuant to PJM's Credit Policy. The value of any Guaranty will be limited by the creditworthiness of the guarantor and by any cap placed on the guaranty by the guarantor. A Guaranty should bear a corporate seal, or have attached a Secretary's certificate with seal attesting that Guarantor is duly authorized to provide such Corporate Guaranty and that the person signing the Corporate Guaranty is also duly authorized. An L/C must be from a domestic US financial institution with a minimum rating of "A" or better by all rating agencies that rate it, or from a domestic branch of a foreign financial institution, provided that the US branch, itself, maintains an "A" or better minimum rating. Guaranties and L/C's submitted in these exact forms and from appropriate providers will be accepted by PJM. Any change to these forms must be pre-approved by PJM or they will not be accepted. PJM legal counsel will review and consider minor changes recommended by the applicant; substantial changes, however, will not be considered. PJM recommends that all guaranties and L/C's be submitted, in final form but unexecuted, to PJM for review prior to execution. If a form of L/C or Guaranty can not be mutually agreed upon, alternative credit arrangements (e.g. cash deposit) will be required before credit approval and subsequent membership approval or OASIS access can take place. Cash deposits will accrue interest to the depositor at PJM's actual interest rate.

Establishment and maintenance of credit with PJM is subject to the rules and framework established in the PJM Credit Policy (Attachment Q of the PJM Tariff). A link to the PJM Open Access Transmission Tariff is on the PJM website (www.pjm.com) under “Documents - Agreements.”

In the following pages, you will find the following:

- Application Checklist (2 pages)
- Credit Application & Agreement (4 pages)

Upon the receipt of a full credit application, including application fee and supporting documents as applicable, the PJM Treasury Department will complete its evaluation. All information provided by the applicant is considered confidential and is covered by Section 18.17 of the PJM Operating Agreement and Tariff.

APPLICATION CHECKLIST

An Applicant's credit application will not be considered complete unless the following items are completed and submitted to PJM as applicable:

- (1) Completed and signed PJM Credit Application & Agreement (3 pages), with the following sections completed, as applicable, according to the following table:

Sections to complete:	1, 2, 3, 4, 5	6	7,8,9,10	11
Applicants seeking unsecured credit	X	X	X	X
Demand response or other load-reduction service providers, or generators that will only sell their generation into PJM and are not requesting unsecured credit	X	X		X
Applicants anticipating no activity and are not requesting unsecured credit	X			X
Applicants not seeking unsecured credit and providing cash or letter of credit instead	X	X		X
Applicants supplying Corporate Guaranty (note: sections 7 & 8 must be completed for the Guarantor instead of the applicant)	X	X	X	X
All Other Applicants *	X	*	*	X

* Please contact PJM if your specific situation is not already on this table

- (2) Financial statements and other data (applicable only to Applicants requesting unsecured credit), including but not limited to the following information for the

most recent three fiscal years, or the period of existence of the Applicant, if shorter:

a. If publicly traded:

(i) Independently audited annual and quarterly financial statements with notes to financial statements and independent auditor's letter. (Reference to 10-K and 10-Q on EDGAR is sufficient, if applicable).

(ii) Form 8-K reports disclosing any Material changes, if any.

b. If privately held:

(i) Management's Discussion & Analysis

(ii) Report of Independent Accountants

(iii) Financial Statements, including:

- Balance Sheet
- Income Statement
- Statement of Cash Flows
- Statement of Stockholder's Equity

(iv) Notes to Financial Statements

(3) Guaranty or Letter of Credit, if applicable.

(4) Application fee of \$1,500

All information should be submitted along with your application for Membership or Transmission service.

PJM CREDIT APPLICATION AND AGREEMENT

1. Applicant's full legal name and corporate mailing address:

City: _____ State: _____ Zip: _____

Other names used by Applicant: _____

DUNS (D&B) No.: _____ Federal EIN: _____

Original State of Incorporation: _____

Please indicate type of business entity:

- Corporation Partnership Proprietorship Joint Venture
 Limited Liability Corporation Limited Liability Partnership Other _____

Billing Address: _____

City: _____ State: _____ Zip: _____

Main Corporate Telephone Number: _____ fax: _____

Billing Dept. Telephone Number: _____ fax: _____

Acct. Payable Contact: _____ Phone: _____ email: _____

Credit Contact: _____ Phone: _____ email: _____

2. List all affiliate companies that are, or are applying to be, members of PJM:

_____, _____, _____

3. Applicant is primarily a (indicate all applicable categories):

- Municipality or Government Entity Cooperative Load-serving Entity
 Provider of Last Resort Power Marketer Generator End User/Self-generator
 Transmission Customer Only Emergency or Economic Load Reduction Program member
 Other:

(This selection does **not** have to concur with the official PJM sector selection for voting purposes)

4. BANKRUPTCY

Has either the Applicant or Guarantor (if any) filed for, or been in, Bankruptcy at any time in the past Seven years? No Yes (if Yes, please attach status, location, trustee)

5.

ANTICIPATED CREDIT NEEDED

Maximum two-month credit needed: _____

(Credit must equal highest anticipated two consecutive month's bills from PJM as projected for the next year, and may be supplied either as unsecured credit or through provision of Financial Security. Enter zero if none needed.)

6.

BANK INFORMATION

Primary

Bank Name: _____

Contact: _____

Address: _____

Phone: _____

City, State, Zip _____

Account _____

City, State, Zip _____

No(s): _____

Wire Instructions:

Bank Name: _____

ABA Number: _____

Account Name: _____

Account #: _____

7.

FINANCIAL INFORMATION (required only if unsecured credit is requested)

Please check one: Applicant will rely on its own credit

Applicant will rely on credit from a Guarantor

(If relying on Guarantor, all information in this box should be for Guarantor)

Please check one:

3 years of financials are enclosed (with notes and auditor's report)

Financials may be found on Edgar under the name of: _____

Please provide Applicant's (or Guarantor's) current senior unsecured debt ratings:

S&P rating: _____ Credit Watch Status (circle one): Watch Positive / Stable / Watch Negative

Moody's rating: _____ Credit Watch Status (circle one): Watch Positive / Stable / Watch Negative

Fitch rating: _____ Credit Watch Status (circle one): Watch Positive / Stable / Watch Negative

8.

GUARANTOR INFORMATION (if applicable)

Guarantor Name: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Treasury Contact: _____ Phone: _____

DUNS (D&B) No.: _____ Federal EIN: _____

9.

RELEASE (required only if unsecured credit is requested)

The undersigned hereby authorizes release of any of the information requested in this Credit Application as requested by PJM in order to perform a credit review in connection with a request for service.

Authorized Signature: _____

Name: _____

Title: _____

Date: _____

10.

DISCLOSURES (required only if unsecured credit is requested)

The following disclosures are required upon application, upon initiation or change, and at least annually thereafter, or as requested by PJM. Please check one each in (A) and (B):

A. Litigation, Commitments and Contingencies.

- Applicant certifies that there are no known Material litigation, commitments or contingencies or any bankruptcy declarations or Material defalcations by the Applicant or its predecessors, subsidiaries or Affiliates, or (if applicable) guarantor or successors.
- Disclosures are attached.

B. Regulatory Investigations.

- Applicant certifies that there does not exist any ongoing investigation by the Securities and Exchange Commission ("SEC"), Federal Energy Regulatory Commission ("FERC"), or any other governing, regulatory, or standards body with respect to the Applicant or (if applicable) Applicant's guarantor.
- Disclosures are attached.

11.**AUTHORIZED SIGNATURE**

The undersigned is an agent of the Applicant with authority to bind the company and authority to enter into this Credit Application and Agreement and commit to the Credit Policy terms and conditions. The undersigned affirms that the information provided in and with this Application is true and accurate. Applicant affirms that it has read and will comply with the terms of the PJM Credit Policy currently in effect, or as may be modified from time to time. Applicant specifically authorizes PJM Interconnection, LLC to investigate, on an ongoing basis, the company's credit history and creditworthiness.

Company Name: _____

Authorized Signature: _____

Name: _____

Title: _____

Date: _____