



Town Council Agenda Report

Date: January 12, 2021 Item No. 12

To: Honorable Mayor and Town Council

Subject: APPROVE THE RATIFICATION OF THE EXECUTION OF A LETTER OF CREDIT WITH RIVER CITY BANK ON BEHALF OF APPLE VALLEY CHOICE ENERGY TO COMPLY WITH CALIFORNIA PUBLIC UTILITIES COMMISSION FINANCIAL SECURITY REQUIREMENTS

From: Douglas Robertson, Town Manager

Submitted by: Sydnie Harris, Director of Finance
Finance Department

Budgeted Item: Yes No N/A

RECOMMENDED ACTION:

That the Town Council approve the ratification of the execution of a Letter of Credit with River City Bank (RCB) on behalf of Apple Valley Choice Energy (AVCE).

SUMMARY:

On August 9, 2016, the Town Council adopted Ordinance No. 486 Establishing the Apple Valley Community Choice Aggregation (CCA) Program, AVCE. AVCE began serving customers in April 2017. As a CCA, AVCE is required to meet certain state mandated obligations, including the posting of a Financial Security Requirement (FSR) instrument per the California Public Utilities Commission (CPUC) Resolution E-5059 (Resolution).

BACKGROUND:

In 2018, the CPUC issued Decision 18-05-022 (Decision) which established reentry fees and financial security requirements for CCAs. Under the Decision, Investor Owned Utilities (IOUs), including Southern California Edison (SCE), were required to submit advice letters implementing the FSR requirements. Those advice letters were submitted in August 2018; however, they were suspended by the CPUC until final implementation issues could be resolved. On October 8, the CPUC adopted the Resolution finalizing the implementation of the IOU advice letters and setting the FSR at \$ 147,000. To date,

CCAs have been operating under an interim amount of \$100,000, which was submitted to the CPUC as part of the Town of Apple Valley's CCA registration process.

The purpose of the FSR instrument is to cover reentry fees borne by the IOU in the event of a mass involuntary return of CCA customers to the IOU, such as the decertification of the CCA or a CCA failure. The IOU may only withhold funds from the financial security instrument for unpaid administrative or procurement costs associated with the return of CCA customers to the IOU. Any withholding of those funds must first be approved by the CPUC.

In order to meet this requirement, California Choice Energy Authority (CalChoice) on behalf of AVCE and its other member agencies, worked with RCB on a form of Letter of Credit. Additionally, the Resolution required that AVCE submit an Advice Letter to the CPUC with the FSR instrument as proof of compliance no later than December 8, 2020. CalChoice also worked with its legal team to draft the Advice Letter, which was submitted with a copy of the executed Letter of Credit. In accordance with the Resolution, once the Advice Letter is submitted and compliance with the FSR is demonstrated by way of an attached executed Letter of Credit, the interim financial security amount of \$100,000 currently held by the CPUC will be returned to the Town.

Initially, AVCE sought to satisfy the FSR by way of an Escrow Agreement, however the Resolution required that SCE have final approval of the language in the agreement. Negotiations with SCE on the terms of the agreement reached an impasse and a new security mechanism needed to be developed. Because of the compressed timeline resulting from this change, and the deadline to remit the Advice Letter and security instrument by December 8, 2020, staff is requesting that Council ratify the execution of the Letter of Credit after the fact.

FISCAL IMPACT:

\$147,000 transferred from the secured deposit account to a cash collateral account held at RCB in the name of the Town of Apple Valley. Once the new Financial Security Requirement has been satisfied, the Town will be refunded the original \$100,000 Bond currently being held by the CPUC.

ATTACHMENT:

Advice Letter and Pro Forma Letter of Credit



ADVICE LETTER SUMMARY ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Apple Valley Choice Energy ("AVCE")

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Cathy DeFalco

Phone #: (888) 639-2411

E-mail: cathy@calchoice.org

E-mail Disposition Notice to: cathy@calchoice.org

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
 PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

December 7, 2020

Advice Letter (AL) #: 7-E

Tier Designation: 1

Subject of AL: SUBMITTAL OF COMMUNITY CHOICE AGGREGATOR FINANCIAL SECURITY REQUIREMENT INSTRUMENT IN COMPLIANCE WITH RESOLUTION E-5059

Keywords (choose from CPUC listing): Compliance

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.18-05-022; Resolution E-5059

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: n/a

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 12/7/20

No. of tariff sheets: n/a

Estimated system annual revenue effect (%): n/a

Estimated system average rate effect (%): n/a

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: n/a

Service affected and changes proposed¹: n/a

Pending advice letters that revise the same tariff sheets: n/a

¹Discuss in AL if more space is needed.

Clear Form

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Cathy DeFalco
Title: General Manager
Utility Name: California Choice Energy Authority
Address: 44933 Fern Avenue
City: Lancaster
State: California Zip: 93534
Telephone (xxx) xxx-xxxx: (888) 639-2411
Facsimile (xxx) xxx-xxxx:
Email: cathy@calchoice.org

Name: Doug Robertson
Title: Town Manager
Utility Name: Apple Valley Choice Energy
Address: 14955 Dale Evans Pkwy
City: Apple Valley
State: California Zip: 92307
Telephone (xxx) xxx-xxxx: (760) 240-7000 X 7051
Facsimile (xxx) xxx-xxxx:
Email: [drobertson@applevalley.org](mailto:d Robertson@applevalley.org)

Clear Form

ENERGY Advice Letter Keywords

| | | |
|---------------------------|--|--------------------------------|
| Affiliate | Direct Access | Preliminary Statement |
| Agreements | Disconnect Service | Procurement |
| Agriculture | ECAC / Energy Cost Adjustment | Qualifying Facility |
| Avoided Cost | EOR / Enhanced Oil Recovery | Rebates |
| Balancing Account | Energy Charge | Refunds |
| Baseline | Energy Efficiency | Reliability |
| Bilingual | Establish Service | Re-MAT/Bio-MAT |
| Billings | Expand Service Area | Revenue Allocation |
| Bioenergy | Forms | Rule 21 |
| Brokerage Fees | Franchise Fee / User Tax | Rules |
| CARE | G.O. 131-D | Section 851 |
| CPUC Reimbursement Fee | GRC / General Rate Case | Self Generation |
| Capacity | Hazardous Waste | Service Area Map |
| Cogeneration | Increase Rates | Service Outage |
| Compliance | Interruptible Service | Solar |
| Conditions of Service | Interutility Transportation | Standby Service |
| Connection | LIEE / Low-Income Energy Efficiency | Storage |
| Conservation | LIRA / Low-Income Ratepayer Assistance | Street Lights |
| Consolidate Tariffs | Late Payment Charge | Surcharges |
| Contracts | Line Extensions | Tariffs |
| Core | Memorandum Account | Taxes |
| Credit | Metered Energy Efficiency | Text Changes |
| Curtable Service | Metering | Transformer |
| Customer Charge | Mobile Home Parks | Transition Cost |
| Customer Owned Generation | Name Change | Transmission Lines |
| Decrease Rates | Non-Core | Transportation Electrification |
| Demand Charge | Non-firm Service Contracts | Transportation Rates |
| Demand Side Fund | Nuclear | Undergrounding |
| Demand Side Management | Oil Pipelines | Voltage Discount |
| Demand Side Response | PBR / Performance Based Ratemaking | Wind Power |
| Deposits | Portfolio | Withdrawal of Service |
| Depreciation | Power Lines | |

Clear Form

December 7, 2020

California Public Utilities Commission
Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Advice Letter AVCE 7E

RE: SUBMITTAL OF COMMUNITY CHOICE AGGREGATOR FINANCIAL SECURITY REQUIREMENT INSTRUMENT IN COMPLIANCE WITH RESOLUTION E-5059

PURPOSE

The Town of Apple Valley operating as Apple Valley Choice Energy (“AVCE”) hereby submits and posts its Community Choice Aggregator (“CCA”) Financial Security Requirement (“FSR”) Instrument pursuant to Resolution E-5059 of the California Public Utilities Commission (“Commission”). A pro-forma version of the FSR Instrument is appended hereto as Appendix A.

BACKGROUND

Assembly Bill (“AB”) 117 enacted requirements for ensuring that bundled service customers of the investor-owned utilities (“IOUs”) are indifferent to the costs of electricity customers migration to and from CCA programs. Public Utilities Code Section 394.25(e) established consumer protections that require CCAs to post financial security to cover the reentry fees that would be imposed on CCA customers in the event these customers are involuntarily returned to IOU service. On June 7, 2018, the Commission issued Decision (“D.”)18-05-022, which found that Public Utilities Code Section 394.25(e) requires the implementation of both a reentry fee and a corresponding FSR to address the costs of a potential mass involuntary return of CCA customers to utility service.¹ The FSR represents the estimated amount that would be required to cover IOU administrative and procurement costs resulting from a mass involuntary return.² D.18-05-022 established the methods for calculating re-entry fees and financial security amounts and established a minimum CCA financial security amount of \$147,000.³

D.18-05-022 ordered each CCA to submit a compliance advice letter to the Commission’s Energy Division, providing notice of compliance with the FSR and requesting the return of the interim financial security posted with the Commission.⁴ D.18-05-022 determined that letters of credit, surety bonds, or cash held by a third-party are the acceptable instruments to satisfy the

¹ D.18-05-022 at 14; Conclusion of Law 1.
² D.18-05-022 at 14; Conclusion of Law 2.
³ D.18-05-022 at 16; Ordering Paragraph 9.
⁴ D.18-05-022; Ordering Paragraph 10.

FSR.⁵ D.18-05-022 further ordered the amount of the FSR to be updated twice per year to reflect the change to forecasted procurement and administrative costs if the change in the amount of the reentry fees is greater than 10 percent.⁶

On August 15, 2018, Pacific Gas & Electric Company (“PG&E”) submitted Advice Letter (“AL”) 5354-E, Southern California Edison Company (“SCE”) submitted AL 3840-E, and San Diego Gas & Electric Company (“SDG&E”) submitted AL 3257-E (collectively, “IOU Advice Letters”) seeking Commission approval of proposed revisions to the three IOUs’ tariffs to define and calculate the CCA financial security and reentry fees requirements pursuant to D.18-05-022. On September 4, 2018, the California Community Choice Associate (“CalCCA”) protested the IOU Advice Letters arguing that the IOU Advice Letters were overly broad and went beyond the scope of D.18-05-022.⁷

On October 9, 2020, the Commission issued Resolution E-5059 partially approving the IOU Advice Letters and directing the CCAs to post new FSR instruments within 60 days of the Resolution. Resolution E-5059 adopted the proposed tariff revisions that were specifically directed in D.18-05-022, but rejected those proposed revisions that did not comply with the decision.⁸ Resolution E-5059 determined that the FSR instrument will govern the rights and obligations of the parties and shall be based on commercially reasonable and accepted terms and conditions.⁹ Resolution E-5059 further states that the CCA FSR instrument may only be drawn upon in the event of an involuntary return, or as mutually agreed upon in, or pursuant to, the terms of the FSR instrument.¹⁰ Finally, Resolution E-5059 found that an IOU may not terminate CCA service without an order of the Commission for failure by a CCA to post its FSR instrument.¹¹

Resolution E-5059 also ordered the IOUs to resubmit their tariff sheets to clarify: (i) the terms of the FSR are subject to mutual agreement by the IOU, the CCA, and the third-party issuer of the FSR instrument, (ii) failure of the CCA to post the FSR instrument within the sixty-day period following issuance of Resolution E-5059 may be grounds for the CCA’s involuntary service suspension by the Commission, (iii) the IOU may not terminate CCA service without approval from the Commission, and (iv) the Involuntary Return Process as provided for in the Resolution.¹²

On November 6, 2020, the IOUs refiled their tariff sheets via respective Tier 1 Advice Letters to conform with Resolution E-5059.¹³ On November 30, 2020 the California Community

⁵ D.18-05-022; Ordering Paragraph 7.

⁶ D.18-05-022 at 10.

⁷ See CalCCA Protest, dated September 4, 2018.

⁸ Resolution E-5059 at 2.

⁹ Resolution E-5059 at 26.

¹⁰ Resolution E-5059 at 27.

¹¹ Resolution E-5059 at 16.

¹² Resolution E-5059 at 26-27; Ordering Paragraph 4.

¹³ See PG&E Advice Letter 5354-E-B, SCE Advice Letter 3840-E-A, SDG&E Advice Letter 3257-E-A (“Updated IOU Advice Letters”).

Choice Association (“CalCCA”) filed a Limited Protest of the Updated IOU Advice Letters requesting clarification regarding certain tariff revisions regarding the treatment of protested reentry fees as well as the timing and circumstances in which CCA customer payment remittances may be withheld.¹⁴

AVCE has continued to work diligently to reach an agreement with SCE on terms and conditions for the FSR instrument. AVCE and SCE have come to an agreement regarding the timing and circumstances under which SCE may withhold customer payment remittances, and the timing associated with SCE’s draw of the FSR Instrument. These matters are reflected in the FSR Instrument. However, no agreement has been reached regarding whether SCE may draw the full amount of the reentry fees if AVCE submits a protest disputing the amount of the reentry fees. The FSR Instrument sufficiently addresses this outstanding issue by providing that SCE will act in good faith to comply with Commission orders related to protested reentry fees. AVCE expects that the Commission will address these issues in response to CalCCA’s protest of the Updated IOU Advice Letters.

FINANCIAL SECURITY REQUIREMENT INSTRUMENT

Under Resolution E-5059, a CCA has complied with the FSR posting requirements when the CCA has demonstrated that the financial instrument has been formed, and the IOU made its obligee, recipient, or equivalent.¹⁵ Appendix A to this advice letter contains the pro forma letter of credit that has been used as the underlying document for the actual FSR Instrument that has been executed by AVCE and SCE.¹⁶ In the event that an involuntary return occurs, Resolution E-5059 requires the IOU to submit a Tier 1 Advice Letter within 30 days of the involuntary return to notify the Commission that the return has occurred and to set forth the reentry fee calculation.¹⁷ The FSR instrument states, unless otherwise mutually agreed, SCE will not draw from the FSR amount until at least 20 days after SCE submits the Tier 1 Advice Letter notifying the Commission of the involuntary return. Moreover, the FSR instrument states that SCE will not draw from the FSR amount except (a) upon written agreement between AVCE and SCE or (b) until at least 15 calendar days after SCE has issued a written demand for payment to AVCE and no sooner than 20 calendar days following SCE’s filing of the Tier 1 Advice Letter notifying the Commission of the involuntary return.

ATTESTATION

The form and terms of the attached pro forma FSR instrument, including the specific conditions under which the FSR is activated, have been mutually agreed upon between AVCE and SCE. By submitting this Advice Letter, the undersigned attests that it has formed an FSR Instrument, consisting of a letter of credit, and SCE has been made its obligee, recipient, or equivalent, as

¹⁴ See California Community Choice Association’s Protest of SCE Advice Letter 3840-E-A, PG&E Advice Letter 5354-E-B, and SDG&E Advice Letter 3257-E-A Community Choice Aggregation Financial Security Requirements.

¹⁵ Resolution E-5059 at 26; Finding of Fact 17.

¹⁶ See D.18-05-022 at 16; Ordering Paragraph 7 (“Letters of credit...are acceptable forms for satisfying the financial security requirement.”)

¹⁷ Resolution E-5059 at 27; Ordering Paragraph 7.

directed by the Commission in Resolution E-5059.

REQUEST FOR RETURN OF INTERIM SECURITY

AVCE previously posted an interim FSR of \$100,000 with the Commission in compliance with Resolution E-4133. Per Resolution E-5059 and D.18-05-022, the interim financial security posted with the Commission should be returned to the posting CCA when the CCA complies with the financial security requirements as described in Resolution E-5059.¹⁸ Through this advice letter, AVCE is requesting the return of the interim FSR amount of \$100,000.

EFFECTIVE DATE

CCA requests that this Tier 1 Advice Letter become effective on December 7, 2020, which is the date of this submission.

APPENDICES

Appendix A: FSR Pro Forma Letter of Credit

PROTESTS

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above). In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Apple Valley Choice Energy
14955 Dale Evans Parkway
Apple Valley, CA 92307
cathy@calchoice.org

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

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¹⁸ Resolution E-5059 at 5; *see also* D.18-05-022 at 11.

Respectfully submitted,

/s/ Cathy DeFalco

Cathy DeFalco
General Manager
California Choice Energy Authority
On behalf of Apple Valley Choice Energy

Appendix A
Pro Forma Letter of Credit

Form of Letter of Credit

IRREVOCABLE NON-TRANSFERABLE STANDBY LETTER OF CREDIT

Bank Reference Number: _____

Issuance Date:

Issuing Bank:
[insert bank name and address]

Applicant:
[insert applicant name and address]

Beneficiary:
Southern California Edison Company
Attn: Manager of Risk Operations and Collateral Management
2244 Walnut Grove Avenue
GO#1, Quad 2B
Rosemead, CA 91770

Available Amount: \$147,000 (One Hundred Forty-Seven Thousand U.S. Dollars)

Expiration Date: [insert date]

Ladies and Gentlemen:

_____ (the "Bank") hereby establishes this Irrevocable Non-transferable Standby Letter of Credit ("Letter of Credit") in favor of Southern California Edison Company, a California corporation (the "Beneficiary"), for the account of *[insert name of CCA or JPA formed for the purpose of a CCA]*, a *[insert legal entity type]*, to serve as the Financial Security Requirement for the amount stated above (the "Available Amount"), effective immediately.

This Letter of Credit shall be of no further force or effect at 5:00 p.m., California [New York is acceptable] time on the expiration date stated above or, if such day is not a Business Day (as hereinafter defined), on the next Business Day (as may be extended pursuant to the terms of this Letter of Credit) (the "Expiration Date").

For the purpose hereof, "Business Day" shall mean any day other than:

1. A Saturday or a Sunday,
2. A day on which banking institutions in the city of Los Angeles, California [New York, New York is acceptable], are required or authorized by Law to remain closed, or
3. A day on which the payment system of the Federal Reserve System is not operational.

It is a condition of this Letter of Credit that the Expiration Date shall be automatically extended without amendment for one (1) year from the Expiration Date hereof or any future Expiration Date unless at least sixty (60) days prior to such Expiration Date, we send notice to you by certified mail or overnight courier, at the address stated below, that we elect not to extend this Letter of Credit for any such additional period.

Subject to the terms and conditions herein, funds under this Letter of Credit are available to Beneficiary by complying presentation on or before 5:00 p.m. California [New York is acceptable] time, on or before the Expiration Date of the following:

1. The original Letter of Credit and all amendments, or a copy of such documents in the case of partial drawings;
2. A Drawing Certificate in the form of Exhibit "A" attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary signing as such; and
3. A Sight Draft in the form of Exhibit "B" attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary.

Drawings may also be presented by facsimile transmission ("Fax") to Fax number [insert number] under telephone pre-advice to [insert number] or alternatively to [insert number]; provided that such Fax presentation is received on or before the Expiration Date on this instrument in accordance with the terms and conditions of this Letter of Credit. It is understood that any such Fax presentation shall be considered the sole operative instrument of drawing. In the event of presentation by Fax, the original documents should not also be presented.

Partial drawing of funds shall be permitted under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance; provided, the Available Amount shall be reduced by the amount of each such drawing.

This Letter of Credit is not transferable or assignable. Any purported transfer or assignment shall be void and of no force or effect.

All correspondence and any drawings (other than those made by Fax) hereunder are to be directed to [Bank address/contact].

All notices to Beneficiary shall be in writing and are required to be sent by certified mail or overnight courier to: Southern California Edison Company, Manager of Risk Operations and Collateral Management, 2244 Walnut Grove Avenue, GO#1, Quad 2B, Rosemead, CA 91770. Only notices to Beneficiary meeting the requirements of this paragraph shall be considered valid. Any notice to Beneficiary which is not in accordance with this paragraph shall be void and of no force or effect.

Banking charges shall be the sole responsibility of the Applicant.

This Letter of Credit sets forth in full our obligations and such obligations shall not in any way be modified, amended, amplified or limited by reference to any documents, instruments or agreements referred to herein, except only the attachment referred to herein; and any such reference shall not be deemed to incorporate by reference any document, instrument or agreement except for such attachment. Except in the case of an increase in the Available Amount or extension of the Expiration Date, this Letter of Credit may not be amended or modified without the Beneficiary's prior written consent.

The Bank engages with the Beneficiary that Beneficiary's drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the Bank on or before the Expiration Date.

Except so far as otherwise stated, this Letter of Credit is subject to the International Standby Practices ISP98 (also known as ICC Publication No. 590), or revision currently in effect (the "ISP"). As to matters not covered by the ISP, the laws of the State of California, without regard to the principles of conflicts of laws thereunder, shall govern all matters with respect to this Letter of Credit.

AUTHORIZED SIGNATURE for Bank

By: _____

Name: [print name] _____

Title: [print title] _____

EXHIBIT A TO LETTER OF CREDIT No. [____]
DRAWING CERTIFICATE

TO [ISSUING BANK NAME & ADDRESS]

IRREVOCABLE NON-TRANSFERABLE STANDBY LETTER OF CREDIT
REFERENCE NUMBER: _____

DATE: _____

Southern California Edison Company ("Beneficiary"), demands [Issuing Bank Name] ("Bank") payment to the order of the Beneficiary the amount of U.S. \$ _____ (_____ U.S. Dollars), drawn under the Letter of Credit referenced above (the "Letter of Credit"), for the following reason(s) [check applicable provision]:

A. Under terms of the Tariff Rule 23, Beneficiary is entitled to draw under Letter of Credit No. [insert number] amounts owed by [insert name of CCA or JPA]. In presenting this statement and making this request ("Drawing Certificate"), Beneficiary represents and warrants as follows:

- i. Beneficiary has not issued this Drawing Certificate except (A) upon written agreement between CCA and Beneficiary; or (B) after at least 15 calendar days ("15-day Period") following Beneficiary's written demand for payment to CCA in the amount of the re-entry fees due from CCA, calculated and delivered in conformance with Beneficiary's tariff ("Re-Entry Fees") and no sooner than 20 calendar days following Beneficiary's notification to CCA and the California Public Utilities Commission ("Commission"), through Beneficiary's submission of a Tier 1 advice letter consistent with Resolution E-5059, that CCA has involuntarily returned or has begun to involuntarily return its customers to Beneficiary.
- ii. Within the 15-day Period, (A) CCA has not paid the full amounts owed by CCA for Re-Entry Fees through direct payment by CCA to Beneficiary; or (B) Beneficiary and CCA have not agreed in writing that Beneficiary may withhold CCA customer remittances in full satisfaction of the Re-Entry Fee amount.
- iii. Beneficiary has in good faith complied with the Commission's orders related to whether Beneficiary can draw the full amount of the Re-Entry Fees even if CCA submits a protest to the Commission disputing the amount of the Re-Entry Fees.

B. The Letter of Credit will expire in fewer than twenty (20) Business Days from the date hereof, and the CCA or its successor has not provided Beneficiary alternative financial security acceptable to Beneficiary.

Unless otherwise provided herein, capitalized terms which are used and not defined herein shall have the meaning given each such term in the Letter of Credit.

Authorized Signature for Beneficiary:

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____

Name: [print name] _____

Title: [print title] _____

EXHIBIT B TO LETTER OF CREDIT No. [____]
SIGHT DRAFT

[INSERT DATE]

TO:
[ISSUING BANK NAME & ADDRESS]

PAY AT SIGHT TO THE ORDER OF SOUTHERN CALIFORNIA EDISON COMPANY ("BENEFICIARY") THE AMOUNT OF USD [INSERT AMOUNT] DRAWN UNDER [ISSUING BANK NAME] IRREVOCABLE NON-TRANSFERABLE STANBY LETTER OF CREDIT NUMBER [INSERT NUMBER] ISSUED ON [INSERT DATE].

FUNDS PAID PURSUANT TO THE PROVISIONS OF THE LETTER OF CREDIT SHALL BE WIRE TRANSFERRED TO THE BENEFICIARY IN ACCORDANCE WITH THE FOLLOWING INSTRUCTIONS:

[INSERT WIRING INSTRUCTION]

AUTHORIZED SIGNATURE

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____

Name: [print name]_____

Title: [print title]_____