

Ohio RFP Frequently Asked Questions – Credit

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|--------------------|-------------------------------|---|
| CRE001 | 24-Dec-08 | Question: How can I confirm my Independent Credit Threshold and Unsecured Credit Limit before bids are due? |
| | | Answer: If a bidder would like to have its Independent Credit Threshold and Unsecured Credit Limit determined before bids are due, the bidder must complete Appendix 3 of the bidder rules and fax it to the RFP Manager at 617.425.6574 by noon ET, Monday, December 29, 2008. Otherwise, the bidder's Independent Credit Threshold and Unsecured Credit Limit will not be determined unless and until the bidder's bid proposal is submitted on December 31, 2008. |
| CRE002 | 24-Dec-08 | Question: If I disagree with the Independent Credit Threshold and Unsecured Credit Limit prior to submitting my bid, how will this disagreement be resolved? |
| | | Answer: If the bidder disagrees with the Independent Credit Threshold and Unsecured Credit Limit prior to submitting its bid, the bidder needs to provide the RFP Manager with its own calculation of the Independent Credit Threshold and Unsecured Credit Limit. The RFP Manager will contact the FirstEnergy Ohio Utilities' Credit Representative to review the bidder's calculation and respond back to the bidder before the bids are submitted. |
| CRE003 | 24-Dec-08 | Question: How is the credit support of a Guarantor taken into account in determining my Independent Credit Threshold and Unsecured Credit Limit? |
| | | Answer: Please refer to Section 6.4 of the SSO Supply Agreement to determine the Independent Credit Threshold if the supplier is using the credit support of a Guarantor. Please refer to Section 6.6 of the SSO Supply Agreement to determine the Unsecured Credit Limit if the supplier is using the credit support of a Guarantor |
| CRE004 | 24-Dec-08 | Question: How can I develop my own calculations of the credit requirements prior to submitting a bid? |
| | | Answer: Please refer to Article 6: Creditworthiness in the SSO Supply Agreement along with Appendix B, which shows an example of how mark-to-market is calculated, to determine the credit requirements. |
| CRE005 | 26-Dec-08 | Question: Is a Letter of Credit required for this auction? If it is required, when are proposed modifications due? |

Ohio RFP Frequently Asked Questions – Credit

| <u>FAQ#</u> | <u>Date of Posting</u> | <u>Question / Answer</u> |
|--------------------|-------------------------------|---|
| | | <p>Answer: Under the SSO Supply Agreement, there may be conditions under which a letter of credit is required. If any of those conditions prevail prior to the signing of the SSO Supply Agreement, the counterparty will be required to post cash or a letter of credit. For examples, see sections 6.4(a), 6.4(a)(i), 6.4(a)(ii), and 6.6(i) of the SSO Supply Agreement. Under certain conditions, the company will be required to post cash or a letter of credit at the time of, or prior to, the execution of the SSO Supply Agreement. Please provide to the RFP Manager a completed Appendix 3 from the RFP bidder rules by noon ET December 29 if you would like to confirm your Independent Credit Threshold and Unsecured Credit Limit prior to submitting a bid.</p> |
| CRE006 | 29-Dec-08 | <p>Question: Please explain the intent of the following provision (Bidder Rules V.5.2): "..... The SSO Supply Agreement provides, among other things, that if the FirstEnergy Ohio Utilities exercise their right to collect on financial guarantees, any contractual rights or other entitlements of the winners, the SSO Supply Agreement will immediately terminate without further notice by the FirstEnergy Ohio Utilities."</p> |
| | | <p>Answer: Counterparties to the SSO Supply Agreement are required to comply with the credit requirements described in the SSO Supply Agreement. Submission of a bid is a binding obligation to comply with the terms of the SSO Supply Agreement. If a winning bidder fails to meet the credit requirements prior to the signing of the SSO Supply Agreement or thereafter, the FirstEnergy Ohio Utilities can exercise their right to terminate the contract and bidders will be liable for any damages as though the winning bidder was a defaulting party to the SSO Supply Agreement.</p> |