

MEMORANDUM

December 5, 2000

To: Standard Offer Bidder

FROM: Faith Huntington

SUBJECT: Maine Standard Offer Process (Corporate Guarantee),
Docket No. 2000-808

Section 2.4(1)(e) of the RFBs require that corporate guarantees submitted by designated providers contain specific language, including a statement that the guaranteed amounts to cover the additional costs of replacement standard offer service will be paid to the applicable utility upon direction of the MPUC. Based on discussions with bidders, we have determined that the language attached to this memorandum (**scroll down to next page**) that allows for funds to be placed in escrow pending court review is an acceptable alternative to that contained in the RFB.

Bidders that wish to use this alternative provision in their corporate guarantees must so indicate as part of their Phase II submission. The Commission will take into account the reduced security quality in evaluating the bids.

FH/lp

Alternative Language

“This guarantee unconditionally obligates the guarantor, irrespective of any lack of enforceability of the obligations guaranteed ~~and any circumstance which might constitute a defense against such obligations or such payments~~, to pay all obligations of the standard offer provider for the payment of the additional costs of replacement standard offer service, at the direction of the Maine Public Utilities Commission, as long as such obligations do not exceed the total amount of this guarantee. The guarantor waives promptness, diligence and notices with respect to any such obligations, ~~and agrees to pay any statement under this guarantee presented by Central Maine Power Company at the direction of the Commission, within 10 business days.~~” Payment is due upon a written determination by the Maine Public Utilities Commission, after a full and complete opportunity for the guarantor and the designated standard offer provider to be heard, that the designated standard offer provider is in material default of its obligations to provide standard offer service. Upon such a determination, the guarantor agrees to either (1) pay any statement under this guarantee presented by [applicable Maine utility] at the direction of the Maine Public Utilities Commission within 10 business days; or (2) place the amounts as specified by the Maine Public Utilities Commission for the payment of the additional costs of replacement standard offer service into escrow pursuant to an agreement that the amounts held in escrow (including interest) be returned to the guarantor or released from escrow for payment of additional costs of replacement standard offer service in accordance with a final judgment of the Maine Supreme Judicial Court.