



**PECO Energy Company
Default Service Program RFPs for
Full Requirements Products and Block Energy Supply**

**ACCEPTABLE Modifications to the Pre-Bid Letter of Credit
May 29, 2009**

The Standard Pre-Bid Letter of Credit is appended as Appendix 9 to the Default Service Program RFP Rules for Full Requirements Products and Block Energy Supply. This document contains a comprehensive set of modifications to the Standard Pre-Bid Letter of Credit that are acceptable to PECO. All modifications to the Standard Pre-Bid Letter of Credit accepted for the benefit of a single RFP Bidder are available to all RFP Bidders on an optional basis. All such modifications are posted in this document.

The acceptable modifications listed in this document are deemed acceptable for both the Pre-Bid Letter of Credit for the Full Requirements RFP and Pre-Bid Letter of Credit for the Block Energy RFP.

Paragraph 1 - Original¹

1. We, _____(the “Issuing Bank”), hereby establish this Irrevocable Standby Letter of Credit (this “Letter of Credit”) in your favor in the amount of USD \$_____, effective immediately and available to you at sight upon demand at our counters at _____[designate Issuing Bank’s location for presentments] and expiring at 5:00 PM (New York, NY time) on _____[no earlier than eleven (11) business days after the Bid Date] (the “Expiration Date”), unless terminated earlier in accordance with the provisions of Paragraph 9 hereof.

Acceptable Modifications to Paragraph 1

1. We, _____(the “Issuing Bank”), hereby establish this Irrevocable Standby Letter of Credit (this “Letter of Credit”) in your favor in the amount of USD \$_____, effective immediately and available to you at sight upon demand at our counters at _____[designate Issuing Bank’s location for presentments] and expiring at 5:00 PM (~~New York, NY~~Chicago, IL time) on _____[no earlier than eleven (11) business days after the Bid Date] (the “Expiration Date”), unless terminated earlier in accordance with the provisions of Paragraph 9 hereof.

¹ Original text from the Standard Pre-Bid Letter of Credit for the Block Energy RFP. Modifications accepted for the Block Energy RFP are also deemed acceptable for the Full Requirements RFP.

Paragraph 2 - Original

2. This Letter of Credit is issued at the request and for the account of _____ (including its successors and assigns, the “Bidder”). This Letter of Credit may be drawn by presenting the documents required by paragraph 3 hereof, including your certificate stating that:

a) “the Bidder has made a material omission or misrepresentation in the Part 1 Proposal or the Part 2 Proposal submitted in connection with this solicitation”; or

b) “the Bidder has disclosed information relating to its Proposal publicly or to any other party before the PUC has rendered its decision on the results of the solicitation”; or

c) “the Bidder has one or more Bids approved by the PUC and the RFP Bidder fails to execute all Transaction Confirmations in the timeframe required by the Block Energy SMA”.

Acceptable Modifications to Paragraph 2

2. This Letter of Credit is issued at the request and for the account of _____ (including its successors and assigns, the “Bidder”). This Letter of Credit may be drawn by presenting the documents required by paragraph 3 hereof, including your certificate stating that:

a) “the Bidder has made a material omission or misrepresentation in the Part 1 Proposal or the Part 2 Proposal submitted in connection with this certain solicitation”; or

b) “the Bidder has disclosed information relating to its Proposal publicly or to any other party before the PUC has rendered its decision on the results of ~~the~~ that certain solicitation”; or

c) “the Bidder has one or more certain Bids approved by the PUC and the RFP Bidder fails to execute all Transaction Confirmations in the timeframe required by the Block Energy SMA”.

2. This Letter of Credit is issued at the request and for the account of _____ (including its successors and

assigns, the “Bidder”). This Letter of Credit may be drawn by presenting the documents required by paragraph 3 hereof, including your certificate stating that:

- a) “the Bidder has made a material omission or misrepresentation in the Part 1 Proposal or the Part 2 Proposal submitted in connection with ~~this~~-that certain solicitation”; or
- b) “the Bidder has disclosed information relating to its Proposal publicly or to any other party before the PUC has rendered its decision on the results of ~~the~~-that certain solicitation”; or
- c) “the Bidder has one or more certain Bids approved by the PUC and the RFP Bidder fails to execute all Transaction Confirmations in the timeframe required by the Block Energy SMA”.

Paragraph 3 - Original

3. We hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the amount available under this Letter of Credit from time to time, subject to reduction as provided in Paragraph 8. A partial or full drawing hereunder may be presented by you on any Business Day on or prior to the Expiration Date by delivering or transmitting to the Issuing Bank at _____ [U.S. address], (a) a notice executed by you substantially in the form of Annex 1 hereto, appropriately completed and duly signed by an Authorized Officer of PECO, and (b) your draft substantially in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of PECO.

Acceptable Modifications to Paragraph 3

3. We hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the amount available under this Letter of Credit from time to time, subject to reduction as provided in Paragraph 8. A partial or full drawing hereunder may be presented by you on any Business Day on or prior to the Expiration Date by delivering or ~~transmitting~~ faxing to the Issuing Bank at _____ [U.S. address], (a) a notice executed by you substantially in the form of Annex 1 hereto, appropriately completed and duly signed by an Authorized Officer of PECO, and (b) your draft substantially in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of PECO.

3. We hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the amount available under this Letter of Credit from time to time, subject to reduction as provided in Paragraph 8. A partial or full drawing hereunder may be presented by you on any Business Day on or prior to the Expiration Date by delivering or transmitting by fax to the Issuing Bank at _____ [U.S. address], (a) a notice executed by you substantially in the form of Annex 1 hereto, appropriately completed and duly signed by an Authorized Officer of PECO, and (b) your draft substantially in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of PECO.

Paragraph 4 - Original

4. Drafts, document(s) and other communications hereunder may be presented or delivered to us by facsimile transmission. Presentation of documents to effect a draw by facsimile must be made to the following facsimile number: _____, and confirmed by telephone to us at the following number: _____. In the event of a presentation via facsimile transmission, no mail confirmation is necessary and the facsimile transmission will constitute the operative drawing documents.

Acceptable Modifications to Paragraph 4

4. Drafts, document(s) and other communications hereunder may be presented or delivered to us by facsimile transmission. Presentation of documents to effect a draw by facsimile must be made to the following facsimile number: _____, and confirmed by telephone to us at the following number: _____. In the event of a presentation via facsimile transmission, no mail confirmation is necessary and the facsimile transmission will constitute the operative drawing documents. In the event of a full or final drawing the original Standby Letter of Credit must be returned to the issuing bank via overnight courier within one business day of the beneficiary's receipt of full or final drawing.

Paragraph 5 - Original

5. We will honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in your draft (or so much thereof as is available hereunder) delivered or transmitted to us in connection with such drawing to the account designated as provided below, by 3:00 PM (New York, NY time) on the date of such drawing, if delivery or transmission of the requisite documents pursuant to Paragraph 3 hereof is made prior to 11:00 AM (New York, NY time) on a Business Day, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery or transmission of the requisite documents pursuant to Paragraph 3 hereof is made on or after 11:00 AM (New York, NY time) on any Business Day.

Acceptable Modifications to Paragraph 5

5. We will honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in your draft (or so much thereof as is available hereunder) delivered or ~~transmitted-faxed~~ to us in connection with such drawing to ~~the-your~~ account designated as provided below, by 3:00 PM (New York, NY time) on the date of such drawing, if delivery or ~~transmission-fax~~ of the requisite documents pursuant to Paragraph 3 hereof is made prior to 11:00 AM (New York, NY time) on a Business Day, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery or ~~transmission-fax~~ of the requisite documents pursuant to Paragraph 3 hereof is made on or after 11:00 AM (New York, NY time) on any Business Day.

5. We will honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in your draft (or so much thereof as is available hereunder) delivered or transmitted by fax to us in connection with such drawing to ~~the-your~~ account designated as provided below, by 3:00 PM (New York, NY time) on the date of such drawing, if delivery or transmission by fax of the requisite documents pursuant to Paragraph 3 hereof is made prior to 11:00 AM (New York, NY time) on a Business Day, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery or transmission by fax of the requisite documents pursuant to Paragraph 3 hereof is made on or after 11:00 AM (New York, NY time) on any Business Day.

5. We will honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in your draft (or so much thereof as is available hereunder) delivered or transmitted to us in connection with such drawing to the account designated as provided below, by 3:00 PM (~~New York, NY~~Eastern Prevailing time) on the date of such drawing,

if delivery or transmission of the requisite documents pursuant to Paragraph 3 hereof is made prior to 11:00 AM (~~New York, NY~~Eastern Prevailing time) on a Business Day, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery or transmission of the requisite documents pursuant to Paragraph 3 hereof is made on or after 11:00 AM (~~New York, NY~~Eastern Prevailing time) on any Business Day.

5. We will honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in your draft (or so much thereof as is available hereunder) delivered or transmitted to us in connection with such drawing to the account designated as provided below, by 3:00 PM (~~New York, NY~~Chicago, IL time) on the date of such drawing, if delivery or transmission of the requisite documents pursuant to Paragraph 3 hereof is made prior to 11:00 AM (~~New York, NY~~Chicago, IL time) on a Business Day, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery or transmission of the requisite documents pursuant to Paragraph 3 hereof is made on or after 11:00 AM (~~New York, NY~~Chicago, IL time) on any Business Day.

Paragraph 6 - Original

6. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you notice not later than the time provided in Paragraph 5 above for honor of a drawing presented to us, that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons why the demand for payment was not so effected, and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.

Acceptable Modifications to Paragraph 6

6. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you notice not later than the time provided in Paragraph 5 above for honor of a drawing presented to us, that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons why the demand for payment was not so effected, and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made prior to the Expiration Date in accordance with the terms of this Letter of Credit.

Paragraph 8 - Original

8. Partial drawings are permitted hereunder and multiple drawings are permitted hereunder. The amount available for drawing by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit. Presentation of demands for drawings in amounts that exceed the amount available to be drawn hereunder shall not be deemed a failure to comply with the requirements of Paragraph 3 hereof, provided that the amounts payable on any such demand shall thus be limited to the amount then available to be drawn under this Letter of Credit.

Acceptable Modifications to Paragraph 8

8. Partial drawings are permitted hereunder and multiple drawings are permitted hereunder. The amount available for drawing by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid ~~through~~by us referencing this Letter of Credit. Presentation of demands for drawings in amounts that exceed the amount available to be drawn hereunder shall not be deemed a failure to comply with the requirements of Paragraph 3 hereof, provided that the amounts payable on any such demand shall thus be limited to the amount then available to be drawn under this Letter of Credit.

Paragraph 9 - Original

9. This Letter of Credit shall terminate on the earliest of the date (a) you have made drawings which exhaust the amounts available to be drawn under this Letter of Credit, (b) we receive from you a Certificate of Cancellation in the form of Annex 3 hereto together with the original of this Letter of Credit returned for cancellation, or (c) 5:00 PM (New York, NY time) on the Expiration Date.

Acceptable Modifications to Paragraph 9

9. This Letter of Credit shall terminate on the earliest of the date (a) you have made drawings which exhaust the amounts available to be drawn under this Letter of Credit, (b) we receive from you a Certificate of Cancellation in the form of Annex 3 hereto together with the original of this Letter of Credit, and any amendments, returned for cancellation, or (c) 5:00 PM (New York, NY time) on the Expiration Date.

9. This Letter of Credit shall terminate on the earliest of the date (a) you have made drawings which exhaust the amounts available to be drawn under this Letter of Credit, (b) we receive from you a Certificate of Cancellation in the form of Annex 3 hereto together with the original of this Letter of Credit, and all amendments attached thereto, returned for cancellation, or (c) 5:00 PM (New York, NY time) on the Expiration Date.

9. This Letter of Credit shall terminate on the earliest of the date (a) you have made drawings which exhaust the amounts available to be drawn under this Letter of Credit, (b) we receive from you a Certificate of Cancellation in the form of Annex 3 hereto together with the original of this Letter of Credit returned for cancellation, or (c) 5:00 PM (~~New York, NY~~Chicago, IL time) on the Expiration Date.

Paragraph 10 – Original

10. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practices for Documentary Credits – 2007 revision, ICC Publication No. 600, or any successor publication thereto (the “UCP”). All banking charges are for the account of the Bidder. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.

Acceptable Modifications to Paragraph 10

10. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practices for Documentary Credits – 2007 revision, ICC Publication No. 600, ~~or any successor publication thereto~~ (the “UCP”). All banking charges are for the account of the Bidder. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.

10. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practices for Documentary Credits – 2007 revision, ICC Publication No. 600, or any successor publication thereto (the “UCP”). All banking charges are for the account of the Bidder. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with ~~New York law~~ the laws of the State of New York, without regard to principles of conflicts of law.

Paragraph 11 – Original

11. Article 36 of the UCP as it applies to this Letter of Credit is hereby modified to provide as follows:

If on the last Business Day for presentation the place for presentation stated in this Letter of Credit is for any reason closed, then the last day for presentation is automatically extended to the day occurring thirty calendar days after the place for presentation re-opens for business.

Article 36 of the UCP as it applies to this Letter of Credit is hereby further modified by providing that any alternate place for presentation we may designate pursuant to this rule must be in the United States.

Acceptable Modifications to Paragraph 11

11. Article 36 of the UCP as it applies to this Letter of Credit is hereby modified to provide as follows:

If on the last Business Day for presentation the place for presentation stated in this Letter of Credit is for any reason closed, then the last day for presentation is automatically extended to the day occurring thirty calendar days after the place for presentation re-opens for business.

Article 36 of the UCP as it applies to this Letter of Credit is hereby further modified by providing that any alternate place for presentation ~~we—that~~ [name of Issuing Bank] may designate pursuant to this rule must be in the United States.

11. Article 36 of the UCP as it applies to this Letter of Credit is hereby modified to provide as follows:

If on the last Business Day for presentation the place for presentation stated in this Letter of Credit is for any reason closed, then the Issuing Bank hereby specifically agrees last day for presentation is automatically extended to effect payment if this Letter of Credit is drawn against within the day occurring thirty calendar days after the place for presentation re-opens for business.

Article 36 of the UCP as it applies to this Letter of Credit is hereby further modified by providing that any alternate place for presentation we may designate pursuant to this rule must be in the United States.

Paragraph 12 – Original

12. As used herein:

“Bidder” shall mean an entity that has successfully completed the Part 1 Proposal, and that submits the Part 2 Proposal.

“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York, NY and any day on which payments can be effected on the Fedwire system.

Acceptable Modifications to Paragraph 12

12. As used herein:

“Bidder” shall mean _____ [name of Bidder], ~~which an entity that~~ has successfully completed the Part 1 Proposal, and ~~that~~ submits ~~the a~~ Part 2 Proposal.

12. As used herein:

“Business Day” shall mean any day on which commercial banks are not authorized or required to close in ~~New York, NY~~ Cleveland, OH and any day on which payments can be effected on the Fedwire system.

12. As used herein:

“Business Day” shall mean any day on which commercial banks are not authorized or required to close in ~~New York, NY~~ Chicago, IL and any day on which payments can be effected on the Fedwire system.

12. As used herein:

“Business Day” shall mean any day on which commercial banks are not authorized or required to close in ~~New York, NY~~ Winston-Salem, North Carolina and any day on which payments can be effected on the Fedwire system.

Paragraph 13 – Original

13. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above. Except as otherwise expressly stated herein, this Letter of Credit may not be amended or modified by us without the consent of an Authorized Officer of the Independent Evaluator.

Acceptable Modifications to Paragraph 13

13. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above. Except as otherwise expressly stated herein, this Letter of Credit may not be amended or modified by us without the consent of an Authorized Officer of PECO or an Authorized Officer of the Independent Evaluator on behalf of PECO.

The following paragraph may be included as Paragraph 16

16. Should you have occasion to contact us regarding this letter of credit, kindly direct your communication to the attention of: _____ [representative] at _____ [phone number], making specific reference to this Letter of Credit No. _____.

Annex 3 (Certificate of Cancellation) – Original

Annex 1 to Letter of Credit

CERTIFICATE OF CANCELLATION

_____, 20__

To: [Issuing Bank]
[Address]

Attention: Standby Letter of Credit Unit/Your Letter of Credit No. _____

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above-referenced Letter of Credit may be cancelled without further payment. Attached hereto is the original Letter of Credit, marked cancelled.

PECO Energy Company

By _____

Name:

Title:

Date:

cc: _____ [Bidder]

Acceptable Modifications to Annex 3

Annex 2 to Letter of Credit

CERTIFICATE OF CANCELLATION

_____, 20__

To: [Issuing Bank]
[Address]

Attention: Standby Letter of Credit Unit/Your Letter of Credit No. _____

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above-referenced Letter of Credit may be cancelled without further payment. Attached hereto is the original Letter of Credit and any amendments, marked cancelled.

PECO Energy Company

By _____

Name:

Title:

Date:

cc: _____ [Bidder]

Acceptable Modifications to Annex 3

Annex 3 to Letter of Credit

CERTIFICATE OF CANCELLATION

_____, 20__

To: [Issuing Bank]
[Address]

Attention: Standby Letter of Credit Unit/Your Letter of Credit No. _____

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above-referenced Letter of Credit may be cancelled without further payment. Attached hereto is the original Letter of Credit and all amendments attached thereto, marked cancelled.

PECO Energy Company

By _____

Name:

Title:

Date:

cc: _____ [Bidder]