
Schedule 20A – CMP
Attachment L
Creditworthiness Procedure

I. General Information

This Attachment L details the specific requirements for creditworthiness procedures of Schedule 20A-CMP of the OATT for Central Maine Power Company (“CMP”). Any customer taking any service under Schedule 20A-CMP, the Phase I/II HVDC-TF Service provided over CMP’s Use Rights of the Phase I /II HVDC-TF Facilities under the OATT (such a customer is referred to herein as a “Customer” and such services are referred to individually herein as a “Service” and collectively as “Services”) must meet the terms of this Attachment L. The creditworthiness of each Customer must be established prior to receiving service from CMP. A Customer will be evaluated at the time its application for such Service is provided to CMP. A credit review shall be conducted for each transmission Customer at least annually or upon reasonable request by the transmission Customer. CMP may conduct a credit review any time there is a material change in a Customer’s financial conditions as set forth in Section VIII.A. Any change in this Attachment L will be made in accordance with Section 10 and posted on CMP’s OASIS. <http://oasis.iso-ne.com/oasis/cmp>

All Customers must comply with the terms of this Attachment L. The Customer should refer to the Company’s web site at www.cmpco.com or the Company’s OASIS site, for the applicable contact representative at CMP.

Upon receipt of a Customer’s Financial Information, CMP will review it for completeness and will notify the Customer if additional information is required. Upon completion of a credit evaluation of a Customer, CMP will notify the Customer of the results as well as of any Financial Assurance requirements. CMP will provide a written report of the credit evaluation, upon written or email request by the Customer.

II. Financial Information

- Customers requesting Service are required, at the sole discretion of CMP, to submit, if available, all current rating agency reports from Standard and Poor’s (“S&P”), Moody’s and/or Fitch of the Customer, its direct or indirect parent (“Parent”), or other credit provider, or

- Audited financial statements provided by a registered independent auditor for the two most recent years, or the period of its existence, if shorter, for the Customer, its Parent, or credit provider.

III. Creditworthiness Requirements

- A. The Customer must meet at least one of the following quantitative criteria:
- a) If rated, the Customer must have either for itself or for its outstanding debt the following:
- S&P's or Fitch rating of at least a **BBB-**, or
 - Moody's rating of at least a **Baa3**.

Notwithstanding any other provision of this Schedule L, a Customers credit will be limited as follows:

Rating (S&P / Moody's)	Credit Limit
A/A2	\$30,000,000
A-/A3	\$20,000,000
BBB+/Baa1	\$15,000,000
BBB/Baa2	\$10,000,000
BBB-/Baa3	\$5,000,000

If ratings by different agencies are inconsistent, CMP will use the lowest rating.

- b) If unrated or if rated below BBB-/Baa3, as stated in a), the customer must meet all of the following:
- A Current Ratio of at least 1.0 times (current assets divided by all current liabilities);
 - A Total Capitalization Ratio of less than 60% debt: total debt (including all short-term borrowing) divided by total shareholders' equity plus total debt;
- c) If the Customer relies on the creditworthiness of a Parent company; the Customer's Parent company must meet the criteria set out in (a) or (b) above, and must provide to CMP a written guarantee, to CMP's satisfaction, that it will be unconditionally responsible for all financial obligations associated with the Customer's receipt of transmission service from CMP.
- B. If the Customer does not meet the quantitative criteria in Section A of this Section III, the Customer will qualify for unsecured credit equivalent to two month Transmission Service charges, if the following qualitative criteria are met:

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- The Customer has, on a rolling basis, 12 consecutive months of payments to CMP with no missed, late or defaults in payment.

IV. Financial Assurance

If the Customer does not meet the Creditworthiness set out in Section III, then the Customer must either:

- Pay in advance for service an amount equal to the lesser of the total charge for Services or the charge for three months of Services not less than five (5) business days in advance of the commencement of service; or,
- Subject to prior approval by CMP, for Transmission Service of three (3) months or longer, prepay each month not less than (5) business days before the beginning of the month. Notwithstanding any other provision of this Attachment L, CMP will not pay interest for prepayment of the current month's service.
- Obtain Financial Assurance, to CMP's satisfaction in the form of (a) letter of credit, (b) performance bond, (c) a cash Deposit, or (d) corporate guarantee equal to the equivalent of three (3) months of Transmission Service charges prior to receiving service.

If the Customer pays for service more than one month in advance or posts a cash deposit, CMP will pay the Customer interest on the amounts not yet due to CMP, computed in accordance with the Commission's regulations at 18 CFR 35.19a(a)(2)(iii).

V. Credit Levels

If the Customer meets the applicable criteria outlined in Section III, that Customer may receive unsecured credit equivalent to three (3) months of transmission charges.

VI. Contesting Creditworthiness Determination

The Customer may submit a written request for reconsideration within twenty (20) calendar days of being notified of the creditworthiness determination. Such request should provide information supporting the basis for reconsideration. CMP will review and respond to the request within twenty (20) calendar days.

VII. Process for Changing Credit Requirements

In the event that CMP plans to revise its requirements for credit levels or collateral requirements as detailed in this Attachment L, CMP shall submit such changes in a filing to the Commission under Section 205 of the Federal Power Act. CMP shall follow the notification requirements pursuant to Section 3.12 of the Phase I/II HVDC-TF Transmission Service Administration Agreement.

A. General Notification Process

- a) CMP shall consult with ISO-NE and the Interconnection Rights Holders management committee (IMC) of any filing described above, at least 30 days in advance or such filing.
- b) Filing notifications shall include a detailed description of the filing, including a redlined document containing revised change(s).
- c) Following Commission acceptance of such filing and upon the effective date, CMP shall revise its Attachment L Creditworthiness Procedures and an updated version of Schedule 20A-CMP shall be posted on the ISO-NE website.

B. Transmission Customer Responsibility

When there is a change in requirements, it is the responsibility of the Transmission Customer to forward updated financial information to the Company, to the address noted on CMP's OASIS site and indicate whether the change affects their ability to meet the requirements of Attachment L. In such cases where the customer's status has changed, the Customer must take the necessary steps to comply with the revised requirements of Attachment L by the effective date of the change. Failure to meet the requirements of this Section VII (B) shall, at CMP's sole discretion, result in the requirement to post Financial Assurance immediately upon written or email notice by CMP.

VIII. Posting Collateral Requirements

A. Changes in Customer's Financial:

Each Customer must inform CMP in writing, within five (5) business days of any material change in its financial condition, and, if the Customer qualifies under Section IIIA. (c), that of its Parent. A material change in financial conditions may include, but not limited to, the following:

- Change in ownership direct or indirect, by way of merger, acquisition or substantial sale of assets;
- A downgrade of long- or short-term debt rating by a major rating agency;

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- Being placed on a credit watch with negative implications by a major rating agency;
 - A bankruptcy filing;
 - Any action requiring filing of a Form 8-K;
 - A declaration of or acknowledgement of insolvency;
 - A report of a significant quarterly loss or decline in earnings;
 - The resignation of key officer(s);
 - The issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

Failure to meet the requirements of this Section VIII (A) shall, at CMP's sole discretion, result in the requirement to post Financial Assurance immediately upon written or email notice by CMP.

B. Change in Creditworthiness Status

A Customer who has been extended unsecured credit under this policy must provide Financial Assurance as set forth in Section IV, within three (3) business days, if one or more of the following conditions apply:

- The Customer no longer meets the applicable criteria for Creditworthiness in item III;
- The Customer exceeds the amount of unsecured credit extended by CMP, in which case Financial Assurance equal to the amount of excess must be provided within three (3) business days; or
- The Customer has missed two or more payments for any of the Services offered by the Company's in the last 12 months.
- The Customer fails to meet the requirements of Sections VII (B) or VIII (A).

In the event that CMP determines that there is a change in the credit level or collateral requirements, the Customer may request a written explanation of the basis for this change. Such notification should be sent, in writing or via email, to the CMP contact indicated on the CMP OASIS site. CMP shall respond to such request within twenty (20) days of receipt of such notification.

Customers must post additional collateral within three (3) business days, from the date they are notified of the need for additional requirements.

IX. Ongoing Financial Review

Each Customer is required to submit to CMP annually or when issued, as applicable:

- Current rating agency report covering the Customer or its Parent;

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- Audited financial statements of the Customer or its Parent from a registered independent auditor; and
 - 10-Ks and 8-Ks, promptly upon their issuance.

X. Suspension of Service

CMP may, at its sole discretion, immediately suspend service (with notification to Commission) to a Customer, and may initiate proceedings with Commission to terminate service, if the Customer does not meet the terms described in items III through VII at any time during the term of service or if the customer's payment obligations to CMP exceed the amount of unsecured or secured credit to which it is entitled under this Attachment L. A Customer is not obligated to pay for Transmission Service that is not provided as a result of a suspension of service.

Issued by: Hariph Smith
Director, Electric Transmission Services
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