



Control Number: 37919



Item Number: 37

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## ***Public Utility Commission of Texas***

1701 N. Congress Avenue  
P. O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7000 • (Fax) 936-7003  
Web Site: [www.puc.state.tx.us](http://www.puc.state.tx.us)

### **Retail Electric Providers' (REPs') Compliance Filings for new SUBST. R. 25.107 – Letter of Credit**

Filed in Project No. 37919

**Primary Company Name:** Pilot Power Group, Inc.

**REP Certification Number:** 10070

#### **PART C – FINANCIAL REQUIREMENTS (Option 1 REPs only)**

##### **2. Financial requirements.**

- (1) Access to capital. A REP must meet the requirements of subparagraphs (A) or (B) of this paragraph.
  - (B) A REP electing to meet the requirements of this subparagraph must demonstrate shareholders' equity, determined in accordance with generally accepted accounting principles, of not less than one million dollars for the purpose of obtaining certification, and the REP or its guarantor must provide and maintain an irrevocable stand-by letter of credit payable to the commission with a face value of \$500,000 for the purpose of maintaining certification.  
*Pilot Power Group, Inc. has filed a copy of the required letter of credit with the PUCT, and attached a copy to this Project No. 37919.*



# CITY NATIONAL BANK

The way up.



International Department

555 South Flower Street, 24th Floor, Los Angeles, CA 90071

T (213) 673-8640 F (213) 673-8649 SWIFT CINAUS61

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ISSUE DATE: MARCH 23, 2010

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER 100303.OD.5593

BENEFICIARY: PUBLIC UTILITY COMMISSION OF TEXAS  
1701 N. CONGRESS AVENUE  
AUSTIN, TEXAS 78711-3326  
ATTN: EXECUTIVE DIRECTOR

APPLICANT OF LC AND BENEFICIARY'S REFERENCE FOR THE RETAIL ELECTRIC PROVIDER:

PILOT POWER GROUP, INC.  
8910 UNIVERSITY CENTER LANE, SUITE 520  
SAN DIEGO, CALIFORNIA 92122

AMOUNT: USD500,000.00 (FIVE HUNDRED THOUSAND EXACTLY U.S. DOLLARS)

EXPIRY DATE AND PLACE: APRIL 01, 2011 AT CITY NATIONAL BANK, LOS ANGELES, CALIFORNIA, INTERNATIONAL DEPARTMENT

LADIES/GENTLEMEN:

WE HEREBY ESTABLISH IN THE FAVOR OF THE PUBLIC UTILITY COMMISSION OF TEXAS, EFFECTIVE IMMEDIATELY, OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. 100303.OD.5593 ("LETTER OF CREDIT") FOR THE ACCOUNT OF PILOT POWER GROUP, INC. IN THE AMOUNT OF USD 500,000.00.

FUNDS UNDER THIS LETTER OF CREDIT ARE AVAILABLE FOR PAYMENT TO YOU UPON PRESENTATION TO US OF THE ORIGINAL OR COPY OF THIS LETTER OF CREDIT AND ANY AMENDMENTS AND YOUR WRITTEN DEMAND FOR PAYMENT SIGNED AND DATED BY AN AUTHORIZED SIGNER OF PUBLIC UTILITY COMMISSION OF TEXAS STATING THE FOLLOWING:

"DRAWN UNDER CITY NATIONAL BANK, LOS ANGELES, CALIFORNIA LETTER OF CREDIT NO. 100303.OD.5593. WE HEREBY CERTIFY TO CITY NATIONAL BANK THAT USD (INSERT AMOUNT OF DRAWING) IS DUE AND OWING TO PUBLIC UTILITY COMMISSION OF TEXAS BY PILOT POWER GROUP, INC. UNDER AND IN ACCORDANCE WITH PUBLIC UTILITY COMMISSION OF TEXAS RULES."

PRESENTATION FOR PAYMENT MAY BE MADE BY (I) OVERNIGHT COURIER SERVICE OR (II) FIRST CLASS CERTIFIED AND REGISTERED U.S. MAIL.

FUNDS MAY BE DRAWN BY YOU UNDER THIS LETTER OF CREDIT IN ONE OR MORE DRAWINGS, IN AMOUNTS NOT EXCEEDING IN THE AGGREGATE THE AMOUNT OF THIS LETTER OF CREDIT AS SPECIFIED ABOVE.

UPON YOUR PRESENTATION TO US IN CONFORMITY WITH THE FOREGOING LETTER OF CREDIT TERMS AND CONDITIONS, WE WILL, NOT LATER THAN THE CLOSE OF BUSINESS ON THE THIRD BANKING DAY AFTER SUCH PRESENTATION, BUT WITHOUT ANY OTHER DELAY WHATSOEVER, IRREVOCABLY AND WITHOUT RESERVE OR CONDITION ISSUE PAYMENT INSTRUCTIONS TO THE FEDERAL RESERVE WIRE TRANSFER SYSTEM IN PROPER FORM TO TRANSFER THE FULL AMOUNT DEMANDED BY YOU TO THE ACCOUNT AT THE BANK DESIGNATED BY YOU IN THE DEMAND.

**CITY NATIONAL BANK**

The way up.



International Department  
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IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER 100303.OD.5593

THE TRANSFERRED FUNDS WILL BE IMMEDIATELY AVAILABLE TO YOU IN THE ACCOUNT WE ARE DIRECTED TO PAY. WE AGREE THAT IF, ON THE EXPIRATION DATE OF THIS LETTER OF CREDIT, THE OFFICE OF THE ISSUING BANK SPECIFIED ABOVE IS NOT OPEN FOR BUSINESS, THIS LETTER OF CREDIT WILL BE DULY HONORED IF THE DEMAND IS PRESENTED BY YOU IN CONFORMITY WITH THE FOREGOING LETTER OF CREDIT TERMS AND CONDITIONS IF THE DEMAND IS PRESENTED BY YOU WITHIN ONE (1) FULL BANKING DAY AFTER SUCH OFFICE IS REOPENED FOR BUSINESS.

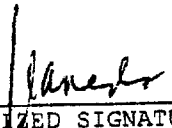
THIS LETTER OF CREDIT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR PERIODS FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE UNLESS AT LEAST 90 DAYS PRIOR TO ANY SUCH EXPIRY DATE, WE SEND THE BENEFICIARY NOTICE AT THE ABOVE STATED ADDRESS BY OVERNIGHT COURIER SERVICE THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT BEYOND THE INITIAL EXPIRATION DATE OR ANY EXTENDED EXPIRATION DATE THEREOF.


THE STATED AMOUNT OF THIS LETTER OF CREDIT MAY BE INCREASED OR DECREASED AND THE EXPIRATION DATE OF THIS LETTER OF CREDIT MAY BE EXTENDED (IF THE EXPIRATION DATE HAS NOT BEEN AUTOMATICALLY EXTENDED AS PROVIDED ABOVE), BY AN AMENDMENT TO THIS LETTER OF CREDIT.

WE HEREBY ENGAGE WITH YOU THAT YOUR DEMANDS FOR PAYMENT IN CONFORMITY WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED AS SET FORTH ABOVE IF PRESENTED FOR PAYMENT AT THE OFFICE OF CITY NATIONAL BANK, INTERNATIONAL DEPARTMENT, 555 SOUTH FLOWER STREET, 24TH FLOOR, LOS ANGELES, CALIFORNIA 90071 ON OR BEFORE THE EXPIRATION DATE OF THIS LETTER OF CREDIT.

ALL FEES AND OTHER COSTS ASSOCIATED WITH THE ISSUANCE OF AND ANY DRAWINGS AGAINST THIS LETTER OF CREDIT WILL NOT REDUCE THE AMOUNT PAYABLE UNDER THIS LETTER OF CREDIT. THE AMOUNTS OF ANY PAID DRAWINGS AGAINST THIS LETTER OF CREDIT WILL REDUCE THE BALANCE BY SUCH AMOUNTS.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED, THIS LETTER OF CREDIT IS ISSUED SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES 1998 ("ISP98"), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590. FOR MATTERS NOT ADDRESSED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUCTED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

  
\_\_\_\_\_  
AUTHORIZED SIGNATURE  
JOSIE PAREDES  
ASSISTANT VICE PRESIDENT

  
\_\_\_\_\_  
AUTHORIZED SIGNATURE  
MUNIR KARKAR  
ASSISTANT VICE PRESIDENT