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# Irrevocable Letter of Credit (ILOC)

**Salt River Project**  
Customer Credit Services

## **Description and Use**

The Irrevocable Letter of Credit (ILOC) form is used by Customer Credit Services at Salt River Project (SRP) as an approved form of financial assurance in accordance with SRP's Credit Policy and Terms of Service. Per SRP's Credit Policy, customers requesting or maintaining electric and/or water service are subject to a review of creditworthiness.

[Letterhead of Issuing Bank]

IRREVOCABLE STANDBY LETTER OF CREDIT NO. \_\_\_\_\_

**APPLICANT:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**BENEFICIARY:**

Salt River Project Agricultural Improvement and Power District  
Customer Credit Services/PAB21T  
1667 N Priest Dr.  
Tempe, AZ 85288

Dear Beneficiary:

At the request of and for the account of Applicant, we hereby establish in your favor our Irrevocable Standby Letter of Credit No. \_\_\_\_\_ (“**Letter of Credit**”), up to the aggregate amount of USD \_\_\_\_\_ (the “**Stated Amount**”). All issuing bank charges are for the account of Applicant.

This Letter of Credit shall be effective immediately and shall expire at 5:00 p.m., prevailing Eastern Time, on the Expiration Date (as hereinafter defined). Partial and multiple drawings on this Letter of Credit are permitted. The Stated Amount shall be reduced by the amount of any drawing(s) paid hereunder.

You may draw upon this Letter of Credit at any time on or prior to its expiration by presenting the following documents: (i) a sight draft in the form of Exhibit A (a “**Sight Draft**”); (ii) this Letter of Credit; and (iii) a written statement substantially stating either: (a) “The drawing under this Letter of Credit represents funds due and owing to Beneficiary from Applicant, Applicant’s successors-in-interest, or Applicant’s subsidiaries or affiliates,” or (b) “The Beneficiary has been notified by the issuing bank that this Letter of Credit will not be extended and the Beneficiary has not received a replacement letter of credit from the Applicant in an amount equal to or greater than the amount of this Letter of Credit as of the date hereof, therefore the Beneficiary hereby demands payment of the full amount of the Letter of Credit.”

Provided that a drawing and the documents presented in connection therewith conform to the terms and conditions hereof, payment shall be made to you of the amount specified in the applicable Sight Draft, in immediately available funds, on or before the first Business Day after presentation of the required documents. Payment shall be made by wire transfer to an account you specify. Drawings made in accordance with the terms of this Letter of Credit shall be duly honored, regardless of any notice, demand, or claim of Applicant or any person or entity acting on Applicant’s behalf. As used herein, “**Business Day**” means any day other than a Saturday, Sunday or day on which banking institutions in the State of New York are authorized or required by law to close.

Presentation of any Sight Draft and accompanying documents shall be made at our counters located at \_\_\_\_\_. Drawings may be presented to us by facsimile transmission to \_\_\_\_\_. If you present a facsimile drawing under this Letter of Credit, you do not need to present the original of this Letter of Credit or any other documents and the facsimile transmission will constitute the operative drawing documents.

This Letter of Credit shall expire on \_\_\_\_\_ (or if such date is not a Business Day, on the Business Day immediately following such date); provided that this Letter of Credit shall be automatically extended without amendment for one year from such date and each successive expiration date (such date of expiration, as extended, the “**Expiration Date**”), unless at least 60 days prior to any Expiration Date we notify you in writing by registered mail or courier that we elect not to extend this Letter of Credit for any such additional period. If such notice is provided by us to you, and you are not in receipt of a replacement letter of credit that is acceptable to you at least 30 days prior to the then-current Expiration Date, you may draw upon this Letter of Credit as outlined above.

If the aggregate amount drawn upon this Letter of Credit pursuant to all Sight Drafts is less than the Stated Amount, and if the Expiration Date has not passed, we agree to return to you, at the address specified by you, the original of this Letter of Credit, by hand delivery or overnight courier within one Business Day following receipt by us of this Letter of Credit.

This Letter of Credit is transferable and may be transferred more than once, without the payment of any transfer fee or other charge.

This Letter of Credit shall be governed by the International Chamber of Commerce's International Standby Practices, publication no. 590 ("**ISP 98**") except to the extent that the terms hereof are inconsistent with the provisions of ISP 98, in which case the terms of this Letter of Credit shall govern. As to matters not covered by ISP 98, the laws of the State of New York, without regard to the principles of conflicts of laws thereunder, shall govern all matters with respect to this Letter of Credit.

This Letter of Credit sets forth in full the terms of our undertaking. Any reference in this Letter of Credit to other documents or instruments is for identification purposes only and such reference shall not modify or affect the terms hereof or cause such documents or instruments to be deemed incorporated herein. No modification to this Letter of Credit (other than an extension or increase hereof) shall be permitted without prior approval of the Beneficiary.

[Name of issuer]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**SIGHT DRAFT**

Dated \_\_\_\_\_, 20\_\_

Re: Irrevocable Standby Letter of Credit No. \_\_\_\_\_

On Sight

Pay to order of Salt River Project Agricultural Improvement and Power District in immediately available funds, \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) on or before the business day following the date hereof, pursuant to Irrevocable Standby Letter of Credit No. \_\_\_\_\_.

***[Optional: Payment shall be made to the following account: Insert bank wire instructions]***

SALT RIVER PROJECT AGRICULTURAL  
IMPROVEMENT AND POWER DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_