

R98004

Gas Industry Standards Board

Request for Initiation of a GISB Standard for Electronic Business Transactions

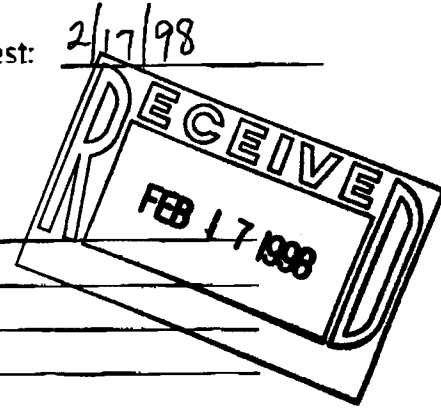
or

Enhancement of an Existing GISB Standard for Electronic Business Transactions

Date of Request: 2/17/98

1. Submitting Entity & Address:

Idaho Power Co.
PO Box 70
1221 W. Idaho St.
Boise, ID 83702



2. Contact Person, Phone #, Fax #, Electronic Mailing Address:

Name : BOB KENISON CCE
Title : CREDIT MANAGER
Phone : (208)388-6407
Fax : (208)388-6910
E-mail : RJK6503@idahopower.com

3. Description of Proposed Standard or Enhancement:

An energy industry standardized continuing guaranty-
similar in form to a GISB contract, several pages of
provisions containing a few blanks to be filled in, and
room at the end of the form for any amendments deemed
necessary. This form would be proposed for use in all
situations in which security in the form of guaranty would
be required

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4. Use of Proposed Standard or Enhancement (include how the standard will be used, documentation on the description of the proposed standard, any existing documentation of the proposed standard, and required communication protocols):

The proposed guaranty form would be used by GISB members to secure transactions between counterparties. The use of this standard should greatly reduce time spent on legal review. The

at the time of the deal, the form would be submitted to the counterparty credit manager for review of amendments, if any.

5. Description of Any Tangible or Intangible Benefits to the Use of the Proposed Standard or Enhancement:

Elimination or reduction of costs associated with:

- 1.) The length of time it takes to set up a new trading counterparty. (If there are no amendments, there is no need for legal review. (legal review, at present, can take one month))
- 2.) The length of time, in billable hours, that it takes either counterparty's legal counsel to review a submitted guaranty form for language. (If there are amendments, only the amendments need be reviewed.)

Sometimes, deals are completed and delivery has begun before the guaranty has been reviewed. A faster turnaround time should reduce the risk associated with this practice.

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6. Estimate of Incremental Specific Costs to Implement Proposed Standard or Enhancement:

I propose that this form be developed by committee. When consensus has been reached, the form would be referred to the Executive Committee, and if approved, from there to the GISB general membership. Costs for those involved should be limited to several reviews of the proposed guaranty by their corporate counsel, and perhaps, one or two teleconferences. Should this standard be adopted, printing would be an additional cost.

7. Description of Any Specific Legal or Other Considerations:

The guaranty form must be neutral, favoring neither buyer nor seller.

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8. If This Proposed Standard or Enhancement Is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement (Corporations and contacts):

9. If This Proposed Standard or Enhancement Is In Use, Who are the Trading Partners :

10. Attachments (such as : further detailed proposals, transaction data descriptions, information flows, implementation guides, business process descriptions, examples of ASC ANSI X12 mapped transactions):

Initial listing of essential elements of a guaranty, to be submitted by committee members to their individual legal counsel for review. Committee members return the reviewed list of elements to the committee with any additions to, or deletions from, the list as they and their counsel deem necessary.

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ESSENTIAL ELEMENTS OF A GUARANTY

- **Guaranty of Obligations.** Guarantor unconditionally, absolutely and irrevocably guarantees to Beneficiary the full payment of all obligations of any kind whatsoever (collectively, "Obligations") and guarantees that payments will be paid to Beneficiary without set-off or counterclaim in U.S. Dollars.
- **Waivers.** Guarantor waives notice of: (1) acceptance of Guaranty; (2) any extension of credit or other financial accommodation from time to time given by Beneficiary to Debtor; (3) the amount of obligations of Debtor to Beneficiary from time to time outstanding; (4) any adverse change in Debtor's financial condition; (5) demand for payment, presentment, protest and notice of dishonor or nonpayment; (6) default by Debtor; and (7) all other notices and demands. Guarantor waives any rights, by statute or otherwise, to require Beneficiary to institute suit against Debtor, or any other person, corporation, company or other entity (each, a "Person").
- **Subrogation.** Guarantor has no right of subrogation, reimbursement or indemnity whatsoever and no right of recourse to or with respect to any assets and payment of the Obligations.
- **Actions by Beneficiary.** Without notice to or from Guarantor and without affecting or impairing the liability of Guarantor, Beneficiary may: (1) compromise or settle, defer demanding or enforcing, extend the period of duration or the time for the payment or discharge or performance of, renew, refuse to demand or enforce; or (2) grant other concessions; (3) amend or modify any documents or agreements; (4) release, surrender, dispose of, exchange, modify, impair, fail to perfect any or all property; (5) refuse to enforce its rights; (6) release or substitute any one or more endorsers or guarantors; or exchange, enforce, waive or release the Collateral.
- **Marshaling of Assets.** Beneficiary is under no obligation to marshal assets in favor of Guarantor, or against or in payment of any or all of the Obligations. To the extent Debtor makes a payment or payments to Beneficiary (including by way of Beneficiary realizing upon Collateral), which payment or payments or any part thereof are subsequently invalidated, the Obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if payment had not been made.
- **Liability and Revocation.** The liability of Guarantor on the Guaranty shall be immediate and shall not be contingent upon the exercise or enforcement by Beneficiary of other remedies it may have against Debtor or others, or the enforcement of any lien or realization upon any Collateral. The Guaranty shall continue until revoked in writing by Guarantor and a copy of such revocation is delivered to Beneficiary by certified or registered mail at least 90 days prior to the effective date of revocation. Revocation does not affect or impair the obligation of Guarantor, or of Guarantor's Successors, with respect to any of the Obligations existing at the time of the receipt by Beneficiary or which may arise out of or in connection with any transactions previously entered into by Beneficiary with or for the account of Debtor

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- **Non-impairment of Obligations.** The revocation, termination, discharge or release, for any reason, of a guaranty of the Obligations by or on behalf of another guarantor shall not affect the continuing liability hereunder of Guarantor. This Guaranty has been duly authorized, executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor.
- **Full Recourse Against Guarantor.** Beneficiary shall have the right to seek recourse against Guarantor to the full extent provided for herein and in any other document or instrument evidencing obligations of Guarantor to Beneficiary. No election to proceed in one form of action or proceeding, or against any Person, or on any Obligation, shall constitute a waiver of Beneficiary's right to proceed in any other form of action or proceeding or against other Persons.
- **Governing Law.** The Guaranty shall be governed by and construed in accordance with the laws of the state of _____ without regard to conflicts of laws provisions. If a court of competent jurisdiction (1) adjudges to be invalid any provision of the Guaranty, such judgment shall not invalidate or otherwise affect any of the other provisions, or (2) adjudges that all or any part of the Guaranty is unenforceable as to any Guarantor, the judgment shall have no effect on the enforceability of the Guaranty against any other Guarantor.
- **Intended Benefit.** The Guaranty (1) is binding upon Guarantor, its administrators, legal representatives, successors and assigns (collectively, "Guarantor's Successors"), (2) is assignable and (3) inures to the benefit of and is enforceable by Beneficiary, its successors, endorsees and assigns. Guarantor may not assign the Guaranty or delegate its duties without the express written consent of Beneficiary.
- **Notices.** All notices, requests, reports, demands and other communications (collectively, "Communications") shall be in writing or by fax or telex.
- **Miscellaneous Provisions.** The Guaranty represents the agreement of the Guarantor with respect to the subject matter and there are no promises or representations by Beneficiary relative to the subject matter not reflected in the Guaranty. None of the terms or provisions of the Guaranty may be waived, amended or supplemented otherwise.
- **Headings.** The headings used herein are for reference and convenience only and shall not be used to construe the intent of the parties. Each and every term and provision of this Agreement which requires any performance (whether affirmative or negative) by Guarantor shall be deemed to be both a covenant and a condition.