

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE
A-110072

December 16, 1998

Frank J. Richards, P.E.
The Richards' Energy Group
1325 Crown Vetch Drive
Landisville, PA 17538

RECEIVED

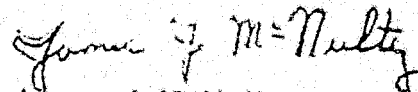
DEC 16 1998

PA PUBLIC UTILITY COMMISSION
PROT. NOTARY'S OFFICE

Dear Mr. Richards:

This letter will serve as The Bank of Lancaster County, N.A.'s authorization to cancel Letter of Credit Number 08-14715-110, in the amount of \$5,000.00. The original Letter of Credit is enclosed.

Sincerely,



James J. McNulty
Secretary
PA Public Utility Commission

JJM:ddt

Enclosure

DOCKETED
DEC 17 1998

DOCUMENT
FOLDER

EEF

A. 110072



Bank of
Lancaster County, N.A.

Strasburg Office
1 East Main Street
PO Box 300
Strasburg, PA 17579-0300
(717) 687-4000
FAX (717) 687-4018
www.blcnet.com

IRREVOCABLE LETTER OF CREDIT

ISSUER: Bank of Lancaster County, N.A.
101 North Pointe Boulevard
Lancaster PA 17601-4133
Attn: Loan Administration

DATE OF ISSUE: May 6, 1998

LETTER OF CREDIT NO. 08-140715-110

BENEFICIARY:

Pennsylvania Public Utility Comm.
PO Box 3265
Harrisburg, PA 17105-3265

APPLICANT:

Frank J. Richards
Mary S. Richards
d/b/a The Richards Energy Group
1325 Crown Vetch Drive
Landisville, PA 17538

RECEIVED

DEC 16 1998

PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

AMOUNT: \$5,000.00

EXPIRY DATE: April 30, 1999

PROJECT: Electric Generator Supplier License

To Whom it May Concern:

This Irrevocable Letter of Credit is issued in favor of the Pennsylvania Public Utility Commission, which is available by one or more sight drafts drawn on us accompanied by the following:

1. The original of the Letter of Credit
2. A written statement from the Beneficiary that the applicant has not complied with applicable provisions of the Public utility Code, 66 Pa C.S. 101, et seq. And the rules and regulations of the Pennsylvania Public Utility Commission by the Applicant as a licensed electric generation supplier or the Applicant has not paid the Gross Receipts Tax as required by Section 2810 of the Public Utility Code 66 Pa C.S. 2810 or the Applicant has not supplied electricity at retail in accordance with contracts in the amount up to \$5,000.00.

The Letter of Credit is written in accordance with Section 2809(c)(1)(I) of the Public Utility Code, 66 Pa C.S. 2909 (c)(1)(I), to assure compliance with applicable provisions of the Public Utility Code, 66 Pa C.S. 101 et seq. And the rules and regulations of the Pennsylvania Public Utility Commission by the Principal as licensed electric generation supplier; to ensure the payment of Gross Receipts Tax as required by Section 2810 of the Public Utility Code, 66 Pa C.S. 2810; and to ensure the supply of electricity at retail in accordance with contracts, agreements or arrangements. Payments made pursuant to this Letter of Credit shall ensure first to the

Pennsylvania Public Utility Commission

May 6, 1998

Page 2.

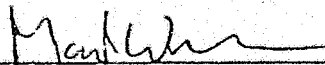
benefit of the Commonwealth, and second, to any and all retail electric generation customers to whom the Principal may be held legally liable for failure to supply electric generation pursuant to contracts, agreements, or arrangements. Any claims made by the Commonwealth shall have priority over claims made by private individuals. Proceeds of the bond may not be used to pay nay penalties or fines levied against the Principal for violations of the law , or for payment of any other tax obligations owed to the Commonwealth.

This Letter of Credit sets forth the full terms of Issuer's obligation to Pennsylvania Public Utility Commission. It is separate from and shall not be subject to or supplemented or modified by any agreement which refers to this Letter of Credit or to which this Letter of Credit relates.

Except as otherwise stated, this Letter of Credit is governed by the Pennsylvania Uniform Commercial Code and is subject to the "Uniform Customs and Practice for Documentary Credits" (1993 Revision) international Chamber of Commerce Publication No. 500. In case of conflict between the Pennsylvania Uniform Commercial Code and the Uniform Customs and Practice for Documentary Credits, the Pennsylvania Uniform Commercial Code shall control.

We hereby agree with you that sight drafts drawn under this Letter of Credit will be honored in accordance with he term and conditions stated herein provided the sight draft and required documents are presented to us at the above address within 60 days from the date of expiry. Payment of any draft drawn under this Letter of Credit in an amount less than the maximum amount available hereunder shall be recorded by us on the reverse side hereof and this Letter of Credit shall then be returned to you.

Bank of Lancaster County, N.A.

By: 
Mark W. Weaver
Branch Manager
Fruitville Pike Office

COMMONWEALTH OF PENNSYLVANIA

DATE: December 29, 1998
SUBJECT: A-110072
TO: Bureau of Fixed Utility Services
FROM: James J. McNulty, Secretary *ddt*

Enclosed please find copies of the modified bonds filed by the Richards' Energy Group. Their Application was originally filed May 6, 1998, and was denied in the July 9, and October 19, 1998 Opinion and Order (copy attached).

For the above-noted reasons, this Application is being assigned to your Bureau for appropriate action.

ddt

pc: Law Bureau

DOCKETED
DEC 29 1998

**EXHIBIT
FOLDER**