

## Utility Payment (Surety) Bond

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Bond No. \_\_\_\_\_

WITNESSETH:

\_\_\_\_\_, having an address at \_\_\_\_\_, as **Principal**, and  
\_\_\_\_\_, having an address at \_\_\_\_\_, a corporation organized under the laws  
of the State of \_\_\_\_\_ and being duly authorized to transact the business of indemnity and  
suretyship in this State of \_\_\_\_\_, as **Surety**,

do hereby acknowledge our indebtedness to, and are jointly and severally bound unto PSEGLI, as  
**Obligee**, in the aggregate sum of \_\_\_\_\_ US Dollars (US \_\_\_\_\_) (the  
“*Maximum Obligation*”) for the payment of which the Principal and Surety bind themselves, their heirs,  
executors, administrators, successors, assigns or other legal representatives, jointly and severally.

The condition of this obligation is such, that:

WHEREAS, the Principal and/or its direct or indirect parents, subsidiaries, or affiliates (each, a Related  
Person and, collectively, the Related Persons) desire to take and pay for and/or continue to take and pay  
for electric utility service(s) (“*Utility Services*”) from the Obligee in connection with the accounts  
identified in Annex 1 attached hereto and made a part hereof (each, an “*Account*” and, collectively, the  
“*Accounts*”); and

WHEREAS, as a condition precedent to the commencement and/or continuation of such Utility Services  
in connection with the Accounts, the Principal agrees to furnish Obligee with this surety bond, issued by  
the Surety in the amount above mentioned for the purpose of establishing credit and securing the payment  
of any and all bills for Utility Services rendered in connection with the Accounts; and

WHEREAS, each payment for Utility Services is to be made on or before twenty (20) days following the  
date on which the bill for such Utility Services is rendered;

NOW, THEREFORE, if Principal shall timely pay or cause to be paid to the Obligee all amounts that  
may at any time be due and owing to the Obligee from Principal or any Related Person for Utility  
Services furnished or rendered by the Obligee to Principal or any Related Person in connection with the  
Accounts, then this obligation shall be null and void, otherwise it shall remain in full force and effect as a  
continuing obligation and shall not be extinguished. Should the Principal or any Related Person fail to  
pay or cause to be paid to the Obligee all amounts that may at any time be due and owing to the Obligee  
for Utility Services furnished or rendered by the Obligee to Principal or any Related Person in connection  
with any Account or Accounts, then the Surety holds itself bound hereunder for the payment of all such  
amounts and such amounts shall become immediately due from the Surety upon demand by the Obligee.  
Any liability which accrues while this bond is in force and is in effect shall remain and shall not be  
extinguished, regardless of the cancellation or termination of this bond, as set forth herein. Partial  
payment(s) shall not be deemed to extinguish this bond.

Surety hereby waives all defenses with respect to (i) notice of default of payment, (ii) notice of amounts  
owed by Principal or any Related Person to the Obligee, (iii) demand and diligence, (iv) notice of any

extension of time granted by the Oblige to Principal or any Related Person, (v) any forbearance by the Oblige in favor of Principal or any Related Person, and (vi) any errors or inaccuracies with respect to the current formal corporate name of Principal or any Related Person as appearing on any Accounts established by Oblige or in other Oblige documentation. Surety further waives any right to require that the Oblige institute suit against Principal or any Related Person for any amount owed by Principal or any Related Person to the Oblige for Utility Services furnished or rendered by the Oblige to Principal or any Related Person in connection with any Account or Accounts, it being the intent of this bond, and Surety hereby agrees, that if Principal or any Related Person fails or refuses to pay any such amount to the Oblige, Surety shall pay such amount to the Oblige upon demand by the Oblige.

Amounts paid by Surety to the Oblige hereunder shall be credited against Surety's Maximum Obligation but shall not otherwise affect Surety's obligations under this bond. Principal and Surety agree that, subject to the Maximum Obligation, in any suit successfully prosecuted on this bond by the Oblige, the Oblige shall be entitled to recover, in addition to any other amount recovered by the Oblige, the reasonable attorneys' fees incurred by the Oblige in prosecuting said suit. Principal and Surety further agree that the Oblige does not, whether by accepting this bond or accepting any payment from Surety under this bond, waive its right to discontinue, in whole or in part and without prior notice, Utility Services in connection with any Account or Accounts in the event Principal or any Related Person fails or refuses to pay any amount owed by Principal or any Related Person to the Oblige for Utility Services furnished or rendered by the Oblige to Principal or any Related Person in connection with any Account or Accounts, provided, however, the Oblige shall be under no duty to exercise such rights.

This bond is subject to the following additional terms, limitations and conditions:

1. The term of this bond shall commence [\_\_\_\_\_] and shall be continuous.
2. The Surety shall have the right to terminate its liability hereunder, but only as to amounts owed by Principal and any Related Person as a result of Utility Services furnished or rendered by the obligee in connection with the Accounts after the effective date of such termination, at any time by giving notice in writing by registered mail to the obligee and the Principal and stating therein the effective date of such termination which date shall not be less than thirty (30) days after receipt of said notice by the obligee. Such notice shall not limit or terminate this bond in respect to any liability for acts, omissions, or indebtedness occurring or arising prior to the effective date of such termination by the Surety. Written notice must be by certified letter, return receipt requested, and mailed to the obligee at PSEGLI, Credit and Collections Department, 15 Park Drive, Melville, NY 11747 and to Principal at [\_\_\_\_\_].
3. It is understood and agreed between the Principal and the obligee that, upon receipt of Surety's thirty-day written notice of cancellation as provided above, the obligee may demand from the Principal a deposit in the amount of \_\_\_\_\_ US Dollars (US \_\_\_\_\_) ("*Deposit*") by written notice to Principal and Principal shall deliver the Deposit to the obligee at least ten (10) days prior to the effective date of termination or expiration of this bond. In the event that the Deposit is not made in compliance with this paragraph, the obligee shall have the right, but not the obligation, to discontinue Utility Services in connection with any or all of the Accounts in whole or in part and without prior notice.
4. No proceeding in law or in equity may be brought under this bond unless the same shall be commenced and process served prior to the expiration of one (1) year from the effective date of cancellation of this bond.

5. Obligee may make a claim on this bond by mailing a copy hereof, along with a copy of the bill(s) or invoice(s) showing the amount owed, to:

[\_\_\_\_\_].

(Address of Surety)

6. It is understood and agreed that any person(s) having a claim under the conditions of this bond may initiate suit in any court of competent jurisdiction upon this bond. For the purposes of this bond the persons who may initiate such suit are PSEGLI, its parent, and/or any assignees thereof.

7. Surety agrees that no change, extension of time, alteration or addition to the Utility Services to be provided in connection with any account or accounts shall in any way affect the obligation of this bond and it does hereby waive notice of any such change, extension of time, alteration or addition. Surety further agrees that any changes in, to, or under any contractual documents relating to the Utility Services to be provided by obligee in connection with any Account or Accounts, and compliance or non-compliance with formalities connected with such documents or changes, shall not affect Surety's obligation under this bond, and it does hereby waive notice of any such changes, compliance or non-compliance.

8. In this bond, (i) words denoting the singular include the plural and vice versa, and (ii) words such as "hereunder", "hereto", "hereof" and "herein" and other words of similar import shall, unless the context requires otherwise, refer to this bond as a whole and not to any particular article, section, subsection, paragraph or clause hereof.

9. In no event shall the Surety's obligation exceed the Maximum Obligation.

IN WITNESS WHEREOF, the Principal and Surety have executed and delivered this bond this [\_\_\_\_] day of [\_\_\_\_\_], [\_\_\_\_-].

(Seal)

\_\_\_\_\_, as Principal

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

Name:

Title:

(Seal)

\_\_\_\_\_, as Surety

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

Name:

Title: Attorney in Fact

# Surety Bond Instructions and Information for the Customer/Principal

## Instructions/Information for the Customer/Principal:

- **In order to avoid potential errors and expedite the processing of your Surety Bond, please read this instruction sheet and provide your insurance agent/broker with *both* the Surety Bond Issuer Information and our blank Surety Bond form included herein.** Providing the bond electronically to your insurance agent/broker helps to expedite the bond issuance process.
- If a bond that is submitted to us is not completed correctly, it will be considered invalid, and you, the Customer/Principal, will have to immediately either obtain a replacement bond or a bond rider amending the error(s). Otherwise,
  - Failure to submit a valid bond when applying for service may result in the denial of service.
  - Failure to submit a valid bond for an existing account may result in the termination of service.
  - Failure to submit the required security amount may result in the denial of service or termination of service.

## The Following Conditions Must Be Met For The Bond To Be Valid:

1. ***For new accounts:*** Your account name, the Customer/Principal legal entity name, must be exactly the same on the bond as it is on your application for electric service. Trade names should only be used in connection with the full legal entity name; not by themselves.  
***For existing accounts:*** Your account name, the Customer/Principal legal entity name, must be exactly the same on the bond as it is on your PSEGLI account. If your account name does not reflect your correct legal entity name, please contact Customer Service to have it corrected.
2. If a bond for electric service is issued naming any obligee/beneficiary other than PSEGLI, it will be considered invalid.
3. The Surety Bond must meet the minimum requirements outlined in the Surety Bond Issuer Information document; otherwise it will be considered invalid.
4. Original Surety Bond forms (*whether bonds or riders*) must be submitted to us. Copies or faxed copies are not acceptable.
5. If a Surety Company insists on using their own form, we have a number of mandatory provisions that will need to be included in their form. Please have the Surety Company contact the Credit and Collections group for further guidance.
6. Our bills are due and payable upon receipt by our mutual customer, the Principal. If a Surety Bond contains wording that limits our ability to collect on any overdue bills, it will be considered invalid by us.

## How to Submit a Completed Surety Bond:

***For new accounts:*** Unless prior arrangements with a PSEGLI representative were made, the Surety Bond and service application should be submitted at a PSEGLI customer office prior to the initiation/take-over of service.

***For existing accounts:*** Please submit the Surety Bond to the PSEGLI representative who requested that you submit a security, or as otherwise instructed.

## Term Requirement of Securities:

Account securities (*including bonds*) are eligible for release when all bills have been paid on time for three consecutive years and financial information supplied by a Credit Reporting Agency is favorable. (FYI: Whenever a bill is paid late while a security is being held, the security requirement is updated and extended for an additional three years.)

## Questions?

If you have any questions or require additional information, please call our Customer Assistance Center between the hours of 8:00AM and 8:00 PM, Monday through Friday. If you're calling from within the New York area, call us, toll-free, at 1-800-966-4818. If you're calling from outside of the New York area, call us at (631) 755-6000.

## **Surety Bond Issuer Information**

1. Original Surety Bond forms (*whether bonds or riders*) must be submitted to us. Copies or faxed copies are not acceptable.
2. Our mutual customer, the Principal, has been advised that the surety bond must meet the following conditions, otherwise it will be considered invalid:
  - The insurance carrier issuing the bond (the “Surety”) must be licensed to do business in NY State
  - The surety must be rated at least B+ by A.M. Best & Company; or A- by Standard and Poor’s.
  - The Surety Bond(s) shall be secured at the sole cost and expense of the Principal.
  - The Surety Bond shall be issued in favor of PSEGLI (the beneficiary). **No other name or names is acceptable;** otherwise the bond will be considered invalid.
  - The Surety bond shall provide for a 30 day advance notice of any cancellation or termination to the beneficiary.
  - The Surety Bond shall initially be in the amount (the Deposit Amount) set by PSEGLI.
  - Upon request by PSEGLI, but not more frequently than once in any 12-month period, customer may be asked to increase the amount of the Surety Bond to correspond to the customer’s electric utility service usage for the twelve (12) month period preceding such request.
  - The Surety Bond shall be continuous and shall remain in effect until released by PSEGLI, except to the extent provided otherwise by law or regulation.
  - If the Surety is declared bankrupt or becomes insolvent, or if its right to do business is terminated, or if its status for any other reason is rendered inadequate for the Customer to meet its obligations hereunder, the Customer shall, within fifteen (15) days thereafter, obtain another Surety Bond and insurer, both of which are reasonably acceptable to PSEGLI and in compliance with the terms hereof.
  - Customer shall provide the required Surety Bonds to PSEGLI 15 Days of PSEGLI’s request. If a replacement Surety Bond has been obtained in accordance with the above requirement, the replacement bond must be delivered to PSEGLI prior to the cancellation date of the bond being replaced.
  - The Surety Bond shall be substantially in the form as exhibit A as attached hereto.
  - The Surety Bond(s) cannot be changed or altered without PSEGLI’s prior express written agreement.

### **How to Submit a Completed Surety Bond:**

Surety Bond notices of cancellation, rescission of cancellation notices, reinstatement, should be sent to either of the following addresses:

#### **P.O. Box Address:**

PSEGLI  
P.O. Box 9083  
Melville, NY 11747-9083  
Attn: Credit Services Department

#### **Street Address:**

PSEGLI  
15 Park Dr.  
Melville, NY 11747-3035  
Attn: Credit Services Department

### **We would appreciate your assistance with the following:**

- Please provide your Bond Department’s address on the bond form.
- Please notify us if your contact information changes.

### **Questions?**

If you have any questions or require additional information, please call our Customer Assistance Center between the hours of 8:00AM and 8:00 PM, Monday through Friday. If you’re calling from within the New York area, call us, toll-free, at 1-800-966-4818. If you’re calling from outside of the New York area, call us at (631) 755-6000.

Annex 1

1. This Annex 1 shall be considered part of the following Utility Payment (Surety) Bond (the “Bond”).

Bond # \_\_\_\_\_

Surety: \_\_\_\_\_

Obligee: PSEGLI

Principal: \_\_\_\_\_

Capitalized terms used in this Annex 1 and not defined herein shall have the meaning specified in the Bond.

2. The Bond shall cover and apply to the following accounts:

Account Number	Account Deposit	Customer Name	Premises Address	Premises City & State	Premises Postal Code

3. In the event that a mailing address is shown above instead of the premises address, the premises address associated with the Account shall prevail.