## Appendix A.1 – Application Instructions and Form

**APPLICATION FOR LOSS FACTOR PAYMENT PLAN PARTICIPATION**

**To:** The Independent System Operator, operating as the Alberta Electric System Operator (“**AESO**”)

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| 1. **General Information:** please provide information relating to the applicable Eligible Entity. | |
| **Date** | Click here to enter a date. |
| **Legal Name of Eligible Entity** | Click here to enter text. |
| **Amount of Preliminary Settlement Statement** | Click here to enter text. |
| **Address of Chief Executive Office[[1]](#footnote-2)** | Click here to enter text. |
| 1. **Representative:** please provide the contact information for the individual who is authorized to act on behalf of the Eligible Entity. | |
| **Address** | Click here to enter text. |
| **Name** | Click here to enter text. |
| **Title** | Click here to enter text. |
| **Phone Number** | Click here to enter text. |
| **Facsimile** | Click here to enter text. |
| **Email** | Click here to enter text. |
| 1. **Second Representative (Optional):** if applicable, please provide the contact information for a second individual who is authorized to act on behalf of the Eligible Entity. | |
| **Address** | Click here to enter text. |
| **Name** | Click here to enter text. |
| **Title** | Click here to enter text. |
| **Phone Number** | Click here to enter text. |
| **Facsimile** | Click here to enter text. |
| **Email** | Click here to enter text. |

**DEFINITIONS**

Except as otherwise defined herein, all capitalized terms have the meaning given to such terms in the Module C Payment Plan to which this Application for Loss Factor Payment Plan Participation (“Application”) forms Appendix A.1.

**SUBMISSION DEADLINE**

An Application for participation in the Payment Plan by an Eligible Entity must be submitted within five (5) business days of the issuance of a Preliminary Settlement Statement for a Historical Settlement Period (the “**Submission Deadline**”).

**FORM OF SUBMISSION**

This Application must be provided by the Eligible Entity in an electronic format such as Excel, Word or PDF and emailed to [Nicole.Kinch@aeso.ca](mailto:Nicole.Kinch@aeso.ca) by the Submission Deadline. All Applications delivered in electronic format shall be deemed to be an original. In the event the Eligible Entity requires the Application and supporting documents to be mailed, they must be received by the AESO by the Submission Deadline.

**CONTENTS OF SUBMISSION**

This Application must be completed in full and accompanied by:

1. Financial Statements as of the most recent quarter ended, prepared in accordance with Acceptable Accounting Standards, certified to be accurate by an officer of the Eligible Entity and otherwise in form and substance satisfactory to the AESO; and
2. Audited Financial Statements as of the most recent fiscal year ended, consisting of consolidated Financial Statements of the Eligible Entity as of the end of such fiscal year, including a consolidated balance sheet, statements of income, equity and cash flows of the Eligible Entity for such fiscal year, all in reasonable detail and stating in comparative form the consolidated figures for the corresponding date and period in the prior fiscal year and all prepared in accordance with Acceptable Accounting Standards, and with respect to such consolidated financial statements, accompanied by an opinion thereon acceptable to the AESO from the Eligible Entity’s independent certified public accounting firm acceptable to the AESO; provided that, if the Eligible Entity does not prepare audited financial statements in the ordinary course of its business, the Eligible Entity, with the prior written consent of the AESO, may provide unaudited financial statements of the Eligible Entity prepared in accordance with Acceptable Accounting Standards as of the end of such fiscal year, certified to be accurate by an officer of the Eligible Entity and otherwise in form and substance satisfactory to the AESO.

**DEMONSTRATING FINANCIAL HARDSHIP**

The following information is required for the AESO to determine financial hardship:

1. **Insufficient Liquidity:** insufficient liquidity is defined as a current ratio value of less than one (1) for which the value is calculated for the Eligible Entity as the ratio of: (i) the Current Assets to (ii) the Current Liabilities plus (iii) the value of the Eligible Entity’s Preliminary Settlement Statement balance to the extent not already recognized.

|  |  |  |
| --- | --- | --- |
| A | Current Assets | Click here to enter text. |
| B | Current Liabilities | Click here to enter text. |
| C | Preliminary Settlement Statement Balance | Click here to enter text. |
| **A/(B + C)** | **Current Ratio** | Click here to enter text. |

1. **Lack of Available Financing:** lack of available financing is defined as a value equal to or less than the Eligible Entity’s Preliminary Settlement Statement balance for which the value is calculated as the Eligible Entity’s available or unused credit facilities, as of the date of the Eligible Entity’s application for participation in the Payment Plan.

|  |  |  |
| --- | --- | --- |
| A | Available or Unused Credit Facilities | Click here to enter text. |
| B | Preliminary Settlement Statement Balance | Click here to enter text. |
| **A – B** | **Available Financing** | Click here to enter text. |

1. **Inability to Obtain Financing:** this may be demonstrated by, but not limited to, the following:
   1. Debt Service Coverage Ratio < 1.5

Debt Service Coverage Ratiois calculated as the ratio of: (i) the sum of net pre-tax income as set forth in the Financial Statements and based upon the preceding twelve (12) months, plus interest expense (including an estimate of interest expense calculated on the basis of financing the value of the Preliminary Settlement Statement balance over a term and interest rate deemed commercially reasonable for the Eligible Entity) and allowances for depreciation and amortization for such period, to the extent the foregoing are deducted in determining net pre-tax income (“**EBITDA**”), to (ii) the cumulative interest and principal payments on debt over the same period (including an estimate of interest and principal payments calculated on the basis of financing the value of the Preliminary Settlement Statement balance over a term and interest rate deemed commercially reasonable for the Eligible Entity) (“**Debt Service**”). In calculating pre-tax income, material items which would be treated as extraordinary income or extraordinary expenses under Acceptable Accounting Standards shall be excluded.

|  |  |  |
| --- | --- | --- |
| A | EBITDA | Click here to enter text. |
| B | Debt Service | Click here to enter text. |
| **A/B** | **Debt Service Coverage Ratio** | Click here to enter text. |

* 1. Debt-to-equity Ratio > 2

Debt-to-Equity Ratio is calculated as the ratio of Total Debt to Total Equity as set forth in the Financial Statements.

|  |  |  |
| --- | --- | --- |
| A | Total Debt | Click here to enter text. |
| B | Total Equity | Click here to enter text. |
| **A/B** | **Debt-to-equity Ratio** | Click here to enter text. |

* 1. Credit rating grade of BB or lower from an Acceptable Credit Rating Agency or have no rating.

|  |  |
| --- | --- |
| **Credit Rating** | Click here to enter text. |

In the event that not all of the above conditions are met, and the Eligible Entity has evidence to support its financial hardship, such evidence may be provided to the AESO and will be reviewed for consideration by the AESO, in its sole discretion. Such evidence may include financial and operational cash flow requirements and constraints, industry conditions or existence of firm commitments and contingencies. Documentation satisfactory to the AESO supporting such evidence must accompany this Application. The Final Settlement Statement balance may also be reviewed for consideration by the AESO in its sole discretion, if the Final Settlement Statement balance is available and differs from the Preliminary Settlement Statement balance.

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| **Other Evidence of Financial Hardship:** please provide a description of any other evidence supporting the financial hardship of the Eligible Entity. |
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**CERTIFICATION**

The Eligible Entity represents and warrants to the AESO that: (i) all of the information in this Application is complete, true and accurate, and there is no material information omitted from this Application that makes the information contained herein misleading or inaccurate; and (ii) all Financial Statements and information delivered to the AESO with this Application were prepared in accordance with Acceptable Accounting Standards and are correct and complete and present fairly the financial condition, and reflect all known liabilities, contingent or otherwise, of the Eligible Entity and its Subsidiaries, on a consolidated basis, as of the dates of such Financial Statements and information, and since such dates no material change in the assets, liabilities, financial condition, business or operations of the Eligible Entity or its Subsidiaries has occurred.

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| --- |
| Eligible Entity: [insert legal name of Eligible Entity] |
| Signature: |
| Name: [insert legal name of officer or director] |
| Title: [insert title] |
| I have the authority to bind the Eligible Entity. |
| Dated this [day] day of [month], 20[year] |
|  |

1. The location where the principal financial records and other books and records are located [↑](#footnote-ref-2)