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The Public Utilities Commission of Ohio

13-22H-EL-CRS

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Date Received	Case Number	Version
	- EL-CRS	August 2004

13-22H-EL-CRS

CERTIFICATION APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit A-13 Company History). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may input information directly onto the form.
You may also download the form, by saving it to your local disk, for later use.

A. APPLICANT INFORMATION

A-1 Applicant intends to be certified as: (check all that apply)

- ☒ Retail Generation Provider
 ☐ Power Broker
☒ Power Marketer
 ☐ Aggregator

A-2 Applicant's legal name, address, telephone number and web site address

Legal Name MP2 Energy NE, LLC
 Address 21 Waterway Avenue suite #500 The Woodlands, TX 77380
 Telephone # (832) 510-1030 Web site address (if any) www.MP2Energy.com

A-3 List name, address, telephone number and web site address under which Applicant will do business in Ohio

Legal Name MP2 Energy NE, LLC
 Address 21 Waterway Avenue suite #500 The Woodlands, TX 77380
 Telephone # (832) 510-1030 Web site address (if any) www.MP2Energy.com

A-4 List all names under which the applicant does business in North America

<u>MP2 Energy, LLC</u>	<u>MP2 Energy IL, LLC</u>
<u>MP2 Energy NE, LLC</u>	<u>MP2 Energy NJ, LLC</u>
<u>MP2 Energy Texas, LLC</u>	

This is to certify that the foregoing documents are an accurate and complete reproduction of a case file document delivered in the regular course of business
Technician Am Date Processed 11/14/13 1

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 2013 NOV 14 AM 11:22
 PUCO

A-5 Contact person for regulatory or emergency matters

Name Robert Douglas
Title Vice President of Operations
Business address 21 Waterway Avenue suite #500 The Woodlands, TX 77380
Telephone # (832) 510-1042 Fax # (832) 510-1128
E-mail address (if any) Robert.Douglas@MP2Energy.com

A-6 Contact person for Commission Staff use in investigating customer complaints

Name Carlos Zavala
Title Vice President of Customer Relations
Business address 21 Waterway Avenue suite #500 The Woodlands, TX 77380
Telephone # (832) 510-1047 Fax # (832) 510-1128
E-mail address (if any) Carlos.Zavala@MP2Energy.com

A-7 Applicant's address and toll-free number for customer service and complaints

Customer Service address 21 Waterway Avenue suite #500 The Woodlands, TX 77380
Toll-free Telephone # (877) 238-5343 Fax # (832) 510-1128
E-mail address (if any) CustomerService@MP2Energy.com

A-8 Applicant's federal employer identification number # 273566322

A-9 Applicant's form of ownership (check one)

- | | |
|--|---|
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Limited Liability Partnership (LLP) | <input checked="" type="checkbox"/> Limited Liability Company (LLC) |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Other _____ |

A-10 (Check all that apply) Identify each electric distribution utility certified territory in which the applicant intends to provide service, including identification of each customer class that the applicant intends to serve, for example, residential, small commercial, mercantile commercial, and industrial. (A mercantile customer, as defined in (A) (19) of Section 4928.01 of the Revised Code, is a commercial customer who consumes more than 700,000 kWh/year or is part of a national account in one or more states).

- | | | | | |
|---|---|--|--|--|
| <input checked="" type="checkbox"/> First Energy | | | | |
| <input checked="" type="checkbox"/> Ohio Edison | <input checked="" type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Toledo Edison | <input checked="" type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Cleveland Electric Illuminating | <input checked="" type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Duke Energy | <input checked="" type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> Monongahela Power | <input checked="" type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |
| <input checked="" type="checkbox"/> American Electric Power | | | | |
| <input checked="" type="checkbox"/> Ohio Power | <input checked="" type="checkbox"/> Residential | <input checked="" type="checkbox"/> Commercial | <input checked="" type="checkbox"/> Mercantile | <input checked="" type="checkbox"/> Industrial |

<input type="checkbox"/> Columbus Southern Power	<input type="checkbox"/> Residential	<input type="checkbox"/> Commercial	<input type="checkbox"/> Mercantile	<input type="checkbox"/> Industrial
<input type="checkbox"/> Dayton Power and Light	<input type="checkbox"/> Residential	<input type="checkbox"/> Commercial	<input type="checkbox"/> Mercantile	<input type="checkbox"/> Industrial

A-11 Provide the approximate start date that the applicant proposes to begin delivering services

March 1, 2014 _____

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

A-12 **Exhibit A-12 "Principal Officers, Directors & Partners"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

A-13 **Exhibit A-13 "Corporate Structure,"** provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America.

A-14 **Exhibit A-14 "Company History,"** provide a concise description of the applicant's company history and principal business interests.

A-15 **Exhibit A-15 "Articles of Incorporation and Bylaws,"** if applicable provide the articles of incorporation filed with the state or jurisdiction in which the applicant is incorporated and any amendments thereto.

A-16 **Exhibit A-16 "Secretary of State,"** provide evidence that the applicant has registered with the Ohio Secretary of the State.

B. APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

B-1 **Exhibit B-1 "Jurisdictions of Operation,"** provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services.

B-2 **Exhibit B-2 "Experience & Plans,"** provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

B-3 **Exhibit B-3 "Summary of Experience,"** provide a concise summary of the applicant's experience in providing the service(s) it is seeking to be certified to provide (e.g. number and types of customers served, utility service areas, amount of load, etc.).

B-4 **Exhibit B-4 "Environmental Disclosure,"** provide a detailed description of how the applicant intends to determine its (a) generation resource mix, and (b) environmental characteristics, including air emissions and radioactive waste. This information shall include sufficient discussion so as to detail both the annual projection methodology and the proposed approach to compiling the quarterly actual environmental disclosure data. Additional details on this requirement may be obtained by referring to 4901:1-21-09.

B-5 **Exhibit B-5 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

B-6 Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

☐ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-6 "Disclosure of Consumer Protection Violations"** detailing such violation(s) and providing all relevant documents.

B-7 Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service denied, curtailed, suspended, revoked, or cancelled within the past two years.

☐ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-7 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

C. APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

C-1 **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why.


- C-2 Exhibit C-2 “SEC Filings,”** provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.
- C-3 Exhibit C-3 “Financial Statements,”** provide copies of the applicant’s two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business.
- C-4 Exhibit C-4 “Financial Arrangements,”** provide copies of the applicant’s financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.,).
- C-5 Exhibit C-5 “Forecasted Financial Statements,”** provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant’s CRES operation, along with a list of assumptions, and the name, address, e-mail address, and telephone number of the preparer.
- C-6 Exhibit C-6 “Credit Rating,”** provide a statement disclosing the applicant’s credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody’s Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant’s parent or affiliate organization that guarantees the obligations of the applicant.
- C-7 Exhibit C-7 “Credit Report,”** provide a copy of the applicant’s credit report from Experion, Dun and Bradstreet or a similar organization.
- C-8 Exhibit C-8 “Bankruptcy Information,”** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.

- C-9 **Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the five most recent years preceding the application.

D. APPLICANT TECHNICAL CAPABILITY

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

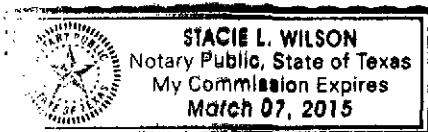
- D-1 **Exhibit D-1 "Operations"** provide a written description of the operational nature of the applicant's business. Please include whether the applicant's operations will include the generation of power for retail sales, the scheduling of retail power for transmission and delivery, the provision of retail ancillary services as well as other services used to arrange for the purchase and delivery of electricity to retail customers.
- D-2 **Exhibit D-2 "Operations Expertise,"** given the operational nature of the applicant's business, provide evidence of the applicant's experience and technical expertise in performing such operations.
- D-3 **Exhibit D-3 "Key Technical Personnel,"** provide the names, titles, e-mail addresses, telephone numbers, and the background of key personnel involved in the operational aspects of the applicant's business.
- D-4 **Exhibit D-4 "FERC Power Marketer License Number,"** provide a statement disclosing the applicant's FERC Power Marketer License number. (Power Marketers only)

 *Vice President of Operations*
Signature of Applicant and Title

Sworn and subscribed before me this 30 day of Oct, 2013
Month Year


Signature of official administering oath

Stacie Wilson
Print Name and Title



My commission expires on 3/07/13

AFFIDAVIT

State of Texas :

The Woodlands ss.
(Town)

County of Montgomery :

Robert L. Douglas, Affiant, being duly sworn/affirmed according to law, deposes and says that:

He/She is the VP of Operations (Office of Affiant) of MP2 Energy NE, LLC (Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant,

1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.
2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.
3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.
4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.
5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.
6. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.
7. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
8. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.
9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.
10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

Robert L. Hylle Vice President of Operations
Signature of Affiant & Title

Sworn and subscribed before me this 30 day of Oct., 2013
Month Year

Stacie L. Wilson
Signature of official administering oath

Stacie Wilson
Print Name and Title



My commission expires on 3/07/15

The Public Utilities Commission of Ohio

Certification Application for Retail Generation Providers and Power Marketers

MP2 Energy, NE LLC
21 Waterway Avenue suite #500
The Woodlands, 77380

The following documents include exhibits A-12 through D-4.

Exhibit A-12: Principal Officers, Directors, & Partners

Exhibit A-12: Principal Officers, Directors, & Partners

Listed below is the contact information for all operating members, managing partners, and principal officers.

Jeff Starcher, CEO and Chairman of Board

21 Waterway Ave. Suite 500
The Woodlands, TX 77380
832.510.1037
Jeff.Starcher@MP2Energy.com

Matthew Adams, President and Member of Board

21 Waterway Ave. Suite 500
The Woodlands, TX 77380
832.510.1033
Matthew.Adams@MP2Energy.com

Trey Price, Vice President and Member of Board

21 Waterway Ave. Suite 500
The Woodlands, TX 77380
832.510.1034
Trey.Price@MP2Energy.com

Robert Douglas, Vice President of Operations and Member of Board

21 Waterway Ave. Suite 500
The Woodlands, TX 77380
832.510.1042
Robert.Douglas@MP2Energy.com

Carey Jordan, Vice President of Integrated Solutions

21 Waterway Ave. Suite 500

The Woodlands, TX 77380

832.510.1053

Carey.Jordan@MP2Energy.com

Russell Schwertner, Chief System Operator

21 Waterway Ave. Suite 500

The Woodlands, TX 77380

832.510.1039

Russell.Schwertner@MP2Energy.com

Mark Siismets, Chief Operating Officer

21 Waterway Ave. suite 500

The Woodlands, TX 77380

832.510.1040

Mark.Siismets@MP2Energy.com

John Greene, Member of Board of Managers

21 Waterway Ave. suite 500

The Woodlands, TX 77380

832.510.1030

Todd Creek, Member of Board of Managers

21 Waterway Ave. suite 500

The Woodlands, TX 77380

832.510.1030

Exhibit A-13: Corporate Structure

MP2 Energy: Corporate Structure

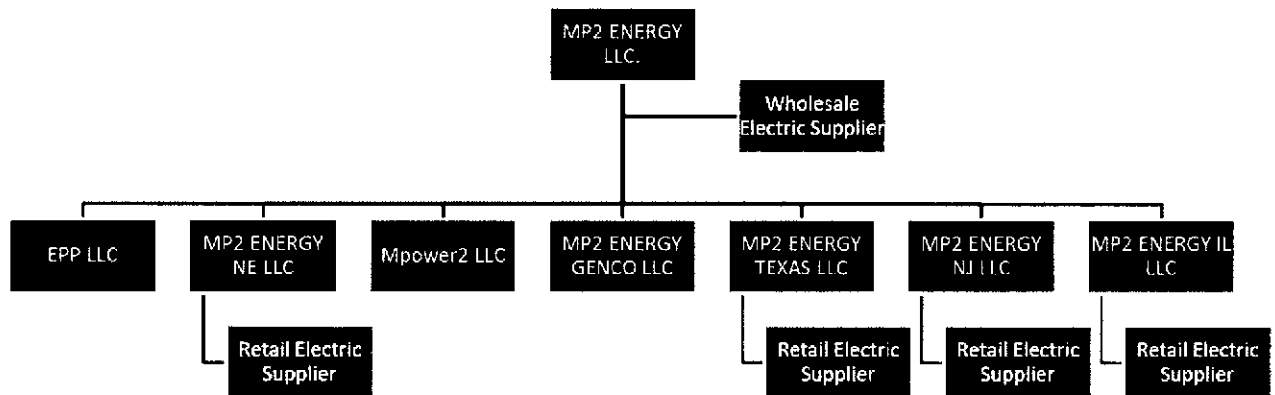


Exhibit A-13: Corporate Structure

MP2 Energy, LLC is the parent company headquartered in The Woodlands, TX.

MP2 Energy, LLC is the parent company for MP2 Energy NE, LLC, a licensed Electric Generation Supplier in the state of Pennsylvania. MP2 Energy NE, LLC, is seeking to become a 'Power Marketer' and 'Retail Generation Provider' in the state of Ohio.

EPP, LLC is owned by the parent company MP2 Energy, LLC and serves as a vehicle to invest in ventures outside of MP2's core business.

Mpower2, LLC is owned by the parent company MP2 Energy, LLC and manages third party assets in the ERCOT market.

MP2 ENERGY GENCO, LLC is owned by the parent company MP2 Energy, LLC and manages the development, registration, and qualification of third party assets.

MP2 Energy Texas, LLC is owned by the parent company MP2 Energy, LLC and is a Retail Electric Provider in the ERCOT market.

MP2 Energy NJ, LLC is owned by the parent company MP2 Energy, LLC and is an Electric Power Supplier in the State of New Jersey within the PJM market.

MP2 Energy IL, LLC is owned by the parent company MP2 Energy, LLC and is an Alternative Retail Electric Supplier in the State of Illinois within the PJM market.

Exhibit A-14: Company History

Exhibit A-14: "Company History"

MP2 Energy NE, LLC. (MP2ENE) is a subsidiary of MP2 Energy, LLC. (MP2) that is headquartered in The Woodlands, TX. MP2 is a certified Retail Electric Provider (REP) and has a 24x7 real-time desk managing over 1,100 MW of wholesale generation and ~300 MW of demand response. MP2 delivers competitive prices on energy through direct access to wholesale supply, strong credit backing, and market trading knowledge.

MP2 Energy combines technical and software expertise of REP operations with wholesale and risk management expertise to deliver a full suite of energy management services. In addition, MP2 has implemented a strategic management team that has over 100 years of commodity experience to deliver best in class risk management, back-office, billing, and a customer service platform developed specifically for serving retail loads in deregulated energy markets.

MP2 began serving retail loads in February of 2010 and since that time has grown at a rapid, but at a controlled pace, leveraging market and operational experiences to build and serve large portfolios of retail load. Since February 2010, MP2 has contracted over 14,000 meters, which 97.5% consist of Commercial & Industrial loads. We have managed our growth to ensure all facets of our operations continue to provide top performance.

Exhibit A-15: Articles of Incorporation and Bylaws

Exhibit A-15: Articles of Incorporation and Bylaws

This exhibit is not applicable to the PUCO filing for MP2 Energy NE, LLC as MP2 Energy NE , LLC is not an incorporated company. The parent company, MP2 Energy, LLC is also not an incorporated company.

Exhibit B-1: Jurisdictions of Operation

Exhibit B-1: Jurisdictions of Operation

MP2 Energy is certified, licensed, registered, or otherwise authorize to provide retail electric services in the following jurisdictions:

ERCOT

Location: State of Texas (Public Utility Commission of Texas)

- Licensed as of January 13, 2010
- Filed as MP2 Energy Texas, LLC

PJM

Location: State of Illinois (Illinois Commerce Commission)

- Licensed and approved May 1, 2013
- Filed as MP2 Energy IL, LLC

Location: State of Pennsylvania (Pennsylvania Public Utility Commission)

- Licensed and approved July 24, 2012
- Filed as MP2 Energy NE, LLC

Location: State of New Jersey (Board of Public Utilities)

- Licensed and approved September 18, 2013.
- Filed as MP2 Energy NJ, LLC

Location: State of Ohio (Public Utility Commission of Ohio)

- Filing as MP2 Energy NE, LLC - pending

Exhibit B-2: Experience & Plans

Exhibit B-2: Experience & Plans

Billing

MP2 Energy currently bills over 14,000 meters every month. Our standard bill is via email, but we can provide paper copies at the customer's request (we currently mail about 4,700 bills every month). Our software allows us to customize bills in many fashions, including consolidated bills with backup sheets, consolidated bills by site locations, multiple bill recipients, etc. Our billing department can also customize our format to make the bills easily understood, although we believe our current format is very clear and concise. MP2's summary billing breaks out energy, tariffs, and any other charges, all by Meter ID and/or customer defined "location" fields in detail.

Experience & Plans for Contracting with Customers

Here at MP2 Energy, we value the relationship with our customers and the channel partners we work through to acquire customers and serve them efficiently. We operate through indirect sales, working through an energy broker to get our potential customers the product they need at the best possible price. We then contract with the customer through the broker and our customer service team submits the necessary orders for MP2 to serve the meters. Our customers are provided a contract to sign and then are mailed a copy of the counter-signed agreement. Our experience in serving over 1,000 customers in multiple markets and behind several utilities has given us the proficiency in contracting with our customers and dealing with multiple issues that may arise in the process of enrollment, billing, and contracting.

Our contracting process is simple and easy for customers to understand. After a thorough explanation of price and product, the customer is given a copy of the contract to sign. All contracts meticulously explicate all of the following in accordance with Section 4928.10 of the Revised Code:

- pricing, terms of service, and any early termination fees
- conditions under which the customer may rescind a contract without penalty
- customer service contact information
- disconnection and service termination

We are able to make any adjustments or additions to the billing and contracting process quickly and easily if needed. Of course, the MP2 Retail Team and the Client Relations Team are available to answer any questions the customer may have before agreeing to the terms of the contract.

Responding to Customer Complaints

MP2 Energy has a top-rated customer service team readily available by email, phone, or mail. Every invoice and contract sent to the customer lists the information to contact our client relations team that is easy to locate. Our team is dedicated to responding to customer inquiries, complaints, and comments immediately. MP2's record serving customers is exceptional, and we plan to continue this service in Ohio. We do not outsource client relations, and do all billing and customer service in-house at our headquarters in The Woodlands, TX. The client relations team is available at 8am-5pm (ET), Monday through Friday and is headed by Carlos Zavala (please see Exhibit D-4 for team biographies and qualifications). All points of contact are listed below:

MP2 Energy Customer Service

832.510.1030

877.238.5343 (toll free)

CustomerService@MP2Energy.com

21 Waterway Avenue suite #500

The Woodlands, TX 77380

Carlos Zavala, Vice President of Customer Relations

832.510.1047

Carlos.Zavala@MP2Energy.com

Exhibit B-3: Summary of Experience

Exhibit B-3: Summary of Experience

Experience in ERCOT

MP2 Energy is a Registered Level IV Qualified Scheduling Entity (QSE) with ERCOT and also a Load Serving Entity (LSE). MP2 Energy manages over 1100 MW of wholesale power generation and over 300 MW of wholesale demand response for our customers. Since we began serving Load in ERCOT in February of 2010, MP2 Energy has contracted over 14,000 Meter IDs and we now serve a peak load of over 450 MW with load contracts flowing through August of 2018. At MP2 Energy, Customer Service is truly one of our absolute top priorities and we know that short term gains are wiped out if you can't deliver on expectations. We can confidently say that we deliver absolute best in class customer service across the board. MP2 is able to operate our systems and process from anywhere in the world with an internet connection.

Experience in PJMISO

MP2 Energy has recently been authorized to serve electricity loads in the states of Illinois, New Jersey and Pennsylvania. As of September 2013, MP2 Energy has a less than 10 MW peak load representing a half a dozen customers within the PJM footprint. We will continue to expand our retail operations in PJM using the experience we gained successfully serving electricity loads in ERCOT. Customer service will remain a top priority as we expand in the PJM market and will fulfill our goals and responsibilities to deliver a competitive product coupled with our outstanding reputation of risk management, experience, and first-rate customer service.

Exhibit B-4: Environmental Disclosure

Exhibit B-4: Environmental Disclosure

MP2 Energy, LLC has made sustainability a focus for us and our customers. We have an outstanding record of procuring renewable resources for our customers, and plan on continuing that tradition into Ohio. Our current projections for generation resources are based on the Ohio wholesale electricity market.

In compliance with rule 4901:1-21-09, MP2 Energy NE, LLC will do all but not limited to:

- purchase at least the minimum of renewable energy certificates for resource generation
- provide the Public Utility Commission of Ohio with annual and quarterly Environmental Disclosure Information
- maintain reliable documentation to easily verify data provided in the Environmental Disclosure Information reports
- provide the most recent Environmental Disclosure report, both annual and quarterly, to the customer with the retail electric agreement contract
- provide each Ohio customer with the most recent Environmental Disclosure report quarterly and annually by the customer's preferred method of either mail or email; and at the customer's request
- account for environmental impacts by each generation resource

Attached:

- 1) Environmental Disclosure Information projected data for 2013 Annual Report
- 2) Environmental Disclosure Information projected data for Q1&Q2 2013 Quarterly Reports

Environmental Disclosure Information																						
MP2 Energy NE, LLC																						
Projected Data for the 2013 Calendar Year																						
Generation Resource Mix - A comparison between the sources of generation used to produce this product and the historic regional average supply mix.	<div><div><p>Supplier's Product</p></div><div><p>Regional</p></div></div>																					
Environmental Characteristics-- A description of the characteristics associated with each possible generation resource.	<table><tr><td>Biomass Power</td><td>Air Emissions and Solid Waste</td></tr><tr><td>Coal Power</td><td>Air Emissions and Solid Waste</td></tr><tr><td>Hydro Power</td><td>Wildlife Impacts</td></tr><tr><td>Natural Gas Power</td><td>Air Emissions and Solid Waste</td></tr><tr><td>Nuclear Power</td><td>Radioactive Waste</td></tr><tr><td>Oil Power</td><td>Air Emissions and Solid Waste</td></tr><tr><td>Other Sources</td><td>Unknown Impacts</td></tr><tr><td>Solar Power</td><td>No Significant Impacts</td></tr><tr><td>Unknown Purchased Resources</td><td>Unknown Impacts</td></tr><tr><td>Wind Power</td><td>Wildlife Impacts</td></tr></table>		Biomass Power	Air Emissions and Solid Waste	Coal Power	Air Emissions and Solid Waste	Hydro Power	Wildlife Impacts	Natural Gas Power	Air Emissions and Solid Waste	Nuclear Power	Radioactive Waste	Oil Power	Air Emissions and Solid Waste	Other Sources	Unknown Impacts	Solar Power	No Significant Impacts	Unknown Purchased Resources	Unknown Impacts	Wind Power	Wildlife Impacts
Biomass Power	Air Emissions and Solid Waste																					
Coal Power	Air Emissions and Solid Waste																					
Hydro Power	Wildlife Impacts																					
Natural Gas Power	Air Emissions and Solid Waste																					
Nuclear Power	Radioactive Waste																					
Oil Power	Air Emissions and Solid Waste																					
Other Sources	Unknown Impacts																					
Solar Power	No Significant Impacts																					
Unknown Purchased Resources	Unknown Impacts																					
Wind Power	Wildlife Impacts																					
Air Emissions – A comparison between the air emissions related to this product and the regional average air emissions.	<div><div><table><tr><td>Carbon dioxide</td><td>Product</td><td>Regional Average</td></tr><tr><td>Nitrogen oxides</td><td>Product</td><td>Regional Average</td></tr><tr><td>Sulfur Dioxide</td><td>Product</td><td>Regional Average</td></tr></table></div></div>		Carbon dioxide	Product	Regional Average	Nitrogen oxides	Product	Regional Average	Sulfur Dioxide	Product	Regional Average											
Carbon dioxide	Product	Regional Average																				
Nitrogen oxides	Product	Regional Average																				
Sulfur Dioxide	Product	Regional Average																				
Radioactive Waste – Radioactive waste associated with the product.	<table><tr><th>Type:</th><th>Quantity:</th></tr><tr><td>High-Level Radioactive Waste</td><td>Lbs./1,000 kWh</td></tr><tr><td>Low-Level Radioactive Waste</td><td>Ft³/1,000 kWh</td></tr></table> <p>MP2 Energy NE, LLC purchases all of its electricity from the wholesale market. The above generation resource mix is based on PJM reporting of regional generation sources. MP2 Energy NE, LLC does not have access to information regarding the radioactive waste produced by nuclear generation in the region.</p>		Type:	Quantity:	High-Level Radioactive Waste	Lbs./1,000 kWh	Low-Level Radioactive Waste	Ft³/1,000 kWh														
Type:	Quantity:																					
High-Level Radioactive Waste	Lbs./1,000 kWh																					
Low-Level Radioactive Waste	Ft³/1,000 kWh																					
With in-depth analysis, the environmental characteristics of any form of electric generation will reveal benefits as well as costs. For further information, contact MP2 Energy, LLC at www.MP2Energy.com or by phone at 877.238.5343.																						

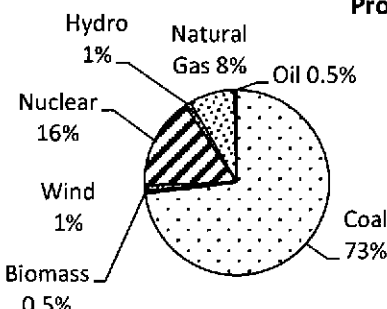
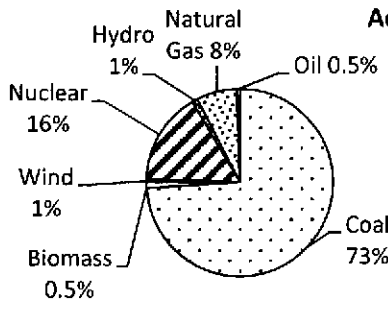
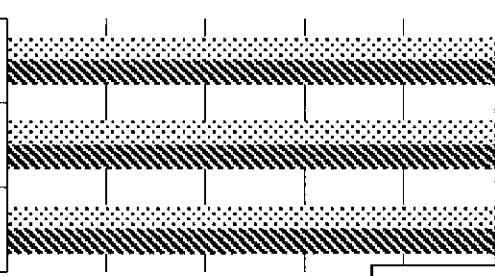
Environmental Disclosure Information – Quarterly Comparisons											
MP2 Energy NE, LLC											
Projected Data for the 2013 Calendar Year											
Actual Data for the Period 1/1/2013 to 6/30/2013											
Generation Resource Mix – A comparison between the sources of generation projected to be used to generate this product and the actual resources used during this period.	<div><div><div>Projected</div></div><div><div>Actual</div></div></div>										
Environmental Characteristics– A description of the characteristics associated with each possible generation resource.	Biomass Power	Air Emissions and Solid Waste									
	Coal Power	Air Emissions and Solid Waste									
	Hydro Power	Wildlife Impacts									
	Natural Gas Power	Air Emissions and Solid Waste									
	Nuclear Power	Radioactive Waste									
	Oil Power	Air Emissions and Solid Waste									
	Other Sources	Unknown Impacts									
	Solar Power	No Significant Impacts									
	Unknown Purchased Resources	Unknown Impacts									
	Wind Power	Wildlife Impacts									
	Air Emissions – Product-specific projected and actual air emissions for this period compared to the regional average air emissions.	<div><div><div>Carbon dioxide</div><div>Nitrogen oxides</div><div>Sulfur Dioxide</div></div><div><div>◆ Actual</div><div>▨ Projected</div></div><div>Regional Average</div></div>									
Radioactive Waste – Radioactive waste associated with the product.	<table><tr><th>Type:</th><th colspan="2">Quantity:</th></tr><tr><td>High-Level Radioactive Waste</td><td>Unknown</td><td>Lbs./1,000 kWh</td></tr><tr><td>Low-Level Radioactive Waste</td><td>Unknown</td><td>Ft³/1,000 kWh</td></tr></table>		Type:	Quantity:		High-Level Radioactive Waste	Unknown	Lbs./1,000 kWh	Low-Level Radioactive Waste	Unknown	Ft³/1,000 kWh
	Type:	Quantity:									
High-Level Radioactive Waste	Unknown	Lbs./1,000 kWh									
Low-Level Radioactive Waste	Unknown	Ft³/1,000 kWh									
		MP2 Energy NE, LLC purchases all of its electricity from the wholesale market. The above generation resource mix is based on PJM reporting of regional generation sources. MP2 Energy NE, LLC does not have access to information regarding the radioactive waste produced by nuclear generation in the region.									
With in-depth analysis, the environmental characteristics of any form of electric generation will reveal benefits as well as costs. For further information, contact MP2 Energy NE, LLC at www.MP2Energy.com or by phone at 877.238.5343.											

Exhibit B-5: Disclosure of Liabilities and Investigations

Exhibit B-5: Disclosure of Liabilities and Investigations

Since its inception, there have been no rulings, judgments, contingent liabilities, revocations of authority, or regulatory investigations that would inhibit MP2 Energy NE, LLC or its parent company, MP2 Energy, LLC from providing competitive retail electric services in Ohio.

Exhibit B-6: Disclosure of Consumer Protection Violations

Exhibit B-6: Disclosure of Consumer Protection Violations

MP2 Energy, LLC, its affiliates, and principal officers have not been convicted or held liable for fraud or any violation of consumer protection or antitrust laws in the past five years.

**Exhibit B-7: Disclosure of Certification Denial, Curtailment,
Suspension, or Revocation**

Exhibit B-7: Disclosure of Certification Denial, Curtailment, Suspension, or Revocation

MP2 Energy, LLC and its affiliates have not had any certifications, licenses, or applications to provide retail or wholesale electric service denied, curtailed, suspended, revoked, or cancelled within the past two years.

Exhibit C-1: Annual Reports

Exhibit C-1: Annual Reports

MP2 Energy NE, LLC was formed in September of 2010. As an entity, MP2 Energy NE, LLC. has been inactive until calendar year 2013, therefore no annual reports exist. Exhibit C-3 provides audited financial statements that include MP2 Energy, LLC and all subsidiaries.

Exhibit C-2: SEC Filings

Exhibit C-2: SEC Filings

MP2 Energy NE, LLC nor its affiliates or subsidiaries are registered with the Securities and Exchange Commission (SEC). MP2 Energy NE, LLC and its parent company, MP2 Energy, LLC are privately held companies and not required to file with the SEC.

Exhibit C-3: Financial Statements

Exhibit C-3: Financial Statements

The attached document serves as the financial statement for MP2 Energy, LLC, the parent company of MP2 Energy NE, LLC.



MP2 ENERGY LLC AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)



KPMG LLP
811 Main Street
Houston, TX 77002

Independent Auditors' Report

The Board of Managers
MP2 Energy LLC:

We have audited the accompanying consolidated financial statements of MP2 Energy, LLC, and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of MP2 Energy, LLC and its subsidiaries as of December 31, 2012 and 2011, and the results of their operations and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Houston, Texas
April 23, 2013

MP2 ENERGY LLC AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2012 and 2011

Assets	2012	2011
Current assets:		
Cash and cash equivalents	\$ 2,744,270	2,862,531
Restricted deposits	2,471,024	1,143,974
Accounts receivable, net	19,632,882	9,578,012
Derivative contract assets – current	35,257,285	30,597,929
Other current assets	<u>1,356,813</u>	<u>1,076,387</u>
Total current assets	61,462,274	45,258,833
Property, plant, and equipment, net	3,680,017	144,175
Derivative contract assets – noncurrent	<u>51,778,779</u>	<u>43,964,783</u>
Total assets	\$ <u>116,921,070</u>	<u>89,367,791</u>
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable, principally trade	\$ 22,028,262	11,622,053
Derivative contract liabilities – current	23,219,497	21,135,717
Other current liabilities	<u>2,246,558</u>	<u>1,077,818</u>
Total current liabilities	47,494,317	33,835,588
Noncurrent liabilities:		
Derivative contract liabilities – noncurrent	32,661,435	31,567,748
Members' equity attributable to MP2 Energy	36,695,801	23,964,455
Noncontrolling interest	<u>69,517</u>	<u>—</u>
Total liabilities and members' equity	\$ <u>116,921,070</u>	<u>89,367,791</u>

See accompanying notes to consolidated financial statements.

MP2 ENERGY LLC AND SUBSIDIARIES**Consolidated Statements of Operations****Years ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Revenues:		
Electricity sales and services revenues (including unrealized gains (losses) of \$(1,098,134) and \$9,189,938, respectively)	\$ 157,463,741	97,966,052
Expenses:		
Cost of sales (including unrealized (gains) losses of \$(10,394,018) and \$(1,110,772), respectively)	<u>137,186,891</u>	<u>79,924,633</u>
Gross margin	<u>20,276,850</u>	<u>18,041,419</u>
Selling, general, and administrative	7,167,897	4,677,343
Depreciation	<u>50,263</u>	<u>55,861</u>
Total operating expense	<u>7,218,160</u>	<u>4,733,204</u>
Operating income	<u>13,058,690</u>	<u>13,308,215</u>
Other income (expense):		
Other, net	—	1,095
Interest expense	<u>(115,944)</u>	<u>(1,353,653)</u>
Total other expense, net	<u>(115,944)</u>	<u>(1,352,558)</u>
Net income	12,942,746	11,955,657
Net income (loss) attributable to noncontrolling interest	<u>(112,100)</u>	<u>—</u>
Net income attributable to MP2 Energy LLC	<u>\$ 13,054,846</u>	<u>11,955,657</u>

See accompanying notes to consolidated financial statements.

MP2 ENERGY LLC AND SUBSIDIARIES**Consolidated Statements of Members' Equity****Years ended December 31, 2012 and 2011**

	MP2 Energy LLC	Noncontrolling interest	Consolidated
Balance at December 31, 2010	\$ 12,564,178	—	12,564,178
Net income	11,955,657	—	11,955,657
Extinguishment of membership interest	(555,380)	—	(555,380)
Balance at December 31, 2011	23,964,455	—	23,964,455
Net income (loss)	13,054,846	(112,100)	12,942,746
Member contributions	345,000	181,617	526,617
Member distributions	(668,500)	—	(668,500)
Balance at December 31, 2012	<u>\$ 36,695,801</u>	<u>69,517</u>	<u>36,765,318</u>

See accompanying notes to consolidated financial statements.

MP2 ENERGY LLC AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Net income	\$ 12,942,746	11,955,657
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	50,263	55,861
Net changes in derivative contracts	(9,295,885)	(10,300,710)
Changes in other assets and liabilities:		
Accounts receivable	(10,054,870)	(6,132,695)
Other current assets	(280,426)	(1,028,674)
Restricted deposits	(1,327,050)	(317,706)
Accounts payable	10,406,209	7,327,079
Other current liabilities	1,168,740	945,033
Net cash provided by operating activities	<u>3,609,727</u>	<u>2,503,845</u>
Cash flows from investing activity:		
Capital expenditures	<u>(3,586,105)</u>	<u>(26,600)</u>
Net cash used in investing activity	<u>(3,586,105)</u>	<u>(26,600)</u>
Cash flows from financing activity:		
Extinguishment of membership interest	—	(555,380)
Equity distributions	(668,500)	—
Noncontrolling interest equity contribution	181,617	—
Equity contributions	345,000	—
Net cash used in financing activities	<u>(141,883)</u>	<u>(555,380)</u>
Net change in cash and cash equivalents	(118,261)	1,921,865
Cash and cash equivalents at beginning of year	<u>2,862,531</u>	<u>940,666</u>
Cash and cash equivalents at end of year	\$ <u><u>2,744,270</u></u>	<u><u>2,862,531</u></u>

See accompanying notes to consolidated financial statements.

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

(1) Background and Basis of Presentation

(a) Background

MP2 Energy LLC (MP2) is a Texas limited liability company formed in November 2009 for the purpose of managing power generation assets and serving retail electric load. MP2 is a Level IV Qualified Scheduling Entity (QSE) registered with the Electric Reliability Council of Texas (ERCOT) and wholly owns MP2 Energy Texas, LLC, MPower 2, LLC, MP2 Energy NE, LLC, MP2 Energy NJ LLC, MP2 Energy IL LLC, EPP LLC, and MP2 GenCo, LLC, which are consolidated subsidiaries. In addition, MP2 owns a controlling membership interest in Satori Energy Texas LLC and Distributed Generation Solutions LLC, which are consolidated entities as of December 31, 2012.

MP2 Energy Texas, LLC is a Texas limited liability company formed in August 2008, and provides electricity and energy services to primarily retail industrial/commercial customers within the ERCOT market. In March 2010, MP2 Energy Texas, LLC entered into a long-term retail credit agreement with Pacific Summit Energy, LLC (PSE) a wholly owned subsidiary of Sumitomo Corporation of America and Japan (collectively, Sumitomo) in support of the Texas ERCOT retail electricity business. The retail credit agreement provides the necessary vehicle to enter and execute contracts relating to the supply of electric power and maintain collateral requirements established by ERCOT and other key vendors in the power supply market. See note 4.

MPower 2, LLC is a Texas limited liability company formed in February 2009 to provide power generation management services for Formosa Utility Ventures, LTD.

MP2 Energy NE, LLC is a Texas limited liability company formed in September 2010 to provide electricity and energy services to primarily industrial/commercial customers in the PJM market. The PJM market consists of all or part of 13 states and the District of Columbia.

MP2 Energy NJ LLC is a Texas limited liability company formed in October 2012, to provide electricity and energy services to primarily industrial/commercial customers in the New Jersey portion of the PJM market. The PJM market consists of all or part of 13 states and the District of Columbia.

MP2 Energy IL LLC is a Texas limited liability company formed in October 2012, to provide electricity and energy services to primarily industrial/commercial customers in the Illinois portion of the PJM market. The PJM market consists of all or part of 13 states and the District of Columbia.

EPP LLC is a Texas limited liability company formed in March 2012, to make limited invests in energy supply consulting companies specializing in the ERCOT and PJM markets, including Satori Energy Texas, LLC.

MP2 GenCo LLC is a Texas limited liability company formed in December 2011 to provide power generation asset management services for various customers.

Distributed Generation Solutions LLC is a Texas limited liability company formed in July 2012 to own and operate power generation assets exclusively in the ERCOT market.

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

(2) Summary of Significant Accounting Policies

(a) *Use of Estimates and Market Risk and Uncertainties*

Management makes estimates and assumptions to prepare the consolidated financial statements in conformity with generally accepted U.S. accounting principles that affect:

- The reported amount of assets, liabilities, and equity
- The reported amounts of revenues and expenses
- Disclosure of contingent assets and liabilities at the date of the consolidated financial statements.

MP2 evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. MP2 adjusts such estimates and assumptions when facts and circumstances dictate.

MP2's significant accounting estimates include: (a) fair value of derivative assets and liabilities and (b) unbilled revenues and energy supply costs. Actual results could differ from the estimates.

MP2 is subject to various risks inherent in doing business.

(b) *Principles of Consolidation*

MP2 includes its accounts, those of its wholly owned subsidiaries, and those of subsidiaries in which MP2 holds a controlling interest in its consolidated financial statements. All intercompany transactions have been eliminated as part of the consolidation.

(c) *Revenues*

Gross revenues for energy sales and services to customers are recognized upon delivery under the accrual method. Energy sales and services delivered but not billed by period-end are estimated.

MP2 records unbilled revenues for energy sales and services to retail customers based on actual invoices billed during January and February 2013 and related to 2012 delivery periods. The invoices are generated from meter reads provided by transmission and distribution service providers and settlement data provided by ERCOT. For the unbilled revenues accrual, including unbilled TDSP reimbursement, MP2 reviews the invoices and related meter reads and allocates the revenue to the applicable delivery month by estimating customer usage during the applicable delivery month. For 2012, MP2 recorded a \$7.4 million accrual for estimated energy revenues billed in 2013 but applicable to 2012. Additionally, a \$3.8 million accrual was recorded in 2012 for estimated TDSP reimbursement revenue billed in 2013 but applicable to 2012. For 2011, MP2 recorded a \$4.6 million accrual for estimated energy revenues billed in 2012 but applicable to 2011. Additionally, a \$2.0 million accrual was recorded in 2011 for estimated TDSP reimbursement revenue billed in 2012 but applicable to 2011.

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

(d) Energy Supply Costs

MP2 records energy supply costs for electricity sales and services to retail customers based on actual invoices from wholesale supply counterparties, ERCOT, and transmission and distribution service providers. For wholesale supply, MP2 reviewed the weekly invoices received in 2012 and applies the amounts due to the applicable period. For 2012, MP2 recorded a \$6.6 million accrual related to estimated wholesale supply costs billed in 2013, but applicable to 2012. For ERCOT, MP2 reviewed the weekly invoices received in 2012 and applied the amounts due to the applicable period. For 2012, MP2 recorded a \$208 thousand accrual for estimated ERCOT supply costs billed in 2013, but applicable to 2012. Additionally, a \$2.8 million accrual was recorded in 2012 for estimated transmission and distribution charges that were billed in 2013 but relate to 2012 deliveries. For 2011, MP2 recorded a \$2.9 million accrual for estimated wholesale supply costs billed in 2012, but applicable to 2011. MP2 also recorded a \$437 thousand accrual for estimated ERCOT supply costs billed in 2012, but applicable to 2011. Additionally, a \$1.4 million accrual was recorded in 2011 for estimated transmission and distribution charges that were billed in 2012 but were for 2011 deliveries.

(e) Fair Value Measurements

Summary

Effective January 1, 2010, MP2 adopted Accounting Standards Codification (ASC) Topic 820, (ASC 820) *Fair Value Measurement*, for its derivative assets and liabilities.

Fair Value Hierarchy and Valuation Techniques

MP2 applies recurring fair value measurements to its derivative assets and liabilities. In determining fair value, MP2 uses the market approach and incorporates assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation techniques. These inputs can be readily observable, market-corroborated, or generally unobservable internally developed inputs. Based on the observability of the inputs used in the valuation techniques, the derivative assets and liabilities are classified as follows:

- Level 1:** Level 1 represents unadjusted quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. This category primarily includes energy derivative instruments that are exchange-traded or that are cleared and settled through the exchange.
- Level 2:** Level 2 represents quoted market prices for similar assets or liabilities in active markets, quoted market prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. This category includes over-the-counter (OTC) derivative instruments such as generic swaps and forwards and derivative instruments.
- Level 3:** This category includes energy derivative instruments whose fair value is estimated based on internally developed models and methodologies utilizing significant inputs that are generally less readily observable from objective sources (such as market heat rates,

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

implied volatilities, and correlations). All of MP2's customer contracts are included in Level 3.

MP2 values some of its OTC, complex, or structured derivative instruments using valuation models, which utilize inputs that may not be corroborated by market data, such as market prices for power and fuel, market-implied heat rates, load and price shapes, ancillary services, volatilities, and correlations as well as other relevant factors as may be deemed appropriate. When such inputs are significant to the fair value measurement, the derivative assets or liabilities are classified as Level 3 when MP2 does not have corroborating market evidence to support significant valuation model inputs and cannot verify the model to market transactions. MP2 believes the transaction price is the best estimate of fair value at inception under the exit price methodology. Accordingly, when a pricing model is used to value such an instrument, the resulting value is adjusted so the model value at inception equals the transaction price.

Valuation models are typically impacted by Level 1 or Level 2 inputs that can be observed in the market, as well as unobservable Level 3 inputs. Subsequent to initial recognition, MP2 updates Level 1 and Level 2 inputs to reflect observable market changes. Level 3 inputs are updated when corroborated by available market evidence. In the absence of such evidence, management's best estimate is used.

Nonperformance Risk on Derivative Liabilities

In accordance with ASC 820, fair value measurement of MP2's derivative liabilities reflects the nonperformance risk related to that liability, which is its own credit risk. MP2 derives its nonperformance risk by applying the rate embedded in the ISDA Master Agreement with Pacific Summit Energy LLC (PSE) (the Retail Credit Agreement) against the respective derivative liability. See note 4 for further discussion of the Retail Credit Agreement. As of December 31, 2012 and 2011, MP2 had \$2.5 million and \$312 thousand, respectively, in reserves for nonperformance risk on derivative liabilities.

Credit Risk on Derivative Assets

In accordance with ASC 820, fair value measurement of MP2's derivative assets reflects the nonperformance risk related to the asset, which is based on the credit risk of its diverse customer base. MP2 derives its nonperformance risk by applying the customer and industry specific credit default swap spreads for the load contracts against the respective derivative asset. At December 31, 2012 and 2011, MP2 had \$3.8 million and \$1.1 million, respectively, in reserves for nonperformance risk on derivative assets.

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

Fair Value of Derivative Instruments

The fair value measurement of MP2's financial assets and liabilities by class in 2012 is as follows:

	2012			Total fair value
	Level 1	Level 2	Level 3	
	(In thousands)			
Total derivative contract assets:				
Load contracts:				
Power	\$ —	—	32,953	32,953
Wholesale supply contracts:				
Gas	1,525	—	—	1,525
Power	—	50,894	—	50,894
Ancillary services	—	1,664	—	1,664
Total derivative contract assets	<u>\$ 1,525</u>	<u>52,558</u>	<u>32,953</u>	<u>87,036</u>
Total derivative contract liabilities:				
Load contracts:				
Power	\$ —	—	(9,960)	(9,960)
Wholesale supply contracts:				
Gas	(16,580)	—	—	(16,580)
Power	—	(26,644)	—	(26,644)
Ancillary services	—	(2,697)	—	(2,697)
Total derivative contract liabilities	<u>\$ (16,580)</u>	<u>(29,341)</u>	<u>(9,960)</u>	<u>(55,881)</u>

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

The fair value measurement of MP2's financial assets and liabilities by class in 2011 is as follows:

	2011			Total fair value
	Level 1	Level 2	Level 3	
	(In thousands)			
Total derivative contract assets:				
Load contracts:				
Power	\$ —	—	29,855	29,855
Wholesale supply contracts:				
Gas	574	—	—	574
Power	—	41,973	—	41,973
Ancillary services	—	2,160	—	2,160
Total derivative contract assets	\$ <u>574</u>	<u>44,133</u>	<u>29,855</u>	<u>74,562</u>
Total derivative contract liabilities:				
Load contracts:				
Power	\$ —	—	(5,764)	(5,764)
Wholesale supply contracts:				
Gas	(25,022)	—	—	(25,022)
Power	—	(17,822)	—	(17,822)
Ancillary services	—	(4,096)	—	(4,096)
Total derivative contract liabilities	\$ <u>(25,022)</u>	<u>(21,918)</u>	<u>(5,764)</u>	<u>(52,704)</u>

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

The following is a reconciliation of changes in fair value of net derivative assets and liabilities classified as Level 3 in 2012 and 2011:

	Net derivatives (Level 3) (In thousands)
Balance, December 31, 2010	\$ 14,902
Total gains realized/unrealized:	
Included in earnings	2,178
Purchases	12,867
Issuances	—
Settlements	(5,856)
Transfers into and out of Level 3	—
Balance, December 31, 2011	24,091
Total gains realized/unrealized:	
Included in earnings	(6,914)
Purchases	19,185
Issuances	
Settlements	(13,369)
Transfers into and out of Level 3	—
Balance, December 31, 2012	\$ <u>22,993</u>

The following table presents the amounts include in income related to derivative assets and liabilities classified as Level 3:

	Net derivatives (Level 3) (In thousands)
Changes in unrealized gains/losses relating to derivative assets and liabilities still held at December 31, 2012	\$ (1,098) ⁽¹⁾
Changes in unrealized gains/losses relating to derivative assets and liabilities still held at December 31, 2011	9,190 ⁽¹⁾

⁽¹⁾ Recorded in revenue

(f) *Derivatives and Hedging Activities*

MP2 accounts for its derivatives instruments and hedging activities in accordance with ASC Topic 815, *Derivatives and Hedging*, as amended.

Changes in commodity prices prior to the energy delivery period are inherent in MP2's business. MP2 routinely enters derivative contracts to manage its purchase and sale commitments. Fixed-price

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

derivatives are used to fix the price for a portion of these transactions. MP2 uses derivative instruments such as futures, forwards, and swaps to execute its retail supply procurement strategy.

MP2 purchases substantially all of its Texas power supply requirements from PSE. MP2 continues to focus its supply procurement strategy on (a) matching supply costs and supply timing with sales commitments, (b) managing periodic adjustments of physical supply to manage ongoing operational and customer usage changes and (c) managing procurement needs within available market liquidity.

For MP2's risk management activities, it uses derivative contracts that provide for settlement in cash or by delivery of a commodity. The primary types of derivative instruments MP2 uses are forwards, futures, and swaps. MP2 accounts for its derivatives under mark-to-market accounting. The fair values of derivative activities are determined by (a) prices actively quoted, (b) prices provided by other external sources, or (c) prices based on models and other valuation methods. See note 2(e) for discussion on fair value measurements.

A summary of MP2's derivative activities and classification in its results of operations is as follows:

Derivative instrument	Purpose for holding or issuing instrument ⁽¹⁾	Transactions that physically flow/settle	Transactions that financially settle
Load contracts	Power sales to end-use retail customers	Revenues	N/A
Power forward contracts	Power purchases	Cost of sales	N/A
Natural gas futures and swap contracts	Power purchases	N/A	Cost of sales
Ancillary swaps	Power purchases	N/A	Cost of sales

⁽¹⁾ The purpose for holding or issuing does not impact the accounting method elected for each instrument.

Unrealized gains and losses on energy derivatives consist of gains and losses on energy derivatives during the current reporting period for derivative assets or liabilities that have not settled as of the balance sheet date.

The following table presents the fair value of the Company's derivative financial instruments in 2012:

2012					
(In thousands)					
	Derivative assets		Derivative liabilities		Net derivative assets (liabilities)
	Current	Long-term	Current	Long-term	
Load derivative contracts	\$ 16,445	16,509	(2,527)	(7,433)	22,994
Wholesale supply derivative contracts	18,813	35,270	(20,692)	(25,229)	8,162
Total derivative contracts	<u>\$ 35,258</u>	<u>51,779</u>	<u>(23,219)</u>	<u>(32,662)</u>	<u>31,156</u>

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

The following table presents the fair value of the Company's derivative financial instruments in 2011:

2011					
(In thousands)					
	Derivative assets		Derivative liabilities		Net derivative assets (liabilities)
	Current	Long-term	Current	Long-term	
Load derivative contracts	\$ 14,068	15,788	(1,681)	(4,083)	24,092
Wholesale supply derivative contracts	16,530	28,177	(19,455)	(27,485)	(2,233)
Total derivative contracts	\$ 30,598	43,965	(21,136)	(31,568)	21,859

The following table presents the net gains (losses) for derivative financial instruments recognized in income in the consolidated statement of operations in 2012:

2012		
(In thousands)		
	Revenues	Cost of sales
Derivative instruments:		
Load contracts:		
Unrealized	\$ (1,098)	—
Realized	156,244	—
Total load contracts	155,146	—
Wholesale supply contracts:		
Unrealized	—	10,394
Realized	—	(76,006)
Total wholesale supply contracts	\$ —	(65,612)

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

The following table presents the net gains (losses) for derivative financial instruments recognized in income in the consolidated statement of operations in 2011:

		2011	
		Revenues	Cost of sales
		(In thousands)	
Derivative instruments:			
Load contracts:			
Unrealized	\$	9,190	—
Realized		85,561	—
Total load contracts		94,751	—
Wholesale supply contracts:			
Unrealized		—	1,111
Realized		—	(42,321)
Total wholesale supply contracts	\$	—	(41,210)

The following table presents the notional quantity on long (short) positions on derivative financial instruments in 2012:

		2012		
		Notional volumes		
	Unit ⁽¹⁾	Derivative contract assets	Derivative contract liabilities	Net derivative contracts
Derivative instrument:				
Load contracts:				
Fixed Price Power	MWh	2,651,589	101,673	2,753,262
Heat Rate Power	MWh	1,348,047	1,481,835	2,829,882
Power Index	MWh	661,886	150,138	812,024
Wholesale contracts:				
Fixed Price Power	MWh	99,744	289,440	389,184
Heat Rate Power	MWh	2,645,952	2,852,737	5,498,689
Ancillary services	MWh	158,784	577,056	735,840
Financial Gas	MMBTU	145,897	(17,969,797)	(17,823,900)

⁽¹⁾ MWh is megawatt hours and MMBTU is million British thermal units.

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

The following table presents the notional quantity on long (short) positions derivative financial instruments in 2011:

		2011		
		Notional volumes		
	Unit ⁽¹⁾	Derivative contract assets	Derivative contract liabilities	Net derivative contracts
Derivative instrument:				
Load contracts:				
Fixed Price Power	MWh	1,869,037	19,979	1,889,016
Heat Rate Power	MWh	428,147	1,770,360	2,198,507
Power Index	MWh	462,196	229,600	691,796
Wholesale contracts:				
Fixed Price Power	MWh	7,620	29,822	37,442
Heat Rate Power	MWh	2,554,072	1,836,907	4,390,979
Ancillary services	MWh	37,920	610,848	648,768
Financial Gas	MMBTU	580,000	(18,403,000)	(17,823,000)

⁽¹⁾ MWh is megawatt hours and MMBTU is million British thermal units.

In addition to market risk, MP2 is exposed to credit and operational risk. MP2 has a risk policy where ongoing compliance is required per the PSE agreement. Amendments to the policy are required for such things as (a) new retail and supply products and (b) extensions to term and/or tenure. MP2 uses mark-to-market valuation and other metrics in monitoring and measuring risk. MP2's risk control framework includes a variety of separate but complementary processes including oversight by MP2's Board of Managers. See note 2(g) for further discussion of MP2's credit policy.

(g) Credit Risk

Per the Retail Credit Agreement, MP2 is required to obtain 60 days of credit insurance for all customers with estimated 60-day receivables exposure greater than \$2,500. MP2 has contracted with Euler Hermes ACI Insurance (Euler) to obtain the necessary credit insurance. The requirement to obtain credit insurance also serves to efficiently and effectively outsource the credit function. For 2012 and 2011, MP2 incurred \$174 thousand and \$136 thousand, respectively, of credit insurance expenses. MP2 recognized bad debt expense of \$347 thousand and \$316 thousand in 2012 and 2011, respectively. As a compliment to the insurance and services provided by Euler, MP2 monitors credit on a daily basis in management of both accounts receivable and more importantly to proactively manage the mark-to-market risk embedded in retail customer contracts.

Through direct trades and "mirror" trades, which are trades to close or flatten PSE's position and create the same power transaction between PSE and MP2, all of MP2's supply transactions are completed with PSE. Although the credit concentration risk is high, PSE's backing by A-rated Sumitomo significantly reduces the credit exposure. See note 4 for further discussion of the Retail Credit Agreement with PSE.

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

As of December 31, 2012, MP2 held deposits of \$192 thousand from customers and no collateral from any counterparty. As of December 31, 2011, MP2 held no deposits from customers or collateral from any counterparty.

(h) Selling, General, and Administrative Expenses

Selling, general, and administrative expenses include, among other items, (a) salaries and benefits, (b) marketing fees, (c) legal and professional costs, (d) rent expense, and (e) dues and subscriptions in support of risk management and recurring office expenses.

(i) Property, Plant, and Equipment and Depreciation Expense

MP2 computes depreciation using the straight-line method based on estimated useful lives. Depreciation expense was \$50 thousand and \$56 thousand in 2012 and 2011, respectively.

	<u>Estimated useful lives (years)</u>	<u>December 31, 2012</u>	<u>Estimated useful lives (years)</u>	<u>December 31, 2011</u>
		(In thousands)		
Placed in service:				
GRID Portal development	5	\$ 129	5	\$ 129
Computers and other information technology hardware	3	132	3	115
Furniture and fixtures	7	63	7	30
Land	N/A	57	N/A	—
Work-in-process:				
Software	5	227	5	—
Equipment	10	<u>3,225</u>	10	<u>—</u>
Total		3,833		274
Accumulated depreciation		<u>(154)</u>		<u>(130)</u>
Fixed assets, net		<u>\$ 3,679</u>		<u>\$ 144</u>

MP2 evaluates property, plant, and equipment for impairment when events or circumstances indicate the carrying value of these assets may not be recoverable. The evaluation is highly dependent on the underlying assumptions of related cash flows. MP2 recorded no property, plant, and equipment impairments during 2012.

(j) Income Taxes

MP2, organized as a limited liability company, elected to be taxed as a partnership; thus pays no federal income tax. It files information returns and passes through the income tax liability to its LLC

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

members. However, it has Texas margin tax liability as partnerships are not tax-exempt entities in the state of Texas.

(k) *Cash and Cash Equivalents Including Restricted Deposits*

MP2 records all highly liquid short-term investments with maturities of three months or less as cash equivalents. The PSE agreement established a lockbox for collection of all customer receipts and disbursement of all bills related to the cost to serve the customer. The bank account is in the name of both PSE and MP2. Per the PSE credit agreement, MP2 must follow a specific set of steps in disbursing cash from the lockbox. As such, cash held in the lockbox at December 31, 2012 and 2011 is classified as restricted deposits. See note 4.

(l) *Gross Receipts Taxes*

MP2 records gross receipts taxes on a gross basis in revenues and cost of sales in its consolidated statements of operations. During 2012 and 2011, revenues and cost of sales include gross receipts taxes of \$1.9 million and \$1.2 million, respectively.

(m) *Sales Taxes*

MP2 records sales taxes collected from its taxable customers and remitted to the various governmental entities on a net basis; thus, there is no impact on its consolidated statements of operations.

(n) *Other Current Assets and Liabilities*

Other current assets primarily consist of prepayments for future services and security deposits. Specifically, the prepayments include broker commissions, wholesale energy supply, and insurance.

Other current liabilities primarily consist of taxes, cash disbursements due, asset management customers, and customer credit balances.

(3) *Related-Party Transactions*

Billing Support and Technical Services

Energy Billing Services, LLC provides billing support for MP2 Energy Texas, LLC. Energy Billing Services, LLC is controlled by the same ownership and management as Ben Holdings, LLC, which holds a noncontrolling ownership interest in MP2.

(4) *Retail Credit Agreement with Pacific Summit Energy LLC*

The Retail Credit Agreement became effective on March 2, 2010. The Agreement had a term of five (5) years and was amended on September 30, 2010 to, among other things, increase the approved retail customer sales contract term from three (3) to five (5) years. The Agreement was again amended on September 1, 2011 to, among other things, extend the term through August 2016 and give PSE an option to extend through August 2018.

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

Under the Retail Credit Agreement, as amended, MP2 transacts all financial gas hedges with PSE while acting as agent for PSE in procuring the necessary power hedges. For each power transaction, MP2 transacts with various wholesale counterparties in the open market as PSE. When completing the necessary transaction confirmation, MP2 then creates a "mirror" trade to close or flatten PSE's position and create the same power transaction between PSE and MP2. This process results in MP2 having all of its credit exposure related to forward supply hedges with PSE. PSE provides guarantees and the posting of collateral for all of MP2 Energy Texas LLC's ongoing business needs. The guarantees and postings are made to (1) ERCOT, (2) Public Utility Commission of Texas, (3) transmission and distribution service providers, and (4) MP2 Energy Texas, LLC retail customers and/or wholesale power providers, as needed, and as agreed upon by PSE.

Pursuant to the Retail Credit Agreement with PSE, through August 2011 MP2 Energy Texas LLC paid a fee to PSE for each MWh of power it delivered to its retail customers plus a percentage of its gross margin, reduced by certain costs incurred by MP2 Energy Texas LLC. Pursuant to the amended agreement, beginning September 1, 2011, MP2 Energy Texas no longer pays a percentage of its gross margin to PSE. For any past due amounts, MP2 Energy Texas LLC pays interest to PSE equal to LIBOR + 500 basis points.

Also included in the September 30, 2010 amendment was a modification to allow MP2 Energy Texas LLC to withdraw up to \$750 thousand from the lockbox account to cover broker fees and general and administrative expenses. Beginning September 2011, the Retail Credit Agreement, as amended, allows MP2 to withdraw up to \$2 million to cover broker fees and general and administrative expenses.

In connection with the Retail Credit Agreement, MP2 Energy Texas LLC pledged all of its assets and future revenue streams as security to PSE. In addition, MP2 provided a parental guarantee.

(5) Commitments

(a) Lease Commitments

Cash Obligations under Operating Leases

MP2's projected cash obligations under noncancelable long-term operating leases as of December 31, 2012 are \$175 thousand for each of the years from 2013 through 2019.

Operating Lease Expense

Total lease expense for all operating leases was \$103 thousand and \$108 thousand in 2012 and 2011, respectively.

MP2 ENERGY LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

(b) Other Commitments

Retail Broker Payments

MP2 acquires a majority of its customers through indirect sales channels commonly referred to as the Aggregator, Broker and Consulting (ABC) channel. ABC works on behalf of the customer in return for a broker payment that is usually paid for by the retail electric provider. MP2 generally pays broker payments on a monthly basis depending upon the previous month's customer cash receipts. MP2 estimated forward broker payment commitments as of December 31, 2012 as follows:

	Broker payment commitments (In thousands)
2013	\$ 4,195
2014	3,191
2015	1,936
2016	857
2017	212
2018	13
Total	<u>\$ 10,404</u>

(6) Contingencies

MP2 is involved in certain legal and other matters before courts and governmental agencies.

In August 2012, MP2 reached a favorable settlement agreement with all parties involved in a lawsuit initially filed in 2010 that was pending in the 9th Judicial District Court of Montgomery County, Texas. The settlement resulted in the dismissal with prejudice and full and final release of all claims and counterclaims.

MP2 has certain other immaterial legal proceedings incurred in the normal course of business.

(7) Subsequent Event

MP2 evaluated subsequent events from the balance sheet date through April 23, 2013, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

Exhibit C-4: Financial Arrangements

Exhibit C-4: Financial Arrangements

The information included in exhibit C-4 is proprietary and confidential information filed under a Motion for Protective Order.

Exhibit C-5: Forecasted Financial Statements

Exhibit C-5: Forecasted Financial Statements

The information included in exhibit C-5 is proprietary and confidential information filed under a Motion for Protective Order.

Exhibit C-6: Credit Rating

Exhibit C-6: Credit Rating




MP2 Energy has partnered with Pacific Summit Energy to provide financial backing and wholesale credit in support of MP2's retail operations. Pacific Summit Energy (PSE) is a wholly owned subsidiary of Sumitomo Corporation, a Tokyo, Japan based global company that is double "A" rated by both S&P and Moody's, and traces its roots to over 400 years ago. Sumitomo is Japan's 3rd largest *Kieretsu*, the Japanese equivalent of a conglomerate, such as General Electric in America, with large banking, trading, manufacturing, and distribution interests. Sumitomo is a geographically diverse firm representing many different business types across the globe with over \$30 Billion in annual revenue and over \$80 Billion in assets. Sumitomo has diverse interests in metals, infrastructure, chemicals and refining, liquefied natural gas, media, retail, etc. (<http://www.sumitomocorp.co.jp/english/business/index.html>) Pacific Summit Energy is Sumitomo's North American Natural Gas and Power Marketing arm, trading and providing credit within the natural gas, liquefied natural gas, and power spaces.

Pacific Summit Energy provides credit and financial support to MP2 Energy under a strict risk management policy which, very uniquely, allows MP2 to leverage PSE and Sumitomo's credit and balance sheet with all of the major wholesale power trading counterparties in ERCOT. This allows MP2 to blend our unique and best in class expertise, risk management, and wholesale trading expertise with one of the best credit positions within the ERCOT market. Our counterparties directly face Sumitomo for credit around transactions. This agreement, unlike many of our competitors, allows the Principals of MP2 to act as agent on behalf of Pacific Summit Energy to procure power from an array of all of the most active counterparties in ERCOT, as opposed to having a single wholesale provider that we are held captive to. We procure power and gas through this structure from all of the most active ERCOT participants including NRG, TXU, Direct Energy, JP Morgan, BNP Paribas, and Shell. This arrangement permits MP2 manage its own risk and power positions, ensuring that power is purchased at the lowest cost alternative in the wholesale marketplace, and that the day to day deal flow and power trading market knowledge that can be gleaned is shared across our office and allows our people to be much closer to the market than at any other Retail Electricity Provider shop.

Sumitomo financial statements and credit rating are attached at the end of this response.

Credit Ratings

(As of March, 2012)

Rating Agency	Long-term Debt	Short-term Debt
 Moody's Investors Service	A2	P-1
 Standard & Poor's	A	A-1
 Rating and Investment Information, Inc.	AA-	a-1+

Please refer to their homepages for further information such as credit rating definitions

Source: <http://www.sumitomocorp.co.jp/english/ir/financial/rating/>

1. Key Financial Indicators

	GG Plan		FOCUS'10			/r/		(100 millions of yen)
	FY2007	FY2008	FY2009	FY2010	FY2010	FY2011	FY2012	BBQ2014
	(U.S. GAAP)	(U.S. GAAP)	(U.S. GAAP)	(U.S. GAAP)	(IFRS)	(IFRS)	(IFRS)	FY2013 HQ
Profit for the year attributable to owners of the parent	2,389	2,161	1,562	2,027	2,002	2,507	2,325	809
Total assets	78,714	70,182	71,378	72,663	72,305	72,268	78,328	79,696
Equity attributable to owners of the parent	14,927	13,531	15,837	18,190	15,705	18,801	20,528	21,837
Equity attributable to owners of the parent ratio (%)	19.7	19.3	22.2	22.3	21.7	23.4	26.2	27.3
Interest-bearing liabilities (gross)	37,097	37,027	38,007	37,529	37,674	36,136	35,514	36,710
Interest-bearing liabilities (net)	32,478	31,886	27,818	30,418	30,683	27,887	29,301	29,929
Debt-equity ratio (gross) (times)	2.5	2.7	2.3	2.3	2.4	2.1	1.9	1.8
Debt-equity ratio (net) (times)	2.2	2.4	1.8	1.9	1.9	1.8	1.4	1.4
Working capital	9,904	7,931	9,520	10,242	11,482	12,179	13,703	13,815

2. Stock Price Related Indicators

	FY2007	FY2008	FY2009	FY2010	FY2010	FY2011	FY2012	(yen)
	(U.S. GAAP)	(U.S. GAAP)	(U.S. GAAP)	(U.S. GAAP)	(IFRS)	(IFRS)	(IFRS)	FY2013 HQ
Stock price of Sumitomo Corporation								
(closing price)	1,313	843	1,075	1,169	1,189	1,196	1,178	1,237
(highest)	2,445	1,958	1,113	1,207	1,297	1,284	1,276	1,818
(lowest)	1,221	556	811	874	874	875	984	1,101
Initial stock average (closing price)	12,626.54	8,100.53	11,889.84	9,755.10	9,786.10	10,083.58	12,387.91	13,077.32
Shares of common stock issued (unit: thousand)	1,250,603	1,250,603	1,250,603	1,250,603	1,250,603	1,250,603	1,250,603	1,250,603
Earnings per share attributable to owners of the parent (basic)	192.51	172.06	124.15	162.18	160.17	200.52	185.92	65.58

Note: We prepared consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") from the fiscal year ended March 31, 2011. The date of migration to IFRS was April 1, 2009. We established quarterly targets in our medium-term management plan based on U.S. GAAP until the fiscal year ended March 31, 2011. For readers' convenience, we discuss the consolidated financial information based on U.S. GAAP and IFRS for the fiscal year ended March 31, 2011.

3-1. Consolidated Statements of Income (U.S.GAAP)

(100 millions of yen)

	FY2007 full year	FY2008 full year	FY2009 full year	FY2010* full year
Revenues:				
Sales of tangible products	30,407	28,333	23,366	25,254
Sales of services and others	6,302	6,783	5,475	5,766
Total revenues	36,709	35,116	28,842	31,020
Cost:				
Cost of tangible products sold	(25,517)	(23,429)	(18,994)	(20,340)
Cost of services and others	(1,847)	(2,335)	(2,052)	(2,045)
Total cost	(27,364)	(25,763)	(21,047)	(22,385)
Gross profit	9,345	9,352	7,795	8,635
Other income (expenses):				
Selling, general and administrative expenses	(6,694)	(6,544)	(6,392)	(6,475)
Provision for doubtful receivables	(111)	(175)	(198)	(164)
Impairment losses on long-lived assets	(135)	(147)	(47)	(52)
Gain (loss) on sale of property and equipment, net	35	(4)	98	22
Interest income	283	216	154	136
Interest expense	(711)	(577)	(395)	(292)
Dividends	153	146	113	100
Gain on marketable securities and other investments, net	949	45	329	138
Equity in earnings of associated companies, net	569	900	761	922
Other, net	(7)	(16)	15	(35)
Total other income (expenses)	(5,669)	(6,156)	(5,563)	(5,700)
Income before income taxes	3,676	3,196	2,233	2,936
Income taxes	(1,198)	(963)	(618)	(812)
Net income	2,478	2,233	1,615	2,124
Net income attributable to noncontrolling interests	(89)	(83)	(63)	(96)
Net income attributable to Sumitomo Corporation	2,389	2,151	1,552	2,027
Basic Profit	1,971	2,430	1,514	2,164
Total trading transactions	114,846	107,500	77,672	83,504
Operating income	2,541	2,634	1,205	1,996

Note) The Companies adopted ASC 810 "Consolidation" (formerly SFAS 160) and changed the certain presentation.

* We established quantitative targets in our medium-term management plan based on U.S.GAAP until the fiscal year ended March 31, 2011.

For readers' convenience, we disclose the consolidated financial information based on U.S. GAAP for the fiscal year ended March 31, 2011.

4. Consolidated Statements of Comprehensive Income (Loss) (U.S.GAAP)

(100 millions of yen)

	FY2007 full year	FY2008 full year	FY2009 full year	FY2010* full year
Net income	2,478	2,233	1,615	2,124
Net unrealized holding gains (losses) on securities available-for-sale	(1,353)	(1,093)	558	(433)
Foreign currency translation adjustments	(588)	(1,695)	305	(769)
Net unrealized gains (losses) on derivatives	27	(122)	28	29
Pension liability adjustments	(115)	(256)	209	(138)
Comprehensive income (loss)	449	(932)	2,714	812
Comprehensive income (loss) attributable to noncontrolling interests	(54)	20	(81)	(60)
Comprehensive income (loss) attributable to Sumitomo Corporation	395	(912)	2,632	752

Note) The Companies adopted ASC 810 "Consolidation" (formerly SFAS 160). FY2007 and FY2008 amounts are reclassified to conform to ASC 810.

* We established quantitative targets in our medium-term management plan based on U.S.GAAP until the fiscal year ended March 31, 2011.

For readers' convenience, we disclose the consolidated financial information based on U.S. GAAP for the fiscal year ended March 31, 2011.

3-2. Consolidated Statements of Comprehensive Income (IFRS)

	(100 millions of yen)				
	FY2009 full year	FY2010 full year	FY2011 full year	FY2012 full year	FY2013 1Q
Revenues					
Sales of tangible products	23,261	25,255	25,570	24,324	6,531
Sales of services and others	5,507	5,746	7,040	5,839	1,446
Total revenues	28,767	31,002	32,610	30,162	7,978
Cost					
Cost of tangible products sold	(18,974)	(20,322)	(20,669)	(20,036)	(5,401)
Cost of services and others	(2,042)	(2,040)	(2,753)	(1,857)	(406)
Total cost	(21,017)	(22,362)	(23,422)	(21,893)	(5,807)
Gross profit	7,751	8,640	9,188	8,270	2,171
Other income (expenses)					
Selling, general and administrative expenses	(6,506)	(6,607)	(6,864)	(6,571)	(1,720)
Impairment losses on long-lived assets	(100)	(199)	(133)	(180)	(1)
Gain (loss) on sale of property, plant and equipment, net	94	22	44	103	5
Other, net	15	(22)	(36)	(16)	2
Total other income (expenses)	(6,497)	(6,805)	(6,990)	(6,645)	(1,713)
Operating profit	1,254	1,835	2,199	1,625	458
Finance income (costs)					
Interest income	158	139	139	133	31
Interest expense	(406)	(320)	(290)	(291)	(79)
Dividends	113	100	112	134	41
Gain (loss) on securities and other investments, net	357	95	148	515	36
Finance income (costs), net	222	14	109	492	29
Share of profit of investments accounted for using the equity method	744	956	1,106	1,074	284
Profit before tax	2,220	2,805	3,414	3,190	770
Income tax expense	(526)	(707)	(777)	(753)	(143)
Profit for the year (period)	1,694	2,098	2,637	2,437	626
Profit for the year (period) attributable to:					
Owners of the parent	1,654	2,002	2,507	2,325	609
Non-controlling interests	40	96	130	112	18
Other comprehensive income					
Item that will not be reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income	-	(395)	(14)	328	196
Remeasurements of defined benefit pension plans	175	(139)	(120)	(16)	(14)
Share of other comprehensive income of investments accounted for using the equity method	-	7	46	17	11
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	385	(877)	(675)	1,826	762
Cash-flow hedges	(17)	49	20	(20)	23
Share of other comprehensive income of investments accounted for using the equity method	70	(11)	2	(0)	5
Available-for-sale securities	553	-	-	-	-
Other comprehensive income, net of tax	1,166	(1,366)	(741)	2,132	984
Comprehensive income for the year (period)	2,859	732	1,896	4,569	1,610
Comprehensive income for the year (period) attributable to:					
Owners of the parent	2,803	664	1,800	4,398	1,571
Non-controlling interests	56	68	96	171	39
Total trading transactions*1	77,574	83,494	82,730	75,027	19,412
Basic Profit*2	1,512	2,205	2,515	2,165	568

Note1) We have prepared consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") since the fiscal year ended March 31, 2011. The date of transition to IFRSs was April 1, 2009.

Note2) The Companies adopted revised IAS 1 "Presentation of Financial Statements" and changed the presentation of other comprehensive income. The prior year amounts are reclassified accordingly.

*1 Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as a principal or as an agent. Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under IFRSs.

*2 Calculation: (Gross profit - Selling, general and administrative expenses (excluding provision for doubtful receivables) - Interest expense, net of interest income - Dividends) x (1 - Tax rate) + Share of profit of investments accounted for using the equity method

5-1. Consolidated Balance Sheets (U.S.GAAP)

(100 millions of yen)

	FY2007 March 31, 2008	FY2008 March 31, 2009	FY2009 March 31, 2010	FY2010* March 31, 2011
Current assets:				
Cash and cash equivalents	4,568	5,114	8,138	7,043
Time deposits	54	45	51	68
Marketable securities	199	190	53	52
Receivables-trade				
Notes and loans	2,423	1,886	2,102	2,249
Accounts	17,821	13,040	12,049	11,797
Associated companies	1,093	1,159	1,076	1,097
Allowance for doubtful receivables	(148)	(165)	(262)	(245)
Inventories	7,562	8,401	6,768	7,033
Deferred income taxes	393	340	342	499
Advance payments to suppliers	739	949	685	640
Assets held for sale	-	-	-	-
Other current assets	2,534	2,790	2,117	2,048
Total current assets	37,238	33,748	33,119	32,283
Investments and long-term receivables:				
Investments in and advances to associated companies	8,836	8,934	9,367	12,239
Other investments	6,552	4,503	5,228	4,308
Long-term receivables	8,328	7,456	7,330	8,015
Allowance for doubtful receivables	(221)	(331)	(245)	(186)
Total investments and long-term receivables	23,495	20,562	21,679	24,375
Property and equipment, at cost less accumulated depreciation	9,971	10,551	11,244	11,031
Prepaid expenses, non-current	478	435	708	485
Deferred income taxes, non-current	142	362	254	222
Other assets	4,390	4,523	4,373	4,297
Total	75,714	70,182	71,378	72,693
Current liabilities:				
Short-term debt	6,251	7,922	4,534	3,078
Current maturities of long-term debt	4,289	3,828	4,813	5,286
Payables-trade				
Notes and acceptances	846	637	485	509
Accounts	11,592	8,304	9,210	8,917
Associated companies	267	349	207	314
Income taxes	374	281	310	336
Accrued expenses	1,015	856	914	898
Advances from customers	1,073	1,224	1,131	1,039
Liabilities associated with assets held for sale	-	-	-	-
Other current liabilities	1,627	2,396	1,595	1,665
Total current liabilities	27,334	25,797	23,199	22,040
Long-term debt, less current maturities	30,120	28,213	29,385	31,738
Accrued pension and retirement benefits	141	200	192	209
Deferred income taxes, non-current	1,893	1,383	1,656	1,361
Equity				
Sumitomo Corporation shareholders' equity:				
Common stock	2,193	2,193	2,193	2,193
Additional paid-in capital	2,910	2,913	2,886	2,883
Retained earnings				
Appropriated for legal reserve	177	177	177	177
Unappropriated	9,431	11,094	12,346	13,986
Accumulated other comprehensive income (loss)	228	(2,834)	(1,754)	(3,029)
Treasury stock, at cost	(12)	(11)	(11)	(11)
Total Sumitomo Corporation shareholders' equity	14,927	13,531	15,837	16,199
Noncontrolling interests	1,299	1,058	1,109	1,146
Total equity	16,227	14,589	16,947	17,345
Total	75,714	70,182	71,378	72,693

Note) The Companies have adopted ASC 810 "Consolidation" (formerly SFAS 160) since FY2009. In accordance with ASC 810, the Companies included noncontrolling interests, which were previously referred to as "minority interests" and classified between total liabilities and stockholders' equity on the consolidated balance sheets, as a part of total equity.

The prior year end amounts are reclassified to conform to ASC 810.
 * We established quantitative targets in our medium-term management plan based on U.S.GAAP until the fiscal year ended March 31, 2011.
 For readers' convenience, we disclose the consolidated financial information based on U.S. GAAP for the fiscal year ended March 31, 2011.

5-2. Consolidated Statements of Financial Position (IFRS)

(100 millions of yen)

	FY2009	FY2010	FY2011	FY2012	FY2013	
	April 1, 2009	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013	June 30, 2013
ASSETS						
Current assets:						
Cash and cash equivalents	5,118	8,143	7,043	8,219	9,245	8,712
Time deposits	45	51	68	52	66	68
Marketable securities	190	53	52	205	297	350
Trade and other receivables	16,226	15,127	15,114	15,144	14,709	14,808
Other financial assets	831	678	686	482	557	669
Inventories	8,322	6,702	6,988	7,071	7,705	8,064
Advance payments to suppliers	2,716	2,836	3,332	2,177	1,258	1,298
Other current assets	2,168	1,763	1,608	1,553	1,632	1,899
Total current assets	35,615	35,352	34,893	34,903	35,469	35,867
Non-current assets:						
Investments accounted for using the equity method	7,503	8,168	11,010	12,467	14,906	15,555
Other investments	4,496	5,220	4,463	4,769	5,210	5,390
Trade and other receivables	6,500	6,084	6,224	6,457	6,641	6,729
Other financial assets	626	537	535	750	971	921
Property, plant and equipment	8,084	8,383	8,134	6,069	8,220	8,489
Intangible assets	3,606	3,617	3,490	3,316	2,798	2,821
Investment property	2,200	2,443	2,377	2,156	2,640	2,791
Biological assets	-	-	-	-	113	110
Prepaid expenses	435	697	498	361	467	450
Deferred tax assets	640	569	681	1,020	894	875
Total non-current assets	34,090	35,718	37,412	37,365	42,858	44,129
Total assets	69,705	71,070	72,305	72,268	78,328	79,996
LIABILITIES AND EQUITY						
Current liabilities:						
Bonds and borrowings	11,786	9,458	8,504	6,323	6,957	7,170
Trade and other payables	9,715	10,458	10,262	11,023	10,807	10,731
Other financial liabilities	1,061	878	921	546	602	689
Income tax payables	279	306	335	278	198	175
Accrued expenses	819	864	882	917	1,015	898
Advances from customers	2,523	2,188	1,994	1,810	1,574	1,608
Provisions	42	39	59	84	63	51
Other current liabilities	1,184	534	472	749	551	631
Total current liabilities	27,408	24,725	23,431	21,730	21,766	21,953
Non-current liabilities:						
Bonds and borrowings	25,364	26,658	29,170	29,815	31,657	31,540
Trade and other payables	1,066	1,268	1,181	1,087	1,059	1,206
Other financial liabilities	671	524	340	368	385	376
Accrued pension and retirement benefits	213	201	188	256	385	381
Provisions	143	144	174	228	380	376
Deferred tax liabilities	966	1,178	1,001	771	936	1,067
Total non-current liabilities	28,422	29,973	32,053	32,526	34,803	34,946
Total liabilities	55,830	54,698	55,484	54,256	56,569	56,899
Equity:						
Common stock	2,193	2,193	2,193	2,193	2,193	2,193
Additional paid-in capital	2,918	2,891	2,889	2,824	2,693	2,694
Treasury stock	(11)	(11)	(11)	(10)	(2)	(2)
Other components of equity	120	1,099	(48)	(630)	1,730	2,675
Retained earnings	7,838	9,160	10,682	12,514	13,914	14,278
Equity attributable to owners of the parent	12,855	15,333	15,705	16,891	20,528	21,837
Non-controlling interests	1,019	1,040	1,116	1,121	1,231	1,261
Total equity	13,875	16,372	16,821	18,012	21,759	23,098
Total liabilities and equity	69,705	71,070	72,305	72,268	78,328	79,996

Note) We have prepared consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") since the fiscal year ended March 31, 2011. The date of transition to IFRSs was April 1, 2009.

6-1. Consolidated Statements of Cash Flows (U.S.GAAP)

(100 millions of yen)

	FY2007 full year	FY2008 full year	FY2009 full year	FY2010* full year
Operating activities:				
Net income	2,478	2,233	1,615	2,124
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	1,466	1,575	1,662	1,615
Provision for doubtful receivables	111	175	198	164
Impairment losses on long-lived assets	135	147	47	52
(Gain) loss on sale of property and equipment, net	(35)	4	(98)	(22)
Gain on marketable securities and other investments, net	(949)	(45)	(329)	(138)
Equity in earnings of associated companies, less dividends received	(170)	(387)	(423)	(285)
(Increase) decrease in receivables	(36)	3,796	761	(925)
(Increase) decrease in inventories	(414)	(1,312)	1,575	(700)
(Decrease) increase in payables	700	(2,652)	701	(4)
Other, net	(49)	(46)	(604)	542
Net cash provided by operating activities	3,237	3,488	5,104	2,422
Investing activities:				
Changes in:				
Property, equipment and other assets	(4,330)	(2,687)	(1,645)	(1,814)
Marketable securities and investments	(268)	(436)	415	(2,759)
Loans and other receivables	1,624	518	636	(402)
Time deposits	(7)	(9)	0	(23)
Net cash used in investing activities	(2,980)	(2,615)	(594)	(4,998)
Free Cash Flows:	256	873	4,510	(2,576)
Financing activities:				
Changes in:				
Short-term debt	382	2,350	(3,382)	(1,033)
Long-term debt	889	(1,418)	2,299	3,103
Cash dividends paid	(449)	(488)	(300)	(388)
Payment to and from noncontrolling interests and others, net	(743)	(502)	(118)	(42)
Net cash provided by (used in) financing activities	79	(58)	(1,501)	1,640
Effect of exchange rate changes on cash and cash equivalents	(158)	(269)	15	(160)
Net increase in cash and cash equivalents included in assets held for sale	23	-	-	-
Net (decrease) increase in cash and cash equivalents	200	545	3,025	(1,095)
Cash and cash equivalents, beginning of year	4,368	4,568	5,114	8,138
Cash and cash equivalents, end of period	4,568	5,114	8,138	7,043

Note) The Companies adopted ASC 810 "Consolidation" (formerly SFAS 160) since FY2009. FY2007 and FY2008 amounts are reclassified to conform to ASC 810.

* We established quantitative targets in our medium-term management plan based on U.S.GAAP until the fiscal year ended March 31, 2011.

For readers' convenience, we disclose the consolidated financial information based on U.S. GAAP for the fiscal year ended March 31, 2011.

6-2. Consolidated Statements of Cash Flows (IFRS)

	(100 millions of yen)				
	FY2009 full year	FY2010 full year	FY2011 full year	FY2012 full year	FY2013 1Q
Operating activities:					
Profit for the year (period)	1,694	2,098	2,637	2,437	626
Adjustments to reconcile profit for the year (period) to net cash from operating activities:					
Depreciation and amortization	1,651	1,606	1,551	941	251
Impairment losses on long-lived assets	100	199	133	160	1
Finance (income) costs, net	(222)	(14)	(109)	(492)	(29)
Share of profit of investments accounted for using the equity method	(744)	(956)	(1,106)	(1,074)	(284)
(Gain) loss on sale of property, plant and equipment, net	(94)	(22)	(44)	(103)	(5)
Income tax expense	526	707	777	753	143
(Increase) decrease in inventories	1,585	(721)	(326)	(64)	(169)
Decrease (increase) in trade and other receivables	1,298	(466)	(815)	1,546	317
(Increase) decrease in prepaid expenses	22	(107)	(35)	(200)	(52)
(Decrease) increase in trade and other payables	652	(27)	(58)	(1,081)	(420)
Other, net	(1,410)	(100)	(700)	(22)	(29)
Net cash from operating activities	5,038	2,195	1,904	2,803	352
Investing activities:					
Changes in:					
Property, plant, equipment and other assets	(667)	(736)	(500)	(1,552)	(501)
Marketable securities and investments	414	(2,778)	257	(313)	44
Loans receivables	(263)	(1,180)	(114)	3	(136)
Net cash used in investing activities	(516)	(4,694)	(357)	(1,862)	(593)
Free Cash Flows:	4,523	(2,499)	1,547	941	(242)
Financing activities:					
Changes in:					
Short-term debt	(3,382)	(1,110)	721	261	94
Long-term debt	2,293	3,098	(478)	267	(217)
Cash dividends paid	(300)	(388)	(550)	(638)	(263)
Payment to and from non-controlling interests and others, net	(124)	(42)	(26)	(137)	(20)
Net cash (used in) from financing activities	(1,513)	1,559	(333)	(247)	(405)
Net (decrease) increase in cash and cash equivalents	3,010	(940)	1,214	694	(647)
Cash and cash equivalents at the beginning of year	5,118	8,143	7,043	8,219	9,245
Effect of exchange rate changes on cash and cash equivalents	16	(160)	(38)	332	114
Cash and cash equivalents at the end of year (period)	8,143	7,043	8,219	9,245	8,712

Note) We have prepared consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") since the fiscal year ended March 31, 2011.
The date of transition to IFRS was April 1, 2009.

T-1. Quarterly Information (IFRS)

	FY2010				FY2011				FY2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
(100 millions of yen)												
Revenues:												
Sales of tangible products	0,218	0,075	0,311	0,861	6,490	6,312	6,220	6,548	8,035	5,855	5,812	8,821
Sales of services and others	1,513	1,391	1,401	1,442	1,730	1,896	1,693	1,820	1,378	1,488	1,386	1,589
Total revenues	1,730	1,466	1,712	2,303	8,221	8,208	7,913	8,368	9,413	7,343	7,198	10,410
Cost:												
Cost of tangible products sold	(4,098)	(4,922)	(5,042)	(5,380)	(5,203)	(5,098)	(4,956)	(5,412)	(4,942)	(4,718)	(4,834)	(5,544)
Cost of services and others	(984)	(454)	(485)	(537)	(709)	(718)	(604)	(724)	(434)	(497)	(445)	(481)
Total cost	(5,082)	(5,376)	(5,527)	(5,917)	(5,912)	(5,816)	(5,560)	(6,136)	(5,376)	(5,215)	(5,279)	(6,025)
Gross profit	2,188	2,890	2,189	2,186	2,309	2,392	2,353	2,232	4,037	2,128	1,919	2,385
Other income (expenses):												
Selling, general and administrative expenses	(1,621)	(1,815)	(1,610)	(1,761)	(1,050)	(1,086)	(1,065)	(1,004)	(1,587)	(1,585)	(1,525)	(1,574)
Impairment losses on long-lived assets	(0)	(0)	(0)	(108)	-	(9)	(8)	(118)	(81)	0	(0)	(79)
Gain (loss) on sale of property, plant and equipment, net	4	1	16	1	4	(8)	7	40	86	2	33	2
Other, net	8	(3)	(1)	(24)	16	(9)	(3)	(40)	2	(10)	23	(31)
Total other income (expenses)	(1,611)	(1,817)	(1,605)	(1,892)	(1,030)	(1,102)	(1,068)	(1,085)	(1,580)	(1,593)	(1,492)	(1,682)
Operating profit	577	473	584	294	279	290	286	247	2,457	535	427	2,703
Finance income (costs):												
Interest income	30	44	31	35	37	28	35	41	29	31	38	36
Interest expense	(88)	(85)	(73)	(74)	(77)	(77)	(89)	(86)	(70)	(71)	(85)	(85)
Dividends	44	8	32	15	44	21	27	20	60	27	20	38
Gain (loss) on securities and other investments, net	39	52	35	(31)	143	24	112	(132)	86	467	15	(23)
Finance income (costs), net	26	20	25	(56)	147	(6)	106	(138)	75	443	7	(34)
Share of profit of investments accounted for using the equity method	280	229	283	287	275	320	230	282	231	273	288	303
Profit before tax	843	719	877	566	1,100	1,002	920	392	2,743	1,081	723	672
Income tax expense	(280)	(183)	(179)	(138)	(216)	(293)	(204)	(70)	(244)	(220)	(48)	(201)
Profit for the period	563	537	698	428	884	710	716	322	2,499	861	675	471
Profit for the period attributable to:												
Owners of the parent	614	603	673	212	838	679	676	316	487	607	692	438
Non-controlling interests	28	23	25	16	54	30	40	6	12	24	43	33
Other comprehensive income:												
Exchange differences on translating foreign operations	(304)	(428)	(100)	46	27	(551)	(836)	485	254	(647)	600	1,618
Financial assets measured at fair value through other comprehensive income	(405)	26	40	(68)	(0)	(238)	(130)	358	(283)	(110)	348	371
Cash-flow hedges	(23)	24	10	38	(7)	(29)	13	44	(81)	4	25	2
Actuarial gains (losses) on defined benefit pension plans	(84)	12	15	(102)	(8)	(36)	(94)	18	(25)	6	28	(25)
Share of other comprehensive income of investments accounted for using the equity method	1	(36)	(10)	41	1	2	(61)	106	(12)	(36)	38	28
Other comprehensive income, net of tax	(795)	(402)	(138)	(33)	14	(849)	(915)	1,019	(118)	(783)	1,039	1,993
Comprehensive income for the period	(153)	125	560	435	898	(139)	(199)	1,341	2,381	29	1,713	2,665
Comprehensive income for the period attributable to:												
Owners of the parent	(183)	115	647	188	854	(171)	(201)	1,319	2,362	40	1,625	2,382
Non-controlling interests	30	11	13	25	60	32	2	13	31	8	49	83
Total trading transactions	20,245	20,677	20,637	21,635	26,434	21,288	20,231	26,775	18,884	18,461	17,828	19,634
Basic Profit	583	498	611	512	681	712	693	630	530	488	613	634

7-2. Quarterly Information (IFRS)

(100 millions of yen)

	FY2013
	1Q
Revenues	
Sales of tangible products	6,531
Sales of services and others	1,446
Total revenues	7,978
Cost	
Cost of tangible products sold	(5,401)
Cost of services and others	(406)
Total cost	(5,807)
Gross profit	2,171
Other income (expenses)	
Selling, general and administrative expenses	(1,720)
Impairment losses on long-lived assets	(1)
Gain (loss) on sale of property, plant and equipment, net	5
Other, net	2
Total other income (expenses)	(1,713)
Operating profit	458
Finance income (costs)	
Interest income	31
Interest expense	(79)
Dividends	41
Gain (loss) on securities and other investments, net	36
Finance income (costs), net	29
Share of profit of investments accounted for using the equity method	284
Profit before tax	770
Income tax expense	(143)
Profit for the period	626
Profit for the period attributable to:	
Owners of the parent	609
Non-controlling interests	18
Other comprehensive income	
Items that will not be reclassified to profit or loss	
Financial assets measured at fair value through other comprehensive income	196
Remeasurements of defined benefit pension plans	(14)
Share of other comprehensive income of investments accounted for using the equity method	11
Items that may be reclassified subsequently to profit or loss	
Exchange differences on translating foreign operations	762
Cash-flow hedges	23
Share of other comprehensive income of investments accounted for using the equity method	5
Other comprehensive income, net of tax	984
Comprehensive income for the period	1,610
Comprehensive income for the period attributable to:	
Owners of the parent	1,571
Non-controlling interests	39
Total trading transactions	19,412
Basic Profit	568

Note) The Companies adopted revised IAS 1 "Presentation of Financial Statements" and changed the presentation of other comprehensive income.

8. Segment Information

(100 millions of yen)

	Gross profit				Share of profit of investments accounted for using the equity method			
	FY2011	FY2012	FY2013		FY2011	FY2012	FY2013	
	full year	1Q	full year	1Q	full year	1Q	full year	1Q
Metal Products	669	158	652	180	50	14	56	16
Transportation & Construction Systems	1,495	252	1,203	305	222	64	272	87
Environment & Infrastructure	514	123	540	141	32	8	42	5
Media, Network, Lifestyle Related Goods & Services	3,155	732	2,812	671	242	59	250	85
Mineral Resources, Energy, Chemical & Electronics	1,190	260	856	214	419	49	307	56
Domestic Regional Business Units and Offices	376	89	382	94	9	2	8	3
Overseas Subsidiaries and Branches	1,790	435	1,848	573	137	33	115	25
Corporate and Eliminations	1	(13)	(24)	(7)	(6)	2	23	8
Consolidated	9,188	2,037	8,270	2,171	1,106	231	1,074	284

	Profit for the year (period) attributable to owners of the parent				Basic profit*			
	FY2011	FY2012	FY2013		FY2011	FY2012	FY2013	
	full year	1Q	full year	1Q	full year	1Q	full year	1Q
Metal Products	153	42	152	62	179	45	177	57
Transportation & Construction Systems	405	120	448	151	477	104	455	140
Environment & Infrastructure	108	18	124	30	92	22	116	21
Media, Network, Lifestyle Related Goods & Services	511	89	689	97	451	95	411	107
Mineral Resources, Energy, Chemical & Electronics	908	136	469	116	776	122	447	89
Domestic Regional Business Units and Offices	50	9	54	17	60	12	62	17
Overseas Subsidiaries and Branches	489	159	485	110	427	111	394	102
Corporate and Eliminations	(117)	(86)	(96)	24	52	18	103	35
Consolidated	2,507	487	2,325	609	2,515	530	2,165	568

	Total assets		
	FY2011	FY2012	FY2013
	March 31, 2012	March 31, 2013	June 30, 2013
Metal Products	6,482	6,712	6,539
Transportation & Construction Systems	11,663	12,642	12,781
Environment & Infrastructure	6,068	5,750	5,695
Media, Network, Lifestyle Related Goods & Services	18,157	17,892	17,572
Mineral Resources, Energy, Chemical & Electronics	12,044	13,709	14,100
Domestic Regional Business Units and Offices	4,171	3,539	3,353
Overseas Subsidiaries and Branches	11,520	15,562	16,152
Corporate and Eliminations	2,164	2,522	3,805
Consolidated	72,268	78,328	79,996

Note) On April 1, 2013, we reorganized our product-based business units from seven to five after strategically reviewing them from the perspectives of business fields and functions. Accordingly, from this fiscal year, the operating segments have been changed. The segment information of the previous year has also been reclassified.

* Calculation of basic profit : (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividend) x (1-Tax rate) + Share of profit of investments accounted for using the equity method
Tax rate used in calculating basic profit: FY2011 41%, FY2012 and FY2013 38%

Exhibit C-7: Credit Report

Exhibit C-7: Credit Report

Attached is the Dun & Bradstreet credit report for MP2 Energy, LLC, the parent company of MP2 Energy NE, LLC.



DNBI®
Risk Management

Printed By: Scott Price
Date Printed: September 16, 2013

Live Report : MP2 ENERGY LLC

D-U-N-S® Number: 83-305-2819

Endorsement/Billing Reference: scott.price@mp2energy.com

D&B Address		Endorsement : scott.price@mp2energy.com	
Address	21 Waterway Ave Ste 500 The Woodlands, TX - 77380	Location Type	Headquarters
Phone	832 238-5152	Web	
Fax			

Company Summary

Currency: Shown in USD unless otherwise indicated

Score Bar

PAYDEX®	80
Commercial Credit Score Class	2
Financial Stress Score Class	4
Credit Limit - D&B Conservative	35,000.00
D&B Rating	1R2

Trade Payments

Currency: Shown in USD unless otherwise indicated

D&B PAYDEX®

The D&B PAYDEX is a unique, weighted indicator of payment performance based on payment experiences as reported to D&B by trader references. Learn more about the D&B PAYDEX

Timeliness of historical payments for this company.

Current PAYDEX is	80	Equal to generally within terms (Pays more promptly than the average for its industry of 5 days beyond terms)
Industry Median is	77	Equal to 5 days beyond terms
Payment Trend currently is		Unchanged, compared to payments three months ago

Indications of slowness can be the result of dispute over merchandise, skipped invoices etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Total payment Experiences in D&Bs File (HQ)	16
Payments Within Terms (not weighted)	100 %
Trade Experiences with Slow or Negative Payments(%)	0.00%
Total Placed For Collection	0
High Credit Average	11,635

Largest High Credit	55,000
Highest Now Owning	20,000
Highest Past Due	0

D&B PAYDEX® : 80

(Lowest Risk:100; Highest Risk:1)

When weighted by amount, payments to suppliers average generally within terms

3-Month D&B PAYDEX® : 80

(Lowest Risk:100; Highest Risk:1)

Based on payments collected over last 3 months.

When weighted by amount, payments to suppliers average within terms

D&B PAYDEX® Comparison**Current Year**

PAYDEX® of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Electric services, management services , based on SIC code 4911 .

Shows the trend in D&B PAYDEX scoring over the past 12 months.

	10/12	11/12	12/12	1/13	2/13	3/13	4/13	5/13	6/13	7/13	8/13	9/13
This Business	80	80	80	80	80	80	80	80	80	80	80	80
Industry Quartiles												
Upper			80			80			80			
Median			77			77			77			
Lower			70			70			70			

Current PAYDEX for this Business is 80 , or equal to generally within terms
 The 12-month high is 80 , or equal to GENERALLY WITHIN terms
 The 12-month low is 80 , or equal to GENERALLY WITHIN terms

Previous Year

Shows PAYDEX of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Electric services, management services , based on SIC code 4911 .

Previous Year	09/11 Q3'11	12/11 Q4'11	03/12 Q1'12	06/12 Q2'12
This Business	UN	81	80	80
Industry Quartiles				
Upper	80	80	80	80
Median	77	77	77	77
Lower	70	70	70	70

Based on payments collected over the last 4 quarters.

Current PAYDEX for this Business is 80 , or equal to generally within terms
 The present industry median Score is 77 , or equal to 5 days beyond terms
 Industry upper quartile represents the performance of the payers in the 75th percentile
 Industry lower quartile represents the performance of the payers in the 25th percentile

Payment Habits

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within terms. Provides number of experiences to calculate the percentage, and the total credit value of the credit extended.

\$ Credit Extended	# Payment Experiences	Total Amount	% of Payments Within Terms
Over 100,000	0	0	0%
50,000-100,000	1	55,000	100%
15,000-49,999	2	50,000	100%
5,000-14,999	1	10,000	100%
1,000-4,999	0	0	0%
Under 1,000	6	1,350	100%

Based on payments collected over last 24 months.

All Payment experiences reflect how bills are paid in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Payment Summary

- There are 16 payment experience(s) in D&B's file for the most recent 24 months, with 9 experience(s) reported during the last three month period.
- The highest Now Owes on file is 20,000 . The highest Past Due on file is 0

Below is an overview of the company's currency-weighted payments, segmented by its suppliers primary industries:

	Total Rev'd (#)	Total Amts	Largest High Credit	Within Terms (%)	Days Slow <31 31-60 61-90 90> (%) (%) (%) (%)			
Top Industries								
Business consulting	3	90,000	55,000	100	0	0	0	0
Telephone communictns	2	550	500	100	0	0	0	0
Single family homes	1	25,000	25,000	100	0	0	0	0
Whol electrical equip	1	250	250	100	0	0	0	0
Photocopying service	1	250	250	100	0	0	0	0
Data processing svcs	1	250	250	100	0	0	0	0
Lithographic printing	1	50	50	100	0	0	0	0
Other payment categories								
Cash experiences	5	900	500					
Payment record unknown	1	500	500					
Unfavorable comments	0	0	0					
Placed for collections	0	N/A	0					
Total in D&B's file	16	117,750	55,000					

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Indications of slowness can be result of dispute over merchandise, skipped invoices etc.

Detailed payment history for this company

Date Reported (mm/yy)	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last Sale Within (month)
08/13	Ppt	250	250	0	N30	1 mo
	Ppt	250	50	0		1 mo

	Ppt	50				1 mo
07/13	Ppt	500	0	0		1 mo
	Ppt	50	0	0		1 mo
06/13	(006)	500			Cash account	1 mo
	(007)	250			Cash account	4-5 mos
	(008)	50			Cash account	6-12 mos
	(009)	50			Cash account	4-5 mos
11/12	(010)	50			Cash account	1 mo
07/12	Ppt	250	0	0		4-5 mos
02/12	Ppt	10,000	10,000	0	N7	2-3 mos
01/12	Ppt	55,000	0	0	N30	1 mo
	Ppt	25,000	0	0	N30	1 mo
	Ppt	25,000	20,000	0	N30	1 mo
12/11	(016)	500	0	0		6-12 mos

Payments Detail Key: red - 30 or more days beyond terms

Payment experiences reflect how bills are paid in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices, etc. Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

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Exhibit C-8: Bankruptcy Information

Exhibit C-8: Bankruptcy Information

MP2 Energy, LLC and its affiliates and subsidiaries have not filed bankruptcy since inception of the company in 2009, nor have there been any reorganizations or protections filed from creditors.

Exhibit C-9: Merger Information

Exhibit C-9: Merger Information

MP2 Energy NE, LLC and its parent company, MP2 Energy, LLC, have not undergone any dissolutions, mergers, or acquisitions since their inceptions.

Exhibit D-1: Operations

Exhibit D-1: Operations

MP2 Energy NE, LLC will operate in Ohio as a Retail Electric Provider with plans to schedule retail power for transmission and delivery. In order to support operations as a Retail Electric Provider, MP2 will engage in scheduling with Electric Distribution Companies, bilateral trades, ISO settlements, risk management, billing, and customer service.

Exhibit D-2: Operations Expertise

Exhibit D-2: Operations Expertise

MP2 Energy NE, LLC has a 24 hour real-time operations desk led by Robert Douglas and Russell Schwertner. MP2 Energy NE is a qualified member of PJM, which enables MP2 Energy NE to facilitate all market-based transactions. MP2's Operations team will use the PJM market information system to effectively schedule electricity loads in PJM.

MP2's experience and expertise lies in the team. Please see below for the real-time team biographies and qualifications.

Robert Douglas

Robert is the Vice President of Operations at MP2 Energy. Robert's energy experience has ranged from working with the Department of Energy (DOE), providing technical and operational solutions, to operations and software solutions expertise for the largest wholesale energy market players. Robert's market neutral experience has afforded him the opportunity to work with a vast array of market participants, therefore allowing him the ability to understand the challenges and develop solutions for Generator Operators, Load Serving Entities, Loads Acting as a Resource, and Trading Firms.

Robert's career in energy commenced at ESO, Inc. (ESO), where he managed grants from the DOE as the Director of Housing and Energy Services. At ESO, Robert was charged with leading a team of 25 to provide energy efficiency and weatherization services to low income families in San Jose, CA and neighboring communities. Later, Robert moved on to APX, Inc. where he worked within the 24x7 Operations group and the Business Development team. In Operations, Robert provided services (scheduling, dispatch, tagging) for multiple market participants that range from firms that engage in solely counterparty transactions to firms that represent complex portfolios. Robert later transitioned to Business Development, where he was responsible for ensuring timely delivery of operational and technical solutions. In this role, Robert focused on scheduling, settlement, SCADA system implementation, and registration/qualification of Qualified Scheduling Entities (QSE). Robert brings a dynamic perspective to MP2 Energy as he understands the needs of Wholesale Generation Asset Managers as well as the technology that supports MP2's efficient power plant, demand response, and retail operations. Robert is a graduate of Morehouse College with a B.A. in Business Administration and Marketing.

Russell Schwertner

Russell Schwertner is the Chief System Operator at MP2 Energy. Russell has over 10 years of system operations experience working at The Electric Reliability Council of Texas (ERCOT). Russell has a thorough technical understanding of energy markets with a focus on operations and reliability. Prior to joining MP2, Russell was a Senior Outage Coordinator with ERCOT leading the long term outage group, coordinating the complex transmission and generation projects between the Planning, Engineering and System Operation departments. His studies and analysis of the ERCOT grid provide an in depth knowledge of congestion management, thermal and voltage overloads, and the effects of planned and forced outages. He also spent 5 years on the ERCOT Frequency Desk in charge of frequency control, DC tie tagging, and emergency and short supply operations. Prior to work at ERCOT, Russell was a System Operator for The Lower Colorado River Authority (LCRA) starting as a Generation Operator with equal time on the Transmission and Security Desk. Russell is a NERC Certified Reliability Coordinator.

Exhibit D-3: Key Technical Personnel

Exhibit D-3: Key Technical Personnel

Jeff Starcher, CEO

Jeff.Starcher@MP2Energy.com

832.510.1037

Jeff has over 21 years of experience in the Independent Power industry with a wealth of expertise in the areas of Project Development, Project Finance, IPO's, Structured Finance, Demand Side Management Structured Transactions, Power Plant Operations, Asset Management Origination, Wholesale Origination, End User Sales and Marketing, and SEC Reporting and Accounting. Jeff holds a BBA in Finance and BBA in Accounting from Texas A&M University.

Prior to co-founding MP2 Energy, Jeff was a Sr. Vice-President at Eagle Energy Partners which was later bought by Lehman Brothers. Jeff was responsible for originating over 80% of Eagle's ERCOT based Wholesale Power Plant Management book. Prior to Eagle, he was one of the principals and founders of Mpower Energy Services LP and Mpower Retail Energy LP, both of which were ultimately sold to Eagle Energy Partners. Mpower was the largest independent (non-utility affiliated) Retail Electric Provider in the US with over 800 MW of peak load. Mpower was also a Level IV QSE representing over 200 MW of wholesale power generation for customers. Prior to Mpower, Jeff spent two years in Austin representing Dynegy's commercial interests in the development of the ERCOT Protocols (the rules of the deregulated power market) and directed two 20 person teams to develop the wholesale and retail systems necessary for Dynegy to participate in the deregulated ERCOT market. Jeff saw the opportunity to more fully utilize the systems that the team built and co-founded Dynegy's third-party asset optimization business (power plant management). Jeff was also Dynegy's business manager for four cogeneration plants in California and Nevada. This experience provided invaluable insight into aero-derivative and Frame based plant operations and optimization side of the power generation business. Earlier in his career, Jeff developed and financed the Indian Queens Project -Destec Energy's first international merchant power plant (London, England). Prior to that assignment he was based in Paris and co-developed Destec's largest IPP the Terneuzen Project in The Netherlands.

Matthew Adams, President

Matthew.Adams@MP2Energy.com

832.510.1033

Matthew leverages 12+ years of experience within the energy market having led efforts at a generation company, retail energy provider, and Investment Bank backed Energy trading desks. Most recently Matthew led ERCOT marketing and structuring at Credit Suisse in Houston where he marketed innovative long term structured products to bridge the gap between wind project hedges and load within West Texas. Prior to joining Credit Suisse, Matthew headed Occidental Petroleum's ERCOT origination desk where he developed commercial strategies and executed some of the first demand side management structures in the U.S. Prior to Occidental, Matthew was responsible for several revenue streams at MPower Energy, from structuring and pricing complex load transactions, to facilitating demand response programs. Earlier in his career, Matthew developed the Calpine Energy Services risk management group for power and natural gas. This experience provided the foundation and deep understanding of the power and natural gas markets that Matthew utilized in his later roles. Matthew holds a BBA in Finance from Sam Houston State University, an MBA in Finance from University of North Texas and Series 7 certification.

Trey Price, Vice President

Trey.Price@MP2Energy.com

832.210.1034

Trey's career began at MPower Energy Services as a real time plant operator, managing and scheduling wholesale generation assets, demand response loads, and MPower's significant retail load through MPower's Level IV QSE. Trey later assumed the role of managing the Retail power sales desk, negotiating and executing contracts. Trey moved with MPower as it was sold to Champion Energy Services and again later to Eagle Energy Partners. Through those transitions, Trey was a top business generator and leader in the organization, participating in the development of innovative Retail Power products and structures. Trey joined Credit Suisse Energy's ERCOT team in 2008, responsible for power scheduling, load analysis, weather, transmission, and regulatory issues that affected market pricing and function. Trey is a graduate of the McCombs School of Business at the University of Texas at Austin with a BBA in Finance and holds a Series 7 license.

Mark Siismets, COO

Mark.Siismets@MP2Energy.com

832.510.1040

Mark has over 25 years of business management experience, over 23 of those years being in the electricity market. He began his career in the energy industry with Destec Energy, Inc. as a Business Manager, developing profit improvement plans and managing the business activities of a \$60 million natural gas-fired cogeneration plant. He then spent two years at Enron International in Asset Management. In 2002, Mark became a co-founder of MPower Energy Services, LLC, where he created and managed a REP and Level IV QSE. The company grew to serve 3,000 customers with over 650 MW of load during his tenure. MPower was sold to Champion Energy in September 2006 where Mark worked as a Senior Vice President for two years before joining EDF Trading North America, LLC as the Senior Vice President of Power Business Development. Mark joined the MP2 Energy team in February of 2013 as the Chief Operating Officer. Mark brings with him a wealth of expertise in business management, direction, and knowledge in operating in the retail electric industry. Mark graduated Texas A&M University with a Bachelor of Science in Mechanical Engineering and earned a Master of Business Administration from the University of Texas at Austin.

Robert Douglas, Vice President of Operations

Robert.Douglas@MP2Energy.com

832.510.1042

Robert is the Vice President of Operations at MP2 Energy. Robert's energy experience has ranged from working with the Department of Energy (DOE), providing technical and operational solutions, to operations and software solutions expertise for the largest wholesale energy market players. Robert's market neutral experience has afforded him the opportunity to work with a vast array of market participants, therefore allowing him the ability to understand the challenges and develop solutions for Generator Operators, Load Serving Entities, Loads Acting as a Resource, and Trading Firms.

Robert's career in energy commenced at ESO, Inc. (ESO), where he managed grants from the DOE as the Director of Housing and Energy Services. At ESO, Robert was charged with

leading a team of 25 to provide energy efficiency and weatherization services to low income families in San Jose, CA and neighboring communities. Later, Robert moved on to APX, Inc. where he worked within the 24x7 Operations group and the Business Development team. In Operations, Robert provided services (scheduling, dispatch, tagging) for multiple market participants that range from firms that engage in solely counterparty transactions to firms that represent complex portfolios. Robert later transitioned to Business Development, where he was responsible for ensuring timely delivery of operational and technical solutions. In this role, Robert focused on scheduling, settlement, SCADA system implementation, and registration/qualification of Qualified Scheduling Entities (QSE). Robert brings a dynamic perspective to MP2 Energy as he understands the needs of Wholesale Generation Asset Managers as well as the technology that supports MP2's efficient power plant, demand response, and retail operations. Robert is a graduate of Morehouse College with a B.A. in Business Administration and Marketing.

Russell Schwertner, Chief System Operator

Russell.Schwertner@MP2Energy.com

832.510.1039

Russell Schwertner is the Chief System Operator for MP2 Energy. Russell has over 10 years of system operations experience working at The Electric Reliability Council of Texas (ERCOT). Russell has a thorough technical understanding of GRID operations with a focus on operations and reliability. Most recently, Russell was a Senior Outage Coordinator with ERCOT leading the long term outage group, coordinating the complex transmission and generation projects between the Planning, Engineering and System Operation departments. His studies and analysis of the ERCOT grid provide an in depth knowledge of congestion management, thermal and voltage overloads, and the effects of planned and forced outages. He also spent 5 years on the ERCOT Frequency Desk in charge of frequency control, DC tie tagging, and emergency and short supply operations. Prior to work at ERCOT, Russell was a System Operator for The Lower Colorado River Authority (LCRA) starting as a Generation Operator with equal time on the Transmission and Security Desk. Russell is a NERC Certified Reliability Coordinator and an ERCOT Certified System Operator.

Carey Jordan, Senior Vice President of Project Development & Integrated Solutions

Carey.Jordan@MP2Energy.com

832.510.1053

Mr. Jordan has over 30 years of utility and de-regulated market experience in systems operations, trading, retail, marketing and structured origination. He spent 16 years with Central and South West Corporation in system operations, as well as transmission and distribution operations. From March of 1997 to February of 2009 he was Vice President of Origination at Calpine Corporation in senior management roles over real-time operations, trading, and Sales and Marketing. At Calpine he was responsible for growing the real-time desk that managed over 7000MW of generation in the ERCOT market, then as the Vice President responsible for sales and marketing, managed a team of 20 originators nationwide. Carey was responsible for Calpine's start-up retail efforts in Calpine Power America and grew the retail book to be the largest non-affiliate REP in ERCOT with +700Mw of load. In March 2009, Mr. Jordan joined Shell as Vice President of Business Development for Shell Energy North America.

Josh Weiser, Vice President of Finance & Accounting

Josh.Weiser@MP2Energy.com

832.510.1031

Mr. Weiser operates as the Vice President of Finance and Accounting as well as our financial controller at MP2 Energy. He retains a Bachelor of Science in Entrepreneurship from the University of Arizona as well as a Master of Business Administration from the University of Notre Dame. Josh has over 20 years of experience in the business financial sector, and joined MP2 in 2011. At MP2, Josh manages day-to-day treasury, accounting, and finance operations. He has implemented new accounting procedures that are more transparent and accurate. Josh's work has also developed our Customer Service team into a more efficient accounts receivable department.

Carlos Zavala, Vice President of Customer Relations

Carlos.Zavala@MP2Energy.com

832.510.1047

As Vice President of Customer Relations at MP2 Energy, Carlos brings over 16 years experience with Public Relations, Personnel Management, and Project Management. In addition to the aforementioned, Carlos is a Subject Matter Expert as it pertains to implementation of controls and policies of pro-active customer management rather than the typical retro-active approach.

Prior to joining MP2 Energy, Carlos served as Operations Manager at The Club at Carlton Woods. In addition to his success on the Golf Course, Carlos was charged with developing the Operational Infrastructure to support what has now become one of the top courses in the state of Texas. Carlos' standard of excellence and competitive nature resonates well within the executive leadership of MP2 Energy. Carlos' vision for MP2 Energy is to couple superior Customer Service with MP2 Energy's best in class product offerings to achieve a high rate of customer retention.

Douglas Campbell, Senior IT Director

Doug.Campbell@MP2Energy.com

832.510.1048

Douglas Campbell has over 20 years of experience in software development, network administration, and web development. He began his career as a software engineer at Medtronic, moving to UPS as a Senior Software Engineer, developing custom EDI and data integration solutions. He worked as a Principal Engineer at Yes! Tech Today, Inc. for 13 years before joining the MP2 Energy team at its inception in March of 2010. Doug handles everything from server and network configuration to implementation of business continuity practices, and designs and implements web applications.

Exhibit D-4: FERC Power Marketer License Number

Exhibit D-4: FERC Power Marketer License Number

Attached documents detail Order Granting Market-Based Rate Authorization by the Federal Energy Regulatory Commission (FERC) for both MP2 Energy, LLC and MP2 NE, LLC.

Attached is Docket No. ER12-2381-000 Order Granting Market-Based Rate Authorization for MP2 Energy NE, LLC.

Attached is Docket Nos. ER13-1069-000, ER13-1069-001, ER13-1069-002, ER13-1069-003 Order Granting Market-Based Rate Authorization for MP2 Energy, LLC.

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
MP2 Energy LLC
Docket Nos. ER13-1069-000
ER13-1069-001
ER13-1069-002
ER13-1069-003

June 26, 2013

Ms. Amanda L. Mussalli
Attorney for the MP2 Companies
Law Office of Matthew J. Mussalli, P.C.
2441 High Timbers Drive, Suite 220
The Woodlands, Texas 77380

Reference: Market-Based Rate Authorization

Dear Ms. Mussalli:

On March 11, 2013, as amended on April 22, 2013, April 23, 2013, and May 14, 2013, you filed on behalf of MP2 Energy LLC (MP2 Energy), an application for market-based rate authority with an accompanying tariff. The proposed market-based rate tariff provides for the sale of energy, capacity, and ancillary services at market-based rates.¹ MP2 Energy requests waivers commonly granted to similar market-based rate applicants.

Your filings were noticed on March 12, 2013, April 23, 2013, April 24, 2013, and May 14, 2013, with comments, protests or interventions due on or before April 1, 2013, May 14, 2013, May 15, 2013, and June 4, 2013. None was filed.

Pursuant to the authority delegated to the Director, Division of Electric Power Regulation - West, under 18 C.F.R. § 375.307, your submittals filed in the referenced

¹ MP2 Energy requests authorization to sell ancillary services in the markets administered by PJM Interconnection, L.L.C. (PJM), New York Independent System Operator, Inc. (NYISO), ISO New England Inc. (ISO-NE), California Independent System Operator Corp. (CAISO), and Midcontinent Independent System Operator, Inc. (MISO). MP2 Energy also requests authorization to engage in the sale of certain ancillary services as a third-party provider in other markets.

dockets are accepted for filing, effective May 15, 2013, as requested. Based on your representations, MP2 Energy meets the criteria for a Category 1 seller in all regions and is so designated.²

You state that MP2 Energy is located in The Woodlands, Texas, and intends to act as a power marketer. You further represent that MP2 Energy is wholly owned by both individuals and entities. You further state that one of MP2 Energy's upstream owners is Whale Capital, LP, which is owned by Michael P. Whalen (Mr. Whalen).³

You state that MP2 Energy is aware of the concerns the Commission has previously expressed regarding the potential involvement of Mr. Whalen in the affairs of public utilities and the day-to-day operations of Vista Energy Marketing, LP (Vista), Bounce Energy PA, LLC, Bounce Energy NY, LLC, (collectively, the Bounce Companies), and MP2 Energy NE LLC.⁴ You state that MP2 Energy is willing to make and keep similar commitments precluding such involvement as were made by Vista⁵ and

² *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, FERC Stats. & Regs. ¶ 31,252, at PP 848-50, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268, *clarified*, 124 FERC ¶ 61,055, *order on reh'g*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), *order on reh'g*, Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009), *order on reh'g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010), *aff'd sub nom. Mont. Consumer Counsel v. FERC*, 659 F.3d 910 (9th Cir. 2011), *cert. denied*, 133 S. Ct. 26 (2012).

³ Mr. Whalen previously pled guilty to charges involving the delivery of false, misleading or inaccurate reports of market information to natural gas price indices.

⁴ On May 24, 2012, the Commission approved a Stipulation and Consent Agreement (Agreement) between the Office of Enforcement (Enforcement), Vista Marketing and Mr. Whalen. *See Vista Energy Marketing, L.P.*, 139 FERC ¶ 61,154 (2012). The Agreement resolved Enforcement's investigation into whether Vista Marketing accurately described Whale Capital, LP's owner's role in Vista Marketing in its application for market-based rate authority and whether Vista Marketing and that owner violated the terms of the Vista Marketing Order. Under the terms of the Agreement, Vista Marketing and Whale Capital LP's owner agreed to certain restrictions on their participation in Commission-jurisdictional activities for two years. For example, Whale Capital, LP's owner agreed not to be an officer, director or voting member in any entity that sells electric energy at wholesale in interstate commerce and agreed to limit business and commercial contacts with any entity selling electric energy at wholesale in interstate commerce for a two-year period beginning on May 24, 2012.

⁵ *See Vista Energy Marketing, LP*, 128 FERC ¶ 61,188 (2009). We note that Vista Energy Marketing, LP withdrew its market-based rate tariff in July 2010.

the Bounce Companies.⁶ You further state that MP2 Energy is making commitments that are identical to the commitments made by MP2 Energy NE LLC, MP2 Energy NJ LLC and MP2 Energy IL LLC (collectively, the MP2 Companies).⁷

You state that the MP2 Energy and its affiliates do not own or control any electric generating or transmission facilities. You affirmatively state that MP2 Energy and its affiliates have not erected barriers to entry and will not erect barriers to entry into the relevant market.

You state that MP2 Energy qualifies as a Category 1 seller in all regions. You state that MP2 Energy does not own, operate, or control, and is not affiliated with any entity that owns, operates, or controls, generation or transmission facilities. You state that MP2 Energy is not affiliated with a franchised public utility and that MP2 Energy does not present any other vertical market power concerns.

Market-Based Rate Authorization

The Commission allows power sales at market-based rates if the seller and its affiliates do not have, or have adequately mitigated, horizontal and vertical market power.⁸

Based on your representations, MP2 Energy's submittal satisfies the Commission's requirements for market-based rate authority regarding horizontal and vertical market power.

As stated above, MP2 Energy is willing to make commitments that are similar to those made by Vista and the Bounce Companies and identical to the commitments made by the MP2 Companies. We accept these representations and commitments as safeguards against MP2 Energy and the MP2 Companies engaging in violations of Commission rules, regulations, and orders.⁹

We also accept MP2 Energy's declaration to report to the Commission if the terms of any of the representations and commitments as accepted undergo a change, including

⁶ *Bounce Energy PA, LLC*, 140 FERC ¶ 61,014 (2012).

⁷ See *MP2 Energy NE LLC*, 141 FERC ¶ 61,194 (2012) and *MP2 NJ LLC*, Docket No. ER13-310-000 (January 3, 2013) (delegated letter order).

⁸ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 62, 399, 408, 440.

⁹ See *Vista Energy Marketing, L.P.*, 139 FERC ¶ 61,154 (2012).

any change in Whale Capital's voting status in MP2 Energy or any concerns observed by the Compliance Officer.

MP2 Energy's request for waiver of Subparts B and C of Part 35 of the Commission's regulations requiring the filing of cost-of-service information, except for sections 35.12(a), 35.13(b), 35.15 and 35.16 is granted. MP2 Energy's request for waiver of Part 41, Part 101, and Part 141 of the Commission's regulations concerning accounting and reporting requirements is granted with the exception of 18 C.F.R. §§ 141.14 and 141.15.¹⁰ Notwithstanding the waiver of the accounting and reporting requirements here, MP2 Energy is expected to keep its accounting records in accordance with generally accepted accounting principles.

MP2 Energy requests blanket authorization under Part 34 of the Commission's regulations for all future issuances of securities and assumptions of liability. A separate notice was published in the Federal Register establishing a period during which protests could be filed. None was filed. MP2 Energy is authorized to issue securities and assume obligations or liabilities as guarantor, indorser, surety, or otherwise in respect of any security of another person; provided that such issue or assumption is for some lawful object within the corporate purposes of MP2 Energy, compatible with the public interest, and reasonably necessary or appropriate for such purposes.¹¹

MP2 Energy must file electronically with the Commission Electric Quarterly Reports.¹² MP2 Energy further must timely report to the Commission any change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority in accordance with Order No. 697.¹³

¹⁰ *Citizens Energy Corp.*, 35 FERC ¶ 61,198 (1986); *Citizens Power and Light Corp.*, 48 FERC ¶ 61,210 (1989) (*Citizens Power*); *Enron Power Marketing, Inc.*, 65 FERC ¶ 61,305 (1993), *order on reh'g*, 66 FERC ¶ 61,244 (1994) (*Enron*).

¹¹ *Citizens Power*, 48 FERC ¶ 61,210; *Enron*, 65 FERC ¶ 61,305.

¹² *Revised Public Utility Filing Requirements*, Order No. 2001, FERC Stats. & Regs. ¶ 31,127, *reh'g denied*, Order No. 2001-A, 100 FERC ¶ 61,074, *reh'g denied*, Order No. 2001-B, 100 FERC ¶ 61,342, *order directing filing*, Order No. 2001-C, 101 FERC ¶ 61,314 (2002), *order directing filing*, Order No. 2001-D, 102 FERC ¶ 61,334 (2003). Attachments B and C of Order No. 2001 describe the required data sets for contractual and transaction information. Public utilities must submit Electric Quarterly Reports to the Commission using the EQR Submission System Software, which may be downloaded from the Commission's website at <http://www.ferc.gov/docs-filing/eqr.asp>.

¹³ *Reporting Requirement for Changes in Status for Public Utilities with Market-Based Rate Authority*, Order No. 652, FERC Stats. & Regs. ¶ 31,175, *order on reh'g*, 111

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against any of the applicant(s).

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Questions regarding the above order should be directed to:

Federal Energy Regulatory Commission
Attn: Michelle Barnaby
Phone: (202) 502-8407
Office of Energy Market Regulation
888 First Street, N.E.
Washington, D.C. 20426

Sincerely,

Steve P. Rodgers, Director
Division of Electric Power
Regulation - West

141 FERC ¶ 61,194
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony T. Clark.

MP2 Energy NE LLC

Docket No.

ER12-2381-000

ORDER GRANTING MARKET-BASED RATE AUTHORIZATION

(Issued December 7, 2012)

1. In this order, the Commission grants MP2 Energy NE LLC's (MP2 NE) request for authority to make wholesale sales of electric energy, capacity and ancillary services at market-based rates, effective December 7, 2012. Also, as discussed below, we find that MP2 NE meets the criteria for a Category 1 seller in the Northeast, Northwest, Southeast, Southwest, Southwest Power Pool, and Central regions, and is so designated.¹ We also grant MP2 NE's request for other waivers commonly granted to market-based rate sellers.

I. Background

2. On August 1, 2012, as amended on October 10, 2012, pursuant to section 205 of the Federal Power Act (FPA),² MP2 NE filed an initial application for market-based rate

¹ See *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, FERC Stats. & Regs. ¶ 31,252, at PP 848-850, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268, *clarified*, 124 FERC ¶ 61,055, *order on reh'g*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), *order on reh'g*, Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009), *order on reh'g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010), *aff'd sub nom. Mont. Consumer Counsel v. FERC*, 659 F.3d 910 (9th Cir. 2011), *cert. denied sub nom. Pub. Citizen, Inc. v. FERC*, 2012 U.S. LEXIS 4820 (U.S. June 25, 2012).

² 16 U.S.C. § 824d (2006).

authority with an accompanying tariff providing for the sale of energy, capacity, and ancillary services at market-based rates.³ MP2 NE states that it is a Texas limited liability company with its principal place of business located in The Woodlands, Texas. MP2 NE requests waivers commonly granted to other market-based rate applicants.

3. MP2 NE represents that it is a wholly-owned subsidiary of MP2 Energy LLC (MP2 Energy).⁴ MP2 NE states that the membership interests of MP2 Energy are owned by both individual investors and entities, with all but two members holding a less than 10 percent interest. MP2 NE further states that Whale Capital, L.P. (Whale Capital) is one of the members that own a greater than 10 percent membership interest in MP2 Energy. MP2 NE states that the principal of Whale Capital, Michael P. Whalen (Mr. Whalen), owns a greater than 10 percent interest in Vista Energy Marketing, LP (Vista Marketing) and Bounce Energy, Inc.⁵

4. MP2 NE notes that the Commission previously expressed concerns regarding the potential for involvement of Mr. Whalen in the affairs of jurisdictional public utilities.⁶

³ MP2 NE requests authorization to sell ancillary services in the markets administered by California Independent System Operator Corporation, ISO New England, Inc., Midwest Independent Transmission System Operator, Inc., New York Independent System Operator, Inc., and PJM Interconnection, LLC. MP2 NE also requests authorization to engage in the sale of certain ancillary services as a third-party provider in other markets.

⁴ MP2 NE states that its parent company MP2 Energy also owns MP2 Energy Texas LLC, Mpower2 LLC, EPP LLC and MP2 Energy GenCo LLC, none of which owns or controls electric generating capacity or assets subject to Commission jurisdiction. In its response to the data request, MP2 NE identifies MP2 Energy NJ LLC and MP2 Energy IL LLC as two new affiliates formed by MP2 since the time of the original filing in August 2012.

⁵ Vista Marketing previously sought and obtained market-based rate authority from the Commission in 2009, but withdrew its market-based rate tariff in July 2010. Bounce Energy PA, LLC and Bounce Energy NY, LLC (collectively, the Bounce Energy Companies), both wholly-owned subsidiaries of Bounce Energy, Inc., received authorization to make sales of energy, capacity and ancillary services at market-based rates. *Bounce Energy PA, LLC*, 140 FERC ¶ 61,014 (2012).

⁶ Mr. Whalen previously pled guilty to charges involving the delivery of false, misleading or inaccurate reports of market information to natural gas price indices. In its market-based rate application, Vista Marketing made certain representations and

(continued...)

MP2 NE states that it is willing to make and keep similar commitments precluding such involvement as were made by Vista Marketing and the Bounce Energy Companies in relation to the Commission orders granting market-based rate authority to Vista Marketing,⁷ Bounce Energy PA, LLC and Bounce Energy NY, LLC.⁸ Specifically, MP2 NE represents and commits that:

- a. Mr. Whalen is not an officer, manager, voting member or employee of MP2 Energy or MP2 NE and has no role in MP2 NE or MP2 Energy other than indirectly through his investment in Whale Capital and its nonvoting investor membership interest in MP2 Energy;

commitments regarding its management and operations and how it intended to ensure compliance with the Commission's rules and regulations. In the order granting Vista Marketing market-based rate authority, the Commission accepted these commitments as appropriate safeguards against Vista Marketing's employees engaging in market manipulation. In addition, the Commission informed Vista Marketing that it was subject to audit to ensure its compliance with the representations and commitments, and with Commission rules, regulations and policies. The Commission also directed Vista Marketing to report to the Commission if the terms of any of the representations and commitments changed. *See Vista Energy Marketing, L.P.*, 128 FERC ¶ 61,188 (2009) (Vista Marketing Order).

⁷ On May 24, 2012, the Commission approved a Stipulation and Consent Agreement (Agreement) between the Office of Enforcement (Enforcement), Vista Marketing and Mr. Whalen. *See Vista Energy Marketing, L.P.*, 139 FERC ¶ 61,154 (2012). The Agreement resolved Enforcement's investigation into whether Vista Marketing accurately described Mr. Whalen's role in Vista Marketing in its application for market-based rate authority and whether Vista Marketing and Mr. Whalen violated the terms of the Vista Marketing Order. Under the terms of the Agreement, Vista Marketing agreed to pay a civil penalty of \$350,000 and both Vista Marketing and Mr. Whalen agreed to certain restrictions on their participation in Commission-jurisdictional activities for two years. Among other things, Mr. Whalen agreed not to be an officer, director or voting member in any entity that sells electric energy at wholesale in interstate commerce and agreed to limit business and commercial contacts with any entity selling electric energy at wholesale in interstate commerce for a two-year period beginning on May 24, 2012.

⁸ *See* MP2 NE's August 1, 2012 Application, Attachment C at PP 8-9.

- b. The MP2 Energy Board of Managers has sole management authority over MP2 Energy and MP2 NE. Mr. Whalen is not a member of MP2 Energy's Board of Managers, nor is he an officer of MP2 Energy or any of its subsidiaries;
- c. Mr. Whalen has no right to participate in the management of MP2 Energy's business and affairs, nor any power or authority to act for or on behalf of MP2 Energy in any respect whatsoever, which, in turn, eliminates his ability to exert any control over the management or day-to-day operations of MP2 NE;
- d. Mr. Whalen has no day-to-day operational responsibilities and has no other managerial or operational responsibilities in MP2 Energy, and therefore no such responsibilities in MP2 NE;
- e. Mr. Whalen will have no power to sign for, or to bind, MP2 Energy or MP2 NE; and
- f. Mr. Whalen is not now, nor will he be in the future, an officer of MP2 Energy, MP2 NE or any other MP2 subsidiary.

5. On September 11, 2012, the Director, Division of Electric Power Regulation – West, sent MP2 NE a data request seeking additional information regarding commitments and affiliations between MP2 NE and the MP2 Energy owners.⁹ Among other things, the data request also asked the recipients to explain “what assurances and safeguards, if any, are in place to ensure that these officers will not act as conduits of information between the aforementioned individual investor [Mr. Whalen] and the managers of the day-to-day activities of MP2 NE.”

6. On October 10, 2012, MP2 NE filed its response to the data request (October 10 Response). In the October 10 Response MP2 NE states:

- a. Its Board of Managers have adopted and implemented an Internal Policy and Compliance directive to inform the members and employees of the restrictions and controls that are in place to ensure they do not act as conduits of information between the individual investor and the managers of the day-to-day activities of MP2 NE;
- b. Other than Mr. Whalen, none of the members or upstream owners of MP2 Energy or any of its subsidiaries hold, or have held, positions with Vista

⁹ MP2 Energy NE LLC, Docket No. ER12-2381-000 (September 11, 2012).

Marketing, Bounce Energy PA, LLC or Bounce Energy NY, LLC;

c. All MP2 NE employees with wholesale electric market responsibility will undergo comprehensive Commission compliance training prior to participation in Commission jurisdictional markets;

d. The Compliance Officer is tasked with bringing any concerns regarding MP2 NE's trading and activities within the Commission's jurisdictional markets to the attention of the Office of Enforcement at the Commission in the event he observes any activities or practices that cause concern or in any way may be in violation of the Commission's rules and regulations; and

e. The Compliance Officer will not trade natural gas or electricity or direct others to trade natural gas or electricity for MP2 NE.

7. In the October 10 response, MP2 NE also identifies the other owners with membership interests in MP2 Energy and describes the business activities of all direct and upstream owners, stating whether they are involved in the energy industry.

II. Notice of Filing

8. Notice of the MP2 NE's market-based rate application was published in the *Federal Register*,¹⁰ with interventions or protests due on or before August 23, 2012. None was filed.

9. Notice of the MP2 NE's request for blanket authorization under Part 34 was separately published in the *Federal Register*,¹¹ with interventions and protests due on or before August 24, 2012. None was filed.

10. Notice of the October 10 Response was published in the *Federal Register*,¹² with interventions or protests due on or before October 31, 2012. None was filed.

¹⁰ 77 Fed. Reg. 47,831 (2012).

¹¹ 77 Fed. Reg. 47,624 (2012).

¹² 77 Fed. Reg. 63,808 (2012).

III. Discussion

11. As discussed below, we will grant MP2 NE's request for authorization to make wholesale sales of electric energy, capacity, and ancillary services at market-based rates and we will accept the MP2 NE market-based rate tariff, effective December 7, 2012. We will also grant MP2 NE's request for certain waivers.

A. Market-Based Rate Authorization

12. The Commission allows power sales at market-based rates if the seller and its affiliates do not have, or have adequately mitigated, horizontal and vertical market power.¹³

1. Horizontal Market Power

13. The Commission has adopted two indicative screens for assessing horizontal market power: the pivotal supplier screen and the wholesale market share screen.¹⁴

14. MP2 NE represents that neither it nor any of its affiliates owns, operates, or controls any electric generation facilities and consequently that it has no uncommitted capacity attributed to it.¹⁵ Based on MP2 NE's representations, we find that MP2 NE satisfies the Commission's requirements for market-based rate authorization regarding horizontal market power.

2. Vertical Market Power

15. In cases where a public utility, or any of its affiliates, owns, operates, or controls transmission facilities, the Commission requires that there be a Commission-approved Open Access Transmission Tariff (OATT) on file or that the seller has received waiver of the OATT requirement before granting a seller market-based rate authorization.¹⁶

¹³ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 62, 399, 408, 440.

¹⁴ *Id.* P 62.

¹⁵ MP2 NE represents that because neither it nor any of its affiliates own or control generation resources and none have long-term power purchase agreements in place that shift control over third-party supply sources, the Commission's indicative screens for generation market power are not required for MP2 NE.

¹⁶ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 408.

16. The Commission also considers a seller's ability to erect other barriers to entry as part of the vertical market power analysis.¹⁷ The Commission requires a seller to provide a description of its ownership or control of, or affiliation with, an entity that owns or controls, intrastate natural gas transportation, storage or distribution facilities; sites for generation capacity development; and physical coal supply sources and ownership of or control over who may access transportation of coal supplies (collectively, inputs to electric power production).¹⁸ The Commission also requires sellers to make an affirmative statement that they have not erected barriers to entry into the relevant market and will not erect barriers to entry into the relevant market.¹⁹ The Commission adopted a rebuttable presumption that the ownership or control of, or affiliation with any entity that owns or controls, inputs to electric power production does not allow a seller to raise entry barriers but will allow intervenors to demonstrate otherwise.²⁰

17. MP2 NE represents that neither it nor any of the MP2 NE affiliates own, operate, or control any transmission assets.

18. With regard to other barriers to entry, MP2 NE represents that neither it nor any of its affiliates own or control intrastate natural gas transportation, storage or distribution facilities; any unique sites for generation capacity development; physical coal supply sources and ownership or control over who may access transportation of coal supplies; or other essential resources or inputs that could be used to restrict market entry by competing power suppliers.

19. MP2 NE also affirmatively states that it has not erected barriers to entry into the relevant market and MP2 NE will not erect barriers to entry into the relevant market.²¹

20. Based on MP2 NE's representations, the Commission finds that MP2 NE satisfies the Commission's requirements for market-based rate authorization regarding vertical market power.

¹⁷ *Id.* P 440.

¹⁸ Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 at P 176.

¹⁹ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 447.

²⁰ *Id.* P 446.

²¹ We interpret this statement to apply to MP2 NE and its affiliates. *See* Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 447.

B. Additional Commitments

21. As noted above, in its market-based rate application and the October 10 Response, MP2 NE made certain additional representations and commitments regarding its management and operations and how MP2 Energy and MP2 NE intend to ensure compliance with the Commission's rules and regulations. In addition to the representations and commitments contained in its market-based rate application and the October 10 Response, we will require that MP2 NE continue at all times to have an experienced Compliance Officer to monitor compliance with the Commission's rules and regulations. If the individual serving as Compliance Officer leaves MP2 NE or otherwise ceases to perform his duties as Compliance Officer, MP2 NE will be required to notify the Commission within 30 days of his departure and to inform the Commission as to the name and relevant background of the new Compliance Officer. We will accept these representations and commitments, as modified herein, as additional safeguards against MP2 Energy and MP2 NE employees engaging in violations of Commission rules, regulations, and orders. As such, for so long as Mr. Whalen is directly or indirectly associated with MP2 NE, we will monitor MP2 NE's compliance with these representations, commitments and requirements on a regular basis.

22. As noted earlier, Mr. Whalen is also required to comply with the terms of the Stipulations and Consent Agreement with the Office of Enforcement.²² We direct MP2 NE to report to the Commission if the terms of any of the representations and commitments as accepted herein undergo a change, including any change in Whale Capital's voting status in MP2 Energy or any concerns observed by the Compliance Officer as discussed above. Such report should be submitted no later than 30 days of the date of such change.

C. Waivers, Approvals, and Authorizations

23. MP2 NE requests the following waivers and authorizations: (1) waiver of the filing requirements of Subparts B and C of Part 35 of the Commission's regulations requiring the filing of cost-of-service information, except as to sections 35.12(a), 35.13(b), 35.15, and 35.16; (2) waiver of the accounting and other requirements of Parts 41, 101, and 141 of the Commission's accounting and periodic reporting requirements except sections 141.14 and 141.15; and (3) blanket authorization under section 204 of the FPA²³ and Part 34 of the Commission's regulations for all future issuances of securities and assumptions of liability.

²² See *Vista Energy Marketing, L.P.*, 139 FERC ¶ 61,154.

²³ 16 U.S.C. § 824c (2006).

24. The Commission will grant the requested waivers and authorizations consistent with those granted to some other entities with market-based rate authorizations.²⁴ Notwithstanding the waiver of the accounting and reporting requirements here, the Commission expects MP2 NE to keep its accounting records in accordance with generally accepted accounting principles.

25. We direct MP2 NE to submit a compliance filing containing revisions to the limitations and exemptions section of its market-based rate tariff to include a citation to this order.²⁵

D. Reporting Requirements

26. Consistent with the procedures the Commission adopted in Order No. 2001, an entity with market-based rate authorization must file electronically with the Commission an Electric Quarterly Report (EQR) containing: (1) a summary of the contractual terms and conditions in every effective service agreement for market-based power sales; and (2) transaction information for effective short-term (less than one year) and long-term (one year or longer) market-based power sales during the most recent calendar quarter.²⁶

²⁴ We note that the Commission has examined and approved the continued applicability of the waivers of its accounting and reporting requirements (18 C.F.R. Parts 41, 101, and 141), as well as continued applicability of the blanket authorization for the issuance of securities and the assumption of liabilities (18 C.F.R. Part 34). *See* Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 984-985 (regarding waiver of Parts 41, 101, and 141) and 999-1000 (regarding blanket approval under Part 34).

²⁵ *See* Order No. 697, FERC Stats. & Regs. ¶ 31,252 at App. C, *order on reh'g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 at P 384. *See also* *Niagara Mohawk Power Corp.*, 121 FERC ¶ 61,275, at P 8 (2007). These tariff revisions may be filed no later than the next time MP2 NE makes a market-based rate filing with the Commission.

²⁶ *Revised Public Utility Filing Requirements*, Order No. 2001, FERC Stats. & Regs. ¶ 31,127, *reh'g denied*, Order No. 2001-A, 100 FERC ¶ 61,074, *reh'g denied*, Order No. 2001-B, 100 FERC ¶ 61,342, *order directing filing*, Order No. 2001-C, 101 FERC ¶ 61,314 (2002), *order directing filing*, Order No. 2001-D, 102 FERC ¶ 61,334, *order refining filing requirements*, Order No. 2001-E, 105 FERC ¶ 61,352 (2003), *order on clarification*, Order No. 2001-F, 106 FERC ¶ 61,060 (2004), *order revising filing requirements*, Order No. 2001-G, 120 FERC ¶ 61,270, *order on reh'g and clarification*, Order No. 2001-H, 121 FERC ¶ 61,289 (2007), *order revising filing requirements*, Order No. 2001-I, FERC Stats. & Regs. ¶ 31,282 (2008). Attachments B and C of Order No. 2001 describe the required data sets for contractual and transaction information. Public utilities must submit EQRs to the Commission using the EQR

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Public utilities must file EQRs no later than 30 days after the end of the reporting quarter.²⁷

27. Additionally, MP2 NE must timely report to the Commission any change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority.²⁸

28. In Order No. 697, the Commission created two categories of sellers.²⁹ Category 1 sellers are not required to file regularly scheduled updated market power analyses. Category 1 sellers are wholesale power marketers and wholesale power producers that own or control 500 MW or less of generation in aggregate per region; that do not own, operate or control transmission facilities other than limited equipment necessary to connect individual generation facilities to the transmission grid (or have been granted waiver of the requirements of Order No. 888³⁰); that are not affiliated with anyone that owns, operates or controls transmission facilities in the same region as the seller's generation assets; that are not affiliated with a franchised public utility in the same region as the seller's generation assets; and that do not raise other vertical market power

Submission System Software, which may be downloaded from the Commission's website at <http://www.ferc.gov/docs-filing/eqr.asp>.

²⁷ The exact filing dates for these reports are prescribed in 18 C.F.R. § 35.10b (2012). Failure to file an EQR (without an appropriate request for extension), or failure to report an agreement in an EQR, may result in forfeiture of market-based rate authority, requiring filing of a new application for market-based rate authority if the applicant wishes to resume making sales at market-based rates.

²⁸ *Reporting Requirement for Changes in Status for Public Utilities with Market-Based Rate Authority*, Order No. 652, FERC Stats. & Regs. ¶ 31,175, *order on reh'g*, 111 FERC ¶ 61,413 (2005); 18 C.F.R. § 35.42(a) (2012).

²⁹ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 848.

³⁰ *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

issues.³¹ Sellers that do not fall into Category 1 are designated as Category 2 and are required to file updated market power analyses.³²

29. MP2 NE represents that it meets the criteria for Category 1 seller status in all regions. MP2 NE states that it does not own, operate or control any generation capacity in any region. MP2 NE further states that it does not own, operate or control transmission facilities in any region. Further, MP2 NE states it is not affiliated with a franchised public utility in any region and MP2 NE does not raise any other vertical market power concerns. Based on MP2 NE's representations, we designate MP2 NE as a Category 1 seller in the Northeast, Northwest, Southeast, Southwest, Southwest Power Pool, and Central regions. However, the Commission also reserves the right to require an updated market power analysis at any time for these regions.³³

The Commission orders:

(A) MP2 NE's market-based rate tariff is accepted for filing, effective December 7, 2012, as discussed in the body of this order.

(B) MP2 NE is hereby directed to revise the limitations and exemptions section of its market-based rate tariff to include a citation to this order, as discussed in the body of this order.

(C) Waiver of the provisions of Subparts B and C of Part 35 of the Commission's regulations, with the exception of sections 35.12(a), 35.13(b), 35.15 and 35.16, are hereby granted.

(D) Waiver of Parts 41, 101, and 141 of the Commission's regulations, with the exception of sections 141.14 and 141.15 is hereby granted.

(E) Blanket authorization under Part 34 of the Commission's regulations for all future issuances of securities and assumptions of liability is hereby granted. MP2 NE is hereby granted authority to issue securities and assume obligations or liabilities as guarantors, indorsers, sureties, or otherwise in respect of any security of another person; provided that such issue or assumption is for some lawful object within the corporate

³¹ 18 C.F.R. § 35.36(a)(2) (2012).

³² Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 850.

³³ *Id.* P 853.

purposes of MP2 NE, compatible with the public interest, and reasonably necessary or appropriate for such purposes.

(F) The Commission reserves the right to modify this order to require a further showing that neither the public nor private interests will be adversely affected by continued Commission approval of MP2 NE's issuances of securities or assumptions of liabilities.

(G) MP2 NE's representations and commitments regarding its management and operations, as modified herein, are hereby accepted and MP2 NE is hereby directed to report any change to the terms of these representations and commitments within 30 days of such a change, as discussed in the body of this order.

(H) MP2 NE is subject to audit to determine whether it is in compliance with the representations, conditions and requirements upon which the authorizations are granted and with Commission rules, regulations and policies. In the event of a violation, the Commission may take action within the scope of its oversight and enforcement authority.

(I) MP2 NE is required to file EQRs in compliance with Order No. 2001. If the effective date of the MP2 NE market-based rate tariff falls within a quarter of the year that has already expired, the MP2 NE EQRs for the expired quarter(s) are due within 30 days of the date of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.