

FILE

**Choose
Energy**

Original AGG Case Number: 12-2696-EL-AGG

Public Utilities Commission of Ohio
Docketing Division
180 East Broad Street
Columbus, OH 43215-3793

October 16, 2018

Original AGG Case Number: 12-2696-EL-AGG

To Whom It May Concern:

On October 16, 2018, Choose Energy, Inc. submitted its Renewal Application for Electric Aggregator/Power Brokers. As part of Exhibit C-6 'Credit Rating' and Exhibit C-7 'Credit Report', Choose Energy, Inc. provided the S&P Credit Rating for Red Ventures Holdco, L.P., which is the parent company of Choose Energy, Inc. This document was to be included in the packet delivered to the Public Utilities Commission of Ohio on October 16, 2018, however, the credit rating was not part of the initial packet.

Please find the S&P Credit Report as part of this mailing to be included in the Renewal Application for Original AGG Case Number: 12-2696-EL-AGG, satisfying Exhibit C-6 and Exhibit C-7. Please reach out if you have any questions or require any additional information. Choose Energy, Inc. can be contacted directly at ChooseLicensing@redventures.com or 980-318-5625.

Thank you,
Choose Energy, Inc.
1423 Red Ventures Drive
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Exhibit C-6 “Credit Rating”

Provide a statement disclosing the applicant’s credit rating as reported by two of the following organizations: Duff & Phelps, Fitch IBCA, Moody’s Investors Service, Standard & Poor’s, 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 of an 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.

Following Exhibit C-7, please find the S&P credit rating for Red Ventures Holdco, L.P., which is the parent company of Choose Energy, Inc.



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Exhibit C-7 “Credit Report”

Provide a copy of the applicant’s credit report from Experion, Dun and Bradstreet or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter ‘N/A’ for Exhibit C-7

Following Exhibit C-7, please find the S&P credit report for Red Ventures Holdco, L.P., which is the parent company of Choose Energy, Inc.

S&P Global Ratings

([https://www.standardandpoors.com/en_US/web/guest/](https://www.standardandpoors.com/en_US/web/guest/Red+Ventures+Holdco+L.P.+Assigned+'B+'+Corporate+Credit+Rating;+Outlook+Stable;+New+Debt+Rated) **Red Ventures Holdco L.P. Assigned 'B+' Corporate Credit Rating; Outlook Stable; New Debt Rated**

26-Sep-2017 12:06 EDT

View Analyst Contact Information (https://www.standardandpoors.com/en_US/web/guest/article/-/view/type/HTML/id/1921029#ContactInfo)

U.S.-based marketing services provider Red Ventures Holdco L.P. is issuing a proposed \$2.2 billion senior secured first-lien credit facility (comprising a \$2 billion term loan B and a \$200 million revolving credit facility) and a \$400 million senior secured second-lien term loan. The company will use the proceeds from the transaction primarily to fund its planned \$1.4 billion acquisition of Bankrate Inc. and to refinance its existing capital structure. We expect the acquisition to close in the fourth quarter of 2017.

We are assigning our 'B+' corporate credit rating to Red Ventures, our 'B+' issue-level and '3' recovery ratings to the company's proposed first-lien senior secured credit facility, and our 'B-' issue-level and '6' recovery ratings to the proposed senior secured second-lien term loan.

The stable rating outlook reflects our view that Red Ventures' new business partnerships and the continuing consumer shift toward digital buying experiences will result in organic revenue growth in the mid- to high-teens percentage range, strong cash flow generation, and debt repayment. We expect this to result in leverage below 5x and discretionary cash flow to debt above 5% by the end of 2018.

CHICAGO (S&P Global Ratings) Sept. 26, 2017--S&P Global Ratings today assigned its '8+' corporate credit rating to Fort Mill, South Carolina-based Red Ventures Holdco L.P. The rating outlook is stable.

At the same time, we assigned our 'B+' issue-level rating and '3' recovery rating to the company's proposed \$2.2 billion senior secured first-lien credit facility, which consists of a \$200 million revolving credit facility and a \$2 billion first-lien term loan. The '3' recovery rating indicates our expectation for meaningful (50%-70%; rounded estimate: 55%) recovery of principal in the event of a payment default.

We also assigned our 'B-' issue-level rating and '6' recovery rating to the company's proposed \$400 million senior secured second-lien term loan. The '6' recovery rating indicates our expectation for negligible (0%-10%; rounded estimate: 0%) recovery of principal in the event of a payment default.

Red Ventures LLC and New Imagitas Inc. are coborrowers on the debt.

Our corporate credit rating on Red Ventures reflects the company's proven performance-based customer acquisition capabilities, good industry growth prospects, highly profitable affiliate relationships with its clients, and improved scale following the Bankrate Inc. acquisition. The rating also reflects Red Ventures' significant customer and sector concentration, low barriers to entry and risk of technology driven disintermediation, and high leverage.

The stable outlook reflects our view that Red Ventures' new business partnerships and the continuing consumer shift toward digital buying experiences will result in organic revenue growth in the mid- to high-teens percentage range, strong cash flow generation, and debt repayment. We expect this to result in leverage below 5x and discretionary cash flow to debt above 5% by the end of 2018.

We could lower the corporate credit rating if Red Ventures fails to successfully integrate Bankrate into its existing operations or if growth stalls, potentially due to a lack of new business partners or terminated business partnerships, resulting in leverage remaining above 5x and discretionary cash flow to debt below 5% in 2018.

Although unlikely during the next 12 months, we could raise the rating if Red Ventures' EBITDA growth exceeds our expectations, likely from new business partnerships or better-than-expected growth from existing health care partnerships or Bankrate, resulting in more diversification and stronger cash flow measures. This would include leverage approaching 4x and discretionary cash flow to debt above 10%.

RELATED CRITERIA

General Criteria: Methodology For Linking Long-Term And Short-Term Ratings (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/10011703), April 7, 2017
Criteria - Corporates - General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/9831306), Dec. 7, 2016
Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/8956570), Dec. 16, 2014
Criteria - Corporates - Industrials: Key Credit Factors For The Media And Entertainment Industry (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/8389927), Dec. 24, 2013
General Criteria: Group Rating Methodology (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/8336067), Nov. 19, 2013
Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/8330212), Nov. 19, 2013
Criteria - Corporates - General: Corporate Methodology (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/8314109), Nov. 19, 2013
General Criteria: Country Risk Assessment Methodology And Assumptions (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/8313032), Nov. 19, 2013
General Criteria: Methodology: Industry Risk (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/8304862), Nov. 19, 2013
General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/7629699), Nov. 13, 2012
General Criteria: Use Of CreditWatch And Outlooks (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/5612636), Sept. 14, 2009

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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S&P Global Ratings

(https://www.standardandpoors.com/en_US/web/guest) **Red Ventures Holdco, LP Regulatory Disclosure**

Rating Type: Local Currency LT
Publication Date: 25-Sep-2018 11:30 EDT

Symbol, Number, or Score in the Rating Scale Used to Denote Credit Rating Categories

and Notches as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

Rating Information

Rating	Rating Date	CreditWatch/ Outlook	CreditWatch/ Outlook Date
B+	26-Sep-2017	Stable	26-Sep-2017

Procedure or Methodology Used to Determine the Credit Rating as required by Paragraph

(a)(1)(ii)(B) of Rule 17g-7

The following criteria were used in determining this credit rating:

Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers
(https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/9831306)

Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers
(https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/8956570)

Criteria | Corporates | Industrials: Key Credit Factors For The Media And Entertainment Industry
(https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/8389927)

Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments
(https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/8330212)

General Criteria: Methodology: Industry Risk
(https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/8304862)

Criteria | Corporates | General: Corporate Methodology
(https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/8314109)

General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers (https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/7629699)

General Criteria: Country Risk Assessment Methodology And Assumptions
(https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/8313032)

General Criteria: Group Rating Methodology
(https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/8336067)

General Criteria: Use Of CreditWatch And Outlooks
(https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/5612636)

The following Models were used in preparing this rating

Corporate Criteria Scoring Template -- RS-IFC-GLB-R-000340-V012

Arrow Basic -- RS-IFC-GLB-R-000417-V004

Recovery Template -- RS-RTG-GLB-R-001003-V003

ESP (Expected Scenario Projector) including Liquidity Template -- RS-IFC-GLB-R-000410-V004

Main Assumptions and Principles Used to Construct the Rating Methodology Used to

Determine the Credit Rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

The Relationship of Cash Flow Adequacy to Leverage (Cash Flow Adequacy/Leverage)

- Higher levels of leverage are correlated to higher levels of default.

Competitive Position

- The competitive position and strategic position of an industry and company are directly linked to overall profitability, which is related to default risk.