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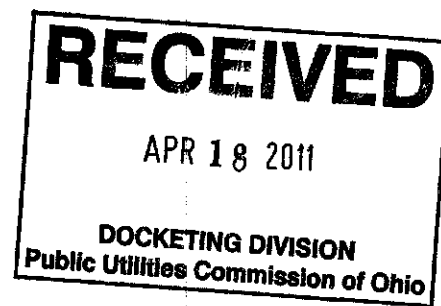
# Confidential Release

**Case Number: 02-1907-EL-CRS**

**Date of Confidential Document:**

**October 16, 2006**

**Today's Date: April 18, 2011**



**Description – Financial statements**

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.

Technician SM Date Processed APR 19 2011



ECONNERGY

CONFIDENTIAL

286 North Main Street  
Spring Valley, NY 10977  
Tel: 800.805.8586  
Fax: 845.371.3813  
www.econnergy.com

October 12, 2006

Public Utilities Commission of Ohio  
Docketing Division  
13<sup>th</sup> Floor  
180 East Broad Street  
Columbus, OH 43215-3793

Re: CRES Case # 02-1907-EL-CRS

To Whom It May Concern:

Enclosed please find a Motion For Extension of Time for Econnergy Energy Company, Inc. regarding its license renewal application (an original and 10 copies).

Also enclosed are the following: an unredacted original license renewal application and copy with Motion for Protective Order and 10 redacted copies with the confidential information removed.

If there are any questions, please contact me at 845-371-2288 x1228 or [schorra@econnergy.com](mailto:schorra@econnergy.com). Thank you for your consideration in this matter.

Sincerely,

*Angela Schorr*

Angela Schorr

Director of Regulatory and Consumer Affairs

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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Econnergy Energy Company, Inc. for	)	Case No. 02-1907-EL-CRS
Renewal of its Certification as A	)	
Competitive Retail Natural Gas Supplier	)	

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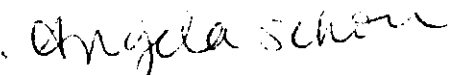
**MOTION FOR EXTENSION OF TIME**

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Econnergy Energy Company, Inc. ("Econnergy"), a natural gas marketer to residential and commercial customers, respectfully requests that the Public Utilities Commission of Ohio grant it an extension of thirty (30) days to extend the effective date of its Certificate No. 02-091(2) to November 26, 2006. The reasons underlying the requested extension are set forth in the accompanying memorandum in support.

Wherefore, Econnergy respectfully requests that the Commission grant an extension of time of thirty (30) days to extend the effective date of Certificate No. 02-091(2) from October 27, 2006 to November 26, 2006.

Respectfully submitted,



Angela Schorr  
Director of Regulatory and Consumer Affairs  
286 N. Main Street  
Spring Valley, NY 10977  
(845) 371-2288 x1228



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**MEMORANDUM IN SUPPORT**

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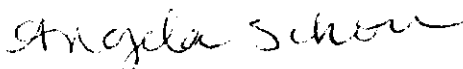
Econnergy Energy Company, Inc. ("Econnergy") holds a certificate as a retail natural gas supplier and a certificate as a competitive retail electric supplier. Due to some internal personnel changes, Econnergy failed to realize that its license was up for renewal. Econnergy was made aware of the situation on October 11, 2006 which was already outside the thirty (30) day requirement of the Commission. The undersigned is aware that the Commission's rules require that renewal applications be filed at least thirty (30) days prior to the expiration of the certificate.

In order to prevent an interruption of service to its customers, Econnergy respectfully requests that the Commission grant it a thirty (30) day extension of time, or to extend the expiration date of its certificate to November 26, 2006. The undersigned regrets any inconvenience caused by the delayed filing.

Included with this Memorandum is a copy of Econnergy's current renewal application with Exhibit C-3 excluded since this will be filed under seal, and with Exhibit C-5 excluded because it has not yet been completed.

Wherefore, Econnergy respectfully requests that the Commission grant an extension of thirty (30) days, or until November 26, 2006 for the expiration of its certificate No. 02-091(2).

Respectfully submitted,



Angela Schorr  
Director of Regulatory and Consumer Affairs  
286 N. Main Street  
Spring Valley, NY 10977  
(845) 371-2288 x1228



**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Econnergy Energy Company, Inc. for	)	Case No. 02-1907-EL-CRS
Renewal of its Certification as A	)	
Competitive Retail Natural Gas Supplier	)	

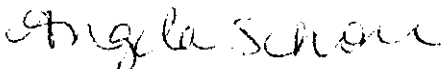
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**MOTION FOR PROTECTIVE ORDER**

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Pursuant to Section 4901-1-24(D) Ohio Admin. Code, Econnergy Energy Company, Inc. respectfully requests that the Public Utilities Commission of Ohio grant its Motion for a Protective Order with regard to Exhibits C-3 and C-5 of its application for the renewal of its certification as a competitive retail electric service provider for the reasons set forth in the attached Memorandum in Support.

Respectfully submitted,



Angela Schorr  
Director of Regulatory and Consumer Affairs  
286 N. Main Street  
Spring Valley, NY 10977  
(845) 371-2288 x1228



## **MEMORANDUM IN SUPPORT OF MOTION FOR PROTECTIVE ORDER**

Econnergy Energy Company, Inc. ("Econnergy") seeks a protective order with respect to the contents of Exhibits C-3 and C-5 of its application for the renewal of its certification as a competitive retail electric service provider. The said two exhibits have been marked as confidential and are filed under seal simultaneously herewith.

Section 4928.08(B) Ohio Rev. Code provides:

No electric utility, electric services company, electric cooperative, or governmental aggregator shall provide a competitive retail electric service to a consumer in this state on and after the starting date of competitive retail electric service without first being certified by the public utilities commission regarding its managerial, technical, and financial capability to provide that service and providing a financial guarantee sufficient to protect customers and electric distribution utilities from default. (Emphasis added)

In keeping with this mandate, the Public Utilities Commission of Ohio (the "Commission") requires an applicant who wishes to serve as a competitive retail electric service provider, to provide the Commission with, among other things, the applicant's two most recent years of audited or officer certified financial statements (to be attached to the application as Exhibit C-3) and the applicant's forecasted financial statements (to be attached to the application as Exhibit C-5).

The detailed information requested by the Commission is highly proprietary information and is considered trade secrets under Ohio law.

The term Trade Secret is defined in Sec. 1333.61(D) Ohio Rev. Code as follows:

"Trade Secret" means information, including the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, pattern, compilation, program, device, method, technique, or improvement, or any business information or plans, financial information, or listing of names, addresses, or telephone numbers, that satisfies both of the following:



- (1) It derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure of use.
- (2) It is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

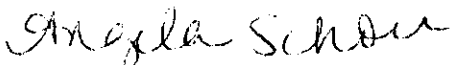
The information contained in Exhibit C-3 and C-5 clearly falls within the scope of this definition. Econnergy is a privately held corporation whose financial information is not publicly available and is not generally known. If this sensitive information is disclosed to the public, Econnergy's competitors will unjustly benefit therefrom.

Under these circumstances, the Commission has the authority to issue a protective order to prevent the public disclosure of the information. Sec. 4901-1-24(D) Ohio Admin. Code provides:

Upon motion of any party or person filing a document with the commission's docketing division relative to a case before the commission, the commission, the legal director, the deputy legal director, or the attorney examiner assigned to the case **may issue any order which is necessary to protect the confidentiality of information contained in the document**, to the extent that the state or federal law prohibits release of the information, including where the information is deemed by the commission, the legal director, or the attorney examiner assigned to the case to constitute a trade secret under Ohio law, and where non-disclosure of the information is not inconsistent with the purposes of Title 49 of the Revised Code. (Emphasis added)

Wherefore, Econnergy respectfully requests that the Commission grant its Motion for a Protective Order pursuant to 4901-1-24(D) Ohio Admin. Code, maintaining under seal the information set forth in Exhibits C-3 and C-5 of Econnergy's renewal application

Respectfully submitted,



Angela Schorr  
Director of Regulatory and Consumer Affairs  
286 N. Main Street  
Spring Valley, NY 10977  
(845) 371-2288 x1228





*The Public Utilities Commission of Ohio*

## **Renewal Instructions for Retail Electric Generation Providers and Power Marketers**

I. **Where to File:** Renewal applications should be sent to: Public Utilities Commission of Ohio, Docketing Division 13<sup>th</sup> Floor, 180 East Broad Street, Columbus Ohio 43215-3793.

II. **What to File:** Applicant must submit one original notarized application signed by a principal officer and ten copies including all exhibits, affidavits, and other attachments. All attachments, affidavits, and exhibits should be clearly identified. For example, Exhibit A-11 should be marked "Exhibit A-11 'Corporate Structure.'" All pages should be numbered and attached in a sequential order. **VERY IMPORTANT: The renewal application must be docketed in the applicant's original EL-CRS case number.**

III. **Renewal Application Form:** The renewal application is available on the Commission's web site, [www.puco.ohio.gov](http://www.puco.ohio.gov) or directly from the Commission at: Public Utilities Commission of Ohio, Docketing Division 13<sup>th</sup> Floor, 180 East Broad Street, Columbus Ohio 43215-3793.

IV. **Confidentiality:** If any of an applicant's answers require the applicant to disclose what the applicant believes to be privileged or confidential information not otherwise available to the public, the applicant should designate at each point in the application that the answer requires the applicant to disclose privileged and confidential information. Applicant must fully support its request to maintain confidentiality for the information it believes to be confidential or proprietary in a motion for protective order filed pursuant to Rule 4901-1-24 of the Ohio Administrative Code.

V. **Commission Process for Certification Renewal:** An application for renewal shall be made on forms approved and supplied by the Commission. The applicant shall complete the appropriate renewal form in its entirety and supply all required attachments, affidavits, and evidence of capability specified by the form at the time an application is filed. The Commission renewal process begins when the Commission's Docketing Division receives and time/date stamps the application. An incomplete application may be suspended or rejected. An application that has been suspended as incomplete will cause delay in renewal.

The Commission may approve, suspend, or deny a renewal application within 30 days. If the Commission does not act within 30 days, the renewal application is deemed automatically approved on the 31<sup>st</sup> day after the official filing date. If the Commission suspends the application, the Commission shall notify the applicant of the reasons for such suspension and may direct the applicant to furnish additional information. The Commission shall act to approve or deny a suspended application within 90 days of the date that the renewal application was suspended. Upon Commission approval, the applicant shall receive notification of approval and a



numbered certificate that specifies the service(s) for which the applicant is certified and the dates for which the certificate is valid.

Unless otherwise specified by the Commission, a competitive retail electric service provider's certificate is valid for a period of two years, beginning and ending on the dates specified on the certificate. The applicant may renew its certificate in accordance with Rule 4901:1-24-09 of the Ohio Administrative Code.

CRES providers shall inform the Commission of any material change to the information supplied in a renewal application within thirty days of such material change in accordance with Rule 4901:1-24-10 of the Ohio Administrative Code.

**VI. Questions:** Questions regarding filing procedures should be directed to Tamara Turkenton at (614) 995-7096 or [Tammy.Turkenton@puc.state.oh.us](mailto:Tammy.Turkenton@puc.state.oh.us) or Chuck Stockhausen at (614) 728-5049 or [Charles.Stockhausen@puc.state.oh.us](mailto:Charles.Stockhausen@puc.state.oh.us).

**VII. Governing Law:** The certification/renewal of competitive retail electric suppliers is governed by Chapter 4901:1-24 of the Ohio Administrative Code, Chapter 4901:1-21 of the Ohio Administrative Code, and Section 4928.08 of the Ohio Revised Code.





*The Public Utilities Commission of Ohio*

Original CRS Case Number	Version
-EL-CRS	August 2004

## **RENEWAL 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-11 Corporate Structure). 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. RENEWAL INFORMATION**

#### **A-1 Applicant intends to be renewed as: (check all that apply)**

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

#### **A-2 Applicant's legal name, address, telephone number, PUCO certificate number, and web site address**

Legal Name Econnergy Energy Company, Inc.  
Address 286 North Main Street, Spring Valley NY 10977  
PUCO Certificate # and Date Certified 02-091(2) 10/27/04  
Telephone # (845) 371-2288 Web site address (if any) www.econnergy.com

#### **A-3 List name, address, telephone number and web site address under which Applicant does business in Ohio**

Legal Name Econnergy Energy Company, Inc.  
Address 286 North Main Street, Spring Valley NY 10977  
Telephone # (845) 371-2288 Web site address (if any) www.econnergy.com



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

Econnergy Energy Company, Inc. Mirabito Gas & Electric  
\_\_\_\_\_  
\_\_\_\_\_

**A-5 Contact person for regulatory or emergency matters**

Name Angela Schorr  
Title Director of Regulatory and Consumer Affairs  
Business address 286 North Main Street, Spring Valley NY 10977  
Telephone # (845) 371-2288 Fax # (845) 503-2288  
E-mail address (if any) schorra@econnergy.com

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

Name Alexsa Torres  
Title Consumer Advocate  
Business address 286 North Main Street, Spring Valley NY 10977  
Telephone # (845) 371-2288 Fax # (845) 503-2288  
E-mail address (if any) regulatorycomplaints@econnergy

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

Customer Service address PO Box 1020, Spring Valley NY 10977  
Toll-free Telephone # (800) 805-8586 Fax # (845) 371-1789  
E-mail address (if any) service@econnergy.com

**A-8 Applicant's federal employer identification number # 13-394-8227**

**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 type="checkbox"/> Limited Liability Company (LLC) |
| <input checked="" type="checkbox"/> Corporation              | <input type="checkbox"/> Other _____                     |

**PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:**

- A-10 Exhibit A-10 "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-11 Exhibit A-11 "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.



## **B. 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 "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-4** 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-4 "Disclosure of Consumer Protection Violations" detailing such violation(s) and providing all relevant documents.

**B-5** 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-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation" detailing such action(s) and providing all relevant documents.

## **C. 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 Experian, 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. 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 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)

  
Signature of Applicant and Title

Sworn and subscribed before me this 13<sup>th</sup> day of October, 2006  
Month Year

  
Signature of official administering oath

Print Name and Title

JOSEPH E. LEHMANN  
Notary Public, State of New York  
No 01LE6058798  
Qualified in Rockland County  
Commission Expires May 14, 2007

My commission expires on \_\_\_\_\_



# AFFIDAVIT

State of New York :

\_\_\_\_ ss.  
(Town)

County of Pickens :

Jay B. Corn, Affiant, being duly sworn/affirmed according to law, deposes and says that:

He/She is the CFO (Office of Affiant) of Economy Energy Company, Inc. (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 renewal 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 comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
7. 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.
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)

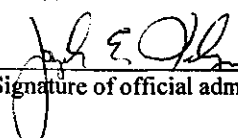


11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the renewal application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer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

  
Signature of Affiant & Title

Sworn and subscribed before me this 13<sup>th</sup> day of October, 2006  
Month Year

  
Signature of official administering oath

Print Name and Title  
JOSEPH E. LEHMANN  
Notary Public, State of New York  
No 01LE6058798  
Qualified in Rockland County  
Commission Expires May 14, 2007

My commission expires on \_\_\_\_\_



**EXHIBIT A-10**

**PRINCIPAL OFFICERS, DIRECTORS & PARTNERS**

**Principal Officers:**

Gary Bondi

Chairman

286 North Main Street, Spring Valley, New York 10977

845 371 2288 x1105

Steven J. Maslak

President and Chief Executive Officer

286 North Main Street, Spring Valley, New York 10977

845-371-2288 x1230

Jay Corn

Senior Vice President and Chief Financial Officer

286 North Main Street, Spring Valley, New York 10977

845 371 2288 x1205

Bentzion S. Turin

Vice President, General Counsel and Secretary

286 North Main Street, Spring Valley, New York 10977

845 371 2288 x1160

William Cateno

Vice President

286 North Main Street, Spring Valley, New York 10977

845 371 2288 x1131

**Directors:**

Gary Bondi

286 North Main Street, Spring Valley, New York 10977

845 371 2288 x1105

Ryan Sprott

286 North Main Street, Spring Valley, New York 10977

845 371 2288 x1160

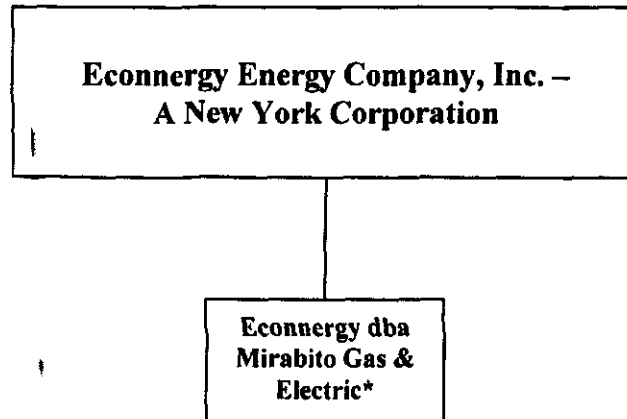
Kenneth Salamone

286 North Main Street, Spring Valley, New York 1097

845 371 2288 x1160



**EXHIBIT A-11**  
**CORPORATE STRUCTURE**



**\*This is an entity that Econnergy acquired and folded into its existing operations, retaining the names for marketing and customer service purposes.**



**EXHIBIT B-1**

**JURISDICTIONS OF OPERATION**

Econnergy Energy Company, Inc. ("Econnergy") is currently certified, registered, licensed or otherwise authorized to provide retail natural gas and/or electric service in the following areas:

<u>State</u>	<u>Gas License #</u>	<u>Electric License #</u>
New York	Registration, no license required	SAME
New Jersey	GSL-0020	ESL-0022
Maryland	IR-334	IR-340
DC	Docket GA03-4	
Virginia	G-19	E-13
Texas		REP # 10080
Ohio	02-040(2)	02-091(2)



**EXHIBIT B-2**

**EXPERIENCE & PLANS**

Econnergy Energy Company, Inc. ("Econnergy") was incorporated in the State of New York on May 6, 1997 to coincide with the deregulation of retail natural gas in New York State. Econnergy began with 50 customers in New York and has since grown to service more than 250,000 residential, commercial and industrial customers in New York, New Jersey, Ohio, Maryland, Texas and Virginia.

Econnergy markets primarily to residential and small commercial customers in areas where there is an ability to save the customer money by using a variable pricing method. Additionally, Econnergy seeks in all areas to utilize a consolidated bill, provided by the utility, for invoicing its customers. (This is how it currently bills in Dominion East Ohio's service territory.)

Customer contact is made either through Econnergy's network of independent agents making "warm" sales to friends, relatives, and neighbors, or through mass marketing channels such as door-to-door or telemarketing.

Econnergy's customer service department is available Monday through Friday from 9AM to 5PM for questions, comments, or complaints at 800-805-8586. Additionally, customers can contact us by e-mail to [service@Econnergy.com](mailto:service@Econnergy.com), USPS to 286 N. Main Street Spring Valley, NY 10977, or via our website at [www.Econnergy.com](http://www.Econnergy.com).

Customer issues which cannot be resolved during initial contact will be escalated to Supervisor for resolution. If the Supervisor cannot resolve the issue for the customer, it will be escalated to our Consumer Advocate for follow-up.



**EXHIBITS B-3, B-4, B-5**

**DISCLOSURE OF LIABILITIES AND INVESTIGATIONS**

**B-3** To date, there are no existing, pending or past rulings, judgments, contingent liabilities, revocations of authority or regulatory investigations against Econnergy that could adversely impact its financial or operational status or ability to provide the services it is seeking to be certified to provide.

**B-4** Neither Econnergy, an affiliate, predecessor of Econnergy, or any principal officer of Econnergy has been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws since applicant last filed for certification.

**B-5** Econnergy has not had any certification, license, or application to provide retail or wholesale electric service denied, curtailed, revoked, or cancelled within the past two years.



## **EXHIBIT C-1**

### **ANNUAL REPORTS**

Econnergy Energy Company, Inc. ("Econnergy") is a privately held company with several private investors. Investors who have at least a 10% ownership in Econnergy are Gary Bondi (Chairman), Sempra Energy Trading, Saul Horowitz, and Credit Suisse Private Equity. Accordingly, no Annual Reports to Shareholders or similar information is available. Please refer to Exhibit C-3, "Financial Statements," for information concerning Econnergy's financial condition.



## **EXHIBIT C-2**

### **SEC FILINGS**

Econnergy Energy Company, Inc. ("Econnergy") is a privately held company with several private investors. Investors who have at least a 10% ownership in Econnergy are Gary Bondi (Chairman), Saul Horowitz, Sempra Energy Trading and Credit Suisse Private Equity. Accordingly, no filings with the Securities and Exchange Commission is available. Please refer to Exhibit C-3, "Financial Statements," for information concerning Econnergy's financial condition.



**EXHIBIT C-3**

**FINANCIAL STATEMENTS**

Please see the attached audited financials. Also, please note our motion for confidentiality of these items.



**EXHIBIT C-4**

**FINANCIAL ARRANGEMENTS**

Please see the attached submission for Exhibit C-3. Contact Angela Schorr at Econnergy for any more information if needed.



**EXHIBIT C-5**

**CONFIDENTIAL**

**FORECASTED FINANCIAL STATEMENTS**

Forecasts are not currently available. At this time, Econnergy is not serving any electric load under its CRES operations and a forecast on that would be premature.



## **EXHIBIT C-6**

### **CREDIT RATING**

Econnergy Energy Company, Inc. ("Econnergy") is a privately held company with several private investors. Econnergy is rated by Dun & Bradstreet and has an overall rating of 4A3 with a Payment History and Trend rating of 80 (Paydex). See attached Dun & Bradstreet report for more information.



**EXHIBIT C-7**

**CREDIT REPORT**

Please see attached Dun & Bradstreet report.



**EXHIBIT C-8**

**BANKRUPTCY INFORMATION**

There are no reorganizations, protection from creditors, or any other form of bankruptcy filings made by Econnergy Energy Company, Inc.



## **EXHIBIT C-9**

### **MERGER INFORMATION**

In May, 2003, Econnergy Energy Company, Inc. ("Econnergy") acquired the customers of KeySpan Energy Services. This acquisition added approximately 50,000 natural gas customers in New York City and Long Island to Econnergy's customer base.

In July, 2003, Econnergy acquired Mirabito Gas and Electric Corp. and added approximately 2,500 customers to Econnergy's service. We have retained the Mirabito name and serve these customers as Econnergy dba Mirabito Gas and Electric.

In November, 2003, Econnergy acquired a portion of the customer base of AllEnergy New York Gas Marketing and was authorized to retain the name for approximately 3,000 customers. We now serve these customers under the Econnergy name and have discontinued use of the Econnergy dba AllEnergy Gas Marketing name.



## **EXHIBITS D-1 and D-2**

### **OPERATIONS and OPERATIONS EXPERTISE**

Econnergy is a retail provider of natural gas and electricity. We do not own generation nor do we sell wholesale power. We sell natural gas and electricity to residential, commercial, and industrial customers. We schedule and arrange delivery of same.

Econnergy has demonstrated its experience and technical ability to perform these operations by providing these same services to over 300,000 customer accounts throughout New York, New Jersey, Maryland, DC, Virginia, Ohio, and Texas. We have served gas customers since 1997 and electric customers since 1998.



### **EXHIBIT D-3**

#### **KEY TECHNICAL PERSONNEL**

1. Steve Bogin, Gas Scheduler  
bogins@econenergy.com  
845-371-2288 x1208

Responsible for gas nominations, emergency contact for supply issues.

2. Sam Ritter, Director – Supply and Trading  
ritters@econenergy.com  
845-371-2288 x1110

Manages book of business, forecasting, variable pricing, deal capture. Tracks natural gas transactions, responsible for structured products such as fixed or indexed pricing.

3. William Golemboski, Vice President – Power  
golemboskiw@econenergy.com  
845-371-2288 x1209

Oversees Power book of business, forecasting modeling and reports for pricing.

4. Levi Moeller, Analyst  
moellerl@econenergy.com  
845-371-2288 x1224

Model maintenance and reporting.

5. Rachel Baier, Financial Control and Accounting  
baierr@econenergy.com  
845-371-2288 x1127

Tracks financial results for all physical and financial Gas and Power Transactions. Monitors operations activities to ensure guidelines are followed. Manages Reporting for financials and earnings.

6. Ethan Kagan, Director, Information Technology  
kagane@econenergy.com  
845-371-2288 x1101

Responsible for EDI testing and transactions. Ensures communication with LDC systems.



**EXHIBIT D-4**

**FERC POWER MARKETER LICENSE NUMBER**

Econnergy no longer has a FERC Power Marketer License for the following reasons: 1. Econnergy does not sell any wholesale power - its only sale of power is to end use customers, 2. Econnergy does not currently market power in Ohio and 3. The states in which Econnergy markets power to do not require a FERC license number.



**CONFIDENTIAL**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS**

**ECONNERGY ENERGY COMPANY, INC.  
AND SUBSIDIARIES**

**March 31, 2006 and 2005**



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors and Shareholders of  
Econnergy Energy Company, Inc.

We have audited the accompanying consolidated balance sheets of Econnergy Energy Company, Inc. and Subsidiaries (a New York corporation) as of March 31, 2006 and 2005, and the related consolidated statements of operations, shareholders' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Econnergy Energy Company, Inc. and Subsidiaries as of March 31, 2006 and 2005, and the consolidated results of their operations and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

New York, New York

May 30, 2006 (except with respect to the matters described in the third paragraph of Note G, the third paragraph of Note H, and the second paragraph of Note J, as to which the date is July 21, 2006)



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

March 31,

ASSETS	2006	2005
<b>CURRENT ASSETS</b>		
Cash	\$ 680,255	\$ 562,875
Accounts receivable, net of allowance for doubtful accounts of \$11,002,697 and \$5,269,177, respectively	81,029,490	16,932,185
Prepaid and deferred expenses	509,592	234,608
Natural gas storage	975,372	636,730
Commodity imbalance	10,044,807	-
Other current assets	1,624,743	4,121,967
Deferred tax assets	2,158,060	3,234,475
Total current assets	97,022,319	25,722,840
<b>PROPERTY AND EQUIPMENT, net</b>	1,194,109	1,488,216
<b>OTHER NONCURRENT ASSETS</b>		
Security and energy deposits	3,669,430	4,224,735
Deferred tax assets, net	636,339	2,136,344
Other long-term assets, net	1,376,943	3,557,473
Total noncurrent assets	5,682,712	9,918,552
Total assets	\$103,899,140	\$ 37,129,608
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses (Note J)	\$ 72,643,828	\$ 24,534,986
Taxes payable	9,461,348	3,991,021
Commodity imbalance	-	2,275,764
Other current liabilities	3,896,973	2,145,673
Total current liabilities	86,002,149	32,947,444
<b>LONG-TERM LIABILITIES</b>		
Loan payable - related party	110,873	113,225
Total liabilities	86,113,022	33,060,669
<b>COMMITMENTS AND CONTINGENCIES (Note N)</b>		
<b>MANDATORILY REDEEMABLE STOCK</b>	9,490,932	8,762,270
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Series A Convertible Preferred Stock, \$.01 par value; 580,564 issued and outstanding	5,806	5,806
Common stock, \$.001 par value; 15,000,000 shares authorized; 3,600,000 issued and outstanding	3,600	3,600
Additional paid-in capital	3,719,886	3,725,770
Retained earnings (deficit)	3,378,152	(11,845,527)
Accumulated other comprehensive income	1,187,742	3,417,020
Total shareholders' equity (deficit)	8,295,186	(4,693,331)
Total liabilities and shareholders' equity (deficit)	\$103,899,140	\$ 37,129,608

The accompanying notes are an integral part of these statements.



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

Year ended March 31,

	<u>2006</u>	<u>2005</u>
Sales	\$594,998,499	\$460,628,267
Cost of goods sold	<u>532,545,341</u>	<u>420,930,761</u>
Gross profit	62,453,158	39,697,506
Selling, general and administrative expenses	<u>33,506,221</u>	<u>26,219,320</u>
Profit before interest, other (income) expenses, net and income taxes	28,946,937	13,478,186
Interest expense, net	4,762,103	5,238,503
Cost of capital on sale of receivables	3,282,400	2,396,920
Proceeds from proposed merger	(6,544,655)	
Warrant income, net	-	(455,559)
Other expense, net	<u>588,174</u>	<u>2,741</u>
Profit before income taxes	26,858,915	6,295,581
(Provision for) benefit from income taxes, net	<u>(10,912,458)</u>	<u>5,330,553</u>
NET INCOME	<u>\$ 15,946,457</u>	<u>\$ 11,626,134</u>

*The accompanying notes are an integral part of these statements.*



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**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)**

Years ended March 31, 2006 and 2005

	<u>Preferred stock</u>		<u>Common stock</u>		<u>Accumulated other comprehensive income</u>	<u>Additional paid-in capital</u>	<u>Retained earnings (deficit)</u>	<u>Total</u>
	<u>Shares</u>	<u>Par value</u>	<u>Shares</u>	<u>Par value</u>				
Balance, March 31, 2004	580,564	\$5,806	3,600,000	\$3,600	\$ 503,660	\$4,209,589	\$(20,703,503)	\$(15,980,848)
Change in fair value of derivative instruments	-	-	-	-	2,913,360	-	-	2,913,360
Net income	-	-	-	-	-	-	11,626,134	<u>11,626,134</u>
Total comprehensive income								14,539,494
Issuance of warrants in connection with Sempra financing	-	-	-	-	-	84,224	-	84,224
Cancellation of warrants in connection with Mirant financing	-	-	-	-	-	(539,783)	-	(539,783)
Accretion of cumulative Series B dividends	-	-	-	-	-	-	(2,768,158)	(2,768,158)
Accretion of issuance costs	-	-	-	-	-	(28,260)	-	(28,260)
Balance, March 31, 2005	<u>580,564</u>	<u>5,806</u>	<u>3,600,000</u>	<u>3,600</u>	<u>3,417,020</u>	<u>3,725,770</u>	<u>(11,845,527)</u>	<u>(4,693,331)</u>
Change in fair value of derivative instruments	-	-	-	-	(2,229,278)	-	-	(2,229,278)
Net income	-	-	-	-	-	-	15,946,457	<u>15,946,457</u>
Total comprehensive income								13,717,179
Accretion of cumulative Series B dividends	-	-	-	-	-	-	(722,778)	(722,778)
Accretion of issuance costs	-	-	-	-	-	(5,884)	-	(5,884)
Balance, March 31, 2006	<u>580,564</u>	<u>\$5,806</u>	<u>3,600,000</u>	<u>\$3,600</u>	<u>\$ 1,187,742</u>	<u>\$3,719,886</u>	<u>\$ 3,378,152</u>	<u>\$ 8,295,186</u>

*The accompanying notes are an integral part of this statement.*



## ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended March 31,

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Net income	\$ 15,946,457	\$ 11,626,134
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	928,548	984,186
Provision for (benefit from) deferred tax	2,576,420	(5,370,819)
Provision for (benefit from) for bad debts	5,733,520	(4,634,750)
Noncash compensation expense	-	(455,559)
Provision for loss on contracts	(177,148)	(501,465)
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(69,830,825)	59,995,838
(Increase) decrease in prepaid and deferred expenses	(274,984)	3,240,693
Decrease (increase) in other current assets	267,946	(394,788)
(Increase) decrease in natural gas storage	(338,642)	298,940
Decrease (increase) in security and energy deposits	555,305	(1,259,208)
Decrease (increase) in other long-term assets	3,080,530	(536,246)
Increase (decrease) in accounts payable and accrued expenses	48,108,842	(64,235,586)
(Decrease) increase in commodity imbalance	(12,320,571)	993,801
Increase in taxes payable	5,470,327	229,613
Increase in other current liabilities	1,928,448	330,675
Decrease in other long-term liabilities	-	(87,500)
Decrease in long-term taxes payable	-	(385,494)
(Decrease) increase in loan payable - related party	(2,352)	216
Net cash provided by (used in) operating activities	<u>1,651,821</u>	<u>(161,319)</u>
Cash flows from investing activities		
Purchase of property and equipment	(634,441)	(591,149)
Cash paid in acquisitions	(900,000)	(600,000)
Net cash used in investing activities	<u>(1,534,441)</u>	<u>(1,191,149)</u>
Net increase (decrease) in cash	117,380	(1,352,468)
Cash, beginning of year	<u>562,875</u>	<u>1,915,343</u>
Cash, end of year	<u>\$ 680,255</u>	<u>\$ 562,875</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for		
Income taxes	\$ 857,870	\$ -
Interest	8,634,416	7,582,717

The accompanying notes are an integral part of these statements.



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2006 and 2005

**NOTE A - NATURE OF BUSINESS**

Econnergy Energy Company, Inc. and Subsidiaries (the "Company" or "Econnergy") is a full service marketer of natural gas and electricity to residential and commercial customers. On May 6, 1997, the Company was incorporated in the State of New York and is currently headquartered in Rockland County, New York. Econnergy purchases natural gas and electricity on a wholesale basis and transports it to retail energy consumers in the deregulated markets of New York, New Jersey, Maryland, Washington, D.C., Virginia, Ohio and Texas. In December 2002, the Company entered into an agreement with Semptra Energy Trading Corp. as its gas and electric supplier (see Note J).

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****1. Consolidation**

The accompanying consolidated financial statements include the consolidated accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

**2. Revenue Recognition**

The Company recognizes revenue for the sale of natural gas and electricity based on actual customer usage. The Company records gas and electric sales under the accrual method and these revenues are recognized upon delivery of gas and electricity to the customer's meter. Gas and electric services not billed are estimated and recorded each period.

**3. Accounts Receivable**

Credit to customers is extended based on evaluation of customers' financial condition and, generally, collateral is not required. Accounts receivable are usually due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE B (continued)**

**4. *Property and Equipment***

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their useful lives or the remaining lease term. Major renewals and improvements of property, plant and equipment are capitalized, and repairs and maintenance costs are expensed as incurred.

**5. *Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of accounts receivable. The Company's mix of accounts receivable is diverse, with no one customer balance in excess of 10% of total accounts receivable. The Company maintains reserves for potential losses.

**6. *Fair Value of Financial Instruments***

The carrying amounts of cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of these instruments.

**7. *Derivative Instruments***

The Company accounts for derivative instruments based on the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." These standards require the Company to recognize all derivative instruments as either assets or liabilities at fair value. The accounting for changes in the fair value of a derivative depends on the use of the derivative. To the extent that a derivative is effective as a cash flow hedge of an exposure to future changes in value, the change in fair value of the derivative is deferred in accumulated other comprehensive income. Any portion considered to be ineffective as a hedge will be reported in earnings immediately. To the extent that a derivative is effective as a hedge of an exposure to future changes in fair value, the change in the derivative's fair value will be offset in the statement of operations by the change in fair value of the item being hedged.



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE B (continued)****8. *Income Taxes***

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," which requires accounting for deferred income taxes under the asset and liability method. Deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable in future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. When it is not considered more likely than not that a part or the entire deferred tax asset will be realized, a valuation allowance is recognized.

**9. *Internal-Use Computer Software***

In accordance with Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," the Company capitalizes costs incurred in the application development stage related to the development of the Company's billing system. These development costs are amortized over an estimated useful life of three years.

**10. *Customer Acquisition Costs***

Incremental direct customer acquisition costs are being capitalized and amortized over the future benefit period of 24 months. Such costs represent customer costs incurred in connection with the generation of new accounts via third-party direct marketing companies. Customer costs, net of accumulated amortization as of March 31, 2006 and 2005 were approximately \$922,000 and \$2,137,000, respectively, and are included in the accompanying consolidated balance sheets as other noncurrent assets. Amortization of customer costs was approximately \$1,740,000 and \$1,127,000 in fiscal years 2006 and 2005, respectively.

**11. *Commodity Imbalances***

Imbalances result when customers consume more or less gas and electricity than has been delivered by the Company to the local distribution company. Gas imbalance volumes are settled either monetarily or as unit adjustments to a subsequent month's delivery requirement. Electric volumes are settled monetarily on a monthly basis by using a four-month look back. These amounts are stated at their net realizable value in the accompanying consolidated balance sheets.



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE B (continued)**

*12. Accounting for Long-lived Assets*

The Company accounts for long-lived assets in accordance with the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 requires that long-lived assets and identifiable intangible assets that are not deemed to have indefinite lives will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may be impaired. Furthermore, these assets are evaluated for continuing value and proper useful lives by comparison to undiscounted expected cash flow projections. Management has performed a review of all long-lived assets and has determined that no impairment of the carrying values of its long-lived assets exists as of March 31, 2006.

*13. Stock-based Compensation*

The Company accounts for stock-based compensation to employees under the intrinsic-value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and discloses the effect of the differences which would result had the Company applied the fair-value-based method of accounting on a pro forma basis, as required by SFAS No. 123, "Accounting for Stock-Based Compensation."

The Company accounts for equity instruments issued to non-employees in accordance with the provisions of SFAS No. 123 and Emerging Issues Task Force ("EITF") Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction With Selling, Goods or Services."

In December 2002, the FASB issued Statement No. 148 ("SFAS No. 148"), "Accounting for Stock-Based Compensation - Transition and Disclosure: an amendment of FASB Statement No. 123" ("SFAS No. 123"), to provide alternative transition methods for a voluntary change to the fair value-based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in annual financial statements about the method of accounting for stock-based employee compensation and the pro forma effect on reported results of applying the fair value-based method for entities that use the intrinsic value method of accounting.



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE B (continued)**

The Company has elected to continue to utilize APB No. 25 in accounting for its employee stock options. Had the Company determined compensation expense for these stock options under the fair value method of SFAS No. 123, the Company's net income would have decreased to the following pro forma amounts:

	<u>Year ended March 31,</u>	
	<u>2006</u>	<u>2005</u>
Net income as reported	\$15,946,457	\$11,626,134
Pro forma net income	15,131,581	11,548,561

*14. Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*15. New Accounting Pronouncements*

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. In accordance with the standard, financial instruments that embody such obligations for the issuer are required to be classified as liabilities. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, except for mandatorily redeemable financial instruments, for which this statement shall be effective for fiscal periods beginning after December 15, 2003. The adoption of SFAS No. 150 did not have and is not expected to have a material effect on the Company's financial position or results of operations.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"), which requires the recognition of the cost of employee services received in exchange for an award of equity instruments in the financial statements and measurement based on the grant-date fair value of the award. It also requires the cost to be recognized over the period during which an employee is required to provide service in exchange for the award (presumptively the vesting



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE B (continued)**

period). SFAS No. 123R replaces SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25 and its related interpretations. As modified, SFAS No. 123R is effective for fiscal years beginning after June 15, 2005, and applies to all awards granted, modified, repurchased, or cancelled after that date. As stock option awards are determined each year, the impact to the Company's consolidated financial statements of the adoption of SFAS No. 123R cannot be predicted with certainty.

In December 2004, the FASB issued SFAS No 153, "Exchange of Non-monetary Assets-an amendment of APB Opinion No. 29." SFAS No. 153 amends Opinion 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for fiscal periods after June 15, 2005. The Company does not expect the adoption of SFAS No. 153 to have a material impact on the Company's consolidated financial statements.

**NOTE C - PROPERTY AND EQUIPMENT, NET**

As of March 31, 2006 and 2005, property and equipment consisted of the following:

	<u>Estimated useful lives</u>	<u>2006</u>	<u>2005</u>
Furniture and fixtures	7 years	\$ 638,360	\$ 628,685
Computer equipment	3 years	1,062,109	971,555
Software	3 years	3,388,653	2,854,441
Leasehold improvements	Shorter of the life of the lease or the life of the asset	<u>969,004</u>	<u>969,004</u>
		6,058,126	5,423,685
Less accumulated depreciation		<u>(4,864,017)</u>	<u>(3,935,469)</u>
Property and equipment, net		<u>\$ 1,194,109</u>	<u>\$ 1,488,216</u>

Depreciation expense for the years ended March 31, 2006 and 2005 amounted to \$928,548 and \$984,186, respectively.



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE D - OTHER LONG-TERM ASSETS, NET**

Other long-term assets, net, consist of the following as of March 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Long-term – deferred rent	\$ -	\$ 18,159
Customer acquisition costs, net	921,933	2,136,974
Acquired customer contracts, net	450,000	1,350,000
Other	<u>5,010</u>	<u>52,340</u>
Other long-term assets, net	<u>\$1,376,943</u>	<u>\$3,557,473</u>

**NOTE E - RELATED PARTY TRANSACTIONS**

During 1999, a corporation owned by one of the shareholders of the Company loaned the Company \$91,055 to fund its operations. The loan bears interest at an annual rate of 5% and matures on April 1, 2007. The balance as of March 31, 2006 and 2005 includes accrued interest. (Also see Note N.)

**NOTE F - INCOME TAXES**

The income tax provision (benefit) as of March 31 is comprised of the following:

	<u>Fiscal year</u>	
	<u>2006</u>	<u>2005</u>
Current provision (benefit)		
Federal	\$ 6,206,439	\$ 67,565
State	<u>2,129,598</u>	<u>(27,299)</u>
	<u>8,336,037</u>	<u>40,266</u>
Deferred provision (benefit)		
Federal	2,157,495	(4,084,101)
State	<u>418,926</u>	<u>(1,286,718)</u>
	<u>2,576,421</u>	<u>(5,370,819)</u>
Total provision (benefit)	<u>\$10,912,458</u>	<u>\$ (5,330,553)</u>



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE F (continued)**

The Company's effective income tax rate differs from the statutory U.S. Federal income tax rate as a result of the following:

	<u>Fiscal year</u>	
	<u>2006</u>	<u>2005</u>
Statutory U.S. Federal tax rate	35.00 %	34.00 %
State and local taxes, net of Federal benefit	6.17	5.94
Permanent items	.08	.42
Credits	-	(1.10)
Change in valuation allowance	.07	(125.14)
Other, net	<u>(.62)</u>	<u>1.21</u>
Total effective rate	<u>40.63 %</u>	<u>(84.67) %</u>

The significant components of the Company's deferred tax assets at March 31 are as follows:

	<u>Fiscal year</u>	
	<u>2006</u>	<u>2005</u>
Net operating loss carryforward	\$ -	\$1,705,911
Bad debt reserve	1,872,875	3,065,482
Depreciation	295,320	223,376
Other	784,874	434,288
Alternative minimum tax credit carryforward	<u>-</u>	<u>82,211</u>
Total deferred tax assets	2,953,069	5,511,268
Less valuation allowance	<u>(158,670)</u>	<u>(140,449)</u>
Net deferred tax assets	<u>\$2,794,399</u>	<u>\$5,370,819</u>

As of March 31, 2006 and 2005, Federal and state net operating loss carryforwards were approximately \$0 and \$4,212,100, respectively.

At March 31, 2004, the Company had recorded a full valuation allowance against its deferred tax asset due to the uncertainty of future taxable income to be able to recognize that benefit. At March 31, 2005,



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE F (continued)**

substantially all of the valuation allowance was reversed because the Company had sufficient taxable income to enable it to realize the deferred tax asset. The valuation allowance which remains as of March 31, 2006 consists of deferred tax assets relating to outstanding warrants and a capital loss carryforward.

**NOTE G - SHAREHOLDERS' EQUITY (DEFICIT)**

On April 22, 1999 and May 27, 1999, the Company consummated a private placement in which the Company issued 50 units and 1 unit, respectively, each unit consisting of 10,000 shares of the Company's 8% Series A Convertible Preferred Stock, par value \$.01 per share (the "Series A Preferred Stock"). Each unit was sold at \$50,000 per unit, for total aggregate gross proceeds to the Company of \$2.55 million. The Series A Preferred Stock is convertible into shares of the Company's common stock at a 1 to 1 ratio, par value \$.001 per share (the "Common Stock"), at the option of the holder, at any time, after nine months from the date of issuance or automatically upon the consummation of an underwritten initial public offering of the Common Stock. Upon declaration by the Company's Board of Directors, holders of the Series A Preferred Stock are entitled to cumulative dividends from the date of issuance of such shares at the rate of 8% per year, payable beginning 12 months thereafter. As of March 31, 2006, the undeclared cumulative dividends attributable to the preferred Series A shareholders amounted to \$1,415,879. The Series A Preferred Stock is not redeemable and carries a liquidation preference of \$5.00 per share.

As a result of the issuance of mandatorily redeemable stock in June 2000, the Series A shareholders received 70,564 additional Series A shares based on a conversion rate of 1.13836.

In conjunction with the issuance of the Series C Preferred Stock (Note J), the Company restated its certificate of incorporation to increase the number of aggregate shares from 17,500,000 to 21,000,000 and Preferred Shares from 2,500,000 to 6,000,000 (for all series of preferred stock). As of July 21, 2006, there were 580,564 Series A Preferred Shares, 1,583,114 Series B Preferred Shares and 3,129,320 Series C Preferred Shares authorized issued and outstanding.

**NOTE H - MANDATORILY REDEEMABLE STOCK**

On June 16, 2000, the Company entered into a Securities Purchase Agreement (the "Agreement") with Credit Suisse First Boston ("CSFB") and one of the Company's principal owners whereby it authorized and issued 1,583,114 shares of \$.01 par value Convertible Preferred Stock (the "Series B Preferred") for a purchase price of approximately \$5,858,600, net of issuance costs. Upon declaration by the



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE H (continued)**

Company's Board of Directors, the Series B Preferred shall accrue quarterly cumulative dividends on each outstanding share at a rate of 8% per annum. The dividends begin to accrue from the Original Issue Date (the "Issuance Date") of the preferred stock and are convertible into common stock. The mandatory redemption election period begins on the fifth anniversary of the Issuance Date and requires the Company, if CSFB so elects, to redeem all the outstanding Series B Preferred shares at the greater of \$3.79 (plus accrued and unpaid dividends) or the fair market value per share of the Series B Preferred. Each holder of the Series B Preferred shall have the right, at any time, to convert any of its shares of Series B Preferred into common stock. The conversion factor is defined within the Agreement. The Series B Preferred has a liquidation preference of \$3.79 per share, plus any accrued and unpaid dividend. As of March 31, 2006, the undeclared cumulative dividends attributable to the Series B Preferred shareholders amounted to \$3,490,936. Such amount is presented as part of the carrying value of the Series B Preferred stock in order to reflect its redemption value as of March 31, 2006. In connection with the issuance of Series B Preferred, the Company incurred issuance costs of approximately \$140,000. Such costs were recorded as a reduction of the carrying amount of such preferred stock and have been accreted over the five-year period to the earliest redemption date.

In 2005, the Company changed its presentation for cumulative dividends on Series B Preferred. The Company accreted the cumulative dividend on Series B Preferred stock amounting to \$2,768,158 to the carrying value of the Series B Preferred stock in order to reflect its redemption value as of March 31, 2006.

In conjunction with the issuance of the Series C Preferred Stock (Note J), the Certificate of Designation of the Series B Preferred was modified to terminate the preferred dividends accrued on the Series B effective as of the date of the Series C issuance and deferred the mandatory redemption date from June 16, 2005 to July 31, 2011.

**NOTE I - STOCK OPTION PLAN**

In 1999, the Company adopted a stock option plan (the "1999 Plan"), under which the Company may issue qualified and incentive stock options. Awards may be granted to directors, employees and consultants of the Company as the Board of Directors selects in its discretion. As amended, a combined total of 1,000,000 shares of Common Stock have been reserved for issuance under the 1999 Plan.

As of March 31, 2006, there are 151,366 shares available for future grants.



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE I (continued)**

For disclosure purposes under SFAS No. 123, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option valuation model with the following weighted-average assumptions:

	<u>2006</u>	<u>2005</u>
Expected life (in years)	10.00	10.00
Risk-free interest rate	4.75%	4.00%
Volatility	30.00%	30.00%
Dividend yield	-	-

Utilizing these assumptions, the weighted-average fair value of the options granted is \$2.08 and \$1.97 for the years ended March 31, 2006 and 2005, respectively.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because the changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion the existing models do not necessarily provide a reliable single measure of the fair value of the Company's employee stock options.

A summary of the activity under the 1999 Plan is as follows:

	<u>Shares</u>	<u>Weighted- average exercise price</u>
Outstanding, March 31, 2004	605,300	\$4.58
Granted	135,000	4.00
Exercised	-	-
Canceled	<u>(215,000)</u>	<u>4.33</u>
Outstanding, March 31, 2005	525,300	4.54
Granted	327,334	4.31
Exercised	-	-
Canceled	<u>(4,000)</u>	<u>6.00</u>
Outstanding, March 31, 2006	<u>848,634</u>	<u>\$4.44</u>
Exercisable, March 31, 2006	<u>820,509</u>	<u>\$4.46</u>



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE J - CREDIT AND LOAN FACILITIES**

On December 26, 2002, the Company entered into a three-year Commodity Purchase Agreement ("CPA") with Semptra Energy Trading Corp. ("Semptra"), which expired on December 26, 2005. The CPA, as amended, provides for Semptra to act as the Company's exclusive supplier for natural gas and power. In addition, Semptra granted Econergy an extension to its customary payment terms for the supply of such commodity costs and extended credit up to an aggregate of \$45 million. In return, the Company provides Semptra a first priority security interest on substantially all of its current and future assets including without limitation to all cash and cash equivalents, all accounts receivable and all deposit accounts. Under the CPA, all payments from its customers and distributors are paid to a specific lockbox or by wire to the lockbox account under the control of Semptra, from which Semptra shall permit certain payments to be made to the Company for its general corporate purposes. The Company also pays financing fees for outstanding balances due Semptra, calculated on a daily basis and payable monthly in arrears on the tenth day of each month in the amount equal to the LIBOR (based on the offered rate for two-month deposits) plus 4%. The CPA contains both financial and nonfinancial covenants and at March 31, 2006, the Company is in compliance with its covenants. Through several amendments, the CPA was extended through June 30, 2006.

On June 30, 2006, the Company entered into an Agreement Governing Terms of Extension of Commodity Purchase Agreement (the "Agreement") in which Semptra will provide a Tenth Amendment of the supply agreements under the CPA until June 30, 2007 at substantially reduced pricing in exchange for the issuance by Econergy of 3,129,320 shares of Series C Convertible Participating Preferred Stock ("Series C Preferred Stock"). The Series C Preferred Stock is convertible into shares of the Company's common stock at a 1 to 1 ratio, par value \$.01 per share, at any time and from time to time at the option of the holder. Series C Preferred Stock has both voting rights and the right to participate in dividends when and if declared by the Board of Directors. The Series C Preferred Stock is not redeemable and has no liquidation preferences. The Company executed the Tenth Amendment to the CPA on July 21, 2006.

In connection with an amendment to the CPA, on March 21, 2003, the Company also granted Semptra 100,000 warrants at an exercise price of \$4.00 per share exercisable at any time until June 30, 2008. The fair value of these options was \$137,014, which was charged to operations. Additionally, in conjunction with another amendment, on October 30, 2003, the Company granted Semptra an additional 100,000 warrants at an exercise price of \$4.00 per share exercisable at any time until October 30, 2008. The fair value of these options was \$84,224, which was charged to operations.

On April 1, 2004, the Company entered into a Receivables Transfer Agreement ("RTA") in which it sold to SET Trade Finance LLC ("STF"), a wholly-owned subsidiary of Semptra, rights to certain customer payment obligations. The activity under this program is accounted for as a sale of accounts receivable in accordance with SFAS No. 140, "Accounting for Transfers and Servicing of Financial



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE J (continued)**

Assets and Extinguishments of Liabilities." For the year ended March 31, 2006 and 2005, total receivables sold to SET approximated \$421,469,000 and \$430,411,000, respectively. The discounts from the face amount of each sale consist of cost of capital and loss discounts, which were approximately \$9,604,000 and \$9,430,000 at March 31, 2006 and 2005, respectively, and included in the accompanying consolidated statements of operations. The loss discounts are presented as part of selling, general and administrative expenses, while the cost of capital discounts is presented as a separate line item within other (income) expense. The Company retained servicing responsibilities for which the servicing compensation was taken into account in the determination of the accounts receivable purchase price. The RTA was initially for one year; however, it was extended for an additional eleven months as documented in the April 2005 Amendment to the RTA. In March 2006, the RTA was terminated and the Company was released from its obligations under the agreement. In conjunction with the termination, the Company purchased \$22,162,161 of receivables net of a provision for bad debts of \$11,562,079.

**NOTE K - PROCEEDS RELATING TO PROPOSED MERGER**

On September 30, 2005, the Company entered into an Agreement and Plan of Merger ("Merger Agreement") with a third party. The Merger Agreement provided for liquidated damages of \$7,300,000 to the Company if the third party failed to close upon the Company's satisfaction of its closing obligations. The Company entered into several amendments including the final amendment dated January 24, 2006, that extended a grace period to consummate the merger through February 17, 2006. The third party was not able to complete its closing obligations and, as a result, the Company received liquidated damages of \$7,300,000 plus accrued interest of \$61,847. The Company offset direct costs associated with the transaction of \$755,345. The remaining net proceeds of \$6,544,655 are included within other (income) expense in the accompanying consolidated statements of operations.

**NOTE L - ACQUISITIONS**

*Mirigas Inc. (formally known as Mirabito Gas & Electric Inc.)*

Effective July 1, 2003, the Company entered into an Agreement and Plan of Merger with Mirabito Gas and Electric Corporation ("MGE"), a wholly-owned subsidiary of Mirigas Inc. ("Mirigas"), whereby the Company acquired certain assets and liabilities of Mirigas, specifically those relating to its business of selling natural gas and electric. This acquisition has been accounted for in accordance with SFAS No. 141, "Business Combinations," and results of the operations of the acquired business have been included in the accompanying financial statements since the date of acquisition. The total purchase



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE L (continued)**

price, excluding \$688,400 paid for natural gas acquired, includes cash consideration of \$1,800,000, of which \$400,000 was paid at closing and the balance was being paid in the form of a contingent earn-out payment in equal installments over fourteen months up to a maximum of \$1,400,000. Based on the final earn-out, the full amount paid of \$1,800,000 was allocated as acquired customer contracts and included in other long-term assets. This balance is being amortized over the future benefit period of thirty-six months. Amortization expense was \$900,000 and \$450,000 for the years ended March 31, 2006 and 2005, respectively.

**NOTE M - DERIVATIVE FINANCIAL INSTRUMENTS**

The Company uses derivative instruments to manage its exposure to fluctuating natural gas prices through the use of natural gas swap and option contracts. To the extent that these instruments are effective in hedging the Company's exposure to price changes, changes in the fair values of the hedge contracts are deferred in accumulated other comprehensive income and reclassified to cost of goods sold as the natural gas is purchased. Changes in the time value of option contract have been included in the Company's assessment of hedge effectiveness and reported in earnings immediately. The amount of ineffectiveness which is reported in cost of goods sold in the accompanying statements of operations for the years ended March 31, 2006 and 2005 was not material.

Deferred gains on outstanding natural gas option and swap contracts are reflected in other current assets and accumulated other comprehensive income in the amount of \$1,187,742 and \$3,417,020, respectively, at March 31, 2006 and 2005.

During the years ended March 31, 2006 and 2005, gains and losses on derivative financial instruments that were used to hedge natural gas price changes, which resulted in a net (loss) gain of \$(1,715,062) and \$1,448,367, respectively, were not recognized until the hedged transaction was reflected in the statements of operations. Premiums paid on option contracts were amortized over the life of the contracts (typically one year or less).

**NOTE N - COMMITMENTS AND CONTINGENCIES**

*Operating Leases*

In October 2001, the Company entered into a five-year lease agreement with the new owners of the Company's headquarters in Spring Valley, New York. The Company's two principal shareholders have a financial interest under this new ownership.



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE N (continued)**

The Company is obligated under operating leases for its office space, requiring minimum annual rental payments as follows:

March 31, 2007

\$122,118

Rent expense was approximately \$318,000 and \$425,800, respectively, for the years ended March 31, 2006 and 2005.

*Contingencies*

In July 2004, the Company received notification from the City of New York Department of Finance ("NYC DOF"), stating that the City believes the Company should have been required to collect and remit UXS tax on gas commodity sold to customers in New York City. A number of other retail energy marketers operating in New York City received similar notices. The Company's position is that title to the gas commodity transfers outside the State of New York and is not subject to the UXS tax. Accordingly, the Company had not charged the customers nor remitted tax on the gas commodity. The Company continues to aggressively defend its position and continues to challenge the NYC DOF's decision.

At this early stage, the Company cannot predict the likely outcome of the NYC DOF's decision; however, if the outcome will be unfavorable, it may have a material adverse effect on the Company's financial position and results of operations. By letter dated July 2, 2004, the Company received a Notice of Determination from the NYC DOF in the amount of \$3,074,419, which is for a tax deficiency through December 2002. In September 2005, the Company received an additional Notice of Determination for the period January 2003 through December 2004 in the amount of \$4,177,799.

From time to time, the Company is a party to litigation arising in the normal course of its business operations. In the opinion of management and counsel, it is not anticipated that the settlement or resolution of any such matters will have a material adverse impact on the Company's financial position, liquidity or results of operations.

**NOTE O - EMPLOYEE BENEFIT PLAN**

In July 2000, the Company established a 401(k) profit-sharing plan covering all eligible employees. The plan allows employees to defer up to 15 percent of their annual earnings subject to limitation of Section 401(m) of the Internal Revenue Code.



**ECONNERGY ENERGY COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

March 31, 2006 and 2005

**NOTE O (continued)**

The plan provides that the Company can make discretionary contributions. These contributions would be allocated based on the participant's compensation in proportion to the compensation of all participants. There were no discretionary contributions made during the years ended March 31, 2006 and 2005.



D&B SelfMonitor for  
D-U-N-S #: 01-387-6508

For questions or to update your company data,

ECONNERGY ENERGY COMPANY, INC.  
October 12, 2006

please contact our Customer Service Center  
at 800 234 DUNS (3867) or  
custserv@dnb.com

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Company Snapshot   Creditworthiness   Payment History & Trends   Public Filings   History & Operations   Banking & Finance

## Company Snapshot

### Business Summary

Profile  
ECONNERGY ENERGY COMPANY, INC.  
286 N Main St 2nd Fl  
Spring Valley, NY 10977

Mailing address:  
PO Box 1020  
Spring Valley, NY 10977

Tel: 845 371-2288  
www.econnergy.com  
D-U-N-S #: 01-387-6508  
D&B Rating: 4A3

Company Stats	
Year incorporated	1997
Year started	1997
Employees	110
Financing	SECURED
Financial condition	FAIR
Financial statement date	Mar 31, 2006
Net Worth	\$17,108,368
Sales F	\$594,998,499
Chief Executive	Saul Horowitz, Chb
S.I.C.	4911
Industry	
Electric services	

This is a headquarters location.  
Branch(es) or division(s) exist.

The Net Worth amount in this section may have been adjusted by D&B to reflect typical deductions, such as certain intangible assets.

Likelihood your company will not pay on time over the next 12 months

LOW ☒

Credit Score Class: 1



Likelihood your company will experience financial distress in the next 12 months

LOW ☒

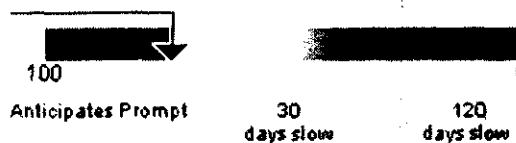
Financial Stress Class: 1



Timeliness of historical payments for your company\*\*

PROMPT ☒

D&B PAYDEX®: 80



Industry benchmark: Prompt

\*\*Based on 21 trade experiences on file with D&B

Payment performance trend over the past 90 days

↔ UNCHANGED

D&B offers guidance on credit limits for your company based on its profile as well as profiles of other companies similar in size, industry, and credit usage

[Get details](#)

Evidence of bankruptcy, fraud, or criminal proceedings in the history of this business or its management

NO ☒

Noteworthy special events in your company's file

NO ☒

Total number of suits, liens and judgments in your company's file

0 ☒

Value of open suits, liens and judgments for your company

\$0 ☒

Value of open records refers only to 10 most recent filings for each record type. There may be additional suits, liens, judgments, or UCC filings in D&B's file on your company available by contacting 1-800-472-7362.



Company Snapshot   Creditworthiness   Payment History & Trends   Public Filings   History & Operations   Banking & Finance

## Creditworthiness

### Summary

**Like lihood your company will experience financial distress in the next 12 months**

LOW ✓

#### D&B Rating: 4A3

Financial strength: 4A is \$10 to 50 million.

Composite credit appraisal: 3 is fair.

This credit rating was assigned because of D&B's assessment of the company's financial ratios and its cash flow. For more information, see the D&B Rating Key.

**Likelihood your company will not pay on time over the next 12 months**

LOW ✓

### Default on Payment: Financial Stress Summary

**Likelihood your company will experience financial distress in the next 12 months**

LOW ✓

#### Key Factors

- 21 trade experiences exist for your company.
- Financial Stress Score: 1524 (high risk: 1,001; low risk: 1,875)
- Control age or date entered in D&B files indicates higher risk.

Financial Stress Class: 1



During the prior year, firms in this Financial Stress Class had a failure rate of 1.2%, which is 0.46 times lower than the national average.

Financial stress national percentile: 98 (high risk: 1%; low risk: 100%)

National percentile industry norm: 49 (high risk: 1%; low risk: 100%)

### Payment within Terms: Credit Score Summary

**Likelihood your company will not pay on time over the next 12 months**

LOW ✓

#### Key Factors

- 21 trade experiences exist for your company.
- No record of open lien(s), or judgment(s) in the D&B files.
- Business does not own facilities.

Credit Score Class: 1



The Credit Score class of 1 for this company shows that 2.0% of firms with this classification paid one or more bills severely delinquent, which is lower than the average of businesses in D&B's database.

Credit score percentile: 95 (high risk: 1%; low risk: 100%)

Industry norm percentile: 42 (high risk: 1%; low risk: 100%)

### Additional Information

#### Financial Stress Summary

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations over the past year with loss to creditors. The Incidence of Financial Stress - National Average represents the national failure rate and is provided for comparative purposes.

#### Credit Score Summary

- The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 90 days past due or more by creditors. The calculation of this value is based on an inquiry weighted sample.
- The Percentile ranks this firm relative to other businesses. For example, a firm in the 80th percentile has a lower risk of paying in a severely delinquent manner than 79% of all scorable companies in D&B's files.



- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&B's file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on 2004.

Company Snapshot   Creditworthiness   Payment History & Trends   Public Filings   History & Operations   Banking & Finance

## Payment History

### Summary

Average payment performance trend when weighted by dollar amount

UNCHANGED 

Company's payment performance over the past 12 months compared with its peers

MIXED 

### Payment History Overview

Payment experiences on file with D&B:	21	Average highest credit:	\$6,610
Payments made within terms:	20 (94%)	Largest high credit:	\$65,000
Amount placed for collections:	0 (0%)	Highest now owing:	\$25,000
		Highest past due:	\$250

### Historical Payment Trends: PAYDEX®

Average payment performance trend when weighted by dollar amount

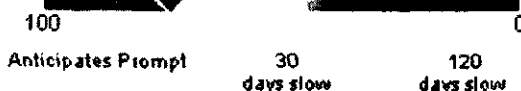
Last 3 months: Trend is unchanged

 UNCHANGED

Last 12 months: Generally within terms

Industry benchmark: Prompt

D&B PAYDEX® : 80



Based on payments collected over last 12 months.

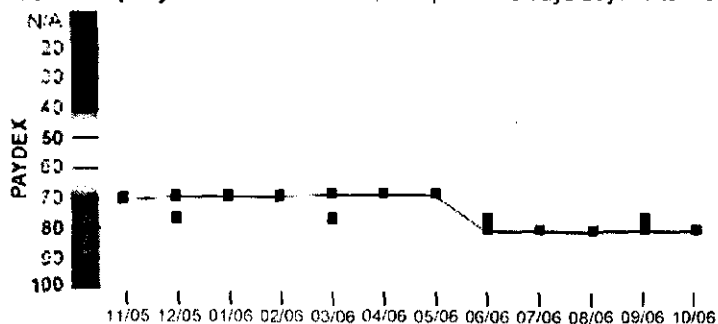
Indications of slowness can be the result of dispute over merchandise, skipped invoices, etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

### Historical Payment Trends: PAYDEX® Comparison to Industry

Company's payment performance over the past 12 months compared with its peers

MIXED 

Your company's 12-month high: 80, or equal to generally within terms  
Your company's 12-month low: 67, or equal to 18 days beyond terms





— Your Company    ■ Industry Benchmark

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

### Payment History Details

Date Reported	Paying Record	High Credit (\$)	Now Owes (\$)	Past Due (\$)	Selling Terms	Last Sale Within (months)
09/06	Prompt	65,000	500	0	Net30	1
09/06	Prompt	25,000	25,000	0	Net30	1
09/06	Prompt	1,000	1,000	0		1
09/06	Prompt	250	0	0	Net30	1
09/06	Prompt	250	0	0	Net30	4-5
09/06	Prompt	250	250	0	Net30	1
09/06	Prompt	250	250	0	Net30	1
09/06	(008)	250	0	0		1
08/06	Prompt	5,000	2,500	0		1
08/06	Prompt	500	0	0		4-5
08/06	Prompt	500	250	0		1
08/06	Prompt	250	250	0		1
08/06	Prompt	250	0	0		4-5
08/06	Prompt	50	0	0		4-5
08/06	(015)	50				1
Satisfactory.						
07/06	Prompt-Slow 30	1,000	0	0		6-12
07/06	Prompt-Slow 60	250	250	250	Net30	2-3
06/06	Prompt	5,000	5,000			1
06/06	Prompt	750	500	0		1
11/05	Prompt	20,000	0	0		1
09/05	(021)	50	0	0		6-12

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

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

### Payment Analysis By Industry

Company's dollar-weighted payments listed by the primary industries of its suppliers

Industry	Total Received (#)	Total Dollar Amount (\$)	Largest High Credit (\$)	Within Terms	Slow 1-30   Slow 31-60   Slow 61-90   Slow 91+ (% of dollar amount)			
Nonclassified	4	2,500	1,000	80	20	0	0	0
Security broker/deal	3	750	250	100	0	0	0	0
Ret mail-order house	2	25,250	25,000	100	0	0	0	0
Telephone communictns	2	1,500	1,000	100	0	0	0	0
Data processing svcs	2	300	250	100	0	0	0	0
Ret-direct selling	1	65,000	65,000	100	0	0	0	0
Short-trm busn credit	1	20,000	20,000	100	0	0	0	0
State commercial bank	1	5,000	5,000	100	0	0	0	0
Photocopying service	1	5,000	5,000	100	0	0	0	0
Whol office supplies	1	250	250	50	0	50	0	0
Executive office	1	50	50	100	0	0	0	0



**Other payment categories**

Cash experiences	0	0	0
Payment record unknown	2	300	250
Unfavorable comments	0	0	0

**Placed for collection**

With D&B	0	0	0
Other	0	N/A	0
<b>Total in D&amp;B's file</b>	<b>21</b>	<b>125,900</b>	<b>65,000</b>

There are 21 payment experiences in D&B's file for the most recent 12 months, with 17 experiences reported during the last three month period.

[Company Snapshot](#) [Creditworthiness](#) [Payment History & Trends](#) [Public Filings](#) [History & Operations](#) [Banking & Finance](#)

**Public Filings****Summary of Court Actions**

The following data includes both open and closed filings found in D&B's database on the subject company.

Record Type	Open Records	Open Value	Total Records	Most Recent Filing Date
<b>Suits</b>	0	0	0	-
<b>Liens</b>	0	0	0	-
<b>Judgments</b>	0	0	0	-
<b>UCC Filings</b>	36	N/A	49	06/05/2006
<b>Bankruptcy Proceedings</b>	0	N/A	0	-

Public filing data is for informational purposes only and is not the official record. Certified copies can only be obtained from the official source. Number and value of open records refers only to 10 most recent filings for each record type. There are additional suits, liens, judgments, or UCC filings in D&B's file on your company available by contacting 1-866-472-7362.

**UCC Filings**

Collateral	Type	Sec. Party	Debtor	Date Filed	Additional Details
All Assets including proceeds and products - All Inventory including proceeds and products - All Account(s) including proceeds and products - All Equipment including proceeds and products - and OTHERS	Original	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA	ECONNERGY ENERGY COMPANY, INC.	12/17/2002	Filing number: 0212172801551 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 01/13/2003
Unavailable	Assignment	MIRANT AMERICAS ENERGY MARKETING, ATLANTA, GA	ECONNERGY ENERGY COMPANY INC	01/15/2003	Filing number: 0301150112349 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 02/03/2003
Unavailable	Amendment	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC	04/06/2004	Filing number: 0404060351976 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 04/13/2004
Negotiable instruments including proceeds and products - Inventory including proceeds and products - Account(s) including proceeds and products - General intangibles(s) including	Amendment	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC	04/12/2006	Filing number: 0604120320170 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 05/02/2006



proceeds and products -  
and OTHERS

Unavailable	Amendment	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	05/31/2006	Filing number: 0605310458476 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/13/2006
Unavailable	Amendment	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	06/01/2006	Filing number: 0606010461030 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/21/2006
Negotiable instruments including proceeds and products - Inventory including proceeds and products - Account(s) including proceeds and products - Oil, gas and minerals including proceeds and products - and OTHERS	Original	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	01/15/2003	Filing number: 0301150111993 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 02/03/2003
Unavailable	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	04/06/2004	Filing number: 0404060351988 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 04/13/2004
Negotiable instruments including proceeds and products - Inventory including proceeds and products - Account(s) including proceeds and products - General intangibles(s) including proceeds and products - and OTHERS	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	04/12/2006	Filing number: 0604120320271 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 05/02/2006
Unavailable	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	05/31/2006	Filing number: 0605310458440 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/13/2006
Unavailable	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	06/01/2006	Filing number: 0606010460999 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/21/2006
Negotiable instruments including proceeds and products - Inventory including proceeds and products - Account(s) including proceeds and products - Computer equipment including proceeds and products - and OTHERS	Original	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	01/15/2003	Filing number: 0301150112072 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 02/03/2003
Unavailable	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	04/06/2004	Filing number: 0404060352031 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 04/13/2004
Negotiable instruments including proceeds and products - Inventory	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	04/12/2006	Filing number: 0604120320257  Filed with: SECRETARY OF STATE/UCC DIVISION,



including proceeds and products - Account(s) including proceeds and products - General intangibles(s) including proceeds and products - and OTHERS					ALBANY, NY Latest info Received: 05/02/2006
Unavailable	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	05/31/2006	Filing number: 0605310458452 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/13/2006
Unavailable	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	06/01/2006	Filing number: 0606010461016 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/21/2006
Computer equipment and proceeds	Original	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	04/06/2004	Filing number: 0404060352118 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 04/13/2004
Negotiable instruments including proceeds and products - Inventory including proceeds and products - Account(s) including proceeds and products - General intangibles(s) including proceeds and products - and OTHERS	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	04/12/2006	Filing number: 0604120320233 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 05/02/2006
Unavailable	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	05/31/2006	Filing number: 0605310458490 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/13/2006
Unavailable	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	06/01/2006	Filing number: 0606010461054 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/21/2006
Computer equipment and proceeds	Original	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	04/06/2004	Filing number: 0404060352144 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 04/13/2004
Negotiable instruments including proceeds and products - Inventory including proceeds and products - Account(s) including proceeds and products - General intangibles(s) including proceeds and products - and OTHERS	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	04/12/2006	Filing number: 0604120320219 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 05/02/2006
Unavailable	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	05/31/2006	Filing number: 0605310458488 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/13/2006
Unavailable	Amendment	SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	06/01/2006	Filing number: 0606010461042 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/21/2006
Negotiable instruments including proceeds and products - Accounts receivable including	Original	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA	ECONNERGY ENERGY COMPANY, INC.	12/10/2002	Filing number: 0212102746915 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY



• proceeds and products - Inventory including proceeds and products - Assets including proceeds and products - and OTHERS					Latest info Received: 12/30/2002
Unavailable	Assignment	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA	ECONNERGY ENERGY COMPANY, INC.	01/15/2003	Filing number: 0301150112440 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 02/03/2003
Unavailable	Amendment	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	04/06/2004	Filing number: 0404060352067 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 04/13/2004
Negotiable instruments including proceeds and products - Inventory including proceeds and products - Account(s) including proceeds and products - General intangibles(s) including proceeds and products - and OTHERS	Amendment	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	04/12/2006	Filing number: 0604120320194 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 05/02/2006
Unavailable	Amendment	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	05/31/2006	Filing number: 0605310458464 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/13/2006
Unavailable	Amendment	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA SEMPRA ENERGY TRADING CORP., STAMFORD, CT	ECONNERGY ENERGY COMPANY, INC.	06/01/2006	Filing number: 0606010461028 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 06/21/2006
Negotiable instruments and proceeds - Accounts receivable and proceeds - Inventory and proceeds - Account(s) and proceeds - and OTHERS	Original	MIRANT AMERICAS ENERGY MARKETING, LP, ATLANTA, GA	ECONNERGY PA, INC.	03/18/2002	Filing number: 2090161 5 Filed with: SECRETARY OF STATE/UCC DIVISION, DOVER, DE Latest info Received: 05/07/2002
Negotiable instruments and proceeds - Accounts receivable and proceeds - Inventory and proceeds - Account(s) and proceeds - and OTHERS	Assignment	RFC CAPITAL CORPORATION, COLUMBUS, OH	ECONNERGY PA, INC.	03/01/2002	Filing number: 02049466 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 03/18/2002
Negotiable instruments and proceeds - Accounts receivable and proceeds - Inventory and proceeds - Account(s) and proceeds - and OTHERS	Assignment	RFC CAPITAL CORPORATION, COLUMBUS, OH	ECONNERGY COMPANY, INC.	03/01/2002	Filing number: 02049451 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 03/18/2002
Assets and proceeds - Account(s) and proceeds	Original	NIAGARA MOHAWK POWER CORPORATION, SYRACUSE, NY	ECONNERGY ENERGY COMPANY, INC.	11/12/2002	Filing number: 02255508 Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY Latest info Received: 12/02/2002
Accounts receivable including proceeds and products - Account(s)	Amendment	NIAGARA MOHAWK POWER CORPORATION,	ECONNERGY ENERGY COMPANY, INC.	12/17/2004	Filing number: 0412171288655  Filed with: SECRETARY OF STATE/UCC DIVISION,



including proceeds and products		SYRACUSE, NY			ALBANY, NY
Accounts receivable including proceeds and products	Amendment	NIAGARA MOHAWK POWER CORPORATION, SYRACUSE, NY	ECONNERGY ENERGY COMPANY, INC.	06/05/2006	Latest info Received: 12/21/2004
					Filing number: 0606050466672
					Filed with: SECRETARY OF STATE/UCC DIVISION, ALBANY, NY
					Latest info Received: 06/21/2006

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed. There are additional suits, liens, judgments, or UCC filings in D&B's file on your company available by contacting 1-866-472-7362. Any public filings displayed in red are open

Company Snapshot   Creditworthiness   Payment History & Trends   Public Filings   History & Operations   Banking & Finance

## History & Operations

Topic	Description
<b>History</b>	Detailed information on the history of a company, including background information on the management team and key principals, and information on related companies.
<b>Corporate Family</b>	Detailed information on all related companies, including subsidiaries, affiliates and branches.
<b>Registration &amp; Incorporation</b>	Detailed registration and incorporation information, including the date and state of incorporation and the type of corporation formed.
<b>Company Operations</b>	Detailed information on a company's operations, including the identity of the parent company, the geographic scope of the business, and the key holdings.
<b>Industry Classification</b>	Details on the specific industry within which a company is classified.

### History

**Officer(s):** SAUL HOROWITZ, CHB  
**Director(s):** THE OFFICER(S)

The business was incorporated in the state of New York on May 6, 1997.

Business started 1997. 100% of capital stock is owned by officers.

SAUL HOROWITZ born 1960. 1996 to present active here.

Business address has changed from 441 Route 306, Monsey, NY, 10952 to 286 N Main St 2nd Fl, Spring Valley, NY, 10977.

### Corporate Family

#### Branches (US):

Econnergy Energy Company, Inc.

738 Taylor Ave, Scranton, PA

DUNS # 10-721-4913

### Registration & Incorporation

<b>Registered Name:</b>	Econnergy energy company, inc.	<b>Filing Date:</b>	May 06, 1997
<b>Business Type:</b>	Corporation	<b>Registration ID:</b>	2140091
<b>Corporation Type:</b>	Profit	<b>Where filed:</b>	SECRETARY OF STATE/CORPORATION DIVISION, ALBANY, NY
<b>Date incorporated:</b>	May 06, 1997	<b>Principals:</b>	SAUL HOROWITZ, CHAIRMAN OF THE BOARD, 286 N MAIN STREET, SPRING VALLEY, NY, 109770000
<b>State of incorporation:</b>	New york		
<b>Duration:</b>	Perpetual		
<b>Status:</b>	Active		

Corporate and business registrations provided by management or other source.

### Company Operations

**Description:** Provides electric services, specializing in power distribution (100%).



Has 260000 account(s). Terms are cash, check or credit cards. Sells to general public and commercial concerns.  
Territory : Regional.

**Employees:** 110 which includes officer(s).

**Facilities:** Rents premises in building.

**Location:** Central business section on main street.

**Branches:** Branch located Scranton, PA.

## Industry Classification

SIC		NAICS	
49119901	Distribution, electric power	221122	Electric Power Distribution

Based on information in our file, D&B has assigned your company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific to a company's operations than if we use the standard 4-digit code.  
The 4 digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

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## Banking & Finance

### Statement Update

06/07/2006

Fiscal Consolidated statement dated MAR 31 2006:

Assets		Liabilities	
Cash	680,255	Accounts payable & accrued expenses	45,651,775
Accts rec	81,029,490	Taxes	2,029,444
Inventory	975,372	Working capital line of credit	34,011,454
Prepaid & deferred expenses	509,592	Other curr liabs	3,896,973
Commodity imbalance	10,044,807		
Other curr assets	2,593,329		
<b>Current Assets</b>	<b>\$95,832,845</b>		
Fixt & equip	1,194,109	L.t. liab-other	110,873
Deposits	3,669,430	Preferred stock	5,806
Other assets	2,112,503	Common stock	3,600
		Addit. pd.-in cap	3,719,886
		Adjustments	9,278,146
		Retained earnings	(11,845,527)
		Net income	15,946,457
<b>Total Assets</b>	<b>\$102,808,887</b>	<b>Total Liabilities</b>	<b>\$102,808,887</b>

From APR 01 2005 to MAR 31 2006 annual sales \$594,998,499; cost of goods sold \$532,545,341. Gross profit \$62,453,158; operating expenses \$33,506,221. Operating income \$28,946,937; other income \$6,018,328; other expenses \$8,106,350; net income before taxes \$26,858,915; Federal income tax \$10,912,458; net income \$15,946,457.

Prepared from books without audit.

Accounts receivable shown net less \$11,002,697 allowance. Fixed assets shown net less \$4,864,018 depreciation.

### Explanations

Adjustments consists of Mandatorily redeemable stock, Other comprehensive income and Series B preferred dividends.



**Key Business Ratios****Statement date:** Mar 31 2006

The ratios below are based on the latest financial statements submitted to D&B, as indicated by the statement date above. You can submit new financial statements by clicking the "Update this information" link in the finance section.

**Industry Norms based on 28 establishments**

	<b>This Business</b>	<b>Industry Median</b>	<b>Industry Quartile</b>
<b>Profitability</b>			
Return on Sales	2.7	4.6	4
Return on Net Worth	93.2	10.4	1
<b>Short-Term Solvency</b>			
Current Ratio	1.1	1.0	2
Quick Ratio	1.0	0.5	1
<b>Efficiency</b>			
Assets Sales	17.3	184.9	1
Sales / Net Working Capital	58.1	11.6	2
<b>Utilization</b>			
Total Liabilities / Net Worth	500.9	260.3	4

**Finance****05/09/2006**

On MAY 09 2006 Saul Horowitz, CHB, deferred financial statement.

Saul Horowitz, CHB submitted the following partial estimates dated MAY 09 2006:

Sales for 2005 were \$500,000.

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**Customer Service**

For questions or to update your company data, please contact our Customer Service Center at 800 234 DUNS (3867) or [custserv@dnb.com](mailto:custserv@dnb.com)

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