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Reviewing Attorney Examiner's Signature

Date Reviewed 2/6/13

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Ohio | Public Utilities Commission

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Confidential treatment has been requested for the following document:

Case # 02-1926-GA-CRS

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- **Filed by** G. Pozza **on behalf of** Metromedia Energy

❖ **Summary of document:**

exhibits B-3, C-3, C-4, C-5

02-1926

<u>**Confidential Exhibit B-3 "Summary of Experience"**</u>

Attached is redacted "2009 Customers and Proforma Volumes (Dth)".

Confidential Exhibit B-3 "Summary of Experience"

Attached are three unredacted copies of Exhibit B-3: "2009 Customers and Proforma Volumes (Dth)".

Confidential

Exhibit B-3

Metromedia Energy, Inc.

2009 Customers and Proforma Volumes (Dth)

STATE	COUNT	TOTAL
CT	797	1,264,272
DC	2,673	605,760
MA	4,582	8,417,068
MD	420	618,271
ME	953	1,012,595
NH	933	1,416,319
NJ	1,571	2,582,288
NY	682	851,839
OH	379	529,051
PA	3	18,658
RI	156	338,963
VA	176	275,969
Total	13,325	17,931,054

Confidential

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VA	176	275,969
Total	13,325	17,931,054

Confidential Exhibit C-3 "Financial Statements"

Redacted audited financial statements for 2009 & 2008 are attached.

Confidential Exhibit C-3 "Financial Statements"

Attached are three unredacted copies of Metromedia Energy's 2009 and 2008 audited financial statements.

METROMEDIA ENERGY, INC. AND SUBSIDIARY, AND VARIABLE INTEREST ENTITY

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2009 AND 2008

METROMEDIA ENERGY, INC. AND SUBSIDIARY, AND VARIABLE INTEREST ENTITY

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

CONTENTS

DEVITO, SNOWDEN, WITANEK & CO., LLC
CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Metromedia Energy, Inc. and Subsidiary, and Variable Interest Entity
6 Industrial Way
Eatontown, New Jersey 07724

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated balance sheet of Metromedia Energy, Inc. and Subsidiary, and Variable Interest Entity as of December 31, 2009 and 2008, and the related consolidated statements of income and accumulated 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Metromedia Energy, Inc. and Subsidiary, and Variable Interest Entity as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

DeVito, Snowden, Witanek + Co, LLC

DEVITO, SNOWDEN, WITANEK & CO., LLC

July 29, 2010

METROMEDIA ENERGY, INC. AND SUBSIDIARY, AND VARIABLE INTEREST ENTITY

CONSOLIDATED BALANCE SHEET - DECEMBER 31, 2009 AND 2008

ASSETS

	2009	2008
CURRENT ASSETS:		
Cash and Cash Equivalents	2,567,624	2,088,210
Accounts Receivable - Net of Allowance for Doubtful Accounts of $3,379,000 and $2,750,000, Respectively	32,260,052	38,583,382
Inventory	4,114,063	8,533,608
Prepaid Expenses	1,107,397	1,198,885
Total Current Assets	40,049,136	50,404,085
PROPERTY AND EQUIPMENT:		
Office Equipment	174,039	210,190
Computer Software	3,364,678	4,000,746
Furniture and Fixtures	42,443	49,240
Total	3,581,160	4,260,176
Less: Accumulated Depreciation	3,322,927	3,827,373
	258,233	432,803
OTHER ASSETS:		
Security Deposits	7,413,399	7,445,221
Restricted Cash Equivalents	659,199	976,714
	8,072,598	8,421,935
TOTAL ASSETS	48,379,967	59,258,823

LIABILITIES AND DEFICIT

	2009	2008
CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	2,061,766	2,608,932
Accounts Payable and Accrued Expenses	33,440,399	44,437,834
Sales Tax Payable	931,702	1,251,581
Related Party Interest Payable - Net	672,939	1,586,380
State Income Taxes Payable	40,000	-
Total Current Liabilities	37,146,806	49,884,727
LONG-TERM DEBT - Net of Current Portion	-	2,061,766
LOAN PAYABLE TO RELATED PARTY	61,618,902	64,412,916
TOTAL LIABILITIES	98,765,708	116,359,409
COMMITMENTS AND CONTINGENCIES		
DEFICIT:		
Controlling Interest:		
Common Stock - $.01 Par Value; 1,000 Shares Authorized, 600 Issued and Outstanding	6	6
Additional Paid-In Capital	3,629,994	3,629,994
Accumulated Deficit	(57,354,347)	(62,143,732)
Minority Interest	3,338,606	1,413,146
	(50,385,741)	(57,100,586)
TOTAL LIABILITIES AND DEFICIT	48,379,967	59,258,823

See notes to financial statements.

METROMEDIA ENERGY, INC. AND SUBSIDIARY, AND VARIABLE INTEREST ENTITY

CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
REVENUE:		
Gas Sales	164,341,139	187,483,164
Electricity Broker Fee Income	2,632,013	1,237,301
Total Revenue	166,973,152	188,720,465
COST OF SALES:		
Gas Purchases	135,289,551	160,361,925
Gas Delivery Charges	6,784,687	7,942,959
Total Cost of Sales	142,074,238	168,304,884
GROSS PROFIT	24,898,914	20,415,581
OPERATING EXPENSES	12,615,405	11,808,372
INCOME FROM OPERATIONS	12,283,509	8,607,209
OTHER INCOME AND EXPENSES:		
Tax Settlements	151,151	-
Finance Charge Income	709,131	721,505
Interest Income	215,426	209,878
Interest Expense	(4,195,019)	(5,572,547)
Finance Charge Expense	(2,030,007)	(1,855,539)
Other Income and Expenses, Net	(5,149,318)	(6,496,703)
NET INCOME BEFORE STATE INCOME TAXES	7,134,191	2,110,506
STATE INCOME TAXES	419,346	17,344
CONSOLIDATED INCOME	6,714,845	2,093,162
INCOME ATTRIBUTABLE TO MINORITY INTEREST - VARIABLE INTEREST ENTITY	1,925,460	803,660
NET INCOME	4,789,385	1,289,502
ACCUMULATED DEFICIT - Beginning	(62,143,732)	(63,433,234)
ACCUMULATED DEFICIT - Ending	(57,354,347)	(62,143,732)

See notes to financial statements.

METROMEDIA ENERGY, INC. AND SUBSIDIARY, AND VARIABLE INTEREST ENTITY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	4,789,385	1,289,502
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	226,746	264,906
Bad Debt Expense	875,889	908,514
Income Attributable to Variable Interest Entity	1,925,460	803,660
Net Change in Operating Assets and Liabilities:		
Accounts Receivable	5,447,441	(4,324,088)
Inventory	4,368,233	(3,254,305)
Prepaid Expenses	142,800	(186,888)
Security Deposits	31,822	(527,580)
Accounts Payable and Accrued Expenses	(10,997,435)	2,108,710
Sales Tax Payable	(319,879)	(100,099)
Related Party Interest Payable - Net	(913,441)	(779,643)
State Income Taxes Payable	40,000	-
Net Cash Provided (Used) by Operating Activities	5,617,021	(3,797,311)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(52,176)	(285,437)
Restricted Cash Equivalents	317,515	654,818
Net Cash Provided by Investing Activities	265,339	369,381
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of Loan from Related Party	9,041,096	16,724,933
Repayment of Loan from Related Party	(11,835,110)	(11,533,212)
Payment of Long-Term Debt	(2,608,932)	(2,457,367)
Net Cash (Used) Provided by Financing Activities	(5,402,946)	2,734,354
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	479,414	(693,576)
CASH AND CASH EQUIVALENTS - Beginning	2,088,210	2,781,786
CASH AND CASH EQUIVALENTS - Ending	2,567,624	2,088,210

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

Metromedia Energy, Inc. and Subsidiary, and Variable Interest Entity (collectively, "MME") is primarily a marketer of natural gas and electricity to commercial and governmental retail markets throughout the northern United States of America. The company is also a broker of the sale of electricity.

Principles of Consolidation:

The accompanying financial statements include the accounts of Metromedia Energy, Inc. (a New Jersey S Corporation), its wholly-owned subsidiary EnergyEXPRESS, Inc. DBA Metromedia Energy Northeast (a Massachusetts S Corporation), and its Variable Interest Entity (VIE) Metromedia Power, Inc. (a Delaware S Corporation). Metromedia Energy, Inc. controls and is the primary beneficiary of the VIE, Metromedia Power, Inc.

Generally accepted accounting principles (GAAP) require that a company that holds variable interests in an entity consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the VIE's expected residual returns, it they occur. In such cases, the company is the primary beneficiary of the VIE. GAAP also requires additional disclosures by primary beneficiaries and other significant variable interest holders. MME has identified Metromedia Power, Inc. as a VIE and has accordingly consolidated the entity in the accompanying financial statements.

All material intercompany accounts and transactions have been eliminated in consolidation.

Organizational:

In January 2005, Metromedia Energy, Inc. and Subsidiary became a wholly-owned subsidiary of Metromedia Gas and Power, Inc. (a Delaware S Corporation, the "Parent"). Metromedia Power, Inc. is also a wholly-owned subsidiary of the Parent, Metromedia Gas and Power, Inc.

Use of Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents:

Management considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Credit Risk Arising from Cash Deposits in Excess of Insured Limits:

MME maintains cash balances at various financial institutions in which deposits are insured by a federal agency up to $250,000. At various times, cash balances at these institutions may exceed the insurance limits.

Accounts Receivable:

Trade accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Inventory:

Inventory represents natural gas in storage and is stated at the lower of cost, as determined by the first-in first-out method utilizing the weighted average cost, or market.

Property and Equipment:

Property and equipment are recorded at cost. Depreciation is provided using accelerated and straight-line methods over the estimated useful lives of the assets. During 2009 and 2008, MME capitalized accounting software that was customized for its specific use.

Revenue Recognition:

MME recognizes revenue from the sale of natural gas upon its delivery to a customer. Unbilled, but delivered, natural gas sales through December 31st of each year are accrued by MME. MME also receives commission income for sales of electricity to its customers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reclassifications:

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Income Taxes:

The Parent has elected to treat MME as Qualified Subchapter S Subsidiaries ("QSSS," as defined in Section 1361 (b) (3) (B) of the Internal Revenue Code of 1986, as amended). Under those provisions, MME does not pay federal income taxes. Instead, the Parent includes MME's taxable income or loss on its federal income tax returns and passes through such taxable income or loss to its shareholders. This federal treatment applies to all states in which MME files tax returns except for the states of Ohio and Massachusetts, which impose a state excise tax at the corporate level.

MME adopted the income tax standard for uncertain tax positions on October 14, 2009. As a result of the implementation, MME has evaluated its tax position and determined it has no uncertain tax positions as of December 31, 2009. MME classifies interest and penalties related to income tax liabilities, if applicable, as a component of income tax expense.

Advertising Costs:

Advertising costs are charged to operations when incurred. Advertising and marketing expense for the years ended December 31, 2009 and 2008 was approximately $318,000 and $310,000, respectively.

Subsequent Events:

Management has evaluated subsequent events through July 29, 2010, the date the financial statements were available to be issued.

NOTE 2 - RESTRICTED CASH EQUIVALENTS:

Restricted cash equivalents consist of cash invested in certificates of deposit that secure purchase obligations, and a letter of credit in favor of suppliers of natural gas. MME had approximately $520,000 and $835,000 of available, but unused, letters of credit at December 31, 2009 and 2008, respectively.

METROMEDIA ENERGY, INC. AND SUBSIDIARY, AND VARIABLE INTEREST ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following at December 31, 2009 and 2008:

	2009	2008
Accounts Receivable – Billed	13,841,922	16,205,419
Accounts Receivable – Unbilled	21,797,130	25,127,963
Total	35,639,052	41,333,382
Less: Allowance for Doubtful Accounts	3,379,000	2,750,000
Total Accounts Receivable	32,260,052	38,583,382

NOTE 4 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses at December 31, 2009 and 2008, are specifically secured by restricted cash, letters of credit, security deposits, or a security interest in MME's accounts receivable.

NOTE 5 - LONG-TERM DEBT:

Long-term debt represents a prior trade accounts payable that was termed into a note that bears interest at 6.0%, payable over four years, requiring monthly payments of $234,850 which include principal and interest. This debt is secured by the guarantees of Metromedia Company (a Delaware General Partnership) and certain principals of the Parent. Those principals are also principals of Metromedia Company.

	2009	2008
Total	2,061,766	4,670,698
Less: Current Portion	2,061,766	2,608,932
Total Long-Term Debt	-	2,061,766

NOTE 6 - LOAN PAYABLE TO RELATED PARTY:

MME has received unsecured loan advances from Metromedia Company. The loan bears interest at the JP Morgan Chase Bank, N.A. prime rate plus 2%, which was 5.25% at December 31, 2009 and 2008. The loan matures on June 30, 2011. Accrued related party interest payable at December 31, 2009 and 2008 was approximately $618,000 and $1,527,000, respectively.

NOTE 6 - LOAN PAYABLE TO RELATED PARTY: (Continued)

MME has received unsecured loan advances from a principal of the parent who is also a principal of Metromedia Company. The loan bears interest at the JP Morgan Chase Bank, N.A. prime rate plus 2%, which were 5.25% at December 31, 2009 and 2008. The loan matures on June 30, 2011. Accrued related party interest payable at December 31, 2009 and 2008 was approximately $55,000 and $59,000, respectively.

MME also paid Metromedia Company $100,000 in each year for management fees, which is included in administrative expenses.

NOTE 7 - COMMITMENTS AND CONTINGENCIES:

Operating Leases:

MME occupies two office premises and leases office equipment pursuant to operating leases expiring through 2014, which provide for aggregate minimum monthly payments of approximately $20,000. The office leases require annual escalations plus its proportionate share of real estate taxes and common area maintenance costs. Aggregate future minimum lease payments under these lease agreements for the next five years are as follows:

Year Ending December 31,	
2010	203,530
2011	200,329
2012	166,105
2013	87,712
2014	30,194
	687,870

Rent expense for all operating leases was approximately $253,000 and $242,000 for the years ended December 31, 2009 and 2008, respectively.

Concentrations:

In the normal course of business, MME contracts with various suppliers of natural gas to supply amounts in sufficient quantities to meet the firm sales obligations to MME's customers. In the event of default by a customer, MME would still be obligated under the related purchase commitment and would be exposed to a risk of loss if the committed purchase price was less than the current market price.

NOTE 7 - COMMITMENTS AND CONTINGENCIES: (Continued)

Concentrations: (Continued)

Aggregate future purchase commitments under agreements with suppliers as of December 31, 2009 are approximately:

Year Ending December 31,	
2010	61,262,650
2011	18,322,425
2012	3,539,800
	83,124,875

MME is obligated to a supply agreement with Virginia Power Energy Marketing, Inc. ("VPEM") for the purchase of substantially all of its natural gas requirements. As part of this agreement, the outstanding shares and substantially all of the assets of MME have been pledged as security. Accounts payable and accrued expenses due to VPEM included in the balance sheet at December 31, 2009 and 2008 were approximately $31,894,000 and $40,825,000, respectively. Unpaid balances, in excess of standard terms, bear interest at the Wall Street Journal Prime Rate plus 2% or 3%, depending on the season, which was 5.25% at December 31, 2009 and 2008. Interest expense and finance charges for the years ended December 31, 2009 and 2008 were approximately $2,651,000 and $2,762,000, respectively.

Legal Matters:

MME is being investigated concerning allegations that it made false statements to certain of its customers, including customers who received subsidies from the United States Department of Housing and Urban Development regarding charges for natural gas, and that its false statements caused these customers to make false claims to the United States. The Company is cooperating with the investigation. In the opinion of management, after consultation with legal counsel, the ultimate disposition of this matter is not expected to have a material adverse effect on MME's financial condition.

MME is subject to certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not material to these financial statements.

NOTE 7 - COMMITMENTS AND CONTINGENCIES: (Continued)

Certain Business Risks and the Continued Existence of the Company:

MME's business is subject to many risks and uncertainties including dependence on favorable regulatory developments, dependence on services provided by third parties, substantial fluctuations in energy commodity prices, activities of competitors, and dependence on key personnel. MME purchases substantially all of its natural gas from one major supplier.

The accompanying financial statements have been prepared on the basis that MME will continue in existence, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

MME incurred substantial losses in prior years. As of December 31, 2009, total liabilities exceed total assets by $50,385,741. Further, as noted above and in Note 4, MME's obligations to its creditors are secured by substantially all of its assets.

Management believes it has implemented procedures that will allow MME to continue to provide profitable operations.

NOTE 8 - RETIREMENT PLAN:

MME sponsors a 401(k) plan under which eligible employees may choose to defer up to 15% of salary on a pre-tax basis, subject to certain IRS limits. MME matches 50% of the employees' first 6% of contributions, up to a maximum of 3% of the employees' compensation. Employer contributions for the years ended December 31, 2009 and 2008 were approximately $188,000 and $89,600, respectively.

NOTE 9 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest expense for the years ended December 31, 2009 and 2008 was approximately $4,914,000 and $6,274,000, respectively.

Cash paid for income taxes for the years ended December 31, 2009 and 2008 was approximately $377,000 and $1,000 respectively.

Non-Cash Investing and Financing Activities:

MME disposed of $731,192 and $4,109 in fully depreciated property and equipment for the years ended December 31, 2009 and 2008, respectively.

DEVITO, SNOWDEN, WITANEK & CO., LLC
CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Metromedia Energy, Inc. and Subsidiary, and Variable Interest Entity
6 Industrial Way
Eatontown, New Jersey 07724

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Our report on our audits of the basic consolidated financial statements of Metromedia Energy, Inc. and Subsidiary, and Variable Interest Entity for December 31, 2009 and 2008 appears on page 1. That audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying consolidated schedule of operating expenses is presented for purposes of supplementary analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, accordingly, we express no opinion on it.

DeVito, Snowden, Witanek & Co, LLC
DEVITO, SNOWDEN, WITANEK & CO., LLC

July 29, 2010

METROMEDIA ENERGY, INC. AND SUBSIDIARY, AND VARIABLE INTEREST ENTITY

CONSOLIDATED SCHEDULE OF OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)

	2009	2008
OCCUPANCY EXPENSES:		
Rent	202,006	189,743
Utilities and Telephone	138,420	170,947
Maintenance	39,779	46,977
Total Occupancy Expenses	380,205	407,667
SELLING EXPENSES:		
Advertising and Marketing	317,508	309,520
Travel and Automobile Expense	100,994	81,084
Commissions	3,415,952	2,920,606
Total Selling Expenses	3,834,454	3,311,210
ADMINISTRATIVE EXPENSES:		
Salaries	4,381,211	4,204,809
Payroll Taxes	358,821	316,000
Employee Benefits	864,095	657,215
Consultants	339,607	373,410
Professional Fees	438,053	394,121
Management Fees	100,000	100,000
Office Expenses and Postage	261,585	224,809
Lease Expense	50,458	52,222
Dues and Subscriptions	73,847	50,887
Credit Insurance	118,759	233,721
Insurance and Bonding	143,055	156,409
Service Charges and Fees	149,756	120,017
Taxes and Fees	18,864	32,455
Bad Debt Expense	875,889	908,514
Depreciation	226,746	264,906
Total Administrative Expenses	8,400,746	8,089,495
TOTAL OPERATING EXPENSES	12,615,405	11,808,372

See independent auditors' report on supplementary information.

Confidential Exhibit C-4: "Financial Arrangements"

Attached is a redacted copy of "Amendment No. 3 to the Energy Marketing Agreement for Natural Gas".

The following documents are available in the Company's Motion for a Protective Order filed on September 19, 2008, which was granted by the Commission:

- **Demand Discretionary Credit Agreement**
- **Demand Discretionary Credit Agreement (Amendment 1)**
- **Demand Discretionary Credit Agreement (Amendment 2)**
- **Amended and Restated Discretionary Credit Agreement**

The Motion herein requests that these documents be included for confidentiality protection and not resubmitted since these agreements are still in place and have not changed since the September 19, 2008 filing.

- EXHIBIT C-4 -

AMENDMENT NO. 3

ENERGY MARKETING AGREEMENT
FOR NATURAL GAS

BY AND BETWEEN

VIRGINIA POWER ENERGY MARKETING, INC.

AND

METROMEDIA ENERGY, INC.

THIS AMENDMENT NO. 3 ("Amendment No. 3") is made effective as of the 19th day of March 2009 ("Effective Date"), by and between Virginia Power Energy Marketing, Inc., a corporation organized and existing under the laws of the State of Virginia ("Provider") and Metromedia Energy, Inc., a corporation organized and existing under the laws of the State of New Jersey ("Client"). Provider and Metromedia are hereinafter collectively the Parties and individually a Party.

Confidential Exhibit C-5 "Forecasted Financial Statements"

A redacted copy of Confidential Exhibit C-5 is attached.

METROMEDIA ENERGY, INC.

Confidential Exhibit C-5 "Forecasted Financial Statements"

The Company does not prepare or rely on forecasted financial statements and accounting data for business planning.

Exhibit C-5 contains confidential forecasts of Metromedia Energy's "Consolidated Income from Operations" for 2010. These forecasts are based on a range of possible outcomes for the sales and expense line items in the Company's income statement.

There are two forecast scenarios for 2010 and both are based on actual 2009 results. Forecast "F1" is an increase of 1 % in expenses with no change in sales. Forecast "F2" is a 4 % increase in expenses on a 5 % increase in sales. The forecasted results may or may not turn out to be close to the actual results.