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Case Number: 10-138-GA-CRS

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Exhibit C-4

***"Consent to Release to the PUCO DIS Website"***

Name Kerry K. Shet  
Reviewing Attorney Examiner's Signature

Date Reviewed 5/2/14

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**Confidential and Proprietary**

**Exhibit C-4 of Section C-4  
of the Certification Application of  
Palmco Energy OH , LLC**

**Financials of Guarantors**

**This envelope is not to be opened nor the  
contents to be displayed or revealed except  
pursuant to the Protective Order issued for  
this filing in Case No. 10- 138 -GA-CRS**

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**CONFIDENTIAL AND PROPRIETARY**

**Exhibit C-4 of Section C-4  
of the Certification Application of  
Palmco Energy OH, LLC**

**Financials of Guarantors**

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This Filing in Case No. 10- -GA-CRS**

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4**  
**OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C.,**  
**AND**  
**COLUMBIA UTILITIES POWER, L.L.C.**  
**COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

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**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4**  
**OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
COMBINED BALANCE SHEET  
DECEMBER 31, 2007**

**ASSETS**

**December 31,  
2007**

**CURRENT ASSETS:**

|   |                   |
|---|-------------------|
| Cash and Cash Equivalents                                     | \$ 706,138        |
| Accounts Receivable   | 8,260,509         |
| Prepaid Commissions   | 1,385,126         |
| Prepaid Purchases   | 810,992           |
| Due from Columbia Utilities Heating Corp. (A Related Company) | <u>88,536</u>     |
| <b>Total Current Assets</b>                                   | <b>11,251,301</b> |

**FURNITURE, PLANT & EQUIPMENT:**

|  |       |
|--|-------|
| Furniture & Equipment Less Accumulated Depreciation of \$2,454 | 9,816 |
|--|-------|

**OTHER:**

|                                       |                |
|---------------------------------------|----------------|
| Restricted Cash - Letter of Credit    | 1,152,393      |
| Deposits with Utilities and Suppliers | <u>648,040</u> |

|                     |                             |
|---------------------|-----------------------------|
| <b>Total Assets</b> | <b><u>\$ 13,061,550</u></b> |
|---------------------|-----------------------------|

**LIABILITIES**

**CURRENT LIABILITIES:**

|  |                  |
|--|------------------|
| Accounts Payable                             | \$ 3,610,796     |
| Bank Loan Payable Pursuant to Line of Credit | 2,000,000        |
| Sales Tax Payable                            | 90,329           |
| NYC Unincorporated Business Tax Payable      | 163,649          |
| Accrued Expenses                             | 98,438           |
| Guaranteed Payments Due to Members           | <u>3,600,000</u> |
| <b>Total Current Liabilities</b>             | <b>9,563,212</b> |

**MEMBERS' EQUITY**

|                 |                  |
|-----------------|------------------|
| Members' Equity | <u>3,498,338</u> |
|-----------------|------------------|

|  |                             |
|--|-----------------------------|
| <b>Total Liabilities and Members' Equity</b> | <b><u>\$ 13,061,550</u></b> |
|--|-----------------------------|

EXHIBIT "A"

See accompanying notes and Accountants' Review Report

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4**  
**OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
COMBINED INCOME STATEMENT**

|   | For the<br>Year Ending<br>December 31,<br><u>2007</u> |
|---|---|
| <b>REVENUE:</b>   |   |
| Sales - Billed Electricity                                      | \$ 3,477,135  |
| Sales - Billed Natural Gas                                      | 38,591,840  |
| Sales - Delivered but Unbilled Electricity and Natural Gas      | 383,022   |
| Sales - Service & Repair - Natural Gas                          | 8,247   |
| <b>Total</b>  | <u>42,460,244</u>                                     |
| Less Discounts and Allowances                                   | 49,705  |
| <b>Net Revenue from Sales</b>                                   | <u>42,410,539</u>                                     |
| <br><b>COST OF SALES:</b>                                       |   |
| Purchases - Electricity   | 3,227,204   |
| Purchases - Natural Gas   | 29,624,250  |
| <b>Total Cost of Sales</b>                                      | <u>32,851,454</u>                                     |
| <b>Gross Profit on Sales</b>                                    | <u>9,559,085</u>                                      |
| <br><b>LESS OTHER EXPENSES:</b>                                 |   |
| Sundry Taxes  | 69,841  |
| Selling Expenses  | 1,344,107   |
| General and Administrative Expense                              | 1,134,601   |
| Guaranteed Payments to Members                                  | 3,600,000   |
| <b>Total Other Expenses</b>                                     | <u>6,148,549</u>                                      |
| <br><b>LESS OTHER INCOME:</b>                                   |   |
| Other Income  | 12,051  |
| Customer Finance Charges  | 102,489   |
| Interest Income   | 65,315  |
| <b>Total Other Income</b>                                       | <u>179,855</u>  |
| <b>Net Other Expenses</b>                                       | <u>5,968,694</u>                                      |
| <b>Net Income for Period before Income Taxes</b>                | <u>3,590,391</u>                                      |
| <br>NYC Unincorporated Business Tax on Income                   | 248,281   |
| NYS Franchise Tax   | 384   |
| <b>Total Income Taxes</b>                                       | <u>248,665</u>  |
| <br><b>Net Income for Period Transferred to Members' Equity</b> | <u>3,341,726</u>                                      |

EXHIBIT "B"

See accompanying notes and Accountants' Review Report

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4**  
**OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
COMBINED CHANGES IN MEMBERS' EQUITY  
JANUARY 1 TO DECEMBER 31, 2007**

|                                | <u>Total</u>        | <u>Ronald<br/>Palmese Sr.</u> | <u>Robert<br/>Palmese</u> | <u>Ronald<br/>Palmese Jr.</u> | <u>Christina<br/>Palmese</u> | <u>Stephen<br/>Palmese</u> |
|--------------------------------|---------------------|-------------------------------|---------------------------|-------------------------------|------------------------------|----------------------------|
| <b>Members' Equity</b>         |                     |                               |                           |                               |                              |                            |
| January 1, 2007                | \$ 1,214,644        | \$ 242,929                    | \$ 242,929                | \$ 242,929                    | \$ 242,929                   | \$ 242,928                 |
| Add: Net Income for Year Ended |                     |                               |                           |                               |                              |                            |
| December 31, 2007              | 3,341,726           | 668,345                       | 668,345                   | 668,345                       | 668,345                      | 668,346                    |
| Contributions to Equity        | <u>5,000</u>        | <u>1,000</u>                  | <u>1,000</u>              | <u>1,000</u>                  | <u>1,000</u>                 | <u>1,000</u>               |
| <b>Total</b>                   | 4,561,370           | 912,274                       | 912,274                   | 912,274                       | 912,274                      | 912,274                    |
| Less: Cash                     |                     |                               |                           |                               |                              |                            |
| Distributions                  | <u>(1,063,032)</u>  | <u>(233,688)</u>              | <u>(204,741)</u>          | <u>(178,656)</u>              | <u>(198,322)</u>             | <u>(247,625)</u>           |
| <b>Members' Equity</b>         |                     |                               |                           |                               |                              |                            |
| <b>December 31, 2007</b>       | <u>\$ 3,498,338</u> | <u>\$ 678,586</u>             | <u>\$ 707,533</u>         | <u>\$ 733,618</u>             | <u>\$ 713,952</u>            | <u>\$ 664,649</u>          |

EXHIBIT "C"

See accompanying notes and Accountants' Review Report

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4**  
**OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**  
**COLUMBIA UTILITIES, L.L.C. AND**  
**COLUMBIA UTILITIES POWER, L.L.C.**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|                     |              |
|---------------------|--------------|
| Net Income for Year | \$ 3,341,726 |
| Depreciation        | 2,454        |

**ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH  
PROVIDED BY (USED IN) OPERATING ACTIVITIES:**

**Changes in Operating Assets and Liabilities:**

|   |                |                  |
|---|----------------|------------------|
| Increase in Accounts Receivable                         | \$ (3,890,017) |                  |
| Increase in Prepaid Commissions                         | (1,153,975)    |                  |
| Decrease in Prepaid Purchases                           | 62,466         |                  |
| Decrease in Sundry Receivables                          | 245            |                  |
| Increase in Accounts Payable                            | 1,677,480      |                  |
| Decrease in Due to Columbia Utilities Heating Corp.     | (537,040)      |                  |
| Decrease in Sales Tax Payable                           | (31,111)       |                  |
| Increase in Accrued Expenses                            | 90,122         |                  |
| Increase in Unincorporated Business Tax                 | 93,587         |                  |
| Increase in Guaranteed Payments Due to Managing Members | 1,600,000      | (2,088,243)      |
| <b>Net Cash Provided by Operating Activities</b>        |                | <u>1,255,937</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES:**

|  |           |                  |
|--|-----------|------------------|
| Restricted Cash - Letters of Credit            | (342,338) |                  |
| Deposits With Utilities and Suppliers          | (631,040) |                  |
| Purchase of Furniture & Fixtures               | (12,270)  |                  |
| <b>Net Cash (Used In) Investing Activities</b> |           | <u>(985,648)</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES:**

|  |             |                |
|--|-------------|----------------|
| Bank Loan Repayments                             | (800,000)   |                |
| Bank Loan Borrowings                             | 2,000,000   |                |
| Distributions to Members                         | (1,063,032) |                |
| Members' Contributions                           | 5,000       |                |
| <b>Net Cash Provided by Financing Activities</b> |             | <u>141,968</u> |

|  |                          |
|--|--------------------------|
| <b>Net Change in Cash and Cash Equivalents</b> | <b>412,257</b>           |
| Cash and Cash Equivalent Beginning of Year     | 293,881                  |
| <b>Cash and Cash Equivalents End of Year</b>   | <u><b>\$ 706,138</b></u> |

|                                 |                         |
|---------------------------------|-------------------------|
| <b>Amount Paid for Interest</b> | <u><b>\$ 34,498</b></u> |
|---------------------------------|-------------------------|

|                              |                          |
|------------------------------|--------------------------|
| <b>Amount Paid for Taxes</b> | <u><b>\$ 151,780</b></u> |
|------------------------------|--------------------------|

**EXHIBIT "D"**

See accompanying notes and Accountants' Review Report



**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4  
OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**a. Business Operations:**

These statements include the accounts of Columbia Utilities, L.L.C. and Columbia Utilities Power, L.L.C. (the "Company"), which are combined since both entities have identical income sharing interests and common management. Columbia Utilities, L.L.C. is a natural gas retailer. Columbia Utilities Power, L.L.C. is an electricity retailer. Their operations are based in Brooklyn, New York. Sales are made to residential, commercial and institutional customers throughout New York City, Westchester and Long Island. Columbia Utilities Power, L.L.C. commenced business on July 1, 2007. These statements include the full year operations of Columbia Utilities, L.L.C. and the six months operations of Columbia Utilities Power, L.L.C.

**b. Receivables:**

Customers are billed for natural gas and electricity deliveries through the major utility companies (Consolidated Edison and Keyspan) based on meters read by these utilities.

These utilities control the meter reading, billing of customers and collection of receivables. The Company pays a fee per customer for these monthly billing services. The Company monitors the entire process, records the transactions and periodically reconciles and settles the accounts with the utilities. Each month, the Company sells 100% of the billed receivables from Consolidated Edison customers to Consolidated Edison and is paid 100% of the amount due. The Company pays 1.5% for this service.

The unbilled receivables represent estimates of gas or electricity delivered to the customers from the time of the last meter reading to the end of the month. This amount was \$3,501,888 at December 31, 2007 and is included in accounts receivable.

There have not been any losses on accounts receivable during 2007 and an allowance is not deemed necessary since expected losses are not deemed to be material.

**a. Estimates:**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect reported amounts of assets and liabilities, and the reported assumptions.

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4  
OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**b. Cash and Cash Equivalents:**

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

**c. Property and Equipment:**

Property and equipment are stated at cost less accumulated depreciation computed on a declining balance method over established useful lives ranging from 5 to 10 years.

Depreciation expense for the year was \$2,454.

**d. Amortization:**

The Company is amortizing the prepaid commission cost disbursed to the sales representatives for the acquisition of customer accounts over one year, the term of the initial contract with the customers. The commission cost expensed for the year ended December 31, 2007 was \$1,161,546. Unamortized prepaid commissions at December 31, 2007 were \$1,385,126.

**e. Income Taxes:**

The Company is taxed as a partnership and is not liable for federal or New York State income taxes. Taxes on the income earned by the partnerships are paid by the partners. New York City separately imposes an unincorporated business tax on income.

**2. DEPOSITS WITH UTILITIES AND SUPPLIERS:**

The Company is required to place a cash deposit or Letter of Credit with the utilities and certain suppliers, based on the expected terms of natural gas or kilowatt hours of electricity deliveries monthly.

**3. RELATED PARTY TRANSACTIONS:**

The Company, at December 31, 2007, was owed \$88,536, representing working capital advances by Columbia Utilities Heating Corp., a related company. This amount fluctuates on a monthly basis.

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4  
OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**3 RELATED PARTY TRANSACTIONS: (Continued)**

The 100% shareholder of Columbia Utilities Heating Corp. is a 20% shareholder of both companies being combined. All three companies share space in similar premises. The Company reimburses the related company for its share of administrative costs. Additionally, it pays for usage of staff and other expenses that the corporation pays on its behalf.

For the year ended December 31, 2007, the Company has obligated itself for guaranteed payments of \$3,600,000 to the managing members.

**4. BANK LOAN:**

The Company has a combined line of credit not to exceed \$9,000,000. The interest rate on the loan is the lender's base rate, which approximates the prime rate of 7.25% at year end. Interest expense for the period was \$34,498.

The Company owed the bank \$2,000,000 at December 31, 2007.

**5. PREPAID NATURAL GAS PURCHASES:**

The Company was also required to make prepayments to utilities for expected gas purchases of the following period. Such prepayments amounted to \$810,992 at December 31, 2007.

**6. CASH CONCENTRATIONS:**

Balances of cash and cash equivalents at financial banking institutions exceeded the federal insurance limit of \$100,000 by \$573,000 at December 31, 2007. These balances fluctuate greatly during the year and can exceed this \$100,000 limit. Management monitors regularly the financial condition of the banking institution, along with their balances in cash and cash equivalents and tries to keep this potential risk to a minimum.

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4  
OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**ACCOUNTANTS' REVIEW REPORT**

To the Board Members of  
**Columbia Utilities, L.L.C. and  
Columbia Utilities Power, L.L.C.**  
Brooklyn, New York

We have reviewed the accompanying combined balance sheet of **Columbia Utilities, L.L.C. and Columbia Utilities Power, L.L.C.** (the "Company") as of December 31, 2007, and the related combined statements of income and changes in members' equity and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these combined financial statements is the representation of the management of the Company.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the combined financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in conformity with generally accepted accounting principles.

April 17, 2008.

Fairfield, New Jersey

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4**  
**OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C.**

**AND**

**COLUMBIA UTILITIES POWER, L.L.C.**

**COMBINED FINANCIAL STATEMENTS**

**DECEMBER 31, 2008**

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**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4**  
**OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
COMBINED BALANCE SHEET  
DECEMBER 31, 2008**

**ASSETS**

**December 31,  
2008**

**CURRENT ASSETS:**

|   |                |
|---|----------------|
| Cash and Cash Equivalents               | \$ 7,732,655   |
| Accounts Receivable                     | 9,841,342      |
| Prepaid NYC Unincorporated Business Tax | 27,555         |
| Prepaid Purchases                       | <u>734,755</u> |

|                             |                   |
|-----------------------------|-------------------|
| <b>Total Current Assets</b> | <b>18,336,307</b> |
|-----------------------------|-------------------|

**FURNITURE, PLANT & EQUIPMENT:**

|  |       |
|--|-------|
| Furniture & Equipment Less Accumulated Depreciation of \$6,380 | 5,890 |
|--|-------|

**OTHER:**

|                                       |                  |
|---------------------------------------|------------------|
| Restricted Cash - Letter of Credit    | 664,425          |
| Deposits with Utilities and Suppliers | <u>1,638,040</u> |

|                     |                             |
|---------------------|-----------------------------|
| <b>Total Assets</b> | <b><u>\$ 20,644,662</u></b> |
|---------------------|-----------------------------|

**LIABILITIES**

**CURRENT LIABILITIES:**

|  |                   |
|--|-------------------|
| Accounts Payable   | \$ 3,323,524      |
| Bank Loan Payable Pursuant to Line of Credit                 | 6,000,000         |
| Sales Tax Payable  | 127,232           |
| Due to Columbia Utilities Heating Corp. ( A Related Company) | 176,163           |
| Accrued Expenses   | 72,812            |
| Guaranteed Payments Due to Members                           | 2,200,000         |
| Loan Payable - Related Party                                 | <u>2,872,000</u>  |
| <b>Total Current Liabilities</b>                             | <b>14,771,731</b> |

**MEMBERS' EQUITY**

|                 |                  |
|-----------------|------------------|
| Members' Equity | <u>5,872,931</u> |
|-----------------|------------------|

|  |                             |
|--|-----------------------------|
| <b>Total Liabilities and Members' Equity</b> | <b><u>\$ 20,644,662</u></b> |
|--|-----------------------------|

EXHIBIT "A"

See accompanying notes and Accountants' Review Report

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4**  
**OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
COMBINED INCOME STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2008**

**REVENUE:**

|  |                   |
|--|-------------------|
| Sales - Billed Electricity                                 | \$ 38,909,134     |
| Sales - Billed Natural Gas                                 | 35,005,076        |
| Sales - Delivered but Unbilled Electricity and Natural Gas | 188,768           |
| Sales - Service & Repair - Natural Gas                     | 4,965             |
| <b>Total</b>   | <u>74,107,943</u> |
| Less Discounts and Allowances                              | 247,227           |
| <b>Net Revenue from Sales</b>                              | <u>73,860,716</u> |

**COST OF SALES:**

|                            |                   |
|----------------------------|-------------------|
| Purchases - Electricity    | 27,596,340        |
| Purchases - Natural Gas    | 27,950,921        |
| <b>Total Cost of Sales</b> | <u>55,547,261</u> |

|                              |                   |
|------------------------------|-------------------|
| <b>Gross Profit on Sales</b> | <u>18,313,455</u> |
|------------------------------|-------------------|

**LESS OTHER EXPENSES:**

|                                    |                   |
|------------------------------------|-------------------|
| Sundry Taxes                       | 459,299           |
| Selling Expenses                   | 4,210,626         |
| General and Administrative Expense | 5,649,074         |
| Guaranteed Payments to Members     | 2,200,000         |
| <b>Total Other Expenses</b>        | <u>12,518,999</u> |

**LESS OTHER INCOME:**

|                           |                   |
|---------------------------|-------------------|
| Other Income              | 2,601             |
| Customer Finance Charges  | 28,504            |
| Interest Income           | 87,417            |
| <b>Total Other Income</b> | <u>118,522</u>    |
| <b>Net Other Expenses</b> | <u>12,400,477</u> |

|  |                  |
|--|------------------|
| <b>Net Income for Period before Income Taxes</b> | <u>5,912,978</u> |
| NYC Unincorporated Business Tax on Income        | 181,783          |
| NYS Franchise Tax                                | 650              |
| <b>Total Income Taxes</b>                        | <u>182,433</u>   |

|   |                  |
|---|------------------|
| <b>Net Income for Period Transferred to Members' Equity</b> | <u>5,730,545</u> |
|---|------------------|

EXHIBIT "B"

See accompanying notes and Accountants' Review Report

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4  
OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
COMBINED CHANGES IN MEMBERS' EQUITY  
JANUARY 1 TO DECEMBER 31, 2008**

|   | <u>Total</u>        | <u>Ronald<br/>Palmese Sr.</u> | <u>Robert<br/>Palmese</u> | <u>Ronald<br/>Palmese Jr.</u> | <u>Christina<br/>Palmese</u> | <u>Stephen<br/>Palmese</u> |
|---|---------------------|-------------------------------|---------------------------|-------------------------------|------------------------------|----------------------------|
| <b>Members' Equity</b>  |                     |                               |                           |                               |                              |                            |
| January 1, 2008   | \$ 3,498,338        | \$ 678,586                    | \$ 707,533                | \$ 733,618                    | \$ 713,952                   | \$ 664,649                 |
| Sale of Columbia Utilities<br>Power L.L.C. Ownership<br>Interests Between Members | -                   | (129,884)                     | 32,471                    | 32,471                        | 32,471                       | 32,471                     |
| Add: Net Income for Year Ended<br>December 31, 2008                               | <u>5,730,545</u>    | <u>422,725</u>                | <u>1,326,955</u>          | <u>1,326,955</u>              | <u>1,326,955</u>             | <u>1,326,955</u>           |
| <b>Total</b>  | 9,228,883           | 971,427                       | 2,066,959                 | 2,093,044                     | 2,073,378                    | 2,024,075                  |
| Less: Cash<br>Distributions   | <u>(3,355,952)</u>  | <u>(547,738)</u>              | <u>(704,650)</u>          | <u>(730,734)</u>              | <u>(711,065)</u>             | <u>(661,765)</u>           |
| <b>Members' Equity</b>  |                     |                               |                           |                               |                              |                            |
| December 31, 2008   | <u>\$ 5,872,931</u> | <u>\$ 423,689</u>             | <u>\$ 1,362,309</u>       | <u>\$ 1,362,310</u>           | <u>\$ 1,362,313</u>          | <u>\$ 1,362,310</u>        |

EXHIBIT "C"

See accompanying notes and Accountants' Review Report



**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4**  
**OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**  
**COLUMBIA UTILITIES, L.L.C. AND**  
**COLUMBIA UTILITIES POWER, L.L.C.**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|                     |              |
|---------------------|--------------|
| Net Income for Year | \$ 5,730,545 |
| Depreciation        | 3,926        |

**ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH  
PROVIDED BY (USED IN) OPERATING ACTIVITIES:**

|   |                |                         |
|---|----------------|-------------------------|
| Changes in Operating Assets and Liabilities:            |                |                         |
| Increase in Accounts Receivable                         | \$ (1,580,834) |                         |
| Decrease in Prepaid Commissions                         | 1,385,126      |                         |
| Increase in Prepaid Unincorporated Business Tax         | (191,204)      |                         |
| Decrease in Prepaid Purchases                           | 76,237         |                         |
| Decrease in Accounts Payable                            | (287,272)      |                         |
| Increase in Due to Columbia Utilities Heating Corp.     | 264,699        |                         |
| Increase in Sales Tax Payable                           | 36,903         |                         |
| Decrease in Accrued Expenses                            | (25,626)       |                         |
| Decrease in Guaranteed Payments Due to Managing Members | (1,400,000)    | (1,721,971)             |
| <b>Net Cash Provided by Operating Activities</b>        |                | <b><u>4,012,500</u></b> |

**CASH FLOWS FROM INVESTING ACTIVITIES:**

|  |           |                         |
|--|-----------|-------------------------|
| Restricted Cash - Letters of Credit            | 487,968   |                         |
| Deposits With Utilities and Suppliers          | (990,000) |                         |
| <b>Net Cash (Used In) Investing Activities</b> |           | <b><u>(502,032)</u></b> |

**CASH FLOWS FROM FINANCING ACTIVITIES:**

|  |             |                         |
|--|-------------|-------------------------|
| Bank Loan Repayments                             | (2,000,000) |                         |
| Bank Loan Borrowings                             | 6,000,000   |                         |
| Distributions to Members                         | (3,355,952) |                         |
| Loan Proceeds                                    | 2,872,000   |                         |
| <b>Net Cash Provided by Financing Activities</b> |             | <b><u>3,516,048</u></b> |

|   |                |
|---|----------------|
| Net Change in Cash and Cash Equivalents     | 7,026,516      |
| Cash and Cash Equivalents Beginning of Year | <u>706,139</u> |

|                                       |                            |
|---------------------------------------|----------------------------|
| Cash and Cash Equivalents End of Year | <b><u>\$ 7,732,655</u></b> |
|---------------------------------------|----------------------------|

|                          |                          |
|--------------------------|--------------------------|
| Amount Paid for Interest | <b><u>\$ 210,820</u></b> |
|--------------------------|--------------------------|

|                       |                          |
|-----------------------|--------------------------|
| Amount Paid for Taxes | <b><u>\$ 186,413</u></b> |
|-----------------------|--------------------------|

EXHIBIT "D"  
See accompanying notes and Accountants' Review Report

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4  
OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**a. Business Operations:**

These statements include the accounts of Columbia Utilities, L.L.C. and Columbia Utilities Power, L.L.C. (the "Company"), which are combined since both entities have common income sharing interests and common management. Columbia Utilities, L.L.C. is a natural gas retailer. Columbia Utilities Power, L.L.C. is an electricity retailer. Their operations are based in Brooklyn, New York. Sales are made to residential, commercial and institutional customers throughout New York State. Columbia Utilities Power, L.L.C. commenced business on July 1, 2007.

**b. Receivables:**

Customers are billed for natural gas and electricity deliveries through the major utility companies (Consolidated Edison, National Grid, and Orange and Rockland, etc.) based on meters read by these utilities.

These utilities control the meter reading, billing of customers and collection of receivables. The Company pays a fee per customer for these monthly billing and collection services. The Company monitors the entire process, records the transactions and periodically reconciles and settles the accounts with the utilities. Each month, the Company sells 100% of the billed receivables from the utility customers to the utilities and is paid 100% of the amounts due. The Company pays a fee for this service.

The unbilled receivables represent estimates of gas or electricity delivered to the customers from the time of the last meter reading to the end of the month. This amount was \$3,690,656 at December 31, 2008 and is included in accounts receivable.

There have not been any losses on accounts receivable during 2008 and an allowance for losses is not deemed necessary since expected losses are not deemed to be material.

**a. Estimates:**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results may differ materially from the estimates and assumptions.

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4  
OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**b. Cash and Cash Equivalents:**

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

**c. Property and Equipment:**

Property and equipment are stated at cost less accumulated depreciation computed on a declining balance method over established useful lives ranging from 5 to 10 years.

Depreciation expense for the year was \$3,926.

**d. Commissions:**

The Company expenses commissions disbursed to sales representatives for the acquisition of customer accounts when paid. The commission cost for the year was \$3,143,389.

**e. Income Taxes:**

The Company's combined entities are taxed as partnerships and are not liable for federal or New York State income taxes. Taxes on the income earned by the partnerships are paid by the partners. New York City separately imposes an unincorporated business tax on income.

**2. DEPOSITS WITH UTILITIES AND SUPPLIERS:**

The Company is required to place a cash deposit or Letter of Credit with the utilities and certain suppliers, based on the expected terms of natural gas or kilowatt hours of electricity deliveries monthly.

**3. RELATED PARTY TRANSACTIONS:**

The Company, at December 31, 2008, owed \$176,163, representing its expenses that were paid by Columbia Utilities Heating Corp., a related company. This amount fluctuates on a monthly basis.

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4  
OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**COLUMBIA UTILITIES, L.L.C. AND  
COLUMBIA UTILITIES POWER, L.L.C.  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**3 RELATED PARTY TRANSACTIONS: (Continued)**

The 100% shareholder of Columbia Utilities Heating Corp. is a 20% member-owner of Columbia Utilities, L.L.C. and 0% member-owner of Columbia Utilities Power, L.L.C., the entities being combined. All three companies share space in similar premises. The Company reimburses the related company for its share of administrative costs. Additionally, it pays for usage of staff and other expenses that the corporation pays on its behalf.

The Company rents space from its members. Tenancy is month to month without a written lease. Total annual rent amounted to \$108,000 in 2008.

For the year ended December 31, 2008, the Company has obligated itself for guaranteed payments of \$2,200,000 to the managing members, which are expensed in the statement of income.

Columbia Utilities Power, L.L.C. borrowed \$2,872,000 on a short-term basis from Ronald Palmese, a 20% owner of Columbia Utilities, L.L.C., payable on demand.

**4. BANK LOAN:**

The Company has a combined line of credit not to exceed \$8,100,000. The interest rate on the loan is the lender's base rate, which approximates the prime rate of 3.25% at year end. Interest expense for the period was \$210,820.

The Company owed the bank \$6,000,000 at December 31, 2008 on this line.

**5. PREPAID NATURAL GAS PURCHASES:**

The Company was also required to make prepayments to utilities for expected gas purchases of the following period. Such prepayments amounted to \$734,755 at December 31, 2008.

**6. CASH CONCENTRATIONS:**

Balances of cash and cash equivalents at financial banking institutions exceeded the federal insurance limit of \$250,000 by \$5,137,964 at December 31, 2008. These balances fluctuate greatly during the year and can exceed this insured limit. Management monitors regularly the financial condition of the banking institution, along with their balances in cash and cash equivalents and tries to keep this potential risk to a minimum.

**PRIVILEGED AND CONFIDENTIAL -- EXHIBIT C-4 OF SECTION C-4  
OF PALMCO ENERGY OH, LLC CERTIFICATION APPLICATION**

**ACCOUNTANTS' REVIEW REPORT**

To the Board Members of  
**Columbia Utilities, L.L.C. and  
Columbia Utilities Power, L.L.C.**  
Brooklyn, New York

We have reviewed the accompanying combined balance sheet of **Columbia Utilities, L.L.C. and Columbia Utilities Power, L.L.C.** (the "Company") as of December 31, 2008, and the related combined statements of income and changes in members' equity and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these combined financial statements is the representation of the management of the Company.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the combined financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in conformity with generally accepted accounting principles.

February 18, 2009

Fairfield, New Jersey