FILE

AMBITENERGY
1801 NORTH LAMAR STREET
SUITE 600
DALLAS, TEXAS 75202

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PUCO

June 10, 2019

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

Company Name: Ambit Northeast, LLC
Certification Case No: 15-1097-GA -CRS

Dear Sirs;

Enclosed is the Renewal Application for Competitive Retail Natural Gas Suppliers for Ambit Northeast, LLC which includes one original and three copies of all the exhibits and affidavits. Also included are financial documents, financial arrangements and forecasted financial statements that are being filed confidential and under Seal.

Please let me know if you require anything additional regarding this filing. I can be contacted at cadams@ambitenergy.com or by telephone at 972.813.2055.

Best Regards,

Casedral Adams

Casedral Adams
Regulatory Compliance Paralegal

Ohio | Public Utilities Commission

PUCO USE ONLY – Version 1.08		May 2016
Date Received	Renewal Certification Number	ORIGINAL CRS Case Number
		15 - 1097 - GA-CRS

RENEWAL CERTIFICATION APPLICATION
COMPETITIVE RETAIL NATURAL GAS SUPPLIERS

Please **type or print** all required information. Identify all attachments with an exhibit label and title (***Example: Exhibit A-15 - Company History***). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division, 180 East Broad Street, Columbus, Ohio 43215-3793.

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

SECTION A - APPLICANT INFORMATION AND SERVICES

A-1 Applicant intends to renew its certificate as: (check all that apply)

☐ **Retail Natural Gas Aggregator** ☐ **Retail Natural Gas Broker** ☑ **Retail Natural Gas Marketer**

A-2 Applicant information:

Legal Name Ambit Northeast, LLC
Address 1801 N. Lamar Street, Ste. 600 Dallas, TX 75202

Telephone No. (214) 270-1770 Web site Address www.ambitenergy.com

Current PUCO Certificate No. 15-1097-GA-CRS Effective Dates 7/13/2017 - 07/13/2019

A-3 Applicant information under which applicant will do business in Ohio:

Name Ambit Northeast, LLC
Address 1801 N. Lamar Street, Ste. 600, Dallas, TX 75202

Web site Address www.ambitenergy.com Telephone No. 214.270.1770

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

Ambit Texas, LLC
Ambit California, LLC
Ambit New York, LLC
Ambit Illinois, LLC
Ambit Northeast, LLC

A-5 Contact person for regulatory or emergency matters:

Name Patricia Zacharie Title Vice President, Legal and Regulatory Affairs

Business Address 1801 N. Lamar, Ste. 600, Dallas, TX 75202

Telephone No. 214.530.5422 Fax No. 877.674.9270 Email Address pzacharie@ambitenergy.com

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

Name Mari Salas Title Manager, Regulatory Compliance

Business address 1801 N. Lamar Street, Ste. 600, Dallas, TX 75202

Telephone No. 972.813.0058 Fax No. 877.495.6072 Email Address compliance@ambitenergy.com

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

Customer service address P.O. Box 660462 Plano, TX 75266

Toll-Free Telephone No. 877.282.6248 Fax No. 214.969.5928 Email Address customercare@ambitenergy

A-8 Provide "Proof of an Ohio Office and Employee," in accordance with Section 4929.22 of the Ohio Revised Code, by listing name, Ohio office address, telephone number, and Web site address of the designated Ohio Employee

Name Capitol Corporate Services, Inc. Title Registered Agent

Business address 4568 Mayfield Road, Ste. 204, Cleveland, OH 44121

Telephone No. 800.345.4647 Fax No. 800.432.3622 Email Address www.capitolservices.com

A-9 Applicant's federal employer identification number 32-0411643

A-10 Applicant's form of ownership: (Check one)

- ☐ **Sole Proprietorship**
- ☐ **Partnership**
- ☐ **Limited Liability Partnership (LLP)**
- ☑ **Limited Liability Company (LLC)**
- ☐ **Corporation**
- ☐ **Other**

A-11 (Check all that apply) Identify each natural gas company service area in which the applicant is currently providing service or intends to provide service, including identification of each customer class that the applicant is currently serving or intends to serve, for example: *residential, small commercial, and/or large commercial/industrial (mercantile) customers.* (A mercantile customer, as defined in Section 4929.01(L)(1) of the Ohio Revised Code, means a customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within the state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside of this state. In accordance with Section 4929.01(L)(2) of the Ohio Revised Code, "Mercantile customer" excludes a not-for-profit customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within this state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside this state that has filed the necessary declaration with the Public Utilities Commission.)

✓	Columbia Gas of Ohio	✓	Residential	✓	Small Commercial	☐	Large Commercial / Industrial
☐	Dominion East Ohio	☐	Residential	☐	Small Commercial	☐	Large Commercial / Industrial
✓	Duke Energy Ohio	✓	Residential	✓	Small Commercial	☐	Large Commercial / Industrial
☐	Vectren Energy Delivery of Ohio	☐	Residential	☐	Small Commercial	☐	Large Commercial / Industrial

A-12 If applicant or an affiliated interest previously participated in any of Ohio's Natural Gas Choice Programs, for each service area and customer class, provide approximate start date(s) and/or end date(s) that the applicant began delivering and/or ended services.

✓ **Columbia Gas of Ohio**

✓	**Residential**	**Beginning Date of Service**	February 26, 2016	**End Date**	Active
✓	**Small Commercial**	**Beginning Date of Service**	February 26, 2016	**End Date**	Active
☐	**Large Commercial**	**Beginning Date of Service**		**End Date**	
☐	**Industrial**	**Beginning Date of Service**		**End Date**	

☐ **Dominion East Ohio**

☐	**Residential**	**Beginning Date of Service**		**End Date**	
☐	**Small Commercial**	**Beginning Date of Service**		**End Date**	
☐	**Large Commercial**	**Beginning Date of Service**		**End Date**	
☐	**Industrial**	**Beginning Date of Service**		**End Date**	

✓ **Duke Energy Ohio**

✓	**Residential**	**Beginning Date of Service**	July 20, 2016	**End Date**	Active
✓	**Small Commercial**	**Beginning Date of Service**	July 20, 2016	**End Date**	Active
☐	**Large Commercial**	**Beginning Date of Service**		**End Date**	
☐	**Industrial**	**Beginning Date of Service**		**End Date**	

☐ **Vectren Energy Delivery of Ohio**

☐	**Residential**	**Beginning Date of Service**		**End Date**	
☐	**Small Commercial**	**Beginning Date of Service**		**End Date**	
☐	**Large Commercial**	**Beginning Date of Service**		**End Date**	
☐	**Industrial**	**Beginning Date of Service**		**End Date**	

A-13 If not currently participating in any of Ohio's four Natural Gas Choice Programs, provide the approximate start date that the applicant proposes to begin delivering services:

☐	Columbia Gas of Ohio	Intended Start Date	
☐	Dominion East Ohio	Intended Start Date	
☐	Duke Energy Ohio	Intended Start Date	
☐	Vectren Energy Delivery of Ohio	Intended Start Date	

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.

A-14 **Exhibit A-14 "Principal Officers, Directors & Partners,"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.
Please see Exhibit A-14

A-15 **Exhibit A-15 "Company History,"** provide a concise description of the applicant's company history and principal business interests.
Please see Exhibit A-15

A-16 **Exhibit A-16 "Articles of Incorporation and Bylaws**, provide the articles of incorporation filed with the state or jurisdiction in which the applicant is incorporated and any amendments thereto, ***only if the contents of the originally filed documents changed since the initial application.***
Please see Exhibit A-16

A-17 **Exhibit A-17 "Secretary of State,"** provide evidence that the applicant is still currently registered with the Ohio Secretary of the State.
Please see Exhibit A-17

SECTION B - APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

B-1 **Exhibit B-1 "Jurisdictions of Operation,"** provide a current 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 natural gas service, or retail/wholesale electric services.
Please see Exhibit B-1

B-2 **Exhibit B-2 "Experience & Plans,"** provide a current 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 4929.22 of the Revised Code and contained in Chapter 4901:1-29 of the Ohio Administrative Code.
Please see Exhibit B-2

B-3 **Exhibit B-3 "Summary of Experience,"** provide a concise and current summary of the applicant's experience in providing the service(s) for which it is seeking renewed certification (e.g., number and types of customers served, utility service areas, volume of gas supplied, etc.).
Please see Exhibit B-3

B-4 **Exhibit B-4 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocations 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 for which it is seeking renewed certification since applicant last filed for certification.
Please see Exhibit B-4

B-5 **Exhibit B-5 "Disclosure of Consumer Protection Violations,"** disclose whether the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant has been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws since applicant last filed for certification.
Please see Exhibit B-5

☐ No ☑ Yes

If Yes, provide a separate attachment labeled as Exhibit B-5 "Disclosure of Consumer Protection Violations," detailing such violation(s) and providing all relevant documents.

B-6 **Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation,"** disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, or revoked, or whether the applicant or predecessor has been terminated from any of Ohio's Natural Gas Choice programs, or been in default for failure to deliver natural gas since applicant last filed for certification.

☑ No ☐ Yes

If Yes, provide a separate attachment, labeled as Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation," detailing such action(s) and providing all relevant documents.

SECTION C - APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

C-1 **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information, labeled as Exhibit C-1, or indicate that Exhibit C-1 is not applicable and why.
(This is generally only applicable to publicly traded companies who publish annual reports.)
Please see Exhibit C-1

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. An applicant may submit a current link to the filings or provide them in paper form. 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.
Please see Exhibit C-2

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. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns (with social security numbers and account numbers redacted).
Please see Exhibit C-3

C-4 **Exhibit C-4 "Financial Arrangements,"** provide copies of the applicant's current financial arrangements to conduct competitive retail natural gas service (CRNGS) as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.)

Renewal applicants can fulfill the requirements of Exhibit C-4 by providing a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU's collateral requirements.

First time applicants or applicants whose certificate has expired as well as renewal applicants can meet the requirement by one of the following methods:

1. The applicant itself stating that it is investment grade rated by Moody's, Standard & Poor's or Fitch and provide evidence of rating from the rating agencies.

2. Have a parent company or third party that is investment grade rated by Moody's, Standard & Poor's or Fitch guarantee the financial obligations of the applicant to the LDU(s).

3. Have a parent company or third party that is not investment grade rated by Moody's, Standard & Poor's or Fitch but has substantial financial wherewithal in the opinion of the Staff reviewer to guarantee the financial obligations of the applicant to the LDU(s). The guarantor company's financials must be included in the application if the applicant is relying on this option.

4. Posting a Letter of Credit with the LDU(s) as the beneficiary.
Please see Exhibit C-4

If the applicant is not taking title to the electricity or natural gas, enter "N/A "in Exhibit C-4. An N/A response is only applicable for applicants seeking to be certified as an aggregator or broker.

C-5 **Exhibit C-5 "Forecasted Financial Statements,"** provide two years of forecasted income statements for the applicant's **NATURAL GAS related business activities in the state of Ohio Only**, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer. The forecasts should be in an annualized format for the two years succeeding the Application year.

Please see Exhibit C-5

C-6 **Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's current credit rating as reported by two of the following organizations: Duff & Phelps, Fitch IBCA, Moody's Investors Service, Standard & Poor's, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or an affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter "N/A" in Exhibit C-6.
Please see Exhibit C-6.

C-7 **<u>Exhibit C-7 "Credit Report,"</u>** provide a copy of the applicant's current credit report from Experion, Dun and Bradstreet, or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter "N/A" for Exhibit C-7.
Please see Exhibit C-7

C-8 **<u>Exhibit C-8 "Bankruptcy Information,"</u>** 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.
Please see Exhibit C-8

C-9 **<u>Exhibit C-9 "Merger Information,"</u>** provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.
Please see Exhibit C-9

C-10 **<u>Exhibit C-10 "Corporate Structure,"</u>** provide a description of the applicant's corporate structure, not an internal organizational chart, 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. If the applicant is a stand-alone entity, then no graphical depiction is required and applicant may respond by stating that they are a stand-alone entity with no affiliate within the two most recent years preceding the application.
Please see Exhibit C-10

SECTION D – APPLICANT TECHNICAL CAPABILITY

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.

D-1 **<u>Exhibit D-1 "Operations,"</u>** provide a current written description of the operational nature of the applicant's business. Please include whether the applicant's operations will include the contracting of natural gas purchases for retail sales, the nomination and scheduling of retail natural gas for delivery, and the provision of retail ancillary services, as well as other services used to supply natural gas to the natural gas company city gate for retail customers.
Please see Exhibit D-1

D-2 **<u>Exhibit D-2 "Operations Expertise,"</u>** given the operational nature of the applicant's business, provide evidence of the applicant's current experience and technical expertise in performing such operations.
Please see Exhibit D-2

D-3 **<u>Exhibit D-3 "Key Technical Personnel,"</u>** provide the names, titles, email addresses, telephone numbers, and background of key personnel involved in the operational aspects of the applicant's current business.
Please see Exhibit D-3

Applicant Signature and Title Jim Thompson Jr. CEO

Sworn and subscribed before me this 6th **day of** June **Month** 2019 **Year**

Casedral Adams — Casedral Adams

Signature of official administering oath ***Print Name and Title***

CASEDRAL LAJUAN ADAMS
Notary ID #10728180
My Commission Expires
April 22, 2023

My commission expires on

The Public Utilities Commission of Ohio

Competitive Retail Natural Gas Service
Affidavit Form
(Version 1.07)

In the Matter of the Application of	)		
Ambit Northeast, LLC	)	**Case No.**	15 - 1097 **-GA-CRS**
for a Certificate or Renewal Certificate to Provide	)		
Competitive Retail Natural Gas Service in Ohio.	)		

County of Dallas
State of Texas

Jere Thompson, Jr. [Affiant], being duly sworn/affirmed, hereby states that:

(1) The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant.

(2) The applicant will timely file an annual report of its intrastate gross receipts and sales of hundred cubic feet of natural gas pursuant to Sections 4905.10(A), 4911.18(A), and 4929.23(B), Ohio Revised Code.

(3) The applicant will timely pay any assessment made pursuant to Section 4905.10 or Section 4911.18(A), Ohio Revised Code.

(4) Applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.

(5) Applicant will cooperate with the Public Utilities Commission of Ohio and its staff in the investigation of any consumer complaint regarding any service offered or provided by the applicant.

(6) Applicant will comply with Section 4929.21, Ohio Revised Code, regarding consent to the jurisdiction of the Ohio courts and the service of process.

(7) Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the certification or certification renewal application within 30 days of such material change, including any change in contact person for regulatory or emergency purposes or contact person for Staff use in investigating customer complaints.

(8) Affiant further sayeth naught.

Affiant Signature & Title Jere Thompson CEO

Sworn and subscribed before me this 6th **day of** June **Month** 2019 **Year**

Casedral Adams
Signature of Official Administering Oath

Casedra Adams
Print Name and Title

CASEDRAL LAJUAN ADAMS
Notary ID #10728180
My Commission Expires
April 22, 2023
NOTARY PUBLIC STATE OF TEXAS

My commission expires on

Exhibit A-14

Principal Officers, Directors & Partners

Provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

Jere W. Thompson
Chief Executive Officer
Ambit Energy Holdings, LLC
1801 N. Lamar Street, Suite 600
Dallas, TX 75202
Phone: 214-270-1770
Email: jthompson@ambitenergy.com

Chris Chambless
Chief Marketing Officer
Ambit Energy Holdings, LLC
1801 N. Lamar Street, Suite 600
Dallas, TX 75202
Phone: 214-530-5418
Email: cchambless@ambitenergy.com

Laurie Rodriguez
Chief Financial Officer
Ambit Energy Holdings, LLC
1801 N. Lamar Street, Suite 600
Dallas, TX 75202
Phone: 214-461-4737
Email: lrodriguez@ambitenergy.com

John Burke
Chief Information Officer
Ambit Energy Holdings, LLC
1801 N. Lamar Street, Suite 600
Dallas, TX 75202
Phone: 214-530-5417
Email: jburke@ambitenergy.com

Exhibit A-15

Company History

Provide a concise description of the applicant's company history and principal business interests.

Ambit Northeast, LLC is a wholly owned subsidiary of Ambit Energy Holdings, LLC ("Ambit Energy"), a Texas Corporation (see attached page for Corporate Structure diagram). Ambit Midwest, LLC was created in 2013 by founding partner Jere Thompson, Jr. for the sole purpose of serving energy customers in deregulated energy markets in North America. In addition to Ambit Midwest, LLC, Ambit Energy Holdings, LLC also serves five additional subsidiaries, all of which supply retail or wholesale natural gas or electricity to customers in North America: Ambit Texas, LLC, Ambit New York, LLC, Ambit Illinois, LLC, Ambit California, LLC and Ambit Northeast, LLC.

Ambit New York, LLC currently holds an Energy Service Company certificate in the State of New York and supplies retail electric and gas services to both residential and small commercial customers. In Texas, Ambit Texas, LLC, is currently licensed as a Retail Electric Provider where it serves residential and small commercial customers. In Illinois, Ambit Illinois, LLC currently holds a certificate as an Alternative Gas Supplier. Operating under the subsidiary Ambit Northeast, LLC, Ambit Energy provides gas and electricity services to customers in Maryland, Pennsylvania, Connecticut, Delaware, Illinois, Massachusetts, New Hampshire, Rhode Island, New Jersey, the District of Columbia, Ohio, Virginia and Maine. In California, Ambit is licensed as a Core Transport Agent for retail gas services.

Ambit Energy is not affiliated with any utility distribution companies and does not own any generation or production assets. Ambit Energy buys 100% of its natural gas and electricity from wholesale providers to serve its customer load.

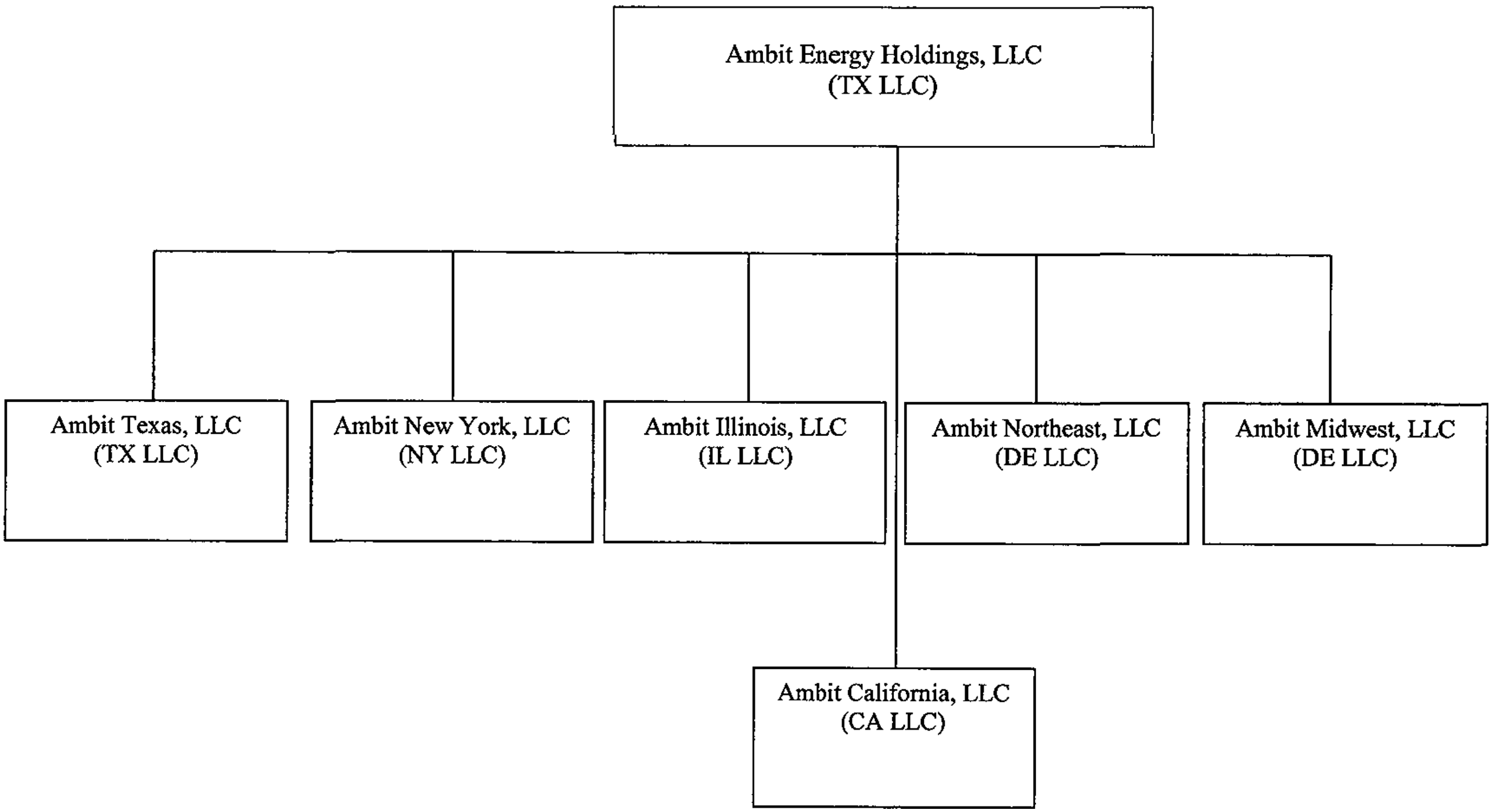
Ambit Energy Holdings, LLC
(TX LLC)
Ambit Texas, LLC
(TX LLC)
Ambit New York, LLC
(NY LLC)
Ambit Illinois, LLC
(IL LLC)
Ambit Northeast, LLC
(DE LLC)
Ambit Midwest, LLC
(DE LLC)
Ambit California, LLC
(CA LLC)

Exhibit A-16

Articles of Incorporation and Bylaws

Provide the articles of incorporation filed with the state or jurisdiction in which the applicant is incorporated and any amendments thereto, ***only if the contents of the originally filed documents changed since the initial application.***

There have not been any changes since the initial application.

Exhibit A-17

Secretary of State

Provide evidence that the applicant is still currently registered with the Ohio Secretary of the State.

Attached is a copy of the Corporation Detail filing from the Ohio Secretary of State Business Filing Portal.

Entity#: 2400631

Filing Type: FOREIGN LIMITED LIABILITY COMPANY

Original Filing Date: 06/11/2015

Location: --

Business Name: AMBIT NORTHEAST, LLC

Status: Active

Exp. Date: -

Agent/Registrant Information

CAPITOL CORPORATE SERVICES, INC.
4565 MAYFIELD RD.
STE 204
CLEVELAND OH 44121
06/11/2015
Active

Filings

Filing Type	Date of Filing	Document ID
REG. OF FOR. PROFIT LIM. LIAB. CO.	06/11/2015	201516220124
TRADE NAME/ASSIGNMENT	06/17/2015	201516931968
FICTITIOUS NAME RENEWAL	02/21/2017	201705204072

UNITED STATES OF AMERICA
STATE OF OHIO
OFFICE OF SECRETARY OF STATE

I, Frank LaRose, Secretary of State of the State of Ohio, do hereby certify that this is a list of all records approved on this business entity and in the custody of the Secretary of State.

Witness my hand and the seal of the Secretary of State at Columbus, Ohio this 15th of May, A.D. 2019

Ohio Secretary of State

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 natural gas service, or retail/wholesale electric services.

Ambit Holdings, LLC and its subsidiaries ("Ambit Energy") currently conduct retail energy supply operations in the following jurisdictions:

Affiliate	State/Jurisdiction	License No.	Commodity
Ambit California	California	CTA-0037	Gas
Ambit Northeast, LLC			
	Maryland	IR-1992	Electric
	Maryland	IR-1993	Gas
	Pennsylvania	A-2010-21902769	Electric
	Pennsylvania	A-2012-2289779	Gas
	New Jersey	ESL-0111	Electric
	New Jersey	GSL-0110	Gas
	Connecticut	Docket 11-06-15	Electric
	Delaware	Docket 13-21	Electric
	Massachusetts	GS-045	Gas
	Massachusetts	CS-118	Electric
	New Hampshire	DM-14005	Electric
	District of Columbia	EA 11-31-6	Electric
	District of Columbia	GA 11-8-6	Gas
	Virginia	G-39	Gas
	Illinois	Docket 08-0220	Electric
	Rhode Island	Docket D-96-6	Electric
	Maine	Docket 2014-00184	Electric
Ambit Texas, LLC	Texas	10117	Electric
Ambit Illinois, LLC	Illinois	Docket 09-0571	Gas
Ambit New York, LLC	New York	N/A	ESCO
Ambit Energy Japan, GK	Japan	A0401	Electric
Ambit Energy Canada, ULC	Canada	346339	Electric
Ambit Energy Canada, ULC	Canada	346342	Gas

Exhibit B-2

Experience and 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 4929.22 of the Revised Code and contained in Chapter 4901:1-29 of the Administrative Code.

Ambit Northeast, LLC possesses sufficient managerial capabilities to serve residential and small commercial customers, as is evidenced by the vast number of Ambit personnel who have managerial experience with enterprise financial and administration responsibilities as well as sales experience in multiple electricity markets.

Ambit Holdings, LLC's ("Ambit Energy") management team is made up of seasoned executives with over seventy (70) years of combined experience in deregulated utility markets, serving both energy (natural gas and electricity) and telecommunications end user residential and small commercial customers.

Ambit Energy certifies that it will adhere to the Minimum Service Requirements pursuant to Section 4929.22 of the Revised Code and contained in Chapter 4901:1-29 of the Ohio Administrative Code.

Retail Operations

Ambit Energy currently serves more than 10,000 residential and small commercial electric and/or gas customers in its combined Ohio service territories and possesses the required infrastructure to support its proposed effort, including but not limited to fully capable and proven processes, people, and infrastructure.

Ambit Energy contracts primarily through internet-based service agreements and offers variable and/or fixed price products to its customer base. Ambit Energy uses traditional marketing methods to acquire customers including advertisements, network marketing, and telesales for the acquisition of residential and small commercial customers but will prohibit door-to-door sales and telemarketing. Instead, Ambit Energy will encourage word of mouth by friends, relatives, co-workers, and neighbors.

Customer Enrollment Procedures and Customer Contracts

Ambit Energy adheres to strict quality assurance protocols, utilizing proven procedures and technologies designed to validate each and every order in a clearly documented fashion. Customers who contact Ambit Energy's Customer Care Center to enroll will have the terms of service and contract information fully explained to them at the time of the call. Prior to disconnecting, an Ambit Customer Care representative will confirm the customer's choice to switch to Ambit. The phone recording of the call will be retained in accordance with the Public Utilities Commission of Ohio record retention standards. Within one business day, a written copy of the contract will be sent to the customer. This contract will fully document the terms and conditions the customer agreed to during the enrollment call and will provide the seven-business day rescission period, in case the customer wishes to cancel.

In the event a customer contracts online, following the customer's enrollment, a Third-Party Customer Care Agent , will contact the customer and in a recorded call, will verify the customer's choice. A customer's service will not be switched without Ambit's prior acquisition of a recorded call of the customer's approval. All such calls will be retained, at a minimum, for one year after the customer's contract expiration or termination.

Customer Information Management and Confidentiality

Ambit Energy considers customer information of the utmost importance and strictly controls any and all information submitted by customers. A Customer who enrolls online for Ambit Energy service will enter a secured and encrypted online enrollment website maintained by Ambit Energy. A Customer who enrolls over the phone by calling Ambit Energy's Customer Support toll-free number will have an Ambit Energy customer service representative input their information directly into Ambit Energy's secured and encrypted enrollment, billing and records system. Ambit Energy will not provide or make available to anyone outside the organization confidential customer information it receives from the Customer.

During online enrollment, Customer information will be obtained from the Customer under a secure (HTTPS) protocol. The HTTPS protocol is provided through a Customer facing portal. The Customer facing portal transmits data to Ambit Energy by encrypting all confidential Customer information, including credit card or banking information, credit scores, social security numbers, and date of birth using 256 bit AES encryption. Once in our systems, Ambit Energy will store confidential information internally using a 256-bit AES encryption, but with a different key than the one we share with the Customer facing portal. Outside parties are unable to access or retrieve confidential Customer information from Ambit Energy.

Billing

Ambit Energy will utilize the consolidated (single bill) services offered by the incumbent local delivery providers in each respective service territory, backed by an executed Consolidated Billing Agreement with each respective provider. Ambit Energy, in most cases will be responsible for sending a corresponding EDI transaction to the billing agency which will include customer identifier, bill rate, sales tax rate, and other ancillary charges that may be incurred. Any billing inquiries will be handled by both Ambit Energy and the incumbent provider concurrently, as Ambit's customer support number will be listed on the customer's bill under the supply section.

Customer payments will be remitted directly to the incumbent provider in total, and the supply portion of payments collected will be remitted to Ambit Energy under the respective Consolidated Billing Agreement.

Under this Consolidated Billing Arrangement, customers will receive a clear, concise bill which will display the following:

- Price disclosure and disclosures of total billing units for the billing period and historical annual usage.
- To the maximum extent practicable, separate listing of each service component to enable a customer to recalculate the bill to confirm its accuracy.
- Identification of the provider of each service.
- Statement of where and how payment may be made and provision of a toll-free or local customer assistance and complaint number for Ambit Energy , as well as a consumer assistance telephone number or numbers for state agencies, such as the commission, the Office of Ohio Consumers' Counsel, and the attorney general's office, with the available hours noted.
- Highlighted and clear explanations on each customer bill, for two consecutive billing periods, of any changes in the rates, terms, and conditions of service.

Customer Care – Inquiries and Complaints
Ambit Energy's corporate headquarters in downtown Dallas, Texas has an in-house customer service department in Plano, Texas in addition to two outsourced companies, AIB is in Barranquilla, Columbia and HGS is in Kingston, Jamaica that handle incoming calls from its customers. The customer service department handles customer service calls between the hours of 8:00 a.m. to 6:00 p.m., Monday through Friday, and Saturday between 10:00 a.m. and 5:00 p.m. Central Standard Time. Call center representatives are managed and monitored on a daily basis by experienced managers. If a customer service representative is unable to resolve a complaint, the call is escalated to a manager who either will resolve the complaint or forward the complaint to one of our senior staff members for further review and resolution.

Ambit Energy will respond to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4949.22 of the revised code and contained in Chapter 4901:1-29 and 4901:1-21of the Ohio Administrative Code as follows, which will be included in all customer contracts:

> In the event of a billing dispute, disagreement, or questions, the customer can contact Ambit Energy's Customer Care Center at 1-877-282-6248 M-F 8:00 AM to 6:00 PM, Monday through Friday, and Saturday between 10:00 a.m. and 5:00 p.m. Central Standard Time, or customers may send a letter to Ambit Energy at PO BOX 864589, Plano, TX 75086. If the parties involved are unable to come to a resolution regarding disputes or issues, the customer may call the Public Utilities Commission of Ohio ("PUCO") toll free at 1-800-686-7826 or 1-614-466-3292, or for TDD/TYY toll free at 1-800-686-1570 or 1-614-466-8180 from 8:00 AM to 5:00 PM weekdays, or can visit the PUCO website at www.puco.ohio.gov. Residential customers may call the Ohio Consumers' Counsel (OCC) toll free at 1-877-742-5622 from 8:30 a.m. to 5:30 p.m. weekdays, or may visit the OCC website at http://www.occ.ohio.gov/

Exhibit B-3

Summary of Experience

Provide a concise and current summary of the applicant's experience in providing the service(s) for which it is seeking renewed certification (e.g., number and types of customers served, utility service areas, volume of gas supplied, etc.).

Ambit Energy currently serves more than 800,000 residential and small commercial customers in its combined retail and gas US markets.

In support of Ambit's natural gas supply operations, Ambit has procured, transported, and delivered more than 18 million dekatherms its gas customers (including all gas markets) during 2018.

Ambit Energy's employees and retained consultants provide more than fifty (50) years of natural gas procurement and sales (marketing) experience and over twenty (20) years working within the confines of North American Energy Standard Board (NAESB) contracting guidelines and standards of conduct.

Exhibit B-4

Disclosure of Liabilities and Investigations

Provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocations 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 renewed certification since applicant last filed for certification.

Neither Ambit Northeast, LLC, Ambit Energy Holdings, LLC, or any of its subsidiaries have any existing, pending or past rulings, judgments, contingent liabilities, revocations 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.

Exhibit B-5

Disclosure of Consumer Protection Violations

Disclose whether the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant has been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws since applicant last filed for certification.

New York Attorney General - On March 25, 2015, the NY Attorney General issued a subpoena duces tecum in response to its investigation and inquiry undertaken in the public interest into the practices of Ambit New York, LLC which essentially is related to the same issues and complaints raised by the NY Department of Public Service's Investigation. A settlement was reached December 20, 2018 in the amount of $1.5 million dollars as a penalty.

Texas Public Utility Commission - The Texas Public Utility Commission "Texas PUC" opened an investigation into Ambit Texas, LLC regarding the Ambit Standard Plan. Ambit does not admit any truth or accuracy of any disputed claims. Ambit voluntarily terminated the Ambit Standard Plan effective December 21, 2017. This investigation was completed in November 2018 and a settlement was reached which requires Ambit to pay $160,000 as a penalty.

Exhibit B-6

Disclosure of Certification Denial, Curtailment, Suspension, or Revocation

Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, or revoked, or whether the applicant or predecessor has been terminated from any of Ohio's Natural Gas Choice programs, or been in default for failure to deliver natural gas since applicant last filed for certification.

Ambit Northeast, LLC has not had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, or revoked. Ambit Northeast, LLC has not been terminated from any of Ohio's Natural Gas Choice programs or been in default for failure to deliver natural gas.

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, labeled as Exhibit C-1, or indicate that Exhibit C-1 is not applicable and why.

As a privately held limited liability company, neither Ambit Northeast, LLC or Ambit Energy Holdings, LLC or any of its subsidiaries produce Annual Reports to Shareholders.

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 whether the applicant is not required to file with the SEC and why.

As a privately held limited liability company with no publicly traded securities, neither Ambit Northeast, LLC or any of its subsidiaries are required to make any filings to the SEC.

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. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns (with social security numbers and account numbers redacted).

CONFIDENTIAL

This document contains confidential and proprietary information and is submitted under Seal.

AMBITENERGY

AMBIT HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

pwc

Report of Independent Auditors

To the Management of Ambit Holdings, LLC

We have audited the accompanying consolidated financial statements of Ambit Holdings, LLC and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of income and comprehensive income, members' equity and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ambit Holdings, LLC and its subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

May 31, 2017

PricewaterhouseCoopers LLP, 2001 Ross Avenue, Suite 1800, Dallas, Texas 75201
T: (214) 999-1400, F: (214) 754-7991, www.pwc.com/us

AMBIT HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	As of December 31,	
	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ [redacted]	$ [redacted]
Restricted cash	[redacted]	[redacted]
Accounts receivable, less allowance for doubtful accounts	[redacted]	[redacted]
Inventory	[redacted]	[redacted]
Other current assets	[redacted]	[redacted]
Total current assets	[redacted]	[redacted]
PROPERTY, PLANT AND EQUIPMENT, NET	[redacted]	[redacted]
NONCURRENT ASSETS		
Collateral assets	[redacted]	[redacted]
Other assets	[redacted]	[redacted]
Total noncurrent assets	[redacted]	[redacted]
TOTAL ASSETS	$ [redacted]	$ [redacted]
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ [redacted]	$ [redacted]
Accrued liabilities	[redacted]	[redacted]
Income taxes payable	[redacted]	[redacted]
Current maturities of long-term debt	[redacted]	[redacted]
Current maturities of capitalized lease obligations	[redacted]	[redacted]
Customer deposits	[redacted]	[redacted]
Other current liabilities	[redacted]	[redacted]
Total current liabilities	[redacted]	[redacted]
LONG-TERM LIABILITIES		
Long-term debt - net of current maturities	[redacted]	[redacted]
Capitalized lease obligations - net of current maturities	[redacted]	[redacted]
Other long-term liabilities	[redacted]	[redacted]
Total long-term liabilities	[redacted]	[redacted]
TOTAL LIABILITIES	[redacted]	[redacted]
COMMITMENTS AND CONTINGENCIES (Note 7)		
MEMBERS' EQUITY	[redacted]	[redacted]
TOTAL LIABILITIES & MEMBERS' EQUITY	$ [redacted]	$ [redacted]

AMBIT HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(dollars in thousands)

	For the Years Ended December 31, 2017	2016
OPERATING REVENUES		
Energy revenues	$ [redacted]	$ [redacted]
Consultant revenues	[redacted]	[redacted]
Total operating revenues	[redacted]	[redacted]
OPERATING EXPENSES		
Cost of energy operations	[redacted]	[redacted]
Wages and benefits	[redacted]	[redacted]
Selling expenses	[redacted]	[redacted]
Occupancy costs	[redacted]	[redacted]
Bad debt expense	[redacted]	[redacted]
Depreciation and amortization	[redacted]	[redacted]
General and administrative	[redacted]	[redacted]
Total operating expenses	[redacted]	[redacted]
OPERATING INCOME	[redacted]	[redacted]
OTHER INCOME (EXPENSE)		
Interest expense, net	[redacted]	[redacted]
Miscellaneous income (expense)	[redacted]	[redacted]
INCOME BEFORE TAXES	[redacted]	[redacted]
TAX EXPENSE	[redacted]	[redacted]
NET INCOME	$ [redacted]	$ [redacted]
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation	[redacted]	[redacted]
TOTAL COMPREHENSIVE INCOME	$ [redacted]	$ [redacted]

The accompanying notes are an integral part of these consolidated financial statements.

AMBIT HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(dollars in thousands)

	Members' Equity	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE AT DECEMBER 31, 2015	$ [redacted]	$ [redacted]	$ [redacted]
Capital distributions	[redacted]	[redacted]	[redacted]
Equity based compensation	[redacted]	[redacted]	[redacted]
Cumulative translation adjustment	[redacted]	[redacted]	[redacted]
Net income	[redacted]	[redacted]	[redacted]
BALANCE AT DECEMBER 31, 2016	$ [redacted]	$ [redacted]	$ [redacted]
Exercise of warrant	[redacted]	[redacted]	[redacted]
Capital distributions	[redacted]	[redacted]	[redacted]
Equity based compensation	[redacted]	[redacted]	[redacted]
Cumulative translation adjustment	[redacted]	[redacted]	[redacted]
Net income	[redacted]	[redacted]	[redacted]
BALANCE AT DECEMBER 31, 2017	$ [redacted]	$ [redacted]	$ [redacted]

AMBIT HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	For the Years Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ [redacted]	$ [redacted]
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	[redacted]	[redacted]
Equity based compensation	[redacted]	[redacted]
Noncash interest expense	[redacted]	[redacted]
Cash provided (used) by changes in assets and liabilities:		
Accounts receivable	[redacted]	[redacted]
Inventory	[redacted]	[redacted]
Other current assets	[redacted]	[redacted]
Collateral assets	[redacted]	[redacted]
Other assets	[redacted]	[redacted]
Accounts payable	[redacted]	[redacted]
Accrued liabilities	[redacted]	[redacted]
Income taxes payable	[redacted]	[redacted]
Customer deposits	[redacted]	[redacted]
Other current liabilities	[redacted]	[redacted]
Other long-term liabilities	[redacted]	[redacted]
Net cash provided by operating activities	[redacted]	[redacted]
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	[redacted]	[redacted]
Change in restricted cash	[redacted]	[redacted]
Net cash provided by (used in) investing activities	[redacted]	[redacted])
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from long-term debt	[redacted]	[redacted]
Principal payments on long-term debt	[redacted]	[redacted]
Principal payments on capital lease obligations	[redacted]	[redacted]
Exercise of warrant	[redacted]	[redacted]
Capital distributions	[redacted]	[redacted]
Net cash used in financing activities	[redacted]	[redacted]
Effects of currency translation on cash and cash equivalents	[redacted]	[redacted]
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	[redacted]	[redacted])
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	[redacted]	[redacted]
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ [redacted]	$ [redacted]

AMBIT HOLDINGS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(dollars in thousands)

1. DESCRIPTION AND NATURE OF BUSINESS

Organization
Ambit Holdings, LLC ("Ambit", "Ambit Energy", or the "Company") is a limited liability company that began operations in January 2006. Ambit operates as a retail electric and natural gas provider to both residential and business customers both domestically and internationally. Ambit's domestic operations are in 17 states, including the District of Columbia, while Ambit's international operations are in nine prefectures in Japan and one province in Canada. The table below represents the number of utility markets where Ambit served customers as of December 31, 2017:

	Number of utility markets		
	Electric	Gas	TOTAL
United States	56	35	91
Japan	9	-	9
Canada	1	2	3
TOTAL	66	37	103

International Expansion
Japan - Ambit commenced operations in the Japan retail energy market in August 2016 under the newly created entity, Ambit Energy Japan, GK ("AEJ") which utilizes the Japanese Yen ("JPY") as the functional currency. As of December 31, 2017, Ambit operates in the prefectures of 9 of the 10 regions of the country.

Canada – Ambit commenced operations in the Canada retail energy and gas markets in November 2017 under two newly created entities: Ambit Energy Canada, ULC ("AEC") and Ambit Marketing Canada, ULC ("AMC"). These entities utilize the Canadian Dollar ("CAD") as the functional currency. As of December 31, 2017, Ambit operates in one province in the country.

Legal Entity Restructuring
The Company completed a legal entity restructuring on June 30, 2017. This restructuring involved the creation of new entities, subsidiaries, and intercompany relationships in order to more effectively manage the domestic and international operations. This restructuring also resulted in the transfer of ownership of Ambit Energy Japan, GK, Ambit Energy Canada, ULC and Ambit Marketing Canada, ULC to Ambit Holdings, LLC from an owner of the Company who previously controlled the foreign operations. Additionally, Ambit Holdings, LLC is now the parent company of Ambit Holdings US, LLC ("AHUS") and Ambit Holdings International ("AHI").

AHUS is the entity that all domestic operations are recorded to. It is the parent company of: Bluenet Holdings, LLC ("BNH"), Ambit Marketing, LLC ("AMKT"), Ambit Management, LLC ("AMGT"), and Ambit Energy Holdings, LLC ("AEH"). AEH is the parent company of: Ambit Texas, LLC ("ATX"), Ambit New York, LLC ("ANY"), Ambit Illinois, LLC ("AIL"), Ambit Northeast, LLC ("ANE"), Ambit California, LLC ("ACA"), Ambit Midwest, LLC ("AMW"), Ambit Ohio, LLC ("AOH"), Ambit Southeast, LLC ("ASE"), and Ambit Southwest, LLC ("ASW").

AHI is the entity that all international operations are recorded to. It is the parent company of: Ambit Energy Japan, GK ("AEJ"), Ambit Energy Canada Holdings, LLC ("AECH"), and Ambit Marketing Canada Holdings, LLC ("AMCH"). AECH is the parent company of Ambit Energy Canada, ULC ("AEC"). AMCH is the parent company of Ambit Marketing Canada, ULC ("AMC").

Change in Reporting Entity
ASC 250, *Accounting Changes and Error Corrections*, states that if a transaction combines two or more commonly controlled entities that historically have not been presented together, the resulting financial statements are, in effect, considered to be those of a different reporting entity. The resulting change in reporting entity requires retrospective combination of the entities for all periods presented as if the combination had been in effect since inception of common control. As a result of the legal entity restructuring that occurred on June 30, 2017 (as described above), the consolidated financial statements for both 2016 and 2017 have retrospectively combined the Company's domestic and foreign operations as if the legal entity restructuring had occurred on January 1, 2016.

Principles of Consolidation
The consolidated financial statements include the accounts of Ambit Holdings, LLC and its subsidiaries (collectively, the "Company"). All material intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting
These consolidated financial statements have been prepared in accordance with U.S. GAAP ("United States generally accepted accounting principles").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 significantly from those estimates.

Cash and Equivalents
The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company is also required to maintain restricted cash accounts pursuant to a lending agreement (see Note 5) and for customer deposits based upon regulatory requirements.

Concentration of Credit Risk
The Company maintains its cash in bank deposit accounts at a high credit quality financial institution, which at times exceed the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. We do not believe the Company is exposed to significant credit risk at this time due to the financial condition of the financial institution where cash is held.

Ambit purchases the majority of its energy from one supplier. A change in the financial situation of this supplier could have a significant impact on the Company.

The business of the Company is concentrated into geographic areas which include the following:

<u>United States:</u> states of California, Connecticut, Delaware, Illinois, Indiana, Maine, Massachusetts, Maryland, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Texas, Virginia; and the District of Columbia.

<u>Japan:</u> prefecture regions of Hokkaido, Tohoku, Kanto (Tokyo), Hokuriku, Chubu, Kansai, Chugoku, Shikoku, and Kyushu.

<u>Canada:</u> province of Alberta.

The Company is also subject to general market risks associated with current economic conditions and specific regional weather patterns.

Fair Value of Financial Instruments
Management believes the carrying amounts of financial instruments as of December 31, 2017 and 2016, including cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short maturities. The Company elected early adoption of the guidance within ASU 2016-01, *Recognition and Measurement of Financial Assets and Liabilities,* which permits the omission of fair value disclosures for financial instruments carried at amortized cost, including long-term debt.

Accounts Receivable
Accounts receivable consist primarily of customer billings for electricity or gas usage. For those customers that are directly billed by Ambit, the Company estimates an allowance for doubtful accounts based on the number of days the account is past due, review of accounts receivable aging reports, and historical collection percentages.

All other receivables are billed on the Company's behalf by other service providers under purchase of receivables agreements. Most of the agreements guarantee the receivables on a non-recourse basis, for which no allowance for doubtful accounts is necessary. The remainder of the agreements require either dual billing by both the service provider and the Company once a customer becomes delinquent or have a required timeframe before the Company can transfer the customer back to the service provider. In these circumstances, Ambit transfers the customer back to the service provider and follows up with collection activities for unpaid, past due balances. The Company also estimates an allowance for doubtful accounts based on review of accounts receivable aging reports and historical writeoff percentages. At December 31, 2017 and 2016, the total allowance for doubtful accounts was [redacted], respectively.

At December 31, 2017 and 2016, accounts receivable includes [redacted], respectively, of estimated services delivered but not yet billed. These estimates are based on estimated customer usage since last meter read date and applicable billing rates and are subsequently adjusted when actual usage and rate information is both known and billed.

Inventory
Inventory is recorded at the lower of cost or market, with cost determined using the weighted average cost method. Inventory consists of natural gas.

Property, Plant and Equipment
Property and equipment are recorded at historical cost. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets ranging from three to five years. Leasehold improvements and leased assets are amortized over the shorter of the estimated useful life or the lease term. For the years ended December 31, 2017 and 2016, depreciation and amortization expense was [redacted], respectively.

Long-lived Asset Impairment
The Company evaluates its long-lived assets for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. The determination of whether an asset is impaired is based on comparing management's estimate of expected future net operating cash flows, undiscounted and without interest charges, to the carrying amount of the underlying assets. Evaluation of a potential impairment would occur if the recorded value of these assets exceeded the associated future net operating cash flows. Any potential impairment loss would be measured as the amount by which the carrying value exceeds the fair value of the asset. Fair value of assets would be measured by market value, if an active market exists, or by a forecast of expected future net operating cash flows, discounted at a rate commensurate with the risk involved. There were no impairments recognized in 2017 or 2016.

Revenues
Energy revenue is derived from the sale of electricity and natural gas to residential and business customers. Energy revenue is recognized upon delivery of services to customers.

Consultant revenue includes fees associated with the Company's independent consultant program. These fees include initial program enrollment costs, monthly charges for the independent consultant websites, fees for the Company's training programs and sales of selling aids. Consultant revenue is recognized at the point of sale for everything other than training program revenue, which is recognized at the time of the event.

Equity Compensation
The Company accounts for its equity compensation in accordance with ASC 718, *Compensation – Stock Compensation*. The fair value of the Company's equity grants are estimated on the date of grant. The Company recognizes compensation expense for these equity grants on a straight-line basis over the requisite service period as vesting occurs, which has generally been over a three-year period.

Compensated Absences
The Company allows for eligible employees to receive paid time off that may be used for additional paid holidays, health care appointments and periods of illness or disability. The accrual for paid time off was [redacted] as of December 31, 2017 and 2016, respectively. These accruals are included in accrued liabilities on the consolidated balance sheet. At this time, the Company allows employees to carry over up to forty hours of paid time off.

Advertising
The Company expenses advertising costs as they are incurred. Advertising expenses were [redacted] for the years ended December 31, 2017 and December 31, 2016, respectively. These expenses are included in selling expenses on the consolidated statements of income and comprehensive income.

Gross Receipts Tax
Gross receipts taxes are included in revenue and costs as of December 31, 2017 and December 31, 2016, representing [redacted], respectively. All other transaction taxes are flow-through, thus accrued and paid through liability accounts on the consolidated balance sheet. Revenue and expense are reported net of these other tax amounts.

Income Taxes
The Company is not a taxpaying entity for US Federal income tax purposes. The individual members are required to report their distributive share of the Company's realized income, gain, loss, deductions, or credits on their individual income tax returns. The Company is similarly not a taxpaying entity in the US states in which it conducts business, with the exception of Texas. Incorporated and doing business in Texas, the Company is subject to Texas margin tax, a privilege tax based on income imposed on companies with nexus in the state. A provision for state income tax has been recorded accordingly.

Provisions are made for certain estimated foreign taxes that are based on capital and gross margin. Local deferred tax assets are recognized for foreign subsidiary losses which may be carried forward to future periods based on the tax rates applicable to each foreign jurisdiction. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax laws for each applicable tax jurisdiction. The assessment regarding whether a valuation allowance is required is based on an evaluation of possible sources of taxable income and also considers all available positive and negative evidence factors. The Company's accounting for the valuation of deferred tax assets represents a best estimate of future events. Changes in current estimates, due to unanticipated market conditions or events, could have a material effect on the ability to utilize deferred tax assets.

Effective January 1, 2009, the Company adopted FASB ASC Topic 740-10, Accounting for Uncertainty in Income Taxes, which establishes that a tax position taken, or expected to be taken, in a tax return is to be recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The Company has not taken any uncertain tax positions on tax returns for which management believes that a related reserve should be recorded. At December 31, 2017, Texas margin tax returns for the years 2013 - 2016 remain subject to examination. The Company recognizes interest expense in the first period the interest begins accruing according to the provisions of the relevant tax law. When a tax position does not meet the minimum statutory threshold to avoid payment of penalties, the Company recognizes an expense for the statutory penalty in the period in which it claims, or expects to claim, the position in the tax return. In accordance with ASC 740-10-45-25, any interest or penalties incurred are included as a component of income tax expense.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. During 2015 and 2016, the FASB also issued several updates related to the new revenue standard which include clarifying standards and other technical corrections including ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, ASU No. 2016-20, Revenue from Contracts with Customers (Topic 606): Technical Corrections and Improvements, ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow Scope Improvements and Practical Expedients, ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, and ASU No. 2016-08 Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross verses Net). These ASUs are effective for nonpublic companies for annual periods beginning after December 15, 2018 and shall be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is currently assessing the impact of this guidance on its consolidated financial statements.

(dollars in thousands)

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new standard requires the lessee to classify leases as either finance or operating based on the principle of whether or not the lease is effectively a financed purchase by the lessee. The classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. This ASU will be effective for nonpublic companies for annual periods beginning after December 15, 2019, and the Company is currently assessing the impact of this guidance on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which addresses eight specific cash flow issues with the objective of reducing diversity in practice. The standard is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Company is currently assessing the impact of this guidance on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which clarifies guidance and presentation related to restricted cash on the statement of cash flows, including stating that restricted cash should be included within cash and cash equivalents on the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2017, with early adoption permitted, and is to be applied retrospectively. The Company is currently assessing the impact of this guidance on its consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

Ambit's major classes of property, plant and equipment were as follows:

	12/31/2017	12/31/2016	Depreciable lives
Computer equipment & software	$ [redacted]	$ [redacted]	[redacted]
Furniture and fixtures	[redacted]	[redacted]	[redacted]
Leasehold improvements	[redacted]	[redacted]	[redacted]
Assets under capital leases	[redacted]	[redacted]	[redacted]
Property, plant & equipment - gross	[redacted]	[redacted]	
Less: Accumulated depreciation / amortization	[redacted]	[redacted]	
Property, plant & equipment - net	$ [redacted]	$ [redacted]	

Costs associated with computer software projects during the preliminary project stage are expensed as incurred. Once management authorizes and commits to funding a project, appropriate application development stage costs are capitalized. Capitalized software costs consist of costs to purchase, license and develop software. Capitalization ceases when the project is substantially complete, and the software is ready for its intended use. Training and maintenance costs associated with software applications are expensed as incurred. Software costs are amortized over an estimated useful life of three years commencing when such assets are ready for their intended use.

Unamortized software costs were [redacted] as of December 31, 2017 and 2016, respectively. Additions to software were [redacted] during the years ended December 31, 2017 and 2016, respectively. Amortization related to software was [redacted] during the years ended December 31, 2017 and 2016, respectively.

5. LONG-TERM DEBT AND CAPITAL LEASES

Long-term debt and capital leases consisted of the following:

Long-Term Debt:	12/31/2017	12/31/2016	Interest rates
Shell Global Agreement:			
Revolver	$ [redacted]	$ [redacted]	[redacted]
Collateral Loans			
Texas	[redacted]	[redacted]	[redacted]
New York	[redacted]	[redacted]	[redacted]
Illinois	[redacted]	[redacted]	[redacted]
Northeast	[redacted]	[redacted]	[redacted]
California	[redacted]	[redacted]	[redacted]
Midwest	[redacted]	[redacted]	[redacted]
Storage Loans	[redacted]	[redacted]	[redacted]
Related party loans, due 2018	[redacted]	[redacted]	[redacted]
Total long-term debt	[redacted]	[redacted]	
Less: Current maturities	[redacted]	[redacted]	
Long-term debt, net of current maturities	$ [redacted]	$ [redacted]	

Capital Leases:			
Total capital leases, due 2018 – 2020	$ [redacted]	$ [redacted]	[redacted]
Less: Current maturities	[redacted]	[redacted]	
Capital leases, net of current maturities	$ [redacted]	$ [redacted]	

Shell Global Agreement

[redacted]

[redacted]

[redacted]

The three primary agreements are summarized below:

[redacted]

[redacted].

[redacted]

Related Party Loans

[redacted]

[redacted]

Maturities and Future Minimum Lease Payments

Annual payments based on the maturities of Ambit's long-term debt for the years ending after December 31, 2017 are as follows:

[redacted]	[redacted]
[redacted]	[redacted]
TOTAL	[redacted]

Capital Leases

Ambit has entered into various capital leases in order to finance the purchase of certain IT infrastructure assets. These leases require monthly payments of principal and interest, and accrue interest at rates ranging from [redacted] annually to [redacted] annually.

Future minimum lease payments for capital leases included above as of December 31, 2017 are as follows:

[redacted]	$	[redacted]
[redacted]		[redacted]
[redacted]		[redacted]
Total minimum obligations		[redacted]
Less: Interest		[redacted]
Present value of minimum obligations		[redacted]
Less: Current portion		[redacted]
Long-term obligations	$	[redacted]

Liquidity

[redacted] **Based upon the current business plan for**

(dollars in thousands)

2018 and 2019, the Company believes that its Global and Omnibus Agreements and cash on hand will be adequate to fund operations and that Company will not be in violation of these covenants in future periods. Achievement of projected cash flows from operations will be dependent upon the Company's attainment of forecasted revenues and operating costs. Such performance will be subject to factors affecting the industry which are out of the Company's control, such as power and gas prices, and weather patterns, as well as the operations of the Company. However, the Company believes it is appropriately hedged based upon expected purchases and sales of power and gas.

6. RELATED PARTY TRANSACTIONS

[redacted]

[redacted]

[redacted]

[redacted]

7. COMMITMENTS AND CONTINGENCIES

Hedging Activities
Ambit Energy attempts to balance its fixed-price sales commitments in terms of contract volumes through the use of physical contracts. The contracts qualify for the "normal purchases and normal sales" exception under the Derivatives and Hedging Topic of the FASB Accounting Standards Codification (ASC 815). Consequently, the contracts are accounted for under the accrual method of accounting with no balance sheet or income statement recognition of the contract until settlement. As a result, Ambit Energy's quarterly and annual results are subject to significant fluctuations caused by changes in market prices. At December 31, 2017 and 2016 the Company had entered into purchase commitments totaling [redacted] respectively.

Operating Lease Commitments
Ambit leases office facilities and equipment under operating leases. Lease and rental expense was [redacted] for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease commitments under all operating leases for the years ending after December 31, 2017 are as follows:

[redacted]	$	[redacted]
[redacted]		[redacted]
[redacted]		[redacted]
Total	$	[redacted]

Contingencies
Ambit is party to legal proceedings that arise in the ordinary course of business. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect Ambit's consolidated financial position, results of operations, or cash flows.

[redacted].

8. REGULATORY MATTERS

Ambit operates in two regulated industries (electricity and gas) and is subject to regulation by various federal and state agencies in the United States, Japan, and Canada. As such, Ambit is affected by regulatory developments at both the federal and state levels and in the regions in which Ambit operates.

In addition, Ambit is subject to the market rules, procedures, and protocols of the various "independent system operator" electricity markets in which Ambit participates. These markets are subject to ongoing legislative and regulatory changes that may impact the Company's retail business.

The Company and its subsidiaries are a party to other regulatory proceedings arising in the ordinary course of business or have other regulatory exposure. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect Ambit's consolidated financial position, results of operations, or cash flows.

9. CAPITAL STRUCTURE

Options and Warrants

[redacted]

[redacted]

[redacted]

Dividend Consent Fee

[redacted]

Equity Compensation

[redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

Risk-free interest rate – The market yield on U.S. Treasury securities for the expected term of each is used as the risk-free interest rate.

Expected term– The expected term of the award represents the estimated time until the unit is vested based on the contractual term and management expectations of future behavior.

Volatility – The Company's stock is not publicly traded. Therefore, the calculation of volatility for the Company is based on the historical stock price volatility of a peer group of similar, publicly traded companies, using adjusted closing monthly stock prices for the expected life of the award.

Dividend yield – The Company intends to retain any earnings to finance future growth and, therefore, does not anticipate paying any cash distributions on its units in the foreseeable future. This excludes distributions for tax purposes.

10. INCOME TAXES

The table below shows the calculation of Ambit's current and deferred tax provisions:

	12/31/2017	12/31/2016
Current tax provision		
State	[redacted]	[redacted]
Foreign	[redacted]	[redacted]
Total current tax expense	[redacted]	[redacted]
Deferred tax provision		
Foreign	[redacted]	[redacted]
Valuation Allowance	[redacted]	[redacted]
Total deferred tax expense	[redacted]	[redacted]
Total tax expense	$ [redacted]	$ [redacted]

(dollars in thousands)

The components of net deferred tax assets are as follows:

	12/31/2017	12/31/2016
Foreign Net Operating Loss	$ [redacted]	$ -
Other	[redacted]	-
Valuation Allowance	[redacted]	-
Net deferred tax asset (liability)	$ -	$ -

A full valuation allowance was recorded against the net deferred tax assets in the countries of Japan and Canada. The valuation allowance was related to the net deferred tax assets which, in the judgment of management, are not more likely than not to be realized. Management considers both positive and negative evidence in determining the realizability of deferred tax assets. Management also considers projected taxable income and tax-planning strategies in making this assessment. Management believes it is more likely than not that the results of future operations will not generate sufficient taxable income to realize the deferred tax assets in these jurisdictions.

11. EMPLOYMENT BENEFITS

The Company established a 401(k) plan for the benefit of all eligible employees in 2007. The Company provided [redacted] n matching contributions for the years ended December 31, 2017 and 2016, respectively.

The Company also established a non-qualified deferred compensation plan (the "Excess Plan") for the benefit of all eligible employees in 2013. Employees meeting certain eligibility criteria may defer a portion of their salary. In addition, the Company established a profit sharing plan (the "Long-Term Incentive Plan") for the benefit of all eligible employees in 2013. The Company may elect to make profit sharing contributions on an annual basis upon the attainment of certain financial goals. Contributions made by the Company will be expensed ratably over the required service period of three years as vesting occurs. The Company made contributions to the profit sharing plan of $0 and [redacted] during 2018 and 2017, respectively, based on the Company's performance for the years ended December 31, 2017 and December 31, 2016, respectively.

Ambit funds these obligations through the purchase of company-owned life insurance policies which will be used to fund plan distributions and records a deferred compensation liability for the vested portion of profit sharing contributions not yet distributed. The asset balances of company-owned life insurance policies were [redacted] at December 31, 2017 and 2016, respectively. The deferred compensation liability balances were [redacted] at December 31, 2017 and 2016, respectively.

12. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow disclosures and non-cash investing and financing activities are as follows:

	Year ended December 31,	
	2017	2016
Interest paid	$ [redacted]	$ [redacted]
Income taxes paid	[redacted]	[redacted]
Capital expenditures financed by current liabilities	[redacted]	[redacted]
Capital expenditures financed by capital leases	-	[redacted]

13. SUBSEQUENT EVENTS

[redacted]

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Report of Independent Auditors

To the Management of Ambit Holdings, LLC

We have audited the consolidated financial statements of Ambit Holdings, LLC as of December 31, 2017 and for the year then ended and our report thereon appears on page 2 of this document. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies.

PricewaterhouseCoopers LLP

May 31, 2018

PricewaterhouseCoopers LLP, 2001 Ross Avenue, Suite 1800, Dallas, Texas 75201
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AMBIT HOLDINGS, LLC AND SUBSIDIARIES
Schedule 1 – Consolidating Balance Sheet
December 31, 2017

Dollars in thousands $(000)s	AHUS	AHI	AH	ELIMS	AH
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Restricted cash	[redacted]	-	-	-	[redacted]
Accounts receivable, less allowance for doubtful accounts	[redacted]	[redacted]	-	-	[redacted]
Receivables from related parties	[redacted]	-	[redacted]	[redacted]	-
Inventory	[redacted]	-	-	-	[redacted]
Other current assets	[redacted]	[redacted]	-	-	[redacted]
Total current assets	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
PROPERTY, PLANT AND EQUIPMENT, NET	[redacted]	[redacted]	-	-	[redacted]2
NONCURRENT ASSETS					
Investments	-	-	[redacted]	[redacted]	-
Collateral assets	[redacted]	[redacted]	-	-	[redacted]
Other assets	[redacted]	-	[redacted]	-	[redacted]
Total noncurrent assets	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL ASSETS	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
LIABILITIES & MEMBERS' EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts payable	$ [redacted]	$ [redacted]	$ [redacted]	[redacted]	$ [redacted]
Accrued liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Income taxes payable	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Current maturities of long-term debt	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Current maturities of capitalized lease obligations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Payables to related parties	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Customer deposits	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other current liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total current liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LONG-TERM LIABILITIES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long-term debt - net of current maturities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Capitalized lease obligations - net of current maturities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other long-term liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total long-term liabilities	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL LIABILITIES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
MEMBERS' EQUITY (DEFICIT)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL LIABILITIES & MEMBERS' EQUITY (DEFICIT)	$ [redacted]	[redacted]	$ [redacted]	[redacted]	$ [redacted]

LEGEND: *AHUS: Ambit Holdings US, LLC; AHI: Ambit Holdings International, LLC; AH: Ambit Holdings, LLC)*

AMBIT HOLDINGS, LLC AND SUBSIDIARIES
Schedule 2 – Consolidating Statements of Income and Comprehensive Income
For the Year Ended December 31, 2017

Dollars in thousands $(000)s	AHUS	AHI	AH	ELIMS	AH
OPERATING REVENUES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Energy revenues	[redacted]	$ [redacted]	[redacted]	$ [redacted]	$ [redacted]
Consultant revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total operating revenues	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
OPERATING EXPENSES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Cost of energy operations	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Wages and benefits	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Selling expenses	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Occupancy costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Bad debt expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation and amortization	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
General and administrative	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total operating expenses	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
OPERATING INCOME (LOSS)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
OTHER INCOME (EXPENSE)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Interest expense, net	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Investment income (loss)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Miscellaneous income (expense)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
INCOME (LOSS) BEFORE TAXES	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TAX EXPENSE	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
NET INCOME (LOSS)	[redacted]	$ [redacted]	[redacted]	$ [redacted]	$ [redacted]
OTHER COMPREHENSIVE INCOME (LOSS)					
Foreign currency translation	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL COMPREHENSIVE INCOME	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]

LEGEND: *AHUS: Ambit Holdings US, LLC; AHI: Ambit Holdings International, LLC; AH: Ambit Holdings, LLC)*

AMBIT HOLDINGS, LLC AND SUBSIDIARIES
Schedule 3 – Consolidating Statement of Members' Equity
For the Year Ended December 31, 2017

Dollars in thousands $(000)s	AHUS	AHI	AH	ELIMS	AH
BALANCE AT DECEMBER 31, 2016	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]
Exercise of warrant	-	-	[redacted]	-	[redacted]
Capital distribu ions	-	-	[redacted]	-	[redacted]
Equity based compensation	-	-	[redacted]	-	[redacted]
Cumulative translation adjustment	-	[redacted]	-	-	[redacted]
Net income (loss)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
BALANCE AT DECEMBER 31, 2017	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]	$ [redacted]

LEGEND: *AHUS: Ambit Holdings US, LLC; AHI: Ambit Holdings International, LLC; AH: Ambit Holdings, LLC)*

AMBITENERGY®

AMBIT HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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Report of Independent Auditors

To the Management of Ambit Holdings, LLC

We have audited the accompanying consolidated financial statements of Ambit Holdings, LLC and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of income (loss) and comprehensive income (loss), members' equity and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ambit Holdings, LLC and its subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

April 25, 2019

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AMBIT HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	As of December 31, 2018	As of December 31, 2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ [redacted]	$ [redacted]
Restricted cash	[redacted]	[redacted]
Accounts receivable, less allowance for doubtful accounts	[redacted]	[redacted]
Inventory	[redacted]	[redacted]
Other current assets	[redacted]	[redacted]
Total current assets	[redacted]	[redacted]
PROPERTY, PLANT AND EQUIPMENT, NET	[redacted]	[redacted]
NONCURRENT ASSETS		
Collateral assets	[redacted]	[redacted]
Other assets	[redacted]	[redacted]
Total noncurrent assets	[redacted]	[redacted]
TOTAL ASSETS	$ [redacted]	$ [redacted]
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ [redacted]	$ [redacted]
Accrued liabilities	[redacted]	[redacted]
Income taxes payable	[redacted]	[redacted]
Current maturities of long-term debt	[redacted]	[redacted]
Current maturities of capitalized lease obligations	[redacted]	[redacted]
Customer deposits	[redacted]	[redacted]
Other current liabilities	[redacted]	[redacted]
Total current liabilities	[redacted]	[redacted]
LONG-TERM LIABILITIES		
Long-term debt - net of current maturities	[redacted]	[redacted]
Capitalized lease obligations - net of current maturities	[redacted]	[redacted]
Other long-term liabilities	[redacted]	[redacted]
Total long-term liabilities	[redacted]	[redacted]
TOTAL LIABILITIES	[redacted]	[redacted]
COMMITMENTS AND CONTINGENCIES (Note 7)		
MEMBERS' EQUITY	[redacted]	[redacted]
TOTAL LIABILITIES & MEMBERS' EQUITY	$ [redacted]	$ [redacted]

The accompanying notes are an integral part of these consolidated financial statements.

AMBIT HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(dollars in thousands)

	For the Years Ended December 31, 2018	2017
OPERATING REVENUES		
Energy revenues	$ [redacted]	$ [redacted]
Consultant revenues	[redacted]	[redacted]
Total operating revenues	[redacted]	[redacted]
OPERATING EXPENSES		
Cost of energy operations	[redacted]	[redacted]
Wages and benefits	[redacted]	[redacted]
Selling expenses	[redacted]	[redacted]
Occupancy costs	[redacted]	[redacted]
Bad debt expense	[redacted]	[redacted]
Depreciation and amortization	[redacted]	[redacted]
General and administrative	[redacted]	[redacted]
Total operating expenses	[redacted]	[redacted]
OPERATING INCOME	[redacted]	[redacted]
OTHER INCOME (EXPENSE)		
Interest expense, net	[redacted]	[redacted]
Miscellaneous income (expense)	[redacted]	[redacted]
INCOME (LOSS) BEFORE TAXES	[redacted]	[redacted]
TAX EXPENSE	[redacted]	[redacted]
NET INCOME (LOSS)	$ [redacted]	$ [redacted]
OTHER COMPREHENSIVE LOSS		
Foreign currency translation	[redacted]	[redacted]
TOTAL COMPREHENSIVE INCOME (LOSS)	$ [redacted]	$ [redacted]

The accompanying notes are an integral part of these consolidated financial statements.

AMBIT HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(dollars in thousands)

	Members' Equity	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE AT DECEMBER 31, 2016	$ [redacted]	$ [redacted]	$ [redacted]
Exercise of warrant	[redacted]	[redacted]	[redacted]
Capital distributions	[redacted]	[redacted]	[redacted]
Equity based compensation	[redacted]	[redacted]	[redacted]
Cumulative translation adjustment		[redacted]	
Net income	[redacted]	[redacted]	[redacted]
BALANCE AT DECEMBER 31, 2017	$ [redacted]	$ [redacted]	$ [redacted]
Capital distributions	[redacted]	[redacted]	[redacted]
Cumulative translation adjustment		[redacted]	[redacted]
Net loss	[redacted]	[redacted]	[redacted]
BALANCE AT DECEMBER 31, 2018	$ [redacted]	$ [redacted]	$ [redacted]

The accompanying notes are an integral part of these consolidated financial statements.

AMBIT HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

	For the Years Ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ [redacted]	$ [redacted]
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	[redacted]	[redacted]
Equity based compensation	[redacted]	[redacted]
Noncash interest expense	[redacted]	[redacted]
Cash provided by (used in) changes in assets and liabilities:		
Accounts receivable	[redacted]	[redacted]
Inventory	[redacted]	[redacted]
Other current assets	[redacted]	[redacted]
Collateral assets	[redacted]	[redacted]
Other assets	[redacted]	[redacted]
Accounts payable	[redacted]	[redacted]
Accrued liabilities	[redacted]	[redacted]
Income taxes payable	[redacted]	[redacted]
Customer deposits	[redacted]	[redacted]
Other current liabilities	[redacted]	[redacted]
Other long-term liabilities	[redacted]	[redacted]
Net cash provided by (used in) operating activities	[redacted]	[redacted]
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	[redacted]	[redacted]
Change in restricted cash	[redacted]	[redacted]
Net cash provided by (used in) investing activities	[redacted]	[redacted]
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from long-term debt	[redacted]	[redacted]
Principal payments on long-term debt	[redacted]	[redacted]
Principal payments on capital lease obligations	[redacted]	[redacted]
Capital contributions	[redacted]	[redacted]
Capital distributions	[redacted]	[redacted]
Net cash provided by (used in) used in financing activities	[redacted]	[redacted]
Effects of currency translation on cash and cash equivalents	[redacted]	[redacted]
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	[redacted]	[redacted]
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	[redacted]	[redacted]
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ [redacted]	$ [redacted]

The accompanying notes are an integral part of these consolidated financial statements.

AMBIT HOLDINGS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(dollars in thousands)

1. DESCRIPTION AND NATURE OF BUSINESS

Organization

Ambit Holdings, LLC ("Ambit", "Ambit Energy", or the "Company") is a limited liability company that began operations in January 2006. Ambit operates as a retail electric and natural gas provider to both residential and business customers both domestically and internationally. Ambit's domestic operations are in 17 states, including the District of Columbia, while Ambit's international operations are in nine prefectures in Japan and one province in Canada. The table below represents the number of utility markets where Ambit served customers as of December 31, 2018:

	Number of utility markets		
	Electric	Gas	TOTAL
United States	[redacted]	[redacted]	[redacted]
Japan	[redacted]	[redacted]	[redacted]
Canada	[redacted]	[redacted]	[redacted]
TOTAL	[redacted]	[redacted]	[redacted]

International Expansion

<u>Japan</u> - Ambit commenced operations in the Japan retail energy market in August 2016 under the newly created entity, Ambit Energy Japan, GK ("AEJ") which utilizes the Japanese Yen ("JPY") as the functional currency. As of December 31, 2018, Ambit operates in the prefectures of 9 of the 10 regions of the country.

<u>Canada</u> – Ambit commenced operations in the Canada retail energy and gas markets in November 2017 under two newly created entities: Ambit Energy Canada, ULC ("AEC") and Ambit Marketing Canada, ULC ("AMC"). These entities utilize the Canadian Dollar ("CAD") as the functional currency. As of December 31, 2018, Ambit operates in one province in the country.

Legal Entity Restructuring

The Company completed a legal entity restructuring on June 30, 2017. This restructuring involved the creation of new entities, subsidiaries, and intercompany relationships in order to more effectively manage the domestic and international operations. This restructuring also resulted in the transfer of ownership of Ambit Energy Japan, GK, Ambit Energy Canada, ULC and Ambit Marketing Canada, ULC to Ambit Holdings, LLC from an owner of the Company who previously controlled the foreign operations. Additionally, Ambit Holdings, LLC is now the parent company of Ambit Holdings US, LLC ("AHUS") and Ambit Holdings International ("AHI").

AHUS is the entity that all domestic operations are recorded to. It is the parent company of: Bluenet Holdings, LLC ("BNH"), Ambit Marketing, LLC ("AMKT"), Ambit Management, LLC ("AMGT"), and Ambit Energy Holdings, LLC ("AEH"). AEH is the parent company of: Ambit Texas, LLC ("ATX"), Ambit New York, LLC ("ANY"), Ambit Illinois, LLC ("AIL"), Ambit Northeast, LLC ("ANE"), Ambit California, LLC ("ACA"), Ambit Midwest, LLC ("AMW"), Ambit Ohio, LLC ("AOH"), Ambit Southeast, LLC ("ASE"), and Ambit Southwest, LLC ("ASW").

AHI is the entity that all international operations are recorded to. It is the parent company of: Ambit Energy Japan, GK ("AEJ"), Ambit Energy Canada Holdings, LLC ("AECH"), and Ambit Marketing Canada Holdings, LLC ("AMCH"). AECH is the parent company of Ambit Energy Canada, ULC ("AEC"). AMCH is the parent company of Ambit Marketing Canada, ULC ("AMC").

Change in Reporting Entity

ASC 250, *Accounting Changes and Error Corrections*, states that if a transaction combines two or more commonly controlled entities that historically have not been presented together, the resulting financial statements are, in effect, considered to be those of a different reporting entity. The resulting change in reporting entity requires retrospective combination of the entities for all periods presented as if the combination had been in effect since inception of common control. As a result of the legal entity restructuring that occurred on June 30, 2017 (as described above), the consolidated financial statements for 2017 have retrospectively combined the Company's domestic and foreign operations as if the legal entity restructuring had occurred on January 1, 2016.

Principles of Consolidation
The consolidated financial statements include the accounts of Ambit Holdings, LLC and its subsidiaries (collectively, the "Company"). All material intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting
These consolidated financial statements have been prepared in accordance with U.S. GAAP ("United States generally accepted accounting principles").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 significantly from those estimates.

Cash and Equivalents
The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company is also required to maintain restricted cash accounts pursuant to a lending agreement (see Note 5) and for customer deposits based upon regulatory requirements.

[redacted]

Ambit purchases the majority of its energy from one supplier. A change in the financial situation of this supplier could have a significant impact on the Company.

The business of the Company is concentrated into geographic areas which include the following:

<u>United States:</u> states of California, Connecticut, Delaware, Illinois, Indiana, Maine, Massachusetts, Maryland, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Texas, Virginia; and the District of Columbia.

<u>Japan:</u> prefecture regions of Hokkaido, Tohoku, Kanto (Tokyo), Hokuriku, Chubu, Kansai, Chugoku, Shikoku, and Kyushu.

<u>Canada:</u> province of Alberta.

The Company is also subject to general market risks associated with current economic conditions and specific regional weather patterns.

Foreign Currency Transactions
The functional currency for the Company's operations in Japan and Canada are the local currency. Assets and liabilities of these operations are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Revenues, costs and expenses are translated into U.S. dollars at the weighted average exchange rates in effect during the period presented. Translation adjustments are reported as a component of accumulated other comprehensive income (loss) in shareholder's equity. [redacted]

Fair Value of Financial Instruments
Management believes the carrying amounts of financial instruments as of December 31, 2018 and 2017, including cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short maturities. The Company elected early adoption of the guidance within ASU 2016-01,

Recognition and Measurement of Financial Assets and Liabilities, which permits the omission of fair value disclosures for financial instruments carried at amortized cost, including long-term debt.

Accounts Receivable
Accounts receivable consist primarily of customer billings for electricity or gas usage. For those customers that are directly billed by Ambit, the Company estimates an allowance for doubtful accounts based on the number of days the account is past due, review of accounts receivable aging reports, and historical collection percentages.

All other receivables are billed on the Company's behalf by other service providers under purchase of receivables agreements. Most of the agreements guarantee the receivables on a non-recourse basis, for which no allowance for doubtful accounts is necessary. The remainder of the agreements require either dual billing by both the service provider and the Company once a customer becomes delinquent or have a required timeframe before the Company can transfer the customer back to the service provider. In these circumstances, Ambit transfers the customer back to the service provider and follows up with collection activities for unpaid, past due balances. The Company also estimates an allowance for doubtful accounts based on review of accounts receivable aging reports and historical writeoff percentages. At December 31, 2018 and 2017, the total allowance for doubtful accounts was [redacted] and [redacted], respectively.

At December 31, 2018 and 2017, accounts receivable includes [redacted] and [redacted], respectively, of estimated services delivered but not yet billed. These estimates are based on estimated customer usage since last meter read date and applicable billing rates and are subsequently adjusted when actual usage and rate information is both known and billed.

Inventory
Inventory is recorded at the lower of cost or market, with cost determined using the weighted average cost method. Inventory consists of natural gas.

Property, Plant and Equipment
Property and equipment are recorded at historical cost. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets ranging from three to five years. Leasehold improvements and leased assets are amortized over the shorter of the estimated useful life or the lease term. For the years ended December 31, 2018 and 2017, [redacted], respectively.

Long-lived Asset Impairment
The Company evaluates its long-lived assets for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. The determination of whether an asset is impaired is based on comparing management's estimate of expected future net operating cash flows, undiscounted and without interest charges, to the carrying amount of the underlying assets. Evaluation of a potential impairment would occur if the recorded value of these assets exceeded the associated future net operating cash flows. Any potential impairment loss would be measured as the amount by which the carrying value exceeds the fair value of the asset. Fair value of assets would be measured by market value, if an active market exists, or by a forecast of expected future net operating cash flows, discounted at a rate commensurate with the risk involved. [redacted]

Revenues
Energy revenue is derived from the sale of electricity and natural gas to residential and business customers. Energy revenue is recognized upon delivery of services to customers.

Consultant revenue includes fees associated with the Company's independent consultant program. These fees include initial program enrollment costs, monthly charges for the independent consultant websites, fees for the Company's training programs and sales of selling aids. Consultant revenue is recognized at the point of sale for everything other than training program revenue, which is recognized at the time of the event.

Equity Compensation
The Company accounts for its equity compensation in accordance with ASC 718, *Compensation – Stock Compensation*. The fair value of the Company's equity grants are estimated on the date of grant. The Company recognizes compensation expense for these equity grants on a straight-line basis over the requisite service period as vesting occurs, which has generally been over a three-year period.

Compensated Absences
[redacted] These accruals are included in accrued liabilities on the consolidated balance sheet. At this time, the Company allows employees to carry over up to forty hours of paid time off.

Advertising
The Company expenses advertising costs as they are incurred. [redacted] These expenses are included in selling expenses on the consolidated statements of income and comprehensive income.

Gross Receipts Tax
[redacted]. All other transaction taxes are flow-through, thus accrued and paid through liability accounts on the consolidated balance sheet. Revenue and expense are reported net of these other tax amounts.

Income Taxes
The Company is not a taxpaying entity for US Federal income tax purposes. The individual members are required to report their distributive share of the Company's realized income, gain, loss, deductions, or credits on their individual income tax returns. The Company is similarly not a taxpaying entity in the US states in which it conducts business, with the exception of Texas. Incorporated and doing business in Texas, the Company is subject to Texas margin tax, a privilege tax based on income imposed on companies with nexus in the state. A provision for state income tax has been recorded accordingly.

Foreign subsidiary losses are disregarded for US Federal Income Tax purposes and taxable in the applicable foreign jurisdictions. Provisions are made for certain estimated foreign taxes that are based on capital and gross margin. A deferred tax asset is recognized for foreign subsidiary losses of the Company based on the tax rates applicable to each foreign jurisdiction. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax laws for each applicable tax jurisdiction. The assessment regarding whether a valuation allowance is required is based on an evaluation of possible sources of taxable income and also considers all available positive and negative evidence factors. The Company's accounting for the valuation of deferred tax assets represents a best estimate of future events. Changes in current estimates, due to unanticipated market conditions or events, could have a material effect on the ability to utilize deferred tax assets.

The Company follows FASB ASC Topic 740-10, Accounting for Uncertainty in Income Taxes, which establishes that a tax position taken, or expected to be taken, in a tax return is to be recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The Company has not taken any uncertain tax positions on tax returns for which management believes that a related reserve should be recorded. At December 31, 2018, Texas margin tax returns for the years 2014 - 2017 remain subject to examination. The Company recognizes interest expense in the first period the interest begins accruing according to the provisions of the relevant tax law. When a tax position does not meet the minimum statutory threshold to avoid payment of penalties, the Company recognizes an expense for the statutory penalty in the period in which it claims, or expects to claim, the position in the tax return. In accordance with ASC 740-10-45-25, any interest or penalties incurred are included as a component of income tax expense.

(dollars in thousands)

3. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. During 2015 and 2016, the FASB also issued several more pronouncements related to the new revenue standard which include clarifying standards and other technical corrections including ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, ASU No. 2016-20, *Revenue from Contracts with Customers (Topic 606): Technical Corrections and Improvements*, ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow Scope Improvements and Practical Expedients*, ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, and ASU No. 2016-08 *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross verses Net)*. These ASUs are effective for nonpublic companies for annual periods beginning after December 15, 2018 and shall be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is currently assessing the impact of this guidance on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new standard requires the lessee to classify leases as either finance or operating based on the principle of whether or not the lease is effectively a financed purchase by the lessee. The classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. This ASU will be effective for nonpublic companies for annual periods beginning after December 15, 2019, and the Company is currently assessing the impact of this guidance on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which addresses eight specific cash flow issues with the objective of reducing diversity in practice. The standard is effective for fiscal years beginning after December 15, 2018. The Company is currently assessing the impact of this guidance on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which clarifies guidance and presentation related to restricted cash on the statement of cash flows, including stating that restricted cash should be included within cash and cash equivalents on the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2018. The Company is currently assessing the impact of this guidance on its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*. The amendments are intended to clarify the application of the new leases standard. The clarifications address the rate implicit in the lease, impairment of the net investment in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transition adjustments. The standard is effective for fiscal years beginning after December 15, 2019. The Company is currently evaluating the impact of adopting this new standard.

4. PROPERTY, PLANT AND EQUIPMENT

Ambit's major classes of property, plant and equipment were as follows:

	12/31/2018	12/31/2017	Depreciable lives
Computer equipment & software	$ [redacted]	$ [redacted]	3 - 5 years
Furniture and fixtures	[redacted]	[redacted]	5 years
Leasehold improvements	[redacted]	[redacted]	3 years
Assets under capital leases	[redacted]	[redacted]	3 - 5 years
Property, plant & equipment - gross	[redacted]	[redacted]	
Less: Accumulated depreciation / amortization	[redacted]	[redacted]	
Property, plant & equipment - net	$ [redacted]	$ [redacted]	

(dollars in thousands)

Costs associated with computer software projects during the preliminary project stage are expensed as incurred. Once management authorizes and commits to funding a project, appropriate application development stage costs are capitalized. Capitalized software costs consist of costs to purchase, license and develop software. Capitalization ceases when the project is substantially complete, and the software is ready for its intended use. Training and maintenance costs associated with software applications are expensed as incurred. Software costs are amortized over an estimated useful life of three years commencing when such assets are ready for their intended use.

Unamortized software costs were [redacted] as of December 31, 2018 and 2017, respectively. Additions to software were [redacted] during the years ended December 31, 2018 and 2017, respectively. Amortization related to software was [redacted] during the years ended December 31, 2018 and 2017, respectively.

5. LONG-TERM DEBT AND CAPITAL LEASES

Long-term debt and capital leases consisted of the following:

Long-Term Debt:	12/31/2018	12/31/2017	Interest rates
Shell Global Agreement:			
Revolver	$ [redacted]	$ [redacted]	[redacted]
Collateral Loans			
Texas	[redacted]	[redacted]	[redacted]
New York	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
Northeast	[redacted]	[redacted]	[redacted]
California	[redacted]	[redacted]	[redacted]
Midwest	[redacted]	[redacted]	[redacted]
Storage Loans	[redacted]	[redacted]	[redacted]
Related party loans, due 2019	[redacted]	[redacted]	[redacted]
Total long-term debt	[redacted]	[redacted]	
Less: Current maturities	[redacted]	[redacted]	
Long-term debt, net of current maturities	$ [redacted]	$ [redacted]	
Capital Leases:			
Total capital leases, due 2019 – 2020	$ [redacted]	$ [redacted]	[redacted]
Less: Current maturities	[redacted]	[redacted]	
Capital leases, net of current maturities	$ [redacted]	$ [redacted]	

Shell Global Agreement

Ambit entered into a Global Agreement with Shell Energy North America, NA ("Shell") on May 25, 2007. This Global Agreement ("previous Global Agreement") was amended and restated on August 8, 2008, March 25, 2010, July 8, 2011, September 10, 2012, November 15, 2012, June 12, 2013, June 28, 2013, June 19, 2014, and December 22, 2014. This agreement provided for the ability to borrow up to [redacted] on a combined basis of the Revolving Credit Facility ("Revolver"), the Collateral Support Loans ("Collateral Loans"), and the Storage Loan Facility ("Storage Loans"). The loans are collateralized by substantially all assets of the Company and were subject to several financial covenants.

Ambit entered into a new amended and restated Global Agreement ("new Global Agreement") with Shell on January 13, 2015. This agreement modified several key terms of the previous agreement, including certain fees, interest rates, and extended the maturity dates of the loans. It also provided for the ability to borrow up to [redacted] on a combined basis of the Revolver, Collateral Loans, and Storage Loans. These loans are collateralized by substantially all assets of the Company and are subject to several financial covenants. Concurrently with the execution of the Global Agreement, Ambit also entered into amendments that expanded reporting requirements and defined partner distributions.

(dollars in thousands)

Ambit entered into a series of agreements, including an Omnibus Amendment ("Omnibus Amendment") with Shell on June 30, 2017. These agreements included several changes to all previous agreements, including adding all new Ambit subsidiaries as customer parties, changes to fees, modified reporting requirements, and extended the maturity date of the loans to June 30, 2023.

The three primary agreements are summarized below:

> __Revolver__ - the Revolver requires payment of the prior month balance by the 28th of the following month. The Revolver interest is calculated based on the spread between the 3-month U.S. Treasury composite rate and the 3-month "BB" corporate composite rate, adjusted on a quarterly basis. The Revolver matures on June 30, 2023 but is classified as a current liability due to the required monthly payment of the prior month's borrowings. The interest rate on the revolver at December 31, 2018 was approximately [redacted].
>
> __Collateral Loans__ - the Collateral Loans are borrowings used to fund collateral requests by various incumbent utility providers in the states in which Ambit operates. The Collateral Loans interest is calculated based on spread between the 3-month U.S. Treasury composite rate and the 3-month "BB" corporate composite rate, adjusted on a quarterly basis, on all borrowed balances outstanding. The Collateral Loans mature on June 30, 2023. The interest rate on the Collateral Loans at December 31, 2018 was approximately [redacted]
>
> __Storage Loans__ - the Storage Loans are borrowings used to fund gas commodity purchases from various utility providers. The Storage Loans interest is calculated based on spread between the 3-month U.S. Treasury composite rate and the 3-month "BB" corporate composite rate, adjusted on a quarterly basis, on all borrowed balances outstanding. The Storage Loans mature on June 30, 2023 but is classified as a current liability due to the revolving nature of the balances outstanding. The interest rate on the Storage Loans at December 31, 2018 was approximately [redacted].

Related Party Loans

[redacted]

[redacted]

Maturities and Future Minimum Lease Payments

Annual payments based on the maturities of Ambit's long-term debt for the years ending after December 31, 2018 are as follows:

2019	$	[redacted]
2023		[redacted]
TOTAL	$	[redacted]

Capital Leases

Ambit has entered into various capital leases in order to finance the purchase of certain IT infrastructure assets. These leases require monthly payments of principal and interest and accrue interest at rates ranging from [redacted]

(dollars in thousands)

Future minimum lease payments for capital leases included above as of December 31, 2018 are as follows:

2019	$	[redacted]
2020		[redacted]
Total minimum obligations		[redacted]
Less: Interest		[redacted]
Present value of minimum obligations		[redacted]
Less: Current portion		[redacted]
Long-term obligations	$	[redacted]

Liquidity

The Company must comply with certain financial covenants, including a trailing 3-month EBDA ("Earnings Before Depreciation and Amortization") Covenant and a Minimum Net Worth Covenant. The Company violated the trailing 3-month EBDA covenant for the months ended February 28, 2018 and March 31, 2018 as well as a non-financial covenant with regard to the timing of audited financial statements. However, these covenant violations were subsequently waived by Shell on May 5, 2018. Additionally, the Company remained compliant for the remainder of 2018. Based upon the current business plan for 2019 and 2020, the Company believes that its Global and Omnibus Agreements and cash on hand will be adequate to fund operations and that Company will not be in violation of these covenants in future periods. Achievement of projected cash flows from operations will be dependent upon the Company's attainment of forecasted revenues and operating costs. Such performance will be subject to factors affecting the industry which are out of the Company's control, such as power and gas prices, and weather patterns, as well as the operations of the Company. However, the Company believes it is appropriately hedged based upon expected purchases and sales of power and gas.

6. RELATED PARTY TRANSACTIONS

Ambit has entered into two notes payable with related parties, as described more fully in Note 5, and these notes payable are included in long-term debt. Interest payable on these notes payable is compounded and added back into the notes payable balances.

Ambit purchases a majority of its electric and gas from Shell, a related party which provides financing to the Company. The Company purchased [redacted] of electricity and gas from Shell during the years ended December 31, 2018 and 2017, respectively, as included in cost of energy operations on the consolidated statement of operations. In addition to amounts outstanding on long-term debt with Shell described more fully in Note 5, the Company had outstanding payables to Shell of [redacted] as of December 31, 2018 and 2017, respectively, for electricity and gas purchases, as included in accrued liabilities on the consolidated balance sheet. Shell also become a minority owner of Ambit by exercising a warrant during 2017, as more fully described in Note 9.

Ambit also pays marketing commissions to Ambit Group, L.P., a related party, for services provided. The consulting fees paid to Ambit Group, L.P., are not to exceed [redacted] of adjusted earnings before interest, taxes, depreciation, and amortization, as defined by the related consulting agreement and further stipulated per the terms of the Company's Global Agreement with Shell. Commission expense of [redacted] was recognized during the years ended December 31, 2018 and 2017, respectively, for services provided by Ambit Group, L.P. These expenses are included in selling expenses on the consolidated statements of income and comprehensive income.

At December 31, 2018 and 2017, Ambit Group, L.P., also held an option to forgo future marketing commission payments in exchange for member interests in the Company not to exceed [redacted] The option does not expire. Issued and outstanding member interests would be diluted if this option is exercised in a future period.

(dollars in thousands)

7. COMMITMENTS AND CONTINGENCIES

Hedging Activities
Ambit Energy attempts to balance its fixed-price sales commitments in terms of contract volumes through the use of physical contracts. The contracts qualify for the "normal purchases and normal sales" exception under the Derivatives and Hedging Topic of the FASB Accounting Standards Codification (ASC 815). Consequently, the contracts are accounted for under the accrual method of accounting with no balance sheet or income statement recognition of the contract until settlement. As a result, Ambit Energy's quarterly and annual results are subject to significant fluctuations caused by changes in market prices. At December 31, 2018 and 2017 the Company had entered into purchase commitments totaling [redacted], respectively.

Operating Lease Commitments
Ambit leases office facilities and equipment under operating leases. Lease and rental expense was [redacted] for the years ended December 31, 2018 and 2017, respectively.

Future minimum lease commitments under all operating leases for the years ending after December 31, 2018 are as follows:

2019	$	[redacted]
2020		[redacted]
2021		[redacted]
2022		[redacted]
2023		[redacted]
Thereafter		[redacted]
Total	$	[redacted]

Contingencies
Ambit is party to legal proceedings that arise in the ordinary course of business. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect Ambit's consolidated financial position, results of operations, or cash flows.

The Company reached settlements during 2018 on two previously disclosed lawsuits for which a loss contingency had been accrued as of December 31, 2017. During the years ended December 31, 2018 and 2017, the Company recognized expenses of [redacted], respectively, related to this loss contingency within general and administrative expense on the consolidated statement of operations.

[redacted]

8. REGULATORY MATTERS

Ambit operates in two regulated industries (electricity and gas) and is subject to regulation by various federal and state agencies in the United States, Japan, and Canada. As such, Ambit is affected by regulatory developments at both the federal and state levels and in the regions in which Ambit operates.

In addition, Ambit is subject to the market rules, procedures, and protocols of the various "independent system operator" electricity markets in which Ambit participates. These markets are subject to ongoing legislative and regulatory changes that may impact the Company's retail business.

(dollars in thousands)

The Company and its subsidiaries are a party to other regulatory proceedings arising in the ordinary course of business or have other regulatory exposure. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect Ambit's consolidated financial position, results of operations, or cash flows.

9. CAPITAL STRUCTURE

Options and Warrants

[redacted]

[redacted]

On September 26, 2017, [redacted]

Dividend Consent Fee

[redacted]

Equity Compensation

The Company may grant member interests to employees to the extent that the member interests granted do not exceed 15.0% of all issued and outstanding member interests. Member interests granted to employees dilute issued and outstanding member interests. During 2014, the Company provided equity-based compensation to certain executives in the form of member interests totaling 1.5% of outstanding member interests at a weighted average grant date fair value of $426 per 1% member interest granted. Under the terms of the awards, these member interests vest ratably over a three-year service period. Equity based compensation expense related to these awards was $106 for the year ended December 31, 2017. These expenses are included in wages and benefits expenses on the consolidated statements of income (loss) and comprehensive income (loss). 0.5% of the granted member interests, having a grant date fair value of $106, vested during 2017. At December 31, 2018, all the member interests granted were vested. The grant date fair values of all member interests granted to executives during 2014 were estimated using the Black-Scholes option pricing model. The following table summarizes the key assumptions used at the date:

Risk-free rate	2.5%
Expected term	2 years
Volatility	24.8%
Dividend yield	0.0%

(dollars in thousands)

Risk-free interest rate – The market yield on U.S. Treasury securities for the expected term of each is used as the risk-free interest rate.

Expected term– The expected term of the award represents the estimated time until the unit is vested based on the contractual term and management expectations of future behavior.

Volatility – The Company's stock is not publicly traded. Therefore, the calculation of volatility for the Company is based on the historical stock price volatility of a peer group of similar, publicly traded companies, using adjusted closing monthly stock prices for the expected life of the award.

Dividend yield – The Company intends to retain any earnings to finance future growth and, therefore, does not anticipate paying any cash distributions on its units in the foreseeable future. This excludes distributions for tax purposes.

10. INCOME TAXES

The table below shows the calculation of Ambit's current and deferred tax provisions:

	12/31/2018	12/31/2017
Current tax provision		
State	[redacted]	[redacted]
Foreign	[redacted]	[redacted]
Total current tax expense	[redacted]	[redacted]
Deferred tax provision		
Foreign	[redacted]	[redacted]
Valuation Allowance	[redacted]	[redacted]
Total deferred tax expense	-	-
Total tax expense	$ [redacted]	$ [redacted]

The components of net deferred tax assets are as follows:

	12/31/2018	12/31/2017
Foreign Net Operating Loss	$ [redacted]6	$ [redacted]
Other	[redacted]	[redacted]
Valuation Allowance	[redacted]	[redacted]
Net deferred tax asset (liability)	$ -	$ -

A full valuation allowance was recorded against the net deferred tax assets in the countries of Japan and Canada. The valuation allowance was related to the net deferred tax assets which, in the judgment of management, are not more likely than not to be realized. Management considers both positive and negative evidence in determining the realizability of deferred tax assets. Management also considers projected taxable income and tax-planning strategies in making this assessment. Management believes it is more likely than not that the results of future operations will not generate sufficient taxable income to realize the deferred tax assets in these jurisdictions.

11. EMPLOYMENT BENEFITS

The Company established a 401(k) plan for the benefit of all eligible employees in 2007. [redacted] for the years ended December 31, 2018 and 2017, respectively.

(dollars in thousands)

The Company also established a non-qualified deferred compensation plan (the "Excess Plan") for the benefit of all eligible employees in 2013. Employees meeting certain eligibility criteria may defer a portion of their salary. In addition, the Company established a profit sharing plan (the "Long-Term Incentive Plan") for the benefit of all eligible employees in 2013. The Company may elect to make profit sharing contributions on an annual basis upon the attainment of certain financial goals. Contributions made by the Company will be expensed ratably over the required service period of three years as vesting occurs. The Company made contributions to the profit sharing plan of [redacted] during 2019 based on the Company's performance for the year ended December 31, 2018.

Ambit funds these obligations through the purchase of company-owned life insurance policies which will be used to fund plan distributions and records a deferred compensation liability for the vested portion of profit sharing contributions not yet distributed. [redacted] respectively. The deferred compensation liability balances were [redacted] at December 31, 2018 and 2017, respectively.

12. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow disclosures and non-cash investing and financing activities are as follows:

	Year ended December 31,	
	2018	2017
Interest paid	$ [redacted]	$ [redacted]
Income taxes paid	[redacted]	[redacted]
Capital expenditures financed by current liabilities	[redacted]	[redacted]

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 25, 2019, the date the financial statements were available to be issued. As of April 25, 2019, there were no other subsequent events which required recognition or disclosure.

pwc

Report of Independent Auditors

To the Management of Ambit Holdings, LLC

We have audited the consolidated financial statements of Ambit Holdings, LLC and its subsidiaries as of and for the year ended December 31, 2018 and our report thereon appears on page 2 of this document. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

April 25, 2019

AMBIT HOLDINGS, LLC AND SUBSIDIARIES
Schedule 1 – Consolidating Balance Sheet
December 31, 2018

Dollars in thousands $(000)s	AHUS CONSOL	AHI CONSOL	AH	ELIMS	AH CONSOL
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ [redacted]				
Restricted cash					
Accounts receivable, less allowance for doubtful accounts					
Receivables from related parties					
Inventory					
Other current assets					
Total current assets					
PROPERTY, PLANT AND EQUIPMENT, NET					
NONCURRENT ASSETS					
Investments					
Collateral assets					
Other assets					
Total noncurrent assets					
TOTAL ASSETS	$				
LIABILITIES & MEMBERS' EQUITY (DEFICIT)					
CURRENT LIABILITIES					
Accounts payable	$				
Accrued liabilities					
Income taxes payable					
Current maturities of long-term debt					
Current maturities of capitalized lease obligations					
Payables to related parties					
Customer deposits					
Other current liabilities					
Total current liabilities					
LONG-TERM LIABILITIES					
Long-term debt - net of current maturities					
Capitalized lease obligations - net of current maturities					
Other long-term liabilities					
Total long-term liabilities					
TOTAL LIABILITIES					
MEMBERS' EQUITY (DEFICIT)					
TOTAL LIABILITIES & MEMBERS' EQUITY (DEFICIT)	$				

AMBIT HOLDINGS, LLC AND SUBSIDIARIES

Schedule 2 – Consolidating Statements of Income (Loss) and Comprehensive Income (Loss)
For the Year Ended December 31, 2018

Dollars in thousands $(000)s	AHUS CONSOL	AHI CONSOL	AH	ELIMS	AH CONSOL
OPERATING REVENUES	[redacted]				
Energy revenues					
Consultant revenues					
Total operating revenues					
OPERATING EXPENSES					
Cost of energy operations					
Wages and benefits					
Selling expenses					
Occupancy costs					
Bad debt expense					
Depreciation and amortization					
General and administrative					
Total operating expenses					
OPERATING INCOME (LOSS)					
OTHER INCOME (EXPENSE)					
Interest expense, net					
Investment Income (loss)					
Miscellaneous expense					
INCOME (LOSS) BEFORE TAXES					
TAX EXPENSE					
NET INCOME (LOSS)					
OTHER COMPREHENSIVE LOSS					
Foreign currency translation					
TOTAL COMPREHENSIVE INCOME (LOSS)					

AMBIT HOLDINGS, LLC AND SUBSIDIARIES
Schedule 3 – Consolidating Statement of Members' Equity (Deficit)
For the Year Ended December 31, 2018

Dollars in thousands $(000)s	AHUS CONSOL	AHI CONSOL	AH	ELIMS	AH CONSOL
BALANCE AT DECEMBER 31, 2017	[redacted]				
Capital distributions					
Cumulative translation adjustment					
Net income (loss)					
BALANCE AT DECEMBER 31, 2018					

Exhibit C-4

Financial Arrangements

Provide copies of the applicant's current financial arrangements to conduct competitive retail natural gas service (CRNGS) as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.)

Renewal applicants can fulfill the requirements of Exhibit C-4 by providing a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU's collateral requirements.

CONFIDENTIAL

The requested documents contain confidential and proprietary information and is submitted under Seal.

DUKE ENERGY.

139 East Fourth
EM740
Cincinnati, Ohio 45202

May 14, 2019

Ambit Energy has the following amount held with Duke Energy for Collateral as of May 14, 2019.

Gas Collateral = $xxxx LOC

Ambit Energy has met the Collateral obligations for Duke Energy Corporation.

Donna Burns
Duke Energy Corp
Certified Supplier Business Center
Donna.Burns@Duke-Energy.com

DUKE ENERGY.

Ambit Northeast, LLC
OHIO PRO FORMA INCOME STATEMENT

	1st 12 Months	2nd 12 Months	1st 2 Years
Gas			
Revenue			
Expense			
Income			

Preparer
Steven Waggoner
1801 N. Lamar, Suite 600, Dallas, TX, 75202
swaggoner@ambitenergy.com
972.813.2052

Exhibit C-6

Credit Rating

Provide a statement disclosing the applicant's current credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information services, Fitch IBCA, Moody's Investors Service, Standard & Poor's, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent 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. If an applicant or its parent does not have such a credit rating, enter "N/A" in Exhibit C-6.

N/A

Exhibit C-7

Credit Report

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

Exhibit C-9

Merger Information

Provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.

Neither Ambit Northeast, LLC nor any of its affiliates have experienced any dissolution, merger, or acquisition of the applicant within the two most recent years preceding the application.

Exhibit C-10

Corporate Structure

Provide a description of the applicant's corporate structure, not an external organizational chart, 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. If the applicant is a stand-alone entity, then no graphical depiction is required and applicant may respond by stating that they are a stand-alone entity with no affiliate within the two most recent years preceding the application.

Ambit Northeast, LLC is a wholly owned subsidiary of Ambit Energy Holdings, LLC ("Ambit Energy"), a Texas Corporation (see attached page for Corporate Structure Diagram). Ambit Midwest, LLC was created in 2013 by founding partner Jere Thompson, Jr. for the whole purpose of serving energy customers in deregulated energy markets in North America. In addition to Ambit Midwest, LLC, Ambit Energy Holdings, LLC also serves five additional subsidiaries, all of which supply retail or wholesale natural gas or electricity to customers in North America: Ambit Texas, LLC, Ambit New York, LLC, and Ambit Illinois, LLC, Ambit California, LLC and Ambit Northeast, LLC.

Ambit New York, LLC currently holds an Energy Service Company certificate in the State of New York and supplies retail electric and gas services to both residential and small commercial customers. In Texas, Ambit Texas, LLC, is currently licensed as a Retail Electric Provider where it serves residential and small commercial customers. In Illinois, Ambit Energy currently holds a certificate as an Alternative Gas Supplier and an Alternative Retail Electric Supplier. Operating under the subsidiary Ambit Northeast, LLC, Ambit Energy provides gas and electricity services to customers in Maryland, Pennsylvania, Connecticut, Delaware, Massachusetts, New Hampshire, Rhode Island, New Jersey, the District of Columbia, Virginia and Maine.

Ambit Energy is not affiliated with any utility distribution companies and does not own any generation or production assets. Ambit Energy buys 100% of its natural gas and electricity from wholesale providers to serve its customer loan.

Exhibit D-1

Operations

Provide a current written description of the operational nature of the applicant's business. Please include whether the applicant's operations will include the contracting of natural gas purchases for retail sales, the nomination and scheduling of retail natural gas for delivery, and the provision of retail ancillary services, as well as other services used to supply natural gas to the natural gas company city gate for retail customers.

Ambit Energy's operations in the state of Ohio are comprised of retail sales, customer load aggregation, natural gas procurement, nomination and scheduling of natural gas for delivery, arrangement for transportation services through regional providers, and wholesale/retail reporting functions as required.

Exhibit D-2

Operations Expertise

Given the operational nature of the applicant's business, provide evidence of the applicant's current experience and technical expertise in performing such operations.

Serving over 800,000 retail customers in seventeen major markets, Ambit Energy has proven experience in the full cycle of electricity and natural gas marketing including retail sales, load aggregation, contract administration, end-to-end procurement, customer support services and billing. This is evidenced by Ambit Energy's success in the ERCOT retail power market, NYISO retail power market, and retail natural gas operations in New York, Illinois, Maryland, Washington DC, California, Massachusetts and Virginia.

Ambit Energy brings more than fifty (50) years combined natural gas procurement and sales (marketing) experience and over twenty (20) years working within the rules and regulations of North American Energy Standard Board (NAESB) contracting guidelines and standards of conduct.

In support of Ambit's natural gas sales operations, Ambit has procured, transported, and delivered more than 18 million dekatherms used by Ambit Energy's gas customers in all of its gas markets) during 2018. Ambit Energy's wholesale procurement and scheduling team directs the end-to-end gas supply chain including load forecasting, wholesale gas procurement, transportation delivery, and nomination. Ambit procures commodity for sales through bilateral purchase agreements with wholesale suppliers and arranges transportation from regional pipeline delivery partners, typically delivering gas to the citygate where applicable.

Exhibit D-3

Key Technical Personnel

Provide the names, titles, email addresses, telephone numbers, and background of key personnel involved in the operational aspects of the applicant's current business.

Jere Thompson, Jr.
Chief Executive Officer (CEO) & Co-Founder

Mr. Thompson has more than seventeen (17) years of management experience with enterprise financial and administration responsibilities including profit and loss responsibilities as well as electric sales experience. From 2005 through present, Mr. Thompson has gained electricity sales experience in the Texas, New York, and Maryland retail energy markets by his leadership in the retail and wholesale operations of Ambit Energy, including negotiating bilateral contract agreements with Ambit's primary wholesale power and gas supplier.

From 1992 through 2000, Mr. Thompson was the Chief Executive Officer of CapRock Fiber Networks, a company governed by deregulated utility regulatory rules, similar to deregulated gas supplier regulation. As CEO, Mr. Thompson gained more than seven (7) years of financial and executive utility management experience, including profit and loss responsibilities in the telecommunications utility industries in areas, including, but not limited to start-ups (Mr. Thompson was the primary executive responsible for growing CapRock from a start-up to a corporation bringing in more than $300 million in revenue while simultaneously managing more than 1,3000 employees); retail utility commodity and credit risks; business development; and administrative functions, such as and calculating profits and losses; risk and gain associated with various residential and small commercial market entry strategies; resource allocation; and quality assurance of staff and telecommunication carrier service. Prior to working at CapRock, Mr. Thompson was a Vice President at Trammel Crow, a commercial real estate development firm in Dallas, Texas, and worked at Goldman Sachs & Company in the investment banking division.

Mr. Thompson holds a Bachelor's degree in Economics from Stanford University and a Master's of Business Administration (MBA) from the University of Texas. Mr. Thompson has more than a decade of deregulated utilities sales experience, enterprise financial and administration responsibilities including profit and loss responsibilities for both publicly and privately held corporations and partnerships more than sufficient to meet the requirements.

John Cooney
Vice President of Commercial Sales & Marketing

John Cooney has over twelve years of deregulated electricity and natural gas market experience. Since 2009, his diverse background has contributed to improvements in Ambit's energy forecasting, pricing, and operations processes in ERCOT, NYISO, and PJM. He is currently Director of Commercial Sales and Marketing.

Mr. Cooney previously held positions at both Reliant Energy and GDF SUEZ Energy North America. From 2000 to 2002, as Manager of Market-Based Structure for Reliant Energy, he evaluated wholesale hedge transactions for the company's US generation assets totaling 11,000 MW of output capacity.

From 2003 to 2005, as Manager of Project Advisory for GDF SUEZ, Mr. Cooney led the company's first participation in the New Jersey Basic Generation electricity auction, increased the sales of option products off company-owned assets, and improved wholesale deal flow capture in its risk control system. As Senior Director of Acquisitions, Investments and Financial Advisory from 2005 to 2008, he screened dozens of major capital commitment proposals, including domestic and international acquisitions, greenfield development projects and reinvestment in existing assets. He presented all internal models, financial statements, and investment memoranda to the Executive Committee for discussion and final approvals.

Mr. Cooney holds an MBA from Baylor University, and a BA in Economics and English from Rutgers University.

Drew Gormley
Vice President of Risk Management

Drew Gormley has served as the Director of Risk Management for Ambit Energy since October 2011. Reporting to the CFO, he leads the department responsible for risk assessment, commodity trading, load forecasting, power/gas settlements and scheduling operations in the ERCOT, NYISO, PJM, and NEISO markets.

Drew has held a succession of progressive finance-related positions in both public and private industry. Prior to assuming his current position as Director of Risk Management, he was the Director of Financial Planning and Analysis with Ambit Energy. From 2006 to 2008, he served as the Manger of Financial Reporting, Planning and Analysis for Cadbury Schweppes Southwest Division, where he led the division responsible for the company's planning process, forecasting and planning systems, and management reporting and analysis. He also led business unit teams in developing budgets, quarterly and period forecasts and ad hoc analyses.

Drew received a Bachelor of Business Administration Degree in Finance in 2002 from the University of North Texas and earned his MBA in 2007 from Texas A&M University-Commerce.

Susie Johnston
Manager of Power and Natural Gas Operations

Ms. Johnston has more than nine years of natural gas sales experience and more than five years working with rules and practices established by the North American Energy Standards Board (NAESB). At Ambit, Ms. Johnston is responsible for assisting Ambit with energy (including natural gas) trade risk management; natural gas scheduling; composing Ambit's retail natural gas pricing models; and providing advice in the preparation to procure natural gas for Ambit. Throughout her career, Ms. Johnston has gained experience with FERC regulation, the North American Reliability Council, and NAESB standards of conduct in addition to her experience working within the rules and practices of NAESB at Astra Power Company.

From 2003 through early 2008, Ms. Johnston held the position of Gas Operations Scheduling Analyst at Astra Power Company where she provided comprehensive knowledge of online pipeline systems and scheduling applications and gas accounting software for next day gas markets across numerous trans-continental pipelines. Ms. Johnston scheduled next-day gas on various pipelines and confirmed with counterparties on daily and intraday changes as needed as well as verified, scheduled and confirmed all financial and swap trades for daily, monthly and yearly gas trades for numerous gas industry customers and brokers. She also acted as liaison with accounting operations to standardize and diagnose volume related discrepancies, including volume actualizations to ensure that the pipelines were reconciled including volumes, imbalances and fuel.

Ms. Johnston holds a Business Administration and Management Information Systems degree from Baylor University.