

FILE

Priority Power Management
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Jeff Brooks
VP Operations

PriorityPower
MANAGEMENT

May 29th, 2020

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

RE: 14-727-EL-AGG
Cert # 14-812E (1)

PUCO

2020 JUN -8 AM 11:16

RE: Priority Power Management, LLC Renewal Application

Dear Docketing Division:

Enclosed you will find one original notarized renewal application signed by a principal officer and three copies including all exhibits, affidavits, and other attachments. If you have any questions or require anything else, please do not hesitate to contact me.



Jeff Brooks
VP Operations
690 E. Lamar Suite 500
Arlington, Texas 76011
972-314-9066
Jbrooks@prioritypower.net

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Technician DR Date Processed 6/8/20

YOUR TRUSTED ENERGY ADVISOR

Renewal Instructions for Electric Aggregator/Power Brokers

I. Where to File: Applications should be sent to: Public Utilities Commission of Ohio, Docketing Division, 180 East Broad Street, Columbus Ohio 43215-3793.

II. What to File: Applicant must submit one original notarized application signed by a principal officer and three copies including all exhibits, affidavits, and other attachments. All attachments, affidavits, and exhibits should be clearly identified. For example, Exhibit C-10 should be marked "Exhibit C -10 'Corporate Structure.'" All pages should be numbered and attached in a sequential order.

VERY IMPORTANT: The renewal application must be docketed in the applicant's original EL-AGG case number.

III. Renewal Application Form: The renewal application is available on the Commission's web site, www.puco.ohio.gov or directly from the Commission at: Public Utilities Commission of Ohio, Docketing Division, 180 East Broad Street, Columbus Ohio 43215- 3793.

IV. Confidentiality: An applicant may file financial statements, financial arrangements, and forecasted financial statements under seal. If these exhibits are filed under seal, they will be afforded protective treatment for a period of six years from the date of the certificate for which the information is being provided.

An applicant may file a motion for a protective order for other information not filed under seal per the previous paragraph. If the motion is filed in conformance with rule 4901:1-24-07 of the Administrative Code, it shall be automatically approved on the thirty-first day after the date of filing and the information shall be afforded protective treatment for a period of six years from the date of the certificate for which the information is being provided, unless the commission or an attorney examiner appointed by the commission rules otherwise.

At the expiration of the six-year period provided for in the previous paragraphs, the information will be automatically released into the open record. An applicant wishing to extend a protective order beyond the six-year time period must comply with paragraph (F) of rule 4901-1-24 of the Administrative Code.

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

The Commission may approve, suspend, or deny a renewal application within 30 days. If the Commission does not act within 30 days, the renewal application is deemed automatically approved on the 31st day after the official filing date. If the Commission suspends the application, the Commission shall notify the applicant of the reasons for such suspension and may direct the applicant to furnish additional information. The Commission shall act to approve or deny a suspended application within 90 days of the date that the application was suspended. Upon Commission approval, the applicant shall receive notification of approval and a numbered certificate that specifies the service(s) for which the applicant is certified and the dates for which the certificate is valid.

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

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

VI. Questions: Questions regarding filing procedures should be directed to:

CRES@puc.state.oh.us

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



Public Utilities Commission

Original AGG Case Number	Version
14 - 727 -EL-AGG	May 2016

RENEWAL APPLICATION FOR ELECTRIC AGGREGATORS/POWER BROKERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit C-10 Corporate Structure). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

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

A. RENEWAL INFORMATION

A-1 Applicant intends to be certified as: (check all that apply)



Power Broker



Aggregator

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

Legal Name Priority Power Management, LLC

Address 5012 Portico Way

PUCO Certificate # and Date Certified 14-812E

Telephone # (432) 620-9100 Web site address (if any) www.prioritypower.net

A-3 List name, address, telephone number and web site address under which Applicant will do business in Ohio

Legal Name Priority Power Management

Address 5012 Portico Way

Telephone # (432) 620-9100 Web site address (if any) www.prioritypower.net

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

Priority Power Management, LLC

A-5 Contact person for regulatory or emergency matters

Name Jeff Brooks

Title VP Operations

Business address 690 E Lamar Blvd, Ste. 500 Arlington, TX 76011

Telephone # (972) 314-9066

Fax # (866) 472-8789

E-mail address jbrooks@prioritypower.net

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

Name Jeff Brooks
Title VP Operations
Business address 690 E Lamar Blvd, Ste. 500 Arlington, TX 76011
Telephone # (972) 314-9066 Fax # (866) 472-8789
E-mail address jbrooks@prioritypower.net

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

Customer Service address 690 E. Lamar Blvd., Ste. 500 Arlington, TX 76011
Toll-free Telephone # (800) 221-7061 Fax # (866) 472-8789
E-mail address jbrooks@prioritypower.net

A-8 Applicant's federal employer identification number # 752919300

A-9 Applicant's form of ownership (check one)

- | | |
|--|---|
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Limited Liability Partnership (LLP) | <input checked="" type="checkbox"/> Limited Liability Company (LLC) |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Other _____ |

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

A-10 Exhibit A-10 "Principal Officers, Directors & Partners" provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

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 list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services including aggregation services.**
- B-2 Exhibit B-2 "Experience & Plans," provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.**

B-3 **Exhibit B-3 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

B-4 Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

☒ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-4 "Disclosure of Consumer Protection Violations"** detailing such violation(s) and providing all relevant documents.

B-5 Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service including aggregation service denied, curtailed, suspended, revoked, or cancelled within the past two years.

☒ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

C. FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

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

C-2 **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If the 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.

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).

C-4 **Exhibit C-4 “Financial Arrangements,”** provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.).

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.

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 **ELECTRIC 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.
- C-6 **Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, 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.
- C-7 **Exhibit C-7 "Credit Report,"** provide a copy of the applicant's credit report from Experion, Dun and Bradstreet or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter "N/A" for Exhibit C-7.
- C-8 **Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.
- C-9 **Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.
- C-10 **Exhibit C - 10 "Corporate Structure,"** 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 or subsidiary companies.

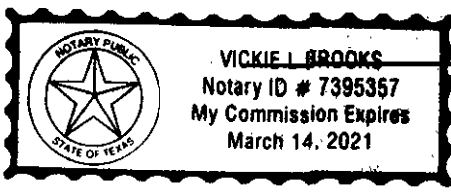

Signature of Applicant & Title **MANAGING PRINCIPAL**

Sworn and subscribed before me this **29th** day of **MAY**, **2020**
Month Year


Signature of official administering oath

VICKIE L BROOKS
Print Name and Title

My commission expires on **3/14/2021**



AFFIDAVIT

State of TEXAS :

ARLINGTON
ss.
(Town)

County of TARRANT:

JOHN BUCK, Affiant, being duly sworn/affirmed according to law, deposes and says that:

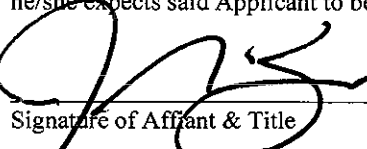
He/She is the MANAGER ^{PRINCIPAL} (Office of Affiant) of PRIORITY POWER (Name of Applicant);
MANAGEMENT, LLC

That he/she is authorized to and does make this affidavit for said Applicant,

1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification renewal are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.
2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.
3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.
4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.
5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.
6. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.
7. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.
8. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.
10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

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

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

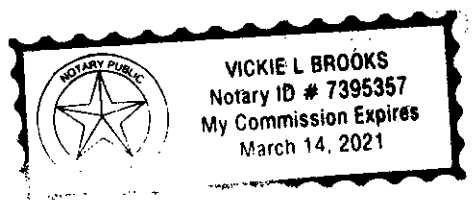
 MANAGING PRINCIPAL
Signature of Affiant & Title

Sworn and subscribed before me this 29th day of MAY, 2020
Month Year


Signature of official administering oath

VICKIE L BROOKS
Print Name and Title

My commission expires on 3/14/2021





The Public Utilities Commission of Ohio

Certification Application for Aggregators/Power Brokers Supplement

(Exhibits / Attachments)

Submitted By:

PriorityPower
MANAGEMENT

Priority Power Management, LLC

5012 Portico Way
Midland, TX 79707
www.prioritypower.net

Table of Contents

A.	APPLICANT INFORMATION	3
	Exhibit A-10. "Principal Officers, Directors & Partners"	4
B.	APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE	5
	Exhibit B-1. "Jurisdictions of Operation"	6
	Exhibit B-2. "Experience & Plans"	7
	Exhibit B-3. "Disclosure of Liabilities and Investigations"	12
	Exhibit B-4. "Disclosure of Liabilities and Investigations"	13
	Exhibit B-5. "Disclosure of Liabilities and Investigations"	14
C.	APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE	15
	Exhibit C-1. "Annual Reports"	16
	Exhibit C-2. "SEC Filings"	17
	Exhibit C-3. "Financial Statements"	18
	Exhibit C-4. "Financial Arrangements"	19
	Exhibit C-5. "Forecasted Financial Statements"	20
	Exhibit C-6. "Credit Rating"	21
	Exhibit C-7. "Credit Report"	22
	Exhibit C-8. "Bankruptcy Information"	23
	Exhibit C-9. "Merger Information"	24
	<u>Exhibit C-10. "Corporate Structure"</u>	<u>25</u>

A. APPLICANT INFORMATION

Exhibit A-10. "Principal Officers, Directors & Partners"

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

The Principal officers of Priority Power Management, LLC are listed Below:

John J. Bick, Managing Principal
690 E. Lamar Blvd., Suite 500, Arlington, Texas 76011
(800) 221-7061

Justin Courtney, Executive Vice President and Chief Financial Officer
690 E. Lamar Blvd., Suite 500, Arlington, Texas 76011
(800) 221-7061

Jeff Brooks, Vice President of Operations
690 E. Lamar Blvd., Suite 500, Arlington, Texas 76011
(800) 221-7061

Charlie Hewitt, Vice President
690 E. Lamar Blvd., Suite 500, Arlington, Texas 76011
(800) 221-7061

Danny Smedley, Vice President
5012 Portico Way, Midland, Texas 79707
(432) 620-9100

Kevin Yung, Chief Development and Risk Officer
690 E. Lamar Blvd., Suite 500, Arlington, Texas 76011
(800) 221-7061

Coleen Lawrence, Controller
5012 Portico Way, Midland, Texas 79707
(432) 897-4359

APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

Exhibit B-1. "Jurisdictions of Operation"

Provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services including aggregation services.

Priority Power Management, LLC is currently licensed to provide energy consulting, brokering and or aggregation services in the following jurisdictions:

- Illinois
- Maryland
- New Jersey
- New York
- Pennsylvania
- Texas
- Massachusetts

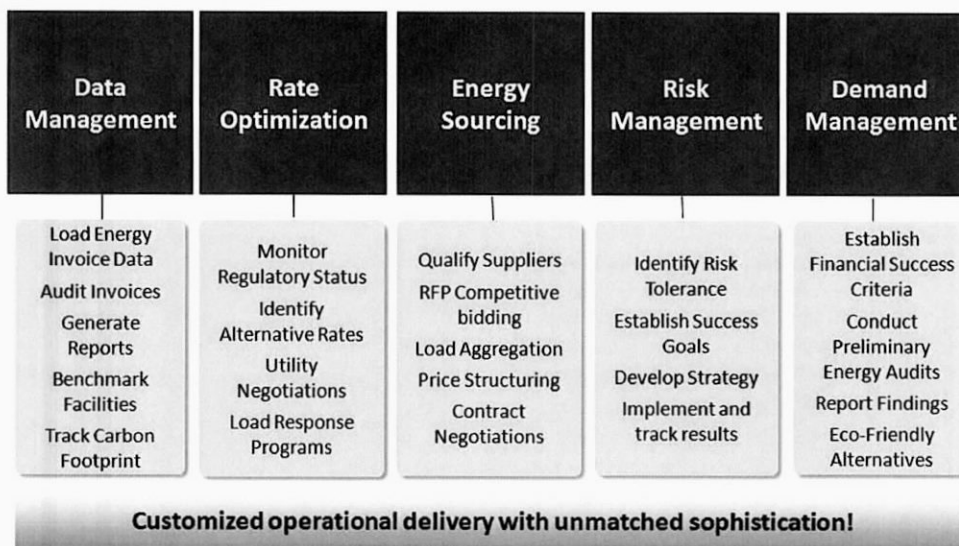
Exhibit B-2. "Experience & Plans"

Provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

Experience

PPM provides Portfolio-Wide Energy Planning and Consulting Services to a multitude of clients.

Portfolio-Wide Energy Planning



Plan

PPM plans to provide our services to our customers in Ohio based on their specific needs and requirements. Since PPM does not take title to any electricity supply, we will not be providing billing statements to the customer for their electricity purchases. PPM and the customer will have a separate agreement defining the scope of work and services that PPM will provide to the customer, as well as the amount of compensation to be paid to PPM. The PPM fee will in most cases be a volumetric fee measured in \$/kWh. The supplier that wins the customers' business will include the PPM fee in the electricity contract price and then remit the collected fee monthly as the customer pays the electricity supplier. In some cases, the customer may elect to have PPM invoice them separately each month rather than including the fee in the electricity contract price.

Once the electricity contract has been executed, PPM remains engaged with the customer to manage any customer inquiries and or supplier issue resolution matters. The customer will have an assigned account manager, which will be available to assist in this regard.

PPM expects that most customer engagements in Ohio will be with existing PPM clients that have locations in Ohio and PPM is already providing services to the client in other states.

OPUC Certification Application for Aggregators/Power Brokers

Priority Power Managements services to clients are focused around our core business of Energy Supply and Risk Management. Our methodologies have been developed and refined through years of personal energy experience that is focused in the people who will be actively working with our clients. Our services include the following subject areas:

- Energy Data Management
- Energy Acquisition Management
- Energy Account Management
- Energy Billing Management

Energy Management Process

Being effective requires a commitment to excellence that begins with a proven process. PPM provides energy acquisition management services to clients using a structured five (5) step process as depicted in the diagram below.



Data Collection

PPM will gather the historical usage information for least the last 12 months of data for each meter and some will also require interval data to further define the load history for pricing. Once the data is in hand, a review of the data will be conducted to define any questionable data that may need correction. This data analysis is critical in determining the most suitable structuring and pricing options that will deliver the lowest cost to the client.

As a part of the data collection and analysis phase, PPM will not only be analyzing the historical usage information for competitive supply pricing, but will also assess the rate (tariff) and delivery charges assessed by the Transmission and Distribution Service Provider ("TDSP"). In this assessment, PPM identifies potential demand ratchet, power factor and other TDSP related issues that may highlight savings opportunities for the client.

OPUC Certification Application for Aggregators/Power Brokers

In addition to historical data, PPM will request copies of current electricity supply contracts to review past performance and establish a baseline for use in determining forward cost savings. The supply contracts will also determine the exact contract end date for each meter, which will be used in the procurement and contracting process to ensure that no early termination penalties are assessed to the client once the new contract becomes effective.

Strategy Assessment and Development

PPM manages client's electricity spend on a portfolio basis driven by strategies discussed and agreed to by the client. Various strategies will be developed and deployed based on several factors including the following:

- Budgetary constraints
- Growth expectations
- Required flexibility to account for the unexpected
- Decision making process – individual or by committee
- Agreement term requirements
- Key individuals
- Financial constraints
- Risk Profile

One of the most important parts of the process is to understand the structure of the products available to meet any given strategy. Higher energy prices have forced many end users to consider energy structures other than fixed price. As clients migrate up the Price vs Risk Continuum curve, the available products inherently created greater risk for the client with the opportunity for higher rewards in terms of savings. PPM will also evaluate potential applicable pricing structures to fit the client's operational characteristics and risk tolerance.

Also as a part of the Strategy phase, PPM would want to understand if the client has a desire to include renewable energy supply into their product mix. PPM is experienced in procuring renewable energy supply to meet a specific client goal. Goals and pricing options can be included in the RFP for electricity supply, although it is important to understand that the physical electricity supply can be contracted separately from the procurement of renewable energy credits.

Procurement

Once a strategy has been determined, a Request for Proposal is developed for the solicitation. PPM is very experienced in developing, soliciting and negotiating large scale energy purchases.

A professional and detailed RFP document will be developed that includes detailed electricity pricing instructions for the products and terms that were defined in the Strategy phase.

Next a list of qualified certified Retail Electricity Providers (REP) will be developed for RFP distribution. PPM has experience working with over 20 REPs in various markets and is able to assist our clients in developing a qualified list of bidders. Because of our deep energy experience, PPM also provides insight into the REP landscape for our clients.

Once the RFP is issued, PPM will work closely with the client to ensure that any questions from REPs are answered and managed so that the client is not distracted from its core business operations during this solicitation process.

Each client may have different criteria for selecting a supplier. PPM generally uses the following criteria when qualifying suppliers for clients:

Qualitative Criteria

The qualitative criteria are centered on the completeness of the response, and the creativeness in developing solutions for the client based on the data and requirements presented in the request. These criteria include, but are not limited to:

- Completeness of Supplier Information & Price Proposals
- Creativeness in presenting options and incentives that improve the economic value proposition for Client
- Extent of representation network and overlay with Client network
- Extent of supplier delivery and service program capabilities
- Contract terms and conditions

The largest contributor to how PPM scores the Qualitative aspects is based on the terms and conditions of each REP contract. PPM understands all aspects of electricity contract negotiations.

Quantitative Criteria

The quantitative criteria relates specifically to the economic value proposition presented in the Pricing proposal. Clients are interested most in creative solutions to conventional sourcing problems. Key criteria include:

- Options and incentives for engaging in a long term agreement
- Options and incentives for becoming the sole-source supplier for multiple facilities
- A service provider who will work to provide complete and consistent services to all Client facilities.
- Total delivered overall cost by class and location consistent with Client standards and specifications
- Other incentive programs

As a part of the Quantitative Scoring, PPM will develop detailed analysis of REP pricing. A simple ranking of effective costs to the Client based on suppliers pricing will be developed to illustrate the rankings by term and the spread between the lowest cost supplier and the others.

Supplier Scoring

A cross-functional PPM & client selection committee will use the following criteria to evaluate the bidders' responses:

- Total Cost (cost of the commodity and related services, plus delivery; with focus on achieving first year bottom-line savings)
- Continuous Improvement capabilities (ability to assist Client with process improvement throughout long-term relationship)
- Breadth of products and services provided
- Quality of Service to Facilities

Contract Management

After the procurement process has been completed, PPM moves into a Contract Management phase that includes the following activities:

- Monitoring timely switching of accounts;
- Auditing invoices for compliance with contract terms;
- Providing assistance to the client in any Supplier issue resolution process;
- Administration of adding and deleting accounts as necessary;
- Facilitating emergency restoration during unplanned power outages.
- Provide the client with estimated annual budgets and or ongoing performance metrics.

Portfolio Management

After the procurement process has been completed, PPM also moves into a Portfolio Management phase that includes the following activities:

- Provide the client with market reports highlighting market events and pricing levels on a periodic basis;
- Provide the client with price discovery by querying market suppliers to ensure incremental energy purchases are at market price;
- Maintain a customized hedging position report for the client outlining various purchases and risk positions, if applicable;
- Perform continuous market outlook and forward price discovery to meet the client's specific trigger levels;
- Analyze "blend & extend" opportunities to meet desired budget goals;
- Adjust strategies as needed to meet changing client goals and market environment.

These strategies are focused on the client specific needs and opportunities that are intrinsic to the portfolio being managed.

Exhibit B-3. "Disclosure of Liabilities and Investigations"

Provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

PPM does not have any existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matters that could adversely impact the our financial or operational status or ability to provide the services we offer to clients.

Exhibit B-4. "Disclosure of Liabilities and Investigations"

Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

____ YES or X NO

Neither PPM, or a predecessor of PPM, or any principal officer of PPM has ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

Exhibit B-5. "Disclosure of Liabilities and Investigations"

Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service including aggregation service denied, curtailed, suspended, revoked, or cancelled within the past two years.

____ YES or X NO

Neither PPM, nor a predecessor of PPM, has ever had any certification, license, or application to provide retail or wholesale electric service including aggregation service denied, curtailed, suspended, revoked, or cancelled within the past two years.

APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE

Exhibit C-1. "Annual Reports"

Provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why.

Priority Power Management, LLC is a privately-held company, thus we do not produce an Annual Report to Shareholders.

Exhibit C-2. "SEC Filings"

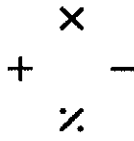
Provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

Priority Power Management, LLC is a privately-held company, thus we are not required to make any filings with 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.

Priority Power Management, LLC has provided audited financial statements herein.



REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS
PRIORITY POWER MANAGEMENT HOLDINGS, LLC

December 31, 2019

Table of Contents

	PAGE
Report of Independent Auditors	1–2
Financial Statements	
Consolidated Balance Sheet	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Members' Equity	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7–16
Supplementary Information	
Consolidating Balance Sheet	18
Consolidating Statement of Operations	19



Report of Independent Auditors

To the Board of Directors
Priority Power Management Holdings, LLC

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Priority Power Management Holdings, LLC and its subsidiary, which comprise the consolidated balance sheet as of December 31, 2019, and the related consolidated statements of operations, changes in members' equity, and cash flows for the period February 7, 2019 (inception) to December 31, 2019, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 statement referred to above presents fairly, in all material respects, the financial position of Priority Power Management Holdings, LLC and its subsidiary as of December 31, 2019, and the results of their operations and their cash flows for the period February 7, 2019 (inception) to December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position or results of operations of the individual companies and is not a required part of the consolidated financial statements. Such 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 as a whole.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Dallas, Texas
April 29, 2020

Priority Power Management Holdings, LLC
Consolidated Balance Sheet

ASSETS		December 31, 2019
CURRENT ASSETS		
Cash and cash equivalents	\$	4,602,866
Accounts receivable, net		24,224,168
Prepaid expenses and other assets		581,155
Total current assets		29,408,189
PROPERTY AND EQUIPMENT, net		28,356,558
INTANGIBLE ASSETS, net		24,338,440
GOODWILL, net		29,494,208
Total assets	\$	<u>111,597,395</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$	8,552,033
Accrued liabilities		2,625,987
Current portion of long-term debt		2,750,000
Total current liabilities		13,928,020
LONG-TERM DEBT, net of current portion and debt issuance costs		25,067,386
DEFERRED REVENUE		7,828,491
Total liabilities		46,823,897
MEMBERS' EQUITY		64,773,498
Total liabilities and members' equity	\$	<u>111,597,395</u>

Priority Power Management Holdings, LLC
Consolidated Statement of Operations

	February 7, 2019 (inception) to December 31, 2019
REVENUES	
Infrastructure	\$ 68,624,611
Procurement	13,006,279
Lease	4,026,370
Service	<u>2,513,308</u>
Total revenues	88,170,568
COST OF GOODS SOLD	<u>63,145,846</u>
Total gross profit	25,024,722
COST AND EXPENSES	
Operating expenses	10,521,265
General and administrative expenses	2,022,161
Depreciation and amortization expenses	<u>8,948,316</u>
Total operating expenses	<u>21,491,742</u>
INCOME FROM OPERATIONS	3,532,980
INTEREST EXPENSE, net	<u>1,354,982</u>
NET INCOME	<u><u>\$ 2,177,998</u></u>

Priority Power Management Holdings, LLC
Consolidated Statement of Changes in Members' Equity

	Class A		Retained Earnings (Deficit)	Total Members' Equity
	Units	Amount		
BALANCE, February 7, 2019	-	\$ -	\$ -	\$ -
Contributions	63,695,500	63,695,500	-	63,695,500
Distributions	-	-	(1,100,000)	(1,100,000)
Net income	-	-	2,177,998	2,177,998
BALANCE, December 31, 2019	<u>63,695,500</u>	<u>\$ 63,695,500</u>	<u>\$ 1,077,998</u>	<u>\$ 64,773,498</u>

Priority Power Management Holdings, LLC
Consolidated Statement of Cash Flows

	February 7, 2019 (inception) to December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 2,177,998
Adjustments to reconcile net income to net cash from operating activities:	
Depreciation and amortization expenses	8,948,316
Amortization of debt issuance costs	92,694
Recognition of deferred revenue	(559,178)
Changes in assets and liabilities	
Accounts receivable	(11,227,877)
Prepaid expenses and other current assets	324,020
Accounts payable and accrued liabilities	6,558,131
Net cash from operating activities	<u>6,314,104</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(3,215,843)
Acquisitions, net of cash acquired	(69,215,587)
Net cash from investing activities	<u>(72,431,430)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions from members	44,095,500
Distributions to members	(1,100,000)
Borrowings under long-term debt	33,978,934
Repayment of amounts outstanding under long-term debt	(5,750,002)
Debt issuance cost	(504,240)
Net cash from financing activities	<u>70,720,192</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,602,866
CASH AND CASH EQUIVALENTS, beginning of period	<u>-</u>
CASH AND CASH EQUIVALENTS, end of period	<u><u>\$ 4,602,866</u></u>
Supplemental schedule of cash flow information	
Cash paid for:	
Interest	<u><u>\$ 1,261,466</u></u>

Priority Power Management Holdings, LLC

Notes to Consolidated Financial Statements

Note 1 – Organization and Description of Business

Organization

Priority Power Management Holdings, LLC, (the Company) was incorporated as a Delaware limited liability company on February 7, 2019. The Company's corporate office is located in Arlington, Texas. The Company is an independent energy management services and consulting firm. The Company acts as an extension of its clients' staff to develop and implement strategies that assist customers with managing electricity data, supply, demand and delivery infrastructure.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and include the accounts of the Company and its wholly owned subsidiary, Priority Power Management, LLC (PPM). Priority Power Management Holdings, LLC is a holding company, and all activity takes place within PPM.

Accounting Estimates

The preparation of this financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of this financial statement. Actual results could differ from those estimates. Significant estimates made by management include the assessment of potential impairment of property and equipment, intangible assets and goodwill and fair value of accounts receivable reserve. Actual results could differ from the estimates and such differences could be material.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity date of less than three months to be cash equivalents. There were no cash equivalents as of December 31, 2019. At times, the amount of cash and cash equivalents on deposit in these financial institutions exceeds federally insured limits. Management monitors the soundness of the financial institution and believes the Company's risk is negligible.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount billed to the client. When justified, the Company records an allowance for doubtful accounts, which represents an amount based on management's judgement, that will be adequate to absorb any potential uncollectible accounts receivable. In determining the adequacy of the allowance, management considers the general economic conditions, the client's financial ability, and the age of the receivable. As of December 31, 2019 no allowance for doubtful accounts were considered necessary.

Property and Equipment

Property and equipment is recorded at cost. When assets are sold or retired, the applicable costs and accumulated depreciation are removed and any gain or loss is included in the statement of operations. Major renewals and improvements are capitalized.

Priority Power Management Holdings, LLC

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Accounting for the Impairment of Long-Lived Assets

The Company performs reviews for impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. When impairment is identified, the carrying amount of the asset is reduced to its estimated fair value. Assets to be disposed of are recorded at the lower of net book value or fair market value less cost to sell at the date management commits to a plan of disposal. As of December 31, 2019, there was no impairment of long-lived assets.

Goodwill

Goodwill represents the difference between the fair value of the consideration transferred (purchase price) for the acquired business and the fair value of the identifiable tangible and intangible net assets recognized in the acquisition. Goodwill is amortized on a straight-line basis, not to exceed 10 years and assessed for impairment if an event or circumstances indicate that the fair value of the Successor may be less than its carrying amount. A goodwill impairment loss is recognized to the extent the carrying amount of the Successor including goodwill exceeds its fair value. No impairment of goodwill was determined at December 31, 2019.

Intangible Assets

Intangible assets primarily consist of existing power contracts at the time of a business combination which are amortized to expense over their estimated useful lives. The estimated useful lives of the amortizable intangible asset is based on the remaining contractual lives. The carrying values of intangible asset is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may be impaired. The carrying value is compared to the undiscounted anticipated future cash flows related to the asset. If the carrying value of the intangible asset exceeds the future undiscounted cash flow, an impairment charge is recorded in the period in which such review is performed to the extent that the carrying value exceeds fair value. No impairment of intangible assets was determined at December 31, 2019.

Revenue

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). The core principle of the guidance is that an entity 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. To achieve that principle, the entity applies the following steps: identify the contract(s) with the customer, identify the performance obligations in the contract(s), determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation.

Procurement: Procurement revenue reflects compensation for energy management services through commissions and fees. Commission rates vary and are based on actual kilowatts used by the customer or demand response required. Majority of the Company's performance obligations are met at the inception of the energy contract except for ongoing monitoring and related services. Contract terms range from 1 to 10 years. Due to the uncertainty of the amount of consideration that will be received, the revenue is constrained to an amount that is probable to not have a significant negative adjustment. Procurement revenue is recognized monthly based on actual kilowatts used by the customer.

Priority Power Management Holdings, LLC

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Infrastructure: Infrastructure revenue reflects compensation for general contracting construction of substations and other infrastructure. Contracts are based on a cost-plus structure. The Company recognizes infrastructure revenue over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer which is typically less than 1 year. Infrastructure contracts are generally accounted for as a single unit of account (a single performance obligation) and are not segmented between types of services since the performance obligation is highly integrated within the context of the contract.

Service: Service revenue reflects compensation for various consulting services related to energy management and SCADA services. Such revenues are recognized when the services are rendered. The services provided are completed in a short period of time, usually between one day and one month. Taxes collected are not included in revenue; rather, taxes are accrued for future remittance to governmental authorities.

Lease: Lease income reflects compensation for usage of the Company's substations. Revenue from leases is recognized when earned under the terms of the lease contract which is generally monthly. Lease periods are up to 10 years and typically include the ability to extend by the customer. Payments received in advance of meeting performance obligation are recorded as deferred revenue on the consolidated balance sheet and recognized as the performance obligation is satisfied.

Income Taxes

As a limited liability company, there is no provision for federal income taxes made in the Company's financial statements as the Company has elected to be treated as a partnership for income tax purposes and is not subject to federal income tax. The results of operations are included in the tax returns of the Company's members. Certain transactions of the Company may be subject to accounting methods for income tax purposes which differ from the accounting methods used in preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Accordingly, the net income or loss of the Company and the resulting balances in members' capital accounts reported for income tax purposes may differ from balances reported for those same items in the accompanying consolidated financial statements. The Company's tax return and the amount of allocable income or loss are subject to examination by federal and state taxing authorities. If such examinations result in changes to income or loss, the tax liability of the members would be changed accordingly.

The Company has assessed positions asserted on their tax returns and believes they have no uncertain tax positions, as defined in the standards for which a liability would be required to be included in their provision for income taxes.

Deferred Financing Fees

Deferred financing fees were incurred in connection with the arrangement of the Company's term note and revolving line of credit (see Note 6). Deferred financing fees are amortized using the straight-line method, which approximates the effective interest method, over the term of credit facility which is five years. Debt financing fees are presented as a direct deduction from the carrying amount of the related debt in the accompanying consolidated balance sheet. The net debt financing fees as of December 31, 2018 was approximately \$0.4 million.

Priority Power Management Holdings, LLC

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments, consisting of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities, approximates their fair value due to the short maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The Company's debt related to its long-term debt approximates fair value because interest rates charged are similar to other financial instruments with similar terms and maturities and the rates vary in accordance with market prices.

The Company's financial assets and liabilities are to be measured using inputs from the three levels of the fair value hierarchy, of which the first two are considered observable and the last unobservable, which are as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that reflect the Company's assumptions that market participants would use in pricing assets or liabilities based on the best information available.

The Company utilizes Level 3 inputs when measuring fair value of net assets acquired in business combination transactions, financial instruments, and contingent consideration.

The contingent consideration liability was recorded at fair value on the acquisition date (see Note 3) and included in accrued liabilities. Increases and decreases in the fair value of contingent consideration can result from changes in anticipated revenue levels. During 2019, no changes were recognized since the acquisition date.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This 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, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The Company is evaluating the impact of this new guidance on its consolidated financial statements. Although management has not completed the quantification of the impact on the statement of financial position, assets will increase for the amounts of right-of-use assets, and liabilities will increase for the estimated present value of future minimum payments under all leasing arrangements. Such increases may be significant.

Priority Power Management Holdings, LLC

Notes to Consolidated Financial Statements

Note 3 – Acquisitions

The acquisitions discussed below were recorded in accordance with the standards of the FASB ASC 805 *Business Combinations* topic. As such, the Company was required to record the acquisitions at its estimated fair value as of the acquisition date. The purchase price was allocated to the net assets acquired based upon their estimated fair market value at the date of acquisition, and the excess of the purchase price over fair market value was allocated to goodwill. Results of acquired operations are included in the consolidated financial statements since the date of acquisition.

PPM Acquisition

On February 7, 2019, the Company acquired Priority Power Management, LLC (PPM) to gain entrance to the energy management business. The purchase price of approximately \$90.5 million included cash consideration of \$70.9 million and non-cash Class A Units valued at \$19.6 million. The Class A units were purchased by management with proceeds from the sale of their interest in PPM resulting in a non-cash transaction. Goodwill generated in the acquisition is related to the assembled workforce and customer relationships which does not qualify for separate recognition. Intangible assets primarily consist of energy contracts. Fair value was determined based on the present value of future cash flows expected to be received over the remaining life of the energy contract. Significant assumptions include forecasted energy consumption and discount rate. Deferred revenue was determined using the bottom-up approach whereby amount is based on the costs to provide the service plus expected profit margin. Transaction costs related to legal, accounting, due diligence, etc. were \$0.3 million and are included in general and administrative expenses.

Details of the assets acquired and liabilities assumed are as follows at December 31, 2019:

Assets acquired	
Cash	\$ 3,989,509
Accounts receivable, net	12,356,998
Prepaid and other current assets	905,175
Property and equipment	25,979,170
Intangible assets	29,226,616
Goodwill	30,295,689
Liabilities assumed	
Accounts payable, trade	3,390,815
Accrued expenses and other current liabilities	1,789,628
Deferred revenue	7,055,782
	<hr/>
Total identifiable net assets	<u>\$ 90,516,932</u>

EEP Acquisition

On August 29, 2019, the Company acquired EE Partners, LTD (EEP) to gain additional supervisory control and data acquisition (SCADA) capabilities. The purchase price of approximately \$1.8 million included cash consideration of \$1.3 million and contingent consideration of \$0.5 million. Goodwill generated in the acquisition is related to the assembled workforce and customer relationships which does not qualify for separate recognition. Minor transaction costs primarily related to legal costs were included in general and administrative expenses.

Priority Power Management Holdings, LLC
Notes to Consolidated Financial Statements

Note 3 – Acquisitions (continued)

Details of the assets acquired and liabilities assumed are as follows at December 31, 2019:

Assets acquired	
Cash	\$ 24,273
Accounts receivable, net	617,843
Property and equipment	156,929
Goodwill	1,184,725
Liabilities assumed	
Accounts payable, trade	<u>208,013</u>
 Total identifiable net assets	 <u><u>\$ 1,775,757</u></u>

EMG Acquisition

On June 28, 2019, the Company acquired EMG, Inc. (EMG) to gain access to additional geographic markets. The purchase price of approximately \$1.0 million of cash consideration. Intangible assets primary consist of energy contracts. Fair value was determined based on the present value of future cash flows expected to be received over the remaining life of the energy contract. Goodwill generated in the acquisition is related to the assembled workforce and customer relationships which does not qualify for separate recognition. Minor transaction costs primarily related to legal costs were included in general and administrative expenses.

Details of the assets acquired and liabilities assumed are as follows:

Assets acquired	
Accounts receivable, net	\$ 21,450
Property and equipment	6,000
Intangible assets	168,900
Goodwill	903,650
Liabilities assumed	
Accounts payable, trade	<u>113,320</u>
 Total identifiable net assets	 <u><u>\$ 986,680</u></u>

Priority Power Management Holdings, LLC

Notes to Consolidated Financial Statements

Note 4 – Property and Equipment

Property and equipment are summarized by major classifications at December 31:

	Useful Lives (Years)	2019
Substations	20 to 25 years	\$ 27,600,348
Building	25 years	1,000,000
Land	N/A	260,522
Office furniture and equipment	1 to 7 years	423,347
Vehicles	2 to 5 years	<u>73,725</u>
Gross property and equipment		29,357,942
Less accumulated depreciation		<u>(1,001,384)</u>
Property and equipment, net		<u>\$ 28,356,558</u>

Note 5 – Goodwill and Intangible Assets

Goodwill and intangible assets resulting from acquisitions consisted of the following at December 31:

	Useful Lives (Years)	2019
Goodwill		
Gross carrying amount	10 years	\$ 32,384,064
Accumulated amortization		<u>(2,889,856)</u>
Goodwill, net		<u>\$ 29,494,208</u>
Intangible assets		
Energy contracts	1 to 10 years	\$ 29,292,380
Other intangible assets	3 years	103,136
Accumulated amortization		<u>(5,057,076)</u>
Intangible assets, net		<u>\$ 24,338,440</u>

Priority Power Management Holdings, LLC
Notes to Consolidated Financial Statements

Note 5 – Goodwill and Intangible Assets (continued)

As of December 31, 2019, the Company will recognize the following amortization expense for the respective periods ending December 31 noted below:

Year Ending December 31,	Goodwill	Intangible assets
2020	\$ 3,029,569	\$ 5,007,131
2021	3,029,569	3,548,745
2022	3,029,569	2,714,933
2023	3,029,569	2,486,870
2024	3,029,569	2,071,342
Thereafter	14,346,363	8,509,419
	<u>\$ 29,494,208</u>	<u>\$ 24,338,440</u>

Note 6 – Long-Term Debt

Long-term debt consists of the following at December 31:

	2019
Term loan	\$ 18,500,000
Revolving line of credit	9,728,932
	28,228,932
Less deferred financing costs	(411,546)
Less current maturities	(2,750,000)
Total long-term debt, less current maturities	<u>\$ 25,067,386</u>

On February 7, 2019, PPM entered into a credit facility consisting of a \$20 million term loan and a revolving credit facility not to exceed \$15 million. At December 31, 2019, the borrowing base on the revolving line equaled \$15 million. The credit facility is collateralized by substantially all the assets of PPM. The term loan requires quarterly principal payments of \$0.5 million through March 31, 2020; \$0.75 million from June 30, 2020 through March 31, 2021; and \$1.0 million beginning June 30, 2021. All remaining outstanding balances on the term loan and revolving credit facility are due in full on February 7, 2024.

Interest accrues for all outstanding balances based on LIBOR rate or prime rate plus an applicable margin ranging from 1.75% - 3.00% based on the net leverage ratio of PPM. As of December 31, 2019, the effective interest rate was 4.49%.

The credit facility contains financial covenants that require, among other things, the maintenance of certain financial and nonfinancial covenants. As of December 31, 2019, PPM was in compliance with its financial covenants including maximum allowable capital expenditures, maximum leverage ratio and minimum fixed charge coverage ratio.

Priority Power Management Holdings, LLC **Notes to Consolidated Financial Statements** ---

Note 6 – Long-Term Debt (continued)

Future contractual scheduled maturities on the debt as of December 31, 2019, are as follows:

Year Ending <u>December 31,</u>	
2020	\$ 2,750,000
2021	3,750,000
2022	4,000,000
2023	4,000,000
2024	<u>13,728,932</u>
	<u><u>\$ 28,228,932</u></u>

Note 7 – Members' Equity

Members' liability to the Company is limited to each of the members' capital account. The members' capital account includes capital contributions plus allocations of income or loss less distributions pursuant to the limited liability company agreement. Distributions may be made at the discretion of the Board of Directors. Upon formation of the Company, the Company authorized two series of member units, Class A and Class B Units. The Class B Units represent incentive units.

The Class B Units are tied to liquidation events of the Company and contain performance provisions requiring a minimum rate of return of the Company before payout. The Class B Units vest over a term of five years with 20% vesting on each year-end after of the date of issuance. During December 2019, the Company granted 6,850 Class B Units to management. The Company determined the grant-date fair value of the Class B Units issued was inconsequential and no compensation expense has been recorded in the consolidated statement of operations.

The following is a summary of non-vested Class B units under the plan discussed above:

	<u>2019</u>
Unvested at beginning of year	-
Granted	6,850
Vested	(1,370)
Forfeited or expired	<u>-</u>
Unvested at December 31, 2019	<u><u>5,480</u></u>
Outstanding at December 31, 2019	<u><u>1,370</u></u>

Priority Power Management Holdings, LLC

Notes to Consolidated Financial Statements

Note 8 – Commitments and Contingencies

Operating Leases

The Company is committed under various operating lease agreements with third-party vendors primarily related to office space and other facilities. During the period ending December 31, 2019, total rent expense was \$0.1 million. Future minimum rental commitments under these non-cancelable operating leases are approximately as follows for the years ending:

Year Ending December 31,	
2020	\$ 220,899
2021	135,304
2022	88,634
2023	4,156
2024	<u>2,332</u>
	<u>\$ 451,324</u>

Litigation

The Company may, from time to time, be involved in various claims, lawsuits, disputes with third parties, or breach of contract incidental to the operations of its business. The Company is not currently involved in any litigation.

Concentrations

During the period ended December 31, 2019, two customers accounted for 37% of total revenues primarily related to infrastructure projects. These customers accounted for approximately 30% of accounts receivable as of December 31, 2019.

Note 9 – Subsequent Events

Subsequent events have been updated through April 29, 2020, the date which these consolidated financial statements were available to be issued.

In February 2020, the Company completed a transaction with 2 employees whereby their sales commissions on existing and future energy contracts will be reduced in exchange for a cash payment of \$4.5 million and 144 Class B units and 1,109 Class C units.

In early March 2020, the World Health Organization declared the novel coronavirus outbreak a public health emergency. The duration and intensity of the impact of the coronavirus and resulting disruption to the Company's operations is uncertain. However, given the dynamic nature of these circumstances and business disruption, the Company anticipates a short-term impact. The Company will continue to monitor the situation closely, but given the uncertainty about the situation, the Company can't estimate the impact to their consolidated financial statements.

Supplementary Information

Priority Power Management Holdings, LLC
Consolidating Balance Sheet
As of December 31, 2019

	Priority Power Management, LLC	Priority Power Management Holdings, LLC	Consolidating Entries	Consolidated Balance
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,602,866	\$ -	\$ -	\$ 4,602,866
Accounts receivable, net	24,224,168	-	-	24,224,168
Prepaid expenses and other assets	581,155	-	-	581,155
Total current assets	29,408,189	-	-	29,408,189
Investment in subsidiary	-	64,773,498	(64,773,498)	-
Property and equipment, net	28,356,558	-	-	28,356,558
Intangible assets, net	24,338,440	-	-	24,338,440
Goodwill, net	29,494,208	-	-	29,494,208
Total assets	\$ 111,597,395	\$ 64,773,498	\$ (64,773,498)	\$ 111,597,395
LIABILITIES AND MEMBERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 8,552,033	\$ -	\$ -	\$ 8,552,033
Accrued liabilities	2,625,987	-	-	2,625,987
Current portion of long-term debt	2,750,000	-	-	2,750,000
Total current liabilities	13,928,020	-	-	13,928,020
Long-term debt, net of current portion and debt issuance costs	25,067,386	-	-	25,067,386
Deferred revenue	7,828,491	-	-	7,828,491
Total liabilities	46,823,897	-	-	46,823,897
Members' equity	64,773,498	64,773,498	(64,773,498)	64,773,498
Total liabilities and members' equity	\$ 111,597,395	\$ 64,773,498	\$ (64,773,498)	\$ 111,597,395

Priority Power Management Holdings, LLC
Consolidating Statement of Operations
For Period February 7, 2019 (Inception) to December 31, 2019

	Priority Power Management, LLC	Priority Power Management Holdings, LLC	Consolidating Entries	Consolidated Balance
Revenues				
Infrastructure	\$ 68,624,611	\$ -	\$ -	\$ 68,624,611
Procurement	13,006,279	-	-	13,006,279
Lease	4,026,370	-	-	4,026,370
Service	2,513,308			2,513,308
Total revenues	88,170,568	-	-	88,170,568
Cost of goods sold	63,145,846	-	-	63,145,846
Total gross profit	25,024,722	-	-	25,024,722
Cost and expenses				
Operating expenses	10,521,265	-	-	10,521,265
General and administrative expenses	2,022,161	-	-	2,022,161
Depreciation and amortization expenses	8,948,316			8,948,316
Total operating expenses	21,491,742	-	-	21,491,742
Income from operations	3,532,980	-	-	3,532,980
Investment earnings in subsidiary	-	2,177,998	(2,177,998)	-
Interest expense, net	1,354,982	-	-	1,354,982
Net income	<u>\$ 2,177,998</u>	<u>\$ 2,177,998</u>	<u>\$ (2,177,998)</u>	<u>\$ 2,177,998</u>

Exhibit C-4. "Financial Arrangements"

Provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.,).

Priority Power Management, LLC will fund our Aggregator/Power Broker operations and services from current operating cash, thus we do not rely on any required guarantees, bank commitments, contractual arrangements, credit agreements, etc. to conduct business as an Aggregator/Power Broker.

Exhibit C-5. "Forecasted Financial Statements"

Provide two years of forecasted income statements for the applicant's ELECTRIC related business activities in the state of Ohio Only, along with a list of assumptions, and 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.

Priority Power Management, LLC has provided two (2) years of forecasted income statements for the applicant's ELECTRIC related business activities in the state of Ohio as requested herein.

The preparers of the enclosed forecast are:

Jeff Brooks
VP Operations
Priority Power Management, LLC
690 E. Lamar Blvd., Suite 500
Arlington, TX 76011
T (972) 314-9066
F (817) 887-0866
jbrooks@prioritypower.net

Coleen Lawrence
Controller
Priority Power Management, LLC
5012 Portico Way
Midland, TX 79707
T (432) 620-9100
F (432) 620-9145
clawrence@prioritypower.net

Forecast Revenue		
Month/Year	2020	2021
Jan	\$50,525.57	\$50,525.57
Feb	\$50,804.18	\$50,804.18
Mar	\$51,799.99	\$51,799.99
Apr	\$42,504.69	\$42,504.69
May	\$39,634.46	\$39,634.46
Jun	\$56,248.84	\$56,248.84
Jul	\$58,687.95	\$58,687.95
Aug	\$63,738.23	\$63,738.23
Sep	\$36,540.09	\$36,540.09
Oct	\$39,992.16	\$39,992.16
Nov	\$47,387.02	\$47,387.02
Dec	\$32,276.54	\$32,276.54
Grand Total	\$570,139.72	\$570,139.72

Exhibit C-6. "Credit Rating"

Provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody's Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant.

Priority Power Management, LLC has the following scores from the two credit agencies listed below:

- Dun and Bradstreet: 72
- Experian: 81

Report as of: 05-29-2020

PRIORITY POWER MANAGEMENT, LLC

ACTIVE

HEADQUARTERS

Address: 5012 Portico Way, Midland, TX, 79707, UNITED STATES

Alerts:

Risk Assessment

D&B Guidance

Overall Business Risk

Maximum Credit Recommendation

US\$ 39,500

Dun & Bradstreet Thinks...

- Overall assessment of this company: **STABILITY CONCERNS**
- Based on the perceived sustainability of this company: **MODERATELY-HIGHER-THAN-AVERAGE-RISK-OF-FINANCIAL-STRESS**
- Based on the payment behavior of this company: **LOW-POTENTIAL-FOR-SEVERELY-DELINQUENT-PAYMENTS**

The recommended limit is based on a moderately low probability of severe delinquency.

PAYDEX® Score

Based on 24 months of data

72

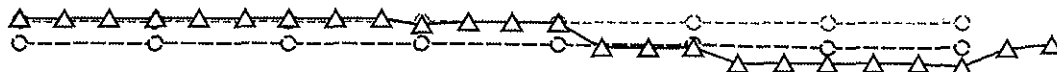
Low Risk (100)

High Risk (1)

Based on a D&B PAYDEX® Score of 72

Risk of Slow Pay
Low**Payment Behavior**
12 Days Beyond Terms

Business and Industry Trends



CreditScoreSM Report

as of: 05/28/20 16:24 ET

Priority Power Management, LLC

Address: 310 W Wall St Ste 500
Midland, TX 79701-5142
United States

Phone: 972-664-1610

Website: www.prioritypower.net

Experian BIN: 788301415

Family Linkage:

Ultimate Parent **Amen Properties, Inc**
Midland, TX United States

Parent / Headquarters **Nema Properties, LLC**
Las Vegas, NV United States

Subsidiaries **Ee Partners Limited**
Midland, TX United States

Branches / Alternative Locations Priority Power Management, LLC
4150 International PLZ Ste 102
Fort Worth, TX United States

Key Personnel: Chief Operating Officer: Kevin Yung
Vice President: Trenton Cogdill
Vice President: Charlie Hewitt

SIC Code: 8748-Business Consulting Services,
Nec

1389-Oil & Gas Field Services, Nec
1380-Oil & Gas Field Services

NAICS Code: 541618-Other Management
Consulting Services
213112-Support Activities For Oil And
Gas Operations
541611-Administrative Management
And General Management
Consulting Services

Business Type: Corporation
Experian File January 2001

Established:
Experian Years on File: 19 Years

Years in Business: 21 Years

Total Employees: 5

Sales: \$750,000

Click company name above for report options on related business. [More Info](#)

Experian Business Credit Score

[Back to top](#)

81

Business Credit
Score



Low Risk



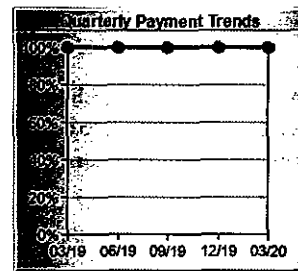
The objective of the Experian Business Credit Score is to predict payment behavior. High Risk means that there is a significant probability of delinquent payment. Low Risk means that there is a good probability of on-time payment.

Key Score Factors:

- Number of good commercial accounts.
- Pct of aged commercial accts to total nbr of accts.
- Length of time on Experian's file.
- Nbr of leasing accts as pct of total nbr of accts.

Business Credit Scores range from a low of 1 to high of 100 with this company receiving a score of 81. Higher scores indicate lower risk. This score predicts the likelihood of serious credit delinquencies within the next 12 months. This score uses tradeline and collections

Insufficient information to produce
Monthly Payment Trends
table.



*Percentage of on-time payments by quarter.

Quarterly Payment Trends - Recent Activity

Date	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT
03/19	0%	0%	0%	0%
06/19	0%	0%	0%	0%
09/19	0%	0%	0%	0%
12/19	0%	0%	0%	0%
03/20	100%	0%	0%	0%

Insufficient information to produce
Continuous Payment Trends
chart.

Insufficient information to produce
Newly Reported Payment Trends
chart.

Insufficient information to produce
Combined Payment Trends
chart.

Is this your business?

[UPDATE MY COMPANY INFORMATION](#)

Special Offers on Priority Power Management, LLC from Experian

This report contains **Payment Tradelines** which do not appear on this CreditScore report but do appear on the ProfilePlus Report. Payment Tradelines play an important role in establishing the credit score for this business. Upgrade now to the enhanced ProfilePlus report for only \$15, and you'll see the Payment Tradeline detail, Inquiry breakouts, UCC Filings, and more.

[Buy the enhanced report for \\$15.00 more](#)

Is this your business? Start monitoring your business today for only \$135 more (regularly \$189).

See additional trade and financial experiences available only in the premium report of our Business Credit Advantage subscriptions. Sourced from the top 10 largest business card issuers and 12 of the top 15 commercial lenders. Plus, get unlimited access, change alerts, comprehensive insights not seen here about your financial and trade data along with its source, customized **Score Improvement Tips**, and detection of your business identity on the Dark Web.

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Exhibit C-7. "Credit Report"

Provide a copy of the applicant's credit report from Experian, Dun and Bradstreet or a similar organization.

Priority Power Management, LLC has provided credit reports from Experian, as well as Dun and Bradstreet herein.

Exhibit C-8. "Bankruptcy Information"

Provide a list and description of any reorganization, 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.

Priority Power Management, LLC has never conducted any reorganization, protection from creditors or any other form of bankruptcy filings. The same holds true for any parent company or affiliates.

Exhibit C-9. "Merger Information"

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

In February 2019, ARA Partners Group, an industrial private equity firm that invests in companies with sustainable competitive advantages built upon greater resource efficiency, made a significant investment in Priority Power Management Holdings, LLC. ARA Partners Group is the majority shareholder in Priority Power Management Holding, LLC. Priority Power Management Holdings, LLC wholly owns Priority Power Management, LLC.

Exhibit C-10. "Corporate Structure"

Provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers and companies that aggregate customers in North America.

Priority Power Management, LLC is a Texas limited liability company and does not have any affiliates and or subsidiary companies that supply retail or wholesale electricity or natural gas to customers and companies that aggregate customers in North America.

