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March 12, 2013

Via Hand Delivery

Debra A. Howland Executive Director and Secretary NH Public Utilities Commission 21 S. Fruit Street, Suite 10 Concord, NH 03301

Re: PNE Energy Supply Company, LLC Resident Power, LLC DE 13-059/60

Dear Ms. Howland:

Hinckley, Allen & Snyder LLP represents PNE Energy Supply Company, LLC ("PNE") and Resident Power Natural Gas & Electric Solutions, LLC ("Resident Power") with respect to the above-captioned matters. This letter and the attached materials are in response to the Public Utility Commission's February 28, 2013 Order of Notice, which directed PNE and Resident Power to provide information and documents responsive to 11 separate requests. <u>Please be</u> <u>advised that the requested information, and this correspondence, constitutes highly sensitive</u> <u>commercial and proprietary information. As a result, PNE and Resident Power are requesting</u> <u>confidential treatment of these materials pursuant to Puc 2003.08</u>.

In addition, some of the requested information, such as monthly financial statements for February and March 2013, is not yet available. PNE and Resident Power will supplement these responses immediately upon obtaining additional information responsive to the Commission's requests.

Regarding the 11 information requests set forth in the Order of Notice, PNE and Resident Power respond to those requests as follows:

- 1. Organizational charts for PNE, Resident Power, and related companies: please see the charts attached at Tab 1.
- 2. Corporate records demonstrating current ownership of PNE and Resident Power: please see the corporate records attached at Tab 2.

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- 3. *PNE financial balance sheets for the period November 2012 through March 2013:* PNE balance sheets for November 2012, December 2012 and January 2013 are attached at <u>Tab 3</u>. Please note that the February balance sheet is not yet available, as PNE's controller is waiting for certain underlying financial documents, to include recent bank statements, vendor invoices and commission statements.
- Existing projection of PNE's finances for PNE's current and prior fiscal year: PNE's Profit & Loss statement for the period January-December 2012 is attached at <u>Tab 4</u>. Please note that apart from the financial balance sheets included at <u>Tab</u> <u>3</u>, a projection of PNE finances for the current fiscal year has not been prepared.
- 5. Existing statement, projection or estimation of PNE's ISO-NE financial obligations for November 2012 through April 2013: please see documents attached at Tab 5.
- Business plan or financial pro forma demonstrating PNE's plan for curing 6. financial default and restoring its status with ISO-NE: Curing the ISO default requires the re-capitalization of PNE's financial assurance account (FAA) in the amount of More than 80% of this default amount will be generated through the continued receipt of PNE accounts receivables income that is attributable to PNE operations up to February 20, 2013. As of February 20, 2013, the accounts receivables for all PNE customers totaled . Based on the current rate at which these accounts receivables are being paid, PNE anticipates that most of the 8 will have been received by the end of March 2013. The balance of the amount needed to re-capitalize PNE's FAA and cure the ISO default will be generated by related business that have the current ability to meet this financial obligation. Once the ISO default is cured, the capital requirements of PNE's FAA will immediately be reduced as a result in the reduction in PNE's load requirements funds. Accordingly, portions of the in PNE's FAA will be returned to PNE and available to meet the company's business needs.
- 7. Written communications with ISO-NE with respect to PNE's financial security obligations and ability to meet the same; written communications with ISO-NE with respect to the suspension of PNE's trading account and termination of PNE's load asset account: please see documents attached at Tab 7.
- 8. *List of commercial and industrial customers of PNE, both present and past:* please see documents attached at <u>Tab 8</u>. Please note that none of these customers were aggregated by Resident Power.
- 9. Sample copies of notices provided by Resident Power to customers, including: (1) the aggregation agreements sent the date the customers enroll with Resident Power (the "aggregator agreement"); and (2) the notices sent when Resident

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> Power placed the customer with a provider ("provider notice") pursuant to Puc 2004.08(a)(2): please see the documents attached at Tab 9. Resident Power acknowledges that these sample notices do not refer to Resident Power's relation (or its owner's relation) to PNE. Please note, however, that when Resident Power began operating as a registered aggregator in or about March 2011, PNE was not yet a licensed supplier and had not begun operations. (PNE was licensed in September 2011.) In the months following Resident Power's registration, Resident Power's management worked closely with PUC Staff on numerous issues, including the content of Resident Power's consumer notices. Resident Power and PUC Staff communicated closely on this issue throughout 2011, to include in-person meetings on May 19, 2011 and other dates. In addition to the content of Resident Power's consumer notices, Resident Power's management and PUC Staff also addressed issues such as the respective business plans for Resident Power and PNE. As a result, PUC Staff was advised of the common ownership of Resident Power and PNE. While PUC Staff requested revisions to certain aspects of Resident Power's consumer notices, Staff did not request that the consumer notices be revised to reflect the common ownership of Resident Power and PNE. Resident Power has understood and believed that its consumer notices complied with all PUC requirements.

- 10. Date each customer of Resident Power entered into an aggregation agreement and the date each notice referred to in item #9 above was sent to the customer: please see documents attached at Tab 10, as well as the response to #9, above.
- 11. Copy of February 6, 2013 P&S agreement between PNE, Resident Power and FairPoint Energy, and documents related to PNE and Resident Power's respective obligations to notify customers of the transfer and/or termination of their contracts with PNE and Resident Power: please see documents attached at Tab 11.

Thank you for the opportunity to present this information. Please do not hesitate to call should you have any questions.

Sincerely,

Christopher H.M. Carter CHMC/smc

Enclosures Cc: Client

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