

PLANET ENERGY CORP.

Notes to Consolidated Financial Statements

Year ended March 31, 2010

Planet Energy Corp. ("Planet Energy" or the "Company") was incorporated on October 10, 2006 under the Ontario Business Corporations Act. The Company's primary business activities are the sale of natural gas and/or electricity under long-term fixed-price and price-protected contracts, the rental of water heaters, furnaces and air conditioners and the sale of carbon offset credits and renewable energy certificates to residential and commercial customers.

Planet Energy operates its natural gas and electricity businesses through its wholly owned subsidiaries, Planet Energy (Ontario) Corp, Planet Energy (B.C) Corp., Planet Energy (Manitoba) Corp. and Energie Planete Inc. The Company's customers reduce or eliminate their exposure to price volatility for natural gas and electricity by fixing the price of these commodities under fixed price and price protected contracts for a period of up to five years. The Company's policy is to match the estimated commodity requirements of its customers by purchasing offsetting notional or physical volumes of natural gas and electricity at fixed prices for the term of the related customer contracts.

The Company also offers green products. The electricity green product offers customers the option of having all or a portion of their electricity sourced from renewable green sources, such as wind, through the sale of renewable energy certificates. The natural gas green product offers carbon offset credits which will allow the customer to reduce or eliminate the carbon footprint of their homes or businesses.

Through LivClean Corp. ("LivClean"), a wholly owned subsidiary, the Company sells and rents high efficiency and tankless water heaters, furnaces and air conditioners. LivClean also sells carbon offset credits.

1. Basis of presentation:

These audited consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("GAAP"). The going concern basis of presentation assumes that the Company will continue operations for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent on the continuation of the Company's relationship with Shell Energy North America (Canada) Inc. ("Shell") for the gas and electricity operations, the continuation of financing through the Company's existing loan and debenture arrangements for the water heater rental business and the achievement of profitable operations and positive cash flows in the future. There can be no assurance that the Company will be able to maintain its existing relationships with Shell, continue financing under its loan and debenture arrangements and generate sufficient cash flows to continue as a going concern.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

2. Significant accounting policies:

(a) Principles of consolidation:

The consolidated financial statements have been prepared in accordance with Canadian GAAP and include the accounts of Planet Energy and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on deposit, amounts deposited in money market funds, and term deposits maturing within 90 days of acquisition.

(c) Short-term investments:

Short-term investments include term deposits with maturities from the date of acquisition greater than three months and less than twelve months.

(d) Inventories:

Inventories of water heaters, furnaces and air conditioners held for installation, carbon offset credits and renewable energy certificates are valued at the lower of cost and net realizable value, with cost determined on a first-in, first-out basis. Effective April 1, 2008, the Company adopted The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3031, Inventories ("Section 3031"), as described in note 2(f).

(e) Unbilled revenue and accrued gas accounts payable or gas delivered in excess of consumption/deferred revenue:

Unbilled revenue is stated at estimated realizable value and results when customers consume more gas than has been delivered by the Company to local distribution companies ("LDCs"). Accrued gas accounts payable represents the obligation to the LDCs with respect to gas consumed by customers in excess of that delivered to the LDCs.

Gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Collections from customers in advance of their consumption of gas result in deferred revenue.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

2. Significant accounting policies (continued):

(f) Capital assets:

(i) Rental assets:

Rental assets are carried at cost less accumulated amortization. Cost includes the purchase price of the equipment and the cost of installation. Amortization is provided for on a straight-line basis over the estimated useful lives of the water heaters, furnaces and air conditioners of 15 years.

(ii) Other non-rental capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful lives of the assets and the half-year rule is applied to all assets in the first year they are acquired.

The following table sets out the rates used to determine amortization expense for non-rental capital assets:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	45%
Customer information system	Straight line	5 years
Computer software	Declining balance	100%
Leasehold improvements	Straight line	Lesser of useful life and term of lease

The Company reviews capital assets for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposal of the capital assets is less than their carrying value, these assets are considered to be impaired. The impairment loss is measured as the amount by which the carrying value exceeds its fair value.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

2. Significant accounting policies (continued):

(g) Derivative instruments:

Planet Energy's various derivative financial instruments have been recognized at fair value in the financial statements in accordance with the CICA's Emerging Issues Committee ("EIC") Abstract No. 128, Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments.

(i) Gas:

Planet Energy has entered into contracts with customers to provide natural gas at fixed prices. The customer gas contracts expose the Company to changes in market prices of natural gas and consumption levels. To reduce its exposure to changes in commodity prices, Planet Energy enters into physical gas supply contracts to purchase matching quantities of natural gas at fixed prices for equivalent terms to offset its delivery requirements under its customer gas contracts. Physical gas supply contracts are recorded in cost of sales when the physical gas is purchased. These physical gas supply contracts are not currently considered derivative financial instruments and a fair value has, therefore, not been assessed.

(ii) Electricity:

Planet Energy has entered into contracts with customers to provide electricity at fixed prices. The customer electricity contracts expose the Company to changes in market prices of electricity and consumption levels as Planet Energy is obligated to pay the LDCs the floating rate for electricity supplied by the LDCs to customers. To reduce its exposure to changes in commodity prices arising from the acquisition of electricity at floating or indexed rates, Planet Energy uses electricity derivative contracts. These electricity derivative contracts are fixed-for-floating swaps whereby Planet Energy agrees with a counterparty to cash settle the difference between the floating or indexed price and the fixed price on a notional quantity of electricity for a specified timeframe. The cash flow from these contracts is expected to be effective in offsetting the Company's electricity price exposure and serves to fix the Company's cost of electricity to be delivered under the fixed price customer contract. The Company does not apply hedge accounting to these electricity derivative contracts. Accordingly, these contracts are recorded at fair market value with changes in fair value recorded as current period income in change in fair value of derivative financial instruments.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

2. Significant accounting policies (continued):

(h) Revenue recognition:

Planet Energy delivers gas and/or electricity to end-use customers who have entered into long-term fixed price contracts. Revenue is recognized when the commodity is consumed by the end-use customer or sold to third parties.

Water heaters, furnaces and air conditioners are generally rented to consumers on a month-to-month basis without a fixed term. Rental revenue is recorded in the period the asset is installed and in use by the consumer, at the rate in effect at that time.

Sales and service revenue from the sale of goods and services is recognized when the service has been provided and the equipment is installed and accepted by the customer.

Sales of carbon offset credits and renewable energy certificates is recognized when persuasive evidence of an arrangement exists, the price is fixed or determinable, collectibility is reasonably assured and delivery has occurred.

(i) Selling expenses:

Commissions and various other costs related to obtaining and renewing customer contracts are charged to income in the period incurred. Commissions paid include an upfront portion and a residual payout over the term of the customer contract. If such customer terminates their contract, the residual payment ceases.

(j) Deferred financing fees:

Deferred financing fees are amortized over the term of the financing.

(k) Customer contracts:

The customer contracts represent the original fair value of existing customer consulting contracts acquired by the Company on the acquisition of North American Commodity Consultants Group Inc. (note 11). These contracts are amortized over their average estimated remaining life. The Company regularly evaluates existing customer contracts including the estimate of their useful lives.

PLANET ENERGY CORP.

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

2. Significant accounting policies (continued):

(l) Goodwill:

Goodwill, reflecting the excess of the acquisition and incremental costs over the fair value of assets purchased by the Company, is not amortized. The carrying amount of goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps; in the first step the carrying amount of the reporting unit including goodwill is compared with its fair value. When the fair value of a reporting unit including goodwill exceeds its carrying amount, goodwill of the reporting unit is not considered impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying value of a reporting unit exceeds its fair value, in which case, the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination.

(m) Stock-based compensation awards:

The Company accounts for its stock-based compensation awards using the fair value based method. Under this method, awards are valued at grant date and not subsequently adjusted. Compensation for these awards is recognized as an expense and a credit to contributed surplus over the related vesting period of the awards.

The Black-Scholes option pricing model is used to determine stock compensation values, which requires certain assumptions. Changes to any of these assumptions could produce different fair values for stock-based compensation. The Company uses the minimum value method for determining volatility, which permits private companies to use a nominal value for volatility.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

2. Significant accounting policies (continued):

(n) Financial instruments:

In April 2005, the CICA issued new accounting standards for financial instruments: Section 1530, Comprehensive Income ("Section 1530"), and Section 3855, Financial Instruments - Recognition and Measurement ("Section 3855"). Section 1530 addresses reporting and presentation of comprehensive income. Section 3855 addresses accounting and measurement for financial instruments, as well as non-financial derivatives in the financial statements. In addition, in December 2006, the CICA issued Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation. These sections establish standards for disclosing information about financial instruments and non-financial derivatives.

These new standards were effective for fiscal years beginning on or after October 1, 2007.

In September 2008, the Accounting Standards Board reached a consensus that non-publicly accountable enterprises could choose not to apply these financial instrument standards. This option has been retained by the Company.

(o) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that enactment or substantive enactment occurs.

In assessing the carrying amount of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. The Company considers projected taxable income, uncertainties related to the industry in which the Company operates and tax planning strategies in making this assessment.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

2. Significant accounting policies (continued):

(p) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Key estimates include the fair value of derivative financial instruments, the fair value of intangible assets and corresponding useful life, the estimated useful lives of rental assets, the net realizable values of inventories, the determination of stock-based compensation and the recoverability of future income tax assets. Actual results could differ from those estimates.

(q) Changes in accounting policies:

The following are changes to accounting policies implemented in the current year:

Goodwill and intangible assets:

On April 1, 2009 the Company adopted CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs, and establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The adoption of this standard did not have a material impact on the Company's financial statements.

(r) Previously adopted accounting policies:

(i) Inventories:

On April 1, 2008, the Company adopted Section 3031 which establishes standards for the measurement and disclosure of inventories. This new standard requires the measurement of inventories at the lower of cost and net realizable value and provides guidance on the determination of cost, including allocation of depreciation, overheads and other costs to inventory. The new standard also requires additional disclosures, including the accounting policies used in measuring inventories, the carrying amount of the inventories, amounts recognized as an expense during the year, write-downs and the amount of any reversal of any write-downs recognized as a reduction of expenses. The adoption of this standard did not have a material impact on the Company's financial statements.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

2. Significant accounting policies (continued):

(ii) Credit risk and the fair value of financial assets and financial liabilities:

On January 20, 2009, the CICA's EIC approved and issued Abstract No. 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"), which clarifies that the Company's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative financial instruments. EIC reached a consensus that entities that do not apply Section 3855 may defer application of the accounting treatment in the abstract to financial statements relating to fiscal years beginning on or after January 1, 2010. The Company has not deferred the application of the abstract and, as a result, has incorporated the provisions of EIC-173 in its fair value determinations effective March 31, 2009.

(s) Future accounting standards:

Business combinations:

In October 2008, the CICA issued Handbook Section 1582, Business Combinations ("Section 1582"), concurrently with Section 1601, Consolidated Financial Statements ("Section 1601"), and Section 1602, Non-Controlling Interest ("Section 1602"). Section 1582, which replaces Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. Section 1601, which replaces Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. Section 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for the Company's financial statements commencing on April 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. The new standards would only apply to the Company if it enters into a business combination.

3. Restricted cash/customer rebates payable:

Restricted cash and customer rebates payable represent rebate monies received from LDCs in Ontario as provided by the Independent Electricity System Operator. The Company is obligated to disperse the monies to eligible end-use customers in accordance with the Ontario Power Generation Rebate as part of Planet Energy's Retailer License conditions.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

4. Restricted investments:

The Company has designated funds as security for letters of credit outstanding at March 31, 2010 totalling \$853,520 (2009 - \$764,000). Funds are held in guaranteed investment certificates at annual interest rates ranging from 0.2% to 2.7% and maturing to October 28, 2010.

5. Capital assets:

	2010		2009	
	Cost	Accumulated amortization	Net book value	Net book value
Water heaters, furnaces and air conditioners	\$ 15,538,152	\$ 878,007	\$ 14,660,145	\$ 5,452,440
Furniture and fixtures	289,846	62,335	227,511	112,787
Computer equipment	181,370	82,725	98,645	44,126
Customer information system	255,407	20,734	234,673	133,200
Computer software	74,755	21,034	53,721	34,224
Leasehold improvements	58,234	18,753	39,481	13,858
	\$ 16,397,764	\$ 1,083,588	\$ 15,314,176	\$ 5,790,635

6. Financial instruments:

(a) Fair values:

(i) Derivative financial instruments:

Planet Energy has a variety of electricity supply contracts that are considered derivative financial instruments. The fair value of derivative financial instruments is the estimated amount that Planet Energy would pay or receive to dispose of these supply contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The Company has estimated the value of these contracts using a discounted cash flow method which employs market forward curves.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

6. Financial instruments (continued):

At March 31, 2010, Planet Energy had electricity fixed-for-floating swap contracts in Ontario which have been marked-to-market with the following terms:

Notional volumes (peak and off-peak)	0.25 MWh/h to 6.5 MWh/h
Total remaining notional volume (peak, off-peak)	707,226 MWh
Maturity dates	May 31, 2010 to March 31, 2015
Fixed price per MWh (in dollars)	\$33.25 to \$82.00
Fair value	\$10,090,635 unfavourable
Notional value	\$38,085,003

The settlements under commodity contracts of \$7,179,510 represent the net settlement payments on the Company's electricity swaps.

Planet Energy's, physical gas supply contracts are not currently considered derivative financial instruments and fair value has, therefore, not been assessed.

(ii) Financial assets and liabilities:

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, restricted cash and investments approximate their carrying values due to the short term to maturity of these financial instruments. The carrying value of obligation from assignment of rental contracts approximates the fair value as the terms and conditions of the financing arrangement are comparable to current market terms and conditions for similar obligations.

The fair value of the subordinated debenture approximates its carrying value. Fair value has been calculated using the future cash flows (principal and interest) of the actual outstanding debt, discounted at current market rates available to the Company for similar financial instruments.

The amounts due to shareholders of the parent company and to the parent company were not made at arm's length and, therefore, do not necessarily bear market terms. The amounts are not traded in any market and, consequently, it is not considered practical to determine their fair values.

PLANET ENERGY CORP.

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

6. Financial instruments (continued):

(b) Customer credit risk:

In Ontario, the LDCs provide collection services and assume the risk of any bad debts owing from customers. Therefore, Planet Energy receives the collection of customer account balances directly from the LDCs. Management believes that the risk of the LDCs failing to deliver payment to the Company is minimal.

(c) Supplier risk:

Planet Energy purchases the majority of the gas and electricity delivered to its customers through long-term contracts entered into with various suppliers. The Company has an exposure to supplier risk as the ability to continue to deliver gas and electricity to its customers is reliant upon the ongoing operations of these suppliers and their ability to fulfill their contractual obligations. 99% (2009 - 97%) of these gas and electricity purchases are with Shell.

7. Subordinated debenture:

During the year, LivClean issued an additional subordinated debenture to Venturelink Financial Services Innovation Fund Inc. and the Venturelink Diversified Income Fund Inc. (collectively "Venturelink") in the amount of \$1,000,000, for a total outstanding under the debenture agreement of \$4,500,000. LivClean can borrow a maximum amount of \$7,000,000 under the debenture agreement. Interest on the debenture is paid quarterly in arrears at an annual interest rate of 10%. The debenture is secured by a floating charge on all assets of LivClean and is senior to all unsecured creditors and any shareholder loans. The loan matures on January 5, 2014. The debenture may be paid in advance of maturity without penalty.

Additional interest on the debenture is payable upon maturity of the debt in the amount of \$10 per residential customer of LivClean, subject to a minimum of 50,000 and a maximum of 150,000 aggregate residential customers. If the debenture is prepaid in full within the first four years then the obligation of LivClean to pay the additional interest shall be terminated. No provision relating to this additional interest has been recorded as it is LivClean's intention to prepay the debenture within the first four years of the agreement.

PLANET ENERGY CORP.

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

7. Subordinated debenture (continued):

The debenture agreement has standard events of default including the requirement to comply with a number of specific covenants. A default rate of interest of 18% shall apply in the event of any recurring events of default. In addition, Venturelink shall not be required to make advances under the debenture agreement in the event there is a recurring event of default. As at March 31, 2010, all covenants have been met.

Warrants exercisable to purchase 80,000 common shares in the capital of Planet Energy at a strike price equal to \$20 per share were issued to Venturelink as part of the debenture agreement. Under Canadian GAAP, the warrants attached to the subordinated debenture must be allocated as part of the original proceeds and shown separately as a permanent component of equity. The proceeds of \$4,500,000 from the subordinated debenture were allocated to the debt and equity components as follows: \$3,361,600 to the debt and \$1,138,400 to the warrants. The amount allocated to the warrants represents the residual amount of the total proceeds after deducting the fair value of the debt. The fair value of the debt was determined based on the future payments of principal and interest for a debt instrument of comparable maturity and credit quality, excluding the issuance of the warrants. The principal amount of the debt will be returned to its face value over the life of the instrument with the accretion being charged to earnings.

The subordinated debenture as at March 31, 2010 is comprised of the following:

Balance, March 31, 2009	\$ 2,590,000
Addition	771,600
Accretion charge	172,526
Balance, March 31, 2010	\$ 3,534,126

Interest expense relating to the subordinated debenture for the year ended March 31, 2010 was \$427,397 (2009 - \$62,877).

PLANET ENERGY CORP.

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

8. Obligation from assignment of rental contracts:

On November 13, 2008, LivClean entered into a loan agreement with Home Trust Company ("HTC") to finance water heater rental contracts with certain of its customers. LivClean sells and assigns to HTC and HTC acquires all title and interest in each rental agreement and related equipment for a period of six years, after which all title and intent revert back to LivClean. The assignment of the rental payments is accounted for as a loan in accordance with CICA Handbook Section 3065, Leases, since substantial risks of ownership in connection with rental equipment remains with LivClean.

HTC's term for the funding of the acquisition of each and every rental application and agreement is six years with an effective interest rate of 8.9% (9.9% prior to July 1, 2009). At the time of each funding by HTC to the Company, HTC will deduct a cash reserve percentage of 3% of the funding. The 3% must be maintained at all times. When all obligations of LivClean are satisfied or expired, all remaining funds in the reserve account shall immediately be released to LivClean. This reserve balance is \$504,425 at March 31, 2010 (\$44,328 at March 31, 2009) and has been netted against the obligation.

Repayments under these obligations are due as follows:

2011	\$ 3,655,720
2012	3,655,720
2013	3,655,720
2014	3,607,924
2015	1,848,652
Thereafter	20,079,456
Less amount representing interest at effective rates of 8.9% and 9.9% per annum	4,387,865
Present value of net minimum payments	15,691,591
Less HTC holdback	504,425
Less current portion	2,737,689
	<u>\$ 12,449,477</u>

Interest expense on the obligation from the assignment of rental contracts for the year ended March 31, 2010 was \$736,317 (2009 - \$37,803).

PLANET ENERGY CORP.

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

9. Due to shareholders:

The amounts due to shareholders bear interest at an annual rate of 12%, are unsecured and due on demand. The shareholders have confirmed that repayment will not be demanded before April 1, 2011. Interest of \$285,895 (2009 - \$189,422) relating to these loans has been included in interest expense.

10. Economic dependence:

On May 5, 2008, Planet Energy entered in a natural gas purchase and sale agreement and electricity swap agreement with Shell. The Company's obligations to Shell are secured by the grant of a first priority security interest on all of Planet Energy's gas and electricity customer contracts. Planet Energy is required to meet a number of specific covenants under the various agreements. As at March 31, 2010, all covenants have been met.

Approximately 99% (2009 - 97%) of the Company's purchases are made from Shell.

11. Purchase of North American Commodity Consultants Group Inc.:

On April 1, 2009, Planet Energy purchased all of the issued and outstanding common shares of North American Commodity Consultants Group Inc. ("NACC") for total consideration of \$900,856.

The acquisition of NACC was accounted for using the purchase method of accounting. The Company allocated the purchase price to the identified assets and liabilities acquired based of their fair values at the time of acquisition as follows:

Net assets acquired:	\$	69,055
Net working capital		552,240
Customer contracts		279,561
Goodwill		
Total consideration	\$	900,856

The customer contracts are amortized over the average remaining life at the time of acquisition of two years.

PLANET ENERGY CORP.

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

12. Sale of customer contracts:

On April 1, 2008, the Company sold the customer lists and related contracts associated with its natural gas business in British Columbia, along with the existing long-term natural gas purchase contract for \$340,000.

13. Share capital:

(a) Common shares of the Company

	2010	2009
Authorized: Unlimited voting common shares, each share is entitled to one vote		
Issued: 922,500 common shares	\$ 8,450,010	\$ 8,450,010

In 2009, 80,000 warrants were issued to Venturelink as part of the debenture agreement described in note 7. Each warrant entitles Venturelink to purchase a common share in the capital of the Company at a strike price equal to \$20 per share. If the debenture is repaid at or after the maturity date of January 5, 2014, the expiry of the warrants will be the earlier of the date of occurrence of a liquidity event and two years after repayment of the debenture. If the debenture is repaid prior to the maturity date, the expiry of the warrants will be the earlier of the date of occurrence of a liquidity event and six years from the close of the transactions.

No warrants were exercised during the year.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

13. Share capital (continued):

(b) Subscription of common shares not yet issued:

On February 8, 2010, a future shareholder irrevocably subscribed to purchase from the Company 40,000 common shares for total consideration of \$1,500,000 of which \$830,000 was received prior to March 31, 2010 as an advance payment. The advance payment of \$830,000 has been included in shareholders' deficiency as at March 31, 2010. The total consideration of \$1,500,000 will be credited to share capital once the common shares have been issued.

As at March 31, 2010, no shares have been issued.

(c) Contributed surplus:

On April 1, 2009, the Company granted 45,000 options. The fair value of the options granted using Black-Scholes option pricing model is \$75,089 (2009 - nil), of which \$45,887 was expensed during the year. The fair value of the options granted at an exercise price of \$20 per common share was calculated using a weighted average risk-free interest rate of 1.75%, a nominal value for expected volatility, a dividend yield of 0% and an expected life of five years. No options have been exercised as at March 31, 2010.

14. Income taxes:

The Company has losses for income tax purposes of approximately \$8,308,000 (2009 - \$5,859,000) available to reduce future years' income for tax purposes which expire between 2027 and 2030. In addition, the Company has net future deductible temporary differences related to capital assets, unrealized losses on commodity contracts and long-term debt of approximately \$14,364,000 (2009 - \$6,509,000). The potential future tax benefit of these losses and other future deductions has not been recognized since management has determined that it is more likely than not that these amounts will not be realized in the foreseeable future.

PLANET ENERGY CORP.

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

15. Business segments:

The Company has two reportable segments, gas and electricity marketing and carbon neutral home services. Gas and electricity marketing includes the sale of natural gas and electricity long-term fixed price contracts, and carbon neutral home services include the rental of high efficiency and tankless water heaters, furnaces and air conditioners and sale of carbon offset credits and renewable energy certificates. The following table presents the Company's results from continuing operations by business segment for the year ended March 31, 2010:

	Gas and electricity marketing	Carbon neutral home services	Total
Revenue	\$ 40,481,478	\$ 4,388,786	\$ 44,870,264
Cost of sales	28,769,313	1,397,938	30,167,251
Gross profit	11,712,165	2,990,848	14,703,013
Expenses:			
Selling	2,136,746	3,689,904	5,826,650
General and administrative	2,681,533	2,629,130	5,310,663
Amortization	384,897	—	384,897
Stock-based compensation	45,887	—	45,887
	5,249,063	6,319,034	11,568,097
Operating income (loss) before the undernoted	6,463,102	(3,328,186)	3,134,916
Other expenses (income):			
Interest and other income	(27,021)	(7,884)	(34,905)
Interest and other financing fees	23	1,870,711	1,870,734
Accretion expense on subordinated debenture	—	172,526	172,526
Settlements under commodity contracts (note 6)	7,179,510	—	7,179,510
Change in fair value of derivative financial instruments (note 6)	3,885,593	—	3,885,593
	11,038,105	2,035,353	13,073,458
Loss for the year	\$ (4,575,003)	\$ (5,363,539)	\$ (9,938,542)

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

15. Business segments (continued):

	Gas and electricity marketing	Carbon neutral home services	Total
Total assets	\$ 6,700,632	\$ 17,158,130	\$ 23,858,762
Purchase of capital assets	424,614	9,953,725	10,378,339
Goodwill	279,561	—	279,561

The Company operates in one geographic segment: Canada.

16. Commitments:

(a) Commitments for premises and equipment under operating lease obligations for each of the next four years and thereafter are as follows:

2011	\$ 467,582
2012	459,431
2013	124,230
2014	21,615
	<u>\$ 1,072,858</u>

(b) Commitments under long-term gas and electricity contracts for each of the next five years and thereafter are as follows:

2011	\$ 21,619,478
2012	14,545,909
2013	10,980,333
2014	4,317,662
2015	1,257,664
	<u>\$ 52,721,046</u>

Planet Energy is also committed under long-term contracts with customers to supply gas and electricity. These contracts have various expiry dates and renewal options.

PLANET ENERGY CORP.

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2010

16. Commitments (continued):

(c) Commitments for the purchase of carbon offset credits for each of the next three years and thereafter are as follows:

2011	\$ 74,000
2012	74,000
2013	74,000
	<u>\$ 222,000</u>

(d) Commitments for the purchase of renewable energy certificates for each of the next three years and thereafter are as follows:

2011	\$ 100,800
2012	100,800
2013	94,500
2014	49,350
	<u>\$ 345,450</u>

(e) The Company has outstanding letters of credit totalling \$853,520 at March 31, 2010 (2009 - \$764,000).

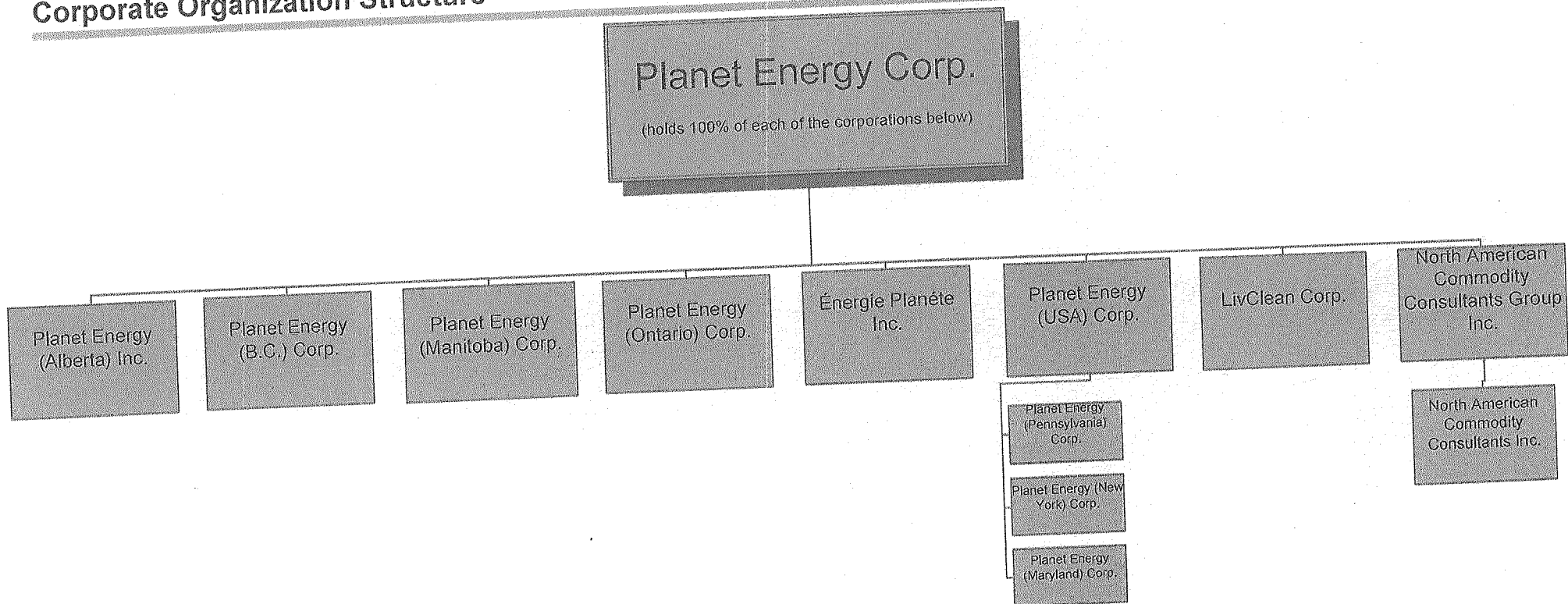
17. Contingencies:

The Company is involved in claims and legal actions in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position or liquidity.

18. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Corporate Organization Structure



- Provide the name, title, address, telephone number and FAX number of Applicant's custodian for its accounting records.

18. **TECHNICAL FITNESS:** To ensure that the present quality and availability of service provided by natural gas utilities does not deteriorate, the Applicant shall provide sufficient information to demonstrate technical fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following: **(please see attached)**

- The identity of the Applicant's officers directly responsible for operations, including names and their professional resumes.
- A copy of any Federal energy license currently held by the Applicant.
- Proposed staffing and employee training commitments.
- Business plans.

19. **TRANSFER OF LICENSE:** The Applicant understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. See 66 Pa. C.S. Section 2208(D). Transferee will be required to file the appropriate licensing application.

20. **UNIFORM STANDARDS OF CONDUCT AND DISCLOSURE:** As a condition of receiving a license, Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission.

21. **REPORTING REQUIREMENTS:** Applicant agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:

- a. Reports of Gross Receipts: Applicant shall report its Pennsylvania intrastate gross receipts to the Commission on an annual basis no later than 30 days following the end of the calendar year.

Applicant will be required to meet periodic reporting requirements as may be issued by the Commission to fulfill the Commission's duty under Chapter 22 pertaining to reliability and to inform the Governor and Legislature of the progress of the transition to a fully competitive natural gas market.

22. **FURTHER DEVELOPMENTS:** Applicant is under a continuing obligation to amend its application if substantial changes occur in the information upon which the Commission relied in approving the original filing.

23. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.

24. **FEE:** The Applicant has enclosed the required initial licensing fee of \$350.00 payable to the Commonwealth of Pennsylvania.

Applicant: Planet Energy (Pennsylvania) Corp

By: _____

Title: Executive VP & CEO

Section 18. Technical Fitness

a.) Experience, Plan Structure:

Planet Energy (Pennsylvania) Corp. is a part of the Planet Energy group of companies. Through its various affiliates, Planet Energy Corp. currently offers retail energy products in the following jurisdictions:

- Ontario: Planet Energy (Ontario) Corp. – natural gas and electricity
 - British Columbia: Planet Energy (B.C.) Corp. – natural gas
 - Manitoba: Planet Energy (Manitoba) Corp. – natural gas
 - Quebec: Planet Energy Inc./Energie Planete Inc. – natural gas
- (Copies of Planet's current licenses are attached hereto)

Through these retail supply affiliates Planet currently serves approximately 30,000 residential and 5,000 commercial customers. Products offered to customers include variable rate, term fixed rate and hybrid products as well as green energy options.

Planet Energy is currently taking steps to expand its retail energy product offerings to the following jurisdictions;

- Pennsylvania: Planet Energy (Pennsylvania) – natural gas and electricity
- New York: Planet Energy (New York) – natural gas and electricity
- Maryland: Planet Energy (Maryland) – natural gas and electricity

Planet Energy's founders and senior executive team (Paul DeVries – President; Chris Gaffney – Executive Vice President and Chief Legal Officer and David Ellis – Executive Vice President and Chief Operating Officer) have a many years experience in the energy industry (professional resumes attached). Prior to starting Planet Energy, Paul DeVries, Chris Gaffney and David Ellis were at the Energy Savings Group of Companies (now Just Energy) and held the positions of President, General Counsel and Chief Operating Officer. During their tenure at Energy Savings, the customer base grew from 225,000 to well over 1,000,000 and the territory in which products were offered expanded from Ontario only, to Ontario, Quebec, British Columbia, Alberta, Manitoba, Illinois, New York and Indiana.

Planet Energy, under the direction of Mr. Ellis, has internally developed proprietary Customer Information and Billing systems for dealing with its customer base and approximately 80 electric utilities in the Province of Ontario and six natural gas utilities. Planet Energy is currently modifying such systems for its expansion into Pennsylvania, New York and Maryland. Planet Energy has also contracted with EC Infosystems to be its "market connect" provider in such states. In addition to the expertise of Planet's founders, Planet Energy's management and staff have extensive experience in multiple US and Canadian markets with various deregulated electricity and natural gas suppliers including Just Energy, Constellation, Direct Energy, and Universal Energy, with some staff having held senior operational level management positions in these organizations.

Planet Energy purchases its natural gas and electricity supply from Shell Energy North America, a highly respected and creditworthy counterparty. Planet Energy is a member of both PJM and NYISO (documentation attached).

AFFIDAVIT

Province of Ontario

ss.

City of Mississauga

Paul DeVries, Affiant, being duly sworn according to law, deposes and says that:

He is the President and Chief Executive Officer of Planet Energy (Pennsylvania) Corp.;

That he is authorized to and does make this affidavit for said Applicant;

That Planet Energy (Pennsylvania) Corp., the Applicant herein, acknowledges that Planet Energy (Pennsylvania) Corp. may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania.

That Planet Energy (Pennsylvania) Corp., the Applicant herein, asserts that he possesses the requisite technical, managerial, and financial fitness to render natural gas supply service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.


That Planet Energy (Pennsylvania) Corp., the Applicant herein, certifies to the Commission that it is subject to, will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 22 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall report to the Commission its jurisdictional natural gas sales for ultimate consumption, for the previous year or as otherwise required by the Commission. The Applicant also acknowledges that it is subject to 66 Pa. C.S. §506 (relating to the inspection of facilities and records).

Applicant, by filing of this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, and shall consent to the Department of Revenue providing that information to the Pennsylvania Public Utility Commission.

That Planet Energy (Pennsylvania) Corp., the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 Pa. C.S. §506, and the standards and billing practices of 52 P.A. Code Chapter 56.

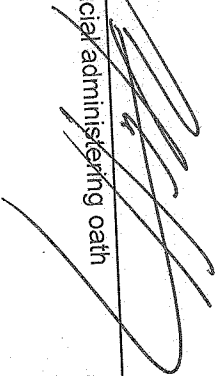
That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Commission's Office of Communications or other Commission bureaus. Materials and information requested may be analyzed by the Commission to meet obligations under applicable sections of the law.

That the facts above set forth are true and correct/true and correct to the best of his/her knowledge, information, and belief.



Signature of Affiant

Sworn and subscribed before me this 29th day of November, 2010.



Signature of official administering oath

My commission does not expire.

AFFIDAVIT

Province of Ontario

:
:
ss.

City of Mississauga

Paul DeVries, Affiant, being duly sworn according to law, deposes and says that:

He is the President and Chief Executive Officer of Planet Energy (Pennsylvania) Corp.;

That he is authorized to and does make this affidavit for said Applicant;

That Planet Energy (Pennsylvania) Corp., the Applicant herein certifies that it has caused the notice of the filing of its license application to be published in the following newspapers on _____:

A copy of the notice as it appeared in each of the above newspapers is attached. Noted on each copy is the newspaper section (name, number or letter), if applicable, and the page number on which the notice appeared.

That Planet Energy (Pennsylvania) Corp., the Applicant will submit to the Commission the proof of publication from each newspaper in which notice of the application filing was published as soon as it is available.

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 hearing.

Signature of Affiant

Sworn and subscribed before me this _____ day of November, 2010

Signature of official administering oath

My commission does not expire.

AFFIDAVIT

Province of Ontario

ss.

City of Mississauga

Paul DeVries, Affiant, being duly sworn according to law, deposes and says that:

He is the President and Chief Executive Officer of Planet Energy (Pennsylvania) Corp.

That he is authorized to and does make this affidavit for said Applicant;


That the Applicant herein Planet Energy (Pennsylvania) Corp. has the burden of producing information and supporting documentation demonstrating its technical and financial fitness to be licensed as a natural gas supplier pursuant to 66 Pa. C.S. §2208(c)(1).

That the Applicant herein Planet Energy (Pennsylvania) Corp. has answered the questions on the application correctly, truthfully, and completely and provided supporting documentation as required.

That the Applicant herein Planet Energy (Pennsylvania) Corp. acknowledges that it is under a duty to update information provided in answer to questions on this application and contained in supporting documents.

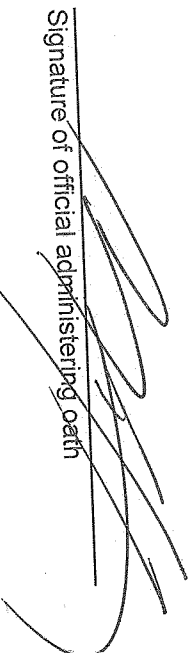
That the Applicant herein Planet Energy (Pennsylvania) Corp. acknowledges that it is under a duty to supplement information provided in answer to questions on this application and contained in supporting documents as requested by the Commission.

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 hearing.



Signature of Affiant

Sworn and subscribed before me this 29th day of November, 2010.



Signature of official administering oath

My commission does not expire.

APPENDIX A

COMMONWEALTH OF PENNSYLVANIA PUBLIC UTILITY COMMISSION

TAX CERTIFICATION STATEMENT

A completed Tax Certification Statement must accompany all applications for new licenses, renewals or transfers. Failure to provide the requested information and/or any outstanding state income, corporation, and sales (including failure to file or register) will cause your application to be rejected. If additional space is needed, please use white 8 1/2" x 11" paper. Type or print all information requested.

1. CORPORATE OR APPLICANT NAME
Planet Energy (Pennsylvania) Corp.

2. BUSINESS PHONE NO. (905) 755-9119
CONTACT PERSON(S) FOR TAX ACCOUNTS: Mary Meffe ext. 3026

3. TRADE/INDUSTRY NAME (IF ANY)

Same as above

4. LICENSED ADDRESS (STREET, RURAL ROUTE, P.O. BOX NO.) (POST OFFICE) STATE (ZIP)
800 - 10 Kingsbridge Garden Circle, Mississauga, Ontario L5R 3K6

5. TYPE OF ENTITY SOLE PROPRIETOR PARTNERSHIP CORPORATION
 LLC OTHER (Describe...)

6. LIST OWNERS, GENERAL PARTNERS OR CORPORATE OFFICERS	
<p>NAME (PRINT) Paul DeVries - President & CEO</p> <p>NAME (PRINT) Christopher Gaffney - Executive VP & CLO</p> <p>NAME (PRINT) David Ellis - Executive VP & COO</p> <p>NAME (PRINT) Mary Meffe - Chief Operating Officer</p>	<p>SOCIAL SECURITY NUMBER (OPTIONAL) - - - - -</p> <p>SOCIAL SECURITY NUMBER (OPTIONAL) - - - - -</p> <p>SOCIAL SECURITY NUMBER (OPTIONAL) - - - - -</p> <p>SOCIAL SECURITY NUMBER (OPTIONAL) - - - - -</p>

7. LIST THE FOLLOWING STATE & FEDERAL TAX IDENTIFICATION NUMBERS (ALL ITEMS A, B, & C MUST BE COMPLETED)
Applicant must provide explanation if submitting N/A for any items

Item A - Designated by the Pennsylvania Department of Revenue.
Item B - Designated by the Internal Revenue Service.
Item C - Designated by the Pennsylvania Department of Revenue. The Corporate Box number may also be referred to as the Corporate Account number.

<p>A. SALES TAX LICENSE (8 DIGITS)</p> <p>8 5 - 2 4 7 3 4 - 7 </p>	<p>APPLICATION PENDING <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>	<p>C. CORPORATE BOX NUMBER (7 DIGITS)</p> <p>9 5 2 6 9 2 9 </p>	<p>APPLICATION PENDING <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>
<p>B. EMPLOYER ID (EIN) (9 DIGITS)</p> <p>2 7 - 3 5 9 8 5 8 8 </p>	<p>APPLICATION PENDING <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p>		

8. Do you have Pennsylvania employees, resident or non-resident? YES NO

9. Do you own any assets or have an office in PA? YES NO

NAME AND PHONE NUMBER OF PERSON(S) RESPONSIBLE FOR FILING TAX RETURNS

<p>Mary Meffe PA SALES AND USE TAX 289-360-3026</p>	<p>Mary Meffe EMPLOYER TAXES 289-360-3026</p>
<p>Mary Meffe CORPORATE TAXES 289-360-3026</p>	

PHONE _____ PHONE _____

Telephone inquiries about this form may be directed to the Pennsylvania Department of Revenue at the following numbers:
(717) 772-2673, TDD# (717) 772-2252 (Hearing Impaired Only)

Appendix B

Page 1 of 2

Sample Disclosure Statement Format for Natural Gas Suppliers

This is an agreement for natural gas services, between NGS name and customer's name and full address.

Background

We at Planet Energy (Pennsylvania) Corp. are licensed by the Pennsylvania Public Utility Commission to offer and supply natural gas services in Pennsylvania. Our PUC license number is A-110XXX.

- We set the prices and charges that you pay. The Public Utility Commission regulates distribution or delivery prices and services. The Federal Energy Regulatory Commission regulates interstate pipeline prices and services.
- If you ask us, we can bill you directly for our service.
- Right of Recision - You may cancel this agreement at any time before midnight of the third business day after receiving this disclosure.

Definitions

- Interstate Pipeline Charges - Charges for moving natural gas to the distribution lines of a distribution company.
- Nonbasic Charges - *Define each nonbasic service being offered.*

Terms of Service

1. (a) **Basic Service Prices** - *Itemize Basic Services you are billing for and their prices.*

You will pay rate per (Mcft/Dth/ccf) for the commodity of natural gas.
Suppliers are to include any variable pricing conditions and limits, if charging a variable rate.

You will pay rate per (Mcft/Dth/ccf) for other natural gas service.
Suppliers are to include transmission service prices if billed.

2. (b) **Nonbasic Service Prices** - *Itemize Nonbasic Services you are offering and their prices.*
Length of Agreement

You will buy your natural gas services for the above street address from company's name beginning date through date of expiration, if any.

3. **Special Terms and Conditions** - *List and explain all that apply.*
Sign-up bonuses
Add-ons
Limited time offers
Other Sales Promotions
Exclusions
4. **Special Services** - *Provide explanation of price, terms and conditions, including advanced metering deployment, if applicable.*

- 5. **Penalties, Fees and Exceptions** - List any that apply including a late payment charge. The print size for this section must be larger than the print in the rest of the agreement.
- 6. **Cancellation Provisions** - This category may consist of both customer initiated cancellation provisions and supplier initiated cancellation provisions.
- 7. **Renewal Provision** - If this is a fixed term agreement with automatic renewal, explain the procedure here.
- 8. **Agreement Expiration/Change in Terms**
If you have a fixed term agreement with us and it is approaching the expiration date or if we propose to change our terms of service, we will send you written notice in each of our last three bills or in separate mailings before either the expiration date or the effective date of the changes. We will explain your options in these three advance notices.

9. **Dispute Procedures**
Contact us with any questions concerning our terms of service. You may call the PUC if you are not satisfied after discussing your terms with us.

10. **Contact Information**
Supplier Name: Planet Energy (Pennsylvania) Corp.
Address: 800 – 10 Kingsbridge Garden Circle
Mississauga, ON L5R 3K6

Phone Number: 905-755-9119
Internet Address: www.planetenergy.ca

Distribution Company Name: _____
Provider of Last Resort Name: _____
Address: _____

Phone Number: _____

Public Utility Commission (PUC)
Address: P.O. Box 3265 Harrisburg, PA 17105-3265
Natural Gas Competition Hotline Number: 1-888-xxx-xxxx
Universal Service Program Name: _____
Phone Number: _____

APPENDIX C
EXAMPLE FORM OF NOTICE

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
NOTICE

Application of Planet Energy (Pennsylvania) Corp. (d/b/a "Planet Energy") For Approval To Offer, Render, Furnish Natural Gas Supply Services as a Marketer/Broker or Aggregator Engaged In The Business Of Supplying Natural Gas Supply Services, To The Public In The Commonwealth Of Pennsylvania, Docket No. A-125XXX

On November 26, 2010, Planet Energy (Pennsylvania) Corp. filed an application with the Pennsylvania Public Utility Commission ("PUC") for a license to provide natural gas supply services as (1) a supplier of natural gas, (2) a broker/marketer engaged in the business of supplying natural gas, and (3) an aggregator engaged in the business of providing natural gas supply services. Planet Energy proposes to sell natural gas and related services throughout all of Pennsylvania under the provisions of the new Natural Gas Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Planet Energy may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to Planet Energy attorney at the address listed below. Please include the PUC's "docket number" on any correspondence, which is A-125XXX.

By and through Counsel: Christopher Gaffney

Planet Energy (Pennsylvania) Corp.

800 – 10 Kingsbridge Garden Circle

Mississauga, Ontario L5R 3K6

Tel: 289-360-3002

Fax: 289-360-2865

APPENDIX D

Standards of Conduct

- (1) The [natural gas distribution company] should apply its tariffs in a nondiscriminatory manner to its affiliate, its own marketing division and any nonaffiliate.
- (2) The [natural gas distribution company] should likewise not apply a tariff provision in any manner that would give its affiliate or division an unreasonable preference over other marketers with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or nondelivery, and all other services provided to its affiliated suppliers.
- (3) If a tariff provision is mandatory, the [natural gas distribution company] should not waive the provision for its affiliate or division absent prior approval of the Commission.
- (4) If a tariff provision is not mandatory or provides for waivers, the [natural gas distribution company] should grant the waivers without preference to affiliates and divisions or non-affiliates.
- (5) The [natural gas distribution company] should maintain a chronological log of tariff provisions for which it has granted waivers. Entries should include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. Any chronological log should be open for public inspection during normal business hours.
- (6) The [natural gas distribution company] should process requests for transportation promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. The [natural gas distribution company] should maintain a chronological log showing the processing of requests for transportation services. Any chronological log should be open for public inspection during normal business hours.
- (7) Transportation discounts and fee waivers and rebates provided to the [natural gas distribution company's] or its marketing affiliate's favored customers should be offered to other similarly situated customers and should not be tied to any unrelated service, incentive or offer on behalf of either the parent or affiliate. A chronological

log should be maintained showing the date, party, time and rationale for the action. Any chronological log should be open for public inspection during normal business hours.

- (8) The [natural gas distribution company] should not disclose any customer proprietary information to its marketing affiliate or division, and to the extent that it does disclose customer information, it should contemporaneously provide this same information to other similarly situated marketers in a similar fashion so as not to selectively disclose, delay disclosure, or give itself or its affiliate any undue advantage related to the disclosure. A chronological log should be maintained showing the date, time and rationale for the disclosure. Any chronological log should be open for public inspection during normal business hours. A natural gas distribution company should not provide information received from non-affiliated customers or suppliers to its affiliated natural gas suppliers.
- (9) The [natural gas distribution company] should justly and reasonably allocate to its marketing affiliate or division the costs or expenses for general administration or support services.
- (10) The [natural gas distribution company] selling surplus gas supplies and/or upstream capacity on a short-term basis (as defined by the Federal Energy Regulatory Commission) to its affiliate should make supplies available to similarly situated marketers on a nondiscriminatory basis. The [natural gas distribution company] should not make any gas supplies and/or upstream capacity available through private disclosure to the [natural gas distribution company's] affiliate unless the availability is made simultaneously with public dissemination in a manner that fairly apprises interested parties of the availability of the gas supplies and/or upstream capacity. The [natural gas distribution company] should maintain a chronological log of these public disseminations. Any chronological log should be open for public inspection during normal business hours.
- (11) The [natural gas distribution company] should not condition or tie agreements to release interstate pipeline capacity to any service in which the [natural gas distribution company] or affiliate is involved.
- (12) The [natural gas distribution company] should not directly or by implication . . . represent to any customer, supplier or third party that an advantage may accrue to any party through use of the [natural gas distribution company's] affiliate or subsidiary.

- (13) The [natural gas distribution company] should establish and file with the Commission a complaint procedure for dealing with any alleged violations of any of the standards listed in paragraphs (1) through (12), this paragraph or paragraphs (14) and (15), excepting for paragraph (9), which should be exclusively under the purview of the Commission. These procedures should be developed in consultation with interested parties during consideration of any tariff guided by this section and §69.191 (relating to general). The Commission may expect establishment of a complaint procedure or other recordkeeping requirements if warranted by subsequent facts or circumstances.
- (14) The [natural gas distribution company] should keep a chronological log of any complaints, excepting paragraph (9), regarding discriminatory treatment of natural gas suppliers. This chronological log should include the date and nature of the complaint and the [natural gas distribution company's] resolution of it. Any chronological log should be open for inspection during normal business hours.
- (15) Parties alleging violations of these standards may pursue their allegations through the Commission's established complaint procedures. A complainant bears the burden of proof consistent with 66 Pa. C.S. (relating to Public Utility Code) in regard to the allegations.
- (16) Licensees shall provide accurate information about their natural gas supplier services using plain language and common terms. Where new terms are used, such terms must be defined again using plain language: Information should be provided in a format which will allow for comparison of the various natural gas supply services offered and the prices charged for each type of service.
- (17) Licensees shall provide notification of the change in conditions of service, intent to cease operation as an natural gas supplier, explanation of denial of service, proper handling of deposits and proper handling of complaints in accordance with Commission regulations where applicable.
- (18) Licensees shall maintain the confidentiality of customers' historic payment information and right of access to their own load and billing information.

- (19) Licensees shall not discriminate in the provision of natural gas supply services as to availability and terms of service based on race, color, religion, national origin, sex, marital status, age receipt of public assistance income, and exercise of rights under the Consumer Credit Protection Act, 15 U. S. C. §§1691-1691f; Regulation B, 12 C.F.R. §§202-202.14.
- (20) Licensees will be responsible for any fraudulent deceptive or other unlawful marketing or billing acts performed by their agents or representatives. Licensee shall inform consumers of state consumer protection laws that govern the cancellation or rescission of natural gas supply service contracts. 73 P. S. §201-7.
- (21) The natural gas distribution company shall not give any affiliate or marketing division preference over a non-traditional affiliate in the provision of goods and services such as processing requests for information, complaints and responses to service interruptions. The natural gas distribution company shall provide comparable treatment without regard to a customer's chosen natural gas supplier.
- (22) No transaction between the natural gas distribution company and an affiliated natural gas supplier shall involve an anti-competitive cross-subsidy and all such transactions shall comply with applicable law.
- (23) Natural gas distribution company employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, shall not be shared with an affiliated or divisional Supplier, and their offices shall be physically separated from the office(s) used by those working for the Supplier. Such natural gas distribution company employees may transfer to a Supplier provided such transfer is not used as a means to circumvent these interim standards of conduct. Any supplier shall have its own direct line management. Any shared facilities shall be fully and transparently allocated between the natural gas distribution company and function and the Supplier function. The natural gas distribution company accounts and records shall be maintained such that the costs a Supplier incurs may be clearly identified.
- (24) (a) Neither the natural gas distribution company nor an affiliated or divisional Supplier may directly or by implication falsely and unfairly represent:

- that the Pa PUC jurisdictionally regulated services provided by the natural gas distribution company are of a superior quality when power is purchased from an affiliated or divisional Supplier; or
- that the merchant services (for natural gas) are being provided by the natural gas distribution company rather than an affiliated or divisional Supplier;
- that the natural gas purchased from a Supplier that is not an affiliate or division of the natural gas distribution company may not be reliably delivered;
- that natural gas must be purchased from an affiliate or divisional Supplier to receive Pa PUC jurisdictional regulated services.

(b) The natural gas distribution company shall not jointly market or jointly purchase its Pa PUC jurisdictional regulated services with the services of an affiliated or divisional Supplier. This prohibition includes prohibiting the natural gas distribution company from including bill inserts in its natural gas distribution company bills promoting an affiliated or divisional Supplier's services, and further precludes a reference or link from the natural gas distribution company's web-site to any affiliated or divisional supplier.

(c) When an affiliated or divisional Supplier markets or communicates to the public using the natural gas distribution company name or logo, it shall include a disclaimer that states:

(i) That the Supplier is not the same company as the natural gas distribution company; (2) that the prices of the Supplier are not regulated by the Pa PUC; and (3) that a customer does not have to buy natural gas or other products from the Supplier in order to receive the same quality service from the natural gas distribution company. When a Supplier advertises or communicates verbally through radio or television to the public using the natural gas distribution company name or logo, the Supplier shall include at the conclusion of any such communication a disclaimer that includes all of the disclaimers listed in this paragraph.

(25) The natural gas distribution company must: (a) make interstate capacity available for release, assignment, or transfer to its affiliated or divisional Supplier only through the interstate pipeline electronic bulletin boards and the competitive bidding procedures in place on those interstate systems; (b)

not give its affiliated or divisional Supplier any preference over non-affiliated or non-divisional Suppliers, or potential non-affiliated or non-divisional Suppliers, in matters relating to the assignment, release, or other transfer of the natural gas distribution company's capacity rights on interstate pipeline systems; and (c) not condition or tie its agreement to release, assign, or otherwise transfer interstate pipeline capacity to any agreement by a gas Supplier, customer or other third party relating to any service in which its marketing affiliate is involved.