

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00 :  
 2. BUREAU: FUS :  
 3. SECTION(S): :  
 5. APPROVED BY: : 4. PUBLIC MEETING DATE:  
     DIRECTOR: : 00/00/00  
     SUPERVISOR: :  
 6. PERSON IN CHARGE: : 7. DATE FILED: 01/06/06  
 8. DOCKET NO: A-125145 : 9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: ENSPIRE ENERGY LLC

COMP/APP COUNTY:

UTILITY CODE: 125145

ALLEGATION OR SUBJECT

APPLICATION OF ENSPIRE ENERGY, LLC, FOR APPROVAL TO OFFER, RENDER, FURNISH OR SUPPLY NATURAL GAS SERVICES AS A BROKER/MARKETER ENGAGED IN THE BUSINESS OF SUPPLYING NATURAL GAS SERVICES TO THE PUBLIC IN THE COMMONWEALTH OF PENNSYLVANIA.

**DOCKETED**

JAN 20 2006

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125145  
A-~~125~~

December 16, 2005

Public Utility Commission  
Commonwealth of Pennsylvania  
James J. McNulty, Secretary  
Keystone Building  
400 North Street  
B-20, North Office Building 2<sup>nd</sup> Floor,  
Harrisburg, PA 17120

Re: Docket: A-125-145

Mr. McNulty,

Please find enclosed Enspire Energy LLC's application to be a gas marketer in the Commonwealth of Pennsylvania. If you should have any questions please feel free to contact me. Thank you for your time.

A handwritten signature in cursive script that reads "Julie Hashagen".

Julie Hashagen  
Manager of Operations

RECEIVED

Jan 6 2006 dt  
~~DEC 16 2005~~

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

DOCUMENT  
FOLDER

38

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Enspire Energy, LLC, d/b/a Enspire Energy, LLC, for approval to offer, render, furnish, or as a(n) Broker/Marketer engaged in the business of supplying natural gas services in [as specified in item #8 below] to the public in the Commonwealth of Pennsylvania.

A-125145

To the Pennsylvania Public Utility Commission:

1. **IDENTITY OF THE APPLICANT:** The name, address, telephone number, and FAX number of the Applicant are:

Enspire Energy, LLC  
229 West Bute Street  
Suite 320  
Norfolk, VA 23510  
Phone: 757-961-0840

Enspire Energy, LLC  
99 Cathedral Street  
2<sup>nd</sup> Floor  
Annapolis, MD 21401  
Phone: 410-216-6068

Fax: 757-961-0841

Fax: 410-216-6069

Please identify any predecessor(s) of the Applicant and provide other names under which the Applicant has operated within the preceding five (5) years, including name, address, and telephone number.

NONE

DOCUMENT  
FOLDER

2. a. **CONTACT PERSON:** The name, title, address, telephone number, and FAX number of the person to whom questions about this Application should be addressed are:

Julie Hashagen  
Manager of Operations  
229 West Bute Street  
Suite 320  
Norfolk, VA 23510  
Phone: 757-961-0840  
Fax: 757-961-0841

DOCKETED  
JAN 20 2006

b. **CONTACT PERSON-PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY:** The name, title, address telephone number and FAX number of the person with whom contact should be made by PEMA:

Julie Hashagen  
Manager of Operations  
229 West Bute Street  
Suite 320  
Norfolk, VA 23510  
Phone: 757-961-0840  
Fax: 757-961-0841

RECEIVED  
Jan 4, 2006  
~~DEC 10 2005~~

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

3.a. **ATTORNEY:** If applicable, the name, address, telephone number, and FAX number of the Applicant's attorney are:

Mr. Dwight Howes  
McGuireWoods LLP  
625 Liberty Avenue  
Dominion Tower 23<sup>rd</sup> Floor  
Pittsburg, PA 15222 Phone: 412-667-7902 Fax: 412-66-7953

b. **REGISTERED AGENT:** If the Applicant does not maintain a principal office in the Commonwealth, the required name, address, telephone number and FAX number of the Applicant's Registered Agent in the Commonwealth are:

Mr. Dwight Howes  
McGuireWoods LLP  
625 Liberty Avenue  
Dominion Tower 23<sup>rd</sup> Floor  
Pittsburg, PA 15222  
Phone: 412-667-7902  
Fax: 412-667-7953

4. **FICTITIOUS NAME:** (select and complete appropriate statement)

The Applicant will be using a fictitious name or doing business as ("d/b/a"):

Not Applicable

Attach to the Application a copy of the Applicant's filing with the Commonwealth's Department of State pursuant to 54 Pa. C.S. §311, Form PA-953.

**OR**

The Applicant will not be using a fictitious name.

5. **BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:** (select and complete appropriate statement)

The Applicant is a sole proprietor.

If the Applicant is located outside the Commonwealth, provide proof of compliance with 15 Pa. C.S. §4124 relating to Department of State filing requirements.

**OR**

The Applicant is a:

- domestic general partnership (\*)
- domestic limited partnership (15 Pa. C.S. §8511)
- foreign general or limited partnership (15 Pa. C.S. §4124)
- domestic limited liability partnership (15 Pa. C.S. §8201)
- foreign limited liability general partnership (15 Pa. C.S. §8211)
- foreign limited liability limited partnership (15 Pa. C.S. §8211)

**Provide proof of compliance with appropriate Department of State filing requirements as indicated above.**

Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

- \* If a corporate partner in the Applicant's domestic partnership is not domiciled in Pennsylvania, attach a copy of the Applicant's Department of State filing pursuant to 15 Pa. C.S. §4124.

or

- The Applicant is a :
- domestic corporation (none)
  - foreign corporation (15 Pa. C.S. §4124)
  - domestic limited liability company (15 Pa. C.S. §8913)
  - foreign limited liability company (15 Pa. C.S. §8981)
  - Other \_\_\_\_\_

Provide proof of compliance with appropriate Department of State filing requirements as indicated above. Additionally, provide a copy of the Applicant's Articles of Incorporation.

Give name and address of officers.

Julie Hashagen 229 West Bute Street Suite 320 Norfolk, VA 23322  
Mary Hensley 229 West Bute Street Suite 320 Norfolk, VA 23322  
Jim Lukas 99 Cathedral Street 2<sup>ND</sup> Floor Annapolis, VA 21401

The Applicant is incorporated in the state of Delaware.

6. **AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA:** (select and complete appropriate statement)

- Affiliate(s) of the Applicant doing business in Pennsylvania are:

Give name and address of the affiliate(s) and state whether the affiliate(s) are jurisdictional public utilities.

None

- Does the Applicant have any affiliation with or ownership interest in:
- (a) any other Pennsylvania retail natural gas supplier licensee or licensee applicant,
  - (b) any other Pennsylvania retail licensed electric generation supplier or license applicant,
  - (c) any Pennsylvania natural gas producer and/or marketer,
  - (d) any natural gas wells or
  - (e) any local distribution companies (LDCs) in the Commonwealth

If the response to parts a, b, c, or d above is affirmative, provide a detailed description and explanation of the affiliation and/or ownership interest.

- Provide specific details concerning the affiliation and/or ownership interests involving:
- (a) any natural gas producer and/or marketers,
  - (b) any wholesale or retail supplier or marketer of natural gas, electricity, oil, propane or other energy sources.

- Provide the Pa PUC Docket Number if the applicant has ever applied:  
(a) for a Pennsylvania Natural Gas Supplier license, or  
(b) for a Pennsylvania Electric Generation Supplier license.

**Docket Number A-125-145**

- If the Applicant or an affiliate has a predecessor who has done business within Pennsylvania, give name and address of the predecessor(s) and state whether the predecessor(s) were jurisdictional public utilities.

**or**

- The Applicant has no affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania.

7. **APPLICANT'S PRESENT OPERATIONS:** (select and complete the appropriate statement)

- The Applicant is presently doing business in Pennsylvania as a
- natural gas interstate pipeline.
  - municipal providing service outside its municipal limits.
  - local gas distribution company
  - retail supplier of natural gas services in the Commonwealth
  - a natural gas producer
  - Other. (Identify the nature of service being rendered.)

**or**

- The Applicant is not presently doing business in Pennsylvania.

8. **APPLICANT'S PROPOSED OPERATIONS:** The Applicant proposes to operate as a:

- supplier of natural gas services.
- Municipal supplier of natural gas services.
- Cooperative supplier of natural gas services.
- Broker/Marketer engaged in the business of supplying natural gas services.
- Aggregator engaged in the business of supplying natural gas services.
- Other (Describe):

9. **PROPOSED SERVICES:** Generally describe the natural gas services which the Applicant proposes to offer.

We formed Enspire Energy because we recognized that there was a lack of deregulated competition behind city gates in the PA area. Since our group has a great deal of experience serving industrial and commercial accounts behind these utilities, we have decided to offer a new choice for natural gas marketing and transportation. We have partnered with Coral Energy Resources, the natural gas supply and trading division of Shell Oil, as our credit provider for the purchasing of our gas supply. This partnership ensures that Enspire Energy has more than sufficient credit capacity to buy and transport natural gas. This credit support will further assist in our ability to provide competitive natural gas prices coupled with ironclad reliability of service. Enspire Energy is a full service marketer offering deliveries to the city gate, balancing and hedging strategy services.

10. **10. SERVICE AREA:** Generally describe the geographic area in which Applicant proposes to offer services.

Enspire Energy plans on serving the most parts of Pennsylvania.

11. **CUSTOMERS:** Applicant proposes to initially provide services to:

- Residential Customers
- Commercial Customers - (Less than 6,000 Mcf annually)
- Commercial Customers - (6,000 Mcf or more annually)
- Industrial Customers
- Governmental Customers
- All of above
- Other (Describe):

12. **START DATE:** The Applicant proposes to begin delivering services on February 1,  
2006.  
(approximate date).

13. **NOTICE:** Pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14, serve a copy of the signed and verified Application with attachments on the following:

Irwin A. Popowsky  
Office of Consumer Advocate  
5th Floor, Forum Place  
555 Walnut Street  
Harrisburg, PA 17120-1921

Office of the Attorney General  
Bureau of Consumer Protection  
Strawberry Square, 14th Floor  
Harrisburg, PA 17120

Bernard A. Ryan  
William R. Lloyd, Jr.  
Commerce Building, Suite 1102  
Small Business Advocate  
300 North Second Street  
Harrisburg, PA 17101

Commonwealth of Pennsylvania  
Department of Revenue  
Bureau of Compliance  
Harrisburg, PA 17128-0946

Any of the following Natural Gas Distribution Companies through whose transmission and distribution facilities the applicant intends to supply customers:

<p><b>NUI Valley Cities Gas (NUI Transportation Services)</b> Mike Vogel PO Box 3175 Union, NJ 07083-1975 PH: 908.289.5000 ext. 5441      FAX: 908.2898.6444</p>	<p><b>National Fuel Gas Distribution Corp.</b> James E. Patterson Paul R. Mundy 10 Lafayette Square Buffalo, NY 14203 PH: 716.857.71307756      FAX: 716.857.-7823479 e-mail: <a href="mailto:mundyp@natfuel.com">mundyp@natfuel.com</a></p>
<p><b>Penn Fuel [North Penn Gas Company &amp; Penn Fuel Gas]</b> Jim Evans      or      Tom Olsen 2 North 9th Street GENA94 Allentown, PA 18101 PH: 610.774.7981      610.774.4975 FAX: 610.774.5694      610.774.4975 e-mail: <a href="mailto:jevans@papl.com">jevans@papl.com</a>      or      <a href="mailto:teolson@papl.com">teolson@papl.com</a></p>	<p><b>The Peoples Natural Gas Company</b> Joe Gregorini      or      Bill McKeown 625 Liberty Avenue Pittsburgh, PA 15222 e-mail: <a href="mailto:jgregorini@png.png.com">jgregorini@png.png.com</a> PH: 412.497.6851      or      412.497.6840 FAX: 412.497.6630</p>
<p><b>T. W. Phillips Gas and Oil Company</b> Robert M. Hovanec 205 North Main Street Butler, PA 16001 PH: 724.287.2725      FAX: 724.287.5021 e-mail: <a href="mailto:rhovanec@twphillips.com">rhovanec@twphillips.com</a></p>	<p><b>UGI</b> David Beaston Chris Brown      or      Bob Krieger PO Box 12677      or      225 Morgantown Rd Reading, PA 15222      Reading, PA 15222 PH: 610.796.3425      PH: 610.796.3516 FAX: 610.796.3559</p>
<p><b>PG Energy</b> Richard N. Marshall      or      Wendy K. Saxe One PEI Center Wilkes-Barre, PA 18711-0601 e-mail: <a href="mailto:marshall@pgenergy.com">marshall@pgenergy.com</a>      or      <a href="mailto:saxe@pgenergy.com">saxe@pgenergy.com</a> PH: 570.829.8795      FAX: 570.829.8652</p>	<p><b>Equitable Gas Company</b> Antionette Litchy Jerald Moody 200 Allegheny Center Mall 225 North Shore Drive Pittsburgh, PA 15212-5352 PH: 412.395.3117209      FAX: 412.395.3335156</p>
<p><b>Carnegie Natural Gas Company</b> Donald A. Melzer 800 Regis Avenue Pittsburgh, PA 19236 PH: 412.655.8510 ext. 331      FAX: 412.655.0335</p>	<p><b>Columbia Gas of PA, Inc.</b> Paula Frauen Erich Evans      or Heather Bauer Shirley Bardes-Hasson 200 Civic Center Drive 650 Washington Road Columbus, OH 43215 Pittsburgh, PA 15228 PH: 614.460.6254      or      614.460.5554 e-mail: <a href="mailto:pfrauen@columbiaenergygroup.com">pfrauen@columbiaenergygroup.com</a> om PH: 412.572.7131      FFAX: 412614.572460.42917161</p>



**Philadelphia Gas Works**

Eric Burgis  
800 West Montgomery Avenue  
Philadelphia, PA 19122  
email: eric.burgis@pgworks.com  
PH: 215.684.6907      FAX: 215.684.6564

**PECO**

Kevin Carrabine  
300 Front Street Building 2  
Conshohocken, PA 19428  
PH: 610.832.6413

Pursuant to Sections 1.57 and 1.58 of the Commission's Regulations, 52 Pa. Code §§1.57 and 1.58, attach Proof of Service of the Application and attachments upon the above named parties. Upon review of the Application, further notice may be required pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14.

14. **TAXATION:** Complete the TAX CERTIFICATION STATEMENT attached as Appendix B to this application.

15. **COMPLIANCE:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application has been convicted of a crime involving fraud or similar activity. Identify all proceedings, by name, subject and citation, dealing with business operations, in the last five (5) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein has been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings.

16. **STANDARDS, BILLING PRACTICES, TERMS AND CONDITIONS OF PROVIDING SERVICE AND CONSUMER EDUCATION:** All services should be priced in clearly stated terms to the extent possible. Common definitions should be used. All consumer contracts or sales agreements should be written in plain language with any exclusions, exceptions, add-ons, package offers, limited time offers or other deadlines prominently communicated. Penalties and procedures for ending contracts should be clearly communicated.

a. **Contacts for Consumer Service and Complaints:** Provide the name, title, address, telephone number and FAX number of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints filed with Applicant, the Distribution Company, the Pennsylvania Public Utility Commission or other agencies.

Julie Hashagen  
Manager of Operations  
229 West Bute Street  
Suite 320  
Norfolk, VA 23510  
Phone: 757-961-0840  
Fax: 757-961-0841

Mary Hensley  
Director of Marketing  
229 West Bute Street  
Suite 320  
Norfolk, VA 23510  
Phone: 757-961-0840  
Fax: 757-961-0841

b. Provide a copy of all standard forms or contracts that you use, or propose to use, for service provided to residential customers.

c. If proposing to serve Residential and/or Small Commercial customers, provide a disclosure statement. A sample disclosure statement is provided as Appendix BC to this Application.

17. **FINANCIAL FITNESS:**

A. Applicant shall provide sufficient information to demonstrate financial fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- Actual (or proposed) organizational structure including parent, affiliated or subsidiary companies.
- Published parent company financial and credit information.
- Applicant's balance sheet and income statement for the most recent fiscal year. Published financial information such as 10K's and 10Q's may be provided, if available.
- Evidence of Applicant's credit rating. Applicant may provide a copy of its Dun and Bradstreet Credit Report and Robert Morris and Associates financial form or other independent financial service reports.
- A description of the types and amounts of insurance carried by Applicant which are specifically intended to provide for or support its financial fitness to perform its obligations as a licensee.
- Audited financial statements

- Such other information that demonstrates Applicant's financial fitness.

B. Applicant must provide the following information:

- Identify Applicant's chief officers including names and their professional resumes.
- 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:

- 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: Juli Hashagen  
By: Mr. Juli Hashagen  
Title: Manager of Operations

**AFFIDAVIT**

[Commonwealth/State] of Virginia :

: ss.

County of Norfolk :

Julie Hasbagen, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/she is the manager of Operations (Office of Affiant) of Enspire Energy, LLC (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

That Enspire Energy, LLC, the Applicant herein, acknowledges that [Applicant] 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 Enspire Energy, LLC, the Applicant herein, asserts that [he/she/it] 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 Enspire Energy, LLC, 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 Enspire Energy, LLC, 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 PA. 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.

Julie Hestager  
Signature of Affiant

Sworn and subscribed before me this 15<sup>th</sup> day of December, 192005.

Mary K. Hardy  
Signature of official administering oath

My commission expires July, 31, 2008.

AFFIDAVIT

[Commonwealth/State] of Virginia :

: ss.

County of Norfolk :

Julie Hashagen, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:  
[He/she is the manager of Operations (Office of Affiant) of Enspire Energy, LLC (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

Enspire Energy, LLC,  
That Enspire Energy, LLC, the Applicant herein certifies that it has caused the notice of the filing of its license applica published in the following newspapers on \_\_\_\_\_:  
(date)

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.

Enspire Energy, LLC,  
That Enspire Energy, LLC, 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.

Julie Hashagen  
Signature of Affiant

Sworn and subscribed before me this 15<sup>th</sup> day of December, 19 2005.

Mary K. Handy  
Signature of official administering oath

My commission expires July 31, 2008.

Pennsylvania

Public Utility Commission Notice

Application of Enspire Energy, LLC 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 Public in the Commonwealth of Pennsylvania, Docket No. A-125-145

On 12/19/2005, Enspire Energy, LLC 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, (3) an aggregator engaged in the business of providing natural gas supply services. Enspire Energy, LLC 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 Enspire Energy, LLC 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 Enspire Energy LLC's attorney at the address listed below. Please include the PUC's "docket number" on any correspondence which is A-125-145.

By and through Counsel:

Dwight Howes  
McGuire Woods LLP  
625 Liberty Avenue  
Dominion Tower 23<sup>rd</sup> Floor  
Pittsburgh, PA 15222



**AFFIDAVIT**

[Commonwealth/State] of Virginia :

ss.

County of Norfolk :

Julie Hasbagen, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/she is the Manager of Operations (Office of Affiant) of Enspire Energy, LLC (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

That the Applicant herein Enspire Energy, LLC 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 Enspire Energy, LLC has answered the questions on the application correctly, truthfully, and completely and provided supporting documentation as required.

That the Applicant herein Enspire Energy, LLC 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 Enspire Energy, LLC 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.

Julie Hasbagen  
Signature of Affiant

Sworn and subscribed before me this 15<sup>th</sup> day of December, 192005.

Mary K. Henry  
Signature of official administering oath

My commission expires July 31, 2008.

## SUPPLIER COMPANY CONTACTS

**Company Name:** Enspire Energy, LLC

**Date Submitted:** December 16, 2005

**Company d/b/a:** Enspire Energy, LLC

**Company License Number:**  

	<u>M.</u>	<u>First Name</u>	<u>Last Name</u>	<u>Prof. Title</u>	<u>Street</u>	<u>City</u>	<u>State</u>	<u>Zip</u>	<u>Phone</u>	<u>FAX</u>	<u>E-Mail</u>
<b>1 Statutory Agent:</b>	Mr.	Dwight	Howes	Attorney	McGuireWoods LLP 625 Liberty Avenue Dominion Tower 23rd floor	Pittsburgh	PA	15222	412-667-7902	412-667-7953	<a href="mailto:dhowes@mcguirewoods.com">dhowes@mcguirewoods.com</a>
<b>2 CEO/President:</b>	Mr.	James	Lukas	CEO	99 Cathedral Street 2nd Floor	Annapolis	MD	21401	410 216-6068	410 216-6069	<a href="mailto:jlukas@enspireenergy.com">jlukas@enspireenergy.com</a>
<b>3 Regulatory Contact:</b>	Mrs.	Mary	Hensley	Director Marketing	229 West Bute Street Suite 320	Norfolk	VA	23510	757-961-0840	757-961-0841	<a href="mailto:mhensley@enspireenergy.com">mhensley@enspireenergy.com</a>
<b>4 Tariff Contact:</b>	Mrs.	Julie	Hashagen	Manager Operations	229 West Bute Street Suite 320	Norfolk	VA	23510	757-961-0840	757-961-0841	<a href="mailto:jhashagen@enspireenergy.com">jhashagen@enspireenergy.com</a>
<b>5 Annual Reports:</b>	Mrs.	Julie	Hashagen	Manager Operations	229 West Bute Street Suite 320	Norfolk	VA	23510	757-961-0840	757-961-0841	<a href="mailto:jhashagen@enspireenergy.com">jhashagen@enspireenergy.com</a>
<b>6 Assessments:</b>	Mrs.	Julie	Hashagen	Manager Operations	229 West Bute Street Suite 320	Norfolk	VA	23510	757-961-0840	757-961-0841	<a href="mailto:jhashagen@enspireenergy.com">jhashagen@enspireenergy.com</a>
<b>7 PEMA Contact:</b>	Mrs.	Julie	Hashagen	Manager Operations	229 West Bute Street Suite 320	Norfolk	VA	23510	757-961-0840	757-961-0841	<a href="mailto:jhashagen@enspireenergy.com">jhashagen@enspireenergy.com</a>
<b>8 Customer Service:</b>	Mrs.	Julie	Hashagen	Manager Operations	229 West Bute Street Suite 320	Norfolk	VA	23510	757-961-0840	757-961-0841	<a href="mailto:jhashagen@enspireenergy.com">jhashagen@enspireenergy.com</a>
<b>9 Legal Counsel:</b>	Mr.	Dwight	Howes	Attorney	McGuireWoods LLP 625 Liberty Avenue Dominion Tower 23rd floor	Pittsburgh	PA	15222	412-667-7902	412-667-7953	<a href="mailto:dhowes@mcguirewoods.com">dhowes@mcguirewoods.com</a>
<b>10 Complaints Contact:</b>	Mrs.	Julie	Hashagen	Manager Operations	229 West Bute Street Suite 320	Norfolk	VA	23510	757-961-0840	757-961-0841	<a href="mailto:jhashagen@enspireenergy.com">jhashagen@enspireenergy.com</a>
<b>11 EDI Transactions:</b>	Mrs.	Julie	Hashagen	Manager Operations	229 West Bute Street Suite 320	Norfolk	VA	23510	757-961-0840	757-961-0841	<a href="mailto:jhashagen@enspireenergy.com">jhashagen@enspireenergy.com</a>
<b>12 Electric Phase-In Committee:</b>	Mrs.	Julie	Hashagen	Manager Operations	229 West Bute Street Suite 320	Norfolk	VA	23510	757-961-0840	757-961-0841	<a href="mailto:jhashagen@enspireenergy.com">jhashagen@enspireenergy.com</a>

# 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 <u>Enspire Energy, LLC</u>	2. BUSINESS PHONE NO. (757) <u>961-0840</u> CONTACT PERSON(S) FOR TAX ACCOUNTS: <u>Julie Hashagen</u>
--	---

3. TRADE/FICTITIOUS NAME (IF ANY)  
none

4. LICENSED ADDRESS (STREET, RURAL ROUTE, P.O. BOX NO.) (POST OFFICE) STATE (ZIP)  
229 West Bute Street Suite 320 Norfolk VA 23510

5. TYPE OF ENTITY  SOLE PROPRIETOR  PARTNERSHIP  CORPORATION

8. LIST OWNER(S), GENERAL PARTNERS, OR CORPORATE OFFICER(S)

NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
<u>James Lukas</u>	_____ - _____ - _____
<u>Mary Hensley</u>	_____ - _____ - _____
<u>Julie Hashagen</u>	_____ - _____ - _____
	_____ - _____ - _____
	_____ - _____ - _____

9. LIST THE FOLLOWING STATE TAX IDENTIFICATION NUMBERS. (ALL ITEMS: A, B, AND C MUST BE COMPLETED).

A. SALES TAX LICENSE (8 DIGITS) APPLICATION PENDING <input checked="" type="checkbox"/> N/A <input type="checkbox"/> _____ - _____ - _____	C. CORPORATE BOX NUMBER (7 DIGITS) APPLICATION PENDING <input type="checkbox"/> N/A <input type="checkbox"/> _____ - _____ - _____
B. EMPLOYER ID (EIN) (9 DIGITS): APPLICATION PENDING <input type="checkbox"/> N/A <input type="checkbox"/> <u>20-33849411</u>	

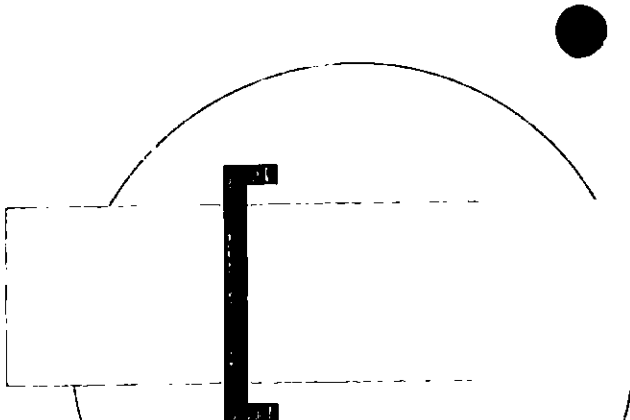
10. Do you have PA employes either resident or non-resident?  YES  NO

11. 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

<u>Mike Mulkey</u> PA SALES AND USE TAX <u>757-456-0908</u>	<u>Mike Mulkey</u> EMPLOYER TAXES <u>757-456-0908</u>	<u>Mike Mulkey</u> CORPORATE TAXES <u>757-456-0908</u>
PHONE	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)



# CUSTOMER CONTRACTS



Enspire Energy LLC,  
confirms each  
customer for their  
individual sale as it  
pertains to a  
specific Local  
Distribution  
Company.



**EXHIBIT A: CONFIRMATION OF NATURAL GAS SALE**

DATE: CONFIRMATION DATE

The provisions within the confirmation letter shall be conclusively deemed accurate and complete to the extent it is not objected to, verbally and in writing, within forty-eight (48) hours of receipt.

<b>Seller:</b>	Enspire Energy, LLC
<b>Address:</b>	229 W. Bute Street, Suite 320 Norfolk, VA 23510
<b>Contact:</b>	Mary Hensley
<b>Title:</b>	Director, Business Development
<b>Phone:</b>	(757) 961-0840
<b>Fax:</b>	(757) 961-0841
<b>Email:</b>	mhensley@enspireenergy.com

<b>Buyer:</b>	sample customer
<b>Address:</b>	
<b>Contact:</b>	sample contact
<b>Title:</b>	
<b>Phone:</b>	555-1212
<b>Fax:</b>	
<b>Email:</b>	www.1212

**Price:** \$12.89 per Dth

**Delivery Period:** December 1-31, 2005

**Gas Service:** Firm

**Delivery Point:** Citygate of Columbia Gas of PA

**Contracted Volume:** Monthly volumes will be divided by the number of days in that month to determine daily volumes.

<b>January:</b> 0	<b>May:</b> 0	<b>September:</b> 0
<b>February:</b> 0	<b>June:</b> 0	<b>October:</b> 0
<b>March:</b> 0	<b>July:</b> 0	<b>November:</b> 0
<b>April:</b> 0	<b>August:</b> 0	<b>December:</b> 15,000

**Special Provisions:**

1. Seller will perform all functions necessary to nominate and deliver gas to the Buyer's delivery point.
2. Buyer will have the right to trigger the commodity portion of the price. Triggers must be submitted no later than Noon EST on the day of the NYMEX Natural Gas contract expiration "settle" for the month of delivery. If the monthly trigger is not set or achieved by the established deadline, the NYMEX price component will be the NYMEX Natural Gas contract expiration (settle) price.
3. Should Buyer's consumption require volumes in addition to the above contracted volumes, Seller will contact Buyer to determine pricing for the excess supply. The price for the excess gas will be based on the market price for daily deliveries to Columbia Gas of PA TCO. Should volumes less than the contracted volumes be required due to under-consumption, Seller will contact Buyer to determine a pricing credit for the remarketed supply. The price for the remarketed gas will be based on the market price for daily deliveries to Columbia Gas of PA TCO. All excess and remarket volumes are purchased and sold on a best efforts basis.
4. Should the utility call a gas curtailment or restriction, Seller will notify Buyer as soon as reasonably possible. During periods of restriction, Seller may require Buyer to provide daily usage information should it be unavailable from the utility. It is the Buyers responsibility to notify Seller of any changes in requirements during periods of restriction so that Seller can deliver additional volumes above the daily contracted volume. Should Buyer not notify Seller of a change in requirement during a restriction, then Seller's liability for penalties will be limited to under delivery of the contracted daily volumes. All incremental volumes are on a best efforts basis.
5. Seller reserves the right to modify the Contract Price should the utility make a material change to their current tariff that would require additional costs to Seller.
6. Any LDC balancing charges, surcharges, state and local taxes, or Gross Receipts taxes are not included in the Contract Price and will be passed through to Buyer on a penny-for-penny basis as incurred.
7. All sales are subject to credit approval and execution of Seller's Primary Purchase Agreement.

**Signed and Accepted By:**

<b>Seller:</b>	Enspire Energy, LLC
<b>By:</b>	_____
<b>Name:</b>	Mary Hensley
<b>Title:</b>	Director, Business Development
<b>Date:</b>	CONFIRMATION DATE

<b>Buyer:</b>	sample customer
<b>By:</b>	_____
<b>Name:</b>	sample contact
<b>Title:</b>	
<b>Date:</b>	

Please sign and fax to (757) 961-0841.

# Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: \_\_\_\_\_ The parties to this Base Contract are the following:

Enspire Energy, LLC and \_\_\_\_\_  
 Duns Number: 605860324  
 Contract Number: \_\_\_\_\_  
 U.S. Federal Tax ID Number: 20-3384902

Duns Number: \_\_\_\_\_  
 Contract Number: \_\_\_\_\_  
 U.S. Federal Tax ID Number: \_\_\_\_\_

**Notices:**  
229 W. Bute Street, Suite 320, Norfolk, VA 23510  
 Attn: Mary Hensley  
 Phone: (757) 961-0840 ext.2 Fax: (757) 961-0841

Attn: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

**Confirmations:**  
 Same as above  
 Attn: Julie Hashagen  
 Phone: (757) 961-0840 ext.1 Fax: (757) 961-0841

Attn: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

**Invoices and Payments:**  
 Same as above  
 Attn: Accounts Payable  
 Phone: (757) 961-0840 Fax: (757) 961-0841

Attn: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

**Wire Transfer or ACH Numbers (if applicable):**  
 BANK: JP Morgan Chase  
 ABA: #021000021  
 ACCT: #699292439  
 Other Details: \_\_\_\_\_

BANK: \_\_\_\_\_  
 ABA: \_\_\_\_\_  
 ACCT: \_\_\_\_\_  
 Other Details: \_\_\_\_\_

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

<b>Section 1.2</b> <input checked="" type="checkbox"/> Oral (default) Transaction <input type="checkbox"/> Written Procedure	<b>Section 7.2</b> <input checked="" type="checkbox"/> 25 <sup>th</sup> Day of Month following Month of Payment Date delivery (default) <input type="checkbox"/> _____ Day of Month following Month of delivery
<b>Section 2.5</b> <input checked="" type="checkbox"/> 2 Business Days after receipt (default) Confirm <input type="checkbox"/> _____ Business Days after receipt Deadline	<b>Section 7.2</b> <input checked="" type="checkbox"/> Wire transfer (default) Method of <input type="checkbox"/> Automated Clearinghouse Credit (ACH) Payment <input type="checkbox"/> Check
<b>Section 2.6</b> <input checked="" type="checkbox"/> Seller (default) Confirming <input type="checkbox"/> Buyer Party <input type="checkbox"/> _____	<b>Section 7.7</b> <input type="checkbox"/> Netting applies (default) Netting <input checked="" type="checkbox"/> Netting does not apply
<b>Section 3.2</b> <input type="checkbox"/> Cover Standard (default) Performance <input checked="" type="checkbox"/> Spot Price Standard Obligation  <b>Note: The following Spot Price Publication applies to both of the immediately preceding.</b> <b>Section 2.26</b> <input checked="" type="checkbox"/> Gas Daily Midpoint (default) Spot Price <input type="checkbox"/> _____ Publication	<b>Section 10.3.1</b> <input checked="" type="checkbox"/> Early Termination Damages Apply (default) Early Termination <input type="checkbox"/> Early Termination Damages Do Not Apply Damages <b>Section 10.3.2</b> <input type="checkbox"/> Other Agreement Setoffs Apply (default) Other Agreement <input checked="" type="checkbox"/> Other Agreement Setoffs Do Not Apply Setoffs
<b>Section 6</b> <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point Taxes (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	<b>Section 14.5</b> Choice Of Law <span style="float: right;"><b>New York</b></span>  <b>Section 14.10</b> <input checked="" type="checkbox"/> Confidentiality applies (default) Confidentiality <input type="checkbox"/> Confidentiality does not apply

**Special Provisions** Number of sheets attached: 1  
 Addendum(s): None

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

Enspire Energy, LLC  
  
 By \_\_\_\_\_  
 Name: James E. Lukas  
 Title: President

Party Name  
  
 By \_\_\_\_\_  
 Name:  
 Title:

# General Terms and Conditions

## Base Contract for Sale and Purchase of Natural Gas

### SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.7.

**The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.**

#### **Oral Transaction Procedure:**

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

#### **Written Transaction Procedure:**

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract. However, nothing herein shall be construed as a waiver of any objection to the admissibility of such evidence.

### SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

2.2. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

2.3. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).

- 2.4. "Business Day" shall mean any day except Saturday, Sunday or Federal Reserve Bank holidays.
- 2.5. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.6. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.
- 2.7. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation.
- 2.8. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.
- 2.9. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.
- 2.10. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.
- 2.11. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, a performance bond, guaranty, or other good and sufficient security of a continuing nature.
- 2.12. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.
- 2.13. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.
- 2.14. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.
- 2.15. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.
- 2.16. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.
- 2.17. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.
- 2.18. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.
- 2.19. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.
- 2.20. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.
- 2.21. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekathem.
- 2.22. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.
- 2.23. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.
- 2.24. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.
- 2.25. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.
- 2.26. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average



of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.27. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.28. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.29. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

### SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

**The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.**

**Cover Standard:**

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s); or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s); or (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the sole and exclusive remedy of the performing party shall be any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller and received by Buyer for such Day(s). Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

**Spot Price Standard:**

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

### SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

## SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

## SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

### Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

### Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

## SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

## SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 14.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

## SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payments and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

## SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount and for the term reasonably acceptable to X, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty (including the issuer of any such security).

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; or (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law or that are, in the reasonable opinion of the Non-Defaulting Party, commercially impracticable to liquidate and terminate ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is reasonably practicable, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

**Early Termination Damages Apply:**

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

**Early Termination Damages Do Not Apply:**

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

**Other Agreement Setoffs Apply:**

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff (i) any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract; or (ii) any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable by the Defaulting Party to the Non-Defaulting Party under any other agreement or arrangement between the parties.

**Other Agreement Setoffs Do Not Apply:**

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the

date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

## SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Agreement; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

## SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6 and Section 10, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

## SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

## SECTION 14. MISCELLANEOUS

14.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

14.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

14.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

14.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

14.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

14.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

14.7. There is no third party beneficiary to this Contract.

14.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

14.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

14.10. Unless the parties have elected on the Base Contract not to make this Section 14.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

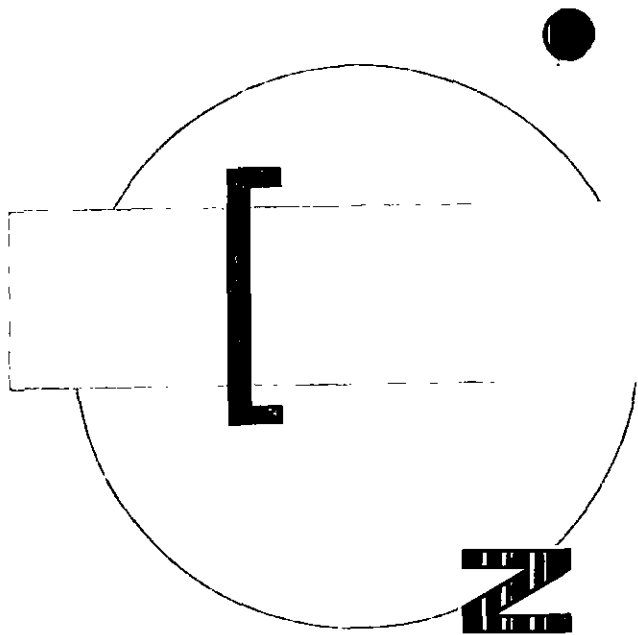
14.11 The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties.

**DISCLAIMER:** The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. **NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.**

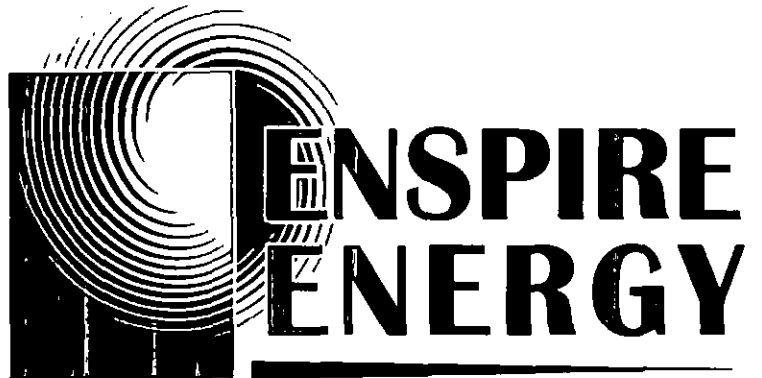
TRANSACTION CONFIRMATION  
FOR IMMEDIATE DELIVERY

EXHIBIT A

Letterhead/Logo	Date: _____ Transaction Confirmation #: _____			
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.				
<b>SELLER:</b> _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	<b>BUYER:</b> _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____			
Contract Price: \$ _____/MMBtu or _____				
Delivery Period: Begin: _____, _____ End: _____, _____				
<b>Performance Obligation and Contract Quantity: (Select One)</b>  <table style="width:100%; border: none;"> <tr> <td style="width:33%; vertical-align: top;"> <b>Firm (Fixed Quantity):</b>            _____ MMBtus/day  <input type="checkbox"/> EFP         </td> <td style="width:33%; vertical-align: top;"> <b>Firm (Variable Quantity):</b>            _____ MMBtus/day Minimum            _____ MMBtus/day Maximum            subject to Section 4.2. at election of  <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller         </td> <td style="width:33%; vertical-align: top;"> <b>Interruptible:</b>            Up to _____ MMBtus/day         </td> </tr> </table>		<b>Firm (Fixed Quantity):</b> _____ MMBtus/day <input type="checkbox"/> EFP	<b>Firm (Variable Quantity):</b> _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	<b>Interruptible:</b> Up to _____ MMBtus/day
<b>Firm (Fixed Quantity):</b> _____ MMBtus/day <input type="checkbox"/> EFP	<b>Firm (Variable Quantity):</b> _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	<b>Interruptible:</b> Up to _____ MMBtus/day		
<b>Delivery Point(s):</b> _____ (If a pooling point is used, list a specific geographic and pipeline location):				
<b>Special Conditions:</b>				
Seller: _____  By: _____  Title: _____  Date: _____	Buyer: _____  By: _____  Title: _____  Date: _____			



# FINANCIAL INFORMATION



Enspire Energy, LLC is backed by Coral Energy Resources, a division of Shell Trading Gas and Power, for all of our supply.





Shell Trading Gas and Power Company  
909 Fannin, Plaza Level 1  
Houston, Texas 77010  
713.767.5400

October 17, 2005

On September 28, 2005, Enspire Energy, LLC and Coral Energy Resources, L.P. / Coral Energy Holding, L.P., affiliates of Shell Trading Gas and Power Company, entered into a supply and credit arrangement for Enspire Energy's marketing of natural gas. Coral has access to Shell's U.S. equity natural gas production and, last quarter, had average natural gas sales volumes of 11.2 billion cubic feet per day.

Coral's financial strength and expertise in energy commodities and risk management services enables Enspire Energy to optimize its wholesale natural gas purchases and provide cost-effective natural gas supply to its commercial and industrial customers. Please contact the Enspire Energy sales team for further information.

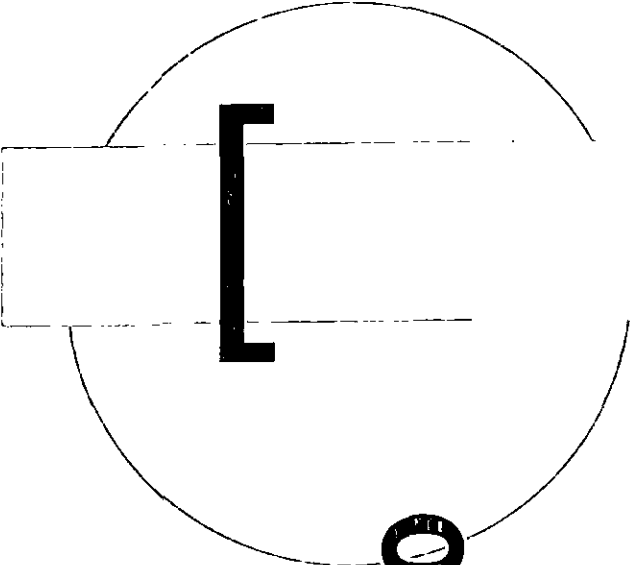
Thank you,

A handwritten signature in cursive script that reads "Bob Young".

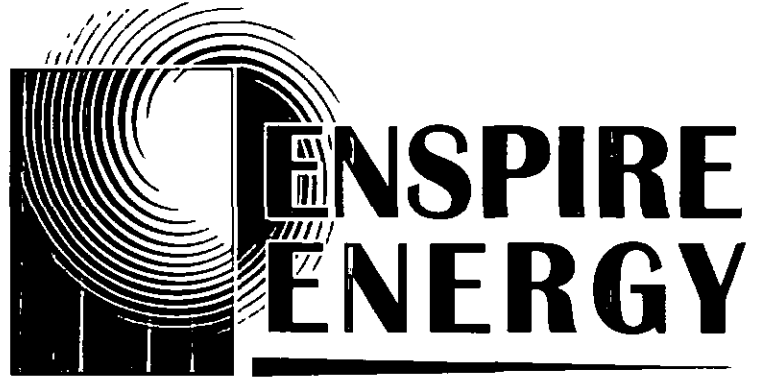
Bob Young  
Vice President  
CIA- North Region

**Enspire Energy, LLC**  
**Balance Sheet**  
As of December 15, 2005

	<u>Dec 15, 05</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Chase-Operating	29,286.09
Lock Box	938,125.10
<b>Total Checking/Savings</b>	<u>967,411.19</u>
Accounts Receivable	
Accounts Receivable	1,430,961.92
<b>Total Accounts Receivable</b>	<u>1,430,961.92</u>
<b>Total Current Assets</b>	2,398,373.11
<b>Fixed Assets</b>	
Website Design	1,725.00
Software	1,171.64
Office Equipment & Furniture	11,464.23
<b>Total Fixed Assets</b>	<u>14,360.87</u>
<b>Other Assets</b>	
Organizational Costs	31,963.17
Lease Deposit	15,087.36
Security Deposit	7,954.70
<b>Total Other Assets</b>	<u>55,005.23</u>
<b>TOTAL ASSETS</b>	<u><u>2,467,739.21</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	2,280,967.88
<b>Total Accounts Payable</b>	<u>2,280,967.88</u>
<b>Other Current Liabilities</b>	
Loan-Coral	150,000.00
<b>Total Other Current Liabilities</b>	<u>150,000.00</u>
<b>Total Current Liabilities</b>	<u>2,430,967.88</u>
<b>Total Liabilities</b>	2,430,967.88
<b>Equity</b>	
<b>Member's Equity</b>	
Mary Hensley	35,333.33
James Lukas	64,666.67
<b>Total Member's Equity</b>	<u>100,000.00</u>
Net Income	-63,228.67
<b>Total Equity</b>	<u>36,771.33</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>2,467,739.21</u></u>



**ADDITIONAL  
SUPPLEMENTS TO  
APPLICATION**



Included are additions to the application:  
Business Plan,  
Resumes &  
customer  
references.