

November 22, 2010

W. Blair Hopkin  
Office of Enforcement, Division of Investigations  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Responses to Second Data Request to Powhatan Energy Fund LLC

Dear Mr. Hopkin:

This letter and the attachments hereto respond to the letter from Eric Baptist dated November 8, 2010 conveying the second data request to Powhatan Energy Fund LLC ("Powhatan").

Per the instructions, we are providing an original and one hard copy of each answer and accompanying documents, an electronic copy of each answer and accompanying documents, and the requested Concordance image files. As Eric Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan anticipates supplementing certain responses with additional documents after the Thanksgiving holiday. Enclosed also is the affidavit of Kevin Gates certifying that the responses are true, complete and accurate to the best of his knowledge, information, and belief (as the responses may be supplemented).

Powhatan requests privileged and confidential treatment for the information and documents Powhatan provides herewith consistent with the Commission's rules and regulations at 18 C.F.R. §§ 1b.9 and 388.112 (2006), respectively, and understands that the Division of Investigations and the Commission will keep these responses in its non-public files and not otherwise release them to the general public. Further, Powhatan provides the information and documents included herewith without waiving any right of privilege, including any applicable attorney-client or work product privilege, or any other rights they may have under the Commission's regulations. All documents being produced are being produced subject to Federal Rule of Evidence 502(b).

As Eric Baptist and Jane Rueger also discussed on November 16, 2010, in responding to the data requests, we understand the term "Powhatan" as it is defined and used in the data request to include Powhatan's directors, officers, employees, agents, contractors, consultants, attorneys, affiliates, subsidiaries, parents, holding companies and any other person acting or purporting to

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act on behalf of Powhatan solely with respect to Up To Congestion transactions in the PJM market during the time periods referenced in the data request. Furthermore, we understand the terms "agent" and "attorneys" as they are used in the data request to exclude outside counsel for purposes of the document production and creation of a privilege log.

If you wish to contact anyone at Powhatan regarding this investigation, please contact Daniel Hagan (202-626-6497; e-mail: [dhagan@whitecase.com](mailto:dhagan@whitecase.com)) or Jane Rueger (202-626-6534; e-mail: [jrueger@whitecase.com](mailto:jrueger@whitecase.com)).

Respectfully submitted,

Earle H. O'Donnell  
Daniel A. Hagan  
Jane E. Rueger

Enclosures

Powhatan Energy Fund LLC  
Preliminary, Non-Public Investigation  
Responses to Office of Enforcement Data Request  
Dated November 8, 2010

REQUEST:

1. Provide, in an Excel database in chronological order, trade data for all of Powhatan's Up-To Congestion transactions within PJM, including related transmission reservations, during the period from January 1, 2008, through September 30, 2010. Provide all responses in Eastern Prevailing Time. This database shall include all applicable identifying information for the Up-To Congestion transactions, including but not limited to the following details in separate fields, with one row per trade, per hour:

- a. EPT hour ending (Eastern Prevailing Time Hour Ending);
- b. Customer ID;
- c. Customer Code;
- d. Transaction ID;
- e. Source Node Name in EES;
- f. Sink Node Name in EES;
- g. Amount Bid (MWh);
- h. Amount Cleared (MWh);
- i. Bid Price (dollars/MWh);
- j. DAM Energy Charges in Dollars (gross charges based on cleared UTC bid position (difference between the source and sink explicit congestion and loss charges) in the Day-Ahead Market);
- k. RTM Energy/Charges in Dollars (gross credits or charges based on cleared UTC bid position (difference between the source and sink explicit congestion and loss charges) in the Real-Time Market);
- l. Associated RTM flow in MW (if applicable, the actual flow on the designated source/sink path);
- m. Other RTM Charges in Dollars (Include charges pertaining to Schedule 93 (Market Support), Schedule 9 (MMU Funding), and Schedule 96 (Advanced Control).);
- n. OASIS ID;
- o. Requested OASIS Product (e.g., hourly firm, hourly non-firm, etc.);
- p. Requested OASIS Point of Receipt (POR);
- q. Requested OASIS Point of Delivery (POD);
- r. Source Node Name in OASIS;
- s. Sink Node Name in OASIS;
- t. Requested POR/POD transmission capacity (MW);
- u. Time of Transmission Request Submission (EPT Hour Ending);
- v. Confirmed POR/POD transmission capacity (MW);
- w. Time of Transmission Confirmation (EPT Hour Ending);
- x. Per MW Transmission Reservation Charges (OASIS reservation charge on a dollar per MW basis for the purposes of placing UTC bids);
- y. Transmission Reservation Charges (Provide OASIS reservation charge on a dollar basis for the purposes of placing UTC bids. Provide figures in dollars if dollar per MW (column x) is not available);

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- z. Other Transmission Reservation Charges in Dollars (Include charges pertaining to reactive power service and black start service provisions.);
- aa. Transmission Loss Credit in Dollars/MW;
- bb. Transmission Loss Credit in Dollars, if Dollars/MW (column aa) is not available; and
- cc. Name of Trader Responsible for UTC Bid.

RESPONSE:

Powhatan does not have the requested information for the Up-To Congestion transactions per trade, per hour. HEEP Fund, Inc. provided Powhatan with certain information regarding Up-To Congestion transactions in the daily statements produced in response to Data Request Nos. 4 and 5. While this information was provided on an hourly basis, it was not broken down per trade.

Prepared by:

Kevin Gates

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REQUEST:

2. Provide all communications and documents that relate to Up-To Congestion transactions.

RESPONSE:

As Erik Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan understands this request to seek all Powhatan communications and documents that relate to Up-To Congestion transactions. Please see the attached documents that are responsive to the request. With respect to Bates No. POW00000090, the "I" refers to Kevin Gates. This response may be supplemented pending the completion of document review.

Prepared by:

Kevin Gates

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REQUEST:

3. Provide all communications and documents that relate to transmission reservations on PJM's OASIS.

RESPONSE:

As Erik Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan understands this request to seek all Powhatan communications and documents that relate to transmission reservations on PJM's OASIS. Attached please find excerpts of Powhatan's application to participate in the PJM markets that are responsive to this request. Powhatan's application will be provided in full in response to Data Request No. 13. This response may be supplemented pending the completion of document review.

Prepared by:

Kevin Gates

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REQUEST:

4. Provide documents that reflect Powhatan's positions and risks, with daily and monthly information, from January 1, 2008, through September 30, 2010.

RESPONSE:

As Erik Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan understands this request to seek documents that reflect the positions and risks, with daily and monthly information, of Powhatan Energy Fund LLC, exclusive of Powhatan's directors, officers, employees, agents, contractors, consultants, attorneys, affiliates, subsidiaries, parents, holding companies and any other person acting or purporting to act on behalf of Powhatan. Attached please find the following documents responsive to this request:

- Daily statements provided by HEEP Fund, Inc. regarding Powhatan's positions with respect to UTC transactions in the PJM market;
- Monthly statements regarding Powhatan's Blackrock short-term bond account, which is the collateral account Powhatan uses to meet PJM's collateral requirements; and
- Monthly statements regarding Powhatan's checking account used for Powhatan working capital.

This response may be supplemented pending the completion of document review.

Prepared by:

Kevin Gates

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REQUEST:

5. Provide documents reflecting Powhatan's profits and losses, with daily and monthly totals, from January 1, 2008, through September 30, 2010.

RESPONSE:

As Erik Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan understands this request to seek documents that reflect the profits and losses, with daily and monthly information, of Powhatan Energy Fund LLC, exclusive of Powhatan's directors, officers, employees, agents, contractors, consultants, attorneys, affiliates, subsidiaries, parents, holding companies and any other person acting or purporting to act on behalf of Powhatan. Attached please find the following documents responsive to this request:

- Daily statements provided by HEEP Fund, Inc. reflecting Powhatan's profits and losses with respect to UTC transactions in the PJM market;
- Weekly and monthly statements sent to Powhatan by PJM with respect to its profits or losses in each such period;
- Powhatan documents used to track the value of Powhatan on a monthly basis, providing total value, net cash flow and profit/loss information, as well as the monthly allocation of profits pursuant to members' ownership interest; and
- Monthly statements regarding Powhatan's Blackrock short-term bond account, which is the collateral account Powhatan uses to meet PJM's collateral requirements. The Blackrock account earns a small rate of interest and this profit is reflected on the monthly statements.

This response may be supplemented pending the completion of document review.

Prepared by:

Kevin Gates



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REQUEST:

6. Provide current resumes for Lawrence Eiben, Kevin Gates, Richard Gates, and Gregory Sekelsky.

RESPONSE:

Please see attached.

Prepared by:

Kevin Gates

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REQUEST:

7. For entities listed on Exhibit 2 from the September 23, 2010, deposition of Kevin Gates, provide the following information and documents for each entity from January 1, 2008, to the present:

- a. Business address for each entity;
- b. Telephone numbers used by each entity;
- c. Copies of the documents creating each entity;
- d. Identify the date each entity was created;
- e. Documents sufficient to identify each entity's managing member and the names and ownership interests of any other members; and
- f. Copies of all by-laws, agreements, and other documents pertaining to the corporate governance of each entity.

RESPONSE:

(a)

<u>Entity Name</u>	<u>Business Address</u>
TFS Capital LLC	1800 Bayberry Court, Suite 103 Richmond, Virginia 23226  and  121 N. Walnut Street, Suite 320 West Chester, Pennsylvania 19380
Huntrise Fund of Funds LLC	1800 Bayberry Court, Suite 103 Richmond, Virginia 23226
Huntrise Energy Fund LLC	1800 Bayberry Court, Suite 103 Richmond, Virginia 23226
Powhatan Energy Fund LLC	12916 Holmbank Lane Henrico, VA 23233 <sup>1</sup>
Tuckahoe Energy Fund LLC	12916 Holmbank Lane Henrico, VA 23233 <sup>1</sup>
LSE Capital Management LLC	12916 Holmbank Lane Henrico, VA 23233 <sup>1</sup>

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Penguin Lips LLC	1800 Bayberry Court, Suite 103 Richmond, Virginia 23226
Moxy Vote LLC	1800 Bayberry Court, Suite 103 Richmond, Virginia 23226
TFS Market Neutral Fund	1800 Bayberry Court, Suite 103 Richmond, Virginia 23226 <sup>2</sup>
TFS Small Cap Fund	1800 Bayberry Court, Suite 103 Richmond, Virginia 23226 <sup>2</sup>
Oakstone Partners LLC	1800 Bayberry Court, Suite 103 Richmond, Virginia 23226
Huntrise Capital Partners LLC	1800 Bayberry Court, Suite 103 Richmond, Virginia 23226
Huntrise Global Partners Ltd.	1800 Bayberry Court, Suite 103 Richmond, Virginia 23226  and  Canon's Court, 22 Victoria Street Hamilton HM EX, Bermuda

<sup>1</sup> This is the personal residence of Larry Eiben. Larry Eiben is the sole member of LSE Capital Management which is the managing member of Powhatan Energy Fund LLC and Tuckahoe Energy Fund LLC.

<sup>2</sup> This address is the address of the portfolio manager of these funds. Often, the address used for these funds is that of the administrator, Ultimus Fund Solutions LLC.

(b)

<b>Entity Name</b>	<b>Primary Telephone Number</b>
TFS Capital LLC	(888) 837-4446 is the main phone number for the firm. Each employee generally has a separate work phone number and a cellular phone number.
Huntrise Fund of Funds LLC	(804) 484-1401 <sup>1</sup>

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Hunrise Energy Fund LLC	(804) 484-1401 <sup>1</sup>
Powhatan Energy Fund LLC	(804) 564-6810 <sup>2</sup>
Tuckahoe Energy Fund LLC	(804) 564-6810 <sup>2</sup>
LSE Capital Management LLC	(804) 564-6810 <sup>2</sup>
Penguin Lips LLC	(804) 484-1401 <sup>1</sup>
Moxy Vote LLC	(804) 484-1401 <sup>1</sup>
TFS Market Neutral Fund	(888) 534-2001 is the main phone number for the fund though many other numbers have been used.
TFS Small Cap Fund	(888) 534-2001 is the main phone number for the fund though many other numbers have been used.
Oakstone Partners LLC	(804) 484-1401 <sup>1</sup>
Hunrise Capital Partners LLC	(888) 837-4446
Hunrise Global Partners Ltd.	(888) 837-4446

<sup>1</sup> This is Larry Eiben's work phone number at TFS Capital LLC. It is believed that this number was likely used when establishing these entities (as needed). Other numbers were likely used on various contracts or applications to facilitate the operations of these funds.

<sup>2</sup> This is the cellular telephone number of Larry Eiben. Larry Eiben is the sole member of LSE Capital Management which is the managing member of Powhatan Energy Fund LLC and Tuckahoe Energy Fund LLC. On certain contracts or applications, other phone numbers may have been used to facilitate the operations of these funds.

(c) Please see attached.

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(d) As Erik Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan understands that “identify” as used in this request means “state.”

<u>Entity Name</u>	<u>Date Created (i.e., filing of the “Certificate of Formation” unless otherwise noted)</u>
TFS Capital LLC	10/27/1997
Huntrise Fund of Funds LLC	12/16/2004
Huntrise Energy Fund LLC	2/25/2008
Powhatan Energy Fund LLC	3/22/2010
Tuckahoe Energy Fund LLC	4/16/2009 (inactive until April 2010)
LSE Capital Management LLC	4/8/2010
Penguin Lips LLC	8/11/2010
Moxy Vote LLC	5/4/2009
TFS Market Neutral Fund	9/7/2004 was the initial public offering of shares.
TFS Small Cap Fund	3/7/2006 was the initial public offering of shares.
Oakstone Partners LLC	10/2/2006
Huntrise Capital Partners LLC	9/20/2000
Huntrise Global Partners Ltd.	1/16/2001

(e) Please see attached. The managing member is listed in the operating agreement for each entity. See the attached excel file entitled “Ownership Interests” for the ownership interests of the various entities by month since January 1, 2008. Larry Eiben, Richard Gates and Kevin Gates are equal owners in TFS Capital. The reference to “phantom equity” in the spreadsheet indicates that certain employees of TFS Capital are compensated as if they were owners of the fund (this “phantom” equity is excluded from the spreadsheet). Other than with respect to TFS Capital, equity interest of the members in the funds may vary by month depending on the capital injections or withdrawals by such member in a month.

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(f) Please see the attached documents. The operating agreement for each entity defines the corporate governance structure.

Prepared by:

Kevin Gates, with assistance from Larry Eiben

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REQUEST:

8. Provide all agreements between (a) Powhatan and (b) TFS Capital LLC, Hunterized Fund of Funds, Hunterized Energy Fund, LSE Capital Management LLC, and/or their affiliates, from January 1, 2008, through the present.

RESPONSE:

As Erik Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan understands "Hunterized Fund of Funds" to mean "Huntrise Fund of Funds" and "Hunterized Energy Fund" to mean "Huntrise Energy Fund." Please see documents provided in response to Request No. 7(c). The operating agreement is the only agreement between a given investment fund and its managing member(s). This response may be supplemented pending the completion of document review.

Prepared by:

Kevin Gates

Powhatan Energy Fund LLC  
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REQUEST:

9. Provide all copies of billing statements from HEEP Fund Inc. and/or Houlian Chen to Powhatan, TFS Capital LLC, Hunterized Fund of Funds, and/or Hunterized Energy Fund since January 1, 2008, through the present.

RESPONSE:

As Erik Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan understands "Houlian Chen" to refer to "Alan Chen," "Hunterized Fund of Funds" to mean "Hunrise Fund of Funds" and "Hunterized Energy Fund" to mean "Hunrise Energy Fund." Please see the attached copies of billing statements from HEEP Fund Inc.

Prepared by:

Kevin Gates



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REQUEST:

10. Provide a detailed description of all communications between (a) Powhatan, TFS Capital LLC, Hunterized Fund of Funds, and/or Hunterized Energy Fund and (b) HEEP Fund Inc. and/or Houlian Chen from January 1, 2008, through the present. Provide all documents that relate to these communications.

RESPONSE:

As Erik Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan understands "Houlian Chen" to refer to "Alan Chen," "Hunterized Fund of Funds" to mean "Hunrise Fund of Funds" and "Hunterized Energy Fund" to mean "Hunrise Energy Fund." Please see the documents provided in response to Request No. 11, as well as the daily statements from HEEP Fund Inc. provided in response to Request Nos. 4 and 5.

Prepared by:

Kevin Gates

Powhatan Energy Fund LLC  
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REQUEST:

11. Provide all documents that Heep Fund Inc. and/or Houlian Chen provided to Powhatan, TFS Capital LLC, Hunterized Fund of Funds, and/or Hunterized Energy Fund from January 1, 2008, through the present.

RESPONSE:

As Erik Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan understands "Houlian Chen" to refer to "Alan Chen," "Hunterized Fund of Funds" to mean "Hunrise Fund of Funds" and "Hunterized Energy Fund" to mean "Hunrise Energy Fund." Please see the attached document responsive to this request. This response may be supplemented pending the completion of document review.

Prepared by:

Kevin Gates

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Preliminary, Non-Public Investigation  
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REQUEST:

12. Provide all the agreements, and their drafts, between (a) Powhatan, TFS Capital LLC, Hunterized Fund of Funds, and/or Hunterized Energy Fund and (b) HEEP Fund Inc. and/or Houlian Chen from January 1, 2008, through the present.

RESPONSE:

As Erik Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan understands "Houlian Chen" to refer to "Alan Chen," "Hunterized Fund of Funds" to mean "Hunrise Fund of Funds" and "Hunterized Energy Fund" to mean "Hunrise Energy Fund." Please see the attached agreements and drafts of such agreements.

Prepared by:

Kevin Gates

Powhatan Energy Fund LLC  
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REQUEST:

13. Provide a detailed description of all communications with PJM and/or the market monitor regarding Up-To Congestion transactions. Provide all documents that relate to these communications.

RESPONSE:

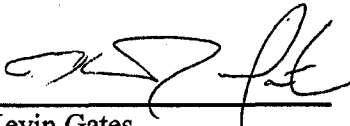
As Erik Baptist, Jane Rueger and Daniel Hagan discussed on November 16, 2010, Powhatan understands this request to seek all Powhatan communications with PJM and/or the market monitor regarding Up-To Congestion transactions and documents that relate to such communications. This response will be supplemented pending the completion of document review.

Prepared by:


Kevin Gates

**AFFIDAVIT**

KEVIN GATES, being duly sworn, deposes and states under penalty of perjury that the responses to the November 8, 2010 Data Requests of FERC Office of Enforcement have been prepared under his supervision and control and constitute a true, complete and accurate response to the requests to the best of his knowledge, information, and belief.

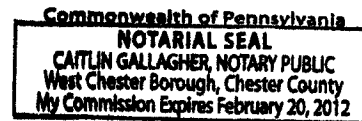
  
Kevin Gates

Subscribed and sworn to before me this \_\_\_ day of November, 2010:

  
Notary Public

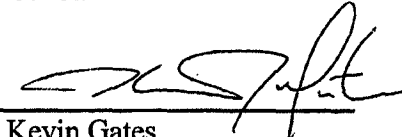
Printed Name: Caitlin Gallagher

My commission expires: Feb. 20, 2012

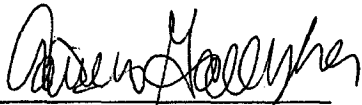


**AFFIDAVIT**

KEVIN GATES, being duly sworn, deposes and states under penalty of perjury that the responses to the November 8, 2010 Data Requests of FERC Office of Enforcement have been prepared under his supervision and control and constitute a true, complete and accurate response to the requests to the best of his knowledge, information, and belief.

  
Kevin Gates

Subscribed and sworn to before me this 13<sup>th</sup> day of December, 2010:

  
Notary Public

Printed Name: Caitlin Gallagher

My commission expires: Feb. 20, 2012

