

## DOCKETED

<b>Docket Number:</b>	79-AFC-04C
<b>Project Title:</b>	Compliance - Application for Certification of DWR Bottlerock Geothermal Project
<b>TN #:</b>	201148
<b>Document Title:</b>	BRPS Use Permit Bonds
<b>Description:</b>	Project Owner's Proposed Exhibit for Hearing (11/18/2013)
<b>Filer:</b>	Kimberly Hellwig
<b>Organization:</b>	Stoel Rives LLP
<b>Submitter Role:</b>	Applicant Representative
<b>Submission Date:</b>	11/8/2013 1:09:00 PM
<b>Docketed Date:</b>	11/8/2013

**PERMIT BOND**

This Replacement Bond will supersede and replace Bond No. 20988 issued by U.S. Specialty Insurance Company

BOND NO. 1039709

\$14,127.00 premium is for a term of One year(s)

Effective Date of Bond: April 9, 2012

KNOW ALL MEN BY THESE PRESENTS:

That we Bottle Rock Power LLC 7385 High Valley Road Cobb, CA 95426, as principal, and the Lexon Insurance Company 256 Jackson Meadows Drive Hermitage, TN 37076 a corporation duly licensed to do business in the State of California, as Surety, are held and firmly bound unto County of Lake Lakeport, California, as Obligee in the penal sum of Seven Hundred Six Thousand Three Hundred Thirty-one and 00/100----- Dollars (\$706,331.00) lawful money of the United States to be paid to the Obligee, for which payment will and truly be made, we bind ourselves and our legal representative, jointly and severally by these presents

THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, That whereas, the said Principal has been granted by said Obligee Use Permit Number 85-27 (formerly Use Permit 85-17), MCR Bottlerock Steamfield Geothermal Project and is required to file a financial assurance agreement to insure cleanup in the case of spills, landslides, mishaps and site reclamation upon abandonment.

NOW, THEREFORE, if said Principal shall faithfully perform the duties and in all things comply with Use Permit 85-27 and the laws and ordinance, including all amendments thereto, pertaining to the permit, then this obligation shall be void, otherwise to remain in full force and effect.

The liability of the Surety hereunder may, however, be terminated by giving one hundred and twenty (120) days written notice to the Principal and Obligee, and upon giving such notice, the Surety shall be discharged from all liability under this bond for any act or omission of the Principal occurring after the expiration of one hundred and twenty days form the date of the receipt of such notice

IN WTNESS WHEREOF, We have hereunto set our hands and seals this 9<sup>th</sup> day of April, 2012.

BOTTLE ROCK POWER, LLC

Lexon Insurance Company

\_\_\_\_\_  
PRINCIPAL

\_\_\_\_\_  
SURETY

By: 

By:   
Kieran J. Moran, Attorney in Fact

**ACKNOWLEDGMENT**

State of California  
County of LAKE )

On April 11, 2012 before me, Thanh Huynh, Notary Public  
(insert name and title of the officer)

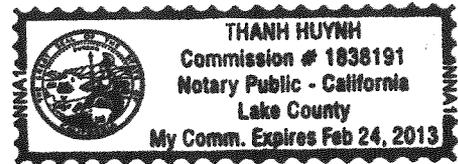
personally appeared Brian Harms,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in  
his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Thanh Huynh*

(Seal)



**LEXON INSURANCE COMPANY**

**STATE OF NEW JERSEY**

**COUNTY OF MORRIS**

On this 9<sup>th</sup> day of **April** 2012, before me, a Notary Public within and for said County and State, personally appeared **Kieran J. Moran** to me personally known, who being duly sworn, upon oath, did say that he is the **Attorney-in-fact** of and for the **Lexon Insurance Company**, a corporation created, organized and existing under and by the virtue of the laws of the **State of Texas** that the Corporate seal affixed to the foregoing instrument is the seal of said Corporation; that the seal was affixed; and the said **Kieran J. Moran** did acknowledge that he executed the said instrument as the free act and deed of said Corporation.

  
**Kelly Aileen Brannan**  
**Notary Public**

KELLY AILEEN BRANNAN  
NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES APRIL 18, 2012

POWER OF ATTORNEY

LX - 039900

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint: Charles P. Moran, Kieran J. Moran, Kelly A. Brannan \*

\*\*\*\*\*

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$ 1,500,000.00 One million five hundred thousand dollars \*\*\*\*\* dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 2nd day of July, 2003.



LEXON INSURANCE COMPANY

BY [Signature] David E. Campbell President

ACKNOWLEDGEMENT

On this 2nd day of July, 2003, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

OFFICIAL SEAL MAUREEN K. AYE Notary Public, State of Illinois My Commission Expires 09/21/13

[Signature] Maureen K. Aye Notary Public

CERTIFICATE

I, the undersigned, Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Woodridge, Illinois this 9th Day of April, 2012.



[Signature] Donald D. Buchanan Secretary

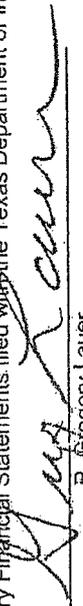
WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

LEXON INSURANCE COMPANY  
 FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2010

<u>ASSETS</u>	<u>LIABILITIES</u>
Bonds	Reserve for Losses and Loss Expense
\$69,862,342	\$18,039,266
Money Market &/or Stocks	Reserve for Unearned Premiums
2,053,792	29,421,729
Real Estate	Reserve for Other Expenses
1,012,395	896,982
Cash and Short-Term Investments	Reserve for Taxes, Licenses, and Fees
31,372,737	262,632
Agents Balances &/or Uncollected Premiums	Reserve for Current federal income taxes
5,823,684	0
Investment Income Due & Accrued	Ceded Reinsurance Premiums Payable
543,968	1,764,199
Funds Held or Deposited with Reinsurance Companies	Funds Held Under Reinsurance Treaty
0	100,000
Receivable from Parent, Subsidiaries and Affiliates	Reserve for Unauthorized Reinsurance
525,000	0
Reinsurance Recoverable on Loss Payments	Payable to Parent, Subsidiaries and Affiliates
209,419	131,628
Other Assets	Other Liabilities
9,846,318	<u>31,272,473</u>
	Total Liabilities
	<u>\$81,888,909</u>
	<u>POLICYHOLDERS' SURPLUS</u>
	Capital Stock & Paid In Surplus
	\$17,976,076
	Surplus
	<u>21,384,670</u>
	Total Policyholder Surplus
	<u>\$39,360,746</u>
Total Assets	Total Liabilities and Policyholder Surplus
<u>\$121,249,655</u>	<u>\$121,249,655</u>

CERTIFICATE

I certify that the above financial statements to the best of my knowledge are a true and accurate reflection of the financial condition of the Company as of December 31, 2010. Additionally, I certify that the above financial statements are in agreement with the Statutory Financial Statements filed with the Texas Department of Insurance as of the same date.



P. Gregory Lauer  
 Chief Financial Officer, Vice President & Assistant Treasurer

# SURETY RIDER

To be attached to and form part of Bond No. 1039709 in the amount of \$706,331.00 on behalf of Bottle Rock Power, LLC, as Principal and executed by Lexon Insurance Company, as Surety in favor of County of Lake, Lakeport, California, as Obligee.

Effective date of change: April 9, 2013

In consideration of the mutual agreements herein contained the Principal and Surety hereby consent to the following changes: Increase in Contract Amount

From: Seven Hundred Six Thousand Three Hundred Thirty One & 00/100 Dollars (\$706,331.00)

To: Seven Hundred Sixty Two Thousand Eight Hundred Thirty Seven & 48/100 (\$762,837.48)

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS 10<sup>th</sup> day of April, 2013.

Bottle Rock Power, LLC  
Principal

Lexon Insurance Company  
Surety

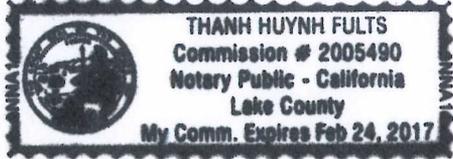
BY: Brian Haems  
Name: BRIAN HAEMS  
Title: PRESIDENT

BY: Kelly A. Brannan  
Kelly A. Brannan, Attorney-in-Fact

State of California  
County of Lake

Subscribed and sworn to (or affirmed) before me on this 11th  
day of April, 2013, by Brian Harms

proved to me on the basis of satisfactory evidence to be the  
person(s) who appeared before me.



(Seal)

Signature Thanh Huynh Fults

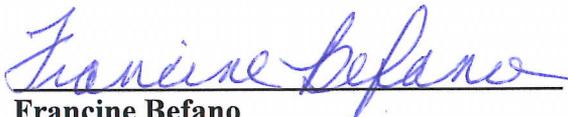
Original Document has Embossment

**LEXON INSURANCE COMPANY**

**STATE OF NEW JERSEY**

**COUNTY OF MORRIS**

On this 10<sup>th</sup> day of **April** 2013, before me, a Notary Public within and for said County and State, personally appeared **Kelly A. Brannan** to me personally known, who being duly sworn, upon oath, did say that he is the **Attorney-in-fact** of and for the **Lexon Insurance Company**, a corporation created, organized and existing under and by the virtue of the laws of the **State of Texas** that the Corporate seal affixed to the foregoing instrument is the seal of said Corporation; that the seal was affixed; and the said **Kelly A. Brannan** did acknowledge that he executed the said instrument as the free act and deed of said Corporation.



**Francine Befano**  
**Notary Public**

**FRANCINE BEFANO**  
**NOTARY PUBLIC OF NEW JERSEY**  
**ID # 2395145**  
**My Commission Expires April 13, 2015**

POWER OF ATTORNEY

LX - 054728

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint: Charles P. Moran, Kieran J. Moran, Kelly A. Brannan \*

\*\*\*\*\*

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$ 1,500,000.00 One million five hundred thousand dollars \*\*\*\*\* dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 21st day of September, 2009.



LEXON INSURANCE COMPANY

BY [Signature] David E. Campbell President

ACKNOWLEDGEMENT

On this 21st day of September, 2009, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

OFFICIAL SEAL MAUREEN K. AYE Notary Public, State of Illinois My Commission Expires 09/21/13

[Signature] Maureen K. Aye Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Woodridge, Illinois this 10th Day of April, 2013.



[Signature] Philip G. Lauer Assistant Secretary

WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

**BOND SAFEGUARD INSURANCE COMPANY**  
**FINANCIAL STATEMENT SUMMARY**  
As of December 31, 2012

<u>ASSETS</u>		<u>LIABILITIES</u>	
Bonds	\$32,779,083	Reserve for Losses and Loss Expense	\$16,834,312
Money Market &/or Stocks	11,238,304	Reinsurance payable on paid losses	756,279
Real Estate	0	Reserve for Unearned Premiums	18,848,128
Cash and Short-Term Investments	12,187,456	Reserve for Other Expenses	230,076
Agents' Balances &/or Uncollected Premiums	2,669,273	Reserve for Taxes, Licenses, and Fees	35,710
Investment Income Due & Accrued	269,055	Reserve for Current Federal Income Taxes	0
Cash Collateral Held	10,824,421	Ceded Reinsurance Premiums Payable	509,838
Funds Held or Deposited with Reinsurance Companies	0	Funds Held Under Reinsurance Treaty	175,000
Receivable from Parent, Subsidiaries and Affiliates	2,066,734	Reserve for Unauthorized Reinsurance	0
Reinsurance Recoverable on Loss Payments	0	Payable to Parent, Subs and Affiliates	308,296
Aggregate write-ins for other than Invested Assets	640,833	Collateral Held	10,824,421
Other Assets	5,320,270	Other Liabilities	128,369
<b>Total Assets</b>	<b>\$77,995,429</b>	<b>Total Liabilities</b>	<b>\$48,650,429</b>
		<b>POLICYHOLDERS' SURPLUS</b>	
		Capital Stock & Paid In Surplus	\$16,961,066
		Surplus	12,383,934
		<b>Total Policyholder Surplus</b>	<b>\$29,345,000</b>
		<b>Total Liabilities &amp; Policyholder Surplus</b>	<b>\$77,995,429</b>

**CERTIFICATE**

I certify that the above financial statements to the best of my knowledge are a true and accurate reflection of the financial condition of the Company as of December 31, 2012.  
Additionally, I certify that the above financial statements are in agreement with the Statutory Financial Statements filed with the Illinois Department of Insurance as of the same date.

  
Gregory Lauer  
CFO, Secretary, VP & Treasurer

**SUBSCRIBED**

and sworn to me this 6 day of MARCH, 2013.

My commission expires: JANUARY 13, 2017



  
Notary Public  
KAREN L. BLANTON  
Printed Name

**PERMIT BOND**

This Replacement Bond will supersede and replace Bond No. 1000901551 issued by U.S. Specialty Insurance Company

BOND NO. 1039710

\$1,630.00 premium is for a term of One year(s)  
Effective Date of Bond: April 9, 2012

KNOW ALL MEN BY THESE PRESENTS:

That we Bottle Rock Power LLC 7385 High Valley Road Cobb, CA 95426, as principal, and the Lexon Insurance Company 256 Jackson Meadows Drive Hermitage, TN 37076 a corporation duly licensed to do business in the State of California, as Surety, are held and firmly bound unto County of Lake Lakeport, California, as Obligee in the penal sum of Eighty One Thousand Five Hundred Ten and 00/100 Dollars (\$81,510.00) lawful money of the United States to be paid to the Obligee, for which payment will and truly be made, we bind ourselves and our legal representative, jointly and severally by these presents

THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, That whereas, the said Principal has been granted by said Obligee Use Permit Number 09-01, BRP GeoResource Steamfield Project and is required to file a financial assurance agreement to insure cleanup in the case of spills, landslides, mishaps and site reclamation upon abandonment.

NOW, THEREFORE, if said Principal shall faithfully perform the duties and in all things comply with Use Permit 09-01 and the laws and ordinance, including all amendments thereto, pertaining to the permit, then this obligation shall be void, otherwise to remain in full force and effect.

The liability of the Surety hereunder may, however, be terminated by giving one hundred and twenty (120) days written notice to the Principal and Obligee, and upon giving such notice, the Surety shall be discharged from all liability under this bond for any act or omission of the Principal occurring after the expiration of one hundred and twenty days from the date of the receipt of such notice

IN WTNESS WHEREOF, We have hereunto set our hands and seals this 9<sup>th</sup> day of April 2012.

BOTTLE ROCK POWER, LLC

Lexon Insurance Company

PRINCIPAL

SURETY

By: 

By:   
Kieran J. Moran, Attorney in Fact

## ACKNOWLEDGMENT

State of California  
County of LAKE )

On April 11, 2012 before me, Thanh Huynh, Notary Public  
(insert name and title of the officer)

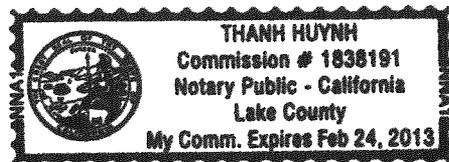
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person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Thanh Huynh*

(Seal)

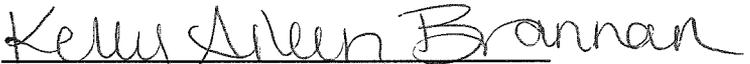


**LEXON INSURANCE COMPANY**

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**Kelly Aileen Brannan**  
**Notary Public**

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OFFICIAL SEAL MAUREEN K. AYE Notary Public, State of Illinois My Commission Expires 09/21/13

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[Signature] Philip G. Lauer Assistant Secretary

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 AS OF DECEMBER 31, 2010

<u>ASSETS</u>		<u>LIABILITIES</u>	
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Money Market &/or Stocks	2,053,792	Reserve for Unearned Premiums	29,421,729
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Agents Balances &/or Uncollected Premiums	5,823,684	Reserve for Current federal income taxes	0
Investment Income Due & Accrued	543,968	Ceded Reinsurance Premiums Payable	1,764,199
Funds Held or Deposited with Reinsurance Companies	0	Funds Held Under Reinsurance Treaty	100,000
Receivable from Parent, Subsidiaries and Affiliates	525,000	Reserve for Unauthorized Reinsurance	0
Reinsurance Recoverable on Loss Payments	209,419	Payable to Parent, Subsidiaries and Affiliates	131,628
Other Assets	9,846,318	Other Liabilities	<u>31,272,473</u>
		Total Liabilities	<u>\$81,888,909</u>
		<u>POLICYHOLDERS' SURPLUS</u>	
		Capital Stock & Paid In Surplus	\$17,976,076
		Surplus	<u>21,384,670</u>
		Total Policyholder Surplus	<u>\$39,360,746</u>
Total Assets	<u>\$121,249,655</u>	Total Liabilities and Policyholder Surplus	<u>\$121,249,655</u>

CERTIFICATE

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 P. Gregory Lauer

Chief Financial Officer, Vice President & Assistant Treasurer

# SURETY RIDER

To be attached to and form part of Bond No. 1039710 in the amount of \$81,510.00 on behalf of Bottle Rock Power, LLC, as Principal and executed by Lexon Insurance Company, as Surety in favor of County of Lake, Lakeport, California, as Obligee.

Effective date of change: April 9, 2013

In consideration of the mutual agreements herein contained the Principal and Surety hereby consent to the following changes: Increase in Contract Amount

From: Eighty One Thousand Five Hundred Ten & 00/100 (\$81,510.00)

To: Eighty Three Thousand Nine Hundred Fifty Five & 30/100 (\$83,955.30)

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS 10<sup>th</sup> day of April, 2013.

Bottle Rock Power, LLC  
Principal

Lexon Insurance Company  
Surety

BY: Brian Harms

BY: Kelly A. Brannan

Name: BRIAN HARMS

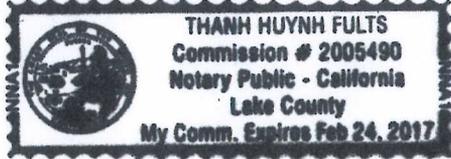
Kelly A. Brannan, Attorney-in-Fact

Title: PRESIDENT

State of California  
County of Lake

Subscribed and sworn to (or affirmed) before me on this 11th  
day of April, 2013, by Brian Harms

proved to me on the basis of satisfactory evidence to be the  
person(s) who appeared before me.



(Seal)

Signature Thanh Huynh Fults

Original Document has Embossment

**LEXON INSURANCE COMPANY**

**STATE OF NEW JERSEY**

**COUNTY OF MORRIS**

On this 10<sup>th</sup> day of **April** 2013, before me, a Notary Public within and for said County and State, personally appeared **Kelly A. Brannan** to me personally known, who being duly sworn, upon oath, did say that he is the **Attorney-in-fact** of and for the **Lexon Insurance Company**, a corporation created, organized and existing under and by the virtue of the laws of the **State of Texas** that the Corporate seal affixed to the foregoing instrument is the seal of said Corporation; that the seal was affixed; and the said **Kelly A. Brannan** did acknowledge that he executed the said instrument as the free act and deed of said Corporation.



**Francine Befano**  
**Notary Public**

**FRANCINE BEFANO**  
**NOTARY PUBLIC OF NEW JERSEY**  
**ID # 2395145**  
**My Commission Expires April 13, 2015**

POWER OF ATTORNEY

LX - 054729

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint: Charles P. Moran, Kieran J. Moran, Kelly A. Brannan \*

\*\*\*\*\*

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$ 1,500,000.00 One million five hundred thousand dollars \*\*\*\*\* dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 21st day of September, 2009.



LEXON INSURANCE COMPANY

BY [Signature] David E. Campbell President

ACKNOWLEDGEMENT

On this 21st day of September, 2009, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

OFFICIAL SEAL MAUREEN K. AYE Notary Public, State of Illinois My Commission Expires 09/21/13

[Signature] Maureen K. Aye Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Woodridge, Illinois this 10th Day of April, 2013.



[Signature] Philip G. Lauer Assistant Secretary

WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

**BOND SAFEGUARD INSURANCE COMPANY**  
**FINANCIAL STATEMENT SUMMARY**  
As of December 31, 2012

ASSETS	LIABILITIES
Bonds	Reserve for Losses and Loss Expense \$16,834,312
Money Market &/or Stocks	Reinsurance payable on paid losses 756,279
Real Estate	Reserve for Unearned Premiums 18,848,128
Cash and Short-Term Investments	Reserve for Other Expenses 230,076
Agents' Balances &/or Uncollected Premiums	Reserve for Taxes, Licenses, and Fees 35,710
Investment Income Due & Accrued	Reserve for Current Federal Income Taxes 0
Cash Collateral Held	Ceded Reinsurance Premiums Payable 509,838
Funds Held or Deposited with Reinsurance Companies	Funds Held Under Reinsurance Treaty 175,000
Receivable from Parent, Subsidiaries and Affiliates	Reserve for Unauthorized Reinsurance 0
Reinsurance Recoverable on Loss Payments	Payable to Parent, Subs and Affiliates 308,296
Aggregate write-ins for other than Invested Assets	Collateral Held 10,824,421
Other Assets	Other Liabilities 128,369
<b>Total Assets</b>	<b>Total Liabilities</b>
	<b>\$48,650,429</b>
	<b>POLICYHOLDERS' SURPLUS</b>
	Capital Stock & Paid In Surplus \$16,961,066
	Surplus 12,383,934
	<b>Total Policyholder Surplus</b>
	<b>\$29,345,000</b>
	<b>Total Liabilities &amp; Policyholder Surplus</b>
	<b>\$77,995,429</b>

**CERTIFICATE**

I certify that the above financial statements to the best of my knowledge are a true and accurate reflection of the financial condition of the Company as of December 31, 2012.  
Additionally, I certify that the above financial statements are in agreement with the Statutory Financial Statements filed with the Illinois Department of Insurance as of the same date.

*Gregory Lauer*  
Gregory Lauer  
CFO, Secretary, VP & Treasurer

**SUBSCRIBED**

and sworn to me this 6 day of MARCH 2013.

My commission expires: JANUARY 13, 2017



*Karen L. Blanton*  
Notary Public  
KAREN L. BLANTON  
Printed Name