



Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street – 2nd Floor
Commonwealth Keystone Building
Harrisburg, PA 17120

Re: Request for Reconsideration of License Cancellation of
Sprague Operating Resources LLC to Offer, Render or Supply
Electricity or Electric Generation Services as a Broker/Marketer,
Docket No. M-2015-2490383

Dear Secretary Chiavetta:

Enclosed on behalf of Sprague Operating Resources LLC (“Sprague Operating”), is
Sprague Operating’s Petition for Reconsideration in the above-captioned proceeding. Copies of
this document have been served in accordance with the attached Certificate of Service.

Very truly yours,

Katherine Kehoe Battles
Asst. Secretary
Senior Counsel

Enclosures

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Electric Generation Supplier License Cancellations of Companies with Expired Financial Security	:	M-2015-2490383
	:	
	:	
In the matter of Sprague Operating Resources LLC Electric Supplier License	:	A-2012-2292048

**PETITION OF SPRAGUE OPERATING RESOURCES LLC
FOR RECONSIDERATION OF COMMISSION ORDER**

Sprague Operating Resources LLC (“Sprague Operating”), pursuant to the provisions of Section 5.572 of the Pennsylvania Public Utility Commission’s (“Commission” or “PA PUC”) regulations, 52 Pa. Code § 5.572, hereby files this Petition requesting reconsideration of the Commission’s order entered August 28, 2015, at Docket Nos. M-2015-2490383 regarding license no. A-2012-2292048 (“the Order”). For the following reasons, Sprague Operating respectfully requests that the Commission reconsider the Order as it pertains to license no. A-2012-2292048, then reinstate license no. license no. A-2012-2292048 and simultaneously grant Sprague Operating’s July 17, 2015, request for abandonment.

I. BACKGROUND

1. Sprague Operating is a limited liability company, organized in the state of New Hampshire, and registered to do business in Pennsylvania.
2. On January 19, 2012, Sprague Operating applied for authority, under the Commission’s regulations at 52 Pa. Code §§ 54.31-54.43, to provide electric generation supply service in all the

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electric distribution company service territories throughout the Commonwealth of Pennsylvania. Sprague Operating received its license on June 20, 2012 at Docket No. A-2012-2292048.

3. At the time of its application, Sprague Operating posted the required \$250,000 bond, and simultaneously asked the Commission to have the bond reduced to \$10,000. The Commission granted Sprague Operating's request. *Id.*

4. From the date of Sprague Operating's application to the present, Sprague Operating has continually had the required surety in place. *See* Attachment A (proof of bond).

5. On November 4, 2013, the Bureau of Technical Utility Services sent a 60-day Bond Renewal Notice to Sprague Operating at 2 International Drive, Suite 200, Portsmouth, NH 03801 and asked for proof that a bond or other security was in place, stating that such information was required by January 10, 2014.

6. Sprague Operating has no current record of receiving the 60-day Bond Renewal Notice. Sprague Operating has a new address is 185 International Drive, Portsmouth, NH 03801.

7. On March 3, 2015, the Commission sent a notice via certified mail to Sprague Operating at 2 International Drive, Suite 200, Portsmouth, NH 03801 stating the required proof had not been provided and that failure to respond within ten (10) days could result in the cancellation of its license.

8. Sprague Operating has no current record of receiving the Commission's March 3, 2015, notice.

9. On July 17, 2015, Sprague Operating filed its request for abandonment of its electric generation supplier license with the Commission.

10. On August 28, 2015, the Commission cancelled Sprague Operating's license no. A-2012-2292048 at Docket No. M-2015-2490383.

11. The Commission has not acted on Sprague Operating's July 17, 2015, request for abandonment.

II. ARGUMENT

A. Sprague Operating should be granted reconsideration because it meets the standards for the Commission to grant reconsideration.

12. The standards for granting a Petition for Reconsideration were set forth in *Duick v. Pennsylvania Gas and Water Co.*, Docket No. C-R0597001 *et al.*, 56 Pa. P.U.C. 553, 559, 1982 Pa. PUC LEXIS 4 (1982).

13. The *Duick* decision holds that a Petition for Reconsideration, under the provisions of 66 Pa. C.S. § 703(g),

may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code to rescind or amend a prior order in whole or in part. . . . In this regard we agree with the court in the Pennsylvania Railroad Company case, wherein it was stated that '[p]arties . . . , cannot be permitted by a second motion to review and reconsider, to raise the same questions which were specifically decided against them' What we expect to see raised in petitions for reconsideration are new and novel arguments, not previously heard or considerations which appear to have been overlooked by the Commission." (*Id.*)

14. Additionally, a Petition for Reconsideration is properly before the Commission where it pleads newly discovered evidence, alleges errors of law, or a change in circumstances.

15. The maintenance of an electric supplier's license is contingent on the supplier providing proof to the Commission that a bond or other approved security in the amount directed by the Commission has been obtained.

16. Sprague Operating possesses facts that were not able to be presented to the Commission before the cancellation of its license no. A-2012-2292048, because of its own inadvertence.

17. Sprague Operating in fact had a bond in place to govern its obligations under its electric generation supply license during all relevant periods.

18. Sprague Operating in fact had no electricity generation supply customers in Pennsylvania in 2013, 2014 or 2015.

19. Sprague Operating in fact conducted no marketing of retail electric generation supply during 2013, 2014 or 2015.

20. Sprague Operating in fact moved its Portsmouth, New Hampshire office during this time and because of inadvertence, failed to update its address for regulatory contact with the Commission.

B. Sprague Operating should be granted reconsideration because its oversight was administrative in nature and Sprague Operating has put procedures in place to ensure it will not occur again.

21. Sprague Operating was not marketing to electric customers.

22. Sprague Operating nonetheless had a bond in place during all relevant periods.

23. The cancellation of the Sprague Operating license resulted from Sprague's administrative inadvertence.

24. In response to the Commission's administrative cancellation of its license, Sprague Operating and its affiliates have updated their compliance procedures to ensure each regulatory license is associated with the correct mailing address.

25. In addition, Sprague Operating and its affiliates have put in place compliance measures to ensure that the Commission's dockets are routinely reviewed to make sure that any notices impacting Sprague Operating and its affiliates are identified and handled.

26. While Sprague Operating was responsible for the administrative inadvertence that caused the cancellation of its license, it at the same time had no meaningful opportunity to demonstrate that in fact the bond was in place for the correct amount during the relevant period.

B. Sprague Operating should be granted reconsideration because the Commission's administrative cancellation of Sprague Operating's electric license casts unwarranted aspersions that may impact and prejudice Sprague Operating's affiliates, including Sprague Energy Solutions, in the competitive marketplace.

27. Sprague Operating employs over 600 employees in the United States and 100 in Canada, and is the largest company in New Hampshire, as measured by revenue.

28. Sprague Operating is a wholesale and commercial distributor engaged in the purchase, storage, distribution and sale of refined products and natural gas, and also provides storage and handling services for a broad range of materials.

29. Sprague Operating is one of the largest independent wholesale distributors of refined products in the northeastern United States based on aggregate terminal capacity, owning and/or operating a network of refined products and materials handling terminals that have a combined storage capacity of approximately 14.1 million barrels for refined petroleum products and other liquid gas materials, as well as approximately 1.5 million square feet of materials handling capacity.

30. Sprague Operating purchases, sells and markets natural gas to over 14,000 small and larger commercial and industrial customers in thirteen states where it is licensed, including Pennsylvania. In Pennsylvania, Sprague Operating is a licensed natural gas supplier at Docket No. A-125055. Sprague Operating is in good standing in all jurisdictions in which it holds a natural gas license, including Pennsylvania.

31. Sprague Operating's affiliate, Sprague Energy Solutions, Inc. ("Sprague Energy Solutions"), is an electric generation supplier to industrial and commercial customers in fourteen states.

32. Sprague Energy Solutions was granted authority under a license issued by the Commission on June 11, 2015 to provide electric generation supply services in Pennsylvania, at Docket No. A-2015-2469110. Sprague Energy Solutions' electric generation supply services license is active and in good standing in Pennsylvania, and all other jurisdictions in which it holds an electric generation supply services license.

33. The Commission's cancellation of Sprague Operating's license has caused electric market counterparties, including electric distribution utilities, to question Sprague Energy Solutions' good standing, even though the licenses are separate, Sprague Energy Solutions is active and in good standing and Sprague Operating sought abandonment on July 17, 2015, before the cancellation was final.

34. The impact of the cancellation, although entirely administrative, has been to cause issues and raise questions with Sprague Operating's and its affiliates' otherwise strong business reputation with counterparties.

35. The Commission's cancellation also presents a compliance issue that is larger than the *de minimis* oversight that occurred – as virtually every state in which Sprague Operating holds a retail supplier license requires notification of a license cancellation, as well as that of any affiliate. As stated, Sprague Operating and its affiliates conduct energy marketing of natural gas and electricity in 14 states.

III. CONCLUSION

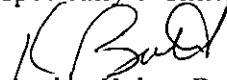
36. Sprague Operating has produced new evidence that warrants the Commission's reconsideration, to wit, that Sprague Operating had an appropriate bond in accordance with the Commission's requirements in place for the relevant period, it had no electric customers in Pennsylvania and it was not marketing to electric customers in Pennsylvania during the relevant period.

37. Sprague Operating has admitted to its administrative oversight, and has put in place compliance measures to ensure that the oversight (that of failing to respond to a Commission notice, as well as failing to provide proof of bond) will not occur again.

38. Sprague Operating has demonstrated that the Commission's cancellation of Sprague Operating's electric generation supply license has or may cause market harm to Sprague Operating and its affiliates, by the negative perception imposed on a certificate cancellation, and the cancellation will result in undue regulatory reporting requirements in Pennsylvania and in the other states in which Sprague Operating and its affiliates hold licenses that are in good standing.

WHEREFORE, for all the foregoing reasons, Sprague Operating Resources LLC respectfully requests that, because the harm caused by the license cancellation vastly exceeds the *de minimis* nature of the administrative oversight and because corrective compliance actions have been taken to ensure it does not recur, that the Commission reconsider its decision, reinstate Sprague Operating's electric generation supplier license no. A-2012-2292048 and then simultaneously grant Sprague Operating's July 17, 2015, request for abandonment.

Respectfully submitted,


Katherine Kehoe Battles
Asst. Secretary

Senior Counsel

CERTIFICATE OF SERVICE

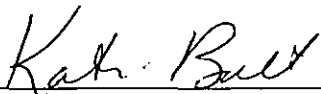
I hereby certify that a true and correct copy of the foregoing has been served on the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA EMAIL and OVERNIGHT COURIER

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Katherine Kehoe Battles

Date: September 8, 2015

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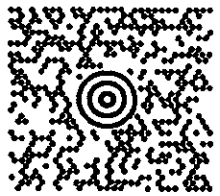

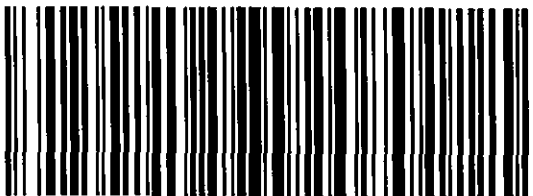
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