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|  | **PENNSYLVANIA**  **PUBLIC UTILITY COMMISSION**  **Harrisburg, PA 17105-3265** |  |
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|  | Public Meeting held September 2, 2010 |
| Commissioners Present: |  |

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| James H. Cawley, Chairman | |
| Tyrone J. Christy, Vice Chairman  John F. Coleman, Jr.  Wayne E. Gardner | |
| Robert F. Powelson | |
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| License Application of Texzon Utilities Ltd., for Approval to Offer, Render, Furnish or Supply Electricity or Electric Generation Services as a Broker/Marketer of Retail Electric Power | Docket Number: A-2010-2187969 |

# ORDER

**BY THE COMMISSION:**

On June 25, 2010, Texzon Utilities Ltd. (Texzon) filed an application seeking to become a licensed electric generation supplier (EGS) in service territories throughout the Commonwealth of Pennsylvania. The application was filed pursuant to the Commission’s regulations at 52 Pa. Code §§54.31-54.43, which became effective on August 8, 1998, and which were established under Section 2809 of the Public Utility Code, 66 Pa. C.S. §2809.

Section 2809 provides in pertinent part that:

License Requirement.--No person or corporation, including municipal corporations which choose to provide service outside their municipal limits except to the extent provided prior to the effective date of this chapter, brokers and marketers, aggregators and other entities, shall engage in the business of an electric generation supplier in this Commonwealth unless the person or corporation holds a license issued by the Commission.

An electric generation supplier is defined as:

A person or corporation, including municipal corporations which choose to provide service outside their municipal limits except to the extent provided prior to the effective date of this chapter, brokers and marketers, aggregators or any other entities, that sells to end-use customers utilizing the jurisdictional transmission and distribution facilities of an electric distribution company, or that purchases, brokers, arranges or markets electricity or related services to end-use customers utilizing the jurisdictional transmission and distribution facilities of an electric distribution company.

66 Pa. C.S. § 2803.

Texzon is a foreign Limited Partnership, formed in the State of Texas on February 8, 2002, and registered to do business in the Commonwealth of Pennsylvania as of May 18, 2010. Texzon proposes to act as a broker/marketer of alternative energy supply services to residential, industrial, governmental, and small (25 kw and under demand) and large (over 25 kw) commercial customers. Texzon states that it will not be billing customers directly for its broker services or paying customer bills in its broker services role, nor taking title to any power. Customers will continue to pay their bills directly to the electric distribution company (EDC) or EGS, as appropriate. Texzon will be compensated for its services by the EGS. A Texzon customer may, at its sole discretion, select or decline any electricity marketer or contract presented by Texzon.

Since Texzon proposes to provide electric generation supplier services to residential customers it is required to comply with, and be governed by, applicable Chapter 56 residential service regulations as set forth in the Commission Order *Guidelines for Maintaining Customer Service at the Same Level of Quality Pursuant to 66 Pa. C.S. §2807(d), Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. §2809(e) and (f)*, at Docket No. M-00960890 F0011, Order entered July 11, 1997*.* Thus, we deem it appropriate to reiterate certain items with respect to Chapter 56 of our regulations. Chapter 56 (52 Pa Code Chapter 56) is applicable to residential accounts. An electric generation supplier cannot physically disconnect a residential customer from the electricity grid; therefore, the rules relating to residential service termination are not applicable to electric generation suppliers. An electric generation supplier may seek to terminate its generation service through an appropriate written notice to the customer and the distribution company. The residential customer can then attempt to repair their relationship with the supplier, seek a new supplier, or default to utility service at capped rates in accordance with the utility's obligations under Section 2807(e), 66 Pa. C.S. §2807(e). The customer would only be disconnected from the electricity grid pursuant to appropriate regulations if the customer failed to meet its obligations to the utility or the electric generation supplier that has been designated by the Commission as the provider of last resort.

Additionally, we specifically note that the licensee must comply with, and ensure that its employees, agents, representatives and independent contractors comply with the standards of conduct and disclosure for licensees set out in Commission regulations at 52 Pa. Code §54.43 that were enacted to protect consumers of this Commonwealth. These standards include, *inter alia,* the provision of timely and accurate information about the services offered by the licensee, the practice of nondiscrimination in service in regard to race, color, religion, national origin, marital status, etc., the safeguarding of a consumer’s personal information, and compliance with applicable state and federal consumer protection laws. Also, we take this opportunity to remind the licensee of its agreement to abide by, and to ensure that its employees, representatives, agents and independent contractors abide by all applicable federal and state laws, and Commission regulations, procedures and orders, 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.

Texzon has provided proofs of publication in Pennsylvania newspapers and proofs of service to the interested parties as required by the Commission.

Regarding the financial and technical requirements of the license application, Texzon has supplied a balance sheet for the year ended May 31, 2010, as well as a comprehensive credit report. Texzon has also provided historical employment information for several executive, management and staff personnel indicating that they have the necessary consulting, utility and/or regulatory experience. Sufficient information has been provided by Texzon to demonstrate its financial and technical fitness in order to be licensed as a broker/marketer in the Commonwealth of Pennsylvania.

Texzon did not provide a $250,000 bond as required by the license application; however, it did provide a bond in the amount of $10,000 and requests that the Commission reduce its security requirement from $250,000 to $10,000. In support of this request, Texzon explains that it will not be collecting any gross receipts from its customers or generating electricity. Its services include analyzing client electricity loads and negotiating the purchase of electricity for its clients.

The Commission believes that the reasoning on which Texzon bases its request for a bond reduction from $250,000 to $10,000 is similar to that offered by the other EGSs that have successfully petitioned the Commission for a bonding level of $10,000. Two of the EGSs are Co-eXprise, Inc. (Co-eX), at Docket No. A-110166, whose request was granted January 20, 2006, and Premier Energy Solutions (Premier), at Docket No. A-110170, whose request was granted July 26, 2006. In the case of Co-eX, the company explained that, as a consultant, it will provide its customers with an evaluation and selection process from which to select the best positioned licensed electricity supplier/generator and award business. In the case of Premier, the company explained that it requested an EGS license to become EDI certified with the utilities, in order to be able to efficiently and effectively obtain electricity usage information for the customers to whom it provides consulting services. Premier intended to utilize the information to help its customers reduce their overall spending for electricity. Premier also stated that it will not take title to power.

The Commission believes that Texzon operates in a similar manner and therefore should be granted similar relief and be permitted to provide a bond or other approved security in the reduced amount of $10,000. However, Texzon’s bonding level is contingent upon the company’s business model as described in this Order.If Texzon takes title to generation supply for its customers, and/or charges customers directly for that generation supply, a $10,000 level of bonding may not be appropriate.Therefore, we will direct Texzon to notify the Commission 45 days prior to a change in its business model, whereby Texzon takes title to generation supply and/or bills its customers directly for that generation supply. This will provide the Commission with an opportunity to review and adjust Texzon’s approved bonding level prior to Texzon implementing those changes.

Texzon has provided the required Pennsylvania Emergency Management Agency (PEMA) contact information.

As of August 24, 2010, no protests have been filed.

We find that the applicant:

1. Is fit, willing and able to properly perform the service proposed in conformance with applicable provisions of the Public Utility Code and lawful Commission orders and regulations, specifically including 52 Pa. Code Chapter 56 (relating to Standards and Billing Practices for Residential Utility Service).

2. Has agreed to lawfully abide by all Commission regulations, procedures and orders, 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.

We further find that the proposed service, to the extent authorized by the license, will be consistent with the public interest and the policy declared in the Electricity Generation Customer Choice and Competition Act.

Upon full consideration of all matters of record, we find that approval of this application is necessary and proper for the service, accommodation and convenience of the public; **THEREFORE,**

**IT IS ORDERED:**

1. That the application of Texzon Utilities Ltd. is hereby approved, consistent with this Order.

2. That Texzon Utilities Ltd.’s request for a reduction in the bond level from $250,000 to $10,000 is hereby granted.

3. That the security amount of $10,000 shall remain in effect for Texzon Utilities Ltd. as long as Texzon Utilities Ltd. does not make a change to its business model in Pennsylvania, whereby it would take title to generation supply and/or bill its customers directly for generation supply.

4. That a license be issued authorizing Texzon Utilities Ltd. to begin to offer, render, furnish or supply electric generation supplier services to residential, large (over 25 kw demand) and small (25 kw and under) commercial, industrial, and governmental customers in the electric distribution company service territories throughout the Commonwealth of Pennsylvania, as specified in the Order.

5. That if Texzon Utilities Ltd. proposes to change its business model as described in Ordering Paragraph No. 3, it must notify the Commission at least 45 days prior to the changes. With the notice, the Company must provide an update to the nature and scope of business information that was required by Pa. Code § 54.40(c) to justify the modification granted in Ordering Paragraph No. 3. This will provide the Commission the opportunity to review Texzon Utilities Ltd.’s bonding level and adjust as appropriate, prior to Texzon Utilities Ltd.’s implementing the proposed changes to its business model.

6. That if Texzon Utilities Ltd. changes its business model without providing to the Commission the notice and information required in Ordering Paragraph No. 5, then the reduced bonding level permitted by Ordering Paragraph No. 2 shall cease effective with the date of the change in the business model. The level of bonding effective at that time shall be $250,000 or the level required by 52 Pa. Code § 54.40, whichever is greater.

7. That this proceeding at Docket No. A-2010-2187969 be closed.

 **BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: September 2, 2010

ORDER ENTERED: September 3, 2010