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|  | **PENNSYLVANIA****PUBLIC UTILITY COMMISSION****Harrisburg, PA 17105-3265** |  |
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|  | Public Meeting held October 21, 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 Mondre Energy, Inc. for Approval to Offer, Render, Furnish or Supply Electricity or Electric Generation Services as a Consultant to End-users of Electricity. | Docket No.A-2010-2194044  |

# ORDER

**BY THE COMMISSION:**

On July 29, 2010, Mondre Energy, Inc. (Mondre) filed an application seeking to become a licensed electric generation supplier (EGS) in the electric distribution company 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 electricity or related services 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.

Mondre is a domestic corporation, incorporated in the State of Pennsylvania, and registered in the Commonwealth as of January 20, 1998. Mondre currently provides services as a consultant to end-users of electricity, and proposes to continue these services, serving all types of customers, including residential, small commercial (25 kw and under demand), large commercial (over 25 kw demand), industrial, and governmental. According to Mondre, these consulting services include: review of tariffs and rates; review of utility bills; identifying alternative energy suppliers and services; identifying conservation and demand response opportunities; procuring price quotes from energy suppliers for client review and consideration; and providing strategic and programmatic advice to end-user clients regarding their energy usage and purchases. Mondre states that it does not take title to the electricity or bill customers for the electricity. Mondre is compensated for its consulting services either directly by the client or by a supplier at the client’s request. Mondre does not plan to use independent contractors for marketing, and does not market its services door-to-door.

 Since Mondre intends to provide its consulting services to residential customers, Mondre is required to comply with, and be governed by, applicable Chapter 56 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), and Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. § 2809(e) and (f)* at Docket No. M-00960890F0011, Order entered July 11, 1997. Chapter 56 (52 Pa. Code Chapter 56) is applicable to residential accounts. An EGS cannot physically disconnect a residential customer from the electricity grid; therefore, the rules relating to residential service termination are not applicable to EGSs. An EGS 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 EGS 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 business.

Mondre 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, Mondre has supplied audited financial statements for the years ended December 31, 2008 and 2009, as well as non-audited statements for the period from January to June 2010. Mondre has also provided resumes and historical employment information for the company president, vice presidents, and other personnel, indicating that they have the necessary electric utility industry, energy management, energy efficiency/conservation, and marketing experience. Sufficient information has been provided by Mondre to demonstrate its financial and technical fitness in order to be licensed as a consultant to end-users of electricity in the Commonwealth of Pennsylvania.

Mondre 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, Mondre explains that it does not take title to the electricity and is not required to pay a gross receipts tax.

The Commission believes that the reasoning on which Mondre 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 Mondre 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, Mondre’s bonding level is contingent upon the company’s business model as described in this Order.If Mondre 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 Mondre to notify the Commission 45 days prior to a change in its business model, whereby Mondre 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 Mondre’s approved bonding level prior to Mondre implementing those changes.

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

As of September 21, 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.

 The Commission recognizes that Mondre is a subcontractor on the Commission Act 129 Statewide Evaluator contract, charged with monitoring, evaluating and auditing EDC energy efficiency and conservation plan implementation and effectiveness. While the Act 129 Statewide Evaluator contract does not prohibit Monde from providing services as a licensed EGS in Pennsylvania, it does contain provisions that limit Mondre’s use and disclosure of proprietary and confidential information. The Act 129 Statewide Evaluator contract also limits the information Mondre can release regarding its efforts, actions and duties under that contract. Finally, the Act 129 Statewide Evaluator contract contains conflict of interest provisions that require Mondre to disclose and discuss potential conflicts of interest with the Act 129 Statewide Evaluator Project manager for further potential remedial action. The Commission reminds Mondre that it is expected to adhere to the letter and intent of these and all other provisions of the Act 129 Statewide Evaluator contract during the term of said contract, including, while providing services as a licensed EGS.

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 Mondre Energy, Inc. is hereby approved, consistent with this Order.

2. That Mondre Energy, Inc.’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 Mondre Energy, Inc. as long as it 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 Mondre Energy, Inc. to begin to offer, render, furnish or supply electric generation supplier services to residential, small commercial (25 kw and under demand), large commercial (over 25 kw demand), industrial, and governmental customers in the electric distribution company service territories throughout the Commonwealth of Pennsylvania, as specified in the Order.

 5. That if Mondre Energy, Inc. 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 Mondre Energy, Inc.’s bonding level and adjust as appropriate, prior to Mondre Energy, Inc. implementing the proposed changes to its business model.

 6. That if Mondre Energy, Inc. 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-2010-2194044 be closed.



 **BY THE COMMISSION,**

 Rosemary Chiavetta

 Secretary

(SEAL)

ORDER ADOPTED: October 21, 2010

ORDER ENTERED: October 22, 2010