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|  | **PENNSYLVANIA**  **PUBLIC UTILITY COMMISSION**  **Harrisburg, PA 17105-3265** |  |
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|  | Public Meeting held August 2, 2012 |
| Commissioners Present: |  |

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| Robert F. Powelson, Chairman | |
| John F. Coleman, Jr., Vice Chairman  Wayne E. Gardner  James H. Cawley | |
| Pamela A. Witmer | |
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| Request to Transfer Electric Generation Supplier License from Utility Rates Analysts to URA Inc., Electric Generation Supplier License Application of URA Inc. and Abandonment of the Electric Generation Supplier License of Utility Rates Analysts | Docket Number: A-2009-2133996  A-2012-2303321 |

# ORDER

**BY THE COMMISSION:**

On May 9, 2012, URA Inc. (URA) filed a request, pursuant to 52 Pa. Code §54.40(c), §54.40(d) and §54.41, seeking the transfer of the electric generation supplier (EGS) license of Utility Rates Analysts (Utility Rates), at Docket No. A-2009-2133996, to URA. Additionally, URA filed a License Application, at Docket No. A-2012-2303321, to offer, render, furnish or supply electricity or electric generation services as a broker/marketer engaged in the business of supplying electricity to small commercial (25 kW and under), large commercial (over 25 kW), industrial and governmental customers 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.

Finally, URA requests that its license fee be waived and that the requirement of public notices be waived. URA states that the waivers are appropriate since the filing “…is a corporate change in name only and the principals involved have remained the same.”

Utility Rates is an EGS in the Commonwealth of Pennsylvania, at Docket No. A-2009-2133996. Utility Rates is a sole proprietorship, Stephen Cantore, owner, that has been in business since 1991. The business operates under the d/b/a Utility Rates Analysts. Utility Rates is licensed as a broker/marketer engaged in the business of supplying electricity services to small commercial (25 kW and under), large commercial (over 25 kW), industrial and governmental customers throughout the Commonwealth of Pennsylvania. By Order, adopted December 3, 2009, the Commission granted Utility Rates its license. Additionally, the Commission approved a reduced bonding level of $10,000 for Utility Rates.

URA is a domestic Subchapter S-Corporation, formed in the Commonwealth of Pennsylvania on December 2, 2011. URA has three shareholders. Stephen Cantore has 90% of the corporation’s shares. On May 9, 2012, URA requested the transfer of Utility Rates’ EGS license to URA. URA proposes to act as a broker/marketer of electric generation supply services to small commercial (25 kW and Under), large commercial (over 25 kW), industrial and governmental customers. URA requests continuation of the $10,000 bonding level approved for Utility Rates. URA proposes to act as a consultant to its clients and assist them in obtaining pricing and reviewing contracts from various suppliers. URA states that it will not be taking title to electricity, paying gross receipts taxes, or making any payments on behalf of customers.

Currently, URA does not intend to provide electric generation supplier services to residential customers. Therefore, Chapter 56 residential service regulations do not apply. If URA chooses to provide electric generation supplier services to residential customers in the future, URA must file a request for a license modification with the Commission Secretary by letter immediately and be 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.

As noted above, URA has requested that the requirement of public notices be waived and therefore, URA has not provided proofs of publication in Pennsylvania newspapers. However, URA provided proofs of service to the interested parties as required by the Commission.

Regarding the financial and technical requirements of the license application, URA has supplied financial statements for the period January through May 2012. URA also supplied financial statements for Utility Rates for the years ended December 31, 2010, and December 31, 2011. URA has also provided historical employment information for various owners and officers indicating that URA personnel have the necessary consulting, utility and/or regulatory experience. Sufficient information has been provided by URA to demonstrate its financial and technical fitness in order to be licensed as a broker/marketer in the Commonwealth of Pennsylvania.

URA 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 approve the same $10,000 bonding level approved for Utility Rates. In support of this request, URA explains that it will not purchase and sell electricity and therefore will not take title to electricity. Its services include acting as a consultant to its clients and assisting them in obtaining pricing and reviewing contracts from various suppliers.

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

URA has requested that its license fee be waived and that the requirement of public notices be waived. Considering the somewhat unique circumstances involving the common ownership of Utility Rates, a sole proprietorship, and URA, a subchapter S-Corporation, by the same individual, Stephen Cantore, we believe that both the license fee and the requirement of public notices can be waived. Although not “…a corporate change in name only…” as argued by URA, it can be viewed as the material change in organizational structure as referenced in 52 Pa. Code §54.34(b).

There are no outstanding fines pending against Utility Rates. There are also no outstanding formal or informal complaints.

As of July 24, 2012, 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 Request to Transfer an Electric Generation Supplier License filed by URA, Inc. on May 9, 2012, is hereby granted.

2. That the application of URA Inc. is hereby approved, consistent with this Order.

3. That a license be issued authorizing URA Inc. to begin to offer, render, furnish or supply electric generation supplier services to small commercial (25 kW and Under), large commercial (over 25 kW), industrial, and governmental customers as a broker/marketer in the electric distribution company service territories throughout the Commonwealth of Pennsylvania, as specified in the Order.

4. That URA Inc.’s request for a reduction in the bond level from $250,000 to $10,000 is hereby granted.

5. That the security amount of $10,000 shall remain in effect for URA Inc. as long as URA Inc. 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.

6. That if URA Inc. proposes to change its business model as described in Ordering Paragraph No. 5, 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. 4. This will provide the Commission the opportunity to review URA Inc.’s bonding level and adjust as appropriate, prior to URA Inc. implementing the proposed changes to its business model.

7. That if URA Inc. changes its business model without providing to the Commission the notice and information required in Ordering Paragraph No. 6, then the reduced bonding level permitted by Ordering Paragraph No. 4 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.

8. That URA, Inc.’s request for a waiver of the license fee and the requirement of public notices is granted.

9. That the proceeding at Docket No. A-2012-2303321 be closed.

10. That Utility Rates Analysts file a final Electric Choice Annual Report for the partial year ending on the entry date of this Order, no later than 60 days after the entry of this Order.

11. That upon the filing of the report specified in Ordering Paragraph 10, the electric generation supplier license held by Utility Rates Analysts, at Docket No. A-2009-2133996 is cancelled.

12. That if there are no outstanding complaints against Utility Rates Analysts or outstanding claims against Utility Rates Analysts’ financial security sixty (60) days after the entry date of this order, the Secretary shall return Utility Rates Analysts’ financial security.

13. That a copy of this order be served on the Office of Consumer Advocate, the Office of Small Business Advocate, all electric distribution companies, the Department of Revenue, Bureau of Corporation Taxes and the Department of Revenue, Bureau of Compliance.



**BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: August 2, 2012

ORDER ENTERED: August 2, 2012