

A-125137

PARTS OF CASE PREVIOUSLY
SCANNED

CAPTION SHEET

UTILITY MANAGEMENT SYSTEM

- 1. REPORT DATE: 00/00/00
- 2. BUREAU: FUS
- 3. SECTION(S):
- 5. APPROVED BY: DIRECTOR: SUPERVISOR:
- 6. PERSON IN CHARGE:
- 8. DOCKET NO: A-125137
- 4. PUBLIC MEETING DATE: 00/00/00
- 7. DATE FILED: 12/17/04
- 9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: SEQUENT ENERGY MANAGEMENT, L.P.

COMP/APP COUNTY:

UTILITY CODE: 125137

ALLEGATION OR SUBJECT

APPLICATION OF SEQUENT ENERGY MANAGEMENT, L.P. FOR APPROVAL TO OFFER, RENDER, FURNISH NATURAL GAS SUPPLY SERVICES AS A MARKETER/BROKER ENGAGED IN THE BUSINESS OF SUPPLYING NATURAL GAS SUPPLY SERVICES TO THE PUBLIC IN THE COMMONWEALTH OF PENNSYLVANIA.

DOCUMENT FOLDER

DOCKETED
DEC 29 2004



SEQUENT
ENERGY MANAGEMENT

1200 Smith Street, Suite 900
Houston, Texas 77002
(832) 397-1702 Phone
(832) 397-1749 Fax

ORIGINAL

RECEIVED

DEC 17 2004

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

November 30, 2004

VIA FEDERAL EXPRESS

Mr. James J. McNulty, Secretary
Keystone Building, 400 North Street
2nd Floor, Room N201
Harrisburg, PA 17120

DOCUMENT
FOLDER

Re: Sequent Energy Management, L.P. PPUC application

Dear Mr. McNulty:

A-125137

Per the PPUC application instruction sheet, attached are the following documents:

- Original Application
- Check for the filing fee
- Eight (8) copies of the Application
- Disk containing the electronic copy of the original Application

Please let us know if you need additional information.

Sincerely,

Matt Maxwell
Sr. Legal Specialist

Enclosures

DOCKETED
DEC 29 2004

A-125137

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Sequent Energy Management,
Application of L.P. ("SEM"), d/b/a N/A for approval to offer,
render, furnish, or as a(n) [as specified in item #8 below] to the public in the Commonwealth of Pennsylvania.

ORIGINAL

To the Pennsylvania Public Utility Commission:

1. **IDENTITY OF THE APPLICANT:** The name, address, telephone number, and FAX number of the Applicant are:

Sequent Energy Management, L.P.
1200 Smith Street, Suite 900
Houston, Texas 77002
(832) 397-1700 Phone
(832) 397-1749 Fax

Please identify any predecessor(s) of the Applicant and provide other names under which the Applicant has operated within the preceding five (5) years, including name, address, and telephone number.

Sequent Energy, L.P.
1000 Louisiana, Suite 1975
Houston, Texas 77002
(832) 397-1700
From June 29, 2001 thru July 6, 2001

2. a. **CONTACT PERSON:** The name, title, address, telephone number, and FAX number of the person to whom questions about this Application should be addressed are:

Mr. Matt A. Maxwell (832) 397-1702 Phone
Sr. Legal Specialist (832) 397-1749 Fax

b. **CONTACT PERSON-PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY:** The name, title, address telephone number and FAX number of the person with whom contact should be made by PEMA:

Mr. Steve Durio (832) 397-3781 Phone
Sr. Director, Origination (832) 397-1709 Fax
Sequent Energy Management, L.P.
1200 Smith Street, Suite 900
Houston, Texas 77002

3.a. **ATTORNEY:** If applicable, the name, address, telephone number, and FAX number of the Applicant's attorney are:

DOCUMENT
FOLDER

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DEC 17 2004

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DOCKETED
DEC 29 2004

- b. **REGISTERED AGENT:** If the Applicant does not maintain a principal office in the Commonwealth, the required name, address, telephone number and FAX number of the Applicant's Registered Agent in the Commonwealth are:

4. **FICTITIOUS NAME:** (select and complete appropriate statement)

The Applicant will be using a fictitious name or doing business as ("d/b/a"):

Attach to the Application a copy of the Applicant's filing with the Commonwealth's Department of State pursuant to 54 Pa. C.S. §311, Form PA-953.

or

The Applicant will not be using a fictitious name.

5. **BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:** (select and complete appropriate statement)

The Applicant is a sole proprietor.

If the Applicant is located outside the Commonwealth, provide proof of compliance with 15 Pa. C.S. §4124 relating to Department of State filing requirements.

or

The Applicant is a:

- domestic general partnership (*)
- domestic limited partnership (15 Pa. C.S. §8511)
- foreign general or limited partnership (15 Pa. C.S. §4124)
- domestic limited liability partnership (15 Pa. C.S. §8201)
- foreign limited liability general partnership (15 Pa. C.S. §8211)
- foreign limited liability limited partnership (15 Pa. C.S. §8211)

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DEC 17 2004
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Provide proof of compliance with appropriate Department of State filing requirements as indicated above.

Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

Secretary of State
Corporations Division
315 West Tower
#2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

DOCKET NUMBER : 011900859
CONTROL NUMBER: 0129735
EFFECTIVE DATE: 07/09/2001
REFERENCE : 0093
PRINT DATE : 07/09/2001
FORM NUMBER : 646

LONG ALDRIDGE & NORMAN
RACHEL B. LITTLE
303 PEACHTREE ST.#5300
ATLANTA, GA 30308

CERTIFICATE OF NAME CHANGE AMENDMENT

I, Cathy Cox, the Secretary of State of the State of Georgia, do hereby certify under the seal of my office that the certificate of limited partnership of

SEQUENT ENERGY, L.P.
A DOMESTIC LIMITED PARTNERSHIP

has been amended and the limited partnership name changed to

SEQUENT ENERGY MANAGEMENT, L.P.

by the filing of a certificate of amendment in the Office of the Secretary of State and by the paying of fees as required by Title 14 of the Official Code of Georgia Annotated. Attached hereto is a true and correct copy of said certificate of amendment.

WITNESS my hand and official seal in the City of Atlanta and the State of Georgia on the date set forth above.



A handwritten signature in cursive script, appearing to read "Cathy Cox".

Cathy Cox
Secretary of State

**CERTIFICATE OF AMENDMENT OF
CERTIFICATE OF LIMITED PARTNERSHIP OF
SEQUENT ENERGY, L.P.**

Pursuant to Section 14-9-202 of the Revised Uniform Limited Partnership Act of the State of Georgia (the "Act"), Sequent Energy, L.P. (the "Company"), a limited partnership organized and existing under and by virtue of the Act,

DOES HEREBY CERTIFY THAT:

FIRST: The name of the Company is Sequent Energy, L.P.

SECOND: The Certificate of Limited Partnership was filed with the Secretary of State of the State of Georgia on June 29, 2001.

THIRD: The Certificate of Limited Partnership of the Company is hereby amended by deleting Article I in its entirety and replacing it with the following:

"ARTICLE I

The name of the limited partnership is Sequent Energy Management, L.P."

FOURTH: This Certificate of Amendment will become effective upon its filing with the Secretary of State of the State of Georgia.

IN WITNESS WHEREOF, the undersigned hereby executes this Certificate of Amendment this 6 day of July, 2001.

SEQUENT, LLC, its General Partner



Hal Novak, Vice President

NOTARIAL PUBLIC
08-21-01 6-7-01
STATE OF GEORGIA

Secretary of State

Corporations Division

315 West Tower

#2 Martin Luther King, Jr. Dr.

Atlanta, Georgia 30334-1530

CONTROL NUMBER : 0129735
EFFECTIVE DATE : 06/29/2001
JURISDICTION : GEORGIA
REFERENCE : 0048
PRINT DATE : 06/29/2001
FORM NUMBER : 327

LONG, ALDRIDGE & NORMAN LLP
JOANNA P.L. MANGUM
303 PEACHTREE ST., SUITE 5300
ATLANTA, GA 30308

CERTIFICATE OF LIMITED PARTNERSHIP FILING

I, Cathy Cox, the Secretary of State of the State of Georgia, do hereby certify under the seal of my office that the domestic limited partnership

**SEQUENT ENERGY, L.P.
A DOMESTIC LIMITED PARTNERSHIP**

has filed, as of the effective date stated above, its Certificate of Limited Partnership with the Secretary of State and has paid all fees as required by Title 14 of the Official Code of Georgia Annotated.

WITNESS my hand and official seal in the City of Atlanta and the State of Georgia on the date set forth above.



Cathy Cox
Secretary of State

**CERTIFICATE OF LIMITED PARTNERSHIP
OF
SEQUENT ENERGY, L.P.**

ARTICLE I

The name of the limited partnership is "Sequent Energy, L.P."

ARTICLE II

The address of the registered office is 817 W. Peachtree Street, Suite 1000, Atlanta, Georgia, 30308 in Fulton County. The registered agent at such address is Paul R. Shlanta.

ARTICLE III

The name and business address of the general partner is:

Sequent Energy Management, LLC
817 W. Peachtree Street, Suite 1000
Atlanta, Georgia, 30308

IN WITNESS WHEREOF, the undersigned General Partner has executed this Certificate of Limited Partnership as of the 29th day of June, 2001.

SEQUENT ENERGY MANAGEMENT, LLC

By: _____

Todd Sattler
Todd Sattler, Vice President

SECRETARY OF STATE
01 JUN 29 PM 4:42
CORPORATIONS DIVISION



Corporation Search Results

Franchise Tax Certification of Account Status

This Certification Not Sufficient for Filings with Secretary of State

Do **not** include a certification from this Web site as part of a filing with the Secretary of State for dissolution, merger, withdrawal, or conversion. The Secretary of State will reject a filing that uses the certification from this site.

To obtain a certificate that is sufficient for dissolution, merger, or conversion, see Publication 98-336d, Requirements to Dissolve, Merge or Convert a Texas Entity.

| | Public Information |
|------------------------------------|---|
| Company Information: | SEQUENT LLC DBA SEQUENT ENERGY, LLC 1021 MAIN ST STE 1150 HOUSTON, TX 77002-6508 |
| Status: | IN GOOD STANDING NOT FOR DISSOLUTION OR WITHDRAWAL through March 9, 2006 |
| Registered Agent: | C T CORPORATION SYSTEM 1021 MAIN STREET SUITE 1150 HOUSTON, TX 77002 |
| Registered Agent Resignation Date: | |
| State of Incorporation: | GA |
| File Number: | 0800424229 |
| Charter/COA Date: | December 10, 2004 |
| Charter/COA Type: | COA |
| Taxpayer Number: | 32016343173 |

Carole Keeton Strayhorn
Texas Comptroller of Public Accounts

Window on State Government
Contact Us
Privacy and Security Policy

- * If a corporate partner in the Applicant's domestic partnership is not domiciled in Pennsylvania, attach a copy of the Applicant's Department of State filing pursuant to 15 Pa. C.S. §4124.

or

- The Applicant is a :
- domestic corporation (none)
 - foreign corporation (15 Pa. C.S. §4124)
 - domestic limited liability company (15 Pa. C.S. §8913)
 - foreign limited liability company (15 Pa. C.S. §8981)
 - Other _____

Provide proof of compliance with appropriate Department of State filing requirements as indicated above. Additionally, provide a copy of the Applicant's Articles of Incorporation.

Give name and address of officers.

The Applicant is incorporated in the state of _____.

6. **AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA:** (select and complete appropriate statement)

- Affiliate(s) of the Applicant doing business in Pennsylvania are:

Give name and address of the affiliate(s) and state whether the affiliate(s) are jurisdictional public utilities.

- Does the Applicant have any affiliation with or ownership interest in:
- (a) any other Pennsylvania retail natural gas supplier licensee or licensee applicant,
 - (b) any other Pennsylvania retail licensed electric generation supplier or licensee applicant,
 - (c) any Pennsylvania natural gas producer and/or marketer,
 - (d) any natural gas wells or
 - (e) any local distribution companies (LDCs) in the Commonwealth

If the response to parts a, b, c, or d above is affirmative, provide a detailed description and explanation of the affiliation and/or ownership interest.

- Provide specific details concerning the affiliation and/or ownership interests involving:
- (a) any natural gas producer and/or marketers,
 - (b) any wholesale or retail supplier or marketer of natural gas, electricity, oil, propane or other energy sources.

- Provide the Pa PUC Docket Number if the applicant has ever applied:
- (a) for a Pennsylvania Natural Gas Supplier license, or

(b) for a Pennsylvania Electric Generation Supplier license.

- If the Applicant or an affiliate has a predecessor who has done business within Pennsylvania, give name and address of the predecessor(s) and state whether the predecessor(s) were jurisdictional public utilities.

*SEM Parent, AGLR is in the final stages of contract negotiations to purchase NUI.

or

- The Applicant has no affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania.

7. **APPLICANT'S PRESENT OPERATIONS:** (select and complete the appropriate statement)

- The Applicant is presently doing business in Pennsylvania as a

- natural gas interstate pipeline.
- municipal providing service outside its municipal limits.
- local gas distribution company
- retail supplier of natural gas services in the Commonwealth
- a natural gas producer
- Other. (Identify the nature of service being rendered.)

Wholesale provider of natural gas services to local distribution companies.

or

- The Applicant is not presently doing business in Pennsylvania.

8. **APPLICANT'S PROPOSED OPERATIONS:** The Applicant proposes to operate as a:

- supplier of natural gas services.
- Municipal supplier of natural gas services.
- Cooperative supplier of natural gas services.
- Broker/Marketer engaged in the business of supplying natural gas services.
- Aggregator engaged in the business of supplying natural gas services.
- Other (Describe):

9. **PROPOSED SERVICES:** Generally describe the natural gas services which the Applicant proposes to offer. Supply natural gas and natural gas services sourced from the interstate pipeline system to large industrial customers. All gas and gas services provided by SEM will be delivered at the inter-connect of the interstate pipeline system and the customers LDC. SEM does not anticipate shipping gas on any Pennsylvania LDC's distribution system.

10. **SERVICE AREA:** Generally describe the geographic area in which Applicant proposes to offer services. Only in PPL's service territory. SEM will not be selling behind PPL's gate - only to a transport customer.

11. **CUSTOMERS:** Applicant proposes to initially provide services to:

- Residential Customers
- Commercial Customers - (Less than 6,000 Mcf annually)
- Commercial Customers - (6,000 Mcf or more annually)
- Industrial Customers (Not defined)
- Governmental Customers
- All of above
- Other (Describe):

12. **START DATE:** The Applicant proposes to begin delivering services on 01/01/05 (approximate date).

13. **NOTICE:** Pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14, serve a copy of the signed and verified Application with attachments on the following:

Irwin A. Popowsky
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120-1921

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

Bernard A. Ryan, Jr.
Commerce Building, Suite 1102
Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

Any of the following Natural Gas Distribution Companies through whose transmission and distribution facilities the applicant intends to supply customers:

| | |
|---|---|
| <p>NUI Valley Cities Gas (NUI Transportation Services) Mike Vogel PO Box 3175 Union, NJ 07083-1975 PH: 908.289.5000 ext. 5441 FAX: 908.2898.6444</p> | <p>National Fuel Gas Distribution Corp. Paul R. Mundy 10 Lafayette Square Buffalo, NY 14203 PH: 716.857.7756 FAX: 716.857.7479 e-mail: mundyp@natfuel.com</p> |
| <p>Penn Fuel [North Penn Gas Company & Penn Fuel Gas] Jim Evans or Tom Olsen 2 North 9th Street GENA94 Allentown, PA 18101 PH: 610.774.7981 610.774.4975 FAX: 610.774.5694 610.774.4975 e-mail: jevans@papl.com or teolson@papl.com</p> | <p>The Peoples Natural Gas Company Joe Gregorini or Bill McKeown 625 Liberty Avenue Pittsburgh, PA 15222 e-mail: jgregorini@png.cng.com PH: 412.497.6851 or 412.497.6840 FAX: 412.497.6630</p> |
| <p>T. W. Phillips Gas and Oil Company Robert M. Hovanec 205 North Main Street Butler, PA 16001 PH: 724.287.2725 FAX: 724.287.5021 e-mail: rhovanec@twphillips.com</p> | <p>UGI Chris Brown or Bob Krieger PO Box 12677 or 225 Morgantown Rd Reading, PA 15222 Reading, PA 15222 PH: 610.796.3425 PH: 610.796.3516 FAX: 610.796.3559</p> |
| <p>PG Energy Richard N. Marshall or Wendy K. Saxe One PEI Center Wilkes-Barre, PA 18711-0601 e-mail: marshall@pgenergy.com or saxe@pgenergy.com PH: 570.829.8795 FAX: 570.829.8652</p> | <p>Equitable Gas Company Antionette Litchy 200 Allegheny Center Mall Pittsburgh, PA 15212-5352 PH: 412.395.3117 FAX: 412.395.3156</p> |
| <p>Carnegie Natural Gas Company Donald A. Melzer 800 Regis Avenue Pittsburgh, PA 19236 PH: 412.655.8510 ext. 331 FAX: 412.655.0335</p> | <p>Columbia Gas of PA, Inc. Erich Evans or Heather Bauer 200 Civic Center Drive Columbus, OH 43215 PH: 614.460.6254 or 614.460.5554 FAX: 614.460.4291</p> |
| <p>Philadelphia Gas Works Eric Burgis 800 West Montgomery Avenue Philadelphia, PA 19122 email: eric.burgis@pgworks.com PH: 215.684.6907 FAX: 215.684.6564</p> | <p>PECO Kevin Carrabine 300 Front Street Building 2 Conshohocken, PA 19428 PH: 610.832.6413</p> |

Pursuant to Sections 1.57 and 1.58 of the Commission's Regulations, 52 Pa. Code §§1.57 and 1.58, attach Proof of Service of the Application and attachments upon the above named parties. Upon review of the Application, further notice may be required pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14.

14. **TAXATION:** Complete the TAX CERTIFICATION STATEMENT attached as Appendix B to this application.
15. **COMPLIANCE:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application has been convicted of a crime involving fraud or similar activity. Identify all proceedings, by name, subject and citation, dealing with business operations, in the last five (5) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein has been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings.
16. **STANDARDS, BILLING PRACTICES, TERMS AND CONDITIONS OF PROVIDING SERVICE AND CONSUMER EDUCATION:** All services should be priced in clearly stated terms to the extent possible. Common definitions should be used. All consumer contracts or sales agreements should be written in plain language with any exclusions, exceptions, add-ons, package offers, limited time offers or other deadlines prominently communicated. Penalties and procedures for ending contracts should be clearly communicated.
- a. **Contacts for Consumer Service and Complaints:** Provide the name, title, address, telephone number and FAX number of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints filed with Applicant, the Distribution Company, the Pennsylvania Public Utility Commission or other agencies.
 - b. Provide a copy of all standard forms or contracts that you use, or propose to use, for service provided to residential customers.
 - c. If proposing to serve Residential and/or Small Commercial customers, provide a disclosure statement. A sample disclosure statement is provided as Appendix B to this Application.
17. **FINANCIAL FITNESS:**
- A. Applicant shall provide sufficient information to demonstrate financial fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:
 - Actual (or proposed) organizational structure including parent, affiliated or subsidiary companies.
 - Published parent company financial and credit information.
 - Applicant's balance sheet and income statement for the most recent fiscal year. Published financial information such as 10K's and 10Q's may be provided, if available.
 - Evidence of Applicant's credit rating. Applicant may provide a copy of its Dun and Bradstreet Credit Report and Robert Morris and Associates financial form or other independent financial service reports.
 - A description of the types and amounts of insurance carried by Applicant which are specifically intended to provide for or support its financial fitness to perform its obligations as a licensee.
 - Audited financial statements
 - Such other information that demonstrates Applicant's financial fitness.
 - B. Applicant must provide the following information:
 - Identify Applicant's chief officers including names and their professional resumes.
 - Provide the name, title, address, telephone number and FAX number of Applicant's custodian for its accounting records.
 -

18. **TECHNICAL FITNESS:** To ensure that the present quality and availability of service provided by natural gas utilities does not deteriorate, the Applicant shall provide sufficient information to demonstrate technical fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:
- The identity of the Applicant's officers directly responsible for operations, including names and their professional resumes.
 - A copy of any Federal energy license currently held by the Applicant.
 - Proposed staffing and employee training commitments.
 - Business plans.
19. **TRANSFER OF LICENSE:** The Applicant understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. See 66 Pa. C.S. Section 2208(D). Transferee will be required to file the appropriate licensing application.
20. **UNIFORM STANDARDS OF CONDUCT AND DISCLOSURE:** As a condition of receiving a license, Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission.
21. **REPORTING REQUIREMENTS:** Applicant agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:
- a. **Reports of Gross Receipts:** Applicant shall report its Pennsylvania intrastate gross receipts to the Commission on an annual basis no later than 30 days following the end of the calendar year.
- Applicant will be required to meet periodic reporting requirements as may be issued by the Commission to fulfill the Commission's duty under Chapter 22 pertaining to reliability and to inform the Governor and Legislature of the progress of the transition to a fully competitive natural gas market.**
22. **FURTHER DEVELOPMENTS:** Applicant is under a continuing obligation to amend its application if substantial changes occur in the information upon which the Commission relied in approving the original filing.
23. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.
24. **FEE:** The Applicant has enclosed the required initial licensing fee of \$350.00 payable to the Commonwealth of Pennsylvania.

Applicant: *Peter I. Tumminello*
 By: Peter I. Tumminello
 Title: Vice President

AFFIDAVIT

[Commonwealth/State] of Texas :

ss.

County of Harris :

Peter I. Tumminello, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/she is the vice president (Office of Affiant) of SEM (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

That SEM, the Applicant herein, acknowledges that [Applicant] may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations 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.

That SEM, the Applicant herein, asserts that [he/she/it] possesses the requisite technical, managerial, and financial fitness to render natural gas supply service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

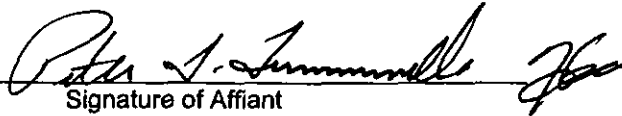
That SEM, the Applicant herein, certifies to the Commission that it is subject to , will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 22 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall report to the Commission its jurisdictional natural gas sales for ultimate consumption, for the previous year or as otherwise required by the Commission. The Applicant also acknowledges that it is subject to 66 Pa. C.S. §506 (relating to the inspection of facilities and records).

Applicant, by filing of this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, and shall consent to the Department of Revenue providing that information to the Pennsylvania Public Utility Commission.

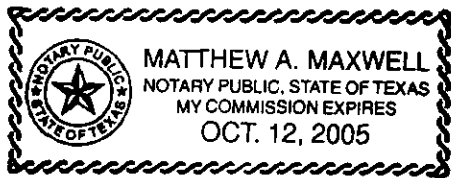
That SEM, the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 Pa. C.S. §506, and the standards and billing practices of 52 PA. Code Chapter 56.

That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Commission's Office of Communications or other Commission bureaus. Materials and information requested may be analyzed by the Commission to meet obligations under applicable sections of the law.

That the facts above set forth are true and correct/true and correct to the best of his/her knowledge, information, and belief.


Signature of Affiant
Peter I. Tumminello

Sworn and subscribed before me this _____ day of November, 192004




Signature of official administering oath
Matthew A. Maxwell

My commission expires October 12, 2005.

AFFIDAVIT

[Commonwealth/State] of Texas :

ss.

County of Harris :

Peter I. Tumminello, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/she is the Vice President (Office of Affiant) of SEM (Name of Applicant);]

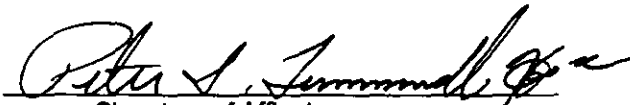
[That he/she is authorized to and does make this affidavit for said Applicant;]

That SEM, the Applicant herein certifies that it has caused the notice of the filing of its license ap-
published in the following newspapers on _____:
(date)

A copy of the notice as it appeared in each of the above newspapers is attached. Noted on each copy is the newspaper
section (name, number or letter), if applicable, and the page number on which the notice appeared.

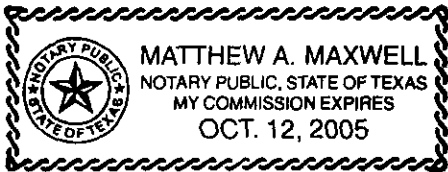
That SEM, the Applicant will submit to the Commission the proof of publication from each
newspaper in which notice of the application filing was published as soon as it is available.

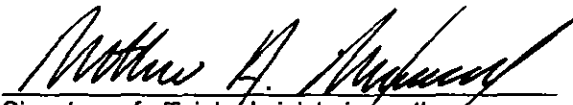
That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief, and that
he/she expects said Applicant to be able to prove the same at hearing.


Signature of Affiant

Peter I. Tumminello

Sworn and subscribed before me this 30 day of November, 19 2004




Signature of official administering oath

Matthew A. Maxwell

My commission expires October 12, 2005

AFFIDAVIT

[Commonwealth/State] of Texas :

ss.

County of Harris :

Peter I. Tumminello, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/she is the Vice President (Office of Affiant) of SEM (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

That the Applicant herein SEM has the burden of producing information and supporting documentation demonstrating its technical and financial fitness to be licensed as a natural gas supplier pursuant to 66 Pa. C.S. §2208(c)(1).

That the Applicant herein SEM has answered the questions on the application correctly, truthfully, and completely and provided supporting documentation as required.

That the Applicant herein SEM acknowledges that it is under a duty to update information provided in answer to questions on this application and contained in supporting documents.

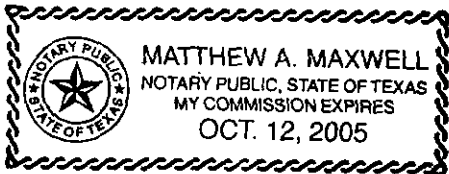
That the Applicant herein SEM acknowledges that it is under a duty to supplement information provided in answer to questions on this application and contained in supporting documents as requested by the Commission.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief, and that he/she expects said Applicant to be able to prove the same at hearing.

Peter I. Tumminello
Signature of Affiant

Peter I. Tumminello

Sworn and subscribed before me this _____ day of November, 19 2004



Matthew A. Maxwell
Signature of official administering oath
Matthew A. Maxwell

My commission expires October 12, 2005.

APPENDIX A

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

TAX CERTIFICATION STATEMENT

A completed Tax Certification Statement must accompany all applications for new licenses, renewals or transfers. Failure to provide the requested information and/or any outstanding state income, corporation, and sales (including failure to file or register) will cause your application to be rejected. If additional space is needed, please use white 8 1/2" x 11" paper. Type or print all information requested.

| | |
|---|---|
| 1. CORPORATE OR APPLICANT NAME Sequent Energy Management, L. P. | 2. BUSINESS PHONE NO. (832) 397-1700 CONTACT PERSON(S) FOR TAX ACCOUNTS: William Crow |
|---|---|

3. TRADE/FICTITIOUS NAME (IF ANY)

| | | | | |
|-------------------------------|--|----------------------|--------------|--------------|
| 4. LICENSED ADDRESS | (STREET, RURAL ROUTE, P.O. BOX NO.) | (POST OFFICE) | STATE | (ZIP) |
| 1200 Smith Street, Suite 900, | | Houston | Texas | 77002 |

5. TYPE OF ENTITY SOLE PROPRIETOR PARTNERSHIP CORPORATION

8. LIST OWNER(S), GENERAL PARTNERS, OR CORPORATE OFFICER(S)

| NAME (PRINT) | SOCIAL SECURITY NUMBER (OPTIONAL) |
|----------------------|-----------------------------------|
| Sequent, LLC | _____ - _____ - _____ |
| Sequent Holdings LLC | _____ - _____ - _____ |
| | _____ - _____ - _____ |
| | _____ - _____ - _____ |
| | _____ - _____ - _____ |

9. LIST THE FOLLOWING STATE TAX IDENTIFICATION NUMBERS. (ALL ITEMS: A, B, AND C MUST BE COMPLETED).

| | |
|---|--|
| A. SALES TAX LICENSE (8 DIGITS) _____ - _____ - _____ APPLICATION PENDING <input checked="" type="checkbox"/> N/A <input type="checkbox"/> | C. CORPORATE BOX NUMBER (7 DIGITS) _____ APPLICATION PENDING <input checked="" type="checkbox"/> N/A <input type="checkbox"/> |
| B. EMPLOYER ID (EIN) (9 DIGITS) 58 - 2642294 APPLICATION PENDING <input type="checkbox"/> N/A <input type="checkbox"/> | |

10. Do you have PA employees either resident or non-resident? YES NO

11. Do you own any assets or have an office in PA? YES NO

| NAME | OF PERSON(S) RESPONSIBLE FOR FILING TAX RETURNS | |
|----------------------|---|------------------|
| Anthony Solomon | Anita Jackson | Matthew Thompson |
| PA SALES AND USE TAX | EMPLOYER TAXES | CORPORATE TAXES |

Telephone inquiries about this form may be directed to the Pennsylvania Department of Revenue at the following numbers:
(717) 772-2673, TDD# (717) 772-2252 (Hearing Impaired Only)

Attachment A Appendix B

Sample Disclosure Statement Format for Natural Gas Suppliers

This is an agreement for natural gas services, between NGS name and customer's name and full address.

Background

We at NGS Company Name are licensed by the Pennsylvania Public Utility Commission to offer and supply natural gas services in Pennsylvania. Our PUC license number is A-110XXX.

- We set the prices and charges that you pay. The Public Utility Commission regulates distribution or delivery prices and services. The Federal Energy Regulatory Commission regulates interstate pipeline prices and services.
- If you ask us, we can bill you directly for our service.
- Right of Recision - You may cancel this agreement at any time before midnight of the third business day after receiving this disclosure.

Definitions

- Interstate Pipeline Charges - Charges for moving natural gas to the distribution lines of a distribution company.
- Nonbasic Charges - *Define each nonbasic service being offered.*

Terms of Service

1. (a) **Basic Service Prices** - *Itemize Basic Services you are billing for and their prices.*

You will pay rate per (Mcf/Dth/ccf) for the commodity of natural gas.
Suppliers are to include any variable pricing conditions and limits, if charging a variable rate.

You will pay rate per (Mcf/Dth/ccf) for other natural gas service.
Suppliers are to include transmission service prices if billed.

- (b) **Nonbasic Service Prices** - *Itemize Nonbasic Services you are offering and their prices.*

2. **Length of Agreement**

You will buy your natural gas services for the above street address from company's name beginning date through date of expiration, if any.

3. **Special Terms and Conditions** - *List and explain all that apply.*

Sign-up bonuses
Add-ons
Limited time offers
Other Sales Promotions
Exclusions

4. **Special Services** - *Provide explanation of price, terms and conditions, including advanced metering deployment, if applicable.*

5. **Penalties, Fees and Exceptions** - List any that apply including a late payment charge. The print size for this section must be larger than the print in the rest of the agreement.

6. **Cancellation Provisions** - This category may consist of both customer initiated cancellation provisions and supplier initiated cancellation provisions.

7. **Renewal Provision** - If this is a fixed term agreement with automatic renewal, explain the procedure here.

8. **Agreement Expiration/Change in Terms**

If you have a fixed term agreement with us and it is approaching the expiration date or if we propose to change our terms of service, we will send you written notice in each of our last three bills or in separate mailings before either the expiration date or the effective date of the changes. We will explain your options in these three advance notices.

9. **Dispute Procedures**

Contact us with any questions concerning our terms of service. You may call the PUC if you are not satisfied after discussing your terms with us.

10. **Contact Information**

Supplier Name: _____

Address: _____

Phone Number: _____

Internet Address: _____

Distribution Company Name: _____

Provider of Last Resort Name: _____

Address: _____

Phone Number: _____

Public Utility Commission (PUC)

Address: P.O. Box 3265 Harrisburg, PA 17105-3265

Natural Gas Competition Hotline Number: 1-888-xxx-xxxx

Universal Service Program Name: _____

Phone Number: _____

APPENDIX C
EXAMPLE FORM OF NOTICE

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
NOTICE

*Application of **Company Name** (d/b/a "**Trade Name**") For Approval To Offer, Render, Furnish Natural Gas Supply Services as a Marketer/Broker or Aggregator Engaged In The Business Of Supplying Natural Gas Supply Services, To The Public In The Commonwealth Of Pennsylvania, Docket No. **A-125XXX**.*

On **Month Date, Year, Company Name** filed an application with the Pennsylvania Public Utility Commission ("PUC") for a license to provide natural gas supply services as (1) a supplier of natural gas, (2) a broker/marketer engaged in the business of supplying natural gas, and (3) an aggregator engaged in the business of providing natural gas supply services. **Company Name** proposes to sell natural gas and related services throughout all of Pennsylvania under the provisions of the new Natural Gas Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of **Company Name** may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to **Company's Name** attorney at the address listed below. Please include the PUC's "docket number" on any correspondence, which is

A-125XXX.

By and through Counsel: Attorney's Name

Company Name

Address

Address

Phone

FAX

APPENDIX D

Standards of Conduct

- (1) The [natural gas distribution company] should apply its tariffs in a nondiscriminatory manner to its affiliate, its own marketing division and any nonaffiliate.
- (2) The [natural gas distribution company] should likewise not apply a tariff provision in any manner that would give its affiliate or division an unreasonable preference over other marketers with regard to matters such as scheduling, balancing, transportation, storage, curtailment, capacity release and assignment, or nondelivery, and all other services provided to its affiliated suppliers.
- (3) If a tariff provision is mandatory, the [natural gas distribution company] should not waive the provision for its affiliate or division absent prior approval of the Commission.
- (4) If a tariff provision is not mandatory or provides for waivers, the [natural gas distribution company] should grant the waivers without preference to affiliates and divisions or non-affiliates.
- (5) The [natural gas distribution company] should maintain a chronological log of tariff provisions for which it has granted waivers. Entries should include the name of the party receiving the waiver, the date and time of the request, the specific tariff provision waived and the reason for the waiver. Any chronological log should be open for public inspection during normal business hours.
- (6) The [natural gas distribution company] should process requests for transportation promptly and in a nondiscriminatory fashion with respect to other requests received in the same or a similar period. The [natural gas distribution company] should maintain a chronological log showing the processing of requests for transportation services. Any chronological log should be open for public inspection during normal business hours.
- (7) Transportation discounts and fee waivers and rebates provided to the [natural gas distribution company's] or its marketing affiliate's favored customers should be offered to other similarly situated customers and should not be tied to any unrelated service, incentive

or offer on behalf of either the parent or affiliate. A chronological log should be maintained showing the date, party, time and rationale for the action. Any chronological log should be open for public inspection during normal business hours.

- (8) The [natural gas distribution company] should not disclose any customer proprietary information to its marketing affiliate or division, and to the extent that it does disclose customer information, it should contemporaneously provide this same information to other similarly situated marketers in a similar fashion so as not to selectively disclose, delay disclosure, or give itself or its affiliate any undue advantage related to the disclosure. A chronological log should be maintained showing the date, time and rationale for the disclosure. Any chronological log should be open for public inspection during normal business hours. A natural gas distribution company should not provide information received from non-affiliated customers or suppliers to its affiliated natural gas suppliers.
- (9) The [natural gas distribution company] should justly and reasonably allocate to its marketing affiliate or division the costs or expenses for general administration or support services.
- (10) The [natural gas distribution company] selling surplus gas supplies and/or upstream capacity on a short-term basis (as defined by the Federal Energy Regulatory Commission) to its affiliate should make supplies available to similarly situated marketers on a nondiscriminatory basis. The [natural gas distribution company] should not make any gas supplies and/or upstream capacity available through private disclosure to the [natural gas distribution company's] affiliate unless the availability is made simultaneously with public dissemination in a manner that fairly apprises interested parties of the availability of the gas supplies and/or upstream capacity. The [natural gas distribution company] should maintain a chronological log of these public disseminations. Any chronological log should be open for public inspection during normal business hours.
- (11) The [natural gas distribution company] should not condition or tie agreements to release interstate pipeline capacity to any service in which the [natural gas distribution company] or affiliate is involved.
- (12) The [natural gas distribution company] should not directly or by implication . . . represent to any customer, supplier or third party that

an advantage may accrue to any party through use of the [natural gas distribution company's] affiliate or subsidiary.

- (13) The [natural gas distribution company] should establish and file with the Commission a complaint procedure for dealing with any alleged violations of any of the standards listed in paragraphs (1) through (12), this paragraph or paragraphs (14) and (15), excepting for paragraph (9), which should be exclusively under the purview of the Commission. These procedures should be developed in consultation with interested parties during consideration of any tariff guided by this section and §69.191 (relating to general). The Commission may expect establishment of a complaint procedure or other recordkeeping requirements if warranted by subsequent facts or circumstances.
- (14) The [natural gas distribution company] should keep a chronological log of any complaints, excepting paragraph (9), regarding discriminatory treatment of natural gas suppliers. This chronological log should include the date and nature of the complaint and the [natural gas distribution company's] resolution of it. Any chronological log should be open for inspection during normal business hours.
- (15) Parties alleging violations of these standards may pursue their allegations through the Commission's established complaint procedures. A complainant bears the burden of proof consistent with 66 Pa. C.S. (relating to Public Utility Code) in regard to the allegations.
- (16) Licensees shall provide accurate information about their natural gas supplier services using plain language and common terms. Where new terms are used, such terms must be defined again using plain language: Information should be provided in a format which will allow for comparison of the various natural gas supply services offered and the prices charged for each type of service.
- (17) Licensees shall provide notification of the change in conditions of service, intent to cease operation as a natural gas supplier, explanation of denial of service, proper handling of deposits and proper handling of complaints in accordance with Commission regulations where applicable.

- (18) Licensees shall maintain the confidentiality of customers' historic payment information and right of access to their own load and billing information.
- (19) Licensees shall not discriminate in the provision of natural gas supply services as to availability and terms of service based on race, color, religion, national origin, sex, marital status, age receipt of public assistance income, and exercise of rights under the Consumer Credit Protection Act, 15 U. S. C. §§1691-1691f; Regulation B, 12 C.F.R. §§202-202.14.
- (20) Licensees will be responsible for any fraudulent deceptive or other unlawful marketing or billing acts performed by their agents or representatives. Licensee shall inform consumers of state consumer protection laws that govern the cancellation or rescission of natural gas supply service contracts. 73 P. S. §201-7.
- (21) The natural gas distribution company shall not give any affiliate or marketing division preference over a non-traditional affiliate in the provision of goods and services such as processing requests for information, complaints and responses to service interruptions. The natural gas distribution company shall provide comparable treatment without regard to a customer's chosen natural gas supplier.
- (22) No transaction between the natural gas distribution company and an affiliated natural gas supplier shall involve an anti-competitive cross-subsidy and all such transactions shall comply with applicable law.
- (23) Natural gas distribution company employees who have responsibility for operating the distribution system, including natural gas delivery or billing and metering, shall not be shared with an affiliated or divisional Supplier, and their offices shall be physically separated from the office(s) used by those working for the Supplier. Such natural gas distribution company employees may transfer to a Supplier provided such transfer is not used as a means to circumvent these interim standards of conduct. Any supplier shall have its own direct line management. Any shared facilities shall be fully and transparently allocated between the natural gas distribution company function and the Supplier function. The natural gas distribution company accounts and records shall be maintained such that the costs a Supplier incurs may be clearly identified.

(24) (a) Neither the natural gas distribution company nor an affiliated or divisional Supplier may directly or by implication falsely and unfairly represent:

- that the Pa PUC jurisdictionally regulated services provided by the natural gas distribution company are of a superior quality when power is purchased from an affiliated or divisional Supplier; or
- that the merchant services (for natural gas) are being provided by the natural gas distribution company rather than an affiliated or divisional Supplier;
- that the natural gas purchased from a Supplier that is not an affiliate or division of the natural gas distribution company may not be reliably delivered;
- that natural gas must be purchased from an affiliate or divisional Supplier to receive Pa PUC jurisdictional regulated services.

(b) The natural gas distribution company shall not jointly market or jointly purchase its Pa PUC jurisdictional regulated services with the services of an affiliated or divisional Supplier. This prohibition includes prohibiting the natural gas distribution company from including bill inserts in its natural gas distribution company bills promoting an affiliated or divisional Supplier's services, and further precludes a reference or link from the natural gas distribution company's web-site to any affiliated or divisional supplier.

(c) When an affiliated or divisional Supplier markets or communicates to the public using the natural gas distribution company name or logo, it shall include a disclaimer that states:

- (i) That the Supplier is not the same company as the natural gas distribution company; (2) that the prices of the Supplier are not regulated by the Pa PUC; and (3) that a customer does not have to buy natural gas or other products from the Supplier in order to receive the same quality service from the natural gas distribution company. When a Supplier advertises or communicates verbally through radio or television to the public using the natural gas distribution company name or logo, the Supplier shall include at the conclusion of any

such communication a disclaimer that includes all of the disclaimers listed in this paragraph.

- (25) The natural gas distribution company must: (a) make interstate capacity available for release, assignment, or transfer to its affiliated or divisional Supplier only through the interstate pipeline electronic bulletin boards and the competitive bidding procedures in place on those interstate systems; (b) not give its affiliated or divisional Supplier any preference over non-affiliated or non-divisional Suppliers, or potential non-affiliated or non-divisional Suppliers, in matters relating to the assignment, release, or other transfer of the natural gas distribution company's capacity rights on interstate pipeline systems; and (c) not condition or tie its agreement to release, assign, or otherwise transfer interstate pipeline capacity to any agreement by a gas Supplier, customer or other third party relating to any service in which its marketing affiliate is involved.

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE
Secretary
717-772-7777

December 29, 2004

DOCUMENT
FOLDER

A-125137

SEQUENT ENERGY MANAGEMENT, L.P.
MATT MAXWELL, SR. LEGAL SPECIALIST
1200 SMITH STREET, SUITE 900
HOUSTON TX 77002

DOCKETED
DEC 29 2004

Dear Mr. Maxwell:

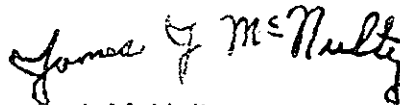
The Application of Sequent Energy Management, L.P., filed in this Office on December 17, 2004 for approval to supply Natural Gas Services as a Broker/Marketer engaged in the business of supplying natural gas services, is hereby acknowledged.

Pursuant to the Commission's Final Order, entered July 16, 1999, at M-00991249F0002, all entities wishing to engage in the business of a natural gas supplier must hold a license issued by the Commission, in order to provide services starting November 1, 1999.

The application of Sequent Energy Management, L.P., will receive the attention of the Commission, and you will be advised of any further necessary procedure.

Please reference docket number A-125137 for all future filings pertaining to this application.

Sincerely,



James J. McNulty
Secretary

JJM:jih

DATE: December 29, 2004

SUBJECT: A-125137

TO: Bureau of Fixed Utility Services

FROM:  James J. McNulty, Secretary

DOCUMENT
FOLDER

DOCKETED
DEC 29 2004

Attached is a copy of the Application of Sequent Energy Management, L.P., for a license to supply Natural Gas Services as a Broker/Marketer engaged in the business of supplying natural gas services.

This matter is assigned to your Bureau for appropriate action.

Attachment

cc: Law

jih

PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIPT

The addressee named here has paid the PA P.U.C. for the following bill:

DATE: 12/30/2004
RECEIPT NO: 202666

SEQUENT ENERGY MANAGEMENT
1200 SMITH STREET, SUITE 900
HOUSTON TX 77002

IN RE: Application fees for SEQUENT ENERGY MANAGEMENT

Docket Number A-125137..... \$350.00

REVENUE ACCOUNT: 001780-017601-102

CHECK NUMBER: 0158869
CHECK AMOUNT: \$350.00

Stephen Reed
(for Department of Revenue)

DOCKETED
JAN 18 2005

**DOCUMENT
FOLDER**