

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Uniform Cover and Calendar Sheet

KJR 9

1. REPORT DATE: November 12, 1997	2. BUREAU AGENDA NO. NOV-97-FUS-1436* (Revised)
3. BUREAU: Fixed Utility Services	
4. SECTION(S): Energy	5. PUBLIC MEETING DATE:
6. APPROVED BY: Director: Muth 3-5222 <i>DHm</i> Supervisor: Bennett 7-5553 <i>AB</i> Legal Review: <i>pBerket 7-3464</i>	November 21, 1997:
7. PERSONS IN CHARGE: Glunz/Muriceak 3-6163	DOCKETED NOV 25 1997
8. DOCKET NO.: A-110041	

9. (a) **CAPTION** (abbreviate if more than 4 lines)
(b) **Short summary of history & facts, documents & briefs**
(c) **Recommendation**
- (a) Application of Affiliated Power Purchasers, Inc., d/b/a APPI, for issuance of a license to become an electric generation supplier.
- (b) On September 10, 1997, Affiliated Power Purchasers, Inc., d/b/a APPI, filed an application seeking to become a licensed electric generation supplier in the Commonwealth of Pennsylvania. The application was filed pursuant to a Final Order entered on February 18, 1997, at Docket No. M-00960890 F.0004. The February 18, 1997 Order dealt with Chapter 28 Electricity Generation Customer Choice and Competition Act licensing requirements for electric generation suppliers.
- (c) The Bureau of Fixed Utility Services recommends that the Commission adopt the proposed draft Opinion and Order which approves the interim license.

**DOCUMENT
FOLDER**

10. MOTION BY: Commissioner Chm. Quain Commissioner Bloom -- No
Commissioner Hanger -- Yes
SECONDED: Commissioner Rolka Commissioner

CONTENTS OF MOTION: Staff recommendation adopted.
Statement of Vice Chairman Robert K. Bloom attached.

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

LICENSE APPLICATION OF AFFILIATED
POWER PURCHASERS, INC., d/b/a APPI

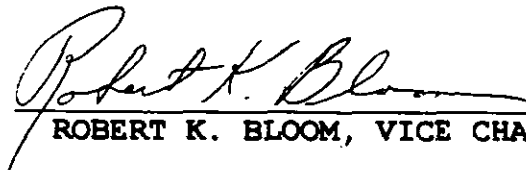
PUBLIC MEETING -
NOVEMBER 21, 1997
NOV-97-FUS-1436*
DOCKET NO: A-110032

STATEMENT OF VICE CHAIRMAN ROBERT K. BLOOM

Before the Commission for consideration is the application filed by Affiliated Power Purchasers, Inc., d/b/a APPI for approval of a license to become an electric generation supplier in Pennsylvania. The application was filed on September 10, 1997 pursuant to the Commission's directive in its order concerning interim licensing requirements for electric generation suppliers. The Bureau of Fixed Utility Services recommends that the Commission approve this application. I disagree.

Section 2809(c)(1)(i) of the Public Utility Code, 66 Pa. C.S. §2809(c)(1)(i), requires an electric generation supplier to furnish a bond or other security approved by the Commission before the Commission can issue the supplier a license to provide electricity generation service within Pennsylvania. In its application APPI seeks to substitute a Letter of Credit in lieu of a security bond. However, the Commission has to this date not formally determined the proper parameters of a financial security to be submitted in lieu of a security bond. I believe that the proper course of action in this instance is to reject the license application without prejudice. Most of the applicants approved to date have supplied security bonds and it is not fair to apply different standards for other applicants. For the above reason, I must dissent on this application.

11-21-97
DATE


ROBERT K. BLOOM, VICE CHAIRMAN



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

November 21, 1997

IN REPLY PLEASE
REFER TO OUR FILE

A GILLIS ALLEN II
ALLEN & ASSOCIATES CHARTERED
207 DOWNTOWN PLAZA
PO BOX 990

DOCKETED
NOV 20 1998

A-110041

Application of Affiliated Power Purchasers, Inc., d/b/a APPI, for issuance of a license to become an electric generation supplier.

DOCUMENT

To Whom It May Concern:

This is to advise you that an Opinion and Order has been adopted by the Commission in Public Meeting on November 21, 1997 in the above entitled proceeding.

An Opinion and Order has been enclosed for your records.

Very truly yours,

James J. McNulty
Secretary

Enclosure
Certified Mail
JEP

SRB

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA. 17105-3265**

Public Meeting held November 21, 1997

Commissioners Present:

John M. Quain, Chairman
Robert K. Bloom, Vice Chairman, Dissenting - Statement attached
John Hanger
David W. Rolka

Application of Affiliated Power Purchasers, Inc.,
d/b/a APPI, for issuance of a license to become
an electric generation supplier

Docket No.
A-110041

OPINION AND ORDER

DOCKETED
NOV 20 1998

BY THE COMMISSION:

**DOCUMENT
FOLDED**

On September 10, 1997, Affiliated Power Purchasers, Inc., d/b/a APPI, filed an application seeking to become a licensed electric generation supplier in the Commonwealth of Pennsylvania. The application was filed pursuant to a Final Order entered on February 18, 1997, at Docket No. M-00960890 F.0004. The February 18, 1997 Order dealt with Chapter 28 Electricity Generation Customer Choice and Competition Act licensing requirements for electric generation suppliers.

§ 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. 66 Pa. C.S. § 2809.

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 sell 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.

It is important to note that a licensee must comply with, and be governed by, our Chapter 56 regulations. 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 only to residential accounts. An electric generation supplier cannot physically disconnect a customer from the electricity grid, and the service termination provisions are not applicable. An electric generation supplier may seek to terminate its generation service through an appropriate written notice to the customer and the distribution company. The 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 Chapter 56 if the customer failed to meet their obligations to the utility or the provider of last resort.

Additionally, we take this opportunity to once again remind the licensee that its officers, representatives and employees have 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.

APPI is not presently doing business in Pennsylvania.

APPI proposes to act as a Broker/Marketer engaged in the business of supplying electricity.

APPI intends to provide electric generation services throughout Pennsylvania to all customer classes. APPI will act as a buyer's representative for affinity groups of consumers, making arrangements with licensed suppliers for low-cost, reliable electricity. APPI will analyze customer load data, prepare bids, negotiate and manage contracts, and generate interim reports for its clients.

APPI has provided the Commission with Proof of Publication in the required newspapers in Pennsylvania.

Sufficient information was included in APPI's application to demonstrate its technical and financial fitness in order to be licensed to operate as an Electric Generation Supplier in Pennsylvania.

Also included in the application is APPI's initial Letter of Credit in the amount of \$250,000.

There have been no protests filed against APPI's application.

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 the lawful Commission orders and regulations.
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.
3. 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.

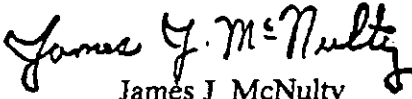
Upon full consideration of all matters of record, we find that approval of this application is necessary and proper for the service, accommodation and convenience of the public; **THEREFORE,**

IT IS ORDERED:

1. That the application of Affiliated Power Purchasers, Inc., d/b/a APPI, is hereby approved, consistent with this Opinion and Order.
2. That an interim license be issued authorizing APPI the right to begin to offer, render, furnish or supply electric generation supplier services to the public in the Commonwealth of Pennsylvania.

3. That this Docket be closed.

BY THE COMMISSION,


James J. McNulty
Acting Secretary

(SEAL)

ORDER ADOPTED: November 21, 1997

ORDER ENTERED: NOV 21 1997

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

LICENSE APPLICATION OF AFFILIATED
POWER PURCHASERS, INC., d/b/a APPI

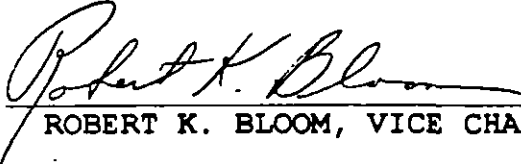
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11-21-97
DATE


ROBERT K. BLOOM, VICE CHAIRMAN

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- Check box at right if you require restricted delivery.
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Consult postmaster for fee.

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A GILLIS ALLEN II
ALLEN & ASSOCIATES CHARTERED
207 DOWNTOWN PLAZA
PO BOX 990
SALISBURY MD 21803-0990
A-110041 O/O

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P 968 910 699

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NOV 25 1997

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6. Signature: (Addressee or Agent)

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K. Kelley

KJR

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