

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Uniform Cover and Calendar Sheet

<p>1. <u>REPORT DATE:</u> December 31, 2001</p>	<p>2. <u>BUREAU AGENDA NO.:</u> JAN-2002-FUS-1002*</p>
<p>3. <u>BUREAU:</u> Fixed Utility Services</p>	<p>5. <u>PUBLIC MEETING DATE:</u> January 10, 2002</p>
<p>4. <u>SECTION(S):</u> Energy</p>	
<p>6. <u>APPROVED BY:</u> Director: Rosenthal 3-5242 Manager: Bennett 7-5553 Legal Review by:</p>	<p style="font-size: 2em; font-weight: bold; opacity: 0.5;">DOCKETED</p> <p style="font-size: 1.2em; font-weight: bold;">JAN 22 2002</p>
<p>7. <u>PERSONS IN CHARGE:</u> Rodrock/Shurskis 3-6185</p>	
<p>8. <u>DOCKET NO.:</u> A-110041</p>	

- 9. (a) CAPTION (abbreviate if more than 4 lines)**
(b) Short summary of history & facts, documents & briefs
(c) Recommendation

DOCUMENT
FOLDER

- (a) Affiliated Power Purchasers, Inc.
 (Home Office: Salisbury, MD)
 Petition for an Alternative Level of Bonding.
- (b) On October 26, 2001, Affiliated Power Purchasers, Inc. filed a Petition for a reduction in the amount of security bond pursuant to 66 Pa. C. S. Section 2809 and 52 Pa. Code Section 54.40(d).
- (c) The Bureau of Fixed Utility Services recommends that the Commission adopt the proposed draft Order which grants the Petition.

10. MOTION BY: Commissioner Bloom

Commissioner Wilson - Yes
Commissioner Fitzpatrick - Yes
Commissioner

SECONDED: Commissioner Chm. Thomas

CONTENTS OF MOTION:

1. The Bureau of Fixed Utility Services recommendation should be approved.
2. The file should be referred to the Law Bureau for an expedited investigation with a report due in 45 days.
3. The Bureau of Fixed Utility Services shall prepare an Order consistent with this Motion.

PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105-3265

AFFILIATED POWER PURCHASERS, INC.
HOME OFFICE: SALISBURY, MD
PETITION FOR AN ALTERNATIVE LEVEL
OF BONDING

PUBLIC MEETING
JANUARY 10, 2002
JAN-2002-FUS-1002*
DOCKET NO. A-110041

MOTION OF VICE CHAIRMAN ROBERT K. BLOOM

Before the Commission for consideration is the Petition of Affiliated Power Purchasers, Inc. for a reduction in the amount of security bond pursuant to 66 Pa. C.S. Section 2809 and 52 Pa. Code Section 54.40(d). The Bureau of Fixed Utility Services recommends granting the Petition. I agree but have several concerns that must be addressed.

The Applicant filed its Petition on October 26, 2001 but its bond expired on August 17, 2001. Therefore, over 70 days expired prior to the Petition being filed. Did the Applicant continue to operate without a valid bond? Such behavior, if substantiated, is a grave concern.

This matter should be referred to the Law Bureau for an expedited investigation and report detailing what actions, if any, should be taken. A report from the Law Bureau is due in 45 days.

THEREFORE, I MOVE THAT:

1. The Bureau of Fixed Utility Services recommendation should be approved.
2. The file should be referred to the Law Bureau for an expedited investigation with a report due in 45 days.
3. The Bureau of Fixed Utility Services shall prepare an order consistent with this Motion.

DOCUMENT
FOLDER

REP

1-9-02

DATE


ROBERT K. BLOOM, VICE CHAIRMAN



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265
February 1, 2002

REFER TO OUR FILE

A-110041

MICHAEL S PAYNE VP
AFFILIATED POWER PURCHASERS INC
2129 NORTHWOOD DRIVE
FIRST FLOOR
SALISBURY MD 21801

DOCKETED
FEB 11 2002

Affiliated Power Purchasers, Inc.

DOCUMENT
FOLDED

To Whom It May Concern:

This is to advise you that an Order has been adopted by the Commission in Public Meeting on January 10, 2002 in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,

James J. McNulty
Secretary

Enclosure
Certified Mail
JEP

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA. 17105-3265

Public Meeting held January 10, 2002

Commissioners Present:

Glenn R. Thomas, Chairman
Robert K. Bloom, Vice Chairman
Aaron Wilson, Jr.
Terrance J. Fitzpatrick

DOCKETED

FEB 11 2002

Pennsylvania Public Utility Commission
v.
Affiliated Power Purchasers, Inc.

Docket No. A-110041

ORDER

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BY THE COMMISSION:

On October 26, 2001, Affiliated Power Purchasers, Inc. ("APPI") filed a Petition, pursuant to 52 Pa. Code §54.40, for an order reducing the amount of security bond held pursuant to 66 Pa. C.S. §2809. In the Petition APPI requests approval for a security bond in the amount of \$10,000.

APPI is a licensed electric generation supplier in the Commonwealth of Pennsylvania. It was initially granted an interim license on November 21, 1997. APPI was granted a permanent license on January 14, 1999. A financial security in the amount of \$250,000 had been maintained by APPI since it was granted a license. However, APPI's existing security expired on August 17, 2001.

APPI operates as a “buyer’s agent” that arranges retail electricity purchase transactions for its clients. For its services APPI adds a fee to the Kwh price billed by the electric generation supplier (“EGS”). The EGS remits the fee to APPI. APPI never purchases or takes title to electricity, it does not supply electricity to retail customers, and it does not receive deposits for electricity service from customers. Additionally, APPI is not required to add, collect, or remit gross receipts taxes to the Pennsylvania Department of Revenue. APPI contends that it operates in a manner similar to Parente Energy Consulting, LLC (“Parente”), Docket No. A-110099, whose request for a reduced bonding level of \$10,000 was granted by the Commission on May 4, 2001, based on the demonstration that it acts solely as a consultant and is not responsible for adding and collecting gross receipts taxes. Therefore, APPI believes that it does not need to maintain a \$250,000 level of bonding and that \$10,000 is an appropriate level of bonding.

We note that other EGSs have petitioned the Commission to reduce their bonding level based on their level of gross receipts. These petitions have been both granted and denied, based upon the unique circumstances of each request. However, unlike APPI, these companies sell electricity, and therefore add and collect gross receipts taxes. Based on the fact that APPI acts solely in the capacity of a consultant and therefore is not responsible for adding and collecting gross receipts taxes, we believe that APPI’s petition requesting a reduction in its bond level to \$10,000 should be granted. This security level shall remain in effect as long as APPI does not expand its business activity beyond its role as a consultant in regard to generation supply. In the event that APPI does expand its business activity, it is required to satisfy the current bonding requirements that are in place for other EGSs.

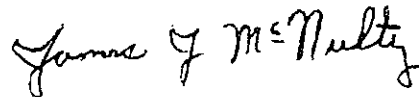
Finally, we note that APPI's financial security expired on August 17, 2001. The question arises as to whether APPI continued to do business without the requisite security. Therefore, we direct the Law Bureau to conduct an investigation and to recommend what action, if any, should be taken; **THEREFORE,**

IT IS ORDERED:

1. That the Petition of Affiliated Power Purchasers, Inc. to reduce the amount of security bond to a level of \$10,000 is hereby granted.
2. That the security amount of \$10,000 shall remain in effect for Affiliated Power Purchasers, Inc.
3. That prior to expanding its limited licensed activities beyond energy consulting, Affiliated Power Purchasers, Inc. shall submit a replacement bond or other security in an amount required by 52 Pa. Code § 54.40, or other applicable Commission order.

4. That the Law Bureau conduct an expedited investigation to determine if Affiliated Power Purchasers, Inc. continued to do business without the requisite security after the expiration of its security on August 17, 2001. A report from the Law Bureau is due 45 days from the entry of this Order, detailing what actions, if any, should be taken.

BY THE COMMISSION



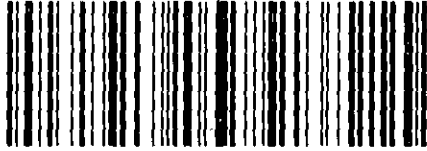
James J. McNulty,
Secretary

(SEAL)

ORDER ADOPTED: January 10, 2002

ORDER ENTERED: FEB 01 2002

2. Article Number



7106 4575 1293 1145 6135

3. Service Type CERTIFIED MAIL

4. Restricted Delivery? (Extra Fee) Yes

1. Article Addressed to:

A-116041
Michael S. Payne UP

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

JANICE FOSTER

B. Date of Delivery

2/3/02

C. Signature

Janice Foster

Agent

Addressee

D. Is delivery address different from item 1?
If YES, enter delivery address below:

Yes

No