

GABRIELLE A. FIGUEROA
gfigueroa@bmg.law

October 28, 2016

VIA OVERNIGHT MAIL

Pennsylvania Public Utility Commission
Secretary
400 North Street, Keystone Building
Harrisburg, PA 17120

**Re: Vista Energy Marketing, L.P.
Electric Generation Supplier License Application – Supplement
Docket No. A-2016-2569804**

To Whom it May Concern:

On behalf of our client Vista Energy Marketing, L.P. (“Vista”), enclosed please find a supplement to the original application filed for consideration as an Electric Generation Supplier in the Commonwealth of Pennsylvania. This supplement contains two copies of Vista’s Market-Based Rate Authorization Order from the Federal Energy Regulatory Commission.

Vista previously provided the initial licensing fee in the amount of \$350.00, and an original surety bond in the amount of \$250,000.00 with its initial application.

Vista is a technically qualified and financially strong entity whose officers and staff bring strong experience in the retail electricity industry.

Thank you for your attention to this application.

Very truly yours,


Gabrielle A. Figueroa

Enclosures

cc: Luke Gottschalk (via electronic mail only, w/ enc.)

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
Vista Energy Marketing, L.P.
Docket No. ER16-2307-001

October 27, 2016

Ms. Christine C. Ryan
Counsel for Vista Energy Marketing, L.P.
Holland & Knight LLP
800 17th Street, N.W.
Suite 1100
Washington, D.C. 20006

Reference: Market-Based Rate Authorization

Dear Ms. Ryan:

On July 28, 2016, as amended on August 31, 2016, you filed on behalf of Vista Energy Marketing, L.P. (Vista Energy) an application for market-based rate authority with an accompanying tariff. The proposed market-based rate tariff provides for the sale of energy and capacity at market-based rates.¹ Vista Energy requests waivers commonly granted to similar market-based rate applicants.

Your filings were noticed on July 29, 2016 and August 31, 2016, with comments, protests or interventions due on or before August 18, 2016 and September 21, 2016, respectively. None was filed.

Pursuant to the authority delegated to the Director, Division of Electric Power Regulation - West, under 18 C.F.R. § 375.307, your submittals filed in the referenced docket are accepted for filing, effective October 1, 2016, as requested. Based on your

¹ Vista Energy requested authorization to sell ancillary services but did not include a provision for sales of ancillary services in its tariff. Therefore, we will grant Vista Energy authorization to sell ancillary services subject to Vista Energy submitting a revised market-based rate tariff within 30 days of the date of this order including the markets in which it proposes to sell such services.

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representations, Vista Energy meets the criteria for a Category 1 seller in all regions and is so designated.²

You state that Vista Energy is a limited partnership comprised of a General Partner, Irish Marketing, LLC, and two limited partners, Ranslem Capital, L.P. (Ranslem Capital) and Whale Capital, L.P (Whale Capital). You state that neither Vista Energy nor any of its affiliates owns or controls generation or transmission facilities. You further state that Vista Energy and its affiliates have not erected barriers to entry and will not erect barriers to entry into the relevant market.

You represent that Vista Energy is a Category 1 seller status in all regions because Vista Energy and its affiliates do not own or control 500 MW of generation in any region; Vista Energy and its affiliates do not own, operate or control transmission facilities in any region; Vista Energy is not affiliated with a franchised public utility in any region; and Vista Energy does not raise other vertical market power issues.

Market-Based Rate Authorization

The Commission allows power sales at market-based rates if the seller and its affiliates do not have, or have adequately mitigated, horizontal and vertical market power.³

Based on your representations, Vista Energy's submittal satisfies the Commission's requirements for market-based rate authority regarding horizontal and vertical market power.

Additional Commitments

Vista Energy makes certain additional representations and commitments regarding

² See *Refinements to Policies and Procedures for Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 816, FERC Stats. & Regs. ¶ 31,374, at P 320 (2015), *order on reh'g*, Order No. 816-A, 155 FERC ¶ 61,188 (2016); *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, FERC Stats. & Regs. ¶ 31,252, at PP 848-850, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268, *clarified*, 124 FERC ¶ 61,055, *order on reh'g*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), *order on reh'g*, Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009), *order on reh'g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010), *aff'd sub nom. Mont. Consumer Counsel v. FERC*, 659 F.3d 910 (9th Cir. 2011), *cert. denied*, 133 S. Ct. 26 (2012).

³ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 62, 399, 408, 440.

its management and operations and how it intends to ensure that Whale Capital remains a passive investor in Vista Energy with no active role in managing day-to-day activities. Specifically, Vista Energy represents and commits that:

- Vista Energy will hire a full-time compliance officer upon approval of the instant application;
- Only the Managing Member (Ranslem Capital) and Vista Energy's General Counsel have signature authority to Vista Energy's bank accounts for expenditures;
- Whale Capital has no authority over Vista Energy's employee evaluations, payroll, or termination;
- Every year, Vista Energy will retain an independent auditor to conduct financial audits; and
- Whale Capital has no access to Vista Energy's databases of documents, customer service system, trading platform, or employee records, all of which are password-protected.

In an effort to demonstrate Vista Energy's commitment to comply with the Commission's rules and regulations, Vista Energy represents that the safeguards described above will remain in place at all times while Vista Energy's market-based rate tariff is in effect.

Vista Energy further commits to submit to the Commission each year a report from its independent auditor with a statement that, based on his or her audit of Vista Energy's books and records, these safeguards have been honored during the audit period. Vista Energy states that it will notify the Commission in the event its independent auditor is unwilling or unable to submit such report.

The foregoing representations and commitments are accepted and relied upon in granting authorization. We remind Vista Energy that it may be subject to audit to ensure its compliance with these representations and commitments, and with Commission rules, regulations and policies.

Vista Energy's request for waiver of Subparts B and C of Part 35 of the Commission's regulations requiring the filing of cost-of-service information, except for sections 35.12(a), 35.13(b), 35.15 and 35.16 is granted. Vista Energy's request for waiver of Part 41 and Part 141 of the Commission's regulations concerning accounting and reporting requirements is granted with the exception of 18 C.F.R. §§ 141.14 and 141.15.⁴ Vista Energy's request for waiver of Part 101 of the Commission's regulations

⁴ See Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 984-985.

is hereby granted, with the exception that waiver of the provisions of Part 101 that apply to hydropower licensees is not granted with respect to licensed hydropower projects.⁵ Notwithstanding the waiver of the accounting and reporting requirements here, Vista Energy is expected to keep its accounting records in accordance with generally accepted accounting principles.

Vista Energy requests blanket authorization under Part 34 of the Commission's regulations for all future issuances of securities and assumptions of liability. A separate notice was published in the Federal Register establishing a period during which protests could be filed. None was filed. Vista Energy is authorized to issue securities and assume obligations or liabilities as guarantor, indorser, surety, or otherwise in respect of any security of another person; provided that such issue or assumption is for some lawful object within the corporate purposes of Vista Energy, compatible with the public interest, and reasonably necessary or appropriate for such purposes.⁶

Vista Energy must file an Electric Quarterly Report (EQR) with the Commission, consistent with Order Nos. 2001⁷ and 768.⁸ Vista Energy must file EQRs electronically

⁵ Hydropower licensees are required to comply with the requirements of the Uniform System of Accounts pursuant to 18 CFR Part 101 to the extent necessary to carry out their responsibilities under Part I of the Federal Power Act (FPA). We further note that a licensee's status as a market-based rate seller under Part II of the FPA does not exempt it from its accounting responsibilities as a licensee under Part I of the FPA. See Order No. 816, FERC Stats. & Regs. ¶ 31,374 at PP 345-350; *Seneca Gen., LLC*, 145 FERC ¶ 61,096, at P 23, n.20 (2013) (citing *Trafalgar Power, Inc.*, 87 FERC ¶ 61,207, at 61,798 (1999) (noting that "all licensees are required to comply with the requirements of the Uniform System of Accounts to the extent necessary to carry out their responsibilities under [s]ections 4(b), 10(d) and 14 of the FPA")).

⁶ See Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 999-1000.

⁷ *Revised Public Utility Filing Requirements*, Order No. 2001, FERC Stats. & Regs. ¶ 31,127, *reh'g denied*, Order No. 2001-A, 100 FERC ¶ 61,074, *reh'g denied*, Order No. 2001-B, 100 FERC ¶ 61,342, *order directing filing*, Order No. 2001-C, 101 FERC ¶ 61,314 (2002), *order directing filing*, Order No. 2001-D, 102 FERC ¶ 61,334, *order refining filing requirements*, Order No. 2001-E, 105 FERC ¶ 61,352 (2003), *order on clarification*, Order No. 2001-F, 106 FERC ¶ 61,060 (2004), *order revising filing requirements*, Order No. 2001-G, 120 FERC ¶ 61,270, *order on reh'g and clarification*, Order No. 2001-H, 121 FERC ¶ 61,289 (2007), *order revising filing requirements*, Order No. 2001-I, FERC Stats. & Regs. ¶ 31,282 (2008).

⁸ *Elec. Mkt. Transparency Provisions of Section 220 of the Fed. Power Act*, Order No. 768, FERC Stats. & Regs. ¶ 31,336 (2012), *order on reh'g*, Order No. 768-A, 143 FERC ¶ 61,054 (2013).

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with the Commission consistent with the procedures set forth in Order No. 770.⁹ Vista Energy further must timely report to the Commission any change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority.¹⁰

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against the applicant.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Questions regarding the above order should be directed to:

Federal Energy Regulatory Commission
Attn: Gregory Basheda
Phone: (202) 502-6479
Office of Energy Market Regulation
888 First Street, N.E.
Washington, D.C. 20426

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Sincerely,

Steve P. Rodgers, Director
Division of Electric Power
Regulation - West

⁹ See *Revisions to Electric Quarterly Report Filing Process*, Order No. 770, FERC Stats. & Regs. ¶ 31,338, at P 3 (2012) (citing Order No. 2001, FERC Stats. & Regs. ¶ 31,127 at P 31).

¹⁰ 18 C.F.R. § 35.42 (2016); see also *Reporting Requirement for Changes in Status for Public Utilities with Market-Based Rate Authority*, Order No. 652, FERC Stats. & Regs. ¶ 31,175, order on reh'g, 111 FERC ¶ 61,413 (2005).

Document Content(s)

ER16-2307-001.DOC.....1-5

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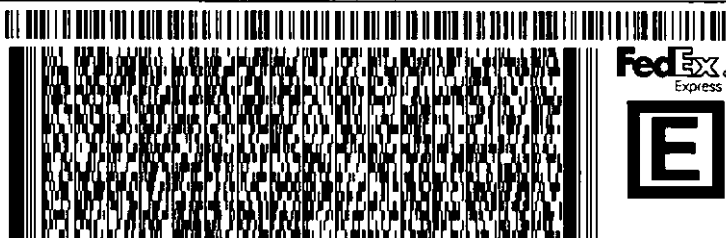
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