

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-110072

4. PUBLIC MEETING DATE:  
00/00/00  
7. DATE FILED: 05/06/98  
9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: THE RICHARDS' ENERGY GROUP

COMP/APP COUNTY:

UTILITY CODE: 110072

ALLEGATION OR SUBJECT

APPLICATION OF FRANK J RICHARDS, P.E., D/B/A THE RICHARDS' ENERGY GROUP FOR APPROVAL TO OFFER, RENDER, FURNISH, OR SUPPLY ELECTRICITY OR ELECTRIC GENERATION SERVICES AS A BROKER/MARKETER ENGAGED IN THE BUSINESS OF SUPPLYING ELECTRICITY, OR MORE APPROPRIATELY, ENABLER OF AGGREGATED LOAD TRANSACTIONS BETWEEN SUPPLIERS AND USERS TO THE PUBLIC IN THE COMMONWEALTH OF PENNSYLVANIA.

DOCUMENT  
FOLDER

DOCKETED  
MAY 14 1998

ORIGINAL

A-110072

**The Richards' Energy Group**

**Application for License  
as an Electric Generation Supplier  
in the  
Commonwealth of Pennsylvania**

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FOLDER

DOCKETED  
MAY 14 1998

# BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Frank J. Richards, P.E.,  
d/b/a The Richards' Energy Group, for approval  
to offer, render, furnish, or supply electricity or electric  
generation services as a(n)

Facilitator of aggregated load transactions  
to the public in the Commonwealth of Pennsylvania.

Application Docket No.

A-110072

F \_\_\_\_\_

19 \_\_\_\_\_

# ORIGINAL

To the Pennsylvania Public Utility Commission:

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

The Richards' Energy Group  
1325 Crown Vetch Drive  
Landisville, PA 17538  
Tel: 717-898-6330  
Fax: 717-898-6331

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.

N/A

- 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:

Frank J. Richards, P.E.  
President  
The Richards' Energy Group  
1325 Crown Vetch Drive  
Landisville, PA 17538  
Tel: 717-898-6330  
Fax: 717-898-6331

- 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:

Frank J. Richards, P.E.  
President  
The Richards' Energy Group  
1325 Crown Vetch Drive  
Landisville, PA 17538  
Tel: 717-898-6330  
Fax: 717-898-6331

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

Thomas R. Davies, Esq.  
Harmon & Davies, P.C.  
2306 Columbia Avenue  
Lancaster, PA 17603  
Tel: (717) 291-2236  
Fax: (717) 291-5739

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:

N/A

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

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

The Richards' Energy Group

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.

See Attachment 1, Fictitious Name

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)

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.

\* 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:

None

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

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.

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

- vertically-integrated provider of generation, transmission, and distribution services.
- municipal electric corporation providing service outside its municipal limits.
- electric cooperative
- local gas distribution company
- nonintegrated provider of electric generation, transmission or distribution services.
- Other. (Identify the nature of service being rendered.)

Independent consultant providing energy/engineering services to industrial, commercial and institutional clients, to reduce their electric and gas bills where cost effective. For additional detail, see Attachment 2, Services.

OR

The Applicant is not presently doing business in Pennsylvania.

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

- Generator and supplier of electric power
- Municipal generator and supplier of electric power.
- Electric Cooperative and supplier of electric power
- Broker/Marketer engaged in the business of supplying electricity, or more appropriately, enabler of aggregated load transactions between suppliers and users.
- Aggregator engaged in the business of supplying electricity

9 **PROPOSED SERVICES:** Generally describe the electric services or the electric generation services which the Applicant proposes to offer.

Developing an electric users' group, given the acronym REAP (Richards' Energy Affinity Project) to present a diverse, high load factor load to suppliers to obtain favorable pricing and terms for the group, ultimately resulting in negotiating favorable 2 party contracts between supplier and individual users. Although presenting an aggregated load profile to suppliers through the end users it represents, REAP will not be purchasing nor selling power.

10 **SERVICE AREA:** Generally describe the geographic area in which Applicant proposes to offer services.

Commonwealth of Pennsylvania

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

- Residential Customers
- Commercial Customers
- Industrial Customers
- Governmental Customers
- All of above
- Other (Describe): Institutional...hospitals, retirement homes, etc.

12 **FERC FILING:** Applicant has: N/A

- Filed an Application with the Federal Energy Regulatory Commission to be a Power Marketer.
- Received approval from FERC to be a Power Marketer at Docket or Case Number \_\_\_\_\_.

13 **START DATE:** The Applicant proposes to begin delivering services upon license approval to enable delivery of deregulated energy to users on 1 January 1999 (approximate date).

14 **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.

15 **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  
Consumer Advocate  
1425 Strawberry Square  
Harrisburg, PA 17120

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

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

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. See Attachment 10.

# AFFIDAVIT

[Commonwealth/State] of Pennsylvania :

: ss.

County of Lancaster

Frank J. Richards, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

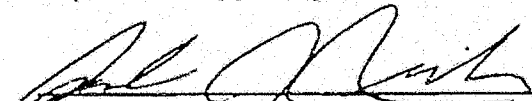
[He/she is the President (Office of Affiant) of The Richards' Energy Group (Name of Applicant);]

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

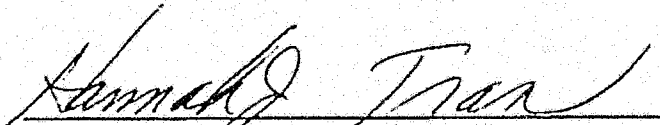
That The Richards' Energy Group, the Applicant herein, acknowledges that [Applicant] may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or 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 The Richards' Energy Group, the Applicant herein, asserts that [he/she/it] possesses the requisite technical, managerial, and financial fitness to render electric 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.

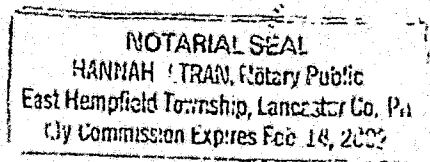
That the facts above set forth are [true and correct/true and correct to the best of his/her knowledge, information, and belief] and that he/she [expects/expects said Applicant] to be able to prove the same at any hearing hereof

  
\_\_\_\_\_  
Signature of Affiant

Sworn and subscribed before me this 27th day of April, 1998

  
\_\_\_\_\_  
Signature of official administering oath

My commission expires Feb 14, 2002



17 TAXATION: Provide the State Tax Account number or similar number of the Applicant . 172-38-8211

In certification that the supplier will pay in full all taxes due from the supplier as required by 66 Pa. C.S. Section 2809 (C)(1)(II)(IV), the Applicant will attach to the Application and affidavit as follows.

### AFFIDAVIT

[Commonwealth/State] of Pennsylvania:

ss.

County of Lancaster

Frank J. Richards, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

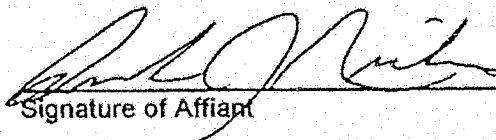
[That he/she is the President(office of Affiant) of The Richards' Energy Group (Name of Applicant);]

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

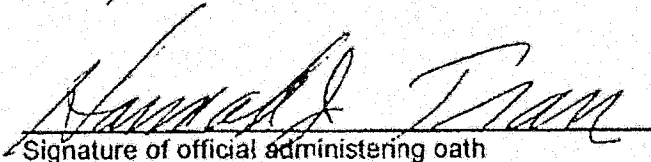
That The Richards' Energy Group, the Applicant herein, certifies to the Commission that it is subject to , will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 28 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of Chapter 28, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall provide to the Commission its jurisdictional Gross Receipts and power sales for ultimate consumption, for the previous year or as otherwise required by the Commission and is subject to Title 66, Section 506.

As provided by Section 2810 (C)(6)(IV), 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.

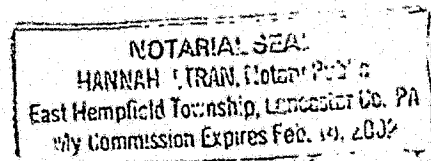
That the facts above set forth are [true and correct/true and correct to the best of his/her knowledge, information, and belief] and that he/she [expects/expects said Applicant] to be able to prove the same at any hearing hereof.

  
\_\_\_\_\_  
Signature of Affiant

Sworn and subscribed before me this 27th day of April, 1998

  
\_\_\_\_\_  
Signature of official administering oath

My commission expires Feb 14, 2002





18. **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.

**Applicant has never been a party to any proceedings involving fraud or a similar activity.**

19. **STANDARDS, BILLING PRACTICES, TERMS AND CONDITIONS OF PROVIDING SERVICE AND CONSUMER EDUCATION:** Electricity 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 Electric Distribution Company, the Pennsylvania Public Utility Commission or other agencies.

**Frank J. Richards, P.E**  
**President**  
**The Richards' Energy Group**  
**1325 Crown Vetch Drive**  
**Landisville, PA 17538**  
**Tel: 717-898-6330**  
**Fax: 717-898-6331**

**Alternate:**  
**Mary S. Richards**  
**The Richards' Energy Group**  
**1325 Crown Vetch Drive**  
**Landisville, PA 17538**  
**Tel: 717-898-6330**  
**Fax: 717-898-6331**

- b. Provide a copy of all standard forms or contracts that you use, or propose to use, for service provided to residential customers. **N/A**

c Attach to the Application an Affidavit as follows:

# AFFIDAVIT

[Commonwealth/State] of Pennsylvania:

ss.

County of Lancaster :

Frank J. Richards, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:


[He/she is the President (Office of Affiant) of The Richards' Energy Group (Name of Applicant);]

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

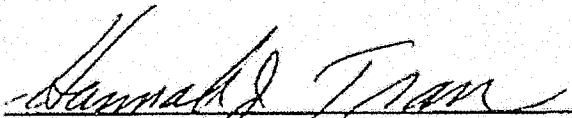
That The Richards' Energy Group, the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 PA. C.S. Section 506, 2807 (C), 2807(D)(2), 2809(B) and the standards and billing practices of 52 PA. Code Chapter 56.

That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Bureau of Public Liaison or other Commission bureaus. Materials and information requested may be analyzed by the Commission or designee 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] and that he/she [expects/expects said Applicant] to be able to prove the same at any hearing hereof.

  
Signature of Affiant

Sworn and subscribed before me this 27th day of April, 19 98.

  
Signature of official administering oath

My commission expires Feb 14, 2002

NOTARIAL SEAL  
HANNAH IRAN, Notary Public  
East Hempfield Township, Lancaster Co. PA  
My Commission Expires Feb. 14, 2002

20 **BONDING:** In accordance with 66 PA. C.S. Section 2809(C) (1)(I), the Applicant is:

- Furnishing a copy of initial bond , letter of credit or proof of bonding to the Commission in the amount of \$250,000.
- Furnishing proof of other initial security for Commission approval, to ensure financial responsibility.
- Filing for a modification to the \$250,000 and furnishing a copy of an initial bond, letter of credit or proof of bonding to the Commission for the amount of \$5,000.00. Applicant is required to provide information supporting an amount less than \$250,000.

The Richards' Energy Group will not take title of or incur liability for any generation sold by suppliers or consumed by the users in REAP. These liabilities will be assumed by the supplier and user, through a 2-party agreement between the licensed supplier and each user.

Since the purpose of the bonding is to ensure payment of Gross Receipts Tax for generation sold, and to ensure supply of energy to end users by suppliers who take title of the energy, a modification of the bonding requirement required by The Richards' Energy Group is requested. Since the law requires all licensees to be bonded, a reduced level of \$5,000.00 is requested. A \$5,000.00 letter of credit is attached (Attachment 3) to fulfill this requirement.

At the conclusion of Applicant's first year of operation or when a permanent license is issued, whichever comes first, it is the intention of the Commission to tie security bonds to a percentage of Applicant's gross receipts resulting from the sale of generated electricity consumed in Pennsylvania. The amount of the security bond will be reviewed and adjusted on an semi-annual basis.

21. **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
22. **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 2809(D). Transferee will be required to file the appropriate licensing application.
23. **ASSESSMENT:** The Applicant acknowledges that Title 66, Chapter 5, Section 510 grants to the Commission the right to make assessments to recover regulatory expenses and that as a supplier of electricity or an electric generation supplier it will be assessed under that section of the Pennsylvania Code. The Applicant also acknowledges that the continuation of its license as a supplier of electricity or an electric generation supplier will be dependent upon the payment of all prior years assessments.
24. **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.  
**Sole Proprietorship**
    - Published parent company financial and credit information.  
**N/A**
    - 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.  
**Income Statement attached (Attachment 4).**
    - 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.  
**Dun and Bradstreet credit report attached (Attachment 5).**

- 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.

**Small business insurance**

**\$1,000,000 Liability**

**\$6,500 Property**

**Professional Liability (errors and omissions)-application in process**

**\$1,000,000**

- 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.

**Frank J. Richards, President. Resume attached (Attachment 6).**

- Provide the name, title, address, telephone number and FAX number of Applicant's custodian for its accounting records.

**Robert G. Thompson, CPA**

**1195 West Main Street**

**Mount Joy, PA 17552**

**Phone: (717) 653-6011**

**Fax: (717) 653-2422**

**25. TECHNICAL FITNESS:** To ensure that the present quality and availability of service provided by electric 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.

**Frank J. Richards, President. Resume attached (Attachment 6).**

**BS Electrical Engineering, Lehigh University**

**Registered Professional Engineer**

**Pennsylvania PE-021509-E**

**Hawaii PE-9200**

- General information concerning the energy sources to be employed by the Applicant in providing services.

**All energy sources will be provided by other suppliers licensed in Pennsylvania.**

- Documentation of membership in ECAR, MAAC or other regional reliability councils.

**N/A. All suppliers engaged by this users' group will have membership in the appropriate reliability council.**

- An affidavit stating that you will adhere to the reliability protocols of the North American Electric Reliability Council, the appropriate regional reliability council(s), and the Commission, and that you agree to comply with the operational requirements of the control area(s) within which you provide retail service.

**N/A.**

**For the past 3 years, Frank Richards has continually improved his extensive knowledge base and technical fitness on energy and deregulation issues. Examples include attendance at 6 seminars on electric deregulation, teaching 2 programs on energy issues and 3 on electric deregulation in Pennsylvania, advising clients on energy and electric deregulation strategies and performing extensive, in-depth electric rate analyses for industrial, commercial and institutional clients.**

Pertinent previous experience during 25 year career at Pennsylvania Power & Light Company is detailed on the attached resume (Attachment 6).

The Richards' Energy Group's client base includes Fortune 500 printers and pharmaceutical manufacturers; regional dairies, manufacturers, foundries, hospitals and nursing homes; and local newspapers, banks and automobile dealers. All of these have achieved lower operating costs through reduced energy bills because of their association with The Richards' Energy Group.

Because of Frank's extensive utility experience and diversified knowledge base, he realized that development of a strong Users' Group would provide win-win opportunities for end-users and suppliers. Details of how this Users' Group, named REAP (Richards' Energy Affinity Project), will function can be found in the "Read This and REAP" paper (Attachment 7) and sample REAP contract (Attachment 8).

Also attached are a description of The Richards' Energy Group Services (Attachment 2) and a biography of Frank J. Richards (Attachment 9).

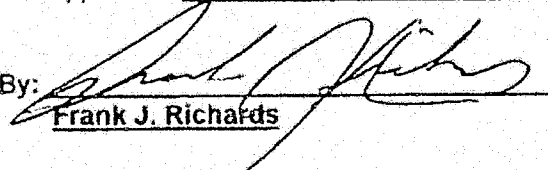
26. **UNIFORM STANDARDS OF CONDUCT AND DISCLOSURE:** As a condition of receiving a license, Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission.
27. **REPORTING REQUIREMENTS:** Applicant agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:
- a. **Reports of Gross Receipts:** Applicant shall report its Pennsylvania intrastate gross receipts to the Commission on a quarterly and year to date basis no later than 30 days following the end of the quarter.
  - b. The Treasurer or other appropriate officer of Applicant shall transmit to the Department of Revenue by March 15, an annual report, and under oath or affirmation, of the amount of gross receipts received by Applicant during the prior calendar year.
  - c. Applicant shall report to the Commission the following information on an annual basis:
    - the percentages of total electricity supplied by each fuel source

Applicant will be required to meet periodic reporting requirements as may be issued by the Commission to fulfill the Commission's duty under Chapter 28 pertaining to reliability and to inform the Governor and Legislature of the progress of the transition to a fully competitive electric market.

28. **FEE:** The Applicant has enclosed the required initial licensing fee of \$350.

Applicant: The Richards' Energy Group

By:

  
Frank J. Richards

Title: President

# VERIFICATION

[Commonwealth/State] of Pennsylvania:

: ss.

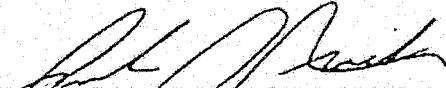
County of Lancaster :

Frank J. Richards, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

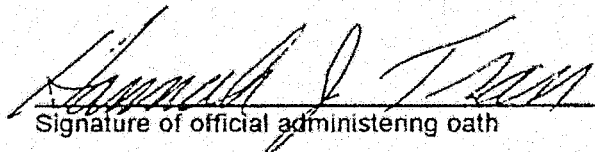
[He/she is the President (Office of Affiant) of The Richards' Energy Group (Name of Applicant);]

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

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

  
\_\_\_\_\_  
Signature of Affiant

Sworn and subscribed before me this 27th day of April, 19 98.

  
\_\_\_\_\_  
Signature of official administering oath

My commission expires Feb 14, 2002

NOTARIAL SEAL  
HANNAH J. TRAN, Notary Public  
East Hempfield Township, Lancaster Co., PA  
My Commission Expires Feb. 14, 2002

**Attachment 1**

**Fictitious Name**

Microfilm Number \_\_\_\_\_

227-383

Filed with the Department of State on APR 26 1995

Entity Number 2634481

*Patte K...*  
Secretary of the Commonwealth

### APPLICATION FOR REGISTRATION OF FICTITIOUS NAME

DSCB:54-311 (Rev 89)

In compliance with the requirements of 54 Pa. C.S. § 311 (relating to registration), the undersigned entity(ies) desiring to register a fictitious name under 54 Pa. C.S. Ch. 3 (relating to fictitious names), hereby state(s) that:

1. The fictitious name is: The Richards' Energy Group

2. The address, including street and number, if any, of the principal place of business is: (P.O. Box alone is not acceptable)

<u>1325 Crown Vetch Drive</u>	<u>Landisville</u>	<u>PA</u>	<u>17538</u>	<u>Lancaster</u>
Number and Street	City	State	Zip	County

3. A brief statement of the character or nature of the business is: electrical consulting services

4. The name and address, including street and number, if any, of individual(s) interested in the business is (are):

<u>Frank J. Richards, Jr.</u>	<u>1325 Crown Vetch Drive</u>	<u>Landisville</u>	<u>PA</u>	<u>17538</u>
Name	Street and Number	City	State	Zip

5. With respect to each entry, other than an individual, interested in such business is (are):

Name	Form of Entity	Organizing Jurisdiction	Juris. Address	PA Registered Office, if any
------	----------------	-------------------------	----------------	------------------------------

6. The applicant is familiar with the provisions of 54 Pa. C.S. § 332 (relating to effect of registration) and understands that filing under the Fictitious Names Act does not create any exclusive or other right in the fictitious name.

7. (Optional) The name(s) of the agent(s), if any, any one of whom is authorized to execute amendments to withdrawals from or cancellation of this registration in behalf of all then existing parties to the registration, is (are): \_\_\_\_\_

IN TESTIMONY WHEREOF, the undersigned have caused this registration to be executed this 23rd day of April, 19 95.

(Individual Signature)

(Individual Signature)

(Individual Signature)

(Individual Signature)

The Richards' Energy Group

(Name of Entity)

BY: *Frank J. Richards, Jr.*

BY: \_\_\_\_\_

TITLE: Owner

TITLE: \_\_\_\_\_

PA DEPT. OF STATE

M. DURAKO COMPANY PHILADELPHIA  
1-800-532-8113

APR 26 1995



JUL 5 95 WED 12:31 HARMON AND DAVIES PC THE NO. 111 EST 3755 11:00

PROOF OF PUBLICATION OF NOTICE  
IN THE LANCASTER LAW REVIEW

---

COMMONWEALTH OF PENNSYLVANIA )  
 ) SS:  
COUNTY OF LANCASTER )

*Shella D. Seay, Secretary of Lancaster Law Review, of the County and State aforesaid, being duly affirmed according to law, deposes and says that the Lancaster Law Review, a legal periodical published in the City of Lancaster, County and State aforesaid, was established December 10, 1883 and designated by the local courts as the Official Periodical for the publication of legal notices, and has, since that date been regularly issued weekly in said County, and that the printed notice or publication attached hereto is exactly the same as was printed in the regular issues of said LANCASTER LAW REVIEW on May 19, 1995.*

*Affiant further deposes and says that he is not interested in the subject matter of the aforesaid notice or advertisement and that all allegations in the foregoing statements as to time, place and character of publication are true and correct to the best of his knowledge.*

Frank J. Richards, Jr., of 1325 Crown Vetch Drive, Landisville, PA 17538, did file in the Office of the Secretary of the Commonwealth of Pennsylvania, on April 26, 1995, registration of the name:

THE RICHARDS ENERGY GROUP  
under which he intends to do business at 1325 Crown Vetch Drive, Landisville, PA 17538, pursuant to the provisions of the Act of Assembly of December 21, 1988, known as the "Fictitious Names Act".  
HARMON & DAVIES, P.C.  
Attorneys At Law

M-19

*Shella D. Seay*

Affirmed and subscribed to before me

this 19th day of May, 1995

*Giovanna Pedicini-McCoy*  
Notary Public

Lancaster, Lancaster County, PA  
My Commission Expires:

NOTARIAL SEAL  
Giovanna Pedicini-McCoy, Notary Public  
Lancaster City, Lancaster Co., PA  
My Commission Expires July 21, 1997

# Proof of Publication of Notice in

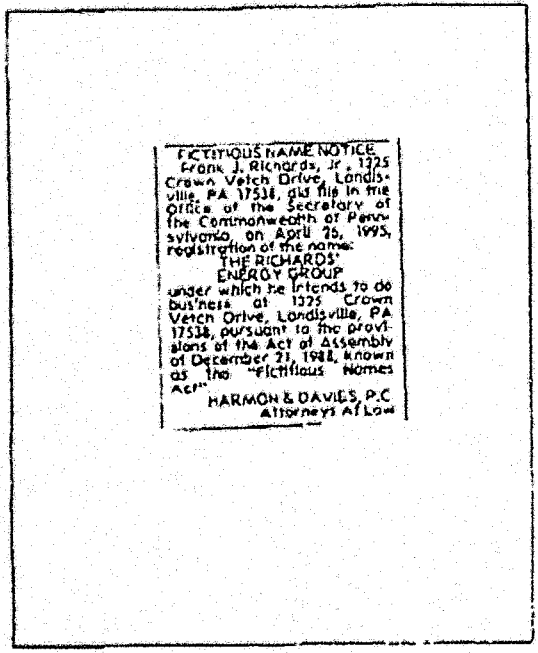
State of Pennsylvania, }  
County of Lancaster } ss:

Dolly J. Benner of the County and State aforesaid, being duly sworn, deposes and says that the Intelligencer Journal-Lancaster New Era, a daily newspaper of general circulation published at Lancaster, County and State aforesaid, was established 1794-1877 since which date said daily newspaper has been regularly issued in said county, and that a copy of the printed notice or publication is attached hereto exactly the same as was printed and published in the regular editions and issues of said daily newspaper on the following dates, viz:

and the 12th day of May A.D. 1995

Affiant further deposes that he is Billing Clerk duly authorized by Lancaster Newspapers, Inc., a corporation, publisher of said Intelligencer Journal Lancaster New Era, a newspaper of general circulation, to verify the foregoing statement under oath, and also declares that affiant is not interested in the subject matter of the aforesaid notice or advertisement and that all allegations in the foregoing statement as to time, place and character of publication are true.

Dolly J. Benner  
(SIGNATURE)

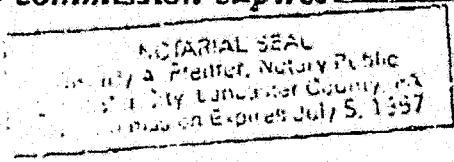


## Copy of Notice or Publication

Sworn and subscribed to before me this  
12th day of May 1995

Beverly A. B... ..  
Notary Public

My commission expires \_\_\_\_\_



**Attachment 2**

**The Richards' Energy Group Services**

## The Richards' Energy Group Energineering

The Richards' Energy Group is an engineering firm concentrating on energy issues and cost minimization in industrial, commercial and institutional applications. This process of "energineering" is divided into the following categories:

Utility Rate Analysis  
Facility Analysis  
Electric Service Analysis  
Electric Users' Group-Pennsylvania  
Power Distribution Course

### Utility Rate Analysis

- Evaluate available utility rate structures.
- Ensure all available exemptions and incentives are being exploited.
- Develop accurate allocation of energy cost for each process within a facility.
- Evaluate effects of demand-side management on billing.
- Determine seasonal variations in usage patterns and effect on billing.
- Investigate requirements and effects of potential alternative rates.
- Evaluate impact of future deregulation/retail wheeling.
- Evaluate and mitigate rate increases.
- Calculate and provide documentation for State Sales Tax Exemption.

### Facility Analysis

- Walk-through energy audit.
  - Identify and recommend no-cost and fast-payback capital projects to improve plant efficiency and cost.
  - Evaluate and analyze proposals from utilities, equipment vendors and contractors with a neutral and balanced perspective. Determine how well all issues have been addressed and resolved by these proposals.
  - Determine areas of potential energy reduction and waste reclamation.
  - Identify and evaluate alternative technologies for energy and cost efficiencies and waste minimization.
- ⇒

## The Richards' Energy Group Engineering (Continued)

### Electric Service Analysis

- Evaluate power distribution practices and needs within the facility.
- Develop an orderly short and long-term expansion plan.
- Determine whether a voltage change would be cost effective.
- Investigate electric losses within the facility.
- Determine voltage regulation throughout facility
- Recommend safety improvements in the electrical system.
- Identify power quality issues.
- Contingency/emergency planning.

Also included in this service is oversight or project management of major electrical work (such as installation of a new substation), while maintaining close contact with the electrical contractor, equipment vendors, engineering firm and electric utility, to assure as-specified construction and timely completion

### Electric Users' Group-Pennsylvania

This Pennsylvania electric users' group, called REAP (Richards' Energy Affinity Program), is designed to level the playing field of electric deregulation by creating a group of mid-sized users which together appear to be a very large user. REAP combines the diverse characteristics of different types of electrical loads, with the result of improved load factor and reduced capacity requirements for the group as a whole. Besides providing more savings than users could achieve on their own, REAP eliminates the hassles of individually negotiating with multiple suppliers and provides auditing to assure actual billing reflects the negotiated reduced pricing.

### Power Distribution Course

This 10 week course covers fundamentals of electricity, safety, fuses and circuit breakers, transformers, switchboards, power quality, preventive maintenance, one-line diagrams, and the National Electric Code. The course can be tailored to client's needs, and can be run as an in-house course, or open to general admission.

Frank J. Richards, P.E. 1325 Crown Vetch Drive Landisville, PA 17538  
Phone: (717) 898-6330 Fax: (717) 898-6331 Email: richenergy@redrose.net

**Attachment 3**

**Letter of Credit**



Bank of  
Lancaster County, N.A.

Strasburg Office  
1 East Main Street  
P.O. Box 300  
Strasburg, PA 17579-0300  
(717) 687-4000  
FAX (717) 687-4018  
www.blcncr.com

**IRREVOCABLE LETTER OF CREDIT**

**ISSUER:** Bank of Lancaster County, N.A.  
101 North Pointe Boulevard  
Lancaster PA 17601-4133  
Attn: Loan Administration

**DATE OF ISSUE:** May 6, 1998

**LETTER OF CREDIT NO.** 08-140715-110

**BENEFICIARY:**

Pennsylvania Public Utility Comm.  
PO Box 3265  
Harrisburg, PA 17105-3265

**APPLICANT:**

Frank J. Richards  
Mary S. Richards  
d/b/a The Richards Energy Group  
1325 Crown Vetch Drive  
Landisville, PA 17538

**AMOUNT:** \$5,000.00

**EXPIRY DATE:** April 30, 1999

**PROJECT:** Electric Generator Supplier  
License

**To Whom it May Concern:**

This Irrevocable Letter of Credit is issued in favor of the Pennsylvania Public Utility Commission, which is available by one or more sight drafts drawn on us accompanied by the following:

1. The original of the Letter of Credit
2. A written statement from the Beneficiary that the applicant has not complied with applicable provisions of the Public utility Code, 66 Pa C.S. 101, et seq. And the rules and regulations of the Pennsylvania Public Utility Commission by the Applicant as a licensed electric generation supplier or the Applicant has not paid the Gross Receipts Tax as required by Section 2810 of the Public Utility Code 66 Pa C.S. 2810 or the Applicant has not supplied electricity at retail in accordance with contracts in the amount up to \$5,000.00.

The Letter of Credit is written in accordance with Section 2809(c)(I)(I) of the Public Utility Code, 66 Pa C.S. 2909 (c)(I)(I), to assure compliance with applicable provisions of the Public Utility Code, 66 Pa C.S. 101 et seq. And the rules and regulations of the Pennsylvania Public Utility Commission by the Principal as licensed electric generation supplier; to ensure the payment of Gross Receipts Tax as required by Section 2810 of the Public Utility Code, 66 Pa C.S. 2810; and to ensure the supply of electricity at retail in accordance with contracts, agreements or arrangements. Payments made pursuant to this Letter of Credit shall ensure first to the

Pennsylvania Public Utility Commission

May 6, 1998

Page 2.

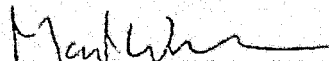
benefit of the Commonwealth, and second, to any and all retail electric generation customers to whom the Principal may be held legally liable for failure to supply electric generation pursuant to contracts, agreements, or arrangements. Any claims made by the Commonwealth shall have priority over claims made by private individuals. Proceeds of the bond may not be used to pay any penalties or fines levied against the Principal for violations of the law, or for payment of any other tax obligations owed to the Commonwealth.

This Letter of Credit sets forth the full terms of Issuer's obligation to Pennsylvania Public Utility Commission. It is separate from and shall not be subject to or supplemented or modified by any agreement which refers to this Letter of Credit or to which this Letter of Credit relates.

Except as otherwise stated, this Letter of Credit is governed by the Pennsylvania Uniform Commercial Code and is subject to the "Uniform Customs and Practice for Documentary Credits" (1993 Revision) international Chamber of Commerce Publication No. 500. In case of conflict between the Pennsylvania Uniform Commercial Code and the Uniform Customs and Practice for Documentary Credits, the Pennsylvania Uniform Commercial Code shall control.

We hereby agree with you that sight drafts drawn under this Letter of Credit will be honored in accordance with the term and conditions stated herein provided the sight draft and required documents are presented to us at the above address within 60 days from the date of expiry. Payment of any draft drawn under this Letter of Credit in an amount less than the maximum amount available hereunder shall be recorded by us on the reverse side hereof and this Letter of Credit shall then be returned to you.

Bank of Lancaster County, N.A.

By.  \_\_\_\_\_

Mark W. Weaver

Branch Manager

Fruitville Pike Office



**Attachment 4**  
**Income Statement**

# Income Statement

## The Richards' Energy Group

	1995		1996		1997	
	\$	%	\$	%	\$	%
<b>REVENUE</b>						
Gross Sales	21,600		81,560		103,562	
Returns/Allowances	0		0		0	
<b>Net Sales</b>	<b>21,600</b>		<b>81,560</b>		<b>103,562</b>	
<b>COST OF SALES</b>						
Not Applicable	0		0		0	
<b>Gross Profit</b>	<b>21,600</b>		<b>81,560</b>		<b>103,562</b>	
<b>OPERATING EXPENSES</b>						
Advertising	455	2%	2,379	8%	3,803	10%
Airfare		0%	633	2%	1,142	3%
Business Meals	669	3%	1,795	6%	1,780	5%
Business Use of Home	1,088	5%	1,769	6%	1,769	5%
Car Rental		0%	163	1%	456	1%
Commissions/Fees		0%	2,980	10%	175	0%
Computers and Equipment	9,409	42%		0%	5,507	14%
Conferences		0%	3,195	11%	4,033	10%
Dues		0%	742	3%	822	2%
Entertainment	649	3%	339	1%	1,422	4%
Fax/Data		0%		0%	495	1%
Gas		0%	8	0%	5	0%
Gifts	0	0%	36	0%	48	0%
Insurance-Business	185	1%	175	1%	189	0%
Insurance-Disability		0%	479	2%	1,094	3%
Insurance-Health		0%	177	1%	353	1%
Insurance-Life		0%	689	2%	689	2%
Insurance-Liability		0%	309	1%	400	1%
Interest		0%		0%	176	0%
Legal/Professional Services	548	2%	620	2%	1,026	3%
Lodging		0%	495	2%	1,297	3%
Mileage	1,555	7%	2,058	7%	2,686	7%
Miscellaneous	289	1%	3,151	11%	1,913	5%
Parking		0%	2	0%	126	0%
Postage		0%		0%	204	1%
Power Distribution Courses		0%		0%	1,204	3%
Rail		0%		0%	18	0%
Room Tax		0%	74	0%	89	0%
Shipping		0%	163	1%		0%
Supplies	7,347	33%	3,702	13%	2,786	7%
Taxi		0%		0%	21	0%
Telephone		0%	2,537	9%	3,274	8%
Tips		0%	5	0%	78	0%
Tolls		0%	5	0%	31	0%
<b>Total Operating Expenses</b>	<b>22,194</b>	<b>100%</b>	<b>28,680</b>	<b>100%</b>	<b>39,111</b>	<b>100%</b>
<b>NET INCOME</b>						
Net Income before Taxes	-594		52,880		64,451	
Federal Taxes on Income	0		13,237		15,436	
State Taxes on Income	0		1,746		2,007	
Local Taxes on Income	0		558		720	
<b>Net Income After Taxes</b>	<b>-594</b>		<b>37,339</b>		<b>46,288</b>	

**Attachment 5**

**Dun and Bradstreet Credit Report**

# Business Information Report <sup>TM</sup>

For: FRANK RICHARDS, OWNER  
DUN & BRADSTREET INC

April 24, 1998  
10:40 am

*This report is being sent to you free of charge. It should not be reproduced or redistributed.*

## BUSINESS SUMMARY

RICHARDS, FRANK J +RICHARDS' ENERGY GROUP	DUNS: 88-308-9864	RATING	--
1325 CROWN VETCH DR LANDISVILLE PA 17538 TEL: 717 898-6330	BUSINESS CONSULTING SERVICES SIC NO. 8748	STARTED	1995
		SALES F	\$103,562
		EMPLOYS	1
		HISTORY	CLEAR

FRANK J RICHARDS, OWNER

## CUSTOMER SERVICE

If you have questions about this report, please call our Customer Service Center at 1-800-234-3867 from anywhere within the U.S. If you are outside the U.S., contact your local D&B office.

\*\*\* Additional Decision Support Available \*\*\*

Additional D&B products, credit recommendations and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.

## SUMMARY ANALYSIS

The Summary Analysis section reflects information in D&B's file as of April 23, 1998.

### RATING SUMMARY . . . .

The absence of a Rating (--) indicates that the information available to D&B does not permit us to assign a Rating to this business. In this case, no Rating was assigned because of D&B's overall assessment of the company's financial, payment, and its historical information.

Below is an overview of the company's D&B Rating(s) since 05/18/95:

RATING	DATE APPLIED
-----	-----
--	05/18/95

For: FRANK RICHARDS, OWNER  
DUN & BRADSTREET INC

April 24, 1998  
10:40 am

*This report is being sent to you free of charge. It should not be reproduced or redistributed.*

**PAYMENT SUMMARY**

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

D&B has not received a sufficient sample of payment experiences to establish a PAYDEX score.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	TOTAL RCV' D	TOTAL DOLLAR AMOUNTS	LARGEST HIGH CREDIT	% W/IN TERMS	DAYS SLOW			
	#	\$	\$	%	<31	31-60	61-90	91+
Total in D&B's file	1	50		50				
Payment By Industry:								
1 Ret mail-order house	1	50		50	100	-	-	-
Other Payment Categories:								
Cash experiences	0	0		0				
Payment record unknown	0	0		0				
Unfavorable comments	0	0		0				
Placed for collection								
with D&B	0	0						
other	0	N/A						

The highest "Now Owes" on file is \$ 0

The highest "Past Due" on file is \$ 0

D&B receives over 220 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received.

**PAYMENTS**

Antic - Anticipated (Payments received prior to date of invoice)  
Disc - Discounted (Payments received within trade discount period)  
Ppt - Prompt (Payments received within terms granted)

REPORTED	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
02/98	Ppt	50	-0-	-0-		6-12 Mos

\* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported. Amounts may be rounded to nearest figure in prescribed ranges.

For: FRANK RICHARDS, OWNER  
DUN & BRADSTREET INC

April 24, 1998  
10:40 am

*This report is being sent to you free of charge. It should not be reproduced or redistributed.*

### FINANCE

04/22/98 From JAN 01 1997 to DEC 31 1997 sales \$103,562. Gross profit \$103,562; operating expenses \$37,172. Operating income \$66,390; net income before taxes \$66,390; Federal income tax \$15,436; other tax \$2,727. Net income \$48,227.  
On APR 22 1998 Frank J Richards, owner, stated the inability to provide a (current) financial statement.

### HISTORY

04/22/98 FRANK J RICHARDS, OWNER  
Ownership information provided verbally by Frank J Richards, Owner, on APR 22 1998.  
Business started 1995 by Frank J Richards.  
FRANK J RICHARDS born 1946. Graduated from Lehigh University in 1968 with a BS degree. 1968-1970 employed by Eastman Kodak, Rochester, NY. 1970-1995 employed by Pennsylvania Power & Light Co, Lancaster, PA. 1995-present active here.

### OPERATION

04/22/98 The captioned business provides business consulting services, specializing in reducing energy costs for industrial and large commercial companies (100%). ADDITIONAL TELEPHONE NUMBER(S): Facsimile (Fax) 717 898-6331.  
Terms vary depending on the customer; however most is fee based. Sells to commercial and industrial concerns. Territory: Pennsylvania.  
EMPLOYEES: 1 which includes owner.  
FACILITIES: Operates from residence of principal.  
04-24(6W4 /239) 99999 004239239

-- END OF REPORT --

**Attachment 6**

**Resume - Frank J. Richards**

## FRANK J. RICHARDS

1325 Crown Vetch Drive  
Landisville, PA 17538

Phone: (717) 898-6330  
Fax: (717) 898-6331

### OBJECTIVE

To create win-win energy solutions for the future.

### SUMMARY

Approaching energy as both a commodity and a resource, have developed particular strengths in

- Electric Utility Structure-Rates/Operation/Culture
- Energy Cost and Use Analysis
- Project Management/Creative Problem-Solving
- Technical Research/Documentation/Presentation
- Team Coordination/Facilitation/Delegation

Accomplished through 11 years of externally-focused customer experience providing energy solutions to the largest industrial, commercial and municipal customers in Lancaster County, preceded by 14 years of internally-focused utility experience in System Planning and Operations.

### SELECTED ACCOMPLISHMENTS

**TECHNICAL RESEARCH/DOCUMENTATION** Performed in-depth investigative research on energy solutions for gas pipeline compressor stations, resulting in formal proposals presented in Houston to Texas Eastern and Transco pipeline companies stressing the win-win results of electric drives. Research and resulting internal documentation now form the basic guidelines for assuring preparedness for all future PP&L interaction with gas pipeline companies.

**ELECTRIC UTILITY SYSTEMS/OPERATIONS** Evaluated expansion of titanium melting at Axel Johnson Metals comparing rates in PP&L vs a western utility, assured adequate system capacity for new electron beam furnace including leading team that studied harmonics, voltage flicker and on-line operational test. Resulted in tripling of titanium-melting capacity with no operating restrictions, at lowest operating cost.

**ENERGY COST AND USE ANALYSIS** Developed rate studies showing R.R.Donnelley how they would save 25% per year on their electric cost with no capital outlay by modifying their operation to use the interruptible rate at two of their plants. Savings due to lower operating cost helped secure a major monthly magazine, a weekly tabloid and phone directory printing contracts, requiring physical expansions and adding 100 new jobs to the local economy.

**PROJECT MANAGEMENT** As PP&L project director for Pepperidge Farm, responded to customer request for advanced completion of new plant by coordinating and persuading affected work groups to reallocate resources and commit to new date. Project completion time halved, producing a 6-fold revenue over cost profit for PP&L while simultaneously increasing customer profitability by \$9 million and bringing 800 jobs to the community.

**TEAM COORDINATION/FACILITATION** Acted as Team Leader for 5 professionals, organized efforts for employee involvement, and pioneered agile marketing methodology for gas pipeline activities now in use throughout PP&L marketing system.



**Education**

1968--B.S Electrical Engineering, Lehigh University, Bethlehem, PA

**Certification**

Registered Professional Engineer, Commonwealth of Pennsylvania and State of Hawaii

**Professional Affiliations**

Member, Institute of Electrical and Electronics Engineers  
Member, National Society of Professional Engineers  
Board of Directors, Lincoln Chapter, PA Society of Professional Engineers  
Member, Association of Energy Engineers  
Member, Lancaster PA Chamber of Commerce

**Awards**

- 1994 Winner, Company-wide Pennsylvania Power & Light (PP&L) Marketing Awards Contest--Lancaster General Health Campus--met tight customer deadlines for heating/cooling proposal and electric service.
- 1993 Honorable Mention, Statewide Pa. Electric Association (PEA) Industrial & Commercial (I&C) Awards--Mount Joy Wire--provided power distribution assistance, located equipment, raised safety issues and provided alternative energy proposal.
- 1991 First Place, Statewide PEA I&C awards--Pepperidge Farm--PP&L liaison for construction of new plant, provided process studies, advanced project at customer request, and resolved service issues.  
Second Place National Edison Electric Institute Marketing Achievement contest--Pepperidge Farm (see above)  
Most Valuable Contributor, Lancaster I & C Section-PP&L-- selected by peers.
- 1990 Most Valuable Contributor, Lancaster I & C Section-PP&L-- selected by peers.

**Work Experience**

April 1995-Present: President, The Richards' Energy Group  
Details provided elsewhere.

1986-April 1995: Senior Power Engineer, Marketing, PP&L-Lancaster.

1984-1986: Power Engineer, Marketing, PP&L-Lancaster

Consultant for many of the largest (up to 28 MW and \$6 million annual electric revenue) industrial, commercial and municipal customers in PP&L. Win-win marketing efforts with these customers have resulted in many large expansions, process improvements, operating and capital cost savings and PP&L earnings of \$3.2 million/year. Prepared and directed preparation of proposals for customers evaluating process technologies, cogeneration and expansion, and provided all customer electric service needs.

1970-1984: Project Engr./Engr., System Planning/Operating, PP&L-Allentown/Hazleton.

Developed 5-year and long range electrical system plans, assured proper operation of electrical transmission system, and assured proper coordination of electrical system with large industrial, municipal and commercial customers.

1968-1970: Quality Control Engineer, Eastman Kodak Company-Rochester, New York.

Worked in Apparatus Division, testing complex electro-mechanical-optical devices to assure product quality. Also investigated problems and failures, updated procedures and maintained integrity of test consoles

**Attachment 7**

**Read This and REAP**

## Read This and REAP

Deregulation in Pennsylvania moves beyond the pilot stage in about 8 months, when at least 1/3 of all electric users in the state will be allowed to purchase electricity as a commodity from any licensed supplier. The remarkable speed of this deregulation process is due in part to the full support of large industrial users. As luck would have it, they will likely have the most to gain from deregulation, since, as the saying goes, "big dogs eat first."

REAP (Richards' Energy Affinity Project) is a users' (sometimes called "affinity") group made up of diverse industrial, institutional and commercial electrical loads. The group is designed to help smaller electric users simulate being a "big dog," so they can REAP the benefit of eating first with the other big dogs. The targeted total demand for this group is 50,000 kW, which has already gotten the attention of reputable suppliers. Besides the sheer size of the group, two factors combine to make prices lower for the group than each member could achieve individually...higher overall load factor, and lower overall capacity requirements:

**Load Factor.** An electric user's load factor is defined by how much of the time this user is consuming electricity at peak levels...the more time he is at or near his peak, the higher his load factor. As a simple example, if a user is at 1000 kW for 8 hours a day and at 0 kW for the remaining 16 hours, his load factor will be

$$\frac{1000 \text{ kW} \times 8 \text{ hrs} \times 100\%}{1000 \text{ kW} \times 24 \text{ hrs}} = 33\%$$

This is shown graphically on Page 3. If the group is diverse, the combined load factor of the group will be greater than the individual load factors. As illustrated on the graph, the individual load factors are 33%, 50% and 58%, but the combined load factor is 100%. This was designed to illustrate the point, and is somewhat unrealistic. However, the graph on Page 4 shows actual data for 7 users on a typical spring or fall day. This same data is represented in chart form on Page 5. The load factor for each user ranges from 83% to 90% and is shown in blue, while the combined 90% load factor for the group is highlighted in green. Thus, careful selection of group members can help the whole group.

**Load Factor Savings.** Although the rules are still evolving, my discussions with several suppliers have yielded some general guidelines that should prove accurate on a relative basis, as follows:

Load Factor %	Commodity ¢/KWH
100	2.7
90	2.8
80	2.9
70	3.0
60	3.1
50	3.2

For one user with a load factor of 70%, and assuming the overall group load factor is 80%, the energy charge will be .1¢/KWH less in the group than alone. For this user's annual consumption of 19,200,000 KWH, this results in annual savings of \$19,200. Keep in mind that this is in addition to whatever savings this user would achieve on his own from the deregulation process, which I estimate will be in the 5-10% range.

**Capacity Requirements.** When diverse loads are combined, the concept of "non-coincident" demand becomes important. Simply put, one user's peak is not likely to occur at the same time as another user's peak (or the peaks are non-coincident). This means that the peak demand with all users combined will be less than the sum of individual user's peak demands. Thus the electrical capacity which has to be purchased to meet the peak is lower for the group than it is for the sum of each individual. This can be seen in the chart on Page 5 with the actual data for 7 users. Individual peaks for the day are shown in red, while the peak for the group is highlighted in yellow. The sum of the individual peaks is 20,755 kW, but the group peak is 19,954, for a peak reduction of 801 kW. Also notice that the time of the group peak is a different time than any of the individual peaks.

**Capacity Requirements Savings.** Based on this, REAP's 50,000 kW of individual loads will combine to about 48,000 kW diversified demand for the group, or a 2,000 kW reduction. Charges for capacity requirements are based on demand, and amount to approximately \$.005/kW on an hourly basis,

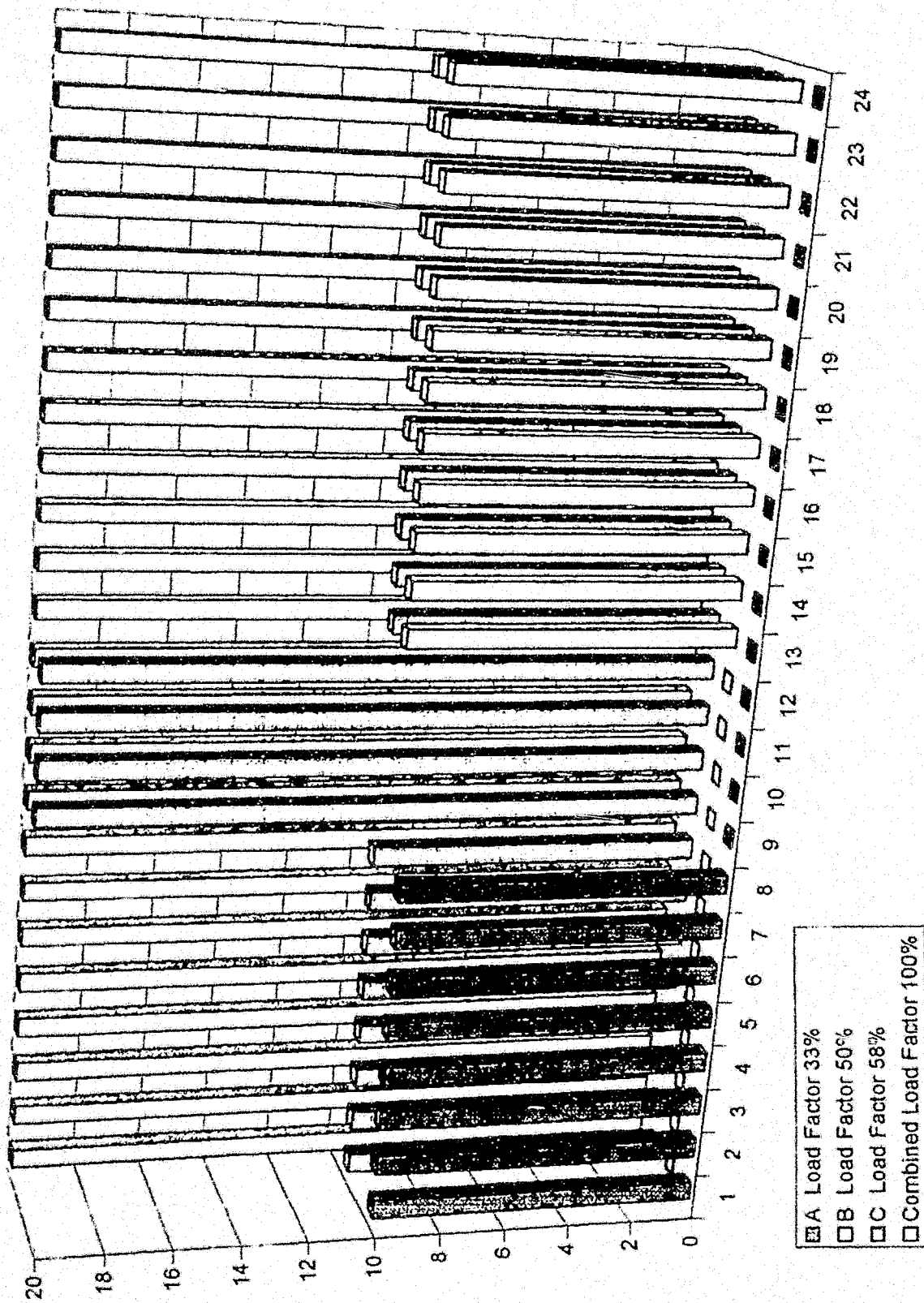
$$\begin{array}{l} 50,000\text{kW} \times \$ .005/\text{kWH capacity} = \$250/\text{hr} \\ 48,000\text{kW} \times \$ .005/\text{kWH capacity} = \underline{\$240/\text{hr}} \\ \text{Savings} \qquad \qquad \qquad \$10/\text{hr} \times 8760 \text{ hr/year} = \\ \text{Annual Savings} \qquad \qquad \qquad \$87,600 \end{array}$$

The user in the example above has a demand of 3000kW. Thus, this user's capacity savings would be proportionate to the savings for the whole 50,000 kW group, or  $3,000/50,000 \times \$87,600 = \$5,300/\text{yr}$ . As mentioned before, this is in addition to whatever savings this user would achieve on his own from the deregulation process, which I estimate will be in the 5-10% range.

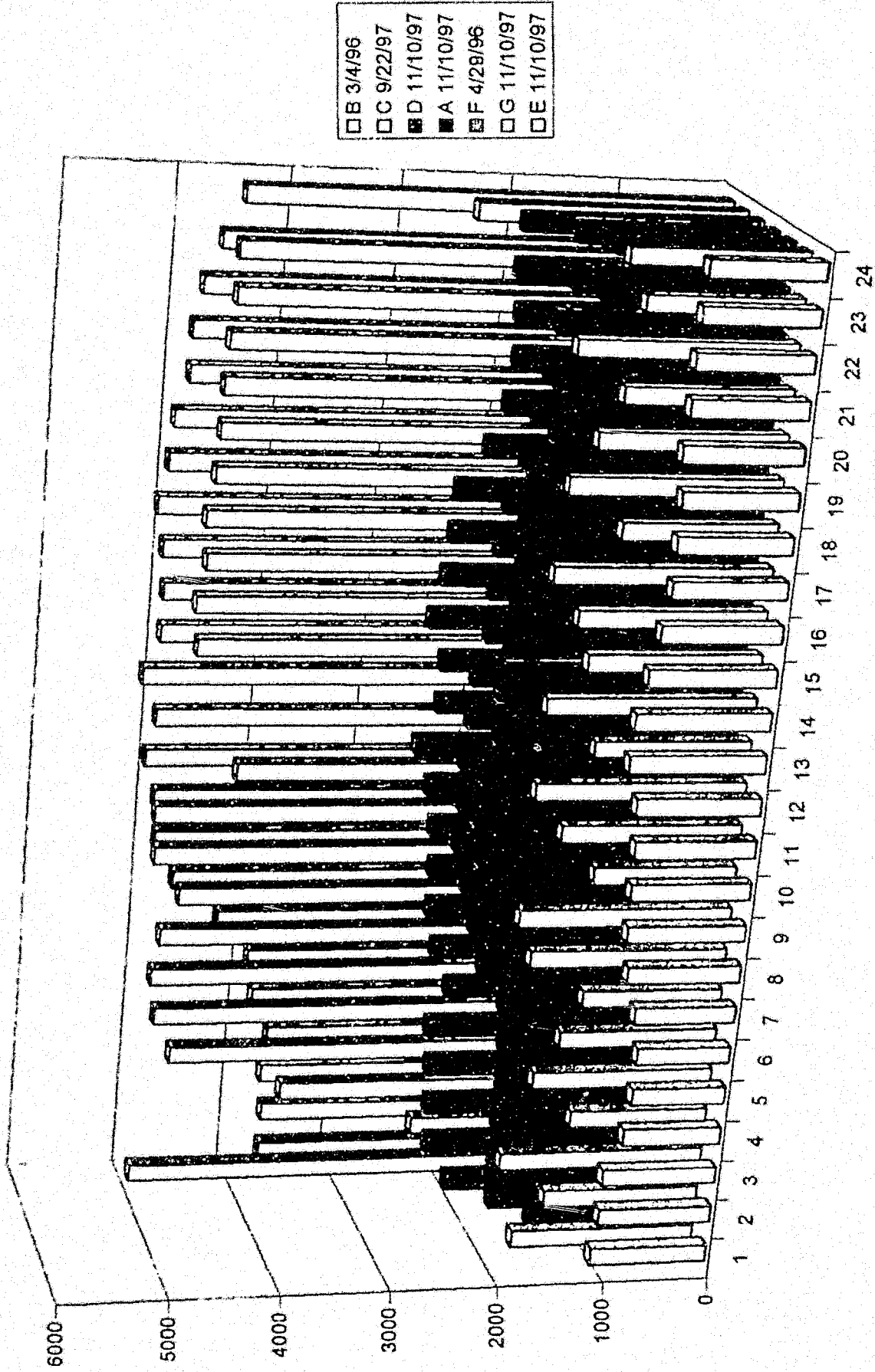
**Total Savings.** The user in the example will save approximately \$24,500/year, or 2.2% of his annual billing by being a member of the group. This will yield total deregulation savings of 7-12%.

**Beyond the Savings.** By being part of REAP, a member eliminates the resources required for being solicited by marketers, evaluating their proposals, checking out their contracts, verifying that they're actually providing what they promised, and auditing the bills when they're received to assure they're correct. Put another way, REAP is designed to relieve the hassles deregulation will bring, while maximizing savings for its members.

# Sample Showing Load Factor Improvement



# REAP 24 Hour Data for 7 Member Example



# REAP - 7 Member Example

Hour	A	B	C	D	E	F	G	Total Max KW	% of Div. Total	Reduced KW	Total
	11/10/97	3/4/96	9/22/97	11/10/97	11/10/97	4/29/96	11/10/97				
1	1730	1110	1740	1470	3675	2050	4987				16762
2	1740	1070	1474	1440	3675	2270	2318				13987
3	1745	1075	1927	1425	3710	2300	3613				15795
4	1745	920	1300	1525	3675	2320	4681				16166
5	1760	883	1695	1600	3850	2360	4849				16997
6	1800	877	1484	1785	3920	2210	4907				16983
7	2040	945	1308	1940	4240	2380	4846				17699
8	2160	1055	1838	2070	4680	2460	4697				18960
9	2270	1103	1983	2175	4870	2470	4946				19817
10	2380	1118	1332	2250	4900	2500	4966				19446
11	2380	1120	1674	2330	5005	2575	4248				19332
12	2400	1150	1949	2295	4930	2720	1429				16873
1PM	2370	1260	1448	2220	5075	2550	1307				16230
2	2360	1245	1928	2245	4940	2550	4686				19954
3	2280	1172	1595	2200	4940	2690	4725				19602
4	2275	1105	1723	2175	4970	2610	4658				19516
5	2260	1050	1985	2165	5040	2570	4688				19758
6	2220	1050	1414	2180	4970	2550	4632				19016
7	2100	1050	1929	2145	4940	2320	4610				18094
8	2020	1090	1710	1985	4830	2180	4605				18420
9	1960	1060	1524	1980	4830	2130	4585				18069
10	1890	1063	1977	1800	4760	2150	4551				18191
11	1800	1052	1414	1665	4620	2190	4556				17297
12	1790	1038	1603	1575	4445	2170	2479				15100
Total	49475	25661	39951	46640	109490	57275	100569				429061
Peak	2400	1260	1983	2330	5075	2720	4987	20755	0.96	801	19954
Max X 24	57600	30240	47580	55920	121800	65280	119688	498108	23	19222	478887
LF	86%	85%	84%	83%	90%	88%	84%				

**Attachment 8**

**Sample REAP Contract**



## REAP Agreement

Agreement between \_\_\_\_\_ (Member) and The Richards' Energy Group, its successors and assigns (REG) to be part of the Richards' Energy Affinity Project (REAP) for the purpose of soliciting, evaluating, negotiating, implementing and maintaining favorable agreements with electricity suppliers.

By joining together as REAP, Members will present maximum load and load factor to suppliers, which will result in lower prices and better terms than Member could achieve alone.

### **MEMBER AGREES:**

Member grants REG the exclusive right to solicit, evaluate, negotiate and maintain favorable electric pricing and terms from suppliers on Member's behalf.

Member will direct all suppliers' solicitations to REG for evaluation.

Member agrees to negotiate electricity purchase as part of the REAP group, unless better terms and pricing can be obtained by Member acting alone. In either case, REG will represent Member's interests and all terms of this agreement will apply.

Member agrees to provide REG with any historical electric load and billing data requested by REG, to sign a release to allow REG to access data from Member's electric utility and to fax copies of electric bills to REG as they are received from utility and/or supplier.

### **REG AGREES:**

- REG will acquire appropriate data for each member, process the data and develop a combined load profile for REAP.
- REG will develop a request for proposal (RFP) to solicit energy suppliers to bid on the load presented by REAP (approximately 50 MW anticipated).
- REG will evaluate responses to the RFP and select the proposal which best meets the overall needs of REAP (including cost, reliability, billing convenience, etc.).
- REG will take care of any administrative details which may come up in implementing the resultant supplier contracts for each Member.
- REG will review each contract prior to execution to be sure the terms and conditions are appropriate, consistent and correct.
- REG will audit each Member's bills monthly to assure contracted savings are being achieved.
- REG will keep each Group member up-to-date on current deregulation and contract issues.
- In addition, REG will provide customized energy consulting services for up to 1 day per year as requested by a Member on any energy issues (provided only for members with more than 3 million KWH/year consumption who are paying normal fees). Any other consultations will be billed at the then current rates charged by REG.
- REG will host an annual REAP meeting for a detailed evaluation of group operation, opportunities and projections.

### **GENERAL TERMS AND CONDITIONS:**

Actual contracts for electrical supply will be 2-party contracts, executed between individual Member and chosen supplier.

Term of this agreement is 3 years from date of signing, and will renew automatically for 1 year terms unless Member or REG notifies the other at least 30 days prior to termination date. Any such notice must be sent by certified mail, return receipt requested, to the address set forth below.

If final deregulation rulings require, or if overall REAP benefit or convenience will result, REAP may be divided into subgroups for contract negotiation (possibilities include primary/secondary supply, interruptible/non-interruptible, normal rates/real-time-pricing rates, etc.).

### **FEES:**

- To cover startup, Member agrees to pay a one-time non-refundable fixed fee of \$1,500 (\$500 for members using less than 3 million KWH/year) due upon acceptance of this agreement. Members with multiple accounts included in REAP will only pay a single startup fee.

- Member also agrees to pay an annual fee based on (1) negotiated savings over 1998 rates, and, (2) KWH usage for the preceding year (members with multiple electric accounts will sum usage for all accounts). Negotiated Savings minus Normal Annual Fee will result in at least 4% annual savings for Member over 1998 rates, or fee will be reduced to allow 4% savings, subject to the minimums in the chart below:

Million KWH/year	Normal Annual Fee	Minimum Annual Fee
<1	\$500	\$500
1-3	\$800	\$800
3-5	\$1,500	\$1,500
5-10	\$3,000	\$1,500
10-20	\$6,000	\$1,500
20-30	\$9,000	\$1,500
30-50	\$15,000	\$1,500
>50	\$21,000	\$1,500

- The above fee schedule covers a member with up to 5 individual accounts. Each additional account will have a \$50 additional annual fee.
- The first Annual Fee will be due at Member's signing of an energy contract with a supplier, then annually on that date.

**ACCOUNTS COVERED BY THIS AGREEMENT:**

Utility Account #	Business Name	Address-Street	City	State	Zip

**ACCEPTED:**

\_\_\_\_\_ Name  
 \_\_\_\_\_ Address  
 \_\_\_\_\_  
 \_\_\_\_\_ Signature

Frank J. Richards  
 1325 Crown Vetch Drive  
 Landisville, PA 17538  
 \_\_\_\_\_ Signature

for \_\_\_\_\_

for The Richards' Energy Group

Date \_\_\_\_\_

The Richards' Energy Group 1325 Crown Vetch Drive Landisville, PA 17538  
 Phone (717) 898-6330 Fax (717) 898-6331 email nchenenergy@redrose.net

**Attachment 9**

**Biography – Frank J. Richards**

## Biography-Frank J. Richards

Frank received his Bachelor of Science in Electrical Engineering from Lehigh University in 1968, has been a Registered Professional Engineer in the Commonwealth of Pennsylvania since 1974 and in the State of Hawaii since 1997, and is a member of the Institute of Electrical and Electronics Engineers, the National Society of Professional Engineers (on Board of Directors for Lincoln Chapter), the Association of Energy Engineers, The Electrification Council (Edison Electric Institute), The Conestoga Foundrymen's Association, DOE's Motor Challenge Program and the Lancaster, PA Chamber of Commerce. Prior to establishing The Richards' Energy Group in 1995, his industrial experience included 25 years with the Pennsylvania Power & Light Company and 2 years with the Eastman Kodak Company.

For the past 14 years, Frank's customers have included some of the largest industrial and commercial firms in central-eastern Pennsylvania. His services to these customers have ranged from walk-through energy audits to in-depth process studies of alternative technologies, including analysis of capital, operating and maintenance costs. For the previous 16 years, he developed technical and analytical skills in the areas of electrical distribution, transmission, network analysis, voltage profiling, contingency analysis, 2 to 5 year planning studies and quality control testing and evaluation.

Frank's "win-win" approach to marketing and service to customers has resulted in national, regional and corporate recognition. He has presented papers on energy issues at the World Energy Engineering Congress in Atlanta sponsored by the Association of Energy Managers, and the Industrial Energy Technology Conference in Houston sponsored by Texas A&M University. Over the past several years, kudos have included a national second-place award from the Edison Electric Institute Marketing Achievement Competition, state-wide first-place and honorable-mention awards from the Pennsylvania Electric Association Industrial and Commercial Competition, and company-wide first-place award from the Pennsylvania Power & Light Marketing Recognition Competition.

Coupling his engineering background with public presentation skills and a keen interest in motivating people, Frank has been able to provide a meaningful extension of his "win-win" philosophy, whether he is educating by teaching courses in Industrial Power Distribution or entertaining by singing folk songs with his guitar.

**Attachment 10**

**Certificate of Service**

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

IN REPLY PLEASE  
REFER TO OUR FILE  
717-787-8009

May 14, 1998

A-110072

FRANK J RICHARDS P E  
PRESIDENT  
THE RICHARDS' ENERGY GROUP  
1325 CROWN VETCH DRIVE  
LANDISVILLE PA 17538

Dear Mr. Richards:

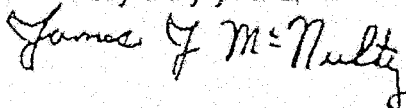
The Application and \$350.00 filing fee of The Richards' Energy Group, received in this Office on May 6, 1998, for approval to supply Electricity or Electric Generation Services as a Broker/Marketer engaged in the business of supplying electricity, or more appropriately, enabler of aggregated load transactions between suppliers and users is hereby acknowledged.

Pursuant to the Commission's Final Order, entered February 13, 1997, at M-00960890F0004. Notice of filing of this Application must be published in newspapers of general circulation covering each county in which you intend to provide service.

You have requested state-wide authority. Attached is a list of the six newspapers in which you must publish in order to meet the publication requirement.

Please note that this Application will not be considered complete until the original proof of publication is filed with this Office.

Very truly yours,



James J. McNulty  
Secretary

JJM:was

DOCKETED

MAY 14 1998

DOCUMENT  
FOLDER

**LICENSING OF ELECTRIC GENERATION SUPPLIERS**  
**NEWSPAPER PUBLICATION FOR STATE-WIDE AUTHORITY**

**Philadelphia Inquirer**

**Pittsburgh Post Gazette**

**Harrisburg Patriot News**

**Scranton Times**

**Erie Morning News**

**Williamsport Sun Gazette**

COMMONWEALTH OF PENNSYLVANIA

**DATE:** May 14, 1998  
**SUBJECT:** A-110072  
**TO:** Bureau of Fixed Utility Services  
**FROM:** James J. McNulty, Secretary *JJM*

Attached is a copy of the Application of Frank J. Richards, P.E., d/b/a The Richards' Energy Group, for a license to supply Electricity or Electric Generation Services as a Broker/Marketer engaged in the business of supplying electricity, or more appropriately, enabler of aggregated load transactions between suppliers and users.

This matter is assigned to your Bureau for appropriate action

Attachment

cc: Law Bureau

was

DOCKETED

MAY 14 1998

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FOLDER