



1055 Virginia Drive, Suite 205
Fort Washington, PA 19034
610-955-2994
puleoenergy.com

RE: Data Request for Leoco Financial LLC d/b/a Puleo Energy
Docket No. A-2020-3019024 (EGS license application)

Wednesday, April 8, 2020

Dear Secretary Chiavetta:

In response to your inquiry received on April 7, 2020, I have prepared the following information for your review. I have also included copies of your questions below (in bold) along with my corresponding answers for your convenience.

QUESTION 1: Reference Mr. Puleo's Disclosure to his application - Provide a detailed explanation of what controls are in place to prevent future criminal acts from reoccurring, for example is there anyone else working for LEOCO FINANCIAL in a position to ensure the company acts appropriately.

There are several processes that have been developed and will be fully implemented upon licensure approval that both protect the consumer and allow for internal controls to prevent future criminal acts from reoccurring. Upon licensure approval, the company will implement the following procedures, some of which are already active.

- **Disclosure of Criminal History ("DCH").** A DCH document pertaining to Samuel M. Puleo Jr.'s criminal history will be presented to each new commercial customer to ensure full transparency in each transaction. See copy of DHC attached.
- **Customer Acknowledgement Letter ("CAL").** A CAL document will be signed by each new customer stating that customer was made aware of Mr. Puleo's criminal history as well as other items. See copy of CAL attached.
- **Contract Verification Recording ("CVR").** A CVR will be performed after customers sign contracts. These recorded verifications will be done electronically on a recording device while in the presence of a customer or via telephone and will ensure the customer is aware of the details of his/her new electricity supply agreement (price, price components, start date, term, early termination fees, etc.). These recordings will be stored in an individual customer's cloud storage folder in order to ensure compliance and to prevent any questions related to a signed contract in the future. See copy of the CVR script is attached.
- **Contract Cover Letters ("CCL").** A CCL will be mailed to customers detailing the same contract components that were verified on the CVR recordings, so that customers are fully aware of the details of their contracts. A copy of the CCL was included in the original application and is also attached for your review.

- **Contract Submission Email.** All customers will be copied on the contract submission email to the broker and/or supplier containing a copy of his/or signed contract. This allows for further transparency in the transaction.
- **Original Signed Contract Copy.** The original signed contract will be left with the customer for his/her records, so that he/she has a complete record of what he/she signed.

We believe that by creating an atmosphere of disclosure and transparency from the beginning of our relationship with a potential customer, throughout the transaction, and into the future of that relationship, we are preventing future criminal acts from reoccurring. The details of all signed contracts will be confirmed via the **Contract Verification Recording**, those same details will be confirmed again and sent to all customers via the **Contract Cover Letter**, and the customer will keep a copy of the **Original Contract** that also outlines those details. For any sort of fraud to occur, those details would have to be withheld from the customer and/or changed. In addition to the aforementioned, the customer will also be copied on the **Contract Submission Email** to the broker and/or supplier who will be executing the customer contract. This allows for further transparency in the transaction by allowing the customer to be privy to the contract submission. If fraud were to be committed by changing contract details, the customer would see these changes in the **Contract Submission Email**.

In addition to these processes, Mrs. Theresa Puleo is also acting as the company's Service Manager. Mrs. Puleo is the Mother of Samuel M. Puleo Jr. In Mrs. Puleo's role as Service Manager, one of her tasks is conducting *Welcome Calls* with all new customers. On these *Welcome Calls* contract details are confirmed with the customer to further promote the environment of full transparency.

Lastly, the Applicant has been transparent in disclosing all of its activities to the PUC as evidenced by the email exchanges between the Applicant and the PUC attached to its EGS application. As an additional control to prevent any future illegal activities from occurring, the Applicant will continue to update the PUC as to any changes in the aforementioned or to changes in its operations. Furthermore, the Applicant would be willing to provide to the PUC, on a regular basis, any information it deems necessary to ensure the Applicant is operating within the bounds of the law (customer records, Contract Verification Recordings, Customer Acknowledgement Letters, etc.)

QUESTION 2: Reference Mr. Puleo's Disclosure to his application - Provide what measures have been taken to ensure the verification of adhering to the following Pennsylvania Public Utility Laws and Regulations, specifically regarding:

§ 54.37. Approval.

(a) A license will be issued, authorizing the whole or any part of service requested, if the Commission finds that:

(1) The applicant is fit, willing and able to properly perform the service proposed in conformance with applicable provisions of the code and the lawful Commission orders

and regulations, specifically including Chapter 56 (relating to Standards and Billing Practices for Residential Utility Service).

(2) The proposed service is consistent with the public interest and the policy declared in Chapter 28 of the code (relating to the Electricity Generation Customer Choice and Competition Act. See section 2809(b) of the code (relating to requirements for electric generation suppliers).

In reference to Question 2.1 pertaining to the Applicant's fitness, willingness, and ableness to properly perform the service proposed in conformance with applicable provisions of the code and the lawful Commission orders and regulations, we believe that we have successfully demonstrated this in the past four years through the following actions:

- Prior to conducting any business, the Applicant disclosed Mr. Puleo's criminal history to the PUC and gained approval to operate as an exclusive sales sub-contractor, as evidenced by the email exchanges between the Applicant and the PUC provided in the Applicant's EGS application.
- Over the past four years, the Applicant was very diligent about updating and informing the PUC of any changes that arose to its operations to ensure the Applicant was complying with PUC orders, laws, and regulations, as evidenced by the email exchanges between the Applicant and the PUC provided in the Applicant's EGS application.
- While operating as an exclusive sales sub-contractor of a licensed EGS broker, from March 2016 to the present date, the Applicant has successfully contracted over 250 electricity customers representing over 500 utility accounts and over 50,000,000 annual kWh of electric usage.
- There were zero (0) informal or formal PUC complaints arising as a result of these customer contracts during this time period.
- There were zero (0) customer contract issues that were not resolved successfully by the Applicant during this time period.
- The Applicant has many satisfied customers as referenced in the Applicant's EGS Application and as evidenced by the many customer reference letters provided in the Applicant's EGS Application.

In reference to Chapter 56 (relating to Standards and Billing Practices for Residential Utility Service), since the Applicant is not proposing to service residential customers and is proposing to act as a Broker/Marketer only for commercial and industrial customers, the Subchapters of Chapter 56 are not applicable.

In reference to Question 2.2, the following items support that the Applicant's proposed service is consistent with the public interest and the policy declared in Chapter 28 of the code (relating to the Electricity Generation Customer Choice and Competition Act, specifically section 2809(b) of the code (relating to requirements for electric generation suppliers).

- The Applicant has been operating as an exclusive sales sub-contractor of a licensed EGS broker since March 2016, and has successfully upheld the standards of Chapter 28, specifically section 2809(b). The Applicant's proposed services are the same services it has successfully implemented since March 2016 as a sub-contractor.
- Since March 2016, the Applicant has helped successfully facilitate over 250 electricity generation supply agreements with commercial and industrial customers that were in compliance with all PUC laws, regulations, and rulings, specifically Chapter 28 of the code.
- Each any every electricity supply agreement that was facilitated by the Applicant since March 2016, was fixed in nature and has produced an immediate rate savings for the customer.
- Not only has the Applicant successfully demonstrated that it can function effectively by facilitating fixed electric generation supply agreements, the Applicant has also demonstrated that it is fit to manage those contracts into the future by consistently renewing customer contracts onto favorable fixed prices as evidenced in Exhibit A and Exhibit B.
 - **Exhibit A – Montgomery Group Quality Inn Hotel**
 - Electric Generation Supply Agreement 1
8/1/2016 – 12/1/2017
Sold through exclusive relationship with licensed EGS broker
\$0.06375 / kWh fixed inclusive of GRT
 - Electric Generation Supply Agreement 2
12/1/2017 – 12/1/2020
Sold through exclusive relationship with licensed EGS broker
\$0.06187 / kWh fixed inclusive of GRT
 - **Exhibit B – Brick and Barrel Restaurant**
 - Electric Generation Supply Agreement 1
3/1/2016 – 12/1/2018
Sold through exclusive relationship with licensed EGS broker
\$0.06692 / kWh fixed inclusive of GRT
 - Electric Generation Supply Agreement 2
12/1/2018 – 11/1/2021
Sold through exclusive relationship with licensed EGS broker
\$0.05808 / kWh fixed inclusive of GRT



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We believe the successful demonstration of the proposed services, as displayed by the Applicant when acting as an exclusive sales sub-contractor of a licensed EGS broker from March 2016 through present, is evidence that the Applicant is fit, willing and able to perform properly the service proposed and to conform to the provisions of this title and the lawful orders and regulations of the commission under PUC Chapter 28 and all other laws, rules, and regulations.

I, Samuel M. Puleo, Jr., hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

A handwritten signature in black ink that reads 'Samuel M. Puleo, Jr.' in a cursive script.

Samuel M. Puleo, Jr.
President
Leoco Financial LLC d/b/a Puleo Energy
4/8/2020



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Disclosure of Criminal History (“DCH”)

To Whom It May Concern:

If you are considering doing business with me, I would like to first disclose a few items to you. It is important to me to be forthright and transparent with you.

I entered the energy business in 2010 by co-founding MSGE LLC. MSGE acted as a sub-agent for a licensed electric/gas supplier. In 2011, I co-founded Coastal Energy Consultants LLC. In 2012, the company began taking limited power of attorney on behalf of our large customers to lock in energy prices at certain strike points in the market. I had 5-6 large customers whose contracts were not handled properly. The strike prices were very low and I made a terrible decision to only hedge the commodity portion of the contract in order to close the deals and earn a commission. Because the POA only authorized me to lock in the entire hedge, fraud was committed by doing this. The unhedged portion of the contract created a higher energy cost for those customers. The customers were then let out of contract by the energy supplier and a large liability was due for “early termination fees” in addition to the customer overages. I was federally indicted in late 2013 and ordered to pay \$819,000 in restitution. A copy of the article outlining the indictment is in the following link for your review: <https://www.justice.gov/usao-edpa/pr/three-charged-energy-pricing-scheme> You can also find these details on our website at: <https://www.puleoenergy.com/about>

In Summary, I believe I have learned a great lesson from my terrible decisions, and it is very important to me that you understand and are okay with these details. I am working hard to right the wrongs of my past, pay off my debts, and build something my family and I can be proud to call it ours.

Thank you,

A handwritten signature in black ink that reads 'Samuel M. Puleo Jr.'.

Sam Puleo
President
Leoco Financial LLC
d/b/a Puleo Energy



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Customer Acknowledgement Letter (“CAL”)

By signing below, I acknowledge I have been made aware of Mr. Puleo’s criminal history related to Coastal Energy Consultants LLC as described in the **Disclosure of Criminal History (“DCH”)** document provided to me. Furthermore, I acknowledge that I am willing to move forward in a business relationship with Leoco Financial LLC d/b/a Puleo Energy after reading this information and after conducting my own independent research. By signing below, I declare that I am an authorized representative of the company listed herein.

Company _____

Name/Title _____

Sign _____

Date _____



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Contract Cover Letter (“CCL”)

Friday, April 7, 2020

Dear Mr. Customer,

Thank you for choosing Leoco Financial LLC d/b/a Puleo Energy as your energy broker. We recently confirmed your new electric supply agreement with you over the phone and you have the original copy of the signed agreement. Below is an outline of the details of the agreement that were already confirmed with you. Please call us if you have any questions **610-955-2994**.

New Electric Generation Supplier	Your New Energy Supplier LLC
Fixed Price	\$0.0659 / kWh
Fixed Price Components*	Energy, Capacity, Transmission, Ancillary, Gross Receipts Taxes*
Fixed Price Term	24 months
Contract Start	June 2020 meter read
Cancellation / Early Termination Fee's*	Liquidated Damages*
Contact Person	Sam Puleo
Contact Number	610-955-2994
Contact Email	sam.puleo@puleoenergy.com

***please refer to your energy supply agreement for exact details**

Thank you for your business!

Sam Puleo
 President



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Contract Verification Recording (“CVR”) Script

Intro Spoken by Applicant: Thank you for choosing Leoco Financial LLC d/b/a Puleo Energy as your energy broker. We are now going to confirm the energy supply agreement signed on (Date) for (Business Name)

Questions Answered by the Customer:

1. Please state your full name and job title.
2. Are you an authorized representative of **(Business Name)** and able to legally bind the business?
3. Did you recently sign an electricity supply agreement with **(Supplier Name)**?
4. Can you verify that the fixed price is **(\$X.XXX / kWh)**?
5. Do you acknowledge that your local utility’s current price to compare is **(\$X.XXX / kWh)** and that should you not move forward with this agreement, you could pay that price for electricity instead?
6. Can you verify that the fixed price includes the following components from the following section of the agreement? **(State Contract Section for Fixed Price Components and Read List of Fixed Components)**
7. Can you verify that the term of this agreement is for **(XX months)** starting on **(Start Month)** and ending on **(End Month)**?
8. Can you verify that you understand the Early Termination Fees associated with cancelling this contract prior to the expiration date? **(Read Early Termination Fee Clause from Contract)**

Thank you for your time. That is all of our questions today.

(If questions all verified)

Your agreement has been verified and will be submitted via email to be enrolled. We will copy you on the contract submission email and follow up with you after your agreement takes effect. Thank you!