



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-2020-3019038 (NGS 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 natural gas 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 NGS 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:

§ 2208. Requirements for natural gas suppliers.

- (a) **License requirements.** -- No entity shall engage in the business of a natural gas supplier unless it holds a license issued by the commission. To the extent that a natural gas distribution company provides natural gas supply service outside of its chartered or certificated territory, it also must hold a license. A license shall not be required for

customers who make de minimis incidental sales or resales to themselves, an affiliate or other nonresidential retail gas customers.

(b) License application and issuance.--An application for a natural gas supplier license shall be made to the commission in writing, be verified by oath or affirmation and be in such form and contain such information as the commission may, by rule or order, require. A license shall be issued to any applicant, authorizing the whole or any part of the service covered by the application, if it is found that the applicant is fit, willing and able to perform properly the service proposed and to conform to the applicable provisions of this title and the orders and regulations of the commission, including those concerning standards and billing practices, and that the proposed service, to the extent authorized by the license, will be consistent with the public interest. Otherwise, such application shall be denied.

In reference to Question 2.a. pertaining to licensing requirements, no entity shall engage in the business of a natural gas supplier unless it holds a license issued by the commission, the Applicant has taken the following measures to remain in compliance with that statute:

- 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 of a single licensed NGS broker, as evidenced by the email exchanges between the Applicant and the PUC provided in the Applicant's NGS application.
- **Per 52 Pa. Code § 62.101, a non-selling marketer is an individual or commercial entity, such as a telemarketing firm, door-to-door salesman or company, or auction-type website, under contract to a single licensed NGS, that provides marketing services to retail customers for natural gas supply services. A non-selling marketer is not required to obtain an NGS license. However, any individual or commercial entity under contract to multiple NGS entities must obtain an NGS license.** Since the Applicant classifies as a commercial entity under contract to a single licensed NGS, all of the Applicant's previous and current activity is classified as a non-selling marketer, and thus the Applicant did not apply for an NGS license prior to its recent 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 NGS application.

In reference to Question 2.b. the following items support that the Applicant is fit, willing and able to perform properly the service proposed and to conform to the applicable provisions of this title and the orders and regulations of the commission, including those concerning standards and billing practices, and that the proposed service, to the extent authorized by the license, will be consistent with the public interest.

- The Applicant has been operating as an exclusive sales sub-contractor of a licensed NGS since March 2016, and has successfully upheld the standards of all PUC laws, regulations, and rulings. 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 70 natural gas generation supply agreements with commercial and industrial customers that were in compliance with all PUC laws, regulations, and rulings.
- While operating as an exclusive sales sub-contractor of a licensed NGS broker, from March 2016 to the present date, the Applicant has successfully contracted over 70 natural gas customers representing over 112 utility accounts and over 800,000 annual CCF of natural gas 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 NGS Application and as evidenced by the many customer reference letters provided in the Applicant's NGS Application.
- Each any every natural gas 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 natural gas 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.
 - **Exhibit A – Squires Golf Club**
 - Natural Gas Generation Supply Agreement 1
7/1/2018 – 7/1/2019
Sold through exclusive relationship with licensed NGS
\$0.4444 / CCF fixed inclusive of GRT
 - Natural Gas Generation Supply Agreement 2
7/1/2019 – 7/1/2020
Sold through exclusive relationship with licensed NGS
\$0.4290 / CCF fixed inclusive of GRT
 - Natural Gas Generation Supply Agreement 3
7/1/2020 – 7/1/2021
Sold through exclusive relationship with licensed NGS
\$0.3697 / CCF fixed inclusive of GRT

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 NGS 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 applicable provisions of this title and the orders and regulations of the commission, including those concerning standards and billing practices, and that the proposed service, to the extent authorized by the license, will be consistent with the public interest.

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).



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 natural gas 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 Natural Gas Generation Supplier	Your New Energy Supplier LLC
Fixed Price	\$0.3690 / CCF
Fixed Price Components*	Gas Commodity, Transport, Burner Tip, 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 a natural gas supply agreement with **(Supplier Name)**?
4. Can you verify that the fixed price is **(\$X.XXX / CCF)**?
5. Do you acknowledge that your local utility’s current price to compare is **(\$X.XXX / CCF)** and that should you not move forward with this agreement, you could pay that price for natural gas 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!