

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Uniform Cover and Calendar Sheet

1. REPORT DATE: July 5, 2005	2. BUREAU AGENDA NO. JUL-2005-FUS-1029*
3. BUREAU: Fixed Utility Services	
4. SECTION(S): Energy	5. PUBLIC MEETING DATE: July 14, 2005
6. APPROVED BY: Director: Rosenthal 3-5242 <i>BR</i> Mgr/Spvr: Rodrock 3-6185 <i>H.E.R.</i> Legal Review: <i>[Signature]</i>	
7. PERSONS IN CHARGE: Rodrock/Shurskis 3-6185	9. EFFECTIVE DATE OF FILING: N.A.
8. DOCKET NO.: A-110008	

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

- (a) Dominion Retail, Inc.
(Home Office: Pittsburgh, PA)
Petition for Approval of an Alternative Level of Bonding.
- (b) On March 31, 2005, Dominion Retail, Inc. filed a Petition for approval of an alternative level of bonding, pursuant to 52 Pa. Code §54.40(d).
- (c) The Bureau of Fixed Utility Services recommends that the Commission adopt the proposed Order.

DOCKETED
JUL 20 2005

**DOCUMENT
FOLDER**

11. **MOTION BY:** Commissioner Chm. Holland

SECONDED: Commissioner Shane

Commissioner Cawley - Yes
Commissioner Pizzigrilli - Yes
Commissioner Fitzpatrick - Yes

CONTENT OF MOTION: Staff recommendation adopted.



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

IN REPLY PLEASE
REFER TO OUR FILE

JULY 15, 2005

A-110008

TO ALL PARTIES

DOCUMENT
FOLDER

Pennsylvania Public Utility Commission
V.
Dominion Retail, Inc.

To Whom It May Concern:

This is to advise you that the Commission in Public Meeting on July 14, 2005 has adopted an Order in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,

James J. McNulty
Secretary

fg
encls
cert. mail

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held July 14, 2005

Commissioners Present:

Wendell F. Holland, Chairman
James H. Cawley, Vice Chairman
Bill Shane
Kim Pizzingrilli
Terrance J. Fitzpatrick

Pennsylvania Public Utility Commission
v.
Dominion Retail, Inc.

Docket Number:
A-110008

ORDER

BY THE COMMISSION:

Now before the Commission is a Petition for an Alternative Level of Bonding ("Petition"), filed by Dominion Retail, Inc. ("Dominion") on March 31, 2005. The Petition states that Dominion is requesting that the Commission approve an alternative level of bonding to maintain its license. The Petition was served on the Office of Consumer Advocate, the Office of Small Business Advocate and the Office of Trial Staff on March 31, 2005. No protest was filed.

Dominion is an electric generation supplier ("EGS") in the Commonwealth of Pennsylvania, licensed as a broker/marketer and an aggregator engaged in the business of supplying electricity. An interim license, at Docket No. A-110008, was originally issued to Dominion, under the prior name of CNG Retail Services Corporation ("CNG"), on June 27, 1997. CNG was granted a permanent license on January 14, 1999. On

October 27, 2000, the Commission approved the change of the name on the license from CNG to Dominion.

As part of the application process, CNG posted a surety bond in the amount of \$250,000, as required by 66 Pa. C.S. §2809(c). A surety bond of at least \$250,000 has been maintained by CNG / Dominion since the license was granted. On March 31, 2005, Dominion filed its Petition, seeking approval from the Commission for an alternative level of bonding, commensurate with the nature and scope of its operations pursuant to 52 Pa. Code §54.40(d). In conjunction with its Petition, Dominion filed a new surety bond, in the amount of \$9,921,952.09. It replaced a surety bond, in the amount of \$7,367,800, which expired on April 1, 2005.

Section 54.40(d) reads as follows:

“After the first year that the license is in effect, the security level for each licensee will be reviewed annually and modified primarily based on the licensee's reported annual gross receipts information. The security level will be 10% of the licensee's reported gross receipts. See section 2809 (c) (1) (i) of the code. Maintenance of a license will be contingent on the licensee providing proof to the Commission that a bond or other approved security in the amount directed by the Commission has been obtained. A licensee may seek approval from the Commission of an alternative level of bonding commensurate with the nature and scope of its operations.”(Emphasis added).

From the above it is clear that the Commission intended that 10% of a licensee's reported gross receipts was the primary, but not the only factor that would be taken into account to establish a security level for a licensee's bond after the first year. Thus, 10% of a supplier's reported annual gross receipts is only the starting point. Other

factors that must also be considered include the scope and nature of the supplier's business and uncertainties related to the supplier's business operations.

In its Petition, Dominion is requesting approval for a reduced level of bonding because it no longer serves electricity to residential customers as part of the Market Share Threshold ("MST") program in the PECO service territory. In support of its request, Dominion has provided documentation concerning the scope and nature of its business operations. The documentation provided includes information concerning recent and future gross receipts, recent and future gross receipts taxes ("GRT"), the non-existence of any issues that affect or may affect the flow of electricity generation at retail, the non-existence of outstanding non-GRT tax issues, and the non-existence of other issues which may create a claim on its surety bond.

Commission regulations at 52 Pa. Code §54.40(d) recognize that there are several factors that can affect the level of bonding appropriate for an electricity generation supplier licensee. Dominion has provided information concerning its estimated level of business for the current year. Based upon this estimate and the other supporting data provided, we believe that the \$9.92 million surety bond will provide an adequate level of security, to ensure the payment of gross receipts taxes and the supply of electricity at retail in accordance with contracts, agreements and arrangements. Accordingly, we will grant Dominion's petition with conditions. First, if Dominion fails to report its quarterly gross receipts in accordance with 52 Pa. Code §54.39(a), it must increase its level of bonding to 10% of its prior year's annual gross receipts, as required by 52 Pa. Code §54.40(d). Second, if the accumulated amount of Dominion's gross receipts at the end of any quarter during the twelve month period beginning with the entry date of this Order exceeds \$99,200,000, Dominion must submit a bond equal to an annualized amount of the 10% of the gross receipts amount; **THEREFORE,**

IT IS ORDERED:

1. That the Petition of Dominion Retail, Inc. for an alternative level of bonding is hereby granted, for a period ending on, or before, March 31, 2006.

2. That, consistent with Commission regulations at 52 Pa. Code §54.39(a), Dominion Retail, Inc. report its gross receipts to the Commission quarterly, no later than 30 days after the end of each quarter.

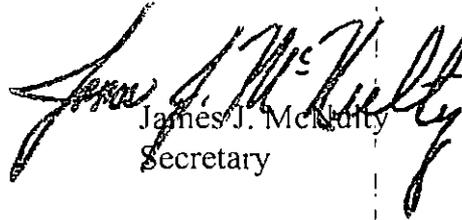
3. That if Dominion Retail, Inc. does not comply with ordering paragraph No. 2, it must increase the level of bonding to 10% of its prior year's annual gross receipts as required by 52 Pa. Code §54.40(d), within 45 days of the end of the prior quarter.

4. That, if Dominion Retail, Inc.'s accumulated gross receipts exceeds \$99,200,000 at any time during the twelve month period beginning April 1, 2005, the Company must increase its level of bonding to an amount equal to 10% of the annualized accumulated gross receipts, within 30 days.

5. That a copy of this order be served on the Office of Consumer Advocate, the Office of Small Business Advocate, and all electric distribution companies and providers of last resort.

6. That a copy of this order by served on the Department of Revenue,
Bureau of Corporation Taxes.

BY THE COMMISSION,


James J. McElrath
Secretary

(SEAL)

ORDER ADOPTED: July 14, 2005

ORDER ENTERED: JUL 15 2005

ERIC WINSLOW PRESIDENT
CITIZENS ELECTRIC CO OF
LEWISBURG
P O BOX 551
1771 INDUSTRIAL BLVD
LEWISBURG PA 17837

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DUQUESNE LIGHT COMPANY
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PAUL E RUSSELL ESQUIRE
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I/B/A PPL UTILITIES
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DAVID W TREGO PRESIDENT
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100 KACHEL BLVD. SUITE 400
GREEN HILLS CORPORATE CENTER
READING, PA 19607

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STATE REGULATORY AFFAIRS
WEST PENN POWER COMPANY
D/B/A ALLEGHENY POWER
800 CABIN HILL DRIVE
GREENSBURG PA 15601

SCOT F BOYCE VP FINANCE &
ADMINISTRATION/TREASURER
WELLSBORO ELECTRIC COMPANY
33 AUSTIN STREET
WELLSBORO PA 16901-0138

JOHN D MCMAHON PRESIDENT
PIKE COUNTY LIGHT & POWER CO
C/O ORANGE & ROCKLAND UTILITIES
ONE BLUE HILL PLAZA 4TH FLOOR
PEARL RIVER NY 10965

MICHAEL J KANE DIRECTOR
BUREAU OF CORPORATION TAXES
STRAWBERRY SQUARE 6TH FLOOR
HARRISBURG PA 17128

OFFICE OF CONSUMER ADVOCATE
FORUM PLACE
555 WALNUT STREET 5TH FLOOR
HARRISBURG PA 17101

OFFICE OF SMALL
BUSINESS ADVOCATE
COMMERCE BLDG STE 1102
300 NORTH SECOND STREET
HARRISBURG PA 17101

JAMES M HOSTETLER ESQUIRE
CNG TOWER
625 LIBERTY AVENUE
PITTSBURGH PA 15222

GARY JEFFRIES ESQUIRE
120 TREDEGAR STREET
RICHMOND VA 23219

THOMAS J BUTLER
DOMINION RETAIL INC
1201 PITT STREET
PITTSBURGH PA 15221

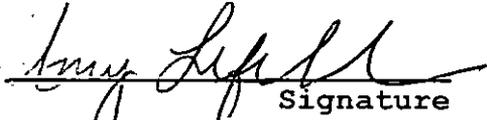
DOMINION RETAIL INC
120 TREDEGAR STREET
RICHMOND VA 23219

ACKNOWLEDGEMENT OF RECEIPT & ACCEPTANCE OF SERVICE

AND NOW, to wit, this 19 day of July, 2005,

the undersigned, as evidenced by execution hereof, acknowledges receipt, and accepts service of an Order an official Commission document entered, issued, or otherwise promulgated under date of July 15, 2005 at Docket No.A-110008 on behalf of:

MICHAEL J KANE DIRECTOR
BUREAU OF CORPORATION TAXES
STRAWBERRY SQUARE 6TH FLOOR
HARRISBURG PA 17128


Signature
Acting Director

Kindly sign and date this acceptance of service and acknowledgement of receipt, and, return the same for filing to:

SECRETARY'S BUREAU RECORD RETENTION
PA PUBLIC UTILITY COMMISSION
KEYSTONE BUILDING 2ND FLOOR
400 NORTH STREET
Harrisburg, PA 17105-3265

RECEIVED
05 JUL 21 AM 11:01
PA P.U.C.
SECRETARY'S BUREAU

ACKNOWLEDGEMENT OF RECEIPT & ACCEPTANCE OF SERVICE

AND NOW, to wit, this 15th day of July, 2005,

the undersigned, as evidenced by execution hereof, acknowledges receipt, and accepts service of an Order an official Commission document entered, issued, or otherwise promulgated under date of July 15, 2005 at Docket No.A-110008 on behalf of:

OFFICE OF CONSUMER ADVOCATE
FORUM PLACE
555 WALNUT STREET 5TH FLOOR
HARRISBURG PA 17101


Signature

Kindly sign and date this acceptance of service and acknowledgement of receipt, and, return the same for filing to:

SECRETARY'S BUREAU RECORD RETENTION
PA PUBLIC UTILITY COMMISSION
KEYSTONE BUILDING 2ND FLOOR
400 NORTH STREET
Harrisburg, PA 17105-3265

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SECRETARY'S BUREAU