



PENNSYLVANIA PUBLIC UTILITY COMMISSION  
Harrisburg, Pennsylvania

APPLICATIONS FOR ELECTRIC  
SUPPLIER LICENSES:

EASTERN POWER DISTRIBUTION CO;  
COMPETITIVE UTILITY SERVICE CORP;  
CEG ENERGY SERVICES CORP;

PUBLIC MEETING-  
MAY 8, 1997

MAY-97-FUS-1065\*  
DOCKET NO. A-110005  
MAY-97-FUS-1066\*  
DOCKET NO. A-110006  
MAY-97-FUS-1067\*  
DOCKET NO. A-110007

STATEMENT OF COMMISSIONER JOHN HANGER

Today the Commission is granting the first licenses for competitive suppliers to provide generation services to retail consumers in Pennsylvania. The era of requiring consumers to pay regulated monopoly rates for generation is ending, and a new era of Customer Choice is beginning.

Commission staff has thoroughly reviewed the applications to ensure that the applicants are financially and technically able to provide reliable services. I welcome these companies to Pennsylvania and look forward to welcoming many more companies to Pennsylvania in the future.

May 7 1997  
DATED

John Hanger  
JOHN HANGER, COMMISSIONER

PENNSYLVANIA PUBLIC UTILITY COMMISSION  
Harrisburg, Pennsylvania

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MAY 8, 1997

MAY-97-FUS-1065\*  
DOCKET NO. A-110088 ✓  
MAY-97-FUS-1066\*  
DOCKET NO. A-110088  
MAY-97-FUS-1067\*  
DOCKET NO. A-110087

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

MAY 9 1997

NOT FOR CARRIER FILE  
A-110005

NORMAN J KENNARD ESQUIRE  
MALATESTA HAWKE & MCKEON  
PO BOX 1778  
HARRISBURG PA 17105-1778

DOCUMENT  
FOLDER

License Application for Eastern Power Distribution Inc.  
to become an electric generation supplier

DOCK

MAY 10 1997

To Whom It May Concern:

This is to advise you that an Opinion and Order has been adopted  
by the Commission in Public Meeting on May 8, 1997, in the above  
entitled proceeding.

An Opinion and Order has been enclosed for your records.

Very truly yours

John G. Alford,  
Secretary

smk  
Encls.  
Cert. Mail

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PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA. 17103-3265

Public Meeting held May 8, 1997

Commissioners Present:

John M. Quain, Chairman  
Robert K. Bloom, Vice Chairman  
John Hanger, Statement attached  
David W. Rolka  
Nora Mead Brownell

Application of Eastern Power  
Distribution, Inc. for issuance  
of a license to become an electric  
generation supplier

A-110005

DOCUMENT  
FOLDER

OPINION AND ORDER

DOCKETED

MAY 15 1997

BY THE COMMISSION:

On March 4, 1997, Eastern Power Distribution, Inc. ("Eastern Power") filed an application seeking to become a licensed electric generation supplier in the Commonwealth of Pennsylvania. On April 10, 1997, the Commission extended the consideration period to May 9, 1997. The application was filed pursuant to a Final Order entered on February 18, 1997, at Docket No. M-00960890 F.0004. The February 18, 1997 Order dealt with Chapter 28 Electricity

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Generation Customer Choice and Competition Act licensing requirements for electric generation suppliers.

§ 2809 provides in pertinent part that:

License Requirement.--No person or corporation, including municipal corporations which choose to provide service outside their municipal limits except to the extent provided prior to the effective date of this chapter, brokers and marketers, aggregators and other entities, shall engage in the business of an electric generation supplier in this Commonwealth unless the person or corporation holds a license issued by the Commission. 66 Pa. C.S. § 2809.

An electric generation supplier is defined as:

A person or corporation, including municipal corporations which choose to provide service outside their municipal limits except to the extent provided prior to the effective date of this chapter, brokers and marketers, aggregators or any other entities, that sell to end-use customers utilizing the jurisdictional transmission and distribution facilities of an electric distribution company, or that purchases, brokers, arranges or markets electricity or related services to end-use customers utilizing the jurisdictional transmission and distribution facilities of an electric distribution company. 66 Pa. C.S. § 2803.

Eastern Power is a wholly owned subsidiary of The Eastern Group, Inc. The Eastern Group, Inc. is a privately held, vertically integrated, energy company engaged in natural gas exploration and production, energy marketing, electric power generation, and the development of other energy projects. Eastern Energy Marketing, a separate subsidiary of The Eastern Group, Inc., has substantial experience in the natural gas transportation market, serving customers located in over 40 local distribution systems (seven of which are in Pennsylvania).

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Eastern Power proposes to be a generator and supplier of electric power, a broker/ marketer supplying electricity, and an aggregator in supplying electricity. Eastern Power has received a license from the Federal Energy Regulatory Commission to act as a wholesale power marketer.

The Eastern Group has offices in Bethlehem, Chadds Ford, Lancaster, Philadelphia, Pittsburgh and Snow Shoe, Pennsylvania. Its principal office is in Alexandria, Virginia.

It is important to note that a licensee must comply with, and be governed by, our Chapter 56 regulations. Thus, we deem it appropriate to reiterate certain items with respect to Chapter 56 of our regulations. Chapter 56 (52 Pa. Code Chapter 56) is applicable only to residential accounts. An electric generation supplier cannot physically disconnect a customer from the electricity grid, and the service termination provisions are not applicable. An electric generation supplier may seek to terminate its generation service through an appropriate written notice to the customer and the distribution company. The customer can then attempt to repair their relationship with the supplier, seek a new supplier, or default to utility service at capped rates in accordance with the local electric distribution utility's obligations under Section 2807(e), 66 Pa. C.S. § 2807(e). The customer would only be disconnected from the electricity grid pursuant to Chapter 56 if the customer failed to meet their obligations to the utility or the provider of last resort.

Additionally, we take this opportunity to once again remind the licensee that its officers, representatives and employees have agreed to lawfully abide by all Commission regulations, procedures and orders, including Emergency Orders which may be issued verbally, or in writing during any emergency situations that may

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unexpectedly develop from time-to-time in the course of doing business in Pennsylvania.

Upon the commencement of retail access pilots, Eastern Power proposes to provide services to industrial and commercial customers in the Commonwealth of Pennsylvania.

Eastern Power has provided the Commission with Proof of Publication in the required newspapers in Pennsylvania.

Sufficient information was included in Eastern Power's application to demonstrate its technical and financial fitness in order to be licensed to operate as an Electric Generation Supplier in Pennsylvania.

Also included in the application is Eastern Power's initial bond showing proof of bonding in the amount of \$250,000.

There have been no protests filed against Eastern Power's application.

We find that the applicant:

1. Is fit, willing and able to properly perform the service proposed in conformance with applicable provisions of the Public Utility Code and the lawful Commission orders and regulations, specifically including 52 Pa. Code Chapter 56 (relating to Standards and Billing Practices for Residential Utility Service).
2. Has agreed to lawfully abide by all Commission regulations, procedures and orders, including Emergency Orders which may be issued verbally, or in writing during any emergency situations that may unexpectedly

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develop from time-to-time in the course of doing business in Pennsylvania.

3. That the proposed service to the extent authorized by the license, will be consistent with the public interest and the policy declared in the Electricity Generation Customer Choice and Competition Act.

Upon full consideration of all matters of record, we find that approval of this application is necessary and proper for the service, accommodation and convenience of the public; THEREFORE,

IT IS ORDERED:

1. That the application of Eastern Power Distribution, Inc. is hereby approved, consistent with this Opinion and Order.

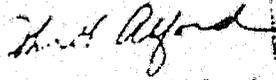
2. That an interim license be issued authorizing Eastern Power Distribution, Inc. the right to begin to offer, render, furnish or supply electric generation supplier services to the public in the Commonwealth of Pennsylvania.

3. That this interim license is granted contingent on the applicant providing the original and two copies of a security bond or other acceptable financial document in the amount of \$250,000 complying with the requirements as set out in the appendix to this order.

4. That the effective date of the interim license will be the date that the Prothonotary acknowledges receipt of the original and two copies of the bond or financial document that complies with the requirements as set out in the appendix to this order.

5. That this Docket be closed.

BY THE COMMISSION,



John G. Alford  
Secretary

(SEAL)

ORDER ADOPTED: May 8, 1997

ORDER ENTERED: MAY - 9 1997

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APPENDIX

Electric Generation Supplier Interim License Bonds

Bonds submitted in order to comply with the interim licensing process must comply with the following:

The bond in the amount of \$250,000 should name the Pennsylvania Public Utility Commission as the obligee or beneficiary, and should contain the following language:

This bond is written in accordance with Section 2809(c)(1)(i) of the Public Utility Code, 66 Pa. C.S. § 2809(c)(1)(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 a 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 bond shall enure first to the 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 contract, 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.

The original and two copies of the bond must be submitted to the Office of the Prothonotary, Pa. Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17105-3265. An approved copy of the bond will be returned with a letter acknowledging receipt of the bond. The date of the acknowledging letter will be the effective date for the interim license.

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THE LAW FIRM OF  
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**MEM**

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07/03/97 11:25:51

**DOCKETED**

**JUN 13 1997**

May 30, 1997

**DOCUMENT  
FOLDER**

VIA HAND DELIVERY

James J. McNulty, Prothonotary  
Pennsylvania Public Utility Commission  
Room B-18, North Office Building  
Harrisburg, PA 17120

RE: Eastern Power Distribution, Inc.; Docket No. A-110005; BOND  
FOR ELECTRIC GENERATION LICENSE

Dear Mr. McNulty:

On January 2, 1997, as supplemented on March 4, 1997, Eastern Power Distribution filed an application for a license as an electric generation supplier in the Commonwealth of Pennsylvania. On May 8, 1997, the Commission issued an Order which granted Eastern Power Distribution, Inc. a license as an electric generation supplier. However, the issuance of the certificate evidencing the license was contingent upon Eastern's filing of a revised bond which included language specified in an appendix to said Order. Eastern had filed an original copy of a bond, without the required language, in its amended application, filed March 4, 1997.

Please consider this letter to be a request to return the original of the bond which was filed on March 4, 1997, and which the Commission's Order deems to be unsatisfactory, so that bond might be replaced with a bond meeting the criteria specified in the Commission's May 8, 1997 Order.

Please contact my office as soon as the bond is available for pickup. If you have any questions concerning this request, please direct them to Janet Miller or me.

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James J. McNulty, Prothonotary  
May 30, 1997  
Page 2

Very truly yours,

Todd S. Stewart

Counsel for  
Eastern Power Distribution, Inc.

TSS/bab

cc: Kyla Dean  
Barbara Bordelon

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