



**STATE OF DELAWARE  
THE PUBLIC SERVICE COMMISSION**

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June 6, 2014

MEMORANDUM

TO: The Chair and Members of the Commission  
FROM: Malika Davis, Public Utility Analyst  
SUBJECT: IN THE MATTER OF THE APPLICATION OF DIVERSEGY, LLC FOR A CERTIFICATE TO PROVIDE ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE (FILED APRIL 8, 2014) - PSC DOCKET No. 14-126

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**Background**

On April 8, 2014, Diversegy, LLC (the "Company") filed an application (the "Application") with the Delaware Public Service Commission ("Commission") for an Electric Supplier Certificate ("ESC") to act as a Broker in the State of Delaware pursuant to §1012 of the Electric Utility Restructuring Act of 1999, 26 *Del. C.* §1001 - §1020 (the "Act") and 26 *Del. Admin. C.* §3001, the Commission's Rules for Certification and Regulation of Electric Suppliers (the "Supplier Rules").<sup>1</sup>

**Application**

Authority to Do Business in Delaware

The Company is a limited liability company formed under the laws of Texas and has provided a Certificate of Good Standing issued by the Delaware Secretary of State that it is legally authorized and qualified to do business in the State of Delaware.

Compliance with Regional Requirements

The Company affirms in its Application that it will only present electricity supply contracts to its customers from Marketers/Electric Suppliers who are in compliance with all applicable PJM requirements.

Financial, Operational, Managerial and Technical Ability

The Company provided the 10-K for Genie Energy Ltd. as indicia of financial capability under Section 2.1.1.5.1 of the Supplier Rules. The Company is a wholly owned subsidiary of Genie Energy Ltd. The Company anticipates acting as a Broker serving commercial and industrial customers for the sale or purchase of electricity throughout the State of Delaware. The Company's application states that it is presently licensed in Illinois, Maryland, Ohio, New Jersey and Pennsylvania. Staff has confirmed that the

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<sup>1</sup> Unless otherwise noted, all references to capitalized terms are set forth in the Act and/or the Supplier Rules.

Company is licensed in those states. The application states that neither the Company nor its affiliates have been denied approval or had its authority revoked by any state commission. The Application included a summary of the key operating personnel of the Company. Mr. Alex Rodriguez, the CEO of the Company has experience as a co-founder of energy brokerage firms. Beginning in 2001, Mr. Cesar Garcia, CFO of the Company was a seed investor and manager of an energy marketing firm in Texas. Mr. Sam Khavari the Vice President of Strategy & Planning has been involved in the operations, information technology and business process improvements for Stream Gas & Electric, Ltd. Johnny Webb the Vice President of Marketing & Creativity has twenty years' experience in the world of networking and sales/marketing. Fernando Campos, Director of Operations has over fifteen years of management experience, eight of them with the deregulated energy business.

The Company did not post a surety bond because it is a Broker only and there are no service agreements between the Company and any Delaware Electric Distribution Company. The Company will not collect any fees or deposits from any of its customers for any of its brokerage services.

Verification of Application

The Application was verified by Mr. Rodriguez.

Consent to the Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

Contracts

The Company did not provide any sample contracts for Residential or Small Commercial Customers because it is a Broker only and does not and will not have contracts with Retail Electric Customers to provide Electric Supply Service.

**Staff Recommendation**

Based on Staff's review of the Application, the Company has satisfied the requirements of the Act and the Supplier Rules. Thus, Staff recommends the Commission approve the Application.