



STATE OF DELAWARE

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November 13, 2014

MEMORANDUM

TO: The Chair and Members of the Commission
FROM: Toni Loper, Public Utility Analyst
SUBJECT: IN THE MATTER OF THE APPLICATION OF ALTERNATIVE UTILITY SERVICES, INC. FOR A CERTIFICATE TO PROVIDE ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE (FILED JULY 14, 2014) - PSC DOCKET No. 14-0233

Background

On July 14, 2014, Alternative Utility Services, Inc. (the "Company" or "Applicant") filed an application (the "Application") with the Delaware Public Service Commission (the "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").¹

Application

The Company's original filing was submitted July 14, 2014 the submitted application met the minimum filing requirements (MFR's).

Review and Analysis

Authority to do Business in Delaware

The Company is incorporated and formed under the laws of Illinois. The Company has provided proof, in the form of a Certificate of Good Standing dated June 3, 2013, issued by the Secretary of State of Delaware certifying that the Company is legally authorized and qualified to do business in the State of Delaware.

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

Resident Agent

The Company supplied in the Application the contact information for a Delaware registered agent listed as Corporation Service Company in Wilmington, DE.

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 a consolidated statement of revenue, expenses and retained earnings dated December 31, 2013 as indicia of financial capability under Section 2.1.1.5.1 of the Supplier Rules. Staff believes that these documents show substantial evidence of the Applicant's financial ability to provide services as a Broker in the State of Delaware.

The Company anticipates acting as a Broker serving commercial, industrial and governmental customers for the sale or purchase of electricity throughout the State of Delaware. The Company's Application states that it is presently operating as a broker in Arkansas, Connecticut, Florida, Georgia, Illinois, Indiana, Massachusetts, Maryland, Maine, Michigan, New Jersey, New York, Oklahoma, Ohio, Pennsylvania, and Rhode Island and holds licenses in the States that require it. Staff has confirmed that the Company is operating as a broker in those states. Staff conducted an internet review of the states listed and found no outstanding issues. In addition, the Application states that the Company has not been denied approval nor had its authority revoked by any state commission. Staff believes that this information shows substantial evidence of the Applicant's operational ability to provide services as a Broker in the State of Delaware.

The Application included a summary of the key operating personnel of the Company. Mr. Fritz Kreiss, President of the Company, has over 20 years' experience as a manager in the energy industry. Since 1993, when Mr. Kreiss founded Alternative Utility Services, Inc., he has been involved in managing a team of analysts who develop RFPs and monitor energy markets. Mr. Kreiss developed an independent agent and consultant clearinghouse for natural gas and electricity, and he spearheaded the development of energy projects to include a 50 kW wind turbine in Wisconsin and 18,000 kW of solar photovoltaic being developed in New Jersey. Mr. Kreiss also cited his experience as President of Conversion Technologies where the application states he has 5 years' experience as a broker of natural gas service and designing small modular cogeneration systems. The application states that Ms. Catherine McQueen, Vice-President, has 16 years' experience managing and supporting independent agents and consultants in the fields of natural gas and electricity brokering, managing support teams responsible for tracking RFPs, managing contracts, and providing customer service. Ms. McQueen also has 14 years' experience as an independent contractor managing and directing tradeshow productions as well as project management experience. The application also included resumes for two additional management team members with 6 or more years' experience in the utility industry. Staff performed an internet review and check of the Company and its key operating personnel. The search did not reveal any issues. Staff believes that this information shows substantial evidence of the Applicant's managerial and technical ability to provide services as a Broker in the State of Delaware.

Surety Bond

The Company did not post a surety bond because it is applying to become a Broker, 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 in a signed, sworn verification letter provided by Mr. Kreiss.

Consent to Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

Contracts

The Company did not provide any sample contracts for Commercial, Industrial Customers or Governmental because it is applying to become a Broker and does not and will not have contracts with Retail Electric Customers to provide Electric Supply Service.

Statement of Criminal Activity

The Applicant stated that it has not been charged or convicted of any criminal activity nor have any of its principals, members, or company officers. The Applicant has no affiliated interests. An internet review of the Company and its principals revealed no outstanding issues.

Legal Review

On October 16, 2014, following Staff's completed review and analysis of the Application, Staff forwarded its final analysis to the assigned Attorney to confirm that all required documentation received from the Company was in compliance with the applicable provisions of Title 26 and the Supplier Rules.

Staff Recommendation

Based on Staff's review and analysis of the Application, the Company has satisfied the requirements of the Act and the Supplier Rules. All documents supplied by the Company as part of the Application support the Company's request for certification. Staff's review and analysis of the Application submitted by the Company demonstrates substantial evidence of capability to render service based on the Company's financial, operational, managerial and technical abilities. Therefore, Staff recommends that the Commission approve the Application.