



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 INCITE ENERGY, LLC FOR A CERTIFICATE TO PROVIDE ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE (SUBMITTED MARCH 31, 2014; FILED AUGUST 5, 2014) - PSC DOCKET No. 14-121

Background

On August 5, 2014 Incite Energy Services, LLC (the "Company") 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 on March 31, 2014 but the submitted application did not meet the minimum filing requirements (MFR's). In a letter dated April 23, 2014, Staff requested the Company file documentation from the Delaware Secretary of State and/or the Delaware Division of Revenue that it is legally authorized and qualified to do business in the State of Delaware issued within the last 12 months. Follow up documentation was received from the Company in a letter dated May 15, 2014 but the response did not contain the required signed, sworn verification. Staff sent a follow up letter advising of the deficiency and requesting that the response contain a signed, sworn verification letter as required. This information was received but after further review Staff requested updated financial statements. The requested information and verification form were received from the Company on August 5, 2014, the receipt of this documentation completed the applications MFR's.

Review and Analysis

Authority to do Business in Delaware

The Company is a limited liability company formed under the laws of Delaware. The Company provided proof issued by the Delaware Secretary of State that it is legally authorized and qualified to do business in the State of Delaware issued February 19, 2014.

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 the contact information for a Delaware Registered Agent listed in the application as The Corporation Trust Company, 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 copy of the Balance Sheet and Income Statement for the period ended May 31, 2014 as indicia of financial capability under Section 2.1.1.5.1 of the Supplier Rules. Staff believes that the confidential financial statements show substantial evidence of the Applicant's ability to provide services as a Broker in the State of Delaware.

The Company anticipates acting as a Broker serving Residential, 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 Connecticut, Illinois, Maryland, Massachusetts, New Jersey, Ohio, Pennsylvania, Texas, and Washington DC. Staff confirmed that the Company is licensed in those states by conducting an internet search of Secretary of State Websites for those states listed. 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. Jared Crane, President, has experience as a manager in the energy industry. He has served for two years as President of Incite Energy. Prior to creating Incite Energy, Mr. Crane worked for Champion Energy Services for four years in sales and energy procurement. Mr. Crane's experience also includes working in deregulated markets in ERCOT, PJM, MISO, and NYISO. Mr. Jason Gunderson, has served as Vice President of Incite Energy for two years, has management experience working for Champion Energy Services as the Director of Risk Management. Mr. Gunderson's previous experience also includes working for other energy companies where he created products offered to the market, implemented a CRM system, and was responsible for leading the pricing desk, pricing, analyzing and structuring new prospects in the PJM, ERCOT, and NYISO markets. Staff believes that the Company has demonstrated substantial evidence that its Staff has the operational, managerial and technical abilities to perform as a Broker. Staff also performed an internet review and check of the key operating personnel. The search did not reveal any issues.

Surety Bond

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 original Application did not contain a signed sworn verification, but the Company subsequently filed the signed, sworn verification signed by Mr. Crane, President, Incite Energy, LLC.

Consent to Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

Contracts

The Company also did not provide any sample contracts for Residential, Commercial, or Industrial Customers as it is a Broker only 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 they have not been charged or convicted of any criminal activity nor have any of its principals or corporation offices. Applicant has no affiliated interests. An internet review of the Company and its principals revealed no outstanding issues.

Legal Review

During the review and analysis process and each phase of the request for additional documentation for this application Staff communicated with the assigned Attorney to ensure that all required documentation requested and received from the Company was in compliance of Delaware law and the Supplier rules and regulations. Staff submitted this Memo for review by the Attorney on October 20, 2014.

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. The Company resolved all outstanding issues with Staff and the completed application supports 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 the Commission approve the Application.