



STATE OF DELAWARE

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May 9, 2018

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Shona Marshall, Public Utility Analyst 

SUBJECT: IN THE MATTER OF THE APPLICATION OF MSI UTILITIES, INC. FOR A CERTIFICATE TO PROVIDE ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE (SUBMITTED FEBRUARY 20, 2018; FILED APRIL 30, 2018) - PSC DOCKET No. 18-0124

Background

On February 20, 2018, MSI Utilities, Inc. (the “Company” or “MSI”) submitted an application (the “Application”) with the Delaware Public Service Commission (the “Commission”) for an Electric Supplier Certificate (“ESC”) to broker electricity 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 February 20, 2018, but the submitted Application did not meet the minimum filing requirements (“MFR’s”). In a letter dated March 6, 2018, Commission Staff (“Staff”) requested the Company submit documents regarding its authority to do business in the State of Delaware, financial capability, and retail experience. The Company responded with two submissions dated March 29, 2018. Staff sent a second request of information on April 20, 2018, related to the Company’s retail experience and the proprietary information submitted March 29, 2018. The Company’s response dated April 30, 2018 satisfied the requirements of the MFR’s.

Review and Analysis

Authority to do Business in Delaware

The Company is a corporation formed in the State of Ohio. 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. The Delaware certificate of good standing was issued February 12, 2018. The current Delaware business license was issued February 13, 2018 and is valid from May 1, 2018 through December 31, 2018.

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 InCorp Services, Inc., One Commerce Center, 1201 Orange St., #600, Wilmington, DE 19899.

Compliance with Regional Requirements

The Company agreed to work only with an entity that complies with PJM's requirements and is a certified electric supplier in Delaware.

Financial, Operational, Managerial and Technical Ability

The Company provided a copy of its Balance Sheet as of December 31, 2017 and its Profit & Loss Statement for the period of January 2017-December 2017 as indicia of financial capability under Section 2.2.16.2 of the Supplier Rules in its initial Application. Staff has reviewed the Balance Sheet and Profit & Loss Statement, and the Company has satisfied the requirements of the Supplier Rules for purposes of brokering electric supply services in the State of Delaware.

The Company anticipates serving Small Commercial, Large Commercial, and Industrial customers throughout the State of Delaware. The Company's Application states that it is currently licensed in the states of Illinois, Massachusetts, Maryland, Maine, New Hampshire, New Jersey, Ohio, Pennsylvania, and the District of Columbia to broker electric supply services. The Application also listed the following states in which it is authorized to broker natural gas services: Massachusetts, Maryland, Maine, New Hampshire, New Jersey, Ohio, Pennsylvania, and the District of Columbia.

The Application included a summary of experience and qualifications for its officers. Frank Warner is the CEO and secretary of MSI, which he founded in 2003. Mr. Warner has over 22 years of experience in the energy industry as well as managerial experience. Tom Williamson is a co-founder of MSI and currently holds the positions of President and Treasurer. Mr. Williamson possesses over 22 years of managerial experience and experience in the energy industry.

Surety Bond

The Company did not post a surety bond because there are no service agreements between the Company and any Delaware Electric Distribution Company.

Verification of Application

The Application and subsequent filings to the Application contained a signed sworn verification of application with the signature of Frank Warner.

Consent to Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

Contracts

The Company has not submitted copies of customer contracts because it will operate as a broker. The Company did submit marketing materials intended to be used in the State of Delaware.

Statement of Criminal Activity

The Applicant stated that it has not been charged or convicted of any criminal activity nor has any of its principals or corporation offices. An internet review of the Company and its principals did not return any incidents of criminal activity.

Legal Review

Staff submitted this Memo for review by the Attorney on May 14, 2018.

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 completed Application supports the Company's request for certification. Staff's review and analysis of the Application 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.