

Riley, John

From: Howard, Joan
Sent: Monday, November 08, 2010 11:12 AM
To: Riley, John
Cc: Lounsberry, Eric; Hickey, Steve; Maple, Mark; Hardas, Phil; Howard, Joan
Subject: RE: 10-0628 Vanguard AGS deficiencies

ALJ Riley –
Here are my comments regarding Vanguard's application. Joan

1. The applicant's petition contains conflicting statements regarding the type of customers Vanguard seeks to serve.

In point #5b) applicant certifies that it will provide service to residential or small commercial customers that are eligible to take service from an AGS.

In points #9 and 10 the applicant indicates its intention to offer natural gas supply to small commercial customers

In point #18 the applicant states "Vanguard does not intend on supplying residential customers"

The applicant concludes

"WHEREFORE: Applicant requests that the Commission grant it application for service authority to serve residential natural gas customers in [describe area for which certification is sought, as in paragraph 8 above]"

2. PUA §19-110 (d) requires applicant to submit a statement indicating

- (1) Whether the applicant has been denied a natural gas supplier license in any state in the United States.
- (2) Whether the applicant has had a natural gas supplier license suspended or revoked by any state in the United States.
- (3) Where, if any, other natural gas supplier license applications are pending in the United States.
- (4) Whether the applicant is the subject of any lawsuits filed in a court of law or formal complaints filed with a regulatory agency alleging fraud, deception or unfair marketing practices, or other similar allegations, identifying the name, case number, and jurisdiction of each such lawsuit or complaint

In point #23, the applicant provides a statement that only partially addresses this requirement. Staff believes this is a deficiency.

3. PUA §19-110 (e)(1)(C) requires the applicant to demonstrate

- (C) the applicant's commitment of resources to the management of sales and marketing staff, through affirmative managerial policies, independent audits, technology, hands-on field monitoring and training, and, in the case of applicants who will have sales personnel or sales agents within the State of Illinois, the applicant's managerial presence within the State.

The application does not include information to address this requirement. Staff believes this is a deficiency.

From: Hardas, Phil
Sent: Friday, November 05, 2010 5:12 PM
To: Riley, John

Cc: Lounsberry, Eric; Howard, Joan; Hickey, Steve; Maple, Mark
Subject: RE: 10-0628 Vanguard AGS deficiencies

ALJ Riley,

I completed Finance's review of Vanguard Energy Services, LLC's ("Vanguard") application for AGS certification. Please see my comments below regarding Vanguard's application.

Section 551.50 License or Permit Bond Requirements

Section 551.50(a) states, "the applicant shall file this bond as part of its application for certification." Vanguard filed its Application electronically. Today, I confirmed that an original license or permit bond was not filed separately with the Chief Clerk's Office. If Vanguard filed an original license or permit bond, this bond will be fine.

ALJ Ruling Language:

Section 551.50 License or Permit Bond Requirements

- a) The applicant shall execute and maintain a license or permit bond issued by a qualifying surety or insurance company authorized to transact business in the State of Illinois in favor of the People of the State of Illinois. The amount of the bond shall equal \$150,000. The bond shall be conditioned upon the full and faithful performance of all duties and obligations of the applicant as an AGS and shall be valid for a period of not less than one year. The cost of the bond shall be paid by the applicant. The applicant shall file this bond as part of its application for certification.

The applicant shall file its original license or permit bond as part of its application for AGS certification.

Section 551.80 Financial Qualifications

Section 551.80(a) requires the applicant to provide a copy of a Dun & Bradstreet Business Information Report that demonstrates, at a minimum, that the applicant has a Composite Credit Appraisal of "3" or lower and a PAYDEX score of "70" or higher. At the time of application for certification, the report shall be no more than 30 days old. In Attachment E, Vanguard provided a Dun & Bradstreet Business Information Report demonstrating that Seminole Energy Services, LLC has a Composite Credit Appraisal of 2 and a PAYDEX of 79 as of October 18, 2010.

Vanguard failed to provide a copy of a Dun & Bradstreet Business Information Report that demonstrates its compliance with Section 551.80(a). If the applicant chooses to meet the AGS financial qualifications using a Dun & Bradstreet Business Information Report, it must submit a Dun & Bradstreet Business Information Report that demonstrates, at a minimum, that the applicant has a Composite Credit Appraisal of "3" or lower and a PAYDEX score of "70" or higher pursuant to Section 551.80(a).

ALJ Ruling Language:

Section 551.80 Financial Qualifications

An applicant shall be deemed to possess sufficient financial resources to be certified as an AGS able to serve available residential or small commercial customers if it meets any of the following criteria:

- a) The applicant provides a copy of a Dun & Bradstreet Business Information Report that demonstrates, at a minimum, that the applicant has a Composite Credit Appraisal of "3" or lower and a PAYDEX score of "70" or higher. If the applicant does not have a Dun & Bradstreet Composite Credit Appraisal, the applicant provides a copy of an Experian Small Business Intelliscore report that demonstrates, at a minimum, that the applicant has an Intelliscore of "63" or higher. At the time of application for certification, the report shall be no more than 30 days old.

In Attachment E, Vanguard provided a Dun & Bradstreet Business Information Report demonstrating that Seminole Energy Services, LLC has a Composite Credit Appraisal of 2 and a PAYDEX of 79 as of October 18, 2010. Vanguard failed to provide a copy of a Dun & Bradstreet Business Information Report that demonstrates Vanguard's compliance with Section 551.80(a). The applicant shall provide a Dun & Bradstreet Business Information Report that demonstrates, at a minimum, that the applicant has a Composite Credit Appraisal of "3" or lower and a PAYDEX score of "70" or higher pursuant to Section 551.80(a).

Additionally, I am always willing to discuss these issues with the applicant if that would help.

Thanks,

Phil

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From: Maple, Mark
Sent: Friday, November 05, 2010 10:10 AM
To: Riley, John
Cc: Lounsberry, Eric; Howard, Joan; Hickey, Steve; Hardas, Phil
Subject: 10-0628 Vanguard AGS deficiencies

Below are the deficiencies that Engineering Staff has identified in Vanguard's application:

- 1) Part 551.90(b) requires the applicant to show that its employees meet certain technical requirements. Vanguard provided Attachment F, which contains biographies of several employees that it purports to meet the technical requirements. However, it is not clear from the biographies who, if anyone, has the required four years of natural gas sales experience and two years experience working with NAESB rules. Staff believes that this is a deficiency and Vanguard needs to provide the required information. When it does so, Vanguard needs to clearly note which employees meet the criteria and how many years of experience they have.

- 2) Part 551.100 requires the applicant to show that its employees meet certain managerial requirements. Vanguard provided Attachment G, which contains biographies of several employees that it purports to meet the managerial requirements. However, it is not clear from the biographies who, if anyone, has the required four years of management experience with enterprise financial and administration responsibilities including profit and loss responsibilities and the four years of natural gas sales experience. Staff believes that this is a deficiency and Vanguard needs to provide the required information. When it does so, Vanguard needs to clearly note which employees meet the criteria and how many years of experience they have.
- 3) Part 551.100(b) requires the applicant to provide a corporate organizational chart that indicates the position of the persons used to satisfy Part 551.100. The applicant did not provide such a chart. Staff believes that this is a deficiency and Vanguard needs to provide the required information.

Mark Maple
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Illinois Commerce Commission
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