

OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION

ORIGINAL

November 30, 2011

Illinois Commerce Commission
Attn: Chief Clerk Elizabeth A. Rolando
527 E Capitol Ave
Springfield, IL, 62701

Re: **Case No.: 11-0700**
Application for Licensure of
Agents, Brokers and Consultants
Under Section 16-115C of the
Public Utilities Act

*Verified
Response*

Dear Chief Clerk:

TMGES, Inc., ("TMG") respectfully submits responses to the provisions set forth in the November 23, 2011 ruling by Administrative Law Judge Albers; specifically the general requirements regarding any complaints filed for Agents, Brokers, Consultant ("ABC") services, the Managerial Organizational Chart for TMGES, Inc., Technical Requirements validating at least one year of electricity industry experience, and a new surety bond revision.

Sincerely,



Merrill Mangalasseril
Chief Executive Officer
TMGES, Inc.
1601 S Indiana Ave Suite 304
Chicago, IL, 60616
D: 630.677.7499
F: 888.281.3749

CHIEF CLERK'S OFFICE

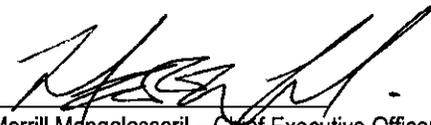
2011 DEC -21 A 9:39

MAN
ILLINOIS COMMERCE
COMMISSION

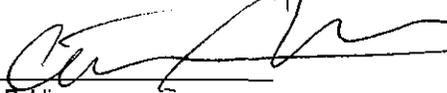
VERIFICATION

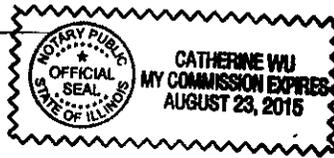
STATE OF IL
COUNTY OF Cook

I, Merrill Mangalasseril, being first duly sworn, deposes and says that he is the Chief Executive Officer for TMGES, Inc., that he has read the foregoing responses of TMGES, Inc., and all of the attachments accompanying and referred to within the responses; and that the statements contained in the responses and the attachments are true, correct and complete to the best of his knowledge, information and belief.


Merrill Mangalasseril – Chief Executive Officer

Subscribed and sworn to before me
this 1st day of Dec, 2011.


Notary Public



[Stamp of Notary]

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that I have on this 30th day of November, 2011 served a copy of the foregoing documentation on all parties to this proceeding as listed on the official service list by sending the same by United States mail, postage prepaid and correctly addressed.

A handwritten signature in black ink, appearing to read 'Merrill Mangalasseril', is written over a horizontal line.

Merrill Mangalasseril
Chief Executive Officer

Below is a response to the initial ruling for Docket Number: 11-0700, specifically for the application for Licensure of Agents, Brokers, and Consultants under Section 16-115C of the Public Utilities Act.

RULING #1:

General Requirements

Regardless of whether or not it is licensed as an agent, broker, or consultant ("ABC") in any other jurisdiction, please indicate whether Applicant has had any complaints filed against it relating to the offering of services similar to what an Illinois ABC would offer. If any complaints have been received, please identify the nature of the complaints and how each complaint was resolved.

RESPONSE TO RULING #1:

I, Merrill Mangalasseril, CEO for TMGES, Inc., the applicant, have had zero complaints filed against me for any agent, broker, or consulting services, or any services related to that of an agent, broker, or consultant in Illinois, or any other jurisdiction.

RULING #2:

Managerial Requirements

83 Ill. Adm. Code 454.60(c) requires Applicant to include in its application an exhibit containing a corporate organizational chart identifying the person(s) being used to satisfy Section 454.60. Applicant identifies Merrill Mangalasseril as the person with the required managerial experience. Exhibits A and B attached the application, however, are corporate organizational charts for Genesis Energy International and Superior Power, respectively, which are two companies where Mr. Mangalasseril previously worked. The corporate organizational chart that is required by Section 454.60(c) must be that of TMGES, Inc. Please provide a corporate organizational chart for TMGES, Inc. that reflects Mr. Mangalasseril's position within Applicant.

RESPONSE TO RULING #2:

Please refer to **Exhibit A**, which reflects my position within TMGES, INC. As Chief Executive Officer, my responsibilities include handling and maintaining energy supplier relationships and facilitating energy procurement bids for both commercial and residential clients from my supplier relationships.

RULING #3:

Technical Requirements

83 Ill. Adm. Code 454.70(a) states, “[an] applicant shall be deemed to possess sufficient technical capabilities to provide agency, brokering or consulting services if the applicant can demonstrate that it has had experience in the electric industry of at least one year.” Exhibit C attached to the application contains occupational background information for Mr. Mangalasseril, who Applicant uses to satisfy the requirements of Section 454.70. The information that Applicant provides, however, does not demonstrate that Mr. Mangalasseril has at least one year experience in the electric industry. Please provide additional information on one or more individuals within Applicant that have had experience in the electric industry of at least one year in compliance with subsections (a) and (b) of Section 454.70.

RESPONSE TO RULING #3:

Please refer to **Exhibit B**, which further describes into detail my roles and responsibilities as Vice President of Sales with Genesis Energy International. These details include specific examples solidifying my experience level and results with clients over a year ago.

RULING #4:

Financial Requirements

The License of Permit Bond provided by Applicant names “Merrill Mangalasseril dba TMG Energy Source” as Principal. The Principal should simply be identified as “TMGES, Inc.” Please provide a new License or Permit Bond with the correct Principal or a rider to the originally submitted bond correcting this error.

RESPONSE TO RULING #4:

Please refer to **Exhibit C**, which has the new License or Permit Bond with the correct Principal, “TMGES, Inc.”

EXHIBIT A

EXHIBIT A - TMGES, Inc., Managerial Structure

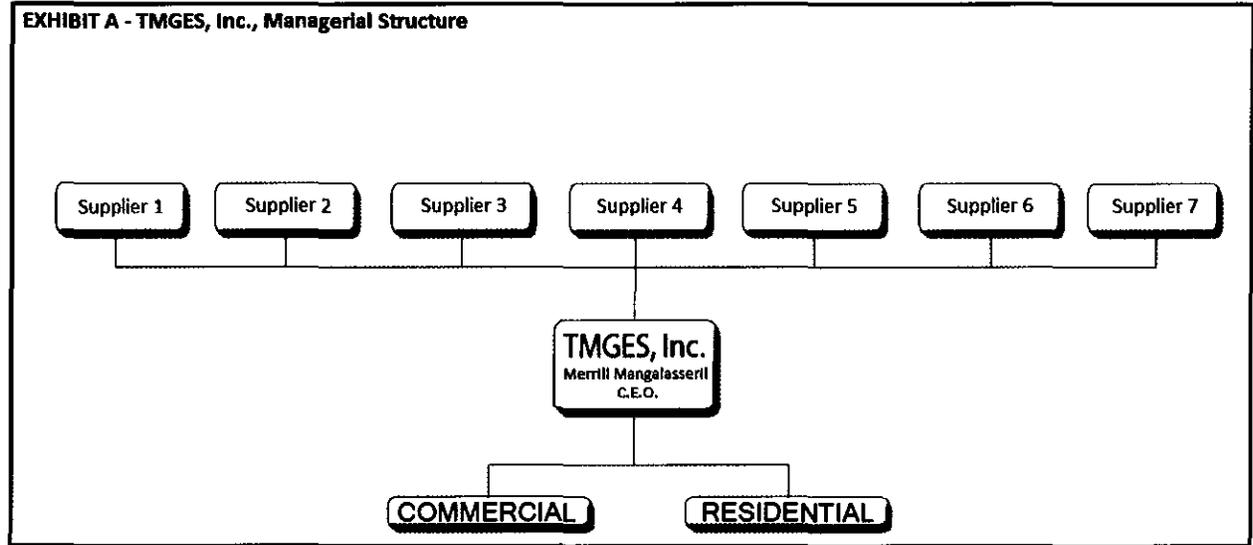


EXHIBIT B

Genesis Energy International (GEI) – Vice President of Sales Roles and Responsibilities
February 2010 – October 2011

Step-by-Step Example for Electricity Procurement

Sales

When meeting with a prospective client for GEI, my first responsibility was to initially introduce myself and GEI and go into full description of our energy management services (specifically lighting efficiency and energy procurement for both electricity and natural gas). After the initial introduction, we normally obtain a copy of an invoice and specific client information, which we use to facilitate bids from our Retail Energy Providers. Utilizing the account information from the invoice, and additional client information our supplier's required, we'd submit the prospective client's energy requirements, terms, and conditions and wait for the bids to come back from each supplier. Upon receipt of the bids, it was my responsibility to update the prospective client of the expected time where all the suppliers will have their bids in, as well as when a completed Request For Proposal (RFP) would be available for our prospective client to review. Once the RFP was completed, it was also my responsibility to present the following:

- **Historical Usage Data**
 - *Showing clients their historical usage gives them an idea of their energy consumption pulled from www.comedpowerpath.com. We're able to identify their current energy requirements, and inform them of their energy inventory that's necessary for suppliers to hedge.*
- **Invoice Analysis**
 - *It was my responsibility to teach the prospective client how to read their electric bill and how to calculate their existing rate, which is later used in the estimated savings section. We further explain the three different components of the electric bill: Electricity Supply, Distribution Facility Services, and Taxes; and explain which component will be impacted by switching to a retail energy supplier, and which component will remain the same ensuring the prospective client that Commonwealth Edison will continue to remain at the reliable delivery company who will still be responsible for the meter-reading, maintenance, and servicing.*
- **Market Watch**
 - *It was my responsibility to give a general overview of where the market has been. GEI would use the Natural Gas Market as an indicator highlighting correlations with the electricity market. Three Natural Gas Curves would be presented to give our prospective client a general overview of where the market has been. We'd display a 3-yr overview, then zoom in on a 12 month overview, and zoom in further on a 10 day overview. This process enables our clients to have a stronger idea of where the market has been, and utilizes this information in executing a procurement strategy.*
- **RFP Bids**
 - *It was my responsibility to show our prospective client how each supplier came back with their respective terms and bids. GEI strongly promoted disclosing our company margins on this page and always received a signature acknowledging we disclosed our margin on the bids that came back.*
- **Budget Forecast**
 - *It was my responsibility to highlight the estimated budget forecast for the prospective client. This section takes the top bids with top terms from the RFP page (ie: best 3, 6, 9, 12, 24, 36 - month rates) and pre-populate what our client would expect to spend based on their historical usage information. This enables our clients to understand what they can expect to pay per month if they decided to enroll on a specific term.*
- **Estimated Savings**

- *It is my responsibility to impress upon my client how much they can expect to save by enrolling into a specific procurement strategy.*

After presenting the above information to GEI's prospective client, we re-evaluate the prospective client's risk tolerance with the attempt to decipher which procurement strategy they would want to execute. Normally once the agreement has been signed, I was responsible for ensuring the agreement was sent to GEI Operations, which was then forwarded to the Supplier the prospective client decided to enroll with.

Operations

When submitting a pricing request to a supplier, it was my responsibility to understand the differences in supplier pricing requests, the different terms and conditions that each supplier was offering, and their parameters for minimum thresholds on enrollments and custom pricing accounts. Understanding these differences operationally enabled me to streamline a consistent process and assign a timetable, or estimated time of arrival for a client to review a completed RFP. Some of the important differences include the following:

- **Bandwidth Clauses**
 - *Some suppliers offer, "full-swing," or 100% bandwidth allowance and understanding this for clients who will be significantly adding or reducing their load is vital in a hedging strategy. Some suppliers build risk premiums for increasing bandwidth parameters while some suppliers will reduce their risk premiums for decreasing bandwidth parameters. It is my responsibility to identify our client's energy requirements and assess what type of bandwidth structure is required. Once determined, it is also my responsibility to communicate the prospective client's requirement to GEI's Operations Team, and in most cases, suppliers directly.*
- **Blend & Extend Options**
 - *Some suppliers include a, "price-renegotiation," clause, which can provide a prospective client some flexibility in the sense they have the opportunity to renegotiate their rate if mutually agreed upon with the supplier. Prospective clients who are uncertain with where market prices are going, and have a fear of the market taking another dip normally prefer this clause, so understanding which suppliers offer this feature and which don't, is important.*
- **Cancellation Policies**
 - *All suppliers have different cancellation policies. Understanding each supplier's formula for liquidating all the unused energy in a termination of an energy supplier agreement is important, so we can further educate our client on how the hedging works, and the necessary penalties associated with clients who wish to terminate. In some cases, these formulas can be changed depending on the account type and size.*
- **Daily Matrix Option**
 - *The suppliers who have a daily matrix rate for clients makes it easy for an Agent, Broker, or Consultant to track historical transfer rates. This can also be used in providing a prospective client updates on market trends, which can always help them make, or not make a decision. Suppliers all have a specific time on when they send the matrix. Some send the matrix the evening before, some send it at 10a, some send it at 11a, and some will send a notification informing GEI to use the previous day's matrix. Understanding the timing of how all these matrices are coming in and updated is highly important when executing multiple RFP's and refreshes to RFP's with a consistent turnaround time.*
- **Future Dating Options**
 - *Every supplier has their own parameter on how many months out they can offer a hedging strategy. In addition to how many months out, they also have an annual consumption minimum. Understanding these differences in suppliers' parameters for, "future-dating," GEI prospective clients is highly important because every now and then you're going to have a client who has a strong opinion about where the market is going and wants to hedge their energy requirements at specific times of the year, for years*

upon years. In order to adhere to this specific client's request, it's important to differentiate between suppliers who is willing to handle the risk, and who is not willing to.

- **Credit Qualifications**
 - *After October, 2008, suppliers have definitely changed their credit parameters for clients of different sizes and different classification types. For example, if you have a 100,000 kWh annual account that is requesting a bid, some suppliers might come back and automatically accept them because of their size, or they might ask for 2 – 3 recent bill copies highlighting clean payment history. Once again, because the size is small, suppliers can afford to take the risk and hedge for their energy without pulling any credit history. Another example is if you have a car dealership that is operating at 4,000,000 kWh annual. Suppliers will typically look at the client's D&B and in my experience, due to the size of the client and their type (car dealership), I've come to learn that car dealerships in some cases have an unfavorable financial stress score, which scare some suppliers to the point where they will either deny the client in issuing a bid, or request for audited financials for further credit review. Understanding these parameters is important for both the supplier and the client because as an VP of Sales for GEI, it was also my responsibility to make sure I do not offend a supplier by begging them to take a high-risk client, and also not offend a client who is sensitive to releasing company financials and other personal information.*
- **Custom Pricing Requirements, Custom Refresh Requirements, and Minimum Annual kWh Requirements**
 - *Most suppliers have a minimum threshold on custom pricing accounts. Understanding these parameters can speed up the bidding process and can allow for quicker turnaround times in evaluating a completed RFP.*

Once again, understanding how to communicate operationally as VP of Sales for GEI allows me help suppliers acquire customers and help my customers satisfy their needs for hedging their energy requirements.

Aggregation Examples

- **BP Gas Stations (IL)**
 - Vish Patel, Controller for five BP AM/PM Gas Stations has allowed me to represent their buying group of five gas service stations resulting in a 2,000MWh's annual load. Since the beginning of 2010, I've been able to leverage their consumption and load profile as a whole and provide discounted rates that were more aggressive because suppliers were willing to take into consideration the efficiency in the load (24 hour/day service) and size. Based on their group's risk tolerance, they preferred a 12 month, "full requirements," product allowing me to consistently hedge their load 12 months at a time. With this flexibility, I consistently renegotiated their load with future dated options whenever significant dips in the market-place took place. With this strategy, I have had the opportunity to choose a different Retail Electric Supplier (RES) each year, provided the appropriate terms and conditions were always met.
- **Pepe's Mexican Restaurant (IL)**
 - Juan Hurtado, President for six franchised Pepe's Mexican Restaurants has allowed me to represent their buying group resulting in a 1,000 MWh annual load. Based on the individual sizes of these restaurants, pricing each one individually was one option, but assigning an entity to aggregate all their facilities together resulted in a greater discount. Since 2010, we've managed their energy requirements with an initial 12 month full-requirements product, and then recently renewed for a 24 month term.
- **AthletiCo (IL)**
 - Raji Mathew, Controller for AthletiCo, 64 Accounts spread between 29 Illinois cities, utilized my consulting services on learning the specifics in becoming his own energy manager. Essentially, I consulted Mr. Mathew and trained him on how to truly maximize their aggregation (3400 MWh's) between power marketers and power brokers. Mr. Mathew truly appreciates the transparency and level of education that was passed on to

him. I successfully advised AthletiCo to enroll into a 24 month full requirements plan with another power broker who had a supplier that was going to reduce their Electric Budget by \$36,000+. In addition to the savings, I guided Mr. Mathew on incorporating clauses allowing AthletiCo the flexibility to re-negotiate their rate if for some reason the market takes a dip. Due to AthletiCo's rapid growth and expansion plans, they also negotiated the ability to add on additional accounts at their own discretion with the understanding that the new facilities will have the same rate. Lastly, they received the preferred master billing option, which adds to AthletiCo's overhead reduction. Ultimately, Raji Mathew and AthletiCo received a lot more than just a discounted rate. They learned the basics in truly negotiating a strong energy procurement plan for their business.

PLATTE RIVER INSURANCE COMPANY
P.O. Box 5900 Madison, WI 53705-0900

CHANGE RIDER

Bond No. 41237584
Date: November 30, 2011

Obligee: STATE OF ILLINOIS
527 E CAPITOL AVE
Springfield, IL 62701

Principal: MERRILL MANGALASSERIL DBA TMG ENERGY SOURCE
1601 S INDIANA AVE STE 304
Chicago, IL 60616

Nothing herein contained shall be held to vary, waive, alter or extend any of the terms, conditions, agreements or warranties of the above captioned bond, other than as stated below.

This Rider is effective 10/06/2011 and is to be attached to and form a part of the above captioned bond. This Rider is issued on behalf of MERRILL MANGALASSERIL DBA TMG ENERGY SOURCE as Principal, in favor of the Obligee stated above.

In consideration of the premium charged, it is understood and agreed, on or after the effective date as set forth herein, the Surety consents to:

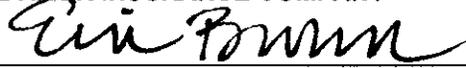
Amend the name of the principal to read:
TMGES, Inc.

Said change is applicable only to acts or omissions on or after the effective date as set forth herein.

Provided, however, that the liability of the Surety under the attached bond as changed by this Rider shall in no event be cumulative.

Signed, sealed and dated on November 30, 2011.

PLATTE RIVER INSURANCE COMPANY

By: 

Erin Brown, Attorney-In-Fact

** OBLIGEE COPY **

EXHIBIT C

PLATTE RIVER INSURANCE COMPANY
P.O. Box 5900 Madison, WI 53705-0900

CHANGE RIDER

November 30, 2011

TMGES, Inc.
1601 S INDIANA AVE STE 304
Chicago, IL 60616

Re: Bond# 41237584
MIS/FINANCIAL GUARANTEE-NOC (RENEWABLE)

The following change(s) have been made on the above captioned bond:

Amend the name of the principal to read:
TMGES, Inc.

The effective date of this endorsement is 10/06/2011.

If it was required, this notice has been filed with the Obligee.

Your agent: 17592
LAPRE SCALI & CO INS SVCS LLC ** NON-STD. PROGRAM ONLY **
8201 N HAYDEN RD
Scottsdale, AZ 85258

**** CUSTOMER'S COPY ****

EXHIBIT C

EXHIBIT C.

PLATTE RIVER INSURANCE COMPANY
POWER OF ATTORNEY

41244819

KNOW ALL MEN BY THESE PRESENTS, That the PLATTE RIVER INSURANCE COMPANY, a corporation of the State of Nebraska, having its principal offices in the City of Middleton, Wisconsin, does make, constitute and appoint

MICHAEL D LAPRE; DEBORAH M MCGUCKIN; ERIN BROWN; RYAN ROGERS; FLORENCE A ESDON; THERESA NEWMAN
KEVIN P SHINE; RICHARD D STEPHENS; AMANDA BRENDEL; JAREN MARX; DIANE M BAILEY

its true and lawful Attorney(s)-in-fact, to make, execute, seal and deliver for and on its behalf, as surety, and as its act and deed, any and all bonds, undertakings and contracts of suretyship, provided that no bond or undertaking or contract of suretyship executed under this authority shall exceed in amount the sum of

ALL WRITTEN INSTRUMENTS IN AN AMOUNT NOT TO EXCEED: \$2,000,000.00

This Power of Attorney is granted and is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of PLATTE RIVER INSURANCE COMPANY at a meeting duly called and held on the 8th day of January, 2002.

"RESOLVED, that the President, and Vice-President, the Secretary or Treasurer, acting individually or otherwise, be and they hereby are granted the power and authorization to appoint by a Power of Attorney for the purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more vice-presidents, assistant secretaries and attorney(s)-in-fact, each appointee to have the powers and duties usual to such offices to the business of the Corporation; the signature of such officers and the seal of the Corporation may be affixed to such power of attorney or to any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Corporation in the future with respect to any bond or undertaking or other writing obligatory in the nature thereof to which it is attached. Any such appointment may be revoked, for cause, or without cause, by any of said officers, at any time."

IN WITNESS WHEREOF, the PLATTE RIVER INSURANCE COMPANY has caused these presents to be signed by its officer undersigned and its corporate seal to be hereto affixed duly attested, this 2nd day of May, 2011.

Attest:

Richard W. Allen III
Richard W. Allen III
President
Surety & Fidelity Operations



PLATTE RIVER INSURANCE COMPANY
David F. Pauly
David F. Pauly
CEO & President

STATE OF WISCONSIN } s.s.:
COUNTY OF DANE

On the 2nd day of May, 2011 before me personally came David F. Pauly, to me known, who being by me duly sworn, did depose and say: that he resides in the County of Dane, State of Wisconsin; that he is President of PLATTE RIVER INSURANCE COMPANY, the corporation described herein and which executed the above instrument; that he knows the seal of the said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.



Daniel W. Krueger
Daniel W. Krueger
Notary Public, Dane Co., WI
My Commission Is Permanent

STATE OF WISCONSIN } s.s.:
COUNTY OF DANE

I, the undersigned, duly elected to the office stated below, now the incumbent in PLATTE RIVER INSURANCE COMPANY, a Nebraska Corporation, authorized to make this certificate, DO HEREBY CERTIFY that the foregoing attached Power of Attorney remains in full force and has not been revoked; and furthermore, that the Resolution of the Board of Directors, set forth in the Power of Attorney is now in force.

Signed and sealed at the City of Middleton, State of Wisconsin this 30th day of November, 2011.



Alan S. Ogilvie
Alan S. Ogilvie
Secretary

THIS DOCUMENT IS NOT VALID UNLESS PRINTED ON GREEN SHADED BACKGROUND WITH A RED SERIAL NUMBER IN THE UPPER RIGHT HAND CORNER. IF YOU HAVE ANY QUESTIONS CONCERNING THE AUTHENTICITY OF THIS DOCUMENT CALL 800-475-4450.