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August 8, 2011

James T. Rodier, Esq.
1500A Lafayette Road No. 112
Portsmouth, New Hampshire 03801-5918

Re: Docket No. DM 11-075
PNE Energy Supply LLC
Deficiency in Financial Security

Dear Mr. Rodier:

On July 29, 2011, you filed supplemental information on behalf of PNE Energy Supply LLC (PNE) regarding its application for competitive electric power supplier (CEPS) status in New Hampshire. To comply with the financial security requirement of Puc 2003.01(d)(4), you provided an escrow agreement between PNE and Sovereign Bank in the amount of \$100,000.

According to Puc 2003.01(d)(4), the financial security shall be "in the form of a surety bond or other financial instrument showing evidence of liquid funds, such as a certificate of deposit, an irrevocable letter of credit, a line of credit, a loan or a guarantee." While an escrow agreement could qualify as an "other financial instrument," the escrow agreement provided in connection with PNE's application is inadequate in its present form.

First, note in paragraph 1 that reference is made to "Competitive Electricity Supplier." The reference should be corrected to read "Competitive electric power supplier (CEPS)" consistent with Puc 2002.05.

Second, the financial security is not intended to cover a "financial security obligation to the NHPUC "as stated in whereas clause 3. See also paragraph 2.1 which states that the funds are to be available to the PUC "if PNE does not faithfully perform all duties and protect the NHPUC from any damage caused by PNE's non-compliance with or breach of any laws of statutes, or rules or regulations pertaining to the license or permit issued by the NHPUC." The purpose of the financial security is to provide the Commission with a financial resource to pay third parties who are aggrieved as a result of the

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applicant-CEPS's failure to comply with the applicable laws and rules. The escrow agreement should be corrected to state the nature of the intended use of the money.

Finally, the escrow agreement is silent as to how Sovereign Bank would be notified in the event that PNE did not meet its obligations under the rules. The agreement should describe the process, at the Commission or otherwise, whereby the Commission would find that PNE has not met its obligations and the bank is subsequently notified of that occurrence.

The application continues to remain incomplete. Staff will review the revised escrow agreement once it is filed in the above-captioned docket.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'S' and 'A' followed by a horizontal line and a small circle below it.

Suzanne Amidon
Staff Attorney