

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: January 18, 2012

AT (OFFICE): NHPUC

FROM: *SEM*
Steve Mullen, Assistant Director, Electric Division
Al-Azad Iqbal, Utility Analyst, Electric Division
Alexander Speidel, Staff Attorney *ASL*
Robert Wyatt, Utility Analyst, Gas/Water Division

SUBJECT: Combined Staff Recommendation
DM 11-186 People's Power & Gas LLC
Competitive Natural Gas Supplier Registration Application
DM 11-066 People's Power & Gas LLC
Competitive Electric Power Supplier Registration Application

TO: Debra Howland
Executive Director



Staff has reviewed the above-captioned applications received on August 24, 2011 (DM 11-186) and March 30, 2011 (DM 11-066), respectively, from People's Power and Gas LLC (PPG or Company). Staff has found a number of serious issues with each application, and Staff has engaged in recurrent efforts to resolve these issues by contacting PPG representatives orally and in writing. However, due to PPG's consistent failure to satisfactorily address these problems and remain in compliance with NHPUC rules, Staff recommends that the Commission reject both applications at the present time, for the reasons described in this memorandum.

DM 11-186 Competitive Gas Supplier Application (Gas Application)

Staff, in its initial review of the Gas Application, found a number of deficiencies requiring PPG's attention in order to meet the registration requirements of the Puc 3000 rules. Robert Wyatt of Staff spoke to a PPG representative by telephone on September 16, 2011 to inform PPG of these issues. PPG filed an amended application, received on September 29, 2011, which addressed the outstanding issues with the Gas Application, with the exception of the surety bond required by N.H. Code Admin. Rules Puc 3003.01(d)(1) and 3003.03(a). This bond has not been provided in the final form required for satisfaction of Puc 3003.01(d)(1) and 3003.03(a), despite repeated written and oral requests by Staff for this filing. Consequentially, the Gas Application has been suspended for more than 120 days, making a rejection of the Gas Application advisable pursuant to Puc 3003.01(g).

Furthermore, on November 28, 2011, the CEO of PPG, David Pearsall, sent an e-mail to a number of recipients, including NHPUC Staff, stating that he had terminated a PPG

subordinate for cause, namely “breach of security including theft of identities, theft of proprietary information with several more investigating charges” including “steeling [*sic*] SSN, EIN, contracts, wiring instructions, and tons of confidential data.” (This e-mail is attached to this memorandum as Exhibit A). This same subordinate had been responsible for communicating with Staff regarding the Gas Application until November 2011.

It should also be noted that Staff sent emails to other PPG representatives, including one dated 11/1/2011 to Elizabeth Krenick (PPG, northeast office) and one dated 11/22/2011 to Ingrid Peterson, Executive Assistant (PPG), seeking resolution of the surety issue. Ms. Krenick did reply to Staff’s email on 11/2/2011 and noted the required letter of credit was being finalized on November 7, 2011. Staff initiated a telephone conversation with Elizabeth Krenick on 12/8/2011 and was told that she would be completing the CNGS registration requirements. No contact was initiated by PPG to Staff for a full 30 days after that date, nor was a finalized letter of credit tendered by Ms. Krenick to NHPUC.

DM 11-066 Competitive Electric Power Supplier (CEPS) Registration Application

Staff reviewed the application of PPG’s competitive electric supplier registration and found several deficiencies. On April 12, 2011, Staff sent an e-mail to PPG noting that the application did not comply with New Hampshire Code Admin. Rules Puc 2003.01 (d) (regarding electronic data interchange (EDI)) requirements and membership in the New England Power Pool (NEPOOL)) and Puc 2003.03(a) (requiring financial security in an application for CEPS registration).

On May 4, 2011, Matt Predmore (no known title) provided proof of PPG’s membership in NEPOOL as required by Puc 2003.01 (d)(2). He also provided a description of TCSmedia (an EDI provider) to address the EDI deficiency; and a letter from Citibank stating that PPG has an account with the bank in an apparent attempt to meet the requirement for financial security. Staff replied via email on May 5, 2011 and informed Mr. Predmore that the description TCSmedia did not satisfy the requirement for EDI testing, and that evidence of a bank account did not constitute financial security as required by Puc 2003.03(1).

On October 6, 2011, PPG provided proof of EDI testing with only the New Hampshire Electric Cooperative (NHEC); and on October 13, a letter of credit was received from General Building Equity of Auckland, New Zealand securing PPG’s obligations to the Commission.

On December 13, 2011, PPG submitted a request that the Commission waive Puc 2003.01 (h) which requires that requested information or clarification to complete an application for registration be provided in 60 days of such request. An updated waiver request was submitted on January 5, 2012. In both of its waiver requests, PPG failed to explain the circumstances and specify the basis for the waiver as required by Puc 201.05.

Most notably, during its review, Staff discovered that PPG is already marketing electric power supply and providing for the enrollment of New Hampshire electric utility customers on its website and by phone. PPG is offering the service in all electric

franchise territories in New Hampshire even though (1) it is not registered as a CEPS and (2) it has submitted evidence of the completion of EDI testing in only NHEC's service area. Further, terms and conditions provided to Staff via a phone call do not appear to be consistent with those found on PPG's website nor are the terms and conditions in conformance with Puc 2002.04 (b),

Puc 2003.01(b) specifically states as follows: "No CEPS shall sell, or offer to sell via mass media marketing or otherwise, electricity to any customer until it has completed all aspects of the registration process required by Puc 2003, and has had its registration approved in accordance with Puc 2003.01(f)." Based on Staff's investigation, PPG is in violation of this rule because it is marketing service to all electric customers in New Hampshire while PPG's application is incomplete and the Company's waiver request is still under review. For all the foregoing reasons, Staff recommends that the application of PPG for CEPS status be denied.

Considering that PPG is currently making its services available to New Hampshire electric customers, Staff recommends that the Commission require PPG to report whether it has enrolled any New Hampshire customers, how many New Hampshire customers it has enrolled and that further actions be taken for PPG to cease serving those customers.

CC: Suzanne Amidon, Staff Attorney

DM 11-186 EXHIBIT A

From: dpearsall@peoplespower.com [mailto:dpearsall@peoplespower.com]

Sent: Monday, November 28, 2011 7:32 PM

To: jason danka

Subject: RE: Please be informed (PPG response)

Hello Everyone,

As you all have been made aware, I have terminated Jason Danka from his employment here at People's Power & Gas for cause. Our allegations for cause of termination are breach of security including theft of identities, theft of proprietary information with several more investigating charges. His email to everyone is an unprofessional example of the breach of an agreement under his employment condition. Although we are grateful he was caught and was under our software and camera surveillance, we are not completely sure what he was planning on doing stealing SSN, EIN, contracts, wiring instructions, and tons of confidential data. PPG plans are to pursue all legal recourse to the fullest extent of the law and have made increased efforts to protect all information. Please be advised of this current contractual obligation Jason Danka is under with PPG regarding a 2 year non solicitation and non compete in the attached reminder letter.

PPG has several employees who have experienced backgrounds in the energy industry and we look forward to the increased attention and service everyone needs and deserves. I sincerely apologize for this communication inconvenience due to this and Jason's previous email blast which has made these problems known and exacerbated. Any questions or concerns regarding who your contact person is if you have not already been notified may be emailed to DPearsall@PeoplesPower.com or Info@PeoplesPower.com. Otherwise it is exciting business as usual here looking forward to our rapid growth and expansion into several new states throughout the next few months.

Sincerely,

David Pearsall
Founder & CEO
People's Power & Gas, LLC
855.85.POWER
203.648.7744 cell

----- Original Message -----

Subject: Please be informed

From: jason danka <jayd101576@gmail.com>

Date: Thu, November 17, 2011 10:52 pm

To whom it may concern

I am very sorry to inform you but I am no longer working with PPG. Dave has relieved me of my duties with them. I am not sure who you should contact going forward.

Thank you for all your help with everything you have helped me with.

Thank you

Jason Danka

203-558-6156

Please call if you have any questions.