

# **Application for License to Supply Gas or Gas Supply Services to the Public in the State of Maryland**

You must use the attached form to submit your Application. (Please remove this instruction sheet prior to filing.) If you need more space than is provided on this form or if you are attaching exhibits, all attachments must be labeled or tabbed to identify the Application item to which they correspond. You are also required to file an electronic version of this document (**excluding confidential information**) using Microsoft Word or Adobe PDF. A compact disk (or other appropriate electronic storage device) must accompany the paper copies to be filed with the Maryland Public Service Commission.

To file an Application with the Maryland Public Service Commission, file a signed and verified original and 17 copies of the Application, an electronic version of the Application and attachments, and a nonrefundable license fee of \$400.00 (payable to "Public Service Commission"). Send all material to:

**David J. Collins**  
**Executive Secretary**  
**Maryland Public Service Commission**  
**6 Saint Paul St.**  
**Baltimore, MD 21202**

One copy of the Application should be sent to:

**The Office of People's Counsel**  
**6 Saint Paul St.**  
**Baltimore, MD 21202**

Questions pertaining to completion of this Application may be directed to the Public Service Commission Staff, Energy Planning and Analysis Division, at the above address or you may call the Division at (410) 767-8085.

If your answer to any of the Application items changes during the pendency of your Application or while you are operating within the State of Maryland, you are under a duty to inform the Commission. An Applicant is also required to officially notify the Commission 60 days prior to ceasing operations in Maryland. The notice must be sent to be Commission's Executive Secretary at the address shown above.

**Confidentiality:** Section 18 of this Application related to financial information will be treated as confidential information by the Commission to the extent permitted by law. The remainder of the document is considered public information.

**Applicable law:** The provisions set forth in this Application related to the licensing of natural gas suppliers and the provision of natural gas supply and natural gas supply services are addressed in detail in the Maryland Annotated Code, Public Utilities Article, § 7-603 et seq., and in the Code of Maryland Regulations, Title 20, Subtitle 54.

# BEFORE THE MARYLAND PUBLIC SERVICE COMMISSION

**1.a. Identity of the Applicant:**

(Must match the entity listed on the certificate issued by the State Department of Assessments and Taxation of Maryland)

Legal Name: \_\_\_\_\_

Current Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Street Address (if different than above): \_\_\_\_\_

Website URL: <sup>1</sup> \_\_\_\_\_

**1. b. Transfer of Existing License:**

- Attachment of attestation of transfer.
- Letter used to notify customers of transfer.

**2. The Applicant proposes to operate as a: (Check all that apply)**

- Supplier/Marketer
  - Broker (acts as an agent or intermediary in the sale and purchase of natural gas and does not take title to the natural gas)
  - Aggregator
- As an Aggregator, will the Applicant take title to the natural gas: Yes  No

**3. Natural gas supply related services, if any, the Applicant intends to offer:**

- Competitive Billing Service: (If the Applicant is providing competitive billing service, provide proof of compliance with COMAR 20.54.02.02.B.7)
- Metering
- Other (Describe in attachment)

**4. Service Territories and Type of customer the Applicant intends to serve:**

**Baltimore Gas and Electric Company**

- Residential       Commercial       Industrial

**Chesapeake Utilities, Inc.**

- Residential       Commercial       Industrial

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<sup>1</sup> PUA 7-507(j). An electricity supplier shall post on the Internet information that is readily understandable about its services and rates for small commercial and residential electric customers.

**Columbia Gas of Maryland, Inc.**

Commercial                       Industrial

**Pivotal Utility Holdings, Inc., d/b/a Elkton Gas**

Residential                       Commercial                       Industrial

**Washington Gas Light Company**

Residential                       Commercial                       Industrial

**5. Source of Supply: (not required for Broker-only Applicant)**

- Applicant owns natural gas supply.
- Applicant contracts for natural gas.
- Applicant obtains natural gas on the spot market.
- Other. Applicant must attach a statement detailing its source of natural gas supply.

**6. a. Customer Restrictions:**

- Restrictions upon the number of end use customers. (Describe in attachment)
- Applicant has no restrictions on the number of end use customers.

**6. b.**

- Restrictions upon the size of end use customers. (Describe in attachment)
- Applicant has no restrictions on the size of end use customers.
- Other restrictions regarding customers. (Describe in attachment)

**7. The Applicant proposes to begin providing services:**

- Upon approval of the Application and license.
- Other approximate date of commencement: \_\_\_\_\_
- The Applicant is currently operating in the state of Maryland.

**8. Affiliates Engaged in the Retail Sale of Electricity or Natural Gas:**

- The Applicant has no such Affiliate(s).
- Applicant is an Affiliate of a regulated electricity or natural gas utility. Describe in attachment.
- Affiliate(s) other than a regulated electricity or natural gas utility engaged in the retail sale of electricity, or electricity supply services, or natural gas are:

**Name:** \_\_\_\_\_  
**Business Address:** \_\_\_\_\_  
\_\_\_\_\_

**License Number/State of Issuance:** \_\_\_\_\_  
**Location of Operations (Utility(s) Service Territory):** \_\_\_\_\_

**9. States in which the Applicant is now or has been engaged in the retail sale (including brokering) of electricity or natural gas:**

State: _____	Type of License: _____	License No: _____
State: _____	Type of License: _____	License No: _____
State: _____	Type of License: _____	License No: _____
State: _____	Type of License: _____	License No: _____
State: _____	Type of License: _____	License No: _____
State: _____	Type of License: _____	License No: _____
State: _____	Type of License: _____	License No: _____

*If additional space is required, please attach additional sheets of paper to the Application as necessary.*

**10. Regulatory Contact Person:**

**Name and Title:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
**Telephone:** \_\_\_\_\_  
**Fax:** \_\_\_\_\_  
**E-Mail:** \_\_\_\_\_

**11. Customer Service Contact Person:**

**Name and Title:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
**Telephone:** \_\_\_\_\_  
**Fax:** \_\_\_\_\_  
**E-Mail:** \_\_\_\_\_

**12. Maryland Resident Agent:** (Agent currently on file with the State Department of Assessments and Taxation)

**Name:** \_\_\_\_\_  
**Business Address:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**13. Primary Corporate Officers/General Partners/Managing Partners**

**President/General Partner/Managing Partner:**

**Name:** \_\_\_\_\_

**Business Address:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CEO:**

**Name:** \_\_\_\_\_

**Business Address:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**14. Applicant's Business Form:**

- Proprietorship
- Corporation
- Partnership
- Limited Partnership
- Limited Liability Company
- Limited Liability Partnership
- Other: \_\_\_\_\_

**15. Certificate of Status:**

- Provided a certificate issued by the state of formation within the past 6 months certifying that the Applicant is in good standing and qualified to do business in the state of formation.
- If formed under the laws of a state other than Maryland, provided the certificate issued by the State Department of Assessments and Taxation of Maryland (SDAT) within the past 6 months certifying that the Applicant is registered or qualified, and in good standing, to do business in Maryland. For more information about the certificate of good standing, go to the SDAT website at <http://www.dat.state.md.us/> or the Business License Information System at <http://www.blis.state.md.us/>.
- Provided a copy of the Maryland State Sales and Use Tax License (Only applicable to applicants who take title to natural gas). An Applicant who intends to sell to Commercial and Industrial customers must be registered as a retail vendor unless otherwise exempt by statute. See: Maryland Annotated Code, Tax-General, Sales and Use Tax, Article, § 11-701 (c) & (d).
- If applicable, provided a certificate of compliance with the provisions of Labor and Employment Article, Title 9, Annotated Code of Maryland relating to Maryland Workers' Compensation.

**16. Ownership and Control:** Provide on a separate sheet the names and addresses of all persons and entities that directly or indirectly own ten percent (10%) or more of the ownership interests in the

Applicant, have the right to vote ten percent (10%) or more of the Applicant's voting securities, or who otherwise have the power to control the Applicant.

**17. Actions Against Licenses:**

Provide the following information for the Applicant and any Affiliate.

- Actions such as Suspensions/Revocations, Limitations, Reprimands, Fines, Consent Decrees or other similar actions have been taken or are pending against the Applicant or unregulated affiliate(s). If checked, provide an attachment describing the action; and include docket numbers, offense dates, and case numbers, if applicable.
- No such action has been taken.

**18. Financial Requirements**

**a. The Applicant must provide the most recent audited versions of at least one of the following documents.**

- Balance sheet and income statement for the two most recent 12 month periods for which information is available. Balance sheets and income statements must be for the Applicant and not a parent corporation in the event one exists; or
- If the Applicant has not been in existence for at least two-12 month periods, it must provide balance sheets and income statements for the life of the business; or
- In the event that a parent or other corporation or company has undertaken to insure the financial integrity of the Applicant, Applicant must submit such parent's, other corporation's or company's balance sheet and income statement – for the two most recent 12 month periods – together with documentation of such undertaking to insure the financial integrity of the Applicant. To the extent they exist, the Applicant must also submit its own balance sheet and income statement.

**b. In addition to the financial documents above, the Applicant shall also provide the most recent versions of the following documents, if available.**

- Credit reports or ratings prepared by a nationally recognized statistical rating organization regarding the applicant's payment and credit history, to the extent available or allowed.
- A current long-term bond rating, or other senior debt rating.

**19. Broker and/or Aggregator Bond:** A \$10,000 bond is required for an Applicant seeking to act solely as a broker or aggregator of natural gas supply and natural gas supply services. The bond is only required for those Applicant s that will not take title to natural gas. The bond must be in the format described in the broker/aggregator bond template in Attachment C.

**20. Deposit or Prepayment Bond:** A bond is required to the extent the Applicant requires prepayments and/or deposits from customers. Prepayments and/or deposits from individual

customers whose metered use during any month of the previous twelve month period was in excess of 625 dth per month will not be included in the calculation of the bond requirement. For new non-residential customers, the exemption will apply if the sales to that customer are expected to be in excess of 625 dth per month.

- Applicant will not accept prepayments or deposits from customers.
- Applicant intends to accept prepayments and/or deposits from customers. Applicant must comply with Prepayment and Deposit Bonding Addendum governing collection of prepayments and deposits. See Attachment D of this Application for more information about the prepayment or deposit bond, and a copy of the prepayment/deposit bond template.

**21. Technical and Managerial Competency:** The Applicant must submit, in an attachment, a statement of technical and managerial competency. This must include owner and key employee resumes. The attachment should also include a description of the Applicant and current operations, intended operations in Maryland, past work experience, business plans, and other items or information that demonstrate technical and managerial competency.

**22. Training and Marketing Materials:** The Applicant must provide copies of the training materials offered to the Applicant’s sales personnel/representatives; as well as the marketing materials that the Applicant will use to advertise to Maryland customers. If training material or marketing material is not available at the time of application, provide such material before commencing business in the state.

**23. Operations in Maryland:** Has the Applicant previously operated at any time—or is the Applicant currently operating—to supply, broker, aggregate, arrange, or market natural gas to Maryland customers?

Yes  No

*(NOTE: If the Applicant has previously operated, or is currently operating, directly or indirectly to serve Maryland customers then the Applicant shall complete the “Data Request for Suppliers That Have Previously Operated or are Currently Operating in Maryland.” The data request is included in the Application on Attachment E.)*

**24. Notice of Required Compliance:** The Applicant is hereby notified that it is required to comply with the following:

- a. The Applicant may be required to submit bonds, as applicable, as described in COMAR 20.54.02.08, in order to ensure financial integrity or the payment of taxes.
- b. The Applicant must update this Application with the Commission within 30 days of a change to 1, 16, 17, 20, 25f, or 25g.
- c. Except as set forth in paragraph (b) above, provide annual updates of all items that have changed in the Application. The annual update should be provided to the Commission within 120 days of the end of the supplier’s fiscal year.
- d. Supplement this Application in the event the Commission modifies the licensing requirements, or requests further information.
- e. Agree that it will not present itself as a licensed retail supplier of natural gas in Maryland, accept deposits, prepayments, or contract with any end-use customers without a license from the Commission.
- f. Pay all fees imposed by the Commission and any State and local taxes.

- g. Ensure that a copy of each service agreement entered into with Maryland natural gas companies is provided to the Commission.
- h. Acknowledge that the license to sell natural gas and natural gas supply services is not transferable without prior Commission approval.

**25. Affidavits Required:** The Applicant must supply Affidavits of Tax Compliance and General Compliance to the Commission with the completed Application. The affidavits are included with this Application packet and must be executed by the Applicant (or representative with authority to bind the Applicant) in compliance with Maryland law. The Affidavits contain the following statements on behalf of the Applicant:

- a. Agreement to comply with all terms and conditions of applicable natural gas company tariffs and agreements with natural gas companies.
- b. Agreement to comply with all applicable federal and State consumer protection and environmental laws and regulations, and Maryland Public Service Commission regulations and requirements.
- c. Agreement to comply with all applicable State and local tax and surcharge requirements.
- d. Statement that the Applicant has obtained all the licenses and permits required to operate the proposed business in the State of Maryland.
- e. Agreement of Non-Disclosure and No Reselling of customer data provided to the Applicant by any Maryland natural gas distribution company.
- f. Statement that the Applicant, including the Company and any of its affiliates, the general partners, corporate officers or directors, or limited liability company managers or officers of the Company or such affiliates:
  - 1. Has had no civil, criminal or regulatory sanctions or penalties imposed against it within the previous ten years pursuant to any State or Federal consumer protection law or regulation; and has not ever been convicted of a felony; or, alternatively
  - 2. Has disclosed by attachment all such sanctions, penalties or convictions.
- g. Statement that the Applicant:
  - 1. Is not under involuntary bankruptcy/insolvency proceedings including but not limited to, the appointment of a receiver, liquidator, or trustee of the supplier, or a decree by such court adjudging the supplier bankrupt or insolvent or sequestering any substantial part of its property or a petition to declare bankruptcy as to reorganize the supplier; and
  - 2. Has not filed a voluntary petition in bankruptcy under any provision of any Federal or State bankruptcy/insolvency law, or its consent to the filing of any bankruptcy or reorganization petition against it under any similar law; or without limiting the generality of the foregoing, a supplier admits in writing its inability to pay its debts generally as they become due or consents to the appointment of a receiver, trustee or liquidator of it or of all or any part of its property.
- h. Statement that the information, statements and documents submitted in connection with the Application are true and correct.



**26. Further Developments:** Applicant is under a continuing obligation to amend its Application if substantial changes occur in the information upon which the Commission relied in approving the original filing.

Pursuant to the Code of Maryland Regulations (“COMAR”) Title 20, Subtitle 54, Chapter 2, Section .03 – An Applicant shall immediately inform the Commission of any material change in the information provided in the Application during the Application review process.

Pursuant to COMAR Title 20, Subtitle 54, Chapter 3, Section .01 – within 30 days of a material change, a licensed supplier must update or supplement the information required in the Application under COMAR 20.54.02.02 B(1), (4), (5), and (8).

**27. Application Fee:** The Applicant must enclose the required licensing fee of \$400.

**Applicant:**     Company Name Here

**By:** \_\_\_\_\_

**Print Name Here (sign line above)**

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**AFFIDAVIT OF TAX COMPLIANCE**

State of \_\_\_\_\_ :  
County of \_\_\_\_\_ : ss.

\_\_\_\_\_, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

That he/she is the \_\_\_\_\_ (office of Affiant) of \_\_\_\_\_ (Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant;

That \_\_\_\_\_, the Applicant herein, certifies to the Commission that it is subject to, will pay, and in the past has paid, the full amount of taxes imposed by applicable state and local statutes and ordinances, as may be amended from time to time. In addition, the Applicant certifies that it will pay the full amount of all taxes and/or surcharges imposed by any local jurisdiction within the State of Maryland upon the services provided by the Applicant on a timely basis. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of Maryland or any local jurisdiction within Maryland, shall be cause for the Commission to revoke the license of the Applicant. [The Applicant acknowledges that it shall provide to the Commission its jurisdictional Gross Receipts and power sales for ultimate consumption, for the previous year or as otherwise required by the Commission.]

That \_\_\_\_\_, the Applicant herein, further certifies that the failure to pay the full amount of all taxes to the State of Maryland and any local jurisdiction within Maryland in an timely fashion may result in the forfeiture by the Applicant of all or a part of any bond required by the Commission or local jurisdiction to ensure the payment of such obligations.

As provided by State Law, Applicant, by filing of this Application waives confidentiality with respect to its state tax information in the possession of the Comptroller of the State of Maryland, regardless of the source of the information, and shall consent to the Comptroller of the State of Maryland providing that information to the Maryland Public Service Commission. The Commission shall retain such information confidentially. This does not constitute a waiver of the confidentiality of such information with respect to any party other than the Maryland Public Service Commission.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

\_\_\_\_\_  
Signature of Affiant

Sworn and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of official administering oath

My Commission expires \_\_\_\_\_

**AFFIDAVIT OF GENERAL COMPLIANCE**

State of \_\_\_\_\_ :  
County of \_\_\_\_\_ : ss.

\_\_\_\_\_, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

He/she is the \_\_\_\_\_ (Office of Affiant) of \_\_\_\_\_ (Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant.

That the Applicant herein certifies to the Commission that:

The Applicant agrees to comply with the terms and conditions of all Applicable natural gas company tariffs and agreements with natural gas companies.

The Applicant agrees to comply with all Applicable requirements of the Federal Energy Regulatory Commission.

The Applicant agrees to comply with all Applicable Federal and state consumer protection and environmental laws and regulations, and Maryland PSC regulations, fees, assessment, and requirements.

The Applicant has obtained all the licenses and permits required to operate the proposed business in the State of Maryland.

The Applicant agrees that it shall neither disclose nor resell individual residential customer data provided to the Applicant by any Maryland natural gas company. Disclosure or resale of individual non-residential customer data provided to the Applicant by a Maryland natural gas company will be governed by customer contract.

The Applicant, including any of its affiliates, the general partners, corporate officers or directors, or limited liability company members, managers or officers of the Applicant or its affiliates:

1. Has had no civil, criminal or regulatory sanctions or penalties imposed against it within the previous ten years pursuant to any State or Federal consumer protection law or regulation; and has not ever been convicted of a felony; or, alternatively
2. Has disclosed by attachment all such sanctions, penalties or convictions.

The Applicant further certifies that it:

1. Is not under involuntary bankruptcy/insolvency proceedings including but not limited to, the appointment of a receiver, liquidator, or trustee of the supplier, or a decree by such court adjudging

the supplier bankrupt or insolvent or sequestering any substantial part of its property or a petition to declare bankruptcy as to reorganize the supplier; and

2. Has not filed a voluntary petition in bankruptcy under any provision of any Federal or State bankruptcy/insolvency law, or its consent to the filing of any bankruptcy or reorganization petition against it under any similar law; or without limiting the generality of the foregoing, a supplier admitted in writing its inability to pay its debts generally as they became due, or consents to the appointment of a receiver, trustee or liquidator of it or of all or any part of its property.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

\_\_\_\_\_  
Signature of Affiant

Sworn and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of official administering oath

My Commission expires \_\_\_\_\_

**VERIFICATION**

State of \_\_\_\_\_ :  
County of \_\_\_\_\_ : ss.

\_\_\_\_\_, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

He/she is the \_\_\_\_\_ (Office of Affiant) of \_\_\_\_\_ (Name of Applicant);

That he/she is authorized to and does make this affidavit for said company;

The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to all Applicable sections of the Annotated Code of Maryland as may be amended from time to time relating to perjury and falsification in official matters.

That the Applicant will supplement this Application in the event the Commission modifies the licensing requirements, or requests further information.

That the Applicant agrees that it will not present itself as a licensed retail supplier of natural gas in Maryland, accept deposits, prepayments, or contract with any end-use customers without a license from the Commission.

That the Applicant agrees that a license issued pursuant to this Application may not be transferred without Commission approval.

That the Applicant agrees to update information contained in this Application in accordance with the schedule or otherwise set forth in the Application.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

\_\_\_\_\_  
Signature of Affiant

Sworn and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of official administering oath

My Commission expires \_\_\_\_\_

**APPLICANT'S GENERAL AUTHORIZATION FOR  
VERIFICATION OF FINANCIAL INFORMATION, ETC.**

TO WHOM IT MAY CONCERN:

I/We have applied to the Maryland Public Service Commission ("the Commission") for a license to be a Natural Gas Supplier, or to provide certain Natural Gas Supply related services, and authorize you to release to the Commission and its Staff, authorized representatives and agents any information or copies of records requested concerning:

MY/OUR COMPANY OR BUSINESS AND ITS HISTORY, PERFORMANCE, OPERATIONS, CUSTOMER RELATIONS, FINANCIAL CONDITION, INCLUDING BANK ACCOUNT TRANSACTIONS AND BALANCES, PAYMENT HISTORY WITH SUPPLIERS AND OTHER CREDITORS, VERIFICATION OF NET WORTH AND OTHER INFORMATION AND RECORDS WHICH THE COMMISSION OR ITS STAFF REQUIRES TO VERIFY OR MAKE INQUIRY CONCERNING MY/OUR FINANCIAL INTEGRITY AND THE INFORMATION CONTAINED IN MY/OUR LICENSE APPLICATION OR OTHER INFORMATION PROVIDED BY ME/US TO THE COMMISSION OR, STAFF OF THE COMMISSION, OR ITS REPRESENTATIVES OR AGENTS.

This Authorization is continuing in nature and includes release of information following issuance of a license, for re-verification, quality assurance, internal review, etc. The information is for the confidential use of the Commission and the Staff of the Commission in determining my/our financial integrity for being a licensee or to confirm information I/We have supplied and may not be released except by order of the Commission or by order of a court of competent jurisdiction.

A photographic or fax copy of this authorization may be deemed to be the equivalent of the original and may be used as a duplicate original. The original signed form is maintained by the Staff of the Commission.

APPLICANT'S AUTHORIZATION TO RELEASE INFORMATION:

\_\_\_\_\_  
APPLICANT (Please print)

By: \_\_\_\_\_  
APPLICANT'S SIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
TITLE

## Attachment A

### FINANCIAL INTEGRITY REQUIREMENTS

**An Applicant for a license can demonstrate financial integrity by providing evidence that is has meet either A or B.**

**A.** Provide financial statements<sup>2</sup> showing:

1. Positive working capital; or debt service coverage equal to or greater than two times the annual interest costs;
2. Positive stockholder equity; or positive working capital and a dedicated source of additional financing including a line of credit, a pending stock issuance or debt issuance, or other committed source of financing; and
3. Positive net income; or stockholder equity equal to or greater than two times the amount of net loss.

**B.** Provide the Commission with security in the form of the bond shown in Attachment B, or other security as described in COMAR 20.51.02.08.H.

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<sup>2</sup> For proof of financial integrity, an Applicant may rely upon a guarantee provided by a parent corporation or other person. If a parent corporation or other person undertakes to guarantee the financial integrity of the Applicant, the parent corporation or other person shall supply the information and meet the financial standards that would otherwise be required of the Applicant.

**Attachment B**

---\$250,000 FINANCIAL INTEGRITY BOND TEMPLATE---

**Natural Gas Supplier Bond**

**(Insurer Name)**

Bond No. \_\_\_\_\_

**KNOWN ALL MEN BY THESE PRESENTS:**

That we, **Company Name**, as Principal(s) and **Insurance Co.**, a company authorized to transact surety business in the State of **Maryland**, as Surety, are held and firmly bound unto **Maryland Public Service Commission**, as Obligee, in the penal sum of **Two Hundred and Fifty Thousand (\$250,000.00) DOLLARS**, lawful money of the United States of America, for payment of which, well and truly be made, we hereby bind ourselves, our heirs, executors, administrators, legal representatives and successors, jointly and severally, firmly by these presents.

WHEREAS, the Principal has obtained or is about to obtain, from the Obligee, a license to do business as a **Natural Gas Supplier** in Maryland under the Maryland Annotated Code, Public Utilities Article, § 7-603 et seq. and Code of Maryland Regulations, Title 20.

NOW THEREFORE, THE CONDITIONS OF THIS OBLIGATION ARE SUCH, that if the said Principal shall comply with the provisions of the said Code, licenses, all Applicable Ordinances, Rules and Regulations, and any Amendments thereto, then this obligation shall not be payable, but shall otherwise remain in full force and effect, subject to the payment as set forth below.

This obligation shall become effective on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and shall remain in force until cancelled.

PAYMENT under this bond shall be due if the Commission determines that **Company Name** is financially insolvent or unable to meet its obligations as a licensed **Natural Gas Supplier** in Maryland. **Insurance Co.** will permit the Commission to direct that the proceeds of this bond be paid or disbursed to satisfy the natural gas supplier’s financial obligations to the Commission or other Maryland governmental entity. **Insurance Co.** will permit a Maryland court to direct proceeds of the bond be paid to a person that has obtained a judgment against a licensed supplier and has previously attempted to collect the judgment through all other means available through the Court.

PROVIDED, that the Surety may terminate its liability hereunder as to future acts of the Principal at any time by giving sixty (60) days written notice of such termination to the Obligee.

SIGNED AND SEALED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(Natural Gas Supplier Name \_\_\_\_\_)

BY: (Principal Signature \_\_\_\_\_)  
Principal Name, Title

(Insurer/Bond Company \_\_\_\_\_)

BY: (Signature of Insurer \_\_\_\_\_)  
Insurer Name, Attorney-in-fact



## Attachment C

### ---BROKER/AGGREGATOR BOND TEMPLATE---

#### LICENSE OR PERMIT BOND

(Insurer Name)

Bond No. \_\_\_\_\_

#### KNOWN ALL MEN BY THESE PRESENTS:

That we, Company Name, as Principal(s) and Insurance Co., a company authorized to transact surety business in the State of Maryland, as Surety, are held and firmly bound unto Maryland Public Service Commission, as Obligee, in the penal sum of Ten Thousand (\$10,000.00) DOLLARS, lawful money of the United States of America, for payment of which, well and truly be made, we hereby bind ourselves, our heirs, executors, administrators, legal representatives and successors, jointly and severally, firmly by these presents.

WHEREAS, the Principal has obtained or is about to obtain, from the Obligee, a license to do business as a Natural Gas Supplier in Maryland under the Maryland Annotated Code, Public Utilities Article, § 7-603 et seq. and Code of Maryland Regulations, Title 20.

NOW THEREFORE, THE CONDITIONS OF THIS OBLIGATION ARE SUCH, that if the said Principal shall comply with the provisions of the said Code, licenses, all Applicable Ordinances, Rules and Regulations, and any Amendments thereto, then this obligation shall not be payable, but shall otherwise remain in full force and effect, subject to payment as set forth below.

This obligation shall become effective on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and shall remain in force until cancelled.

PAYMENT under this bond shall be due if the Commission determines that Company Name is financially insolvent or unable to meet its obligations as a licensed Natural Gas Supplier in Maryland. Insurance Co. will permit the Commission to direct that the proceeds of this bond be paid or disbursed to satisfy the natural gas supplier's financial obligations to the Commission or other Maryland governmental entity. Insurance Co. will permit a Maryland court to direct proceeds of the bond be paid to a person that has obtained a judgment against a licensed supplier and has previously attempted to collect the judgment through all other means available through the Court.

PROVIDED, that the Surety may terminate its liability hereunder as to future acts of the Principal at any time by giving sixty (60) days written notice of such termination to the Obligee.

SIGNED AND SEALED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(Natural Gas Supplier Name )

BY: (Principal Signature )  
Principal Name, Title

(Insurer/Bond Company )

BY: (Signature of Insurer )  
Attorney-in-fact

## Attachment D

### PREPAYMENT AND DEPOSIT BONDING REQUIREMENTS ADDENDUM

#### 1. DEFINITION AND EXCLUSION

- a. Any natural gas supplier who charges or collects deposits or prepayments shall maintain a bond in an amount at least equal to the total amount of such deposits and prepayments as specified in this section. Prepayments and/or deposits from customers whose metered use during any month of the previous twelve month period was in excess of 625 dth per month are exempt from the calculation of the bond requirement. For new non-residential customers, the exemption will apply if the sales to that customer are expected to be in excess of 625 dth per month.
- b. "Deposits" include all payments made by a consumer to a natural gas supplier to secure the natural gas supplier against the consumer's nonpayment or default.
- c. "Prepayments" include all payments made by a consumer to a natural gas supplier for services that have not been rendered at the time of payment.
  - (1) Where a natural gas supplier charges for services based on a quantity of natural gas, such as a price per therm, then prepayments include any payments for any quantity that has not been delivered to the consumer at the time of payment.
  - (2) Where a natural gas supplier charges for services based on a period of time, such as charging a membership fee, initiation fee or other fee for services for a time period, then prepayments include the amount of the total charges collected by the gas supplier for the period of time less the prorated value of the period of time for which services have been rendered.
  - (3) Where a natural gas supplier charges for services based on a measure other than quantity of gas delivered or a period of time, the PSC shall determine, on a case by case basis, whether the charges involve a prepayment and the appropriate method of calculating the required bond.
  - (4) Prepayments do not include any funds received in advance of the services being rendered as a result of the consumer's voluntary participation in a budget billing or level billing plan by which the consumer's anticipated natural gas costs are averaged over a period of time.

2. WHO MUST POST A PREPAYMENT OR DEPOSIT BOND. Any natural gas supplier who is not exempt pursuant to 1(a) above and who states on its license Application or annual renewal that they intend to charge deposits or prepayments, or who do in fact charge a deposit or prepayment, must post the bond. Any natural gas supplier who states on its license Application or renewal that they do not intend to charge deposits or prepayments will not be required to post a bond or provide the audited CPA/PSC Accounting Division certification described below. Any natural gas supplier who actually charges a deposit or prepayment without notifying the PSC and posting the required bond may be subject to suspension, revocation, or other action against its license, as well as for restitution to any consumers who paid such deposits or prepayments.

3. PROCEDURE FOR DETERMINING AMOUNT OF BOND
  - a. INITIAL BOND: Before accepting any deposits or prepayments, or for active suppliers prior to July 1, 2001 who have deposits or prepayments from current customers, a natural gas supplier must (1) notify the PSC on its license Application, within 30 days of the change for an existing license holder, or by separate communication that it intends to begin charging deposits or prepayments, and (2) post an initial bond of \$50,000.
  - b. SIX MONTH CERTIFICATION: Within six months after the initial bond is posted, (1) the natural gas supplier shall provide to the PSC, an audited certification conducted by either an independent certified accountant ("CPA") or the PSC Accounting Division (see below) of the amount of the deposits and prepayments and (2) a bond in the amount certified by the CPA/PSC Accounting Division.
  - c. ANNUAL CERTIFICATION: Annually thereafter, coinciding with the annual update requirements of the PSC license Application, the natural gas supplier shall provide to the PSC (1) a statement of the amount of the deposits and prepayments conducted by either an independent CPA or the PSC Accounting Division and (2) a bond in that amount.
  - d. QUARTERLY UPDATES: Following submittal of the first annual update, the natural gas supplier must provide to the PSC (1) a quarterly management report stating the amount of deposits and prepayments collected and (2) an adjustment to the bond in that amount.
4. CPA/PSC ACCOUNTING DIVISION AUDIT REPORT. The natural gas supplier shall provide appropriate certification at the intervals discussed in the above paragraphs, on funds collected by a Supplier for prepayments or deposits. The Supplier will have the option of certifying funds through an audit conducted by independent certified accountant or by the PSC Accounting Division. The audit will verify collections and balances of prepayments and deposits as of a specific date and whether the Supplier has appropriate bond coverage.
5. BOND FORM: BENEFICIARY, CLAIMS, DISTRIBUTION. The natural gas supplier shall provide a bond on the form required by the PSC.
6. COMPLIANCE INVESTIGATIONS. The PSC has the right to initiate appropriate investigations if it determines a Supplier is collecting prepayments and/or deposits from customers without appropriate bond coverage. The PSC will utilize appropriate legal remedies both to investigate and/or enforce actions necessary to ensure suppliers have appropriate bonds.

---PREPAYMENT OR DEPOSIT BOND TEMPLATE---

**Prepayment or Deposit Bond**

**(Insurer Name)**

Bond No. \_\_\_\_\_

**KNOWN ALL MEN BY THESE PRESENTS:**

That we, **Company Name**, as Principal(s) and **Insurance Co.**, a company authorized to transact surety business in the State of **Maryland**, as Surety, are held and firmly bound unto **Maryland Public Service Commission**, as Obligee, in the penal sum of **Fifty Thousand (\$50,000.00) DOLLARS**, lawful money of the United States of America, for payment of which, well and truly be made, we hereby bind ourselves, our heirs, executors, administrators, legal representatives and successors, jointly and severally, firmly by these presents.

WHEREAS, the Principal has obtained or is about to obtain, from the Obligee, a license to do business as a **Natural Gas Supplier** in Maryland under the Maryland Annotated Code, Public Utilities Article, § 7-603 et seq. and Code of Maryland Regulations, Title 20.

NOW THEREFORE, THE CONDITIONS OF THIS OBLIGATION ARE SUCH, that if the said Principal shall comply with the provisions of the said Code, licenses, all Applicable Ordinances, Rules and Regulations, and any Amendments thereto, then this obligation shall not be payable, but, shall otherwise remain in full force and effect, subject to payment as set forth below.

This obligation shall become effective on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and shall remain in force until cancelled.

PAYMENT under this bond shall be due if the Commission determines that **Company Name** is financially insolvent or unable to meet its obligations as a licensed **Natural Gas Supplier** in Maryland. **Insurance Co.** will permit the Commission to direct that the proceeds of this bond be paid or disbursed to satisfy the natural gas supplier's financial obligations to the Commission or other Maryland governmental entity. **Insurance Co.** will permit a Maryland court to direct proceeds of the bond be paid to a person that has obtained a judgment against a licensed supplier and has previously attempted to collect the judgment through all other means available through the Court.

PROVIDED, that the Surety may terminate its liability hereunder as to future acts of the Principal at any time by giving sixty (60) days written notice of such termination to the Obligee.

SIGNED AND SEALED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(Natural Gas Supplier Name \_\_\_\_\_)

BY: (Principal Signature \_\_\_\_\_)  
Principal Name, Title

(Insurer/Bond Company \_\_\_\_\_)

BY: (Signature of Insurer \_\_\_\_\_)  
Insurer Name, Attorney-in-fact

## Attachment E

### **Data Request for Suppliers that have Previously Operated or are Currently Operating in Maryland**

Electricity and Gas suppliers, including brokers, may not operate in the state prior to receiving a supplier license from the Maryland Public Service Commission. Suppliers that are currently providing service directly or indirectly to Maryland customers shall cease such activity until a license is obtained from the Maryland Public Service Commission. If you have provided such services in Maryland, respond to the requests below. **(The Applicant's response must include both the questions below, as well as responses.)**

1. Applicant business name.
2. Date the Application for a Maryland electricity or gas license was submitted.
3. In what states does the Applicant or an affiliate operate as an electricity or gas supplier, aggregator, marketer, or broker? List each state and the specific operation in each state for the Applicant or its affiliate (*e.g.*, New Jersey-electricity; New York-gas; Delaware-electricity and gas).
4. In what states is the Applicant licensed or certificated to operate as an electricity or gas supplier, aggregator, marketer, or broker? List each state and the license or certificate obtained (*e.g.*, New Jersey-licensed as an electricity broker).
5. Is the Applicant currently operating as an electricity or gas supplier, aggregator, marketer, or broker in Maryland? If yes, describe current operations.
6. Describe why the Applicant operated as an electricity or gas supplier, aggregator, marketer, or broker in Maryland without the appropriate license.
7. How did the Applicant realize that it must obtain a license to operate in Maryland?
8. On what date (approximately) did the Applicant realize that it must obtain a license to operate in Maryland.
9. For what period of time has the Applicant operated in Maryland, provide beginning and ending dates (month and year)?
10. Disclose the total annual revenues (broken out by each calendar year) for Maryland specific electricity and gas supplier, aggregator, marketer, or broker operations. If the Applicant served both electricity and gas customers separate the revenue by type of service.
11. Number of Maryland customers served by the Applicant.
12. Number of Maryland accounts served by the Applicant.
13. Has the Applicant ceased making offers in Maryland to new customers?

14. Other information related to licensing that the Applicant wishes to disclose.

## Checklist of Required Items for Natural Gas Supplier Applications

1. Certificate of good standing from the state of formation.
2. Certificate of good standing from the state of Maryland (Maryland State Department of Assessments and Taxation, <http://www.dat.state.md.us/>).
3. Statement of technical and managerial competency (this should include a description of the Applicant and current operations, intended operations in Maryland, past work experience, owner and employee resumes, business plans, and other items or information that demonstrate technical and managerial competency) .
4. Maryland specific training material provided to company sales personnel/representatives. If training material is not available then explain why the material is not available.
5. Maryland specific marketing material. The Applicant must provide copies of the training materials offered to the Applicant's sales personnel/representatives. If marketing material is not available then explain why the material is not available.
6. Provide financial information as described in this application.
7. \$10,000 bond is required for suppliers operating as brokers.
8. \$50,000 bond is required for suppliers intending to collect prepayment or deposits from customers.
9. \$400 application fee.