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August 8, 2014

**VIA HAND DELIVERY**

Secretary Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Petition of AP Gas & Electric (PA) LLC To Request Reduction in Security Amount**  
**Docket No. P-\_\_\_\_\_**

Dear Secretary Chiavetta:

Enclosed for filing please find an original plus two copies of the Petition of AP Gas & Electric (PA) LLC to Request a Reduction in its Security Amount. **Please note that Exhibits 1, 2 and 3 to this filing contain Confidential information, and have been marked as such and provided in a separate envelope.** The Petitioner requests that Exhibits 1, 2 and 3 be filed under Seal.

Also enclosed herewith is a check in the amount of \$350.00 for payment of the filing fee. Non-confidential copies of the Petition have been served in accordance with the attached Certificate of Service. Upon filing, please return a time-stamped copy of the Petition to our courier. Thank you, and if you have questions, please do not hesitate to contact me.

Very truly yours,

STEVENS & LEE

  
Michael A. Grum

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Encl.

cc: Certificate of Service

Philadelphia • Reading • Valley Forge • Lehigh Valley • Harrisburg • Lancaster • Scranton  
• Wilkes-Barre • Princeton • Cherry Hill • New York • Wilmington

A PROFESSIONAL CORPORATION

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of AP Gas & Electric (PA) : Docket No. P \_\_\_\_\_  
LLC To Request Reduction in :  
Security Amount :

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**Petition of AP Gas & Electric (PA) LLC  
To Request a Reduction in Security Amount**

And Now, pursuant to 66 Pa.C.S.A. § 2809 (c)(1)(i) and the Order of the Pennsylvania Public Utility Commission (“Commission”) entered on July 24, 2014 in Docket No. M-2013-2393141, AP Gas & Electric (PA) LLC (“APG&E”) files this Petition to request that its security requirement be reduced from 10% of annual gross receipts to 5% of annual gross receipts. In support of this request, APG&E states as follows.

1. On August 6, 2010, APG&E filed an application to offer, render, furnish or supply electric generation services to residential, small commercial (25 kW and under), and large commercial (over 25 kW) customers in the electric distribution company service territories of West Penn Power, Duquesne Light Company, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, PECO Energy Company, PPL Electric Utilities Corporation and UGI Utilities Inc. within the Commonwealth of Pennsylvania.
2. By Order entered on October 18, 2010 in Docket No. A-2010-2192731, The Commission approved APG&E’s Application and authorized APG&E to begin to offer the services described above.
3. On August 19, 2013, APG&E filed a request to amend its electric generation supplier license in order to serve residential, small commercial (25 kW and under), and large

commercial (over 25 kW) customers in the additional electric distribution company service territories of Citizens Electric Company and Wellsboro Electric Company, which request was approved by the Commission by Order entered on November 14, 2013.

4. APG&E provided an initial letter of credit in the amount of \$250,000 at the time it filed its initial Electric Generation Supplier (“EGS”) license application, in accordance with the Commission’s regulations at 52 Pa. Code § 54.40.

5. In the years following its licensure, APG&E has provided either a bond or a letter of credit in an amount equal to 10% of its most recent annual reported gross revenues in order to satisfy the Commission’s financial security requirements for EGSs.

6. By Order entered on July 24, 2014, the Commission announced a new policy to allow EGSs, upon request, to reduce their required level of security to 5% of the EGS’s most recent 12 months of revenue, or \$250,000, whichever is higher. The Commission found that requiring an EGS to post a bond or security in the amount of 10% of reported gross receipts after the first year of EGS operation may be excessive in relation to the risk intended to be secured, unnecessarily burdening EGSs, and presenting a potential barrier to entry to Pennsylvania’s retail electric market.<sup>1</sup>

7. In accordance with the July 24, 2014 Order APG&E respectfully requests the Commission’s approval to reduce its required security amount from 10% to 5% of APG&E’s most recent 12 months of revenue.

8. Since becoming licensed in Pennsylvania, APG&E has always met all of its financial and annual reporting obligations.

9. APG&E has no outstanding Pennsylvania Tax liabilities, and since becoming

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<sup>1</sup> *Public Utility Commission Bonding/Security Requirements for Electric Generation Suppliers/Acceptable Security Instruments*, Docket No. M-2013-2393141 (Order Entered July 24, 2014)

licensed APG&E has paid its Gross Receipts Tax obligations in full and in a timely manner.

10. APG&E also has no outstanding financial obligations to any of its customers, to any of the Electric Distribution Companies (“EDCs”) in Pennsylvania or to PJM Interconnection, LLC (“PJM”).

11. Attached hereto as Confidential Exhibit 1 is a statement showing APG&E’s gross revenues for sales of electricity to retail customers in Pennsylvania for the most months of July 2013 through June 2014.

12. Attached hereto as Confidential Exhibit 2 are APG&E’s Pennsylvania Department of Revenue Gross Receipts Tax statement for calendar year 2014, and copies of APG&E’s Gross Receipts Tax payment confirmations for calendar year 2014.

13. Attached hereto as Confidential Exhibit 3 is a report showing APG&E’s Alternative Energy Portfolio Standards compliance data for the most recent 12 months.

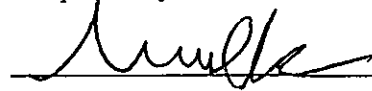
14. APG&E’s current bond on file with the Commission expires on August 17, 2014, so APG&E respectfully requests expeditious consideration of this Petition so that the proper amount of security can be submitted to the Commission upon expiration of the APG&E’s current bond.

15. Copies of this Petition are being served on the Bureau of Technical Utility Services, the Office of Consumer Advocate, Office of Small Business Advocate, Bureau of Investigation and Enforcement, PA Department of Revenue, and all of the EDCs in Pennsylvania in whose territories APG&E is licensed to operate.

WHEREFORE, for the foregoing reasons, AP Gas & Electric (PA), LLC respectfully requests that its security requirement be reduced from 10% of annual gross receipts to 5% of annual gross receipts.

Dated: August 8, 2014

Respectfully Submitted



Michael A. Gruin  
PA I.D. 78625  
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Counsel for APG&E


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**VERIFICATION**

I, Jeffrey Chen, holding the title of Counsel with AP Gas & Electric (PA) LLC verify that the statements made in the foregoing Petition are true and correct to the best of my knowledge, information and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. §4904, relating to unsworn falsifications to authorities.

  
\_\_\_\_\_  
Jeffrey Chen

8/6/2014  
Date

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**CONFIDENTIAL Exhibit 1**

**Last 12 Months Gross Revenues**

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**CONFIDENTIAL Exhibit 2**

**2014 PA Gross Receipts Tax Statement and Payment Confirmations**

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**CONFIDENTIAL Exhibit 3**

**Alternative Energy Portfolio Standards Compliance Data**

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of AP Gas & Electric (PA) : Docket No. P \_\_\_\_\_  
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I hereby certify that on this 8<sup>th</sup> day of August, 2014 copies of the foregoing Petition have been served upon the persons listed below via First Class U.S. Mail in accordance with the requirements of 52 Pa. Code Sections 1.54 and 1.55.

Tanya McCloskey, Esq.  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1921

John Evans  
Office of Small Business Advocate  
Commerce Building, Suite 1102  
300 North Second Street  
Harrisburg, PA 17101

Office of Attorney General  
Bureau of Consumer Protection  
Strawberry Square, 14th Floor  
Harrisburg, PA 17120

Commonwealth of Pennsylvania  
Department of Revenue  
Bureau of Compliance  
P.O. Box 280946  
Harrisburg, PA 17128-0946

Johnnie Simms, Esq.  
Director  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor, F West  
Harrisburg, PA 17120

Legal Department  
Attn: Paul Russell  
PPL  
Two North Ninth Street  
Allentown, PA 18108-1179

James Shurskis  
Bureau of Technical Utility Services  
Pennsylvania Public Utility Commission  
400 North Street  
Harrisburg, PA 17120

Manager Energy Acquisition  
Legal Department  
PECO Energy Company  
2301 Market Street  
Philadelphia, PA 19101-8699

Legal Department  
First Energy  
2800 Pottsville Pike  
Reading PA, 19612

Wellsboro Electric Company  
Attn: EGS Coordination  
33 Austin Street  
P. O. Box 138  
Wellsboro, PA 16901

Regulatory Affairs  
Duquesne Light Company  
411 Seventh Street, MD 16-4  
Pittsburgh, PA 15219

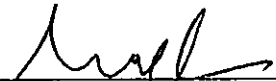
UGI Utilities, Inc.  
Attn: Rates Dept. – Choice Coordinator  
2525 N. 12th Street, Suite 360  
Post Office Box 12677  
Reading, Pa 19612-2677

Citizens' Electric Company  
Attn: EGS Coordination

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1775 Industrial Boulevard  
Lewisburg, PA 17837

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Michael A. Grun, Esq.

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