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November 26, 2014

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

**RE: The Trustees of the University of Pennsylvania; Docket No. A-2010-2196823
Petition To Amend Electric Generation Supplier License To Reduce Bond Level**

Dear Secretary Chiavetta:

On September 12, 2014, The Trustees of the University of Pennsylvania ("Penn") filed a Petition To Amend Electric Generation Supplier License To Reduce Bond Level ("Petition") in the above-referenced proceeding pursuant to the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Final Order entered on July 24, 2014 ("July 24 Order"), in Docket No. M-2013-2393141, *Public Utility Commission Bonding/Security Requirements for Electric Generation Suppliers*. Penn's Petition requested an effective date of October 15, 2014, in order to afford Penn with time to secure and submit a new bond on or before Penn's bond renewal deadline of October 22, 2014. To date, Penn's Petition remains pending before the Commission. By this letter, Penn respectfully submits that its current bond appears to satisfy the bonding requirement applicable to Penn under the present circumstances. To the extent it is necessary to take further action pending Commission review of its Petition, however, Penn respectfully requests further PUC guidance.

The July 24 Order announced a new policy under which the Commission will accept a request by an electric generation supplier ("EGS") to reduce its level of security after the first year of operation. *See* July 24 Order, pp. 10-11; *id.* at 12. Under the new policy, an EGS may file a petition to reduce its security level from 10% to 5% of its most recent twelve months of revenue or \$250,000, whichever is higher. *Id.* The Commission anticipated an expedited review process for uncontested petitions. *Id.* at 13. Based on discussions with PUC staff, however, it is Penn's understanding that the review process for petitions, including uncontested petitions such as Penn's, has been significantly extended to provide the Pennsylvania Department of Revenue with an opportunity for review.

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Penn filed its Petition and supporting documentation in accordance with the July 24 Order, with a requested effective date of October 15, 2014, as previously stated. Unfortunately, however, Penn did not secure PUC approval by its requested effective date. Consequently, and as evidence of good faith, Penn allowed its bond on file with the Commission to renew at its full amount.¹ While the level of the renewed bond clearly comports with the new policy announced in the July 24 Order, it does not comply with the 10% of gross receipts standard in Section 54.40 of the Commission's regulations, 52 Pa. Code § 54.40, but only by a *de minimus* amount.

By this letter, Penn respectfully submits that its current bond appears to satisfy the bonding requirement applicable to Penn under the present circumstances. To the extent it is necessary to take any additional action during the pendency of Penn's Petition, however, Penn respectfully requests PUC guidance. Please contact the undersigned with any questions or with requests for any additional information.

Sincerely,

McNEES WALLACE & NURICK LLC

By 
Vasiliki Karandrikas

Counsel to The Trustees of the University of Pennsylvania

VK/emp
Enclosures

c: James Shurskis, Bureau of Technical Utility Services (via E-mail)
Certificate of Service (via First Class Mail)

¹ Penn filed its renewed bond with the Commission on or about October 17, 2014.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed below, in accordance with the requirements of Sections 1.57, 1.58 and 5.14.

VIA FIRST-CLASS MAIL

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120-1921

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

Office of Small Business Advocate
Commerce Building, Suite 202
300 North Second Street
Harrisburg, PA 17101

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
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Vasiliki Karandrikas

Counsel to the Trustees of the University of
Pennsylvania

Dated this 26th day of November, 2014, in Harrisburg, Pennsylvania.