

RECEIVED

2017 OCT -5 PM 3: 33

PA PUC
SECRETARY'S BUREAU
FRONT DESK

STEVENS & LEE
LAWYERS & CONSULTANTS

17 North Second Street
16th Floor
Harrisburg, PA 17101
(717) 234-1090 Fax (717) 234-1099
www.stevenslee.com

Direct Dial: (717) 255-7365
Email: mag@stevenslee.com

October 5, 2017

VIA HAND DELIVERY

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

**Re: Petition of WGL Energy Services, Inc. To Request Reduction in Security Amount
and Permit Continued Use of a Parental Guarantee to Satisfy its Security Requirement
Docket No. A-110158**

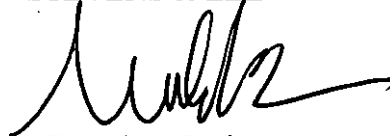
Dear Secretary Chiavetta:

Enclosed for filing please find an original plus two copies of the Petition of WGL Energy Services, Inc. to Request a Reduction in its Security Amount and Permit Continued Use of a Parental Guarantee to Satisfy its Security Requirement. **Please note that Exhibits 1, 2, 3, 4 5, and 6 to this filing contain Confidential information, and have been marked as such and provided in a separate envelope.** The Petitioner requests that the Exhibits 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. Gruin

Encl.

cc: Certificate of Service

Philadelphia • Reading • Valley Forge • Allentown • Harrisburg • Lancaster • Scranton
• Wilkes-Barre • Princeton • Charleston • New York • Wilmington

A PROFESSIONAL CORPORATION

RECEIVED
2017 OCT -5 PM 3:33

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
PA PUC
SECRETARY'S BUREAU
FRONT DESK

Petition of WGL Energy Services, Inc. To Request Reduction in Security Amount and Continued Use of Parental Guarantee to Satisfy its Security Requirement : Docket No. A-110158
:
:
:
:
:

Petition of WGL Energy Services, Inc. To Request a Reduction in Security Amount and to Permit the Continued Use of a Parental Guarantee To Satisfy Its Security Requirement

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, WGL Energy Services, Inc. (“WGL Energy”) files this Petition to request that its Electric Generation Supplier security requirement be reduced from 10% of annual gross receipts to 5% of annual gross receipts, and to permit the continued use of a Parental Guarantee to Satisfy its Electric Generation Supplier security requirement. In support of this request, WGL Energy states as follows:

Request to Continue to Utilize Parental Guarantee to Satisfy Security Requirements

1. WGL Energy has been licensed as an Electric Generation Supplier (“EGS”) in Pennsylvania since 2002.
2. On December 8, 2015, WGL Energy filed a request to the Pennsylvania Public Utility Commission (“Commission”) to change the form of its Electric Generation Supplier security from a bond to a parental guarantee.
3. By Secretarial Letter issued on January 11, 2016, the Commission approved WGL Energy’s request to utilize a parental guarantee instead of a bond to satisfy its Electric

Generation Supplier security requirements, and required WGL Energy to annually renew its request to utilize a parental guarantee.

4. On October 7, 2016, WGL Energy submitted its first annual renewal request to continue utilizing a parental guarantee.

5. With this Petition, WGL Energy is again renewing its request to utilize a parental guarantee to satisfy its security requirement for the forthcoming year.

6. Attached hereto as Confidential Exhibit 1 is the new parental guarantee that is being filed with the Secretary contemporaneously herewith under separate cover. The guarantee is provided by WGL Holdings, Inc. to satisfy the security obligations of WGL Energy. The parental guarantee is issued in an amount equal to 10% of WGL Energy's most recent 12 months of reported Pennsylvania gross receipts from the sale of electricity to retail customers.¹

7. WGL Holdings, Inc. is the parent of WGL Energy and is a publicly-traded utility holding company trading on the New York Stock Exchange under ticker symbol "WGL".

8. WGL Holding, Inc.'s credit rating is A or equivalent, as reflected in the Confidential credit rating summaries attached as Confidential Exhibit 2.

9. The parental guarantee being submitted by WGL Energy fully complies with the July 24, 2014 Final Order in the Commission's Public Utility Commission Bonding/Security Requirements for Electric Generation Suppliers - Acceptable Security Instruments proceeding at Docket No. M-2013-2393141. Furthermore, the Guarantee and accompanying Chief Financial Officer Letter are provided in the form approved by the Commission's Law Bureau.

Request to Reduce Security Amount from 10% to 5% of Annual Gross Receipts

10. In addition, WGL Energy hereby respectfully requests that the Commission

¹ 1. If WGL Energy's request to reduce its security amount is granted, WGL Energy may replace the parental guarantee with a new guarantee to reflect the reduced security amount.

approve a reduction in WGL Energy's required security amount from 10% to 5% of WGL Energy's most recent 12 months of Pennsylvania revenue from electricity sales.

11. By Order entered on July 24, 2014 in Docket No. M-2013-2393141, the Commission announced a 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.²

12. Since becoming licensed in Pennsylvania, WGL Energy has always met all of its financial and annual reporting obligations.

13. WGL Energy has no outstanding Pennsylvania Tax liabilities, and since becoming licensed WGL Energy has paid its Gross Receipts Tax obligations in full and in a timely manner.

14. WGL Energy 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").

15. Attached hereto as Confidential Exhibit 3 is a statement showing WGL Energy's gross revenues for sales of electricity to retail customers in Pennsylvania for the most months of July 2016 through June 2017.

16. Attached hereto as Confidential Exhibit 4 is a summary of WGL Energy's payment of its 2016 Pennsylvania Gross Receipts Tax obligations, and prepayments of its 2017 Pennsylvania Gross Receipts tax obligations.

² *Public Utility Commission Bonding/Security Requirements for Electric Generation Suppliers/Acceptable Security Instruments*, Docket No. M-2013-2393141 (Order Entered July 24, 2014)

17. Attached hereto as Confidential Exhibit 5 is a report from the Statewide Administrator of the Pennsylvania Alternative Energy Portfolio Standards Act, showing WGL Energy's compliance for the most recent energy year.

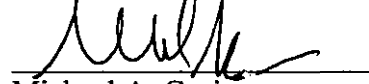
18. Attached as Confidential Exhibit 6 is a Tax Status Letter of Good Standing from the Pennsylvania Department of Revenue to confirm that WGL Energy is current with all of its Pennsylvania tax obligations.

19. 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, Office of Attorney General Bureau of Consumer Protection and all of the EDCs in Pennsylvania in whose territories WGL Energy is licensed to operate.

WHEREFORE, for the foregoing reasons, WGL Energy Services, Inc. respectfully requests the Commission grant this Petition and reduce WGL Energy Services Inc.'s security requirement from 10% of its most recent annual gross receipts to 5% of most recent annual gross receipts, and permit WGL Energy Services Inc. to continue to utilize a parental guarantee to satisfy its security requirement.

Dated: October 5, 2017

Respectfully Submitted



Michael A. Gruin
PA I.D. 78625
STEVENS & LEE, P.C.
17 N. 2nd St., 16th Floor
Harrisburg, PA 17101
(717) 255-7365
mag@stevenslee.com
Counsel for WGL Energy Services, Inc.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of WGL Energy Services, Inc. To Request Reduction in Security Amount and Continued Use of Parental Guarantee to Satisfy its Security Requirement	: Docket No. A-110158 : : : :
---	---

VERIFICATION

I, Bernice K. McIntyre, holding the title of Regulatory Strategy Director, WGL Business Development and Non-Utility Operations 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.



Bernice K. McIntyre

10/4/2017
Date

RECEIVED
2017 OCT -5 PM 3:56
PA PUC
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of WGL Energy Services, : Docket No. A-110158
Inc. To Request Reduction in :
Security Amount and Continued :
Use of Parental Guarantee to :
Satisfy its Security Requirement :


RECEIVED
2017 OCT -5 PM 3:56
PA PUC
SECRETARY'S BUREAU

I hereby certify that on this 5th day of October, 2017 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 202 300 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
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
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 Reading, Pa 19612-2677

Citizens' Electric Company
Attn: EGS Coordination
1775 Industrial Boulevard
Lewisburg, PA 17837

DATE: October 5, 2017



Michael A. Gruin, Esq.