

PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17120

Petition of FirstEnergy Solutions Corp. for  
Renewal of Its 5% Reduced Financial Security  
Requirement for the Period June 10, 2018  
Through June 10, 2019

Public Meeting held June 14, 2018  
1093451-OSA  
Docket No. A-110078

MOTION OF CHAIRMAN GLADYS M. BROWN

Before the Commission is the Petition for Reconsideration of Staff Action (Reconsideration Petition) filed by FirstEnergy Solutions Corp. (FES). On April 18, 2018 the Commission's Technical Utility Services Staff (TUS) issued a Secretarial Letter which denied FES's petition to renew its financial security at the 5% level. The Secretarial Letter referenced FES's recently filed notice of its voluntary petition for bankruptcy in the United States Court for Northern District of Ohio as well as FES's subsequent credit rating downgrade by Moody's Investor Services.

The Commission's July 24, 2014 Final Order at Docket M-2013-2393141 established the procedures by which Commission Staff may deny petitions to reduce EGS financial security requirements from 10% to 5%. Specifically, the Final Order stated the following on page 13:

*For any denial, the Bureau of Technical Utility Services will state how the request is not consistent with the Public Utility Code and the Commission's bonding/security regulations.*

In its Secretarial Letter denying the FES bond reduction renewal TUS stated:

*The financial security is designed "to ensure the financial responsibility of the electricity generation supplier and the supply of electricity at retail in accordance with contracts, agreements or arrangements." Because of Moody's downgrade of FES's rating outlook, we find considerable uncertainty regarding FES's ability to fulfil its future annual obligations under Section 2809. In particular, we have concerns regarding FES's ability to fulfil its obligations related to gross receipts taxes, Alternate Energy Portfolio Standards (AEPS) and the Commission's Annual Fee levied on EGSs. Because of these uncertainties, we believe that it is prudent to return FES's financial security level to 10% of its most recent four quarters of revenue.*

I submit that TUS's Secretarial Letter denying FES's bond reduction renewal is consistent with the procedure established in our July 24, 2014 Final Order. Further, I support the justification utilized by TUS Staff in the Secretarial Letter for denial of the FES petition to renew its reduced bond level.

**THEREFORE, I MOVE THAT**

- 1.) The Petition for Reconsideration of Staff Action filed by FirstEnergy Solutions Corp. pertaining to its Petition for Renewal of Its 5% Reduced Financial Security Requirement for the Period June 10, 2018 Through June 10, 2019 be denied, consistent with this Motion.
- 2.) The Office of Special Assistants draft an Opinion and Order consistent with this Motion.

June 14, 2018  
Date

  
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Gladys M. Brown, Chairman