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| PUC logo | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  400 NORTH STREET, HARRISBURG, PA 17120 | **IN REPLY PLEASE REFER TO OUR FILE** |

# June 19, 2018

# Docket No. A-2009-2132755

# Utility Code: 1111405

F MITCHELL DUTTON REGULATORY COUNSEL

AEP ENERGY INC

ONE EASTON OVAL STE 200

COLUMBUS OH 43219

Re: Financial Security Reduction Petition Renewal

Dear Mr. Dutton:

On September 2, 2015, AEP Energy, Inc. (AEP Energy) was initially approved for a 5% Financial Security Reduction by Secretarial Letter. On May 31, 2018, AEP Energy filed a Financial Security Reduction Petition Renewal to maintain its 5% security reduction with the Pennsylvania Public Utility Commission of AEP Energy’s most recent twelve (12) months of revenue pursuant to the Commission’s Order entered July 24, 2014 at Docket No. M-2013-2393141.

The Commission’s July 24, 2014, financial security reduction Order states:

*“At a minimum, Commission staff will require each EGS seeking this change to:*

1. *Provide its gross revenues for the sale of electricity to retail customers in Pennsylvania for the most recent 12 months;*
2. *Provide the amount of gross receipts taxes that the EGS has prepaid towards its estimated revenues for the three prior years or the life of its license, whichever is the least period of time;*
3. *Submit documentation, if the EGS is proposing to utilize a parental or corporate guarantee, that demonstrates that the guarantor meets the required long-term bond rating from two of the approved rating agencies;*
4. *Provide available AEPS compliance data from the most recent 12 months; and*
5. *Provide copies of all Department of Revenue documents that support the EGS’s request.*

*Depending on the nature of the EGS’s request, Commission staff may seek more information from the EGS, such as demonstration that the EGS has paid Pennsylvania GRT for the previous calendar year(s).”*

Upon review of AEP Energy’s Financial Security Reduction Petition Renewal, we find that the 5% proposed financial security reduction renewal does not appear to be unlawful, unjust, unreasonable, or contrary to the public interest.

Accordingly, we will grant AEP Energy’s Financial Security Reduction Petition to be effective till **June 6, 2019**.

If AEP Energy has an annually expiring financial security and it has not previously been aligned with the Financial Security Reduction approval expiration date, AEP Energy must do so as soon as possible.

The Financial Security Reduction Renewal shall be effective for one year from the original Financial Security Reduction approval/effective date and may be renewed annually for additional years by the Commission, provided AEP Energy provides annual documentation of its eligibility for a financial security reduction with the Commission’s annual financial security review pursuant to 52 Pa. Code Section 54.40(d), (90) days prior to the financial security expiration date. In the event AEP Energy does not provide such documentation to the Commission, its financial security reduction will cease and the financial security requirement will revert to 10% of gross receipts.

If you are dissatisfied with the resolution of this matter, you may, as set forth in 52 Pa. Code §5.44, file a petition for reconsideration with the Commission within twenty (20) days of the date of this letter. The petition for reconsideration should be addressed to Secretary Rosemary Chiavetta, Pennsylvania Public Utility Commission, 400 North Street, Harrisburg, PA 17120. Additionally, a Petition for Reconsideration MUST include a Verification Statement as follows:

VERIFICATION

I, (YOUR NAME), hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

(SIGN AND DATE)

Should you have any questions pertaining to your petition or need to confirm the approved 5% amount, please contact the Bureau of Technical Utility Services at (717) 783-5242.

 Sincerely,

Rosemary Chiavetta

Secretary