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September 7, 2018

VIA HAND DELIVERY

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

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H. CHI VETTA
F. DESK

Re: Petition of Hudson Energy Services LLC for a Reduction in Level of Bond or Security, Docket No. A-2010-2192137

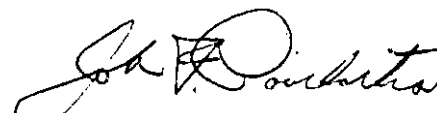
Dear Secretary Chiavetta,

Enclosed please find Hudson Energy Services LLC's ("Hudson") verified Petition for a Renewal of Reduced Security Level Authorization ("Petition"). This filing includes commercially valuable and sensitive information for which Hudson requests confidential treatment. Accordingly, enclosed is a version of the Petition marked "Public Version" for inclusion in the public record, and a version of the Petition marked "Confidential Version." **Hudson respectfully requests that the Confidential Version of its Petition be maintained by the Pennsylvania Public Utility Commission ("Commission") under seal.** Also enclosed is a filing fee in the amount of \$350.00.

Copies of Hudson's Public Version of its Petition have been served on each of the Public Advocates, the Commission's Bureau of Investigation and Enforcement, the Commission's Bureau of Technical Utility Services, the Commonwealth of Pennsylvania's Department of Revenue, the Office of Attorney General's Bureau of Consumer Protection and all Pennsylvania electric distribution companies as indicated in the attached Certificate of Service.

Please contact the undersigned if you have any questions regarding this filing. Thank you for your attention to this matter.

Very truly yours,



John F. Povilaitis

JFP/tlg
Enclosures
cc: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Hudson Energy Services LLC : Docket No. A-2010-2192137
For A Reduction in Level of Bond :
or Security :

**PETITION OF HUDSON ENERGY SERVICES LLC FOR A
RENEWAL OF REDUCED SECURITY LEVEL AUTHORIZATION**

I. Introduction

1. Hudson Energy Services LLC (“Hudson” or “Company”) is an electric generation supplier (“EGS”) authorized by the Pennsylvania Public Utility Commission (“PaPUC” or “Commission”) to provide electric generation supplier services to residential, small commercial, large commercial, industrial and governmental customers in the electric distribution company service territories within the Commonwealth of Pennsylvania. Hudson received its license to operate as an EGS by Order of February 11, 2011 at Docket No. A-2010-2192137. As a licensed EGS, Hudson is subject to the Commission’s authority to require it to furnish a bond or other security in order to operate in the Commonwealth of Pennsylvania, pursuant to Section 2809(c) of the Public Utility Code (“Code”) and Section 54.40 of the Commission’s regulations. 66 Pa.C. S. §2809(c); 52 Pa.Code §54.40.

2. Section 54.40(d) of the Commission’s regulations requires EGSs to provide a security level of 10% of the licensee’s reported gross receipts. However, a licensee may seek approval from the Commission of an alternative level of bonding, commensurate with the nature and scope of its operations. 52 Pa.Code §54.40(d). According to the Commission’s regulations, the purpose of the bond is to ensure payment of the Pennsylvania Gross Receipts Tax (“GRT”) and to ensure the supply of electricity at the retail level in accordance with contracts, agreements

or arrangements. 52 Pa.Code §54.40(f)(2). On July 24, 2014, after consideration of formal comments submitted to a December 5, 2013 Tentative Order, the Commission found that requiring an EGS to post a bond or security in the amount of 10% of gross receipts after the first year of operation “may be excessive in relation to the risk intended to be secured, unnecessarily burdening EGSs, and presenting a potential barrier to entry into Pennsylvania’s retail electric market.”¹ Therefore the Commission announced in the July 24, 2014 Order that it was adopting the policy of accepting applications by EGSs to reduce their level of bonding/security after the first year of operation to 5% of the EGS’s most recent 12 months of gross revenue or \$250,000, whichever is higher. In addition, the July 24, 2014 Order delegated authority to review uncontested requests for a reduction in the level of bonding to the Bureau of Technical Utility Services.²

3. Based on the July 24, 2014 Order, the Code, the Commission’s regulation at Section 54.40(d) and the following supporting material, Hudson respectfully requests that the Commission approve a reduction in its security requirement to 5% of its most recent 12 months of gross revenue.

4. By Secretarial Letter Dated October 12, 2017 at Docket No. A-2010-2192137, Utility Code: 1112538, the Commission approved Hudson’s September 6, 2017 Petition for a security reduction, effective to December 9, 2018. This approval synchronized the Company’s twelve (2) month security reduction period with its annual security renewal period. Hudson respectfully requests that the Commission set its new bond reduction renewal date as December 9, 2019 for it and its two other affiliates - Just Energy Solutions (“JES”), Docket No. A-110117, and Just Energy PA Corp (“JEPC”), Docket No. A-2009-2097544. Security reduction renewal

¹ *Public Utility Commission Bonding/Security Requirements for Electric Generation Suppliers: Acceptable Security Instruments*, Docket No. M-2013-2393141 (July 24, 2014) (“July 24, 2014 Order”) at 10.

² July 24, 2014 Order at 12-13.

requests are being separately filed for JES and JEPC requesting the same security reduction periods and annual security renewal dates in order to streamline the entire process for the Commission and the companies.

II. Information Provided in Support of Bond Reduction Request

5. Prior to filing this Application to reduce its bonding requirement, Hudson informally consulted with Commission staff to obtain guidance as to the appropriate information to support such a request, as was suggested by the Commission in the July 24, 2014 Order.³ Based on that consultation, this Application includes Confidential Attachments 1 through 4. Confidential Attachment 1 provides Hudson's gross revenues for the sale of electricity to retail customers in Pennsylvania for the most recent twelve (12) months.

6. Confidential Attachment 2 is a Tax Status Letter of Good Standing obtained by Hudson from the Pennsylvania Department of Revenue ("DOR").

7. Confidential Attachment 3 documents Hudson's full compliance with the requirements of the Alternative Energy Portfolio Standards ("AEPS") Act.

8. Confidential Attachment 4 is proof that Hudson has prepaid gross receipts taxes.

9. Confidential Attachment 5 is proof that Hudson is current in its assessment obligation to the PaPUC for regulatory costs.

10. Based on the foregoing information, Hudson requests that its bonding requirement be reduced to 5% of its most recent twelve (12) months of gross revenue. This amount is reasonable and satisfies the requirements of Section 2809(c) of the Public Utility Code ("Code") and Section 54.40 of the Commission's regulations. 66 Pa.C. S. §2809(c); 52 Pa. Code §54.40.

³ *Id.*

III. Relief Requested and Conclusion

11. Based on its standing as an EGS licensed to do business in Pennsylvania, the Commission's regulations and the July 24, 2014 Order, Hudson respectfully requests that it be authorized to amend its current bond security on file with the Commission to 5% of its most recent twelve (12) months of revenue, effective for the twelve (12) month period to December 9, 2019. Upon approval of this Application by the Commission, Hudson will submit a new bond in this amount that also complies with the Commission's bond requirements for EGSs listed in Section 55.40(f) of the Commission's regulations. 52 Pa.Code §54.40(f).

Respectfully submitted,

Dated: September 7, 2018



John F. Povilaitis
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Harrisburg, PA 17101
(717) 237-4825

Counsel for Hudson Energy Services LLC

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Confidential Attachment 1
(Redacted)

Confidential Attachment 2
(Redacted)


Confidential Attachment 3
(Redacted)

Confidential Attachment 4
(Redacted)

Confidential Attachment 5
(Redacted)

VERIFICATION

I, Kristina Montgomery, Manager, Regulatory Affairs, hereby state that the facts above set forth 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).

_____

Dated: September 6, 2018

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Hudson Energy Services LLC : Docket No. A-2010-2192137
For A Reduction in Level of Bond :
or Security :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the **public version** of the foregoing document upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party).

Via First Class Mail

Small Business Advocate
300 North Second Street
Suite 202
Harrisburg, PA 17101

Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
400 North Street, 2nd Floor, F West
Harrisburg, PA 17105-3265

Office of Attorney General
Bureau of Consumer Protection
15th Floor, Strawberry Square
Harrisburg, PA 17120

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101

Legal Department
West Penn Power d/b/a Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
PO Box 280947
Harrisburg, PA 17128

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

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

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

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Office of General Counsel
Attn: Kimberly A. Klock
PPL
Two North Ninth Street
Allentown, PA 18108-1179

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

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

Vice President – Energy Supply
Corning Natural Gas Holding Corporation
330 West William Street
Corning, NY 14830

Dated this 7th day of September, 2018.



John F. Povilaitis

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