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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** |

March 13, 2019

# Docket No. A-110056

# Utility Code: 110056

ALEXANDRA KROGER

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA

1315 WALNUT STREET STE 1000

PHILADELPHIA PA 19107

Re: Financial Security Reduction Petition for Electric Generation Suppliers

Dear Ms. Kroger:

On February 15, 2019, Energy Cooperative Association of Pennsylvania (Energy Cooperative) filed a Financial Security Reduction Petition to reduce its financial security with the Pennsylvania Public Utility Commission from 10% to 5% of Energy Cooperative’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).”*

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[[1]](#footnote-1).” Energy Cooperative stated in its Financial Security Reduction Petition that it did not prepay its estimated gross receipt taxes to the Pennsylvania Department of Revenue for the current calendar year. In this specific instance, despite the lack of prepayment, we find that Energy Cooperative’s future annual obligations under Section 2809 relating to gross receipt taxes, Alternate Energy Portfolio Standards (AEPS), and the Commission’s Annual Fee levied on EGSs should be sufficiently covered by a 5% reduced financial security amount.

We find that the proposed financial security reduction from 10% to 5% does not appear to be unlawful, unjust, unreasonable, or contrary to the public interest.

**Accordingly, we will grant Energy Cooperative’s Financial Security Reduction Petition to be effective for one year starting at the expiration/anniversary date of the EGS’s current financial security**.

The financial security reduction shall be effective for one year and may be renewed annually for additional years by the Commission, provided Energy Cooperative provides annual compliance documentation[[2]](#footnote-2) 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 security expiration/anniversary date. In the event Energy Cooperative 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

1. 66 Pa. C.S. Section 2809(c)(1)(i) [↑](#footnote-ref-1)
2. Final Order at Docket No. P-2017-2608078 (adopted September 20, 2018) [↑](#footnote-ref-2)