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February 24, 2023

**VIA E-FILING (PUBLIC VERSION) AND**  
**SECRETARY'S SHAREPOINT SITE (CONFIDENTIAL VERSION)**

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

Re: Hudson Energy Services, LLC, Request for Reduction in Security Filing  
Docket No. A-2010-2192137  
Utility Code: 1112538

Dear Secretary Chiavetta:

Enclosed is the Request for Reduction in Security Filing ("Request for Reduction in Security") of Hudson Energy Services, LLC, ("Hudson"), a licensed energy generation supplier ("EGS").

The Request for Reduction in Security includes commercially valuable and sensitive information for which Hudson requests confidential treatment. Accordingly, enclosed is a version of the Request for Reduction in Security marked "Public Version" for inclusion in the public record, and a version of the Request for Reduction in Security marked "Confidential Version". **Hudson respectfully requests that the Confidential Version of its Request for Reduction in Security be maintained by the Pennsylvania Public Utility Commission under seal.**

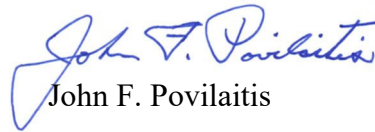
**Please note that we are filing the public version electronically on the Commission's website and the confidential version is being uploaded to the Secretary's SharePoint site.**

Copies of the Public Version of Hudson's Request for Reduction in Security have been served on each of the statutory parties, 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 affected Pennsylvania electric distribution companies, as indicated in the attached Certificate of Service.

February 24, 2023  
Page - 2 -

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/kas

Enclosures

cc: Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Hudson Energy Services, LLC : Docket No. A-2010-2192137  
Security Compliance Filing :

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**HUDSON ENERGY SERVICES, LLC BOND REDUCTION FILING**

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**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.”<sup>1</sup> 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.<sup>2</sup> In an Order entered September 20, 2018, the Commission streamlined the process for EGSs to obtain reductions in their annual security obligations and permitted, inter alia, the filing of a Compliance Filing for renewal of security rather than a formal Petition.<sup>3</sup>

3. Based on the July 24, 2014 Order, the September 20, 2018 Order, the Code, the Commission’s regulation at Section 54.40(d) and the following supporting material, Hudson respectfully requests that the Commission accept and approve its request for a reduction of bond requirements to 5% of its most recent 12 months of gross revenues.

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. Subsequently, the Commission restored Hudson’s required security to 10% due to a pending insolvency proceeding. Hudson currently

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<sup>1</sup> *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.

<sup>2</sup> July 24, 2014 Order at 12-13.

<sup>3</sup> *Petition of the Retail Energy Supply Association to Simplify the Financial Security 5% Renewal Process*, Docket No. P-2017-2608078 (Order Entered September 20, 2018) at 17-20.

maintains a 10% security level with the Commission and the expiration date for its current security is November 30, 2023.

**II. Confidential Information Provided in Support of Security Bond Reduction Filing**

5. This Bond Reduction Filing includes Confidential Attachments 1 through 6. 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. Confidential Attachment 2 is a Tax Status Letter of Good Standing obtained by Hudson from the Pennsylvania Department of Revenue ("DOR").

6. Confidential Attachment 2 is a Statement of Account showing tax payments 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 a current Department of Revenue RCT-SPEC Specialty Tax Payment Form for Hudson. Upon request and availability, Hudson will supply the Specialty Tax Payment Form for the 2023 tax year.

9. Confidential Attachment 5 is proof that Hudson has paid its standard Annual Assessment fee to the PaPUC for regulatory costs.

10. Confidential Attachment 6 is an Affidavit and supporting materials providing proof of Hudson's successful emergence from insolvency status.

11. Based on the foregoing information, Hudson proposes to meet its current security requirement with security reflecting 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 Code and Section 54.40 of the Commission's regulations. 66 Pa.C. S. §2809(c); 52 Pa. Code §54.40. An

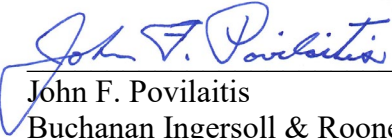
original security document will be submitted to the Commission when the correct amount of annual security, based on the most recent twelve (12) months of gross revenues, is confirmed by Commission Staff.

**III. Relief Requested and Conclusion**

12. Hudson respectfully requests that its request for reduction of required security to 5% be accepted and approved and that the Commission Staff confirm the correct amount of annual security the Company shall submit. Hudson also requests that its new expiration date for reduced required security be set as on or before March 25, 2024. Thereupon Hudson shall promptly provide the Commission with an original security document that 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: February 24, 2023

  
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John F. Povilaitis  
Buchanan Ingersoll & Rooney PC  
409 North Second Street  
Suite 500  
Harrisburg, PA 17101  
(717) 237-4825

*Counsel for Just Energy Solutions Inc.*

# Confidential Attachment 1

Gross revenues for the sale of electricity to retail customers in  
Pennsylvania for the most recent twelve (12) months  
(January 2022 to December 2022)

(REDACTED)

# Confidential Attachment 2

PA DOR Statement of Account

(REDACTED)

# Confidential Attachment 3

## AEPS Compliance

# Confidential Attachment 4

## RCT-SPEC Specialty Tax Payment Form

(REDACTED)

# Confidential Attachment 5

## Proof of PaPUC Assessments Payment

(REDACTED)

# Confidential Attachment 6

Affidavit of Jonah T. Davids

(REDACTED)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Hudson Energy Services, LLC : Docket No. A-2010-2192137  
Security Compliance Filing :

**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**

Office of Small Business Advocate  
Forum Place  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, PA 17101

Pennsylvania Public Utility Commission  
Bureau of Investigation & Enforcement  
PO Box 3265  
Harrisburg, PA 17105-3265

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

Bureau of Technical Utility Services  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
3rd Floor  
Harrisburg, PA 17105

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

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 5219

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

**PUBLIC VERSION**

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

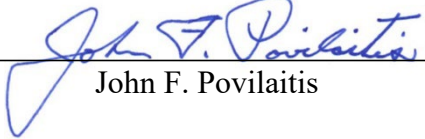
Office of General Counsel  
Attn: Kimberly Klock  
PPL  
Two North Ninth Street  
Allentown, PA 18108-1179

UGI Utilities, Inc.  
Attn: Rates Dept. – Choice Coordinator  
2525 N. 12<sup>th</sup> 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 24<sup>th</sup> day of February 2023.

  
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John F. Povilaitis