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November 25, 2014

Via Hand Delivery

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Petition of Direct Energy Business, LLC to Revise its Current Bond/Security
Docket No. A-110025

Dear Secretary Chiavetta:

On behalf of Direct Energy Business, LLC enclosed for filing please find its Petition to Revise its Current Bond/Security along with a check in the amount of \$350 for the filing fee. Please be advised that some of the attachments are marked **confidential** and should be handled accordingly.

Sincerely,

A handwritten signature in cursive script that reads "Deanne M. O'Dell".

Deanne M. O'Dell

DMO/lww
Enclosure

cc: Attached Certificate of Service w/enc.

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Direct Energy Business, LLC :
to Revise Its Current Bond/Security : Docket No. A-110025

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PETITION OF DIRECT ENERGY BUSINESS, LLC

Pursuant to the Commission's Final Order entered on July 24, 2014 at Docket Number M-2013-2393141 ("*Financial Security Order*"), Direct Energy Business, LLC ("Direct Energy") requests that the Commission reduce the level of security it is required to maintain with the Commission from the current 10% to 5% of its last twelve months of revenue. Direct Energy also seeks approval to utilize a parental guarantee from its corporate parent, Centrica plc. In support of this request, Direct Energy states as follows:

1. Direct Energy is currently licensed as an electric generation supplier ("EGS") for all customer classes within the Commonwealth of Pennsylvania. The EGS license was first approved on July 31, 1997 to Direct Energy's predecessor, Strategic Energy Partners Ltd. After a series of corporate transactions and name changes, the Commission ultimately approved the name change of the original licensee to Direct Energy.

2. Direct Energy has maintained its license in good standing and is compliant with current financial security requirements.

3. Pursuant to the *Financial Security Order*, the Commission concluded that an EGS, following its first year of operations, may petition to have its bonding requirement reduced from 10% to 5% of the EGS's last 12 months of revenue or \$250,000, whichever is higher, so long as the revised amount still meets the other criteria set forth in 52 Pa Code § 54.40(f).

Financial Security Order at 11-12. The Commission also concluded that it would permit EGSs

to rely on additional forms of security instruments in addition to surety bonds and letters of credits. *Id.* at 14. Specifically, as relevant to this Petition, the Commission stated that:

an EGS could rely on a parental or corporate guarantee, in a form acceptable to the Commission, where the parent or corporate relation maintains an investment-grade long-term bond rating from at least two of the four following rating agencies:

- Standard & Poors BBB- or higher
- Moody’s Investors’ Services Baa3 or higher
- Fitch IBCA BBB- or higher
- Duff and Phelps Credit BBB- or higher

4. The Commission also requested that EGSs seeking to revise their financial security requirements provide the following information with the request:

- Gross revenues for the sale of electricity to retail customers in Pennsylvania for the most recent 12 months;
- The amount of gross receipts taxes that the EGS has prepaid towards its estimated revenues for the current calendar year;
- 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;
- Available AEPS compliance data from the most recent 12 months; and,
- Copies of all Department of Revenue documents that support the EGS’s request.

5. In support of its Petition, Direct Energy is including the following attachments:

Attachment	Description
A CONFIDENTIAL	Direct Energy’s gross revenues for the sale of electricity to retail customers in Pennsylvania from September 1, 2013 through October 31, 2014
B CONFIDENTIAL	Documentation from the State Department of Revenue Verifying Payment of Gross Receipts Estimated 2014 Liability
C CONFIDENTIAL	Corporate Guarantee of Centrica plc
D	Affidavit of Andrew Sunderman attesting to: (a) detailing the corporate process by which the guarantee can be made; (b) listing the long-term bond rating from Standard & Poors, and, Moody’s Investors’ Services and certifying that Centrica plc maintains an investment grade long-term bond rating; and, (c) certifying that Direct Energy will notify the Commission if these ratings fall below investment grade.

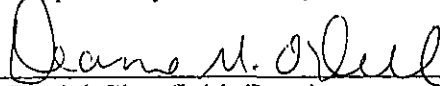
E	Available AEPS compliance data from the most recent 12 months
F	Proof of payment of Pennsylvania taxes for 2012-2014
CONFIDENTIAL	

6. Direct Energy submits that this supporting documentation is consistent with the Commission's *Financial Security Order* and provides appropriate support to grant its Petition. Importantly, granting Direct Energy's Petition will not in any way impede Direct Energy's ability to comply with 66 Pa. C.S. § 2809(c) or 52 Pa Code § 54.40(a) which requires Direct Energy to maintain enough financial security to ensure financial responsibility, the payment of gross receipts tax and the supply of electricity at retail. Finally, granting Direct Energy's petition will enable Direct Energy to better allocate resources to developing retail products for the benefit of consumers.

7. Direct Energy is prepared to work with the Commission's Bureau of Technical Utility Services to process this request and provide any additional input as needed.

WHEREFORE, Direct Energy respectfully requests that the Commission grant this petition and permit Direct Energy to maintain financial security in the amount of 5% of its last twelve months of revenue secured through a parental guarantee provided by Centrica plc.

Respectfully submitted,



Daniel Clearfield, Esquire
 Attorney ID 26183
 Deanne M. O'Dell, Esquire
 Attorney ID 81064
 Eckert Seamans Cherin & Mellott, LL
 213 Market St., 8th Floor
 Harrisburg, PA 17101
 717.237.6000
 Fax 717.237.6019

Date: November 25, 2014

Attorneys for Direct Energy Business, LLC

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Attachment D

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AFFIDAVIT

STATE OF TEXAS
COUNTY OF HARRIS

Before me, the undersigned notary public, on this day personally appeared ANDREW SUNDERMAN, to me known to be the person whose name is subscribed to the foregoing instrument, who being duly sworn according to law, deposes and says:

"I, ANDREW SUNDERMAN, the undersigned authority, on this day understand Direct Energy's credit process in which the letter of credit request has been processed and approved through our parent company, Centrica plc. The letter of credit requested amount was derived from annual Pennsylvania revenues specific to Direct Energy Business, LLC. Centrica plc currently has long term rating of A3, Not on Watch with Moody's Investors' Services and a long term rating of A- with Standard & Poors.

I attest that these investment grades will continue to maintain long term ratings for the foreseeable future. If long term ratings for Centrica plc fall below Moody's Investors' Services of Baa3 and Standard & Poors BBB-, Direct Energy will notify the Pennsylvania Public Utilities Commission and provide an alternative form of financial security to the Commission. I am the Chief Financial Officer for Direct Energy to sign-off."

Further affiant sayeth not.

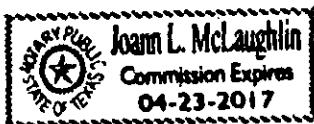
A Sunderland

Authorized Signature

ANDREW SUNDERMAN, CFO - DIRECT ENERGY
Printed Name / Printed Title

Sworn and subscribed before me this 28th day of October, 2014.

Joann L. McLaughlin
Notary Public



My Commission Expires On:

4/23/2017

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Attachment E

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General Navigation

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- Apply for Summary
- Apply for Certificate
- Account Status
- Account Setup
- Account Info
- Account Settings
- Account Details
- Account History
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- Account Support

Monthly Report Details

Parameters

User:	Drexel Energy Business, Gray, Jennifer (58313)
Report Type:	EGC
Year:	2014

EOC Self	June	July	August	September	October	November	December	January	February	March	April	May
Citizens Electric Company, Vintona, LLC (22092)												
Delaware Light Company, Inc. (24251)	33390.04	31774.71	31221.71	30793.61	30365.51	29937.41	29509.31	29081.21	28653.11	28225.01	27796.91	27368.81
Metropolitan Edison Company, Hancock, Helaine (10522)	32537.1	31420.29	30763.03	29723.07	28994.31	28270.26	27546.21	26822.16	26098.11	25374.06	24649.96	23925.91
PECO Energy, McDevitt, Megan (18137)	181227.72	182119.32	183010.92	183902.52	184794.12	185685.72	186577.32	187468.92	188360.52	189252.12	190143.72	191035.32
Pennsylvania Electric Company, Hancock, Helaine (98121)	19187.28	22141.10	24749.07	27356.94	29964.81	32572.68	35180.55	37788.42	40396.29	43004.16	45612.03	48219.90
Pennsylvania Power Company, Hancock, Helaine (18124)	8714.17	7933.45	7272.43	6611.41	5950.39	5289.37	4628.35	3967.33	3306.31	2645.29	1984.27	1323.25
Pike County Light and Power, Contain, Kurt (1362)												
PR Electric Utilities, Routland, James (65700)	27252.92	29174.13	26477.38	26950.76	27173.43	26987.05	26800.67	26614.29	26427.91	26241.53	26055.15	25868.77
UGI Utilities, Inc., Boston, David (10616)												
Wellsboro Electric Company, McCarthy, Robert (23389)												
West Penn Power Company, Teasmann, Cindy (05118)	37196.59	38253.28	41223.43	44255.17	47286.91	50318.65	53350.39	56382.13	59413.87	62445.61	65477.35	68509.09

Account Support

- Account Status
- Account Setup
- Account Info
- Account Settings
- Account Details
- Account History
- Account Alerts
- Account Documents
- Account Support

For questions about the AEPS Program visit our web site.

Clean Power Network, Inc.
 Program Administrator
 415 N. Fulton Rd
 Suite 201
 Pottsville, PA, 17858
 Phone: 1-877-AEPP-773
 Fax: (610) 444-9213

- KEY:**
- Late / Unusable Report
 - Conflict
 - EGC Report
 - Late / Unusable EGC Report
 - Late / Unusable EGC Report
 - Tier 1 % is the Adjusted Tier 1 %, Excludes of Self



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Pennsylvania AEPs Alternative Energy Credit Program

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- Permits
- Quarterly Reports
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- Non-Generating Facilities
- Facility by State
- Facility by Fuel Type
- Facility by Owner
- DSM & EE Programs

Monthly Report Details

Parameters	
User:	Direct Energy Business, Gray, Jennifer (55312)
Report Type:	EGS
Year:	2015

DC	June	July	August	September	October	November	December	January	February	March	April	May
Sell												
Citizens Electric Company, Williams, Erie (22022)												
Delaware Light Company, Jenkins, Iona (24251)	100%	100%	100%									
Metropolitan Edison Company, Manscus, Holmdel (95022)	100%	100%										
PCCO Energy, McDevitt, Megan (89942)	100%	100%	100%									
Pennsylvania Electric Company, Marasco, Padonia (95023)	100%	100%	100%									
Pennsylvania Power Company, Marasco, Melanite (18124)	100%	100%	100%									
Pike County Light and Power												

- Facilities by State
- Facilities by Fuel Type
- Facilities by Owner
- DSM & EE Programs
- Account Management
- Energy Efficiency
- Quarterly Reports
- System Health Statistics
- Energy Use Summary (by Month)
- ACCOUNT
- Change Request

Power Company, Marasco, Melanite (18124)												
Pike County Light and Power, Conforte, York (18183)												
PPA Electric Utilities, Rouland, James (85108)												
UCS Utilities, Inc., Baatman, David (18616)												
Wellboro Electric Company, McDevitt, Robert (71201)												
West Penn Power Company, Teasman, Clarify (95110)	100%	100%	100%									

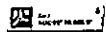
For more information about the AEPs Program on this web site, contact:
 Clean Power Markets, Inc.
 Program Administrator
 415 N. Park Rd
 Suite 201
 Harrisburg, PA, 17125
 Phone: 1-877-AEP-772
 Fax: (610) 444-9213



KEY:

- Late / Unusable Report
- Conflict
- EGS Report
- DSM Report
- Late / Unusable EGS Report
- Late / Unusable DSM Report
- Tier 1 % is the Adjusted Tier 1 - Excludes of Solar

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CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Direct Energy's Petition to Revise its Current Bond/Security (Public Version) upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via First Class Mail

Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923

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

Office of Attorney General
Office of Consumer Protection
14th Floor Strawberry Square
Harrisburg, PA 17120

Wellsboro Electric Company
Attn: EGS Coordination
33 Austin Street
P. O. Box 138
Wellsboro, PA 16901

Office of Small Business Advocate
Commerce Building, Suite 202
300 North Second Street
Harrisburg, PA 17101

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

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

Legal Department
Attn: Paul Russell
PPL
Two North Ninth Street
Allentown, PA 18108-1179

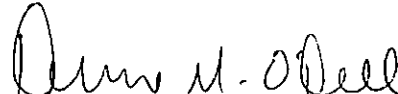
Regulatory Affairs
Duquesne Light Company
411 Seventh Street, MD 16-4
Pittsburgh, PA 15219

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

Met-Ed, Penelec, and Penn Power:
Legal Department
First Energy
2800 Pottsville Pike
Reading PA, 19612

Director of Customer Energy Services
Orange and Rockland Company
390 West Route 59
Spring Valley, NY 10977-5300

Dated: November 25, 2014


Deanne M. O'Dell, Esq.

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