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| PUC logo | COMMONWEALTH OF PENNSYLVANIAPENNSYLVANIA PUBLIC UTILITY COMMISSION400 NORTH STREET, HARRISBURG, PA 17120 | **IN REPLY PLEASE REFER TO OUR FILE** |

 November 1, 2016

# Docket No. A-110036

# Utility Code: 110036

AMY KLAVITER

CONSTELLATION NEWENERGY INC

111 MARKET PLACE STE 700

BETHLEHEM MD 21202

Re: Financial Security Reduction for Electric Generation Suppliers

Dear Ms. Klaviter:

On July 18, 2016, Constellation NewEnergy, Inc. (Constellation NewEnergy) filed a financial security reduction petition to reduce its financial security with the Pennsylvania Public Utility Commission from 10% to 5% of Constellation NewEnergy’s most recent twelve (12) months of revenue and a request to change its form of financial security 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 Constellation NewEnergy’s financial security reduction petition, we find that the proposed security reduction from 10% to 5% does not appear to be unlawful, unjust, unreasonable, or contrary to the public interest.

Accordingly, we will grant Constellation NewEnergy’s Financial Security Reduction Petition to become effective on the date of this Secretarial Letter. Constellation NewEnergy’s current financial security expiration date must be aligned with the Financial Security Reduction effective date.

Upon review of Constellation NewEnergy’s request to change its form of financial security to a parental guarantee, we find the change does not appear to be unlawful, unjust, unreasonable, or contrary to the public interest.

Accordingly, we will grant Constellation NewEnergy’s request to change its form of financial security to a parental guarantee to become effective on the date of this Secretarial Letter.

The financial security reduction shall be effective for one year and may be renewed annually for additional years by the Commission, provided Constellation NewEnergy provides annual documentation of its eligibility for a financial security reduction and provide the Parental Guarantee CFO letter with the Commission’s annual financial security review pursuant to 52 Pa.Code Section 54.40(d), (90) days prior to the security expiration date. In the event Constellation NewEnergy does not provide such documentation to the Commission, its bond reduction will cease and the bonding 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.

 Should you have any questions pertaining to your petition, please contact the Bureau of Technical Utility Services at 717-783-5242.

 Sincerely,

 Rosemary Chiavetta

Secretary