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October 16, 2018

VIA HAND DELIVERY

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

**Re: Petition of WGL Energy Services, Inc. To Request Reduction in Security Amount
and Permit Continued Use of a Parental Guarantee to Satisfy its Security Requirement
Docket No. A-110158**

Dear Secretary Chiavetta:

Enclosed for filing please find an original plus two copies of the Petition of WGL Energy Services, Inc. to Request a Continued Reduction in its Security Amount and Permit Continued Use of a Parental Guarantee to Satisfy its Security Requirement. **Please note that Exhibits 1, 2, 3, and 4 to this filing contain Confidential information, and have been marked as such and provided in a separate envelope.** The Petitioner requests that the Exhibits be filed under Seal.

Also enclosed herewith is a check in the amount of \$350.00 for payment of the filing fee. Non-confidential copies of the Petition have been served in accordance with the attached Certificate of Service. Upon filing, please return a time-stamped copy of the Petition to our courier. Thank you, and if you have questions, please do not hesitate to contact me.

Very truly yours,

STEVENS & LEE



Michael A. Gruin

Encl.

cc: Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
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Petition of WGL Energy Services, Inc. To Request Reduction in Security Amount and Continued Use of Parental Guarantee to Satisfy its Security Requirement : Docket No. A-110158
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Petition of WGL Energy Services, Inc. To Renew its Reduction in Security Amount and to Permit the Continued Use of a Parental Guarantee To Satisfy Its Security Requirement

And Now, pursuant to 66 Pa.C.S.A. § 2809 (c)(1)(i) and the Order of the Pennsylvania Public Utility Commission (“Commission”) entered on July 24, 2014 in Docket No. M-2013-2393141¹, WGL Energy Services, Inc. (“WGL Energy”) files this Petition to request that its Electric Generation Supplier security requirement continue to be reduced from 10% of annual gross receipts to 5% of annual gross receipts, and to permit the continued use of a Parental Guarantee to Satisfy its Electric Generation Supplier security requirement. In support of this request, WGL Energy states as follows:

Request to Continue to Utilize Parental Guarantee to Satisfy Security Requirements

1. WGL Energy has been licensed as an Electric Generation Supplier (“EGS”) in Pennsylvania since 2002.
2. On December 8, 2015, WGL Energy filed a request to the Pennsylvania Public Utility Commission (“Commission”) to change the form of its Electric Generation Supplier security from a bond to a parental guarantee.
3. By Secretarial Letter issued on January 11, 2016, the Commission approved WGL

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

Energy's request to utilize a parental guarantee instead of a bond to satisfy its Electric Generation Supplier security requirements, and required WGL Energy to annually renew its request to utilize a parental guarantee.

4. On October 5, 2017, WGL Energy submitted its first annual renewal request to continue utilizing a parental guarantee.

5. With this Petition, WGL Energy is again renewing its request to utilize a parental guarantee to satisfy its security requirement for the forthcoming year.

6. WGL Energy intends to continue to provide a guarantee from WGL Holdings, Inc. to satisfy the security obligations of WGL Energy, which will be updated to reflect the appropriate guarantee amount based on the WGL Energy's most recent 12 months of revenues.

7. WGL Holdings, Inc. is the parent of WGL Energy and is a publicly-traded utility holding company trading on the New York Stock Exchange under ticker symbol "WGL".

8. WGL Holdings, Inc.' maintains an investment-grade long-term bond rating from at least two of the required rating agencies, as reflected in the Confidential credit rating summaries attached as Confidential Exhibit 1.

9. The parental guarantee of WGL Holdings, Inc. will fully comply with the July 24, 2014 Final Order in the Commission's Public Utility Commission Bonding/Security Requirements for Electric Generation Suppliers - Acceptable Security Instruments proceeding at Docket No. M-2013-2393141. Furthermore, the Guarantee and accompanying Chief Financial Officer Letter will continue to be provided in the form approved by the Commission's Law Bureau.

Request for Continued Reduction in Security Amount from 10% to 5% of Annual Gross

Receipts

10. In addition, WGL Energy hereby respectfully requests that the Commission approve a continued reduction in WGL Energy's required security amount from 10% to 5% of WGL Energy's most recent 12 months of Pennsylvania revenue from electricity sales.

11. By Secretarial Letter issued on November 6, 2017, the Commission approved WGL Energy's request to reduce its security amount from 10% to 5% of annual revenue, in accordance with the Commission's Order entered on July 24, 2014 in Docket No. M-2013-2393141.

12. Since becoming licensed in Pennsylvania, WGL Energy has always met all of its financial and annual reporting obligations.

13. WGL Energy has no outstanding Pennsylvania Tax liabilities, and since becoming licensed WGL Energy has paid its Gross Receipts Tax obligations in full and in a timely manner.

14. WGL Energy also has no outstanding financial obligations to any of its customers, to any of the Electric Distribution Companies ("EDCs") in Pennsylvania or to PJM Interconnection, LLC ("PJM").

15. Attached hereto as Confidential Exhibit 2 is a statement showing WGL Energy's gross revenues for sales of electricity to retail customers in Pennsylvania for the most months of October 2017 through September 2018.

16. Attached hereto as Confidential Exhibit 3 is a summary of WGL Energy's payment of its 2017 Pennsylvania Gross Receipts Tax obligations, and prepayments of its 2018 Pennsylvania Gross Receipts tax obligations.

17. Attached hereto as Confidential Exhibit 4 is a report from the Statewide

Administrator of the Pennsylvania Alternative Energy Portfolio Standards Act, showing WGL Energy's compliance for the most recent energy year.

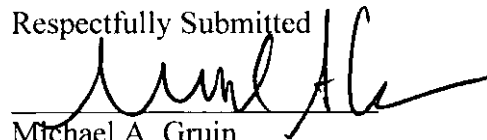
18. WGL Energy has requested a Tax Status Letter of Good Standing from the Pennsylvania Department of Revenue to confirm that WGL Energy is current with all of its Pennsylvania tax obligations. WGL Energy will submit a copy of the Tax Status letter as a supplement to this Petition upon receipt of the Letter.

19. Copies of this Petition are being served on the Bureau of Technical Utility Services, the Office of Consumer Advocate, Office of Small Business Advocate, Bureau of Investigation and Enforcement, PA Department of Revenue, Office of Attorney General Bureau of Consumer Protection and all of the EDCs in Pennsylvania in whose territories WGL Energy is licensed to operate.

WHEREFORE, for the foregoing reasons, WGL Energy Services, Inc. respectfully requests the Commission grant this Petition and continue to approve the reduction of WGL Energy Services Inc.'s security requirement from 10% of its most recent annual gross receipts to 5% of most recent annual gross receipts, and permit WGL Energy Services Inc. to continue to utilize a parental guarantee to satisfy its security requirement.

Dated: October 16, 2018

Respectfully Submitted



Michael A. Gruin
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Counsel for WGL Energy Services, Inc.

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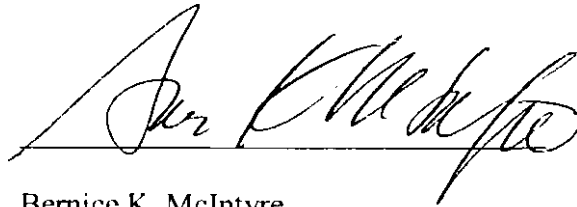
**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of WGL Energy Services, : Docket No. A-110158
Inc. To Request Reduction in :
Security Amount and Continued :
Use of Parental Guarantee to :
Satisfy its Security Requirement :

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VERIFICATION

I, Bernice K. McIntyre, holding the title of Regulatory Strategy Director, WGL Business Development and Non-Utility Operations verify that the statements made in the foregoing Petition are true and correct to the best of my knowledge, information and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. §4904, relating to unsworn falsifications to authorities.



Bernice K. McIntyre

10-3-2018
Date

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Docket No. A-110158

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I hereby certify that on this 16th day of October, 2018 copies of the foregoing Petition have been served upon the persons listed below via First Class U.S. Mail in accordance with the requirements of 52 Pa. Code Sections 1.54 and 1.55.

Tanya McCloskey, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1921

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

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

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
P.O. Box 280946
Harrisburg, PA 17128-0946

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor, F West
Harrisburg, PA 17120

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

Bureau of Technical Utility Services
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

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

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

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
Reading, Pa 19612-2677

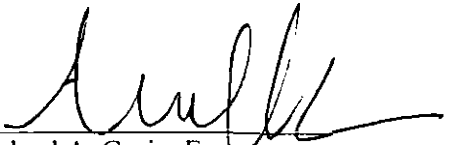
Citizens' Electric Company
Attn: EGS Coordination
1775 Industrial Boulevard
Lewisburg, PA 17837

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DATE: October 16, 2018


Michael A. Guin, Esq.