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September 6, 2016

VIA HAND DELIVERY

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

Re: Petition of Commerce Energy, Inc. for a Reduction in Level of Bonding
Docket No. A-110117

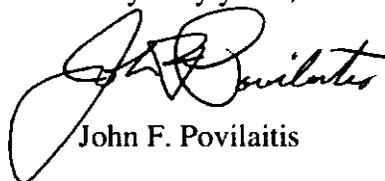
Dear Secretary Chiavetta,

Enclosed please find Commerce Energy, Inc.'s ("Commerce") Petition for a Renewal of Reduced Bonding Level Authorization ("Petition"). This filing includes commercially valuable and sensitive information for which Commerce requests confidential treatment. Accordingly, enclosed is a version of the Petition marked "Public Version" for inclusion in the public record, and a version of the Petition marked "Confidential Version". **Commerce respectfully requests that the Confidential Version of its Petition be maintained by the Pennsylvania Public Utility Commission ("Commission") under seal.** Also enclosed is a filing fee in the amount of \$350.00.

Copies of Commerce's Public Version of its Petition have been served on each of the Public Advocates, the Commission's Bureau of Investigation and Enforcement, 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 Pennsylvania electric distribution companies as indicated in the attached Certificate of Service.

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/bb
Enclosures
cc: Certificate of Service

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Commerce Energy, Inc. : Docket No. A-110117
For A Renewal of Reduced Bonding Level Authorization :

**PETITION OF COMMERCE ENERGY, INC. FOR A
RENEWAL OF REDUCED BONDING LEVEL AUTHORIZATION**

I. Introduction

1. Commerce Energy, Inc. ("Commerce" or "Company") is an electric generation supplier ("EGS") authorized by the Pennsylvania Public Utility Commission ("PaPUC" or "Commission") to provide service as an electric generation supplier ("EGS") in the Commonwealth of Pennsylvania to residential, commercial and industrial customers in the PECO service territory. Commerce received its license to operate as an EGS by order of September 15, 1999 at Docket No. A-110117. As a licensed EGS, Commerce 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.”¹ Therefore the Commission announced in the July 24, 2014 Order that it was adopting the policy of accepting Petitions 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.²

3. Based on the July 24, 2014 Order, the Code, and the Commission’s regulation at Section 54.40(d), the Company filed a bond reduction petition to reduce its bond with the PaPUC from 10% to 5% of Commerce’s most recent twelve (12) months of revenue on November 6, 2015. By Secretarial Letter dated December 9, 2015, the PaPUC granted Commerce’s bond reduction petition effective December 9, 2015. Thereafter, annually, Commerce must provide continued documentation of its eligibility for a bond reduction with the Commission’s annual bond review pursuant to 52 Pa. Code Section 54.40(d). Therefore, Commerce provides the following material in support of its request that the Commission approve a continued reduction in its security requirement to 5% of its most recent 12 months of gross revenue.

¹ *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.

² July 24, 2014 Order at 12-13.

II. Information Provided in Support of Bond Reduction Request

4. This Petition includes Confidential Attachments 1 and 2. Confidential Attachment 1 provides Commerce's gross revenues for the sale of electricity to retail customers in Pennsylvania for the most recent four (4) quarters.

5. Confidential Attachment 2 is a Tax Status Letter of Good Standing obtained by Commerce from the Pennsylvania Department of Revenue ("DOR").

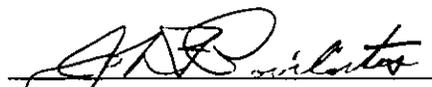
6. Based on the foregoing information which demonstrates that Commerce is in compliance with the Commission's requirements for a security reduction renewal, the Company requests that its bonding requirement continue to be reduced to 5% of its most recent twelve (12) months of gross revenue. This amount is reasonable and satisfies the requirements of Section 2809(c) of the Public Utility Code ("Code") and Section 54.40 of the Commission's regulations. 66 Pa.C.S. §2809(c); 52 Pa. Code §54.40.

III. Relief Requested and Conclusion

7. Based on its standing as an EGS licensed to do business in Pennsylvania, the Commission's regulations and the July 24, 2014 Order, Commerce respectfully requests that it be authorized to continue to maintain its current bond security on file with the Commission at 5% of its most recent twelve (12) months of revenue. Upon approval of this Petition by the Commission, Commerce's current bond on file with the Commission will comply 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: September 6, 2016

A handwritten signature in black ink, appearing to read "J. F. Povilaitis", written over a horizontal line.

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

Counsel for Commerce Energy, Inc.

**CONFIDENTIAL
ATTACHMENT 1**

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**CONFIDENTIAL
ATTACHMENT 2**

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VERIFICATION

I, Charles C.S. Iannello, Vice President, U.S. Regulatory Affairs, Just Energy Group Inc., hereby verify that the information in the foregoing Petition of Commerce Energy, Inc. for a Renewal of Reduced Bonding Level Authorization filed at Docket No. A-110117, is true and correct to the best of my information, knowledge and belief. I understand that the statements are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to the unsworn falsification to authorities.



Signature

Dated: September 6, 2016

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PA PUBLIC UTILITY COMMISSION
SECRETARY GENERAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Commerce Energy, Inc. : Docket No. A-110117
For A Renewal of Reduced Bonding :
Level Authorization :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the **public version** of the attached document upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party).

Via First Class Mail

Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Michael L. Swindler
Wayne T. Scott
Stephanie Wimer
Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
PO Box 3265
Harrisburg, PA 17105-3265

John M. Abel
Margarita Tulman
Office of Attorney General
Bureau of Consumer Protection
15th Floor, Strawberry Square
Harrisburg, PA 17120

Candis A. Tunilo
Christy M. Appleby
Kristine E. Robinson
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101

Kirk House,
Director of Office of Competitive Market
Oversight
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
3rd Floor, Room N-309
Harrisburg, PA 17105

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

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

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 15219

PUBLIC VERSION

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
PO Box 280947
Harrisburg, PA 17128

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

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

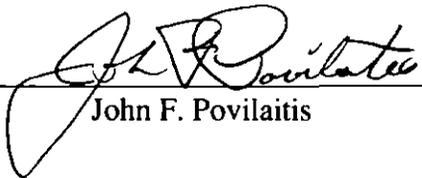
UGI Utilities, Inc.
Attn: Rates Dept. – Choice Coordinator
2525 N. 12th Street, Suite 360
P.O. Box 12677
Reading, PA 19612-2677

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

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

Dated this 6th day of September, 2016.



John F. Povilaitis

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