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|  | **PENNSYLVANIA**  **PUBLIC UTILITY COMMISSION**  **Harrisburg, PA 17105-3265** | | | |  |
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|  | | Public Meeting held May 22, 2014 | | | |
| Commissioners Present: | | |  | | |
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| Robert F. Powelson, Chairman  John F. Coleman, Jr., Vice Chairman  James H. Cawley  Pamela A. Witmer  Gladys M. Brown | | | | | |
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| Application of Direct Energy Business, LLC  to Amend its Natural Gas Supplier  License | | | | A-125072 | |
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**ORDER**

**BY THE COMMISSION:**

On March 2, 2000, the Commission issued an order at A-125072 (March 2 Order) conditionally licensing Direct Energy Business, LLC (DEB or Company), Utility Code: 125072, under its prior name of Strategic Energy, LLC (Strategic) to operate as a supplier to serve large commercial and industrial customers in the natural gas distribution company (NGDC) service territories of Columbia Gas of Pennsylvania Inc. (Columbia), Equitable Gas Company, National Fuel Gas Distribution Company, NUI Valley Cities Gas (currently Valley Energy), Peoples Natural Gas Company LLC, PG Energy (currently UGI Penn Natural Gas, Inc.), PECO Energy Company, UGI Utilities Inc., PFG Inc. (currently UGI Central Penn Gas, Inc.) and T.W. Phillips Gas & Oil Company (currently Peoples TWP LLC).

On August 7, 2012, DEB filed a request to update the natural gas supplier (NGS) license issued to Strategic at Docket No. A-125072. DEB noted that DEB had purchased Strategic in June 2008 and that Strategic underwent a legal name change to Direct Energy Business, LLC in September 2008. DEB also stated that no natural gas customers had been served under the license at Docket No. A-125072 and that DEB wished to begin offering natural gas supply services to small and large commercial and industrial customers in all eligible utilities with the Commonwealth.

On September 26, 2012, the Commission notified DEB by letter that Strategic had apparently failed to comply with the March 2 Order which stated the following in Ordering Paragraph 3:

“That this license is granted contingent upon Strategic Energy, LLC providing evidence to the Commission within 30 days of the completion of the restructuring proceedings encompassing the following natural gas distribution company territories in which Strategic Energy, LLC has applied to provide natural gas supply services: Columbia Gas of Pennsylvania, Inc. at R-00994781; The Peoples Natural Gas Company at R-00994782; PG Energy, Inc. at R-00994783; Equitable Gas Company at R-00994784; National Fuel Gas Distribution Corporation at R-00994785; UGI Utilities, Inc. at R-00994786; PECO Energy Company at R-00994787; PFG Gas, Inc. at R-00994788; T.W. Phillips Gas & Oil Company at R-00994790; and NUI Valley Cities Gas at R-00994946, documenting its compliance with the bonding requirement at 66 Pa. C.S. § 2208(c) for each of the above mentioned natural gas distribution companies.”

After correspondence with Commission Staff regarding where it wanted to operate, DEB filed a response on January 29, 2014, indicating that it was revising its list of NGDCs in which it wanted to be licensed, to one company, Columbia; and as such, was only demonstrating compliance with the requirements of 66 Pa. C.S. § 2208(c) for Columbia as required by the March 2 Order.

Section 2208(c) (1), 66 Pa. C.S. §2208(c)(1), provides that a natural gas supplier license shall not be issued unless the applicant furnishes a bond or other security in a form and amount to ensure its financial responsibility. The criteria used to establish the form and amount of the bond or other security is set forth in the natural gas distribution company’s tariff. The amount and form of the bond or other security may also be mutually agreed to between the natural gas distribution company and the natural gas supplier. Section 2208 also provides that should the parties fail to achieve an agreement, then the form and amount of bond or other financial security “shall be determined by criteria approved by the Commission.” DEB has provided documentation to evidence its compliance with the Section 2208(c) bonding requirement for the following NGDC: Columbia Gas of Pennsylvania Inc.

Since DEB has indicated that it now only seeks to be licensed in the service territory of Columbia, and only provided documentation to evidence its compliance with the Section 2208(c) bonding requirement for Columbia, the Commission shall amend DEB’s license to limit the Company to the service territory of Columbia Gas of Pennsylvania Inc.

DEB has published notice of its application in Pennsylvania newspapers, and provided proofs of service to the interested parties as required by the Commission. DEB has also provided appropriate Pennsylvania Department of State documentation reflecting the change in company name.

As noted above, DEB has not been active as a gas supplier since it was granted its license March 2, 2000. Therefore, DEB was requested to provide updated information to demonstrate its financial and technical fitness to operate as a gas supplier. DEB has supplied financial statements for its parent company Centrica PLC for the years ended December 31, 2012 and 2013, as well as, a Standard & Poor’s report dated May 31, 2013 for Centrica PLC. DEB has also supplied employment information for several management personnel indicating that they have the necessary utility and/or regulatory experience. Sufficient information has been provided by DEB to demonstrate its financial and technical fitness in order to be licensed as a supplier of natural gas in the service territory of Columbia Gas of Pennsylvania, Inc., within the Commonwealth of Pennsylvania.

As of May 13, 2014, no protests have been filed.

We find that DEB:

1. Is fit, willing and able to properly perform the service proposed in conformance with applicable provisions of the Public Utility Code and the Commission orders and regulations, specifically including 52 Pa. Code Chapter 56 (relating to Standards and Billing Practices for Residential Utility Service).

2. Has agreed to abide by all Commission regulations, and special conditions outlined in the order dated July 19, 2012, including Emergency Orders, which may be issued verbally or in writing during any emergency situations that may develop from time to time in the course of doing business in Pennsylvania.

3. Has proposed to offer natural gas supply services which, to the extent authorized by the license, will be consistent with the public interest and the policy declared in the Natural Gas Choice and Competition Act.

Upon full consideration of all matters of record, we find that approval of this application is necessary and proper for the service, accommodation and convenience of the public; **THEREFORE,**

**IT IS ORDERED:**

1. That the application of Direct Energy Business, LLC is hereby approved, consistent with this Order.

2. That a license be issued authorizing Direct Energy Business, LLC the right to begin to offer, render, furnish or supply natural gas supply services as a supplier to small commercial (under 6,000 Mcf annually), large commercial (6,000 Mcf or more annually) and industrial customers within the following local natural gas distribution company service territory within the Commonwealth of Pennsylvania: Columbia Gas of Pennsylvania Inc.

3. That a copy of this Order be served on Direct Energy Business, LLC.

4. That this proceeding at Docket No. A-125072, be closed.

**BY THE COMMISSION,**



Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: May 22, 2014

ORDER ENTERED: May 22, 2014