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December 31, 2018

Via Electronic Filing

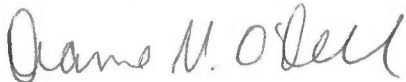
Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Joint application of Aqua America, Inc. for approval to acquire ownership of Peoples Natural Gas Company, LLC, Peoples Natural Gas Company, LLC—Equitable Division and Peoples Gas Company, LLC, through the purchase of LDC Funding, LLC. LDC Funding, LLC is the indirect parent of Peoples Natural Gas Company, LLC, Peoples Natural Gas Company, LLC—Equitable Division and Peoples Gas Company, LLC. Under the proposed transaction, LDC Funding, LLC will become a direct subsidiary of Aqua America, Inc., Docket Nos. A-2018-3006061, A-2018-3006062, A-2018-3006063

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Direct Energy Business Marketing, LLC and Direct Energy Small Business, LLC's Petition to Intervene with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Deanne M. O'Dell

DMO/lww
Enclosure

cc: Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Direct Energy's Petition to Intervene upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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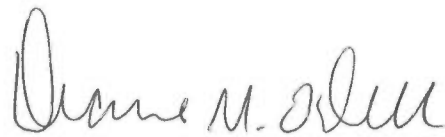
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Deanne M. O'Dell, Esq.

Dated: December 31, 2018

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Aqua America, Inc.,	:	Docket Nos.	A-2018-3006061
Aqua Pennsylvania, Inc., Aqua	:		A-2018-3006062
Pennsylvania Wastewater, Inc., Peoples	:		A-2018-3006063
Natural Gas Company LLC and Peoples	:		
Gas Company LLC for All of the	:		
Authority and the Necessary Certificates	:		
of Public Convenience to Approve a	:		
Change in Control of Peoples Natural Gas	:		
Company, LLC, and Peoples Gas	:		
Company, LLC by Way of the Purchase	:		
of LDC Funding, LLC's Membership	:		
Interests by Aqua America, Inc.	:		

**PETITION TO INTERVENE OF
DIRECT ENERGY BUSINESS MARKETING, LLC AND DIRECT
ENERGY SMALL BUSINESS, LLC**

Pursuant to 52 Pa. Code §§ 5.72-5.75, Direct Energy Business Marketing, LLC and Direct Energy Small Business, LLC (collectively, "Direct Energy") petition to intervene in the above-captioned proceeding filed jointly on behalf of Aqua America, Inc., Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC and Peoples Gas Company LLC (collectively, "Joint Applicants") at the Pennsylvania Public Utility Commission (the "Commission"). In support of its Petition to Intervene, Direct Energy states as follows:

1. On December 11, 2018, Joint Applicants filed a Joint Application seeking approval for Aqua American, Inc. ("Aqua") to acquire ownership of Peoples Natural Gas Company LLC ("Peoples Natural Gas")¹ and Peoples Gas Company LLC ("Peoples Gas") through the purchase

¹ On November 14, 2013, the Commission approved a series of transactions that involved the merger of Equitable Gas Company, LLC ("Equitable") with Peoples Natural Gas and the operation of Equitable as an

of LDC Funding LLC (“LDC”).² Under the proposal, LDC would be a direct subsidiary of Aqua. Joint Application at ¶ 32.

2. Direct Energy is a natural gas supplier (“NGS”) licensed by the Commission to provide natural gas and related services to retail customers in the service territories of Peoples Natural Gas and Peoples Gas (collectively, “Peoples”).³ Direct Energy is wholly owned by Direct Energy Business, LLC, which is a subsidiary of Direct Energy Services, LLC. Being part of the Direct Energy family, Direct Energy Services, LLC is wholly owned by its ultimate parent company: Centrica pic. Through these corporate structure, Direct Energy and its affiliated companies are one of North America's largest energy and energy-related services providers with over 4 million residential and commercial customer relationships. A subsidiary of Centrica pic, one of the world’s leading integrated energy companies, Direct Energy and its affiliates operate in 46 states including the District of Columbia and 10 provinces in Canada. Direct Energy has a unique business model, and extensive experience in providing innovative gas and electricity products and services to residential, small and large commercial and industrial customers, utilities, and government entities.

operating division of Peoples Natural Gas. *See* Joint Application at 8, FN 4. As such, the proposed acquisition of Peoples Natural Gas includes the acquisition of its Equitable Division.

² The Joint Application provides that Peoples Natural Gas and Peoples Gas are wholly-owned subsidiaries of PNG Companies, which is a wholly-owned subsidiary of LDC Holdings LLC, which is the wholly-owned subsidiary of LDC. *See* Joint Application at page 2, FN 1 and Section II.

³ *See* PUC Docket No. A-2013-2365792 and A-2012-2301127.

3. Direct Energy's attorneys in this matter are:

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4. The Commission's regulations allow intervention where a person has an interest in the proceeding which may be directly affected and which is not adequately represented by existing parties, and as to which the person may be bound by the action of the Commission in the proceeding. 52 Pa. Code § 5.72(a)(2). Intervention is also permitted where participation of the person may be in the public interest. 52 Pa. Code § 5.72(a)(3). A "person" includes a corporation and an association. 52 Pa. Code § 1.8.

5. Direct Energy meets the standards for intervention set forth in 52 Pa. Code § 5.72(a). As an NGS in the Company's service territory and in the Commonwealth, Direct Energy satisfies the standard for intervention because Direct Energy possesses an "interest which may be directly affected and which is not adequately represented by existing participants, and as to which the petitioner may be bound by the action of the Commission in the proceeding." 52 Pa. Code § 5.72(a)(1).

6. In reviewing proposed mergers and acquisitions involving natural gas distribution companies, the Commission is required to consider whether the proposed transaction "is likely to result in anticompetitive or discriminatory conduct, including the unlawful exercise of market power, which will prevent retail gas customers from obtaining the benefits of a properly

functioning and effectively competitive retail natural gas market.” 66 Pa.C.S. §2210(a). As an NGS licensed to serve customers in the Peoples’ service territories, Direct Energy is well-positioned to participate in this proceeding to evaluate the proposed merger and analyze whether it could result in preventing retail gas customers from obtaining the benefits of a properly functioning and effectively competitive retail natural gas market. Based on its experience of operating within this service territory, Direct Energy has a substantial and direct interest in ensuring that any changes to the Peoples’ supplier tariffs, or the services provided thereunder, do not negatively affect Direct Energy’s operations and its ability to compete for and service customers in the Peoples’ service territories. Direct Energy also has the experience and ability to assess how any changes to Peoples’ rates, or the operation or structure of any Peoples’ programs could impact the level of retail competition in the Companies’ service territories and, directly impact the ability of Direct Energy to continue to operate as an NGS in those territories.

7. As part of its initial evaluation of the proposal, Direct Energy identified the following important operational processes and procedures of Peoples Natural Gas Company and/or Peoples Gas that must be maintained or enhanced as a result of the proposed change in ownership of Peoples: the Pool Tracking system, Peoples’ Electronic Bulletin Board process for nomination changes, the content of local production pool invoices, and process for communication between NGSs and Peoples. All of these identified systems are processes that have been maintained and/or enhanced by Peoples. They ensure that the system remains balanced, operates in an efficient manner, and maintains open communications channels between NGSs’ and Peoples’ operational personnel. As such, Direct Energy has an interest in participating in this proceeding to assess the impact on these (as well as other operational processes) of the proposed merger because any degradation or failure to continue to improve these systems due to shifting priorities and/or the

press of other matters involved in the proposed merger could negatively impact the ability of Direct Energy to continue to offer NGS services.

8. In addition to ensuring that the above referenced current operational processes are not negatively impacted as a result of the proposed merger, Direct Energy has identified other current procedures/operations of Peoples Natural Gas Company and/or Peoples Gas that frustrate the ability of Direct Energy to offer competitive service. These processes include: the manner of reporting the total number of individual customer burns that make up the aggregate burn pool; the timing of Peoples' target (daily delivery requirement) requests and capacity requests; the system used by Peoples Natural Gas to identify billing cycles; customer rebilling procedures; and the content of Peoples' daily billing.

9. As the Commission considers whether the proposed merger is in the public interest, a review of these currently lacking competitive processes is important to determine whether operational improvements could be implemented as part of the approved merger to further advance the statutory goal of enabling retail gas customers to obtain the benefits of a properly functioning and effectively competitive retail natural gas market. Moreover, to the extent a review of these processes results in the inability of the merged entity to satisfy these statutory requirements, then serious consideration must be given to whether Peoples' should continue to have the role of the default service provider post-merger.

10. In addition to ensuring that these operational issues that have governed Direct Energy's NGS operations within this service territory are operating appropriately to enable retail gas customers to obtain the benefits of a properly functioning and effectively competitive retail natural gas market, Direct Energy has an interest in ensuring that the proposals of other parties

advanced through testimony, legal arguments, or settlement discussions do not adversely impact Direct Energy's ability to effectively operate as an NGS in Peoples' service territories.

11. Direct Energy's interests in this proceeding are unique from and not adequately represented by other parties that have or may seek to intervene, including other individual NGSs, or other organizations interested in natural gas competition in Pennsylvania in general and in Peoples' service territories in particular. Direct Energy has a unique business model and its interests and perspective are unique. In view of Direct Energy's unique business model, Direct Energy's interests in this proceeding cannot be adequately represented by other NGSs with different business models and different customer target markets.

12. Direct Energy will be bound by the action of the Commission in this proceeding, as well as the terms and conditions related to Peoples' tariffs. Thus, the Commission's actions regarding Joint Applicants' proposals may have a substantial impact on Direct Energy's future involvement in the market.

13. Direct Energy's intervention is in the public interest. As a member of the Centrica group of companies providing energy and energy related services through over 4 million residential and commercial customer relationships in North America and millions of others worldwide, Direct Energy has the experience and resources to aid the Commission in evaluating the potential impact of the merger on the retail competitive market and, to the extent necessary, crafting reasonable modifications to the tariff of Peoples. Accordingly, Direct Energy's participation in this proceeding is clearly in the public interest. *See* 52 Pa. Code § 5.72(a)(3).

WHEREFORE, Direct Energy respectfully requests that the Commission grant Direct Energy's Petition to Intervene and that Direct Energy be granted full party status in this matter.

Respectfully submitted,



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Date: December 31, 2018

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Direct Energy Business Marketing, LLC and Direct Energy Small Business, LLC

Verification

I, Diana Swisher Burckhart, am a Senior Specialist, Government and Regulatory Affairs for Direct Energy Services, LLC ("Direct Energy"), and I hereby state that the facts set forth in the foregoing **Petition to Intervene** are true and correct to the best of my knowledge, information and belief and that I expect Direct Energy to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to sworn falsification to authorities).



Diana Swisher Burckhart
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Senior Specialist, Government and Regulatory Affairs
Direct Energy Services, LLC