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September 12, 2012

**VIA HAND DELIVERY**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, Filing Room  
Harrisburg, PA 17120

RECEIVED  
2012 SEP 12 PM 1:07  
PA PUC  
SECRETARY'S BUREAU

RE: Shipley Choice, LLC d/b/a Shipley Energy; Docket No. C-2012-\_\_\_\_\_ ;  
**EGS APPLICATION**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are the original and one copy of the EGS Application of Shipley Choice, LLC d/b/a Shipley Energy. Also enclosed is a disc containing a searchable version of the document in PDF format. As indicated on the attached proof of publication affidavits, notice of the application has been published in the applicable newspapers to provide statewide notice. A check in the amount of \$350.00 to cover the filing fee is enclosed. Also, copies of the Application have been served as indicated on the attached Certificate of Service.

Thank you for your attention to these matters. Please do not hesitate to contact me with any questions you may have.

Sincerely,



Todd S. Stewart  
Steven K. Haas  
*Counsel to Shipley Choice, LLC*

SKH/san  
Enclosures

# BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Shipley Choice, LLC, d/b/a Shipley Energy, for approval to offer, render, furnish, or supply electricity or electric generation services as a Supplier, Aggregator, and Broker to the public in the Commonwealth of Pennsylvania (Pennsylvania).

To the Pennsylvania Public Utility Commission:

## 1. IDENTIFICATION AND CONTACT INFORMATION

- a. **IDENTITY OF THE APPLICANT:** Provide name (including any fictitious name or d/b/a), primary address, web address, and telephone number of Applicant:

Shipley Choice LLC  
415 Norway Street  
PO Box 946  
York, PA 17405  
www.shipleyenergy.com  
717-848-4100 (o)  
717-771-1894 (Tim Booth direct)

- b. **PENNSYLVANIA ADDRESS / REGISTERED AGENT:** If the Applicant maintains a primary address outside of Pennsylvania, provide the name, address, telephone number, and fax number of the Applicant's secondary office within Pennsylvania. If the Applicant does not maintain a physical location within Pennsylvania, provide the name, address, telephone number, and fax number of the Applicant's Registered Agent within Pennsylvania.

N/A

- c. **REGULATORY CONTACT:** Provide the name, title, address, telephone number, fax number, and e-mail address of the person to whom questions about this Application should be addressed.

Matt Sommer  
Chief Marketing Officer  
415 Norway Street  
PO Box 946  
York, PA 17405  
717-771-1877 (o)  
717-854-9773 (f)  
msommer@shipleyenergy.com

- d. **ATTORNEY:** Provide the name, address, telephone number, fax number, and e-mail address of the Applicant's attorney. If the Applicant is not using an attorney, explicitly state so.

Todd Stewart  
Hawke McKeon & Sniscak LLP  
100 North Tenth St.  
Harrisburg, PA 17101  
717-236-1300 x242 (o)  
717-236-4841 (f)  
tsstewart@hmslegal.com

- e. **CONTACTS FOR CONSUMER SERVICE AND COMPLAINTS:** Provide the name, title, address, telephone number, FAX number, and e-mail of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints filed with the Applicant, the Electric Distribution Company, the Pennsylvania Public Utility Commission, or other agencies. The main contact's information will be listed on the Commission website list of licensed EGSSs.

Tim Booth  
Manager of Electricity  
550 East King St.  
York, PA 17403  
717-771-1894 (o)  
717-854-9773 (f)  
tbooth@shipleenergy.com

## 2. BUSINESS ENTITY FILINGS AND REGISTRATION

a. **FICTITIOUS NAME:** *(Select appropriate statement and provide supporting documentation as listed.)*

The Applicant will be using a fictitious name or doing business as ("d/b/a") Shipley Energy.

Provide a copy of the Applicant's filing with Pennsylvania's Department of State pursuant to 54 Pa. C.S. §311, Form PA-953.

**SEE APPENDIX I.**

**or**

The Applicant will not be using a fictitious name.

b. **BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:**

*(Select appropriate statement and provide supporting documentation. As well, understand that Domestic means being formed within Pennsylvania and foreign means being formed outside Pennsylvania.)*

The Applicant is a sole proprietor.

- If the Applicant is located outside the Commonwealth, provide proof of compliance with 15 Pa. C.S. §4124 relating to Department of State filing requirements.

**or**

The Applicant is a:

- domestic general partnership (\*)
- domestic limited partnership (15 Pa. C.S. §8511)
- foreign general or limited partnership (15 Pa. C.S. §4124)
- domestic limited liability partnership (15 Pa. C.S. §8201)
- foreign limited liability general partnership (15 Pa. C.S. §8211)
- foreign limited liability limited partnership (15 Pa. C.S. §8211)

- Provide proof of compliance with appropriate Department of State filing requirements as indicated above.
- Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.
- Provide the state in which the business is organized/formed and provide a copy of the Applicant's charter documentation.

- \* If a corporate partner in the Applicant's domestic partnership is not domiciled in Pennsylvania, attach a copy of the Applicant's Department of State filing pursuant to 15 Pa. C.S. §4124.

**OR**

The Applicant is a:

- domestic corporation (15 Pa. C.S. §1308)
- foreign corporation (15 Pa. C.S. §4124)
- domestic limited liability company (15 Pa. C.S. §8913)
- foreign limited liability company (15 Pa. C.S. §8981)
- Other (Describe):

- Provide proof of compliance with appropriate Department of State filing requirements as indicated above.

***SEE APPENDIX II.***

- Provide the state in which the business is incorporated/organized/formed and provide a copy of the Applicant's charter documentation.

Incorporated in Pennsylvania.

- Give name and address of officers.

William S. Shipley, II  
Shirley D. Shipley  
William S. Shipley, III  
Lloyd R. Midgett  
Richard M. Beamesderfer  
Bret C. Hoffmaster  
Brian S. Mitz  
Stephen J. Passio  
David J. Gruno  
Steven J. Downey  
Matthew A. Sommer

415 Norway Street  
York, PA 17405

### 3. AFFILIATES AND PREDECESSORS

*(both in state and out of state)*

- a. **AFFILIATES:** Give name and address of any affiliate(s) currently doing business and state whether the affiliate(s) are jurisdictional public utilities. If the Applicant does not have any affiliates doing business, explicitly state so. Also, state whether the applicant has any affiliates that are currently applying to do business in Pennsylvania.

*SEE APPENDIX III, PAGE 6*

- b. **PREDECESSORS:** Identify the predecessor(s) of the Applicant and provide the name(s) under which the Applicant has operated within the preceding five (5) years, including address, web address, and telephone number, if applicable. If the Applicant does not have any predecessors that have done business, explicitly state so.

Shiple Energy Company  
415 Norway Street  
PO Box 946  
York, PA 17405  
[www.shipleenergy.com](http://www.shipleenergy.com)  
717-848-4100

### 4. OPERATIONS

- a. **APPLICANT'S PRESENT OPERATIONS:** *(select and complete the appropriate statement)*

The Applicant is presently doing business in Pennsylvania as a

- municipal electric corporation  
 electric cooperative  
 local gas distribution company  
 provider of electric generation, transmission or distribution services  
 Other; Identify the nature of service being rendered.

Natural Gas Supplier

**or**

The Applicant is not presently doing business in Pennsylvania.

- b. **APPLICANT'S PROPOSED OPERATIONS:** The Applicant proposes to operate as a *(may check multiple):*

- Generator of electricity  
 Supplier of electricity  
 Aggregator engaged in the business of supplying electricity  
 Broker/Marketer engaged in the business of supplying electricity services  
 Electric Cooperative and supplier of electric power

Other (Describe):

Definitions

- Supplier – an entity that sells electricity to end-use customers utilizing the jurisdictional transmission and distribution facilities of an EDC.
- Aggregator - an entity that purchases electric energy and takes title to electric energy as an intermediary for sale to retail customers.
- Broker/Marketer - an entity that acts as an intermediary in the sale and purchase of electric energy but does not take title to electric energy.

c. **PROPOSED SERVICES:** Describe in detail the electric services or the electric generation services which the Applicant proposes to offer.

ShIPLEY Choice (d/b/a ShIPLEY Energy) will directly supply electricity at fixed and variable prices to end-use customers in Pennsylvania. We will primarily market to residential customers but may also work with commercial and industrial customers. The first utility we will target is PPL, followed by Met-Ed, PECO, and the remaining major utilities. We will attain membership with PJM as required, procure the necessary EDI solutions, and perform all necessary forecasting, scheduling, and settlement. We will take responsibility for all billing, and may utilize utility Purchase of Receivables programs where available.

d. **PROPOSED SERVICE AREA:** Provide a list of each Electric Distribution Company for which the Applicant proposes to provide service.

Pennsylvania Power and Light (PPL)  
Metropolitan Edison Company (Met-Ed)  
Philadelphia Electric Company (PECO)  
West Penn Power  
Pennsylvania Electric Company (Penelec)  
Duquesne Power and Light  
Penn Power

e. **CUSTOMERS:** Applicant proposes to provide services to:

- Residential Customers
- Small Commercial Customers - (25 kW and Under)
- Large Commercial Customers - (Over 25 kW)
- Industrial Customers
- Governmental Customers
- All of above
- Other (Describe):

f. **PROPOSED MARKETING METHOD** (check all that apply)

- Internal – Applicant will use its own internal resources/employees for marketing
- External EGS – Applicant will contract with a PUC **LICENSED EGS** broker/marketer
- Affiliate – Applicant will use a **NON-EGS** affiliate marketing company and or individuals.
- External Third-Party – Applicant will contract with a **NON-EGS** third party marketing company and or individuals
- Other (Describe):

**g. DOOR TO DOOR SALES:** Will the Applicant be implementing door to door sales activities?

- Yes
- No

If yes, will the Applicant be using a Third Party Verification procedure?

- Yes
- No

If yes, describe the Applicant's Third Party Verification procedures.

**h. START DATE:** Provide the approximate date the Applicant proposes to begin services within the Commonwealth.

December 1, 2012

## **5. COMPLIANCE**

**a. CRIMINAL/CIVIL PROCEEDINGS:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application, has been or is currently the defendant of a criminal or civil proceeding within the last five (5) years.

Identify all such proceedings (active or closed), by name, subject and citation; whether before an administrative body or in a judicial forum. If the Applicant has no proceedings to list, explicitly state such.

N/A

**b. SUMMARY:** If applicable; provide a statement as to the resolution or present status of any such proceedings listed above.

N/A

**c. CUSTOMER/REGULATORY/PROSECUTORY ACTIONS:** Identify all formal or escalated actions or complaints filed with or by a customer, regulatory agency, or prosecutory agency against the Applicant, an affiliate, a predecessor of either, or a person identified in this Application, for the prior five (5) years, including but not limited to customers, Utility Commissions, and Consumer Protection Agencies such as the Offices of Attorney General. If the Applicant has no actions or complaints to list, explicitly state such.

N/A

**d. SUMMARY:** If applicable; provide a statement as to the resolution or present status of any actions listed above.

N/A

## 6. PROOF OF SERVICE

*(Example Certificate of Service is attached at Appendix C)*

- a.) **STATUTORY AGENCIES:** Pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14, provide proof of service of a signed and verified Application with attachments on the following:

Office of Consumer Advocate  
5th Floor, Forum Place  
555 Walnut Street  
Harrisburg, PA 17120

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

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

Commonwealth of Pennsylvania  
Department of Revenue  
Bureau of Compliance  
Harrisburg, PA 17128-0946

- b.) **EDCs:** Pursuant to Sections 1.57 and 1.58 of the Commission's Regulations, 52 Pa. Code §§1.57 and 1.58, provide Proof of Service of the Application and attachments upon each of the Electric Distribution Companies the Applicant proposed to provide service in. Upon review of the Application, further notice may be required pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14. Contact information for each EDC is as follows.

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

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

**Duquesne Light:**  
Regulatory Affairs  
Duquesne Light Company  
411 Seventh Street, MD 16-4  
Pittsburgh, PA 15219

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

**Met-Ed, Penelec, and Penn Power:**

**UGI:**



Legal Department  
First Energy  
2800 Pottsville Pike  
Reading PA, 19612

**Citizens' Electric Company:**

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

**Wellsboro Electric Company:**

Wellsboro Electric Company  
Attn: EGS Coordination  
33 Austin Street  
P. O. Box 138  
Wellsboro, PA 16901

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

**Pike County Light & Power Company:**

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

## 7. FINANCIAL FITNESS

- a. **BONDING:** In accordance with 66 Pa. C.S. Section 2809(c)(1)(i), the Applicant is required to file a bond or other instrument to ensure its financial responsibilities and obligations as an EGS. Therefore, the Applicant is...

- √ Furnishing the **original** (along with copies) of an initial bond, letter of credit or proof of bonding to the Commission in the amount of \$250,000.

*SEE APPENDIX VII.*

- Furnishing the **original** (along with copies) of another initial security for Commission approval, to ensure financial responsibility.
- Filing for a modification to the \$250,000 requirement and furnishing the **original** (along with copies) of an initial bond, letter of credit or proof of bonding to the Commission in the amount of \$10,000. Applicant is required to provide information supporting an amount less than \$250,000. Such supporting information must include indication that the Applicant will not take title to electricity and will not pay electricity bills on behalf of its customers. Further details for modification may be described as well.
- *At the conclusion of Applicant's first year of operation it is the intention of the Commission to tie security bonds to a percentage of Applicant's gross receipts resulting from the sale of generated electricity consumed in Pennsylvania. The amount of the security bond will be reviewed and adjusted on an annual basis.*
  - *Example version of a bond and letter of credit are attached at Appendix D & E, Applicant's security must follow language from these examples.*
  - *Any deviation from these examples must be identified in the application and may not be acceptable to the Commission.*

- b. **FINANCIAL RECORDS, STATEMENTS, AND RATINGS:** Applicant must provide sufficient information to demonstrate financial fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- Actual (or proposed) organizational structure including parent, affiliated or subsidiary companies.
- Published Applicant or parent company financial and credit information (i.e. 10Q or 10K). (SEC/EDGAR web addresses are sufficient)
- Applicant's accounting statements, including balance sheet and income statements for the past two years.
- Evidence of Applicant's credit rating. Applicant may provide a copy of its Dun and Bradstreet Credit Report and Robert Morris and Associates financial form, evidence of Moody's, S&P, or Fitch ratings, and/or other independent financial service reports.
- A description of the types and amounts of insurance carried by Applicant which are specifically intended to provide for or support its financial fitness to perform its obligations as a licensee.
- Audited financial statements exhibiting accounts over a minimum two year period.
- Bank account statement, tax returns from the previous two years, or any other information that demonstrates Applicant's financial fitness.

*SEE APPENDIX III.*

- c. **ACCOUNTING RECORDS CUSTODIAN:** Provide the name, title, address, telephone number, FAX number, and e-mail address of Applicant's custodian for its accounting records.

Brad Beaumont  
Controller  
415 Norway Street  
PO Box 946  
York, PA 17405  
717-771-1861 (o)  
717-771-1969 (f)  
bbeaumont@shipleenergy.com

- d. **TAXATION:** Complete the TAX CERTIFICATION STATEMENT attached as Appendix F to this application.

*All sections of the Tax Certification Statement must be completed. Absence (submitting N/A) of any of the TAX identifications numbers (items 7A through 7C) shall be accompanied by supporting documentation or an explanation validating the absence of such information.*

*Items 7A and 7C on the Tax Certification Statement are designated by the Pennsylvania Department of Revenue. Item 7B on the Tax Certification Statement is designated by the Internal Revenue Service.*

**SEE APPENDIX IV.**

## 8. TECHNICAL FITNESS:

To ensure that the present quality and availability of service provided by electric utilities does not deteriorate, the Applicant shall provide sufficient information to demonstrate technical fitness commensurate with the service proposed to be provided.

a.) **EXPERIENCE, PLAN, STRUCTURE:** such information may include:

- Applicant's previous experience in the electricity industry.
- Summary and proof of licenses as a supplier of electric services in other states or jurisdictions.
- Type of customers and number of customers Applicant currently serves in other jurisdictions.
- Staffing structure and numbers as well as employee training commitments.
- Business plans for operations within the Commonwealth.
- Documentation of membership in PJM, ECAR, MAAC, other regional reliability councils, or any other membership or certification that is deemed appropriate to justify competency to operate as an EGS within the Commonwealth.
- Any other information appropriate to ensure the technical capabilities of the Applicant.

Shipley Energy has been operating as a broker of electricity in Pennsylvania (PA license A-110069) since we first began shopping for our customers in June 2009. Our first deal was booked on August 6<sup>th</sup>, 2009, and since then the business has grown into a robust and profitable product line. We have negotiated fixed and variable supply contracts, green energy solutions, and demand response agreements for customers between 12,000 and 30 million kWh per year. We now look to extend our electricity services to the 20,000 residential customers we currently supply with oil, natural gas, and propane. The residential product will be served under the name Shipley Choice, LLC. Our application for PJM membership will be submitted shortly after the PUC has received this document.

CEO William Shipley III, COO Lloyd Midgett, and CMO Matthew Sommer guide the strategic plans of the broker business and will be considerably more involved with the supply business. Tim Booth, Manager of Electricity, controls all supplier relationships, pricing, and customer-level sales strategy. He will be instrumental in both the setup and day-to-day operations of the supply business. Salesmen Scott Waybrant, Rem Stover, and Tim Mikotowicz work with our existing customers to provide paramount service and renewal pricing strategy. They will continue to serve the brokering side of the business to allow the others more time on the supply side.

We will work closely with at least two partner companies. One will handle our EDI transactions, and the other will provide our forecasting, scheduling, and settlement needs. Marketing will be done primarily in-house and will focus on mail campaigns, telemarketing, and website promotion. Customer service will be handled by our impressive current team of cross-trained representatives.

Shipley Choice will sell in PPL and Met-Ed first, and will initially concentrate on our existing residential customer base.

b.) **OFFICERS:** Identify Applicant's chief officers including names and their professional resumes.

**WILLIAM S. SHIPLEY, II**

Shipley Energy Company, Chairman Emeritus	2012-Present
Shipley Energy Company, Chairman	1985-2012
Shipley Oil Company, President	1958-1985
York Shipley, Inc., Assistant to Lavern Brenneman	1957-1958
C.V. Hill Company, Sales Representative	1953-1957
Lehigh University, BS, Business Administration	1953
United States Army Reserve	1950-1955

**SHIRLEY D. SHIPLEY**

Shipley Energy Company, Chairman	2012-Present
Shipley Energy Company, Vice President	1976-2012
Sarasota County School District, Teacher	1955-1956
Radnor School District, Teacher	1954-1955
York College, Doctor of Humane Letters	2001
Cedar Crest College, BS, Education	1954

**WILLIAM S. SHIPLEY, III**

Shipley Group, Chairman	2012-Present
Shipley Energy, Chief Executive Officer	1982-Present
Southland Corporation, 7-11 Store Manager	1980-1982
Pennsylvania State University, MBA	1980
Emory University, BA, History	1978

**LLOYD R. MIDGETT**

Shipley Group and Shipley Energy, Secretary, Chief Operating Officer	2012-Present
Shipley Fuels Marketing, President	2004-2012
Willow Valley Associates, Vice President - Administration	1997-2004
Shipley Stores, Inc., President	1989-1997
Miller & Hartman, Corporate Sales Manager	1987-1989
Amerada Hess Corporation, Merchandising Manager	1979-1987
Attended Dutchess County College	1977

**RICHARD M. BEAMESDERFER**

Shipley Group and Shipley Energy, CFO, Treasurer	1996-Present
Health South Corporation, CFO - Rehab Hospital of York	1987-1996
Manor Care, Tax Investment Analyst	1983-1987
George Washington University, MBA, Finance	1989
Certified Public Accountant	1986
Andrews University, BBA, Accounting	1983

**BRET C. HOFFMASTER**

Shipley Group, Vice President - Marketing	2004-Present
Shipley Group, President - Shipley Stores, LLC	1995-2004
Mobil Oil Corporation, Sales & Business Consultant	1986-1994
Bloomsburg University, BSBA, Marketing - Minor in Economics	1986

**BRIAN S. MITZ**

Shipley Energy, Vice President of Operations	2011-Present
Shipley Propane, Vice President & General Manager	2003-2011
Shipley Stores, Motor Fuels Sales Manager	1999-2003
Shuchart Oil & Propane, General Manager	1982-1999

**STEPHEN J. PASSIO**

Shipley Energy, Vice President Commercial Fuels	2003 – Present
BP, Capabilities Project Manager	2001– 2003
BP Amoco, Mid-Atlantic Region Manager	1999-2001
BP Amoco, Pricing Manager Atlantic BU	1997-1999
Amoco Corporation, Financial/Strategic Analyst	1995-1997
Amoco Corporation, Sales Operations Manager	1990-1995
Robert Morris College, MBA	1995
Temple University, BS Business Administration	1989

**DAVID J. GRUNO**

Shipley Energy, Vice President Human Resources and Environment	2004 – Present
Willow Valley Associates, Director of Human Resources	1998 – 2004
Cintas Corporation, Manager of Human Resources	1995 -1998
United States Air Force /United States Air Force Reserves	1988-1995
Troy State University, BS, Human Resource Management	1994
Community College of the Air Force, AS, Personnel Administration	1991

**STEVEN J. DOWNEY**

Shipley Energy, Chief Technology Officer	2008 – Present
Siemens Medical Solutions, Director, Identity Solutions	2007-2008
Siemens Communications, Solutions Architect	2005-2007
ActivCard Inc, Solutions Architect	2002-2005
Pulse Engineering Inc, Systems Engineer	1996-2001
National Security Agency, Computer Operator	1991-1995
Anne Arundel Community College, AA, Business Administration	2006

**MATTHEW A. SOMMER**

Shipley Energy, Chief Marketing Officer	2012-Present
Shipley Energy, Vice President of Natural Gas and Electricity	2002-2011
George Washington University, BA, Economics	2001

c.) **FERC FILING:** Applicant has:

- Filed an Application with the Federal Energy Regulatory Commission to be a Power Marketer.
- Received approval from FERC to be a Power Marketer at Docket or Case Number \_\_\_\_\_.
- Not applicable

**9. DISCLOSURE STATEMENT:**

**Disclosure Statements:** If proposing to serve Residential and/or Small Commercial (under 25 kW) customers, provide a Residential and/or Small Commercial disclosure statement. A sample disclosure statement is provided as Appendix G to this Application.

- Electricity should be priced in clearly stated terms to the extent possible. Common definitions should be used. All consumer contracts or sales agreements should be written in plain language with any exclusions, exceptions, add-ons, package offers, limited time offers or other deadlines prominently communicated. Penalties and procedures for ending contracts should be clearly communicated.

***Not applicable for an applicant applying for a license exclusively as a broker/marketer.***

***SEE APPENDIX VIII.***

## 10. VERIFICATIONS, ACKNOWLEDGEMENTS, AND AGREEMENTS

- a. **PJM LOAD SERVING ENTITY REQUIREMENT:** As a prospective EGS, the applicant understands that those EGSs which provide retail electric supply service (i.e. takes title to electricity) must provide either:
- proof of registration as a PJM Load Serving Entity (LSE), or
  - proof of a contractual arrangement with a registered PJM LSE that facilitates the retail electricity services of the EGS.

The Applicant understands that compliance with this requirement must be filed within 120 days of the Applicant receiving a license. As well, the Applicant understands that compliance with this requirement may be filed with this instant application.

*(Select only one of the following)*

- AGREED - Applicant has included compliance with this requirement in the instant application, labeled in correspondence with this section (10).
- AGREED - Applicant will provide compliance with this requirement within 120 days of receiving its license
- ACKNOWLEDGED - Applicant is not proposing to provide retail electric supply service at this time, and therefore is not presently obligated to provide such information

- b. **STANDARDS OF CONDUCT AND DISCLOSURE:** As a condition of receiving a license, Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission. Further, the Applicant agrees that it must comply with and ensure that its employees, agents, representatives, and independent contractors comply with the standards of conduct and disclosure set out in Commission regulations at 52 Pa. Code § 54.43.

AGREED

- c. **REPORTING REQUIREMENTS:** Applicant agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:
- Retail Electricity Choice Activity Reports: The regulations at 52 Pa. Code §§ 54.201--54.204 require that all active EGSs report sales activity information. An EGS will file an annual report reporting for customer groups defined by annual usage. Reports must be filed using the appropriate report form that may be obtained from the PUC's Secretary's Bureau or the forms officer, or may be down-loaded from the PUC's internet web site.
  - Reports of Gross Receipts: Applicant shall report its Pennsylvania intrastate gross receipts to the Commission on a quarterly and year to date basis no later than 30 days following the end of the quarter.
  - The Treasurer or other appropriate officer of Applicant shall transmit to the Department of Revenue by March 15, an annual report, and under oath or affirmation, of the amount of gross receipts received by Applicant during the prior calendar year.
  - Applicant shall report to the Commission the percentages of total electricity supplied by each fuel source on an annual basis:

- Applicant will be required to meet periodic reporting requirements as may be issued by the Commission to fulfill the Commission's duty under Chapter 28 pertaining to reliability and to inform the Governor and Legislature of the progress of the transition to a fully competitive electric market.

√ AGREED

- d. **TRANSFER OF LICENSE:** The Applicant understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. See 66 Pa. C.S. Section 2809(D). Transferee will be required to file the appropriate licensing application.

√ AGREED

- e. **ASSESSMENT:** The Commission does not presently assess Electric Generation Suppliers for the purposes of recovery of regulatory expenses; see *PPL Energyplus, LLC v. Commonwealth*, 800 A.2d 360 (Pa. Cmwlth. 2002).

√ ACKNOWLEDGED

- f. **FURTHER DEVELOPMENTS:** Applicant is under a continuing obligation to amend its application if substantial changes occur to the information upon which the Commission relied in approving the original filing. See 52 Pa. Code § 54.34.

√ AGREED

- g. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.

√ AGREED

- h. **NOTIFICATION OF CHANGE:** If your answer to any of these items changes during the pendency of your application or if the information relative to any item herein changes while you are operating within the Commonwealth of Pennsylvania, you are under a duty to so inform the Commission, within twenty (20) days, as to the specifics of any changes which have a significant impact on the conduct of business in Pennsylvania. See 52 Pa. Code § 54.34.

√ AGREED

- i. **CEASING OF OPERATIONS:** Applicant is also required to officially notify the Commission if it plans to cease doing business in Pennsylvania, 90 days prior to ceasing operations.



√ AGREED

- j. **Electronic Data Interchange:** The Applicant acknowledges the Electronic Data Interchange (EDI) requirements and the relevant contacts for each EDC, as listed at appendix J.

√ AGREED

- k. **FEE:** The Applicant has enclosed or paid the required initial licensing fee of \$350.00 payable to the Commonwealth of Pennsylvania.

√ PAYMENT ENCLOSED

*SEE APPENDIX IX.*

## 11. AFFIDAVITS

- a.) **APPLICATION AFFIDAVIT:** Complete and submit with your filing an officially notarized Application Affidavit stating that all the information submitted in this application is truthful and correct. An example copy of this Affidavit can be found at Appendix A.

*SEE APPENDIX V.*

- b.) **OPERATIONS AFFIDAVIT:** Provide an officially notarized affidavit stating that you will adhere to the reliability protocols of the North American Electric Reliability Council, the appropriate regional reliability council(s), and the Commission, and that you agree to comply with the operational requirements of the control area(s) within which you provide retail service. An example copy of this Affidavit can be found at Appendix B.

*SEE APPENDIX VI.*

## 12. NEWSPAPER PUBLICATIONS

Notice of filing of this Application must be published in newspapers of general circulation covering each county in which the applicant intends to provide service. Below is a list of newspapers which cover the publication requirements for Electric Generation Suppliers looking to do business in Pennsylvania.

The newspapers in which proof of publication is required is dependent on the service territories the applicant is proposing to serve. The chart below dictates which newspapers are necessary for each EDC. If the applicant is proposing to serve the entire Commonwealth, please file proof of publication in all seven newspapers.

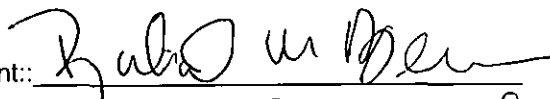
Please file with the Commission the Certification of Publication, along with a photostatic copy of the notice to complete the notice requirements.

Proof of newspaper publications must be filed with the initial application. Applicants **do not** need a docket number in their publication. Docket numbers will be issued when all criteria on the item 14 checklist (see below) are satisfied.

	<u>Duquesne</u>	<u>Met Ed</u>	<u>PECO</u>	<u>Penelec</u>	<u>Penn Power</u>	<u>PPL</u>	<u>UGI</u>	<u>West Penn</u>	<u>Entire Commonwealth</u>
Philadelphia Daily News		X	X			X			X
Harrisburg Patriot-News		X		X		X		X	X
Scranton Times Tribune		X		X		X	X		X
Williamsport Sun Gazette				X		X		X	X
Johnstown Tribune Democrat				X				X	X
Erie Times-News				X	X				X
Pittsburgh Post-Gazette	X				X			X	X

(Example Publication is provided at Appendix H)

## 13. SIGNATURE -- RICHARD

Applicant:   
 By: Richard W. Beamesderfer  
 Title: Treasurer

RECEIVED  
 2012 SEP 12 PM 1:08  
 SECRETARY'S OFFICE  
 PA PUC

COMMONWEALTH OF PENNSYLVANIA }  
 County of Cambria } SS

**PENNSYLVANIA PUBLIC UTILITY COMMISSION NOTICE**  
 Application Of Shipley Choice LLC d/b/a Shipley Energy For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Supplier Of Electricity Engaged In The Business Of Supplying Electricity To The Public In The Commonwealth Of Pennsylvania.  
 Shipley Choice LLC d/b/a Shipley Energy will be filing an application with the Pennsylvania Public Utility Commission ("PUC") for a license to supply electricity or electric generation services as a supplier of electricity engaged in the business of supplying electricity in the Commonwealth of Pennsylvania. Shipley Choice LLC d/b/a Shipley Energy proposes to sell electricity and related services throughout the service territories of PECO Energy, PPL Electric Utilities, Duquesne Light Company, Metropolitan Edison Company, Pennsylvania Electric Company, Penn Power and West Penn Power under the provisions of the new Electricity Generation Customer Choice and Competition Act.  
 The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Shipley Choice LLC d/b/a Shipley Energy may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to the Shipley Choice LLC d/b/a Shipley Energy attorney at the address listed below.  
 By and through Counsel:  
 Todd S. Stewart  
 Hawke McKeon & Sniscak, LLP  
 100 N. 10th Street  
 Harrisburg, PA 17101  
 Phone (717) 236-1300  
 Fax (717) 236-4841

published continuously that the annexed is a true and correct copy of the above matter published in said publication in the regular issues of the County of Cambria, and Commonwealth of Pennsylvania and on August 24, 2012; and that the Affiant is not interested in the subject matter of said publication are

Sworn and Subscribed  
 4th day of September,

*[Signature]*

the County of Cambria, and Commonwealth of Pennsylvania and on August 24, 2012; and that the Affiant is not interested in the subject matter of said publication are

*Christine Marhefka*  
**STATEMENT OF ADVERTISING COSTS**

68 Lines @ \$2.50 per line	170.00
0.00 Inches @ \$25.00 per inch	0.00
Notary Fee	5.00
Clerical Fee	2.50
<b>Total Cost</b>	<b>177.50</b>

OF PENNSYLVANIA  
 of Seal  
 Notary Public  
 Cambria County  
 expires Dec. 6, 2012  
 ASSOCIATION OF NOTARIES

To The Tribune-Democrat, Johnstown, PA  
 For publishing the notice or publication  
 attached hereto on the above stated dates.

**RECEIPT FOR ADVERTISING COSTS**

\_\_\_\_\_ for publisher of \_\_\_\_\_  
 a newspaper of general circulation, hereby acknowledges receipt of the aforesaid  
 and publication costs and certifies that the same has been duly paid.

By \_\_\_\_\_  
 PA PUC  
 SECRETARY'S BUREAU

2012 SEP 12 PM 1:08

RECEIVED

Proof of Publication in The Philadelphia Daily News  
Under Act. No 587, Approved May 16, 1929

STATE OF PENNSYLVANIA  
COUNTY OF PHILADELPHIA

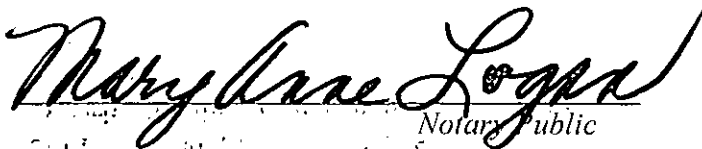
Florence Devlin being duly sworn, deposes and says that **The Philadelphia Daily News** is a newspaper published daily, except Sunday, at Philadelphia, Pennsylvania, and was established in said city in 1925, since which date said newspaper has been regularly issued in said County, and that a copy of the printed notice of publication is attached hereto exactly as the same was printed and published in the regular editions and issues of the said newspaper on the following dates:

August 29, 2012

Affiant further deposes and says that she is an employee of the publisher of said newspaper and has been authorized to verify the foregoing statement and that she is not interested in the subject matter of the aforesaid notice of publication, and that all allegations in the foregoing statement as to time, place and character of publication are true.



Sworn to and subscribed before me this 29th day of August, 2012.



Notary Public

My Commission Expires:

NOTARIAL SEAL  
Mary Anne Logan, Notary Public  
City of Philadelphia, Phila. County  
My Commission Expires 3/30/2013

Copy of Notice of Publication

PENNSYLVANIA PUBLIC UTILITY  
COMMISSION NOTICE

Application Of Shipley Choice LLC d/b/a Shipley Energy For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Supplier Of Electricity Engaged In The Business Of Supplying Electricity To The Public In The Commonwealth Of Pennsylvania.

Shipley Choice LLC d/b/a Shipley Energy will be filing an application with the Pennsylvania Public Utility Commission ("PUC") for a license to supply electricity or electric generation services as a supplier of electricity engaged in the business of supplying electricity in the Commonwealth of Pennsylvania. Shipley Choice LLC d/b/a Shipley Energy proposes to sell electricity and related services throughout the service territories of PECO Energy, PPL Electric Utilities, Duquesne Light Company, Metropolitan Edison Company, Pennsylvania Electric Company, Penn Power and West Penn Power under the provisions of the new Electricity Generation Customer Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Shipley Choice LLC d/b/a Shipley Energy may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3285, Harrisburg, PA 17105-3285. You should send copies of any protest to the Shipley Choice LLC d/b/a Shipley Energy attorney at the address listed below.

By and through Counsel: Todd S. Stewart  
Hawke McKeon & Sniscak, LLP  
100 N. 10th Street  
Harrisburg, PA 17101  
Phone (717) 238-1300  
Fax (717) 238-4841

RECEIVED  
2012 SEP 12 PM 1:08  
PA PUC  
SECRETARY'S BUREAU

### Proof of Publication of Notice in Pittsburgh Post-Gazette

Under Act No 587, Approved May 16, 1929, PL 1784, as last amended by Act No 409 of September 29, 1951

Commonwealth of Pennsylvania, County of Allegheny, ss M. Goodwin, being duly sworn, deposes and says that the Pittsburgh Post-Gazette, a newspaper of general circulation published in the City of Pittsburgh, County and Commonwealth aforesaid, was established in 1993 by the merging of the Pittsburgh Post-Gazette and Sun-Telegraph and The Pittsburgh Press and the Pittsburgh Post-Gazette and Sun-Telegraph was established in 1960 and the Pittsburgh Post-Gazette was established in 1927 by the merging of the Pittsburgh Gazette established in 1786 and the Pittsburgh Post, established in 1842, since which date the said Pittsburgh Post-Gazette has been regularly issued in said County and that a copy of said printed notice or publication is attached hereto exactly as the same was printed and published in the \_\_\_\_\_ regular \_\_\_\_\_ editions and issues of the said Pittsburgh Post-Gazette a newspaper of general circulation on the following dates, viz:

**29 of August, 2012**

Affiant further deposes that he/she is an agent for the PG Publishing Company, a corporation and publisher of the Pittsburgh Post-Gazette, that, as such agent, affiant is duly authorized to verify the foregoing statement under oath, that affiant is not interested in the subject matter of the afore said notice or publication, and that all allegations in the foregoing statement as to time, place and character of publication are true.

M. Goodwin  
PG Publishing Company

Sworn to and subscribed before me this day of:  
August 29, 2012

Linda M. Gaertner

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Linda M. Gaertner, Notary Public  
City of Pittsburgh, Allegheny County  
My Commission Expires Jan. 31, 2015  
MEMBER PENNSYLVANIA ASSOCIATION OF NOTARIES

#### STATEMENT OF ADVERTISING COSTS

Hawke McKeon & Sniscak  
100 N TENTH ST  
PO BOX 1778  
ATTN: STEVEN K HAAS  
HARRISBURG PA 17105-1778

To PG Publishing Company

Total ----- \$532.50

#### Publisher's Receipt for Advertising Costs

PG PUBLISHING COMPANY, publisher of the Pittsburgh Post-Gazette, a newspaper of general circulation, hereby acknowledges receipt of the aforesaid advertising and publication costs and certifies that the same have been fully paid.

Office  
34 Boulevard of the Allies  
PITTSBURGH, PA 15222  
Phone 412-263-1338

PG Publishing Company, a Corporation, Publisher of  
Pittsburgh Post-Gazette, a Newspaper of General Circulation

By Maria Jurek

I hereby certify that the foregoing is the original Proof of Publication and receipt for the Advertising costs in the subject matter of said notice.

#### COPY OF NOTICE OR PUBLICATION

##### PENNSYLVANIA PUBLIC UTILITY COMMISSION NOTICE

Application Of Shipley Choice LLC d/b/a Shipley Energy For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Supplier Of Electricity Engaged In The Business Of Supplying Electricity To The Public In The Commonwealth Of Pennsylvania.

Shipley Choice LLC d/b/a Shipley Energy will be filing an application with the Pennsylvania Public Utility Commission ("PUC") for a license to supply electricity or electric generation services as a supplier of electricity engaged in the business of supplying electricity in the Commonwealth of Pennsylvania. Shipley Choice LLC d/b/a Shipley Energy proposes to sell electricity and related services throughout the service territories of PECO Energy, PPL Electric Utilities, Duquesne Light Company, Metropolitan Edison Company, Pennsylvania Electric Company, Penn Power and West Penn Power under the provisions of the new Electricity Generation Customer Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Shipley Choice LLC d/b/a Shipley Energy may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to the Shipley Choice LLC d/b/a Shipley Energy attorney at the address listed below.

By and through Counsel: Todd S. Stewart, Hawke McKeon & Sniscak, LLP, 100 N. 10th Street, Harrisburg, PA 17101, Phone (717) 236-1300, Fax (717) 236-4841

PROOF OF PUBLICATION OF NOTICE IN THE WILLIAMSPORT SUN-GAZETTE UNDER ACT NO. 587, APPROVED MAY 16, 1929

STATE OF PENNSYLVANIA  
COUNTY OF LYCOMING

SS:

Bernard A. Oravec Publisher of the Sun-Gazette Company, publishers of the Williamsport, Sun-Gazette, successor to the Williamsport Sun and the Gazette & Bulletin, both daily newspapers of general circulation, published at 252 West Fourth Street, Williamsport, Pennsylvania, being duly sworn, deposes and says that the Williamsport Sun was established in 1870 and the Gazette & Bulletin was established in 1801, since which dates said successor, the Williamsport Sun-Gazette, has been regularly issued and published in the County of Lycoming aforesaid, and that a copy of the printed notice is attached hereto exactly as the same was printed and published in the regular editions of said Williamsport Sun-Gazette on the following dates, viz:

August 25, 2012

Affiant further deposes that he is an officer daily authorized by the Sun-Gazette Company, publisher of the Williamsport Sun-Gazette, to verify the foregoing statement under oath and also declares that affiant is not interested in the subject matter of the aforesaid notice of publication, and that all the allegations in the foregoing statement as to time, place and character of publication are true.

LEGAL NOTICES

PENNSYLVANIA  
PUBLIC UTILITY  
COMMISSION  
NOTICE

Application Of Shipley Choice LLC d/b/a Shipley Energy For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Supplier Of Electricity Engaged In The Business Of Supplying Electricity To The Public In The Commonwealth Of Pennsylvania.

Shipley Choice LLC d/b/a Shipley Energy will be filing an application with the Pennsylvania Public Utility Commission ("PUC") for a license to supply electricity or electric generation services as a supplier of electricity engaged in the business of supplying electricity in the Commonwealth of Pennsylvania. Shipley Choice LLC d/b/a Shipley Energy proposes to sell electricity and related services throughout the service territories of PECO Energy, PPL Electric Utilities, Duquesne Light Company, Metropolitan Edison Company, Pennsylvania Electric Company, Penn Power and West Penn Power under the provisions of the new Electricity Generation Customer Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Shipley Choice LLC d/b/a Shipley Energy may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies

THE SUN-GAZETTE  
and certifies that

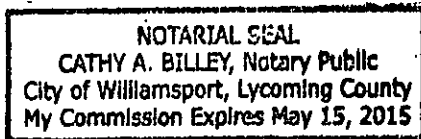
Bernard A. Oravec

SUN-GAZETTE COMPANY

Sworn to and subscribed before me

the 28<sup>th</sup> day of August 2012

Cathy A. Billey  
Notary Public



STATEMENT OF ADVERTISING COSTS

To the Sun-Gazette Company, Dr.:  
For publishing the notice attached  
hereto on the above state dates.....\$ 298.64  
Probated same.....\$  
Total.....\$ 298.64

SHER'S RECEIPT FOR ADVERTISING COSTS

hereby acknowledges receipt of the aforesaid advertising and publication costs  
been fully paid.

SUN-GAZETTE COMPANY

BY Bernard A. Oravec

PROOF OF PUBLICATION  
In  
THE ERIE TIMES-NEWS  
COMBINATION EDITION

HAWKE MCKEON SNISCAK LLP  
100 NORTH TENTH ST  
HARRISBURG PA 17101

REFERENCE: L0000110 SHIPLEY CHOICE LLC  
0001140501 PENNSYLVANIAPUBLICUT

STATE OF PENNSYLVANIA)  
COUNTY OF ERIE ) SS:

Ross Lockwood, being duly sworn, deposes and says that: (1) he is a designated agent of the Times Publishing Company (TPC) to execute Proofs of Publication on behalf of the TPC; (2) the TPC, whose principal place of business is at 205 W. 12th Street, Erie, Pennsylvania, owns and publishes the Erie Times-News, established October 2, 2000, a daily newspaper of general circulation, and published at Erie, Erie County Pennsylvania; (3) the subject notice or advertisement, a true and correct copy of which is attached, was published in the regular edition(s) of said newspaper on the date(s) referred to below. Affiant further deposes that he is duly authorized by the TPC, owner and publisher of the Erie Times-News, to verify the foregoing statement under oath, and affiant is not interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the foregoing statement as to time, place and character of publication are true.

PUBLISHED ON: 08/24

TOTAL COST: 217.00 AD SPACE: 70 LINE  
FILED ON: 08/24/12

PENNSYLVANIA  
PUBLIC UTILITY  
COMMISSION NOTICE  
Application Of Shipley  
Choice LLC d/b/a Shipley  
Energy For Approval To  
Offer, Render, Furnish Or  
Supply Electricity Or  
Electric Generation Ser-  
vices As A Supplier Of  
Electricity Engaged In  
The Business Of Supply-  
ing Electricity To The  
Public In The Common-  
wealth Of Pennsylvania.  
Shipley Choice LLC d/b/a  
Shipley Energy will be fil-  
ing an application with  
the Pennsylvania Public  
Utility Commission  
("PUC") for a license to  
supply electricity or elec-  
tric generation services  
as a supplier of electricity  
engaged in the business  
of supplying electricity in  
the Commonwealth of  
Pennsylvania. Shipley  
Choice LLC d/b/a Shipley  
Energy proposes to sell  
electricity and related  
services throughout the  
service territories of  
PECO Energy, PPL Elec-  
tric Utilities, Duquesne  
Light Company, Metro-  
politan Edison Company,  
Pennsylvania Electric  
Company, Penn Power  
and West Penn Power  
under the provisions of  
the new Electricity Gen-  
eration Customer Choice  
and Competition Act.  
The PUC may consider  
this application without a  
hearing. Protests directed  
to the technical or finan-  
cial fitness of Shipley  
Choice LLC d/b/a Shipley  
Energy may be filed  
within 15 days of the date  
of this notice with the  
Secretary of the PUC, P.O.  
Box 3265, Harrisburg, PA  
17105-3265. You should  
send copies of any protest  
to the Shipley Choice LLC  
d/b/a Shipley Energy at-  
torney at the address  
listed below.  
By and through Counsel:  
Todd S. Stewart  
Hawke McKeon & Snisack,  
LLP  
100 N. 10th Street  
Harrisburg, PA 17101  
Phone (717) 236-1300  
Fax (717) 236-4841  
(8-1140501-NT-24)

Sworn to and subscribed before me this

24 day of August 2012 Affiant: Ross Lockwood  
NOTARY: Laurene A. Daugherty

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Laurene A. Daugherty, Notary Public  
City of Erie, Erie County  
My Commission Expires Nov. 5, 2013  
Member, Pennsylvania Association of Notaries

The Patriot-News Co.  
2020 Technology Pkwy  
Suite 300  
Mechanicsburg, PA 17050  
Inquiries - 717-255-8213

The Patriot-News  
Now you know

HAWKE MCKEON SNISCAK & KENNARD LLP  
ATTN: STEVEN K. HAAS  
100 NORTH TENTH STREET

HARRISBURG PA 17101

THE PATRIOT NEWS  
THE SUNDAY PATRIOT NEWS

**Proof of Publication**

Under Act No. 587, Approved May 16, 1929  
Commonwealth of Pennsylvania, County of Dauphin} ss

Holly Blain, being duly sworn according to law, deposes and says:

That she is a Staff Accountant of The Patriot News Co., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its principal office and place of business at 2020 Technology Pkwy, Suite 300, in the Township of Hampden, County of Cumberland, State of Pennsylvania, owner and publisher of The Patriot-News and The Sunday Patriot-News newspapers of general circulation, printed and published at 1900 Patriot Drive, in the City, County and State aforesaid; that The Patriot-News and The Sunday Patriot-News were established March 4th, 1854, and September 18th, 1949, respectively, and all have been continuously published ever since;

That the printed notice or publication which is securely attached hereto is exactly as printed and published in their regular daily and/or Sunday/ Community Weekly editions which appeared on the date(s) indicated below. That neither she nor said Company is interested in the subject matter of said printed notice or advertising, and that all of the allegations of this statement as to the time, place and character of publication are true; and

That she has personal knowledge of the facts aforesaid and is duly authorized and empowered to verify this statement on behalf of the said Company aforesaid by virtue and pursuant to a resolution unanimously passed and adopted severally by the directors of the said Company and subsequently duly recorded in the office for the Recording of Deeds in Dauphin in Miscellaneous Book "M", Volume 14, Page 317.

This ad # 0002226421 ran on the dates shown below:

August 27, 2012

*Holly Blain*  
Sworn to and subscribed before me this 27 day of August, 2012 A.D.  
*Sherrie L. Owens*

Notary Public

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Sherrie L. Owens, Notary Public  
Lower Paxton Twp., Dauphin County  
My Commission Expires Nov. 26, 2015  
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

**PENNSYLVANIA PUBLIC UTILITY COMMISSION NOTICE**  
Application Of Shipley Choice LLC d/b/a Shipley Energy For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Supplier Of Electricity Engaged In The Business Of Supplying Electricity To The Public In The Commonwealth Of Pennsylvania.  
Shipley Choice LLC d/b/a Shipley Energy will be filing an application with the Pennsylvania Public Utility Commission ("PUC") for a license to supply electricity or electric generation services as a supplier of electricity engaged in the business of supplying electricity in the Commonwealth of Pennsylvania. Shipley Choice LLC d/b/a Shipley Energy proposes to sell electricity and related services throughout the service territories of PECO Energy, PPL Electric Utilities, Duquesne Light Company, Metropolitan Edison Company, Pennsylvania Electric Company, Penn Power and West Penn Power under the provisions of the new Electricity Generation Customer Choice and Competition Act.  
The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Shipley Choice LLC d/b/a Shipley Energy may be filed within 15 days of the

date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to the Shipley Choice LLC d/b/a Shipley Energy attorney at the address listed below.

By and through Counsel:  
Todd S. Stewart  
Hawke McKeon & Sniscak, LLP  
100 N. 10th Street  
Harrisburg, PA 17101  
Phone (717) 236-1300  
Fax (717) 236-4841



The Scranton Times (Under act P.L. 877 No 160. July 9, 1976)  
Commonwealth of Pennsylvania, County of Lackawanna

HAWKE MCKEON SNISCAK & KENNARD  
100 NORTH TENTH STREET  
HARRISBURG PA 17105

Account # 51864  
Order # 81001972  
Ad Price: 250.70  
PO Number: 149829

RECEIVED  
2012 SEP 12 PM 1:09  
PA PUC  
SECRETARY'S BUREAU

Gina Krushinski  
Being duly sworn according to law deposes and says that she is Billing clerk for The Scranton Times, owner and publisher of The Scranton Times, a newspaper of general circulation, established in 1870, published in the city of Scranton, county and state aforesaid, and that the printed notice or publication hereto attached is exactly as printed in the regular editions of the said newspaper on the following dates:

08/23/2012

Affiant further deposes and says that neither the affiant nor The Scranton Times is interested in the subject matter of the aforesaid notice or advertisement and that all allegations in the foregoing statement as time, place and character or publication are true Gina Krushinski

Sworn and subscribed to before me  
this 23rd day of August A.D., 2012

Sharon Venturi  
(Notary Public)

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Sharon Venturi, Notary Public  
City of Scranton, Lackawanna County  
My Commission Expires Feb. 12, 2014  
Member, Pennsylvania Association of Notaries

LEGAL NOTICE  
PENNSYLVANIA PUBLIC  
UTILITY COMMISSION NOTICE  
Application Of Shipley Choice LLC  
d/b/a Shipley Energy For Approval  
To Offer, Render, Furnish Or Supply  
Electricity Or Electric Generation  
Services As A Supplier Of Electricity  
Engaged In The Business Of Supplying  
Electricity To The Public In The  
Commonwealth Of Pennsylvania.  
Shipley Choice LLC d/b/a Shipley  
Energy will be filing an application,  
with the Pennsylvania Public Utility  
Commission ("PUC") for a license to  
supply electricity or electric generation  
services as a supplier of electricity  
engaged in the business of supplying  
electricity in the Commonwealth of  
Pennsylvania. Shipley Choice LLC  
d/b/a Shipley Energy proposes to sell  
electricity and related services  
throughout the service territories of  
PECO Energy, PPL Electric Utilities,  
Duquesne Light Company, Metropoli-  
tan Edison Company, Pennsylvania  
Electric Company, Penn Power and  
West Penn Power under the provisions  
of the new Electricity Generation  
Customer Choice and Competition Act.  
The PUC may consider this application  
without a hearing. Protests directed to  
the technical or financial fitness of  
Shipley Choice LLC d/b/a Shipley  
Energy may be filed within 15 days of  
the date of this notice with the Sec-  
retary of the PUC, P.O. Box 3265, Harris-  
burg, PA 17105-3265. You should send  
copies of any protest to the Shipley  
Choice LLC d/b/a Shipley Energy  
attorney at the address listed below.  
By and through Counsel:  
Todd S. Stewart  
Hawke McKoon & Sniscak, LLP  
100 N. 10th Street  
Harrisburg, PA 17101  
Phone (717) 236-1300  
Fax (717) 236-4841

# APPENDIX I

PA PUC  
SECRETARY'S BUREAU

2012 SEP 12 PM 1:09

RECEIVED

**PENNSYLVANIA DEPARTMENT OF STATE  
CORPORATION BUREAU**

---

**Fictitious Name**

**Amendment, Withdrawal, Cancellation**  
(54 Pa.C.S.)


Amendment (§ 312)  
 Withdrawal (§ 313)  
 Cancellation (§ 313)

Entity Number <b>2897122</b>		
Name <b>Jeffrey D. Lobach, Esquire</b>		
Address <b>c/o Barley Snyder LLC 100 East Market Street</b>		
City <b>York</b>	State <b>PA</b>	Zip Code <b>17401</b>

Document will be returned to the name and address you enter to the left. ←

Fee: \$70

Commonwealth of Pennsylvania  
FICTITIOUS NAME AMENDMENT 3 Page(s)



T1025847137

In compliance with the requirements of 54 Pa.C.S. Ch.3 (relating to fictitious names), the undersigned entity or entities, desiring to amend, withdraw or cancel from a fictitious name registration, hereby state(s) that:

1. The fictitious name is:  
Shipley Energy

2. The address of the principal place of business, including number and street, if any, is (the Department is authorized to conform to the records of the Department):

<u>550 East King Street</u>	<u>York</u>	<u>PA</u>	<u>17405</u>	<u>York</u>
Number and Street	City	State	Zip	County

3. The last preceding filing with respect to this fictitious name was made in the Department on  
September 10, 1999 (Date) at 9966-1172 (Roll and Film).

4. A brief statement of the character or nature of the business or other activity to be carried on under or through the fictitious name is:  
sales and distribution of fuels and other products

2010 SEP 15 PM 2: 27

PA DEPT. OF STATE RECEIVED TIME STATE 15. 2:22PM

DSCB:54-312/313-2

5. Check one or more of the following, as appropriate:

The fictitious name has been changed to:

---

The principal place of business set forth in paragraph 2 has been changed to (PO Box alone not acceptable):

---

Number and Street	City	State	Zip	County
-------------------	------	-------	-----	--------

The following party(ies) has (have) been added to the registration and their signature(s) appear(s) at the end of this application.

Name	Number and Street	City	State	Zip
ShipleY Choice, LLC	415 Norway Street, P.O. Box 1509	York	PA	17405

The following party(ies) has (have) withdrawn from the business and their signature(s) appear(s) at the end of this application.

Name	Number and Street	City	State	Zip
------	-------------------	------	-------	-----

---

The fictitious name registration is cancelled.

6. Check boxes for Application for Amendment Only:

This amendment, without reference to any other filing, sets forth all information with respect to the fictitious name which would be required in an original filing under the Fictitious Names Act.

The applicant is familiar with the provisions of 54 Pa.C.S. § 332 (relating to effect of registration) and understands that filing under the Fictitious Names Act does not create any exclusive or other right in the fictitious name.

7. Optional-See Instruction F: This application has been executed by an agent heretofore designated for that purpose in a prior filing in this registration.

RECEIVED TIME SEP. 15. 2:22PM

DSCB:54-312/313-3

IN TESTIMONY WHEREOF, the undersigned has (have) caused this Application for Amendment, Withdrawal or Cancellation of/from Fictitious Name to be executed this

15<sup>th</sup> day of September, 2010.

Adding party(ies) signature(s)

Withdrawing party(ies) signature(s)

All current party(ies) signature(s)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ShIPLEY Choice, LLC

Name of Entity

Signature

Authorized Signatory

Title

Name of Entity

Signature

Title

ShIPLEY Energy Company  
formerly known as Shipley  
Oil Company, Inc.

Name of Entity

Signature

...

Title

3015675

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# **APPENDIX II**

**PENNSYLVANIA DEPARTMENT OF STATE  
CORPORATION BUREAU**

Entity Number

**Certificate of Organization  
Domestic Limited Liability Company  
(15 Pa.C.S. § 8913)**

Commonwealth of Pennsylvania  
CERTIFICATE OF ORGANIZATION 3 Page(s)

Name  
Jeffrey D. Lobach, Esquire  
Address c/o Barley Snyder LLC  
100 East Market Street  
City State Zip Code  
York PA 17401



T1017511128

Fee: \$125

Filed in the Department of State on \_\_\_\_\_

Secretary of the Commonwealth

**COPY**

In compliance with the requirements 15 Pa.C.S. § 8913 (relating to certificate of organization), the undersigned desiring to organize a limited liability company, hereby certifies that:

1. The name of the limited liability company (designator is required, i.e., "company," "limited" or "limited liability company" or abbreviation):

Shipley Choice, LLC

2. The (a) address of the limited liability company's initial registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and Street	City	State	Zip	County
<u>415 Norway Street, P.O. Box 1509</u>	<u>York</u>	<u>PA</u>	<u>17405</u>	<u>York</u>

(b) Name of Commercial Registered Office Provider County

c/o:

3. The name and address, including street and number, if any, of each organizer is (all organizers must sign on page 2):

Name	Address
<u>Jeffrey D. Lobach, Esquire</u>	<u>100 East Market Street, York, PA 17401</u>

2010 JUN 24 PM 12:45

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DSCB:15-8913-2

4. ~~Strike out if inapplicable term~~

~~A member's interest in the company is to be evidenced by a certificate of membership interest.~~

5. ~~Strike out if inapplicable:~~

~~Management of the company is vested in a manager or managers.~~

6. The specified effective date, if any: upon filing

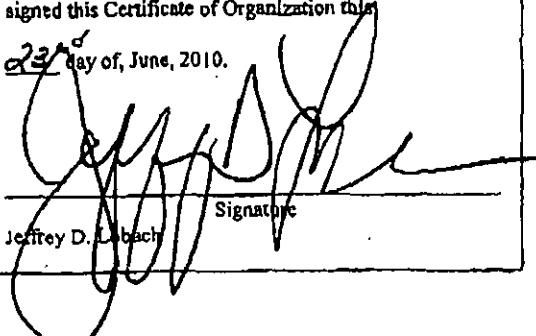
month/day/year hour, if any

7. ~~Strike out if inapplicable: The company is a restricted professional company organized to render the following restricted professional service(s):~~

8. For additional provisions of the certificate, if any, attach an 8 1/2 x 11 sheet.

IN TESTIMONY WHEREOF, the organizer(s) has/have signed this Certificate of Organization this

23<sup>rd</sup> day of June, 2010.



Jeffrey D. Lubach

Signature

2945697

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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF STATE  
CORPORATION BUREAU  
401 NORTH STREET, ROOM 206  
P.O. BOX 8722  
HARRISBURG, PA 17105-8722  
WWW.CORPORATIONS.STATE.PA.US/CORP

Shipley Choice, LLC

THE CORPORATION BUREAU IS HAPPY TO SEND YOU YOUR FILED DOCUMENT. THE CORPORATION BUREAU IS HERE TO SERVE YOU AND WANTS TO THANK YOU FOR DOING BUSINESS IN PENNSYLVANIA.

IF YOU HAVE ANY QUESTIONS PERTAINING TO THE CORPORATION BUREAU, PLEASE VISIT OUR WEB SITE LOCATED AT WWW.CORPORATIONS.STATE.PA.US/CORP OR PLEASE CALL OUR MAIN INFORMATION TELEPHONE NUMBER (717)787-1057. FOR ADDITIONAL INFORMATION REGARDING BUSINESS AND / OR UCC FILINGS, PLEASE VISIT OUR ONLINE "SEARCHABLE DATABASE" LOCATED ON OUR WEB SITE.

ENTITY NUMBER: 3963935

Barley Snyder LLC  
100 East Market Street, P.O.Box 15012  
York, PA 17405

# **APPENDIX III**

**The Shipley Companies**  
**Combined Financial Statements**  
**and Supplementary Information**  
**Years Ended December 31, 2011 and 2010**

The Shipley Companies  
Combined Financial Statements  
and Supplementary Information  
Years Ended December 31, 2011 and 2010

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## Independent Auditors' Report on the Financial Statements

To the Stockholders, Partners, and the Board of Directors  
The Shipley Companies  
York, Pennsylvania

We have audited the accompanying combined balance sheets of The Shipley Companies as of December 31, 2011 and 2010 and the related combined statements of income, equity, and cash flows for the years then ended. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Company has elected not to apply the provisions of ASC 810, *Consolidation*, as of and for the years ended December 31, 2011 and 2010. If the ASC 810, *Consolidation*, provisions were included in these combined financial statements, the financial statements of Shipley Family Limited Partnership, an affiliate with common ownership and management, would be consolidated into these combined financial statements. The impact on these combined financial statements of the omission of this entity in consolidation has not been determined.

In our opinion, except for the effects on the 2011 and 2010 combined financial statements of not applying the provisions of ASC 810, *Consolidation*, as described in the preceding paragraph, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Shipley Companies as of December 31, 2011 and 2010 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A to the combined financial statements, the Company changed its method of deferring revenue associated with service contracts. Accordingly, the combined balance sheet as of December 31, 2010 and the combined statements of equity and cash flows for the year ended December 31, 2010 have been restated to reflect corrections to previously reported amounts.

*Reinsel Kuntz Lesher LLP*

April 10, 2012

The Shipley Companies  
Combined Balance Sheets

	DECEMBER 31,	
	2011	2010 (as restated)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,228,570	\$ 2,214,756
Accounts receivable:		
Trade, net	17,683,438	20,843,482
Other	201,888	145,932
Notes receivable, current portion	262,640	220,000
Inventories	17,361,700	11,651,786
Prepaid expenses and other current assets	3,649,857	2,548,889
<b>Total Current Assets</b>	<b>42,388,093</b>	<b>37,624,845</b>
<b>Notes Receivable, less current portion</b>	<b>1,892,360</b>	<b>143,915</b>
<b>Property and Equipment, net</b>	<b>20,303,426</b>	<b>28,111,873</b>
<b>Other Assets</b>		
Cash surrender value of life insurance	3,422,394	3,250,557
Intangible assets, net of accumulated amortization of \$9.0 million and \$8.0 million in 2011 and 2010, respectively	5,476,613	5,057,816
Other	388,154	1,219,162
<b>Total Other Assets</b>	<b>9,287,161</b>	<b>9,527,535</b>
<b>Total Assets</b>	<b>\$ 73,871,040</b>	<b>\$ 75,408,168</b>

See accompanying notes.

	DECEMBER 31,	
	2011	2010 (as restated)
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt	\$ 818,647	\$ 3,430,020
Current portion of subordinated long-term debt	583,233	1,016,049
Accounts payable	18,075,203	18,973,799
Accrued expenses	1,574,682	2,245,612
Deferred income	2,006,213	2,292,671
Taxes, other than income taxes	3,582,097	4,631,057
<b>Total Current Liabilities</b>	<b>26,640,075</b>	<b>32,589,208</b>
<b>Line of Credit</b>	<b>18,236,846</b>	<b>7,514,942</b>
<b>Long-term Debt, less current portion</b>	<b>10,512,583</b>	<b>18,585,906</b>
<b>Subordinated Long-term Debt, less current portion</b>	<b>2,289,909</b>	<b>3,280,042</b>
<b>Other Liabilities</b>	<b>2,597,657</b>	<b>2,439,062</b>
<b>Total Liabilities</b>	<b>60,277,070</b>	<b>64,409,160</b>
<b>Equity</b>		
Common stock, voting, par value \$1: 50 shares authorized, issued, and outstanding	50	50
Common stock, non-voting, par value \$1: 49,950 shares authorized, 5,000 shares issued and outstanding	5,000	5,000
Additional paid-in capital	656,650	656,650
Retained earnings	8,459,677	8,751,715
Partners' capital	12,210,451	9,114,992
Accumulated other comprehensive loss	(2,451,858)	(2,243,399)
	<b>18,879,970</b>	<b>16,285,008</b>
Less cost of treasury stock and partner interests	(5,286,000)	(5,286,000)
<b>Total Equity</b>	<b>13,593,970</b>	<b>10,999,008</b>
<b>Total Liabilities and Equity</b>	<b>\$ 73,871,040</b>	<b>\$ 75,408,168</b>

The Shipley Companies  
 Combined Statements of Income

	YEAR ENDED DECEMBER 31, 2011	2010
<b>Revenue</b>	<b>\$ 653,216,232</b>	<b>\$ 545,524,942</b>
Cost of sales	601,528,252	488,960,853
<b>Gross Profit</b>	<b>51,687,980</b>	<b>56,564,089</b>
Operating expenses	39,524,791	41,844,962
General and administration expenses	10,277,951	10,071,785
<b>Operating Income</b>	<b>1,885,238</b>	<b>4,647,342</b>
<b>Other Income (expense):</b>		
Other income (expense), net	(1,216,077)	434,073
Gain on sale of fixed assets	6,591,111	173,049
Interest expense	(1,602,302)	(2,212,997)
<b>Net Income</b>	<b>\$ 5,657,970</b>	<b>\$ 3,041,467</b>

*See accompanying notes.*



The Shipley Companies  
 Combined Statements of Equity  
 For the Years Ended December 31, 2011 and 2010

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	PARTNERS' CAPITAL	ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME	TREASURY STOCK AND PARTNER INTERESTS	OTHER COMPREHENSIVE (LOSS) INCOME	TOTAL
	VOTING	NON-VOTING							
Balance at January 1, 2010	\$ 50	\$ 5,000	\$ 656,650	\$ 9,818,834	\$ 8,244,459	\$ (1,971,992)	\$ (5,286,000)		\$ 11,467,001
Less adjustment applicable to prior years from the retroactive change to the method of accounting for deferred service revenue (See Note A)	-	-	-	(1,086,118)	(26,043)	-	-		(1,112,161)
Balance at January 1, 2010, as restated	50	5,000	656,650	8,732,716	8,218,416	(1,971,992)	(5,286,000)		10,354,840
Comprehensive income:									
Net income	-	-	-	1,089,660	1,951,807	-	-	\$ 3,041,467	3,041,467
Other comprehensive income:									
Net prior service cost and net loss	-	-	-	-	-	(200,407)	-	(200,407)	(200,407)
Unrealized loss on interest rate swap	-	-	-	-	-	(71,000)	-	(71,000)	(71,000)
Comprehensive Income								\$ 2,770,060	
Distributions to stockholders and partners	-	-	-	(1,070,661)	(1,055,231)	-	-		(2,125,892)
Balance at December 31, 2010, as restated	50	5,000	656,650	8,751,715	9,114,992	(2,243,399)	(5,286,000)		10,999,008
Comprehensive income:									
Net income	-	-	-	948,591	4,709,379	-	-	\$ 5,657,970	5,657,970
Other comprehensive income:									
Net prior service cost and net loss	-	-	-	-	-	(448,790)	-	(448,790)	(448,790)
Unrealized gain on interest rate swap	-	-	-	-	-	240,331	-	240,331	240,331
Comprehensive Income								\$ 5,449,511	
Distributions to stockholders and partners	-	-	-	(1,240,629)	(1,613,920)	-	-		(2,854,549)
Balance at December 31, 2011	\$ 50	\$ 5,000	\$ 656,650	\$ 8,459,677	\$ 12,210,451	\$ (2,451,858)	\$ (5,286,000)		\$ 13,593,970

See accompanying notes.

The Shipley Companies  
Combined Statements of Cash Flows

	YEAR ENDED DECEMBER 31,	
	2011	2010 (as restated)
<b>Cash flows from operating activities:</b>		
Net income	\$ 5,657,970	\$ 3,041,467
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,272,434	5,706,101
Gain on sale of assets	(6,591,111)	(173,049)
Write-off of investment in partnership	793,097	-
Equity in loss on partnership	-	8,072
Increase (decrease) in cash due to changes in operating assets and liabilities, net of effect from acquisitions:		
Accounts receivable	3,104,088	(5,412,480)
Inventories	(5,573,811)	2,414,060
Prepaid expenses and other current assets	(1,100,968)	(569,669)
Accounts payable	(898,596)	1,897,606
Accrued expenses	(670,930)	(610,848)
Deferred income	(286,458)	248,561
Taxes and other income taxes	(1,048,960)	1,183,927
Other assets	21,741	20,931
Other liabilities	(116,746)	(246,668)
Total adjustments	<u>(7,096,220)</u>	<u>4,466,544</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(1,438,250)</b>	<b>7,508,011</b>
<b>Cash flows from investing activities:</b>		
Payments received on notes receivable	208,915	281,125
Payments for intangible assets	-	(423,500)
Acquisition of businesses	(2,176,103)	-
Purchase of property and equipment	(2,880,435)	(4,781,988)
Proceeds from sale of assets	11,144,240	1,233,264
Increase in cash surrender value - life insurance	(104,955)	(97,326)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>6,191,662</b>	<b>(3,788,425)</b>
<b>Cash flows from financing activities:</b>		
Net borrowings on line of credit	10,721,904	63,365
Proceeds from issuance of long-term debt	-	2,500,000
Principal payments on long-term debt	(10,684,696)	(3,380,020)
Proceeds from issuance of subordinated debt	-	943,500
Principal payments on subordinated long-term debt	(922,257)	(811,244)
Payments for financing costs	-	(28,118)
Stockholder and partner distributions	(2,854,549)	(2,125,892)
<b>Net Cash Used in Financing Activities</b>	<b>(3,739,598)</b>	<b>(2,838,409)</b>
<b>Net Increase in Cash</b>	<b>1,013,814</b>	<b>881,177</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>2,214,756</b>	<b>1,333,579</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 3,228,570</b>	<b>\$ 2,214,756</b>

See accompanying notes.

The Shipley Companies  
Notes to Combined Financial Statements  
December 31, 2011 and 2010

**Note A - Description of Business**

The Shipley Companies consist of the following: Shipley Group, LP and its wholly owned subsidiaries, Shipley Stores, LLC; Shipley Propane, LLC; Shipley Choice, LLP; Real Places, LP; Convenient Ventures, LLC; Squeaky Wheels LLC; Shipley Fuels Marketing, LLC (collectively Shipley Group); and Shipley Energy Company (collectively the Company). Shipley Group and Shipley Energy Company are related through common management.

The Company provides a full range of energy products and services, including the sale and distribution of petroleum products, natural gas, and propane, and the installation and service of industrial and residential heating and cooling equipment. The Company also sells petroleum products and other items through its retail convenience stores. Customers consist of businesses and individuals throughout South Central and Eastern Pennsylvania and Northern Maryland. From time to time, the Company is required to obtain performance bonds for certain contracts. Sales derived from petroleum products, gases (natural and propane), equipment sales and service, and convenience store products amount to 87%, 7%, 1%, and 5% of total net sales, respectively, for the year ended December 31, 2011, and 83%, 8%, 2%, and 7% of total net sales, respectively, for the year ended December 31, 2010.

**Prior Period Adjustment**

During 2011, the Company changed its methodology for calculating deferred service contract revenue. In doing so, management identified an error in the prior methodology used to calculate and record these deferred service contracts.

As defined by ASC 250, *Accounting Changes and Error Corrections* (ASC 250), management determined the error did not result in a misstatement of material fact in any period, and has adjusted the Company's deferred service contract revenue and retained earnings as of January 1, 2010 in the accompanying combined financial statements. The adjustment resulted in an increase in deferred income and a decrease in retained earnings in the amount of \$1,112,161. This correction had an immaterial effect on net income reported for 2010.

**Note B - Summary of Significant Accounting Policies**

**Principals of Combination**

The accompanying combined financial statements include the accounts of Shipley Group and Shipley Energy Company, which share common ownership. All material intercompany balances and transactions have been eliminated in combination.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

## Note B - Summary of Significant Accounting Policies (continued)

### Cash Equivalents

The Company considers highly liquid debt instruments with an original maturity of three months or less at the date of purchase to be cash equivalents.

### Accounts Receivable

Trade accounts receivables are carried at original invoice amount, less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade accounts receivable are written off when deemed uncollectible. Recoveries of trade accounts receivable previously written off are recorded when received.

The Company reports its trade accounts receivable balance net of expected bad debts and credit balances. The bad debt reserve was \$1,370,263 and \$1,130,218 at December 31, 2011 and 2010, respectively. Included in trade accounts receivable are credit balances for customers on the budget plan who have prepaid monies on account in the amount of \$4,500,965 and \$3,678,712 at December 31, 2011 and 2010, respectively, and amounts relating to natural gas deliveries which were unbilled in the amount of approximately \$2.7 million and \$3.7 million at December 31, 2011 and 2010, respectively.

### Inventories

The Company values its petroleum product and service parts inventories at the lower of cost or market using the first-in, first-out (FIFO) method for determining cost. The convenience store product inventories are valued using the retail average cost method.

Inventories are comprised of the following as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Petroleum products	\$15,803,777	\$ 8,777,752
Convenience store products	823,629	2,213,931
Service parts	<u>734,294</u>	<u>660,103</u>
	<u>\$17,361,700</u>	<u>\$11,651,786</u>

### Property and Equipment

Property and equipment is carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 39 years for buildings, improvements, and leaseholds, and from 5 to 15 years for equipment, trucks, and fixtures. Leasehold improvements are amortized over the shorter of the lease term or estimated useful life.

Expenditures for additions, major replacements, and betterments are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When property and equipment are retired or sold, the cost and applicable accumulated depreciation are removed from the respective accounts and the related gain or loss is recognized.

## **Note B - Summary of Significant Accounting Policies (continued)**

### **Impairment of Long-lived Assets**

Long-lived assets other than those held for sale are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Management has concluded that no impairment reserves are required as of December 31, 2011 and 2010.

### **Intangible Assets**

The Company accounts for goodwill and intangible assets as required by FASB ASC Topic 350, *Goodwill and Other Intangibles*. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually. The guidance also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with ASC Topic 350.

The Company's intangible assets consist primarily of customer lists. The estimated useful lives of the lists vary and range from five to fifteen years. The customer lists are being amortized over their useful lives using the straight-line method. The lists are reviewed annually for impairment. Management has concluded that no impairment reserves are required as of December 31, 2011 and 2010.

Amortization expense amounted to \$971,203 and \$964,761 for the years ended December 31, 2011 and 2010, respectively. Amortization expense is estimated to be approximately \$923,000 in 2012, \$784,000 in 2013, \$579,000 in 2014, \$562,000 in 2015, and \$557,000 in 2016.

### **Advertising Costs**

Advertising costs are charged to expense as incurred; advertising expense was approximately \$1,615,000 and \$1,936,000 for the years ended December 31, 2011 and 2010, respectively.

### **Income Taxes**

The stockholders and partners of the Company have elected to include the Company's income in their own income for federal and state income tax purposes. Accordingly, no provision for income taxes is included in these combined financial statements. It is the Company's policy to pay distributions to the stockholders and partners in amounts sufficient to cover any tax obligations due as a result of the S corporation elections or status as partnership. Extra distributions may be made at management's discretion.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Company had taken no uncertain tax positions that require recognition or disclosure in the combined financial statements. Therefore, no provision or liability for income taxes has been included in the combined financial statements. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2008.

## **Note B - Summary of Significant Accounting Policies (continued)**

### **Environmental Obligations**

The Company provides for environmental related obligations when they are probable and amounts can be reasonably estimated. Where the available information is sufficient to estimate the amount of the liability, that estimate has been used. Where the information is only sufficient to establish a range of probable liability and no point within the range is more likely than any other, the lower end of the range is used.

### **Comprehensive Income**

The Company accounts for comprehensive income in accordance with accounting standards under the *Comprehensive Income* topic, which requires comprehensive income and its components to be reported when a company has items of comprehensive income. Comprehensive income includes net income plus other comprehensive income (i.e., certain revenues, expenses, and gains and losses as separate components of stockholders' equity rather than net income or loss).

### **Derivatives**

The Company accounts for derivatives under ASC 815, *Accounting for Derivative Instruments and Hedging Activities*. ASC 815 requires that all derivatives be recognized in the statement of financial position at their fair value. Derivatives that are not hedges must be recorded at fair value through earnings. The ineffective portions of a derivative's change in fair value are immediately recognized in earnings.

Derivatives that have been designated and qualify as fair value hedging instruments are reported at fair value. The gain or loss on the derivative instrument as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in earnings in the current period.

Derivatives that have been designated and qualify as cash flow hedging instruments are reported at fair value. The gain or loss on the effective portion of the hedge (i.e., change in fair value) is initially reported as a component of other comprehensive income. The remaining gain or loss, if any, is recognized currently in earnings. Amounts in accumulated other comprehensive income are reclassified into net income in the same period in which the hedged forecasted transaction affects earnings.

Hedge accounting is discontinued when it is determined that a derivative instrument is not highly effective as a hedge. Hedge accounting is also discontinued when: (1) the derivative instrument expires; is sold, terminated, or exercised; or is no longer designated as a hedge instrument because it is unlikely that a forecasted transaction will occur; (2) a hedged firm commitment no longer meets the definition of a firm commitment; or (3) management determines that designation of the derivative as a hedging instrument is no longer appropriate.

When hedge accounting is discontinued, the derivative instrument will be either terminated, continue to be carried on the balance sheet at fair value, or redesignated as the hedging instrument in either a cash flow or fair value hedge, if the relationship meets all applicable hedging criteria. Any asset or liability that was previously recorded as a result of recognizing the value of a firm commitment will be removed from the balance sheet and recognized as a gain or loss in current period earnings. Any gains or losses that were accumulated in other comprehensive income from hedging a forecasted transaction will be recognized immediately in current period earnings, if it is probable that the forecasted transaction will not occur.

## Note B - Summary of Significant Accounting Policies (continued)

### Revenue Recognition

Revenues for petroleum products and propane gas are recognized at the time the product is delivered to the customer. Revenues relating to the installation and repair of heating and cooling equipment are recognized as the services are performed. The Company bills its natural gas customers on a monthly cycle. Revenues are recorded on the accrual basis and include an estimate for gas delivered, but unbilled at the end of the accounting period. Revenues from service maintenance contracts are recognized over the life of the contract on a straight-line basis. Revenues for petroleum and convenience store products sold at retail operations are recognized at point of sale. Taxes the Company is required to collect on behalf of any governmental agency at the time of sale to a customer are not included in revenues. Taxes the Company is required to pay at the time it purchases inventory are passed through to the customer and are included in revenues.

### Reclassification of Prior Year Financial Statements

Certain balances have been reclassified to conform with the current year presentation. These reclassifications had no impact to the 2010 net income as previously reported.

### Recent Accounting Pronouncements

In May 2011, the FASB issued updated accounting guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between U.S. GAAP and International Financial Reporting Standards. This guidance (ASU 2011-04) includes amendments that clarify the application of existing fair value measurement requirements, in addition to other amendments that change principles or requirements for measuring fair value and for disclosing information about fair value measurements. This guidance is effective for annual periods beginning after December 15, 2011. The Company is currently evaluating what effect, if any, adoption of ASU 2011-04 will have on the Company's combined financial statements.

In June 2011, the FASB issued new accounting guidance related to the presentation of comprehensive income that eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments require that all non owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate, but consecutive statements. The amendments do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. This guidance is effective for fiscal years ending after December 15, 2012. The Company is currently evaluating what effect, if any, adoption of this guidance will have on the Company's combined financial statements.

## Note C - Acquisitions

In August 2011, the Company entered into Asset Purchase Agreements to acquire the coffee and water distribution operations of two businesses for approximately \$2.2 million which was funded by a cash payment. The assets acquired in the acquisitions are based on their fair value estimates at the date of acquisition.

The purchase price allocation is as follows:

Inventories	\$ 136,103
Property and equipment	650,000
Customer lists	<u>1,390,000</u>
Total cash paid	<u>\$ 2,176,103</u>

### Note C - Acquisitions (continued)

In September 2010, the Company acquired the retail petroleum, convenience store operations, and commercial distribution heating oil operations from a third party, including real estate, equipment, and inventory for approximately \$1.9 million. The purchase was funded by two subordinated notes and a cash payment of approximately \$1 million. The assets acquired in the acquisition are based on their fair value estimates at the date of acquisition.

The purchase price allocation is as follows:

Inventories	\$ 440,529
Property and equipment	1,026,839
Intangibles	<u>423,500</u>
Total purchase price	1,890,868
Less: promissory notes	<u>943,500</u>
Total cash paid	\$ <u>947,368</u>

In addition, the Company entered into a non-compete agreement with a previous owner of an acquired company requiring total payments of \$480,000 over a five year period ending December 31, 2015.

The results of the above acquisitions have been included in the combined financial statements since their date of acquisition.

### Note D - Sale of Stores

During 2011, the Company sold 11 convenient stores to a related party. The sale resulted in the disposal of land, buildings, and related equipment with a net book value of approximately \$3,492,000, proceeds of \$9,745,000, including a \$2,000,000 note receivable, and a gain on sale of \$6,129,000. The note receivable bears interest at 5% annually and is paid in equal monthly payments, including interest and principal, of approximately \$15,800 through October 2026. In connection with the sale, the Company sold related store equipment with a net book value of approximately \$2,552,000 directly to a third party at a gain of \$319,000.

The Company also sold 8 convenient stores to another related party. The sale resulted in the disposal of store equipment and fixtures with a net book value of approximately \$479,000, at a gain of \$30,000. The Company assigned a note payable in the amount of \$509,000 in satisfaction of the sale.

### Note E - Property and Equipment

Property and equipment consists of the following as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Land	\$ 4,443,472	\$ 5,812,193
Land improvements	1,256,873	3,271,536
Buildings	6,490,198	11,955,645
Equipment, trucks, and fixtures	32,114,622	38,481,896
Construction in progress	<u>471,858</u>	<u>354,207</u>
	44,777,023	59,875,477
Less accumulated depreciation	<u>24,473,597</u>	<u>31,763,604</u>
	<u>\$20,303,426</u>	<u>\$28,111,873</u>



**Note E - Property and Equipment (continued)**

Depreciation expense amounted to \$4,285,061 and \$4,718,318 for the years ended December 31, 2011 and 2010, respectively.

**Note F - Credit Arrangements and Long-term Debt**

**Credit Arrangements**

During 2010, the Shipley Group, LP executed the first amendment to the second Amended and Restated Credit Agreement (the Credit Facility) with a bank. The Credit Facility supports all of the Shipley Companies and included a \$23.0 million revolving line of credit with interest at LIBOR plus the applicable margin as specified in the performance pricing grid, subject to a minimum interest rate (3.50% at December 31, 2010), a \$5.0 million equipment line to be used to purchase equipment for use in Shipley's business, and an \$8.0 million general letter of credit commitment that can be increased up to an additional \$2.0 million subject to conditions as set forth in the Credit Facility.

During 2011, the Shipley Group, LP executed additional amendments which increased the general letter of credit commitment to \$10,000,000 and removed the minimum rate of interest on the revolving line of credit. The total line of credit, equipment line, and general letters of credit outstanding in excess of \$8.0 million, can not be greater than the borrowing base (as defined in the Credit Facility), up to a maximum of \$23.0 million. The Credit Facility is collateralized by all the assets of the Company. During 2012, the revolving credit commitment was increased to \$27,000,000.

As of December 31, 2011 and 2010, there was \$18,236,846 and \$7,514,942, respectively, outstanding under the revolving line of credit. The revolving line of credit balance, as of December 31, 2011 and 2010, has been classified as long-term, as under the terms of the agreement, no amounts are due until September 30, 2013. Interest is payable at one month LIBOR plus the applicable margin (2.52% and 3.5% as of December 31, 2011 and 2010, respectively). The Company is required to pay a quarterly commitment fee calculated on the daily unused portion of the revolving credit facility at an annual rate of 0.35%.

Total letters of credit outstanding as of December 31, 2011 and 2010 under general letter of credit commitments were \$7,303,729 and \$6,181,768, respectively.

**Long-term Debt**

Long-term debt consists of the following as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Secured note payable to a bank, due in monthly installments of \$74,841, consisting of principal and interest through October 2016. Interest is payable at one month LIBOR plus the applicable margin (2.52% and 3.50% as of December 31, 2011 and 2010, respectively). As of December 31, 2010, the term loan agreement included a minimum rate of interest of 3.50%. This minimum rate was removed during 2011.	\$ 8,831,230	\$19,515,926

**Note F - Credit Arrangements and Long-term Debt (continued)**

**Long-term Debt (continued)**

	<u>2011</u>	<u>2010</u>
Secured note payable to a bank, with interest payments through March 2012 and then monthly equal installments of principal and interest of \$21,368 with a maturity date of December 2015. Interest is fixed at a rate at 3.0% and 3.50% at December 31, 2011 and 2010, respectively.	<u>2,500,000</u>	<u>2,500,000</u>
TOTAL LONG-TERM DEBT	11,331,230	22,015,926
Subordinated, unsecured note payable to a company in quarterly installments, including interest through January 2012. Interest is fixed at 8.00%. Payments are guaranteed by Shipley Energy Company.	58,121	264,126
Subordinated, unsecured note payable to a company in quarterly installments, including interest through January 2012. Interest is fixed at 8.00%. Payments are guaranteed by Shipley Propane, LLC.	80,494	369,335
Subordinated, unsecured note payable to individual in annual installments, including interest through December 2016. Interest is fixed at 6.50%.	709,360	826,344
Subordinated, unsecured note payable to individual in annual installments, including interest through December 2016. Interest is fixed at 6.50%.	709,360	826,344
Subordinated, unsecured note payable to individual in annual installments, including interest through December 2016. Interest is fixed at 6.50%.	466,307	541,914
Subordinated, unsecured note payable to individual in annual installments, including interest through December 2016. Interest is fixed at 6.50%.	466,307	541,914
Subordinated, unsecured note payable to individual in quarterly installments, including interest through August 2020. Interest is fixed at 6.00%. Note was assigned to a related party in exchange for certain property during 2011. (See Note D).	-	510,418
Subordinated, unsecured note payable to individual in quarterly installments, including interest through August 2020. Interest is fixed at 6.00%.	<u>383,193</u>	<u>415,696</u>
TOTAL SUBORDINATED LONG-TERM DEBT	<u>2,873,142</u>	<u>4,296,091</u>
	14,204,372	26,312,017
Less current maturities	<u>1,401,880</u>	<u>4,446,069</u>
	<u>\$12,802,492</u>	<u>\$21,865,948</u>

## Note F - Credit Arrangements and Long-term Debt (continued)

### Long-term Debt (continued)

As of December 31, 2011, future maturities of long-term debt are as follows:

	<u>LONG-TERM</u>	<u>SUBORDINATED</u>	<u>TOTAL</u>
2012	\$ 818,647	\$ 583,233	\$ 1,401,880
2013	886,869	473,499	1,360,368
2014	910,585	504,143	1,414,728
2015	2,715,857	536,772	3,252,629
2016	5,999,272	586,604	6,585,876
Thereafter	-	188,891	188,891

The terms of certain loan agreements maintained by the Company contain restrictive covenants which, among other things, require the Company to maintain certain financial ratios. For the year ended December 31, 2011 and 2010, the Company was in compliance with these financial covenants.

## Note G - Derivative Instruments and Hedging Activities

The Company holds derivative financial instruments for the purpose of hedging the risks of certain identifiable and anticipated transactions. In general, the types of risks hedged are those relating to the variability of future earnings and cash flows caused by movements in changes in commodity prices and interest rates. The Company documents its risk management strategy and hedge effectiveness at the inception of and during the term of each hedge. In hedging the transactions, the Company, in the normal course of business, holds the following types of derivatives:

*Interest rate swaps* - The purpose of this instrument is to hedge the cash flows of variable-rate financial assets.

*Futures contracts* - The purpose of this instrument is to hedge the fair value of petroleum inventories and firm purchase commitments.

*Call and put options* - The purpose of this instrument is to hedge the cash flows of forecasted sales or purchases of inventory.

The Company holds such derivatives only for the purpose of hedging such risks, not for speculation. Generally, the Company enters into hedging relationships such that changes in the fair values or cash flows of items and transactions being hedged are expected to be offset by corresponding changes in the values of the derivatives. As of December 31, 2011 and 2010, hedging relationships exist for variable rate long-term debt, firm purchase commitments, and anticipated purchases and sales of petroleum inventories.

### Interest Rate Swap Contracts

The Company has contracts to hedge the interest rate risk of certain long-term debt with a bank. Under these interest rate swap contracts, the Company agreed to pay an amount equal to a specific fixed rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable rate of interest times the same notional principal amount. These net payments or receipts are recorded in interest expense in the accompanying combined statements of income.

## Note G - Derivative Instruments and Hedging Activities (continued)

### Interest Rate Swap Contracts (continued)

The interest rate swap contracts converted the bank's variable interest rate to a fixed rate. These agreements expire in 2014. The Company has designated these contracts as cash flow hedges. At December 31, 2011 and 2010, the notional amounts under these swap agreements totaled \$10.3 million and \$12.7 million, respectively. The Company recorded a liability, included in the accompanying balance sheets as a component of other liabilities, for the fair value of the swap contracts of \$672,720 and \$913,051 at December 31, 2011 and 2010, respectively.

### Commodity Hedging Activities

Petroleum products sold by the Company are subject to price volatility caused by supply conditions, political and economic variables, and other unpredictable factors. To manage the volatility related to anticipated inventory purchases, sales, and firm purchase commitments, the Company uses futures and options with maturities generally less than one year.

## Note H - Pension Plans

### Defined Benefit Plan

The Company sponsors the Shipley Energy Company Hourly Employees' Pension Plan. The Plan is a single employer, noncontributory, defined benefit pension plan which covers substantially all hourly union employees of Shipley Energy Company. The Plan provides for pension, death, and disability benefits and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan benefits are based upon years of service. The Company makes annual contributions to the hourly plan no less than the minimum amount required by ERISA plus amounts to amortize the unfunded accrued liability over 30 years.

The following provides additional information about the Plan as of and for the years ended December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Obligations and funded status:		
Fair value of plan assets	\$ 2,989,059	\$ 2,938,564
Projected benefit obligation	<u>4,323,400</u>	<u>3,941,305</u>
 Funded status (under)	 \$ <u>(1,334,341)</u>	 \$ <u>(1,002,741)</u>
Amounts recognized in the balance sheet:		
Other liabilities	\$ (1,334,341)	\$ (1,002,741)
Equity - accumulated other comprehensive loss	\$ (1,779,138)	\$ (1,295,865)
Amounts not yet recognized as a component of net periodic pension cost:		
Prior service cost	\$ 128,570	\$ 151,544
Net loss	\$ 1,650,568	\$ 1,144,321

**Note H - Pension Plans (continued)**

**Defined Benefit Plan (continued)**

	<u>2011</u>	<u>2010</u>
Components of net periodic pension cost:		
Service cost	\$ 96,279	\$ 115,352
Interest cost	232,756	215,749
Expected return on plan assets	(236,146)	(200,413)
Amortization of prior service cost	22,974	30,688
Amortization of net loss	<u>77,884</u>	<u>44,734</u>
Net periodic pension cost	<u>\$ 193,747</u>	<u>\$ 206,110</u>
Weighted-average assumptions:		
Discount rate	5.75%	5.75%
Expected return on plan assets	7.84%	7.84%
Rate of compensation increase	- %	- %
Accumulated benefit obligation	\$ 4,323,400	\$ 3,940,180
Employer contributions	\$ 345,420	\$ 417,851
Benefits paid	\$ 163,483	\$ 144,948

The Company's expected long-term return on plan assets assumption is based on a periodic review and modeling of the Plan's asset allocation and liability structure over a long-term horizon.

Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling, and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from within the reasonable range of rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy and (b) projections of inflation over the long-term period during which benefits are payable to plan participants.

**Plan Assets**

The Company's pension plan asset allocation as of December 31, 2011 and 2010 and the level of the valuation inputs within the fair value hierarchy established by ASC 820 are as follows (See Note L):

	<u>DECEMBER 31, 2011</u>			
	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Money market account	\$ 292,820	\$ -	\$ -	\$ 292,820
Domestic stock funds	1,042,151	-	-	1,042,151
International stock funds	620,176	-	-	620,176
Fixed income funds	<u>1,033,912</u>	-	-	<u>1,033,912</u>
	<u>\$2,989,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,989,059</u>
	<u>DECEMBER 31, 2010</u>			
	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Money market account	\$ 119,621	\$ -	\$ -	\$ 119,621
Domestic stock funds	1,134,452	-	-	1,134,452
International stock funds	720,677	-	-	720,677
Fixed income funds	<u>963,814</u>	-	-	<u>963,814</u>
	<u>\$2,938,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,938,564</u>

**Note H - Pension Plans (continued)**

**Plan Assets (continued)**

The Company's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions.

The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the Plan's actuarial assumptions, and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The investment policy is periodically reviewed by the Company and a designated third-party fiduciary for investment matters. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

**Contributions**

The Company expects to contribute approximately \$249,200 to the Plan in 2012.

**Estimates Future Benefit Payments**

The following benefit payments are expected to be paid:

2012	\$ 185,000
2013	190,000
2014	197,000
2015	213,000
2016	234,000
2017 - 2021	1,466,000

The Company sponsors a defined contribution 401(k) retirement plan for eligible nonunion employees. The Company will match a percent of each participant's contributions to be determined, up to a maximum of 10% of applicable compensation, each year at the Company's discretion. The Company, at its discretion, may also make an annual profit-sharing contribution. The Company's expense for the 401(k) plan totaled \$240,517 and \$203,615 for the years ended December 31, 2011 and 2010, respectively.

**Note I - Concentrations of Credit Risk**

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable, cash, and cash equivalents.

The Company distributes its products to customers in the South Central and Eastern Pennsylvania and Northern Maryland areas. Substantially all of the Company's accounts receivable are from individuals or companies in these geographic areas. Credit is extended based on an evaluation of the customer's financial condition and, generally, collateral is not required. Credit losses are provided for in the combined financial statements and consistently have been within management's expectations.

### Note I - Concentrations of Credit Risk (continued)

The Company maintains its cash with various financial institutions throughout South Central Pennsylvania. These bank balances are generally insured by the Federal Deposit Insurance Corporation; however, such balances may exceed the insured amount at various times throughout the year. From December 31, 2010 through December 31, 2012, all non-interest bearing transaction accounts are fully insured, regardless of the balance of the account and the ownership capacity of the funds. As of December 31, 2011 and 2010, the Company's bank balances exceeded the insured amounts by approximately \$722,760 and \$638,000, respectively.

### Note J - Commitments and Contingencies

#### Operating Leases

The Company leases various properties under operating leases for the operation of hotel, restaurant, and convenience stores from a partnership under common management control. The Company also leases other property under operating leases of varying terms from third parties. Future minimum lease payments under these operating leases for the years ending December 31 are as follows:

	<u>RELATED PARTY</u>	<u>OTHER</u>
2012	\$1,171,000	\$ 126,000
2013	1,051,000	113,000
2014	1,051,000	60,000
2015	1,057,000	60,000
2016	1,021,000	60,000
Thereafter	8,747,000	300,000

Rent expense under operating leases amounted to \$1,784,743 and \$1,827,293 for the years ended December 31, 2011 and 2010, respectively.

#### Legal Proceedings

The Company is subject to other claims and legal actions that arise in the ordinary course of its business. The Company believes that the ultimate liability, if any, with respect to these claims and legal actions will not have a material effect on the financial position or results of operations of the Company.

### Note K - Supplemental Disclosure of Cash Flow Information

Cash paid during the year for interest amounted to \$1,712,652 and \$2,192,399 for the years ended December 31, 2011 and 2010, respectively.

## Note L - Fair Value Measurements

Effective for the year ended December 31, 2010, the Company adopted Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements*. This new accounting guidance under ASC 820, *Fair Value Measurements and Disclosures*, was issued by the FASB on January 21, 2010. The additional disclosures required about fair value measurements include, among other things, (a) the amounts and reasons for certain significant transfers among three hierarchy levels of inputs, (b) the gross, rather than net, basis for certain Level 3 roll-forward information, (c) use of a "class" basis rather than a "major category" basis for assets and liabilities, and (d) valuation techniques and inputs used to estimate Level 2 and Level 3 fair value measurements. The following information incorporates these new disclosure requirements. These disclosures had no impact on the Company's results of operations, financial position, or cash flows.

As defined by FASB ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including discounting cash flow projections based on available market interest rates and management estimates of future cash payments. *Financial instrument assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:*

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted market prices.

Level 3 - Unobservable inputs corroborated by little, if any, market data.

The following table summarizes the fair value of the Company's recurring financial instruments as of December 31, 2011 and 2010:

	DECEMBER 31, 2011	
	<u>LEVEL 1</u>	<u>LEVEL 2</u>
Assets (liabilities):		
Option and futures contracts	\$ 1,407,762	\$ -
Interest rate swaps	<u>-</u>	<u>(672,720)</u>
	<u>\$ 1,407,762</u>	<u>\$ (672,720)</u>
	DECEMBER 31, 2010	
	<u>LEVEL 1</u>	<u>LEVEL 2</u>
Assets (liabilities):		
Option and futures contracts	\$ 415,920	\$ -
Interest rate swaps	<u>-</u>	<u>(913,051)</u>
	<u>\$ 415,920</u>	<u>\$ (913,051)</u>

The fair value of the Company's option and futures contracts is based on quoted market prices.

The fair value of the Company's interest rate swaps is the estimated amount the Company would pay to terminate these agreements at the reporting date, taking into account current interest rates and the creditworthiness of the counterparty for assets and creditworthiness of the Company for liabilities.



#### Note L - Fair Value Measurements (continued)

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses in the accompanying combined balance sheets, approximate fair value given the short-term nature of these financial instruments. The carrying amount of the cash surrender value of life insurance in the accompanying combined balance sheets approximates fair value as this amount represents the current liquidation value of the policies. The carrying amount of the long-term debt and line of credit in the accompanying combined balance sheets approximates fair value as the interest rates of this debt are variable. The carrying amount of the subordinated debt and notes receivable approximates fair value as the interest rates are commensurate with rates currently offered for such arrangements.

#### Note M - Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss as of December 31, 2011 and 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Fair value cash flow hedge effectiveness	\$ 672,720	\$ 913,051
Pension loss	1,779,138	1,295,865
Other	-	34,483
	<u>\$2,451,858</u>	<u>\$2,243,399</u>

#### Note N - Captive Insurance Program

The Company participates in two captive insurance programs. Annual premiums are paid to the captives for its workers' compensation, general liability, automobile, and employee medical claims. The agreements for the formation of the captives provides that the captives will be self-funded through member premiums and will reinsure through commercial companies for claims in excess of certain amounts specified. In the event available contributions are not sufficient to fund operations or obligations of the captive, additional supplementary premiums may be assessed to members on a pro-rata basis. Management is not aware of any need for such supplementary premiums as of December 31, 2011. As of December 31, 2011 and 2010, the Company had outstanding letters of credit in the amount of \$673,729 and \$641,768, respectively, to secure its future obligations, if any, under the terms of the insurance programs.

#### Note O - Departure from Accounting Principles Generally Accepted in the United States of America

The *Consolidation* topic of the FASB Accounting Standards Codification requires certain variable interest entities ("VIE's") to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. Shipley Family Limited Partnership is related to the Company through common ownership and management. The impact on these combined financial statements of the omission of this entity in consolidation has not been determined.

#### Note P - Subsequent Events

The Company has evaluated subsequent events through April 10, 2012. This is the date the combined financial statements were available to be issued. No material events subsequent to December 31, 2011 were noted.



## Independent Auditors' Report on the Supplementary Information

To the Stockholders, Partners, and the Board of Directors  
The Shipley Companies  
York, Pennsylvania

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has not been subjected to the auditing procedures applied in the audits of the combined financial statements. Accordingly, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

*Reinsel Kuntz Lesher LLP*

April 10, 2012

## Supplementary Information

The Shipley Companies  
Combining Balance Sheet  
December 31, 2011

	<u>GROUP PROPERTIES</u>	<u>FUELS GROUP</u>	<u>ENERGY GROUP</u>	<u>ELIMINATIONS</u>	<u>COMBINED TOTAL</u>
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2,306,570	\$ 921,112	\$ 888	\$ -	\$ 3,228,570
Accounts receivable:					
Trade, net	-	16,723,528	959,910	-	17,683,438
Affiliates	3,223,362	-	1,911,824	(5,135,186)	-
Other	199,424	2,669	(205)	-	201,888
Notes receivable, current portion	107,640	155,000	-	-	262,640
Inventories	30,131	11,658,293	5,673,276	-	17,361,700
Prepaid expenses and other current assets	1,603,025	1,867,652	179,180	-	3,649,857
<b>Total Current Assets</b>	<b>7,470,152</b>	<b>31,328,254</b>	<b>8,724,873</b>	<b>(5,135,186)</b>	<b>42,388,093</b>
<b>Notes Receivable, less current portion</b>					
Trade	1,892,360	-	-	-	1,892,360
Affiliates	20,895,000	-	-	(20,895,000)	-
<b>Property and Equipment, net</b>	<b>6,368,046</b>	<b>6,319,331</b>	<b>7,934,139</b>	<b>(318,090)</b>	<b>20,303,426</b>
<b>Other Assets</b>					
Cash surrender value of life insurance	590,596	-	2,831,798	-	3,422,394
Intangible assets, net	-	1,435,625	4,040,988	-	5,476,613
Other	388,154	-	-	-	388,154
<b>Total Other Assets</b>	<b>978,750</b>	<b>1,435,625</b>	<b>6,872,786</b>	<b>-</b>	<b>9,287,161</b>
<b>Total Assets</b>	<b>\$ 37,604,308</b>	<b>\$ 39,083,210</b>	<b>\$ 23,531,798</b>	<b>\$ (26,348,276)</b>	<b>\$ 73,871,040</b>

	<u>GROUP PROPERTIES</u>	<u>FUELS GROUP</u>	<u>ENERGY GROUP</u>	<u>ELIMINATIONS</u>	<u>COMBINED TOTAL</u>
<b>Liabilities and Equity</b>					
<b>Current Liabilities</b>					
Current portion of long-term debt	\$ 818,647	\$ -	\$ -	\$ -	\$ 818,647
Current portion of subordinated long-term debt	444,618	-	138,615	-	683,233
Accounts payable:					
Trade	2,053,987	15,377,329	643,887	-	18,075,203
Affiliates	-	5,135,186	-	(5,135,186)	-
Accrued expenses	883,991	568,569	132,122	-	1,574,682
Deferred income	-	-	2,006,213	-	2,006,213
Taxes, other than income taxes	1,183	3,394,514	186,400	-	3,582,097
<b>Total Current Liabilities</b>	<b>4,202,426</b>	<b>24,465,598</b>	<b>3,107,237</b>	<b>(5,135,186)</b>	<b>26,640,075</b>
Line of Credit	18,236,846	-	-	-	18,236,846
Long-term Debt, less current portion	14,537,583	9,310,000	7,560,000	(20,895,000)	10,512,583
Subordinated Long-term Debt, less current portion	2,289,909	-	-	-	2,289,909
Other Liabilities	2,597,657	-	-	-	2,597,657
<b>Total Liabilities</b>	<b>41,864,421</b>	<b>33,775,598</b>	<b>10,667,237</b>	<b>(26,030,186)</b>	<b>60,277,070</b>
<b>Equity</b>					
Common stock, voting	-	70,000	50	(70,000)	50
Common stock, non-voting	-	140,000	5,000	(140,000)	5,000
Additional paid-in capital	-	495,000	656,650	(495,000)	656,650
Retained earnings	-	-	8,777,767	(318,090)	8,459,677
Partners' capital	1,401,745	-	-	10,808,706	12,210,451
Members' equity (deficit)	-	6,678,612	3,425,094	(10,103,706)	-
Accumulated other comprehensive loss	(2,451,858)	-	-	-	(2,451,858)
	(1,050,113)	7,383,612	12,864,561	(318,090)	18,879,970
Less cost of treasury stock and partner interests	3,210,000	2,076,000	-	-	5,286,000
<b>Total Equity</b>	<b>(4,260,113)</b>	<b>5,307,612</b>	<b>12,864,561</b>	<b>(318,090)</b>	<b>13,593,970</b>
<b>Total Liabilities and Equity</b>	<b>\$ 37,604,308</b>	<b>\$ 39,083,210</b>	<b>\$ 23,531,798</b>	<b>\$ (26,348,276)</b>	<b>\$ 73,871,040</b>

The Shipley Companies  
Combining Statement of Income  
For the Year Ended December 31, 2011

	GROUP PROPERTIES	FUELS GROUP	ENERGY GROUP	ELIMINATIONS	COMBINED TOTAL
<b>Net Sales</b>	\$ -	\$ 719,852,138	\$ 76,186,017	\$ (142,916,297)	\$ 653,120,858
Management fees	10,244,079	-	-	(10,187,286)	56,793
Rent	783,648	-	-	(745,067)	38,581
<b>Total Revenue</b>	<b>11,027,727</b>	<b>719,852,138</b>	<b>76,186,017</b>	<b>(153,848,650)</b>	<b>653,216,232</b>
Cost of sales	-	688,206,657	56,237,892	(142,916,297)	601,528,252
<b>Gross Profit</b>	<b>11,027,727</b>	<b>31,645,481</b>	<b>19,947,125</b>	<b>(10,932,353)</b>	<b>51,687,980</b>
Operating expenses	76,567	32,617,739	17,762,838	(10,932,353)	39,524,791
General and administrative expenses	10,277,951	-	-	-	10,277,951
<b>Operating Income</b>	<b>673,209</b>	<b>(972,258)</b>	<b>2,184,287</b>	<b>-</b>	<b>1,885,238</b>
<b>Other income (expense):</b>					
Other income (expense), net	622,153	270,262	32,659	(2,141,141)	(1,216,077)
Gain on sale of fixed assets	1,195,202	5,352,744	43,165	-	6,591,111
Interest expense	(1,980,584)	(887,963)	(874,896)	2,141,141	(1,602,302)
<b>Net Income</b>	<b>\$ 509,980</b>	<b>\$ 3,762,775</b>	<b>\$ 1,385,215</b>	<b>\$ -</b>	<b>\$ 5,657,970</b>

# **APPENDIX IV**

# **APPENDIX V**



Appendix A

APPLICATION AFFIDAVIT

[Commonwealth/State] of Pennsylvania :

ss.

County of York

Richard Beamesderfer, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/she is the Chief Financial Officer (Office of Affiant) of Shipley Choice, LLC (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

That the Applicant herein Shipley Choice, LLC has the burden of producing information and supporting documentation demonstrating its technical and financial fitness to be licensed as an electric generation supplier pursuant to 66 Pa. C.S. § 2809 (B).

That the Applicant herein Shipley Choice, LLC has answered the questions on the application correctly, truthfully, and completely and provided supporting documentation as required.

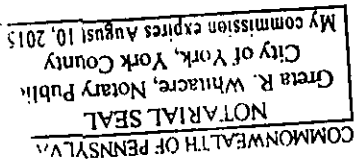
That the Applicant herein Shipley Choice, LLC acknowledges that it is under a duty to update information provided in answer to questions on this application and contained in supporting documents.

That the Applicant herein Shipley Choice, LLC acknowledges that it is under a duty to supplement information provided in answer to questions on this application and contained in supporting documents as requested by the Commission.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief, and that he/she expects said Applicant to be able to prove the same at hearing.

*Richard M. Beamesderfer*  
Signature of Affiant

Sworn and subscribed before me this 30 day of August, 2012.



*Gretia R. Whitacre*  
Signature of official administering oath

My commission expires August 10, 2015.

# **APPENDIX VI**

**Appendix B**

**OPERATIONS AFFIDAVIT**

[Commonwealth/State] of Pennsylvania :

ss.

County of York :

Richard Beamesberfer, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/she is the Chief Financial Officer (Office of Affiant) of Shipley Choice, LLC (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

That Shipley Choice, LLC, the Applicant herein, acknowledges that [Applicant] may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania.

That Shipley Choice, LLC, the Applicant herein, asserts that [he/she/it] possesses the requisite technical, managerial, and financial fitness to render electric service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That Shipley Choice, LLC, the Applicant herein, certifies to the Commission that it is subject to , will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2 ), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 28 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of Chapter 28, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall report to the Commission its jurisdictional Gross Receipts and power sales for ultimate consumption, for the previous year or as otherwise required by the Commission. The Applicant also acknowledges that it is subject to 66 Pa. C.S. §506 (relating to the inspection of facilities and records).

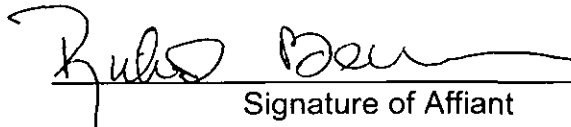
As provided by 66 Pa. C.S. §2810 (C)(6)(iv), Applicant, by filing of this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, and shall consent to the Department of Revenue providing that information to the Pennsylvania Public Utility Commission.

**Appendix B (Continued)**

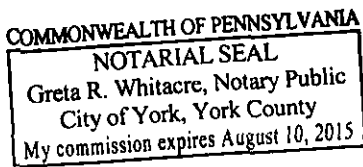
That Shipley Choice, LLC, the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 Pa. C.S. §506, §2807 (C), §2807(D)(2), §2809(B) and the standards and billing practices of 52 PA. Code Chapter 56.

That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Bureau of Public Liaison or other Commission bureaus. Materials and information requested may be analyzed by the Commission to meet obligations under applicable sections of the law.

That the facts above set forth are true and correct/true and correct to the best of his/her knowledge, information, and belief.

  
\_\_\_\_\_  
Signature of Affiant

Sworn and subscribed before me this 30 day of August, 2012.



  
\_\_\_\_\_  
Signature of official administering oath

My commission expires August 10, 2015.

# **APPENDIX VII**

**Electric Generation Supplier License Bonds**

Bonds submitted in order to satisfy the licensing process must comply with the following:

The bond in the amount of \$250,000 should name the Pennsylvania Public Utility Commission as the obligee or beneficiary, and should contain the following language:

This bond is written in accordance with Section 2809(c)(1)(i) of the Public Utility Code, 66 Pa. C.S. § 2809(c)(1)(i), to assure compliance with applicable provisions of the Public Utility Code, 66 Pa. C.S. §§101, et seq., and the rules and regulations of the Pennsylvania Public Utility Commission by the Principle as a licensed electric generation supplier; to ensure the payment of Gross Receipts Tax as required by Section 2810 of the Public Utility Code, 66 Pa. C.S. § 2810; and to ensure the supply of electricity at retail in accordance with contracts, agreements or arrangements. Payment of claims shall have the following priority: (i) The Commonwealth; (ii) Electric Distribution Companies for the reimbursement of Gross Receipts Tax; and (iii) Private individuals. Proceeds of the bond may not be used to pay any penalties or fines levied against the Principal for violations of the law, or for payment of any other tax obligations owed to the Commonwealth.

The original and two copies of the bond must be submitted to the Office of the Secretary, Pa. Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17105-3265. The entry date of the Commission's Order will be the effective date for the license.

# **APPENDIX VIII**

## Shiplely Choice LLC Disclosure Statement

This is an agreement for the purchase and sale of electric generation service between Shiplely Choice, LLC, d/b/a Shiplely Energy (“Shiplely Choice” or “Shiplely”) and you, the customer (“Customer”), under which Customer shall initiate electric service and begin enrollment with Shiplely Choice. Shiplely agrees to sell and you agree to purchase all of your electricity requirements for the account(s) listed in your Welcome Confirmation (your welcome letter or email). You agree to appoint Shiplely Choice as your agent to acquire the necessary supplies to meet your electricity needs as required by your electric distribution company (“EDC”). Shiplely Choice will provide generation and transmission services only. Your EDC will continue to be solely responsible for the delivery of electricity to your locations through its transmission and distribution facilities.

### Background:

- We at Shiplely Choice, LLC are licensed by the Pennsylvania Public Utility Commission to offer and supply electric generation services in Pennsylvania. Our PUC license number is A-XXXXXXXXXX.
- We set the generation prices and charges that you pay. The Public Utility Commission regulates distribution prices and services. The Federal energy Regulatory Commission regulates transmission prices and services.
- You will receive a single bill from utility name that will contain utility name charges and Shiplely’s charges.
- Right of Rescission – You may cancel this agreement at any time before midnight of the third business day after receiving this disclosure. Shiplely can be contacted by telephone at (717) 848-4100.

### Definitions:

- Generation Charge – Charge for production of electricity.
- Transmission Charge – Charge for moving high voltage electricity from a generation facility to the distribution lines of an electric distribution company.
- Distribution Charge - Charge for delivering electricity over a distribution system to the home or business from the transmission system.

### Terms of Service:

1. Basic Service Prices: You will pay Shiplely Choice a variable rate per kilowatt hour for electric generation service. The initial rate that applies only to your first month of service is stated in your Welcome Confirmation (letter or email). This initial rate is only valid for customers who are not currently, and have not previously been, enrolled in service with Shiplely. The variable rate may change each month and will reflect the cost of electricity, including energy, capacity, settlement, ancillaries, related transmission and distribution charges and other market-related factors; plus all applicable taxes, fees, charges, costs, expenses and margins. The rate may be higher than your EDC's rate. Shiplely does not guarantee any savings over the EDC's rates for the entire term of this Agreement. The rate does not include EDC charges, which are separate amounts that you must pay your EDC.



2. Length of Agreement: You will buy your electricity generation service for the above street address from Shipley Choice beginning date and continuing on a month-to-month basis until you or Shipley cancels service under this agreement, in accordance with Cancellation Provisions in Section 5 below.
3. Special Terms and Conditions or Special Services: None.
4. Penalties, Fees, and Exceptions: None.
5. Cancellation Provisions: You may cancel your service under this agreement at any time so long as you provide Shipley with thirty (30) days' advance notice. To cancel this Agreement, please contact Shipley by phone at 1-717-848-4100. If your EDC terminates your service, this Agreement will be automatically cancelled. Shipley may cancel this Agreement if: i) you fail to make timely payment of Shipley charges; or ii) if at some future date there is a change in any law, regulation, market rule, or tariff that materially impairs Shipley's ability to fulfill its obligations under this Agreement. We will provide you with at least fifteen (15) days' prior written notice of our intent to cancel this Agreement for either of the reasons specified in (i) or (ii) above. Shipley also reserves the right to cancel this Agreement, in whole or with respect to any particular account(s) covered by this Agreement, at any time for our convenience with thirty (30) days' advance written notice to you. Cancellation is effective upon the date as deemed effective by the EDC, after any applicable notice period, and you will be responsible for unpaid balances as of the cancellation date, until your account is paid in full, but we will not assess a termination fee.
6. Renewal Provision/Agreement Expiration/Change in Terms: If you have a fixed term agreement with us and it is approaching the expiration date or if we propose to change our terms of service, we will send you two advance written notice(s) in accordance with the PUC rules. We will explain your options in these advance notice(s).
7. Dispute Procedures: Contact us at 1-717-848-4100 with any questions concerning our terms of service. You may call the Pennsylvania Public Utility Commission if you are not satisfied after discussing your terms with us.
8. Limits on Warranties and Damages: You understand and agree that there are no warranties, either express or implied, associated with this offer or the electricity service sold hereunder. Shipley will bear no liability to you or any third party for consequential, punitive, incidental, special or other indirect damages.
9. Assignment: Shipley may assign this agreement to a third party, in whole or in part. Shipley will provide you a thirty (30) day notice of any assignment.
10. Eligibility: Only PPL residential accounts are eligible. No other rate codes will be accepted. Shipley does not offer net metering to customer-generators taking service from Shipley.
11. Contact Information

Electric Generation Supplier:  
Shipley Choice, LLC  
PO Box 946  
415 Norway Street  
York, PA 17405  
(717) 848-4100  
[www.shipleyenergy.com](http://www.shipleyenergy.com)

Electric Distribution Utility and Provider of Last Resort:

PPL Electric Utilities

Address:

827 Hausman Road

Allentown, PA 18104-9392

Phone Number:

(888) 668-4775

Pennsylvania Public Utility Commission (PUC)

Address:

PO Box 3265

Harrisburg, PA 17105-3265

Choice Hotline Number:

(800) 692-7380

Universal Service Program Name:

???

Phone Number:

???

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in the manner indicated below, and in accordance with the requirements of 52 P.A. Code §1.54 (relating to service by a party).

**SERVICE VIA FIRST CLASS MAIL**

Office of Consumer Advocate  
5<sup>th</sup> Floor, Forum Place  
555 Walnut Street  
Harrisburg, PA 17120

Office of the Attorney General  
Bureau of Consumer Protection  
Strawberry Square, 14<sup>th</sup> Floor  
Harrisburg, PA 17120

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

Commonwealth of Pennsylvania  
Department of Revenue  
Bureau of Compliance  
Harrisburg, PA 17128-0946

Duquesne Light  
Regulatory Affairs  
411 Seventh Street, MD 16-4  
Pittsburgh, PA 15219

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

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

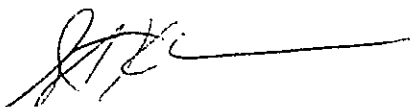
Legal Department  
Met-Ed  
2800 Pottsville Pike  
Reading, PA 19612

Legal Department  
West Penn Power  
2800 Pottsville Pike  
Reading, PA 19612

Legal Department  
Penelec  
2800 Pottsville Pike  
Reading, PA 19612

Legal Department  
Penn Power  
2800 Pottsville Pike  
Reading, PA 19612

Dated this 12<sup>th</sup> day of September, 2012

  
\_\_\_\_\_  
Steven K. Haas

PA PUC  
SECRETARY'S BUREAU

2012 SEP 12 PM 1:07

RECEIVED