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|  | **PENNSYLVANIA**  **PUBLIC UTILITY COMMISSION**  **Harrisburg, PA 17105-3265** |  |
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|  | Public Meeting held September 12, 2013 |
| Commissioners Present: |  |

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| Robert F. Powelson, Chairman | |
| John F. Coleman, Jr., Vice Chairman  Wayne E. Gardner  James H. Cawley | |
| Pamela A. Witmer | |
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| Petition to Transfer Electric Generation Supplier License from UGI Energy Services, Inc. to UGI Newco LLC, Electric Generation Supplier License Application of UGI Newco LLC and Abandonment of the Electric Generation Supplier License of UGI Energy Services, Inc. | Docket Number: A-110076  A-2013-2369288 |

# ORDER

**BY THE COMMISSION:**

On May 8, 2013, UGI Energy Services, Inc. (UGI INC) filed a Petition, pursuant to 52 Pa. Code §54.41, seeking the transfer of the electric generation supplier (EGS) license of UGI INC, at Docket No. A-110076, to UGI Newco LLC (UGI LLC). Additionally, on May 18, 2013, UGI LLC filed a License Application, at Docket No. A-2013-2369288, to offer, render, furnish or supply electricity or electric generation services as a broker/marketer, an aggregator and a supplier of electric power in the electric distribution company (EDC) service territories throughout the Commonwealth of Pennsylvania. This application was filed pursuant to the Commission’s regulations at 52 Pa. Code §§54.31-54.43, which became effective on August 8, 1998, and which were established under Section 2809 of the Public Utility Code, 66 Pa. C.S. §2809.

§2809 provides in pertinent part that:

License Requirement.--No person or corporation, including municipal corporations which choose to provide service outside their municipal limits except to the extent provided prior to the effective date of this chapter, brokers and marketers, aggregators and other entities, shall engage in the business of an electric generation supplier in this Commonwealth unless the person or corporation holds a license issued by the Commission. 66 Pa. C.S. §2809.

An electric generation supplier is defined as:

A person or corporation, including municipal corporations which choose to provide service outside their municipal limits except to the extent provided prior to the effective date of this chapter, brokers and marketers, aggregators or any other entities, that sells to end-use customers electricity or related services utilizing the jurisdictional transmission or distribution facilities of an electric distribution company, or that purchases, brokers, arranges or markets electricity or related services for sale to end-use customers utilizing the jurisdictional transmission and distribution facilities of an electric distribution company. 66 Pa. C.S. §2803.

Additionally, UGI LLC requests that the Commission waive the public notice requirement in Section 54.35 of the Commission’s regulations, 52 Pa. Code § 54.35. UGI LLCC submits that the “…transfer is akin to a material change in organizational structure governed by Section 54.34(b) of the Commission’s regulations, 52 Pa. Code § 54.34(b) which merely requires a notice filing to the Commission.”

UGI INC is an EGS in the Commonwealth of Pennsylvania, at Docket No. A-110076. UGI INC is a domestic business corporation that has been in business since March 17, 1995. UGI INC is licensed as a broker/marketer, an aggregator, and a supplier of electric power to residential, small commercial (25 kW and under), large commercial (over 25 kW), industrial and governmental customers in all EDC service territories throughout the Commonwealth of Pennsylvania. By Order, adopted July 24, 1998, the Commission granted UGI INC an interim license. By Order, adopted January 26, 1999, the Commission granted UGI INC its permanent license.

UGI INC states that given certain considerations under existing federal and state tax laws, it will be changing its current organizational structure from a corporation to a limited liability company in order to manage financial resources and remain competitive in the natural gas supply markets. UGI INC submits that under Pennsylvania law, the process for converting an existing corporation into a limited liability company requires the incorporation of a new limited liability company and the merger of the existing corporation into the new limited liability company.

As a result, UGI Newco, LLC was formed as a Pennsylvania limited liability company on March 23, 2013. UGI asserts that upon Commission approval of the Petition to transfer UGI INC’s license to UGI LLC, UGI INC will be merged into UGI Newco, LLC in its entirety and the resulting entity will be renamed UGI Energy Services, LLC. UGI LLC proposes to act as a broker/marketer, an aggregator, and a supplier of electric power to residential, small commercial (25 kW and under), large commercial (over 25 kW), industrial and governmental customers in all EDC service territories within the Commonwealth of Pennsylvania.

Since UGI LLC proposes to provide electric generation supplier services to residential customers it is required to comply with, and be governed by, applicable Chapter 56 residential service regulations as set forth in the Commission Order *Guidelines for Maintaining Customer Service at the Same Level of Quality Pursuant to 66 Pa. C.S. §2807(d), Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. §2809(e) and (f)*, at Docket No. M-00960890 F0011, Order entered July 11, 1997*.* Thus, we deem it appropriate to reiterate certain items with respect to Chapter 56 of our regulations. Chapter 56 (52 Pa Code Chapter 56) is applicable to residential accounts. An electric generation supplier cannot physically disconnect a residential customer from the electricity grid; therefore, the rules relating to residential service termination are not applicable to electric generation suppliers. An electric generation supplier may seek to terminate its generation service through an appropriate written notice to the customer and the distribution company. The residential customer can then attempt to repair their relationship with the supplier, seek a new supplier, or default to utility service at capped rates in accordance with the utility's obligations under Section 2807(e), 66 Pa. C.S. §2807(e). The customer would only be disconnected from the electricity grid pursuant to appropriate regulations if the customer failed to meet its obligations to the utility or the electric generation supplier that has been designated by the Commission as the provider of last resort.

Additionally, we specifically note that the licensee must comply with, and ensure that its employees, agents, representatives and independent contractors comply with the standards of conduct and disclosure for licensees set out in Commission regulations at 52 Pa. Code §54.43 that were enacted to protect consumers of this Commonwealth. These standards include, *inter alia,* the provision of timely and accurate information about the services offered by the licensee, the practice of nondiscrimination in service in regard to race, color, religion, national origin, marital status, etc., the safeguarding of a consumer’s personal information, and compliance with applicable state and federal consumer protection laws. Also, we take this opportunity to remind the licensee of its agreement to abide by, and to ensure that its employees, representatives, agents and independent contractors abide by all applicable federal and state laws, and Commission regulations, procedures and orders, 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.

We also note that that the licensee must comply with our decision in Docket No. M-2010-2157431, Motion adopted at the February 11, 2010, Public Meeting, regarding EGS membership in the PJM Interconnection (PJM). Specifically, our Motion directed that such EGS applicants must file with the Commission, within 120 days of receiving an EGS license, proof of membership in the PJM as a Load Serving Entity (LSE) or proof of a contractual arrangement with an existing PJM LSE that facilitates the applicant’s retail operations. Since UGI LLC is taking title to electricity, it is required to comply with this requirement.

As noted above, UGI LLC has requested that the requirement of public notices be waived and therefore, UGI LLC has not provided proofs of publication in Pennsylvania newspapers. However, UGI LLC provided proofs of service to the interested parties as required by the Commission.

Regarding the financial and technical requirements of the license application, UGI LLC has supplied consolidated financial statements for UGI INC and subsidiaries for the years ended September 30, 2011, and September 30, 2012. UGI LLC has also provided historical employment information for various owners and officers indicating that UGI LLC personnel have the necessary consulting, utility and/or regulatory experience. Sufficient information has been provided by UGI LLC to demonstrate its financial and technical fitness in order to be licensed as a broker/marketer, an aggregator, and a supplier of electric power in the EDC service territories in the Commonwealth of Pennsylvania.

UGI LLC provided a bond in an amount equal to the level of bonding currently provided by UGI INC.

UGI LLC has requested that the requirement of public notices be waived. Considering that the transfer requests involves the merger of a corporation into a limited liability company, we believe that the requirement of public notices can be waived. Although not “…a corporate change in name only…” as argued by UGI INC, it can be viewed as the material change in organizational structure as referenced in 52 Pa. Code §54.34(b) for the purposes of public notice.

There are no outstanding fines pending against UGI INC. There are also no outstanding formal or informal complaints. We also note that UGI INC has provided the notice to customers as required by the Interim Guidelines Regarding Notification by an Electric Generation Supplier of Operational Changes Affecting Customer Service and Contracts, at Docket No. M-00960890F0013.

As of September 3, 2013, no protests have been filed.

We find that the applicant, UGI Newco, LLC:

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

2. Has agreed to lawfully abide by all Commission regulations, procedures and orders, 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.

We further find that the proposed service, to the extent authorized by the license, will be consistent with the public interest and the policy declared in the Electricity Generation Customer Choice and Competition Act.

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

**IT IS ORDERED:**

1. That the Petition to Transfer an Electric Generation Supplier License filed by UGI Energy Services, Inc. on May 8, 2013, is hereby granted.

2. That the application of UGI Newco LLC is hereby approved, consistent with this Order.

3. That a license be issued authorizing UGI Newco LLC to begin to offer, render, furnish or supply electric generation supplier services to residential, small commercial (25 kW and under), large commercial (over 25 kW), industrial, and governmental customers as a broker/marketer, aggregator and supplier in the electric distribution company service territories throughout the Commonwealth of Pennsylvania, as specified in the Order.

4. That UGI Newco LLC’s request for a waiver of the requirement of public notices is granted.

5. That UGI Newco LLC must submit within 120 days, proof that it is a PJM registered Load Serving Entity as a party to the reliability assurance agreement or that it has a contract with an entity who is such a party.

6. That upon the transfer of its final customer to an alternative provider of electricity, UGI Energy Services, Inc. files an affidavit with the Commission affirming the transfer of all customers to an alternative supplier of electricity.

7. That UGI Energy Services, Inc. files a final Electric Choice Annual Report for the partial year ending on the date its final customer is transferred to an alternative provider of electricity no later than 60 days after the date the final customer is transferred.

8. That upon the filing of the affidavit specified in Ordering Paragraph 6 and the report specified in Ordering Paragraph 7, the electric generation supplier license held by UGI Energy Services, Inc., at Docket No. A-110076, is cancelled.

9. That if there are no outstanding complaints against UGI Energy Services, Inc. or outstanding claims against UGI Energy Services, Inc.’s financial security sixty (60) days after the later of the entry date of this Order or the date the final customer is transferred, the Secretary shall return UGI Energy Services, Inc.’s financial security.

10. That a copy of this order be served on the Office of Consumer Advocate, the Office of Small Business Advocate, all electric distribution companies, the Department of Revenue, Bureau of Corporation Taxes and the Department of Revenue, Bureau of Compliance.

11. That the proceeding at Docket No. A-2013-2369288 be closed.

 **BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: September 12, 2013

ORDER ENTERED: September 12, 2013