

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Uniform Cover and Calendar Sheet

1. REPORT DATE: October 18, 2005	2. BUREAU AGENDA NO. OCT-2005-FUS-1074*
3. BUREAU: Fixed Utility Services	
4. SECTION(S): Energy	5. PUBLIC MEETING DATE:
6. APPROVED BY: Director: Rosenthal 3-5242 <i>R.H.</i> Mgr/Spvr: Rodrock 3-6185 <i>A.E.R.</i> Legal Review: <i>D.Fey</i>	October 27, 2005
7. PERSONS IN CHARGE: Rodrock/Okoro 3-6185	9. EFFECTIVE DATE OF FILING: N/A
8. DOCKET NO.: A-125142	

10. (a) **CAPTION** (abbreviate if more than 4 lines)
 (b) Short summary of history & facts, documents & briefs
 (c) Recommendation

DOCKETED
 NOV 08 2005

- (a) Natural Gas Supplier License Application of BP Energy Company.
 (Home Office: Houston, TX)
- (b) On August 17, 2005, BP Energy Company filed an application to offer, render, furnish, or supply natural gas supply services to large commercial, industrial and governmental customers in the service territory of Columbia Gas of Pennsylvania, within the Commonwealth of Pennsylvania, as a supplier, broker/marketer and aggregator engaged in the business of supplying natural gas services.
- The License Application was filed pursuant to Section 2208 of the Natural Gas Choice and Competition Act ("Act") and Title 52, Chapter 62, Subchapter D.
- (c) The Bureau of Fixed Utility Services recommends that the Commission adopt the proposed Order.

**DOCUMENT
 FOLDER**

11. **MOTION BY:** Commissioner Chm. Holland
SECONDED: Commissioner Cawley

Commissioner Shane - Yes
 Commissioner Pizzigrilli - Yes
 Commissioner Fitzpatrick - Yes

CONTENT OF MOTION: Staff recommendation adopted.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265
November 3, 2005

REFER TO OUR FILE
A-125142

SUSAN E BRUCE ESQUIRE
MCNEES WALLACE & NURICK LLC
PO BOX 1166
100 PINE STREET
HARRISBURG PA 17108-1166

DOCUMENT
FOLDER

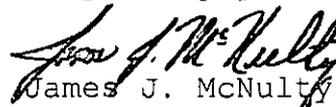
Application of BP Energy Company to become
a licensed supplier of natural gas services

To Whom It May Concern:

This is to advise you that an Order has been adopted by the Commission in Public Meeting on October 27, 2005 in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,


James J. McNulty
Secretary

Enclosure
Certified Mail
LJM

JUSTIN STUHLBREHER
MICHELLE VOINOROSKY
BP ENERGY COMPANY
501 WESTLAKE PARK BOULEVARD
HOUSTON TX 77079

DOCKETED
APR 24 2006

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held October 27, 2005

Commissioners Present:

Wendell F. Holland, Chairman
James H. Cawley, Vice Chairman
Bill Shane
Kim Pizzingrilli
Terrance J. Fitzpatrick

DOCUMENT
FOLDER

Application of BP Energy Company to become
a licensed supplier of natural gas services

Docket Number: A-125142

ORDER

DOCKETED
APR 24 2006

BY THE COMMISSION:

On August 17, 2005, BP Energy Company ("BP Energy") filed a License Application to operate as a supplier of natural gas supply services in the entire Commonwealth of Pennsylvania. This application was filed pursuant to section 2208 of the Natural Gas Choice and Competition Act (Act) and Title 52, Chapter 62, Subchapter D. In a letter to the Commission on October 18, 2005, BP Energy changed its proposed service area from the entire Commonwealth of Pennsylvania to providing service in only the service territory of Columbia Gas of Pennsylvania, within the Commonwealth of Pennsylvania.

§2208 provides in pertinent part that:

Requirements for Natural Gas Suppliers.--No entity shall engage in the business of a natural gas supplier unless it holds a license issued by the

Commission. To the extent that a natural gas distribution company provides natural gas supply service outside of its chartered or certificated territory, it also must hold a license. A license shall not be required for customers who make de minimis incidental sales or resales to themselves, an affiliate or to other nonresidential retail gas customers.

66 Pa. C.S. §2208.

A natural gas supplier is defined as:

An entity other than a natural gas distribution company, but including natural gas distribution company marketing affiliates, which provides natural gas supply services to retail gas customers utilizing the jurisdictional facilities of a natural gas distribution company. The term includes a natural gas distribution company that provides natural gas supply services outside its certificated service territories. The term includes a municipal corporation, its affiliates or any joint venture, to the extent that it chooses to provide natural gas supply services to retail customers located outside of its corporate or municipal limits, as applicable, other than:

- (i) as provided prior to the effective date of this chapter, pursuant to a certificate of public convenience if required under this title;
- (ii) total natural gas supply services in de minimis amounts;
- (iii) natural gas supply services requested by, or provided with the consent of, the public utility in whose certificated territory the services are provided; or
- (iv) natural gas supply services provided to the municipal corporation itself or its tenants on land it owns or leases, or is subject to an agreement of sale or pending condemnation, as of September 1, 1999, to the extent permitted by applicable law independent of this chapter.

The term excludes an entity to the extent that it provides free gas to end-users under the terms of an oil or gas lease. Notwithstanding any other provision of this title, a natural gas supplier that is not a natural gas distribution company is not a public utility as defined in section 102 (relating to definitions) to the extent that the natural gas supplier is utilizing the jurisdictional distribution facilities of a natural gas distribution company or is providing other services authorized by the Commission.

66 Pa. C.S. § 2202.

As used in the above definition of a natural gas supplier, the term natural gas supply services includes: (i) the sale or arrangement of the sale of natural gas to retail customers; and (ii) services that may be unbundled by the Commission under section 2203(3) of the Act (relating to standards for restructuring of the natural gas utility industry). Natural gas supply service does not include distribution service.

66 Pa. C.S. § 2202.

It is important to note that a licensee must 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. §2206(a), Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. Code Chapter 56 Pursuant to §2207(b), §2208(e) and (f) and Addressing the Application of Partial Payments* (M-00991249 F003). 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. A natural gas supplier cannot physically disconnect a residential customer from the distribution system, and thus, the rules relating to residential service termination are not applicable to natural gas suppliers. A natural gas supplier may seek to terminate its natural gas services through an appropriate written notice to the customer and the local distribution company. The residential customer can then attempt to repair their relationship with the natural gas supplier, seek a new natural gas supplier, or default to the natural gas distribution company's service tariffed rates in accordance with the local distribution company's obligations under Section 2207(a). 66 Pa. C.S. §2207(a). The customer would only be disconnected from the distribution system pursuant to appropriate regulations if the customer failed to meet its obligations to the natural gas distribution company or the natural gas supplier which has been designated by the Commission as the supplier of last resort.

Additionally, we take this opportunity to once again remind the licensee that its officers, representatives and employees have agreed to 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 develop from time to time in the course of doing business in Pennsylvania.

BP Energy has stated that upon the approval of this Application, it proposes to provide natural gas supply services to large commercial, industrial and governmental customers in the service territory of Columbia Gas of Pennsylvania.

BP Energy has published notice of its application in the Pennsylvania newspapers as required by the Commission to provide service in the service territory of Columbia Gas of Pennsylvania.

Regarding the financial and technical fitness requirements of the license application, BP Energy has submitted the parent company's (BP Corporation N.A. Inc.) balance sheet, income statement and statement of cash flow as of March 31, 2005.

BP Energy, formerly, Amoco Energy Trading Corporation, is a foreign corporation presently doing business in Pennsylvania as a licensed Electric Generation Supplier, wholesale marketer of natural gas services to large industrial customers at citygates (without utilizing the jurisdictional facilities of natural gas distribution companies). By this Application, BP Energy proposes to expand its range of services to market natural gas and supply services to large commercial, industrial and governmental retail gas customers. BP Energy states that it and its affiliate, BP Canada Energy Marketing Corporation ("BP Canada"), are engaged in the sale of natural gas and supply services to local distribution companies ("LDC"), marketers/aggregators, industrial, and

commercial customers at the citygate in Pennsylvania and other US states. BP Energy and BP Canada are both wholly owned indirect subsidiaries of BP America, Inc. Based on BP Energy's expertise and financial information, at this time it appears that BP Energy is qualified to supply natural gas supply services.

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

BP Energy has provided the required Pennsylvania Emergency Management Agency ("PEMA") contact information.

As of October 18, 2005, no protests have been filed.

We find that BP Energy Company:

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

2. Has agreed to abide by all Commission regulations, procedures and orders, including Emergency Orders, which may be issued verbally or in writing during any emergency situations that may develop from time to time in the course of doing business in Pennsylvania.

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

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

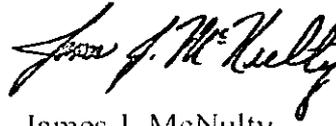
IT IS ORDERED:

1. That the application of BP Energy Company is hereby approved, consistent with this Order.

2. That a license be issued authorizing BP Energy Company the right to begin to offer, render, furnish or supply natural gas supply services to the public within the following local distribution company service territory within the Commonwealth of Pennsylvania: Columbia Gas of Pennsylvania.

3. That this proceeding, at Docket No. A-125142, be closed.

BY THE COMMISSION,



James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: October 27, 2005

ORDER ENTERED: **NOV 03 2005**

2. Article Number



7160 3901 9843 0731 0585

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? (Extra Fee) Yes

1. Article Addressed to:

A-125142
Justin Stuhldreher

COMPLETE THIS SECTION ON DELIVERY	
A. Received by (Please Print Clearly)	B. Date of Delivery
C. Signature	
<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee	
D. Is delivery address different from item 1? If YES, enter delivery address below: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

PS Form 3811, February 2003

Domestic Return Receipt

2. Article Number



7160 3901 9843 0731 0592

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? (Extra Fee) Yes

1. Article Addressed to:

A-125142
Susan E. Bruce

COMPLETE THIS SECTION ON DELIVERY	
A. Received by (Please Print Clearly)	B. Date of Delivery
C. Signature	
<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee	
D. Is delivery address different from item 1? If YES, enter delivery address below: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

PS Form 3811, February 2003

Domestic Return Receipt