

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF AMERIGAS)
PARTNERS, L.P. AND AMERIGAS)
PROPANE, L.P., FOR APPROVAL OF)
THE ACQUISITION OF THE UTILITY)
ASSETS OF HERITAGE OPERATING) CASE NO. 2013-00241
L.P. D/B/A BRIGHT'S PROPANE)
SERVICE, INC. AND FOR AUTHORITY)
TO ABANDON THE PIPELINE SYSTEM)
AND SERVE CUSTOMERS BY OTHER)
MEANS)

ORDER

On June 21, 2013, AmeriGas Partners, L.P. ("AmeriGas") and AmeriGas Propane, L.P. filed an application requesting both approval to acquire Heritage Operating, L.P. d/b/a Bright's Propane Service, Inc. ("Bright's Propane") and approval to abandon the utility system. Bright's Propane is the owner and operator of a gas distribution system, consisting of inground mains and service lines serving 52 customers in Old Bridge Subdivision, Boyle County, Kentucky. The application states that on October 15, 2011, AmeriGas entered into a Contribution and Redemption Agreement ("Purchase Agreement") with Energy Transfer Partners, L.P. ("Energy Transfer"), Energy Transfer Partners GP, L.P., and Heritage ETC, L.P. Under the Purchase Agreement, AmeriGas agreed to acquire the propane operations of Energy Transfer. On January 12, 2012, AmeriGas completed the acquisition of Energy Transfer's propane operations and business, including the subsidiaries that operated Bright's Propane.

Bright's Propane owns and operates facilities that are used in the distribution, sale, and furnishing of natural gas to the public for compensation in Boyle County, Kentucky, and is a utility subject to Commission jurisdiction.¹

The application by AmeriGas for approval to acquire Bright's Propane was filed pursuant to KRS 278.020(5) and (6). Both of those statutory provisions, which operate independently of each other, explicitly state that Commission approval must be obtained prior to the transfer of ownership of a jurisdictional utility. While KRS 278.020(5) sets no time limit on the Commission's review of a transfer application filed thereunder, KRS 278.020(6) does set a maximum 120 day time limit on our review of a transfer application filed thereunder. Thus, time is of the essence in reviewing the merits of an application to transfer a jurisdictional utility.

Based on a review of the application and exhibits thereto, the Commission finds that AmeriGas operates the largest retail propane distribution business in the United States, and it distributes propane to over 2.3 million customers in all 50 states. However, its application for approval of the acquisition of Bright's Propane includes no testimony of any executive officer of either AmeriGas or of its General Partner, which is a subsidiary of UGI Corporation. Therefore, the Commission will require that an executive officer of AmeriGas or of its General Partner file verified direct testimony within ten days of the date of this Order addressing the statutory criteria set forth in KRS 278.020(5) and (6) for approval of a utility transfer.

Further, the Commission finds that the application and exhibits do not indicate whether each of the 52 customers of Bright's Propane have been notified in writing of the request to terminate service and, if they have been notified, whether any objections

¹ KRS 278.010(3)(b) and KRS 278.040.

or concerns have been expressed by any customers. Since the request by AmeriGas to terminate distribution service is based on its assertion that the supplying of propane is a competitive business, the Commission must determine whether there is a competitive market for propane service to customers in the Old Bridge Subdivision and, if there is, whether the existence of a competitive market is a sufficient basis to allow a utility to abandon service. These issues are distinct and unrelated to the issues that must be addressed in a transfer application under KRS 278.020(5) and (6). In addition, KRS Chapter 278 places no statutory time limit on the Commission's review of the abandonment of utility service. For these reasons, we find that the request to abandon service should be investigated in a separate proceeding that will ensure that all customers of AmeriGas have notice and an opportunity to participate. Therefore, we will, on our own motion, initiate a new case to investigate the request by AmeriGas to abandon service.

IT IS THEREFORE ORDERED that:

1. Within ten days of the date of this Order an executive officer of AmeriGas or of its General Partner shall file an original and ten copies of verified direct testimony addressing the statutory criteria for approval of a utility transfer as set forth in KRS 278.020(5) and (6).

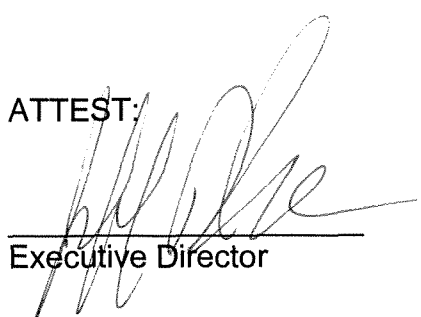
2. The request by AmeriGas to abandon utility service shall be transferred to and investigated in Case No. 2013-00332,² and the record of Case No. 2013-00241 shall be incorporated by reference into Case No. 2013-00332.

² Case No. 2013-00332, *An Investigation of the Proposed Abandonment by AmeriGas Partners, L.P. and AmeriGas Propane, L.P. of Utility Service by Bright's Propane, Inc. in Old Bridge Subdivision, Boyle County, Kentucky* (Ky. PSC initiated Sept. 6, 2013).

By the Commission

ENTERED
SEP 10 2013
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2013-00241

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