

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AMERIGAS PARTNERS, L.P., AMERIGAS)	
PROPANE L.P. AND ENERGY TRANSFER)	
PARTNERS, L.P.)	CASE NO.
_____)	2013-00337
)	
ALLEGED FAILURE TO COMPLY WITH KRS)	
278.020)	

ORDER

By Order dated September 18, 2013, the Commission initiated the instant proceeding to determine whether it is appropriate to assess a civil penalty, pursuant to KRS 278.990, for the apparent violations of KRS 278.020(5) and KRS 278.020(6) by AmeriGas Partners, L.P. ("AmeriGas Partners") and AmeriGas Propane, L.P. ("AmeriGas Propane") (collectively "AmeriGas") and Energy Transfer Partners, L.P. ("Energy Transfer"), for the failure to obtain Commission approval prior to the transfer and acquisition of Heritage Operating, L.P. d/b/a Bright's Propane Service, Inc. ("Bright's Propane").

PROCEDURAL HISTORY

On June 21, 2013, AmeriGas filed an application ("Application") for approval pursuant to KRS 278.020(5) and KRS 278.020(6) to acquire the ownership and control of Bright's Propane.¹ The Applicants also requested authority to abandon utility service

¹ Case No. 2013-00241, *Application of AmeriGas Partners, L.P. and AmeriGas Propane, L.P. for Approval of the Acquisition of the Utility Assets of Heritage Operating, L.P. d/b/a Bright's Propane Service, Inc. and for Authority to Abandon the Pipeline System and Serve Customers by Other Means* (Ky. PSC June 21, 2013).

to the 52 customers currently served by Bright's Propane's pipeline system, and to serve all of these customers using individual propane tanks rather than through a gas pipeline system.²

In its Application, AmeriGas stated that it entered into a Contribution and Redemption Agreement ("Purchase Agreement") with AmeriGas, Energy Transfer Partners, L.P. ("Energy Transfer"), Energy Transfer Partners CP, L.P., and Heritage ETC, L.P.³ Under the Purchase Agreement, AmeriGas agreed to acquire the propane operations of Energy Transfer, including its subsidiaries that operated Bright's Propane. The Purchase Agreement closed on January 12, 2012.

In its Application, AmeriGas acknowledged that "through inadvertence" it did not seek Commission approval prior to the acquisition of Bright's Propane.⁴

By Order dated September 18, 2013, the Commission initiated the instant proceeding.

On September 23, 2013, AmeriGas filed a motion to suspend the procedural schedule to commence settlement discussions in this case.⁵ On October 1, 2013, the Commission issued an Order granting AmeriGas's request to the extent that the Commission authorized a 45-day extension of time for AmeriGas and Energy Transfer to either file a written response to the show cause Order or to meet with Commission

² On September 10, 2013, the Commission initiated 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 Service, Inc. in Old Bridge Subdivision, Boyle County, Kentucky*, to investigate 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 Bright's Propane to abandon service.

³ Case No. 2013-00241, Application, Exhibit C (Ky. PSC June 21, 2013).

⁴ Case No. 2013-00241, Application at 4.

⁵ Motion to Suspend Procedural Schedule of AmeriGas Partners, L.P. and AmeriGas Propane, L.P. (Ky. PSC Sept. 23, 2013).

Staff to discuss a stipulation of facts and settlement.⁶ The Order also cancelled the hearing scheduled for October 24, 2013.

On October 7, 2013, pursuant to a Commission Staff Notice, a telephonic informal conference ("IC") was initially scheduled to be held on October 9, 2013. However, the telephonic IC was rescheduled⁷ and subsequently held on October 16, 2013.

STIPULATION

As a result of discussions held during the informal conference, AmeriGas, Energy Transfer and the Commission Staff entered in to a Stipulation of Facts and Settlement Agreement ("Stipulation"), which was filed on October 18, 2013.⁸ A copy of the Stipulation is attached hereto as an Appendix. In the Stipulation, AmeriGas and Energy Transfer acknowledge that they inadvertently failed to seek Commission approval prior to the transfer and acquisition of the utility assets of Bright's Propane pursuant to KRS 278.020(5) and (6), and agreed to collectively pay a civil penalty of \$7,500.00 for these violations.

Based on this evidence of record and being otherwise sufficiently advised, the Commission finds that the Stipulation is in accordance with the law and does not violate any regulatory principal. The Stipulation is a product of arm's-length negotiations among capable, knowledgeable parties, is in the public interest, and results in a reasonable resolution of all issues in this case.

⁶ Order (Ky. PSC Oct. 1, 2013).

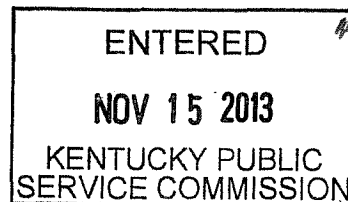
⁷ Commission Staff's Notice rescheduling the telephonic IC was issued on October 8, 2013.

⁸ Commission Staff's signature page was filed supplementally on October 28, 2013.


IT IS THEREFORE ORDERED THAT:

1. The Stipulation is adopted and approved in its entirety as a complete resolution of all issues in this case.
2. AmeriGas and Energy Transfer are collectively assessed a civil penalty of \$7,500.00.
3. AmeriGas and Energy Transfer shall pay the amount of \$7,500.00 within 30 days of the date of this Order by cashier's check or money order made payable to the Kentucky State Treasurer and mailed to be delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, KY 40602.
4. Upon the payment of \$7,500.00 by AmeriGas and Energy Transfer, this case shall be closed and removed from the Commission's docket without further Order of the Commission.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2013-00337 DATED NOV 15 2013

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
OCT 18 2013
PUBLIC SERVICE
COMMISSION

In the Matter of:

AMERIGAS PARTNERS, L.P., AMERIGAS)
PROPANE, L.P. AND ENERGY TRANSFER)
PARTNERS, L.P.)
_____) CASE NO. 2013-00337
ALLEGED FAILURE TO COMPLY WITH)
KRS 278.020)

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement (“Stipulation”) is made and entered into on this 17th day of October, 2013, among Energy Transfer Partners, L.P. (“Energy Transfer”); AmeriGas Partners, L.P. and AmeriGas Propane, L.P. (collectively, “AmeriGas”); and the Staff of the Kentucky Public Service Commission (“Commission Staff”).

WITNESSETH:

WHEREAS, KRS 278.020(5) and (6) prohibit the transfer and acquisition of any utility under the jurisdiction of the Commission without prior approval of the Public Service Commission (“Commission”);

WHEREAS, the utility assets of Heritage Operating, L.P. d/b/a Bright’s Propane Service Inc. constitute a utility that is subject to the jurisdiction of the Commission under KRS Chapter 278;

WHEREAS, Energy Transfer sold and transferred the utility assets of Heritage Operating, L.P. d/b/a Bright's Propane Service Inc. to AmeriGas in a transaction that closed in January of 2012;

WHEREAS, approval of the Commission for the transfer and acquisition was not sought prior to the closing of the transaction;

WHEREAS, the Commission notified AmeriGas by letter dated May 7, 2013, that KRS 278.020(5) and (6) require prior Commission approval of the transfer and acquisition of a utility and requested that an application for approval of the transfer be filed;

WHEREAS, AmeriGas filed an application for approval of the transfer on June 21, 2013, noting that its failure to obtain prior approval had been inadvertent;

WHEREAS, the Commission issued its Order establishing this proceeding to investigate whether it should assess a civil penalty pursuant to KRS 278.990 for the apparent violations of KRS 278.020(5) and (6); and

WHEREAS, Energy Transfer, AmeriGas and Commission Staff desire to settle the issues raised in this proceeding and have therefore entered into this Stipulation,

NOW, THEREFORE, Energy Transfer, AmeriGas and Commission Staff agree that:

1. The transfer of the utility assets of Heritage Operating, L.P. d/b/a Bright's Propane Service Inc. by Energy Transfer to AmeriGas required the prior approval of the Commission under KRS 278.020(5) and (6).
2. Within 10 days after the entry of an Order approving this Stipulation, Energy Transfer and AmeriGas shall collectively pay to the Commonwealth of Kentucky the sum of \$7,500 in satisfaction and resolution of all issues that involve Energy Transfer and AmeriGas, their respective affiliates, employees, and agents and that arise out of

AmeriGas's acquisition of Heritage Operating, L.P. d/b/a Bright's Propane Service, Inc. from Energy Transfer. This payment shall be in the form of a cashier's or certified check made payable to "Treasurer, Commonwealth of Kentucky" and shall be mailed or delivered to: Office of General Counsel, Public Service Commission of Kentucky, 211 Sower Boulevard, Frankfort, Kentucky, 40602.

3. Nothing contained herein shall be construed as an admission of a willful violation of any statute or administrative regulation, nor shall the Commission's acceptance of this Stipulation be construed as a finding of a willful violation of any statute or administrative regulation.

4. This Stipulation is subject to the acceptance of and approval by the Commission.

4. If the Commission fails to accept and approve this Stipulation in its entirety, this proceeding shall go forward and neither the terms of this Stipulation nor any matters raised during settlement negotiations shall be binding on either signatory or be construed against either Energy Transfer, AmeriGas or Commission Staff.

5. Commission Staff shall recommend to the Commission that the Stipulation be accepted and approved.

6. If the Commission accepts and adopts this Stipulation in its entirety and enters an Order in this proceeding to that effect, neither Energy Transfer nor AmeriGas shall apply for rehearing in this matter or bring any action for judicial review of that Order.

IN WITNESS WHEREOF, Energy Transfer, AmeriGas, and Commission Staff have executed this Stipulation the day and year first above written by and through their duly authorized attorneys.

STAFF OF PUBLIC SERVICE COMMISSION
OF KENTUCKY

BY: _____

TITLE: _____

AMERIGAS PARTNERS, L.P. AND AMERIGAS
PROPANE, L.P.

BY: 

TITLE: Associate Counsel

ENERGY TRANSFER, L.P.

BY: _____

TITLE: _____

STAFF OF PUBLIC SERVICE COMMISSION
OF KENTUCKY

BY: _____

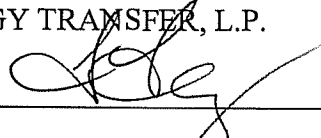
TITLE: _____

AMERIGAS PARTNERS, L.P. AND AMERIGAS
PROPANE, L.P.

BY: _____

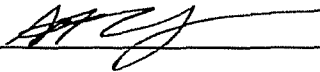
TITLE: _____

ENERGY TRANSFER, L.P.

BY:  _____

TITLE: Deputy General Counsel

STAFF OF PUBLIC SERVICE COMMISSION
OF KENTUCKY

BY: 

TITLE: Staff Attorney - PSC

AMERIGAS PARTNERS, L.P. AND AMERIGAS
PROPANE, L.P.

BY: _____

TITLE: _____

ENERGY TRANSFER, L.P.

BY: _____

TITLE: _____

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King of Prussia, PENNSYLVANIA 19406

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