



ORIGINAL

Colonial Energy, Inc.

3975 Fair Ridge Drive
Suite T-10 North
Fairfax, Virginia 22033
PHONE 703-218-2451
FAX 703-218-3059

September 11, 2006

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor, 1-North
Harrisburg, PA 17120

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SEP 11 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Dear Mr. McNulty:

RE: License number A-125094

On August 30, 2001 Colonial Energy Inc. was given the above referenced license to supply Natural Gas to the public, within the service territory of UGI Utilities, Inc., within the Commonwealth of Pennsylvania.

Colonial Energy would like to amend this license to include the service territory of Peco Energy Co.

On August 28, 2006, Colonial Energy published the required legal notice in the Philadelphia Inquirer. I have attached the notarized Proof of Publication.

Also attached is a letter from Peco Energy stating that Colonial Energy meets their creditworthiness requirements at this time.

Please contact me at 703-218-3048 or at darndt@colonialenergy.com if you have any additional questions or require any additional information.

Sincerely,

David Arndt

David Arndt
Risk Analyst

cc: Mr. James Shurskis, PA-PUC Staff
Mr. Irwin A. Popowsky, Office of Consumer Advocate
Mr. William R. Lloyd, Jr., Small Business Advocate
Office of the Attorney General, Bureau of Consumer Protection
Commonwealth of Pennsylvania, Department of Revenue
Mr. Kevin Carrabine, Peco Energy
Recipients required by PA-Code § 1.54

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Proof of Publication in The Philadelphia Inquirer
Under Act. No 160, P.L. 877, July 9, 1976

STATE OF PENNSYLVANIA
COUNTY OF PHILADELPHIA

Anna Dickerson being duly sworn, deposes and says that **The Philadelphia Inquirer** is a daily newspaper published at Broad and Callowhill Streets, Philadelphia County, Pennsylvania, which was established in the year 1829, since which date said daily newspaper has been regularly published and distributed 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 said daily newspaper on the following dates:

August 28, 2006

Affiant further deposes and says that he is an employee of the publisher of said newspaper and has been authorized to verify the foregoing statement and that he 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.

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Anna Dickerson

Sworn to and subscribed before me this 28th day of
August, 2006

Mary Anne Logan
Notary Public

My Commission Expires:

NOTARIAL SEAL
Mary Anne Logan, Notary Public
City of Philadelphia, Phila. County
My Commission Expires March 30, 2009

Copy of Notice of Publication

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
NOTICE
Application of Colonial Energy, Inc. ("CEI") For Approval To Offer, Render, Furnish Natural Gas Supply Services as a Marketer/Broker or Aggregator, Engaged In The Business Of Supplying Natural Gas Supply Services To The Public In The Commonwealth Of Pennsylvania, Docket No. A-125094.
On June 28, 2006, CEI filed an application with the Pennsylvania Public Utility Commission ("PUC") for a license to provide natural gas supply service as (1) a supplier of natural gas, (2) a broker/marketer, engaged in the business of supplying natural gas, and (3) an aggregator engaged in the business of providing natural gas supply service. CEI proposes to sell natural gas and related services to non-residential users throughout all of Pennsylvania under the provisions of the new Natural Gas Choice and Competition Act.
The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of CEI 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 CEI at the address listed below. Please include the PUC's "docket number" which is A125094, on any correspondence.
Colonial Energy Inc.
3975 Fair Ridge Drive, Suite T 10 North
Fairfax, Virginia 22033
(703) 218-2451
Fax (703) 218-3059
Attn: D. J. Arndt, Risk Analyst

September 8, 2006

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Mr. David Arndt
Colonial Energy
3975 Fair Ridge Dr
Suite T10 North
Fairfax, VA 22033

**Re: Creditworthiness Requirements for PECO Energy's High Volume
Transportation Program**

Dear Mr. Arndt:

This letter will confirm our discussions regarding PECO Energy's creditworthiness review for high volume transportation (HVT) program suppliers.

As we discussed, in accordance with the PECO Gas Service Tariff, Rule 25, a supplier must satisfy at least one of the financial criteria listed below to participate in the HVT program:

(1) The NGS has a minimum credit rating of 3A2 from Dun & Bradstreet, a minimum bond rating of Baa2 from Moodys, or a rating of BBB from Standard & Poor's, Fitch ICBA or Duff & Phelps;

or

(2) The NGS has furnished the Company with an irrevocable and binding form of security (e.g., surety bond, letter of credit, security interest in collateral acceptable to the Company, a corporate guaranty, or a written affirmation of financial support by a parent or affiliated company) issued by an obligor that has a minimum credit rating of 3A2 from Dun & Bradstreet, a minimum bond rating of Baa2 from Moody's, a minimum bond rating of BBB from Standard & Poor's, Fitch ICBA or Duff & Phelps, or, for an insurance company, an A.M. Best credit rating of no less than A-and in which the obligor designates the Company as the sole beneficiary and which otherwise is in a form and amount acceptable to the Company;

or

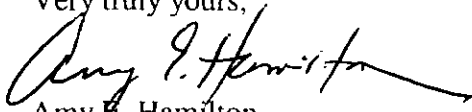
(3) The NGS provides the Company with a cash deposit and/or a cash escrow arrangement in an amount and form acceptable to the Company.

Because Colonial Energy does not meet the minimum rating requirements set forth in #1 above, in order to participate in the HVT program, it will need to satisfy item #2 or #3 of the financial criteria at the time it elects to participate in PECO's HVT program.

Mr. David Arndt
September 8, 2006
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If you have any questions, please don't hesitate to contact me. Thank you.

Very truly yours,



Amy E. Hamilton
Manager, Gas Regulations and
Transportation Services
(215) 841-6783
amy.hamilton@exeloncorp.com

cc: Chris Sauerbaum
Kim Levister