March 8, 2010

VIA EXPRESS MAIL

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Policy Statement in Support of Pennsylvania Solar Projects,
Docket No. M-2009-2140263

Dear Secretary McNulty:

Enclosed for filing, please find an original and fifteen copies of the
comments of UGI Utilities, Inc. – Electric Division. Electronic copies of these
comments have also been sent to Scott Gebhardt, Energy Program Specialist,
Bureau of Conservation, Economics and Energy Planning, at
sgebhardt@state.pa.us and Kriss Brown, Assistant Counsel, Law Bureau, at
kribrown@state.pa.us.

Very truly yours,

Mark C. Morrow

Counsel for UGI Utilities, Inc. –
Electric Division
UGI Utilities, Inc. – Electric Division ("UGI") appreciates this opportunity to submit comments in response to the Commission’s above-captioned proposed policy statement. UGI has participated in the preparation of the comments to be filed by the Energy Association of Pennsylvania ("EAP") at this docket, and intends these comments to supplement the EAP’s comments.

UGI fully supports the proposed policy statement’s goal of encouraging the construction of large scale solar projects in Pennsylvania, and believes that the proposed policy statement appropriately recognizes that long-term supply contracts may encourage the construction of such projects. Indeed, in certain instances, such long-term supply contracts may be necessary to obtain project financing.

As EAP’s comments recognize, however, the execution of long-term supply contracts for default service may create the possibility, if significant numbers of customers shop, of (1) stranded costs and (2) the creation of default service rates that do not reflect current wholesale market prices. This is because the provisions of the Electricity Generation Customer Choice and Competition Act
(“Choice Act”) and the Alternative Energy Portfolio Standards Act (“AEPS Act”) do not explicitly provide for the direct assignment to Electric Generation Suppliers (“EGS”) of long-term service contracts entered into by a default service provider. To address this problem, UGI believes the cost-recovery provisions of Section 69.2903(c) of proposed policy statement should be modified to specify that if weather normalized actual default service loads are more than five percent less than projected default service loads for which a default service provider acquired Solar RECs, and the default service provider is unable to resell the Solar RECs in the secondary market at a cost equal to or greater than the long-term contract costs, then the default service provider should be able to recovery the associated shortfall on a timely basis through a surcharge applicable to all the distribution rates of all customers of the affected class or classes.

Very truly yours,

Mark C. Morrow

Counsel for UGI Utilities, Inc.
Electric Division
From: Origin ID: KPDA (610) 337-1000  
Susan Linkenhoker  
UGI Corporation  
460 North Gulph Road  
King of Prussia, PA 19406

Ship to: (717) 712-7777 BILL SENDER  
James J. McNulty, Secretary  
Penna. Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Ship Date: 08MAR10  
ActWgt: 1.0 LB  
CAD: 5677175/NET3010

After printing this label:
1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.  
2. Fold the printed page along the horizontal line.  
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of $100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of $100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is $500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.