



UGI Utilities, Inc.
2525 North 12th Street
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(610) 796-3400 Telephone

VIA EXPRESS MAIL

March 17, 2011

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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MAR 17 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Licensing Requirements For Natural Gas Suppliers; *SEARCH Final Order and Action Plan*: Natural Gas Supplier Issues; Docket Nos. L-2008-2069115; I-00040103F0002; REVISED COMPLIANCE TARIFF FILING OF UGI PENN NATURAL GAS, INC.

Dear Secretary Chiavetta:

Enclosed for filing, please find the original and three (3) copies of the *revised* Supplement No. 5 to UGI Penn Natural Gas, Inc.'s (the "Company") Tariff - PNG Gas Pa. P.U.C. No.8-S, having a proposed effective date of April 1, 2011. This filing is being made consistent with the request of Annunciata Marino in the Bureau of Fixed Utility Services to revise the Company's initial filing submitted in this proceeding on January 31, 2011. Specifically, the following sentence has been added to Section 8.1 of the tariff supplement:

The amount and the form of the security, if not mutually agreed upon by the Company and the Choice Supplier, shall be based on the criteria established under 52 Pa. Code § 62.111(c) and as set forth in this Section 8.

Copies of this filing has been served on the persons (including all natural gas suppliers licensed in the Company's service territory) indicated on the attached certificate of service. Should you have any questions concerning this filing, please feel free to contact me.

Very truly yours,

Paul J. Szykman
Vice President - Rates

Enclosure

Cc: Service List (via First-Class Mail)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Re: Licensing Requirements For Natural
Gas Suppliers; *SEARCH Final Order and
Action Plan: Natural Gas Supplier Issues;*
COMPLIANCE TARIFF FILING OF
UGI PENN NATURAL GAS, INC.**

**Docket No. L-2008-2069115
I-00040103F0002**

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CERTIFICATE OF SERVICE

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

I hereby certify that I have, this 17th day of March, 2011, served a true and correct copy of the foregoing document in the manner and upon the persons listed below in accordance with requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

VIA FIRST CLASS MAIL:

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Pennsylvania Public Utility Commission
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Wyomissing, PA 19610

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Cliff Foster
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T/A Starcorp Int'l
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Customer Service
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Portsmouth, NH 03801

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Hampton, NH 03842-1720

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Pittsburgh, PA 15230

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Deborah Smith
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Tulsa, OK 74170

Pennsylvania Gas & Electric
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PEPCO Energy Services, Inc.
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Suite 1600
Arlington, VA 22209

Provident Energy Consulting, LLC
Joseph Solomon
70 Palmers Mill Road
Media, PA 19063

Shell Energy North America (US) LP
Susan Smith
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Plaza Level 1
Houston, TX 77010

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MAR 17 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU


Paul J. Szykman

Dated: March 17, 2011

UGI PENN NATURAL GAS, INC.
GAS TARIFF
INCLUDING THE GAS SERVICE TARIFF
AND
THE CHOICE SUPPLIER TARIFF

Rates and Rules
Governing the
Furnishing of
Gas Service and Choice Aggregation Service
in the
Territory Described Herein

Issued: January 31, 2011

Effective: April 1, 2011

Effective for service rendered on
and after April 1, 2011, in
accordance with the Commission's
Order at Docket No. L-2008-2069115
entered on June 17, 2010.

By: Paul J. Szykman
Vice President - Rates
2525 N. 12th Street, Suite 360
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Reading, PA 19612-2677

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

<http://www.ugi.com/png/>

NOTICE

This tariff makes changes in existing rates (See Page 2).

LIST OF CHANGES MADE BY THIS SUPPLEMENT
(Page Numbers Refer to Official Tariff)

Table of Contents, Page 4

- Page number 96(a) has been added.

Gas PA P.U.C. No. 8-S Rules and Regulations Section 8. Financial Security Pages 95-96(a)

- Revised Rules and Regulations related to Choice Supplier security requirements.

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(C) Indicates Change

UGI PENN NATURAL GAS, INC
GAS CHOICE SUPPLIER TARIFF

Rates and Rules
Governing the
Furnishing of
Gas Aggregation Service

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Issued: January 31, 2011

Effective: April 1, 2011

By: Paul J. Szykman
Vice President - Rates
2525 N. 12th Street, Suite 360
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RULES AND REGULATIONS (Continued)

8. FINANCIAL SECURITY

- 8.1 Financial Security. A Choice Supplier shall provide financial security to ensure that Company and/or other Commission-approved Supplier of Last Resort is able to receive, without undue delay, funds or other forms of remuneration sufficient to meet the financial consequences of a Choice Supplier's failure to perform its natural gas supply delivery service obligations hereunder. Company may also use such forms of financial security to satisfy in part or in whole a Choice Supplier's obligation to pay the penalties authorized by this Supplier Tariff. The amount and the form of the security, if not mutually agreed upon by the Company and the Choice Supplier, shall be based on the criteria established under 52 Pa. Code § 62.111(c) and as set forth in this Section 8. (C)
- 8.2 Amount of Financial Security. A Choice Supplier seeking to be licensed to provide service on Company's system shall be required to provide an initial amount of \$50,000 in financial security. After the Choice Supplier begins to serve customers on Company's system the amount of financial security shall, unless otherwise mutually agreed, be equal to \$134.63/Dth times the Design Day Requirement (in Dth) for Choice Supplier's pool of Choice customers (as established at Docket No.P-00032054), but in not event shall the amount of financial security be less than \$50,000. This security level shall be subject to adjustments as provided in Section 8.5. (C)
- 8.3 Forms of Financial Security. For purposes of satisfying the amount of financial security determined under Section 8.2 hereof, the Choice Supplier shall provide financial security in one or more of the following manners, in a form reasonably acceptable to the Company and/or other Commission-approved Supplier of Last Resort, and shall reimburse Company for attorneys fees and all related external costs incurred by Company in implementing and enforcing the form of financial security provided by Choice Supplier: (C)
- (a) cash;
 - (b) performance bond;
 - (c) irrevocable letter of credit;
 - (d) guarantee from a third party;
 - (e) call options satisfying the requirements of Section 8.4 hereof;
 - (f) in the case of Choice Suppliers with annual operating revenues of less than \$1 million; real or personal property placed in escrow or other arrangement that would make the property readily available to Company in the event of the Choice Supplier's non-performance or entering into bankruptcy, provided that the Choice Supplier (i) provides a verified statement, certified by a third party report, showing that the Choice Supplier has clear title to the property and that the property has not been pledged as collateral, or otherwise encumbered in regard to any other legal or financial transaction; (ii) provides a current appraisal report of the market value of the property; and (iii) grant the Company, upon request, a security interest in such property in a form acceptable to Company; or
 - (g) another form of financial security mutually acceptable to Company and Choice Supplier.

(C) Indicates Change

Issued: January 31, 2011

Effective for Service Rendered on and after
April 1, 2011

RULES AND REGULATIONS (Continued)

8. FINANCIAL SECURITY (Continued)

8.4 Call Option Requirements. A Choice Supplier may meet some or all of its financial security obligations determined under Section 8.2 hereof by providing to Company or paying the Company to procure a Call Option for a volume equal to the monthly Design Day Requirements of the Choice Supplier's customers served under Rate Schedules RT, NT and / or CT. Unless otherwise authorized by Company, the Call Option must have a strike price equal to or less than the Choice Supplier's contract price(s) with its customers served under Rate Schedules RT, NT and CT. The Call Option shall allow Choice Supplier or Company to call on a volume equal to the Choice Supplier's Design Day Requirement on each and every day the Call Option is in place such that the exercise on any day does not preclude or impact the ability to exercise the option on a subsequent day. Call Options shall be subject to the following requirements: (C)

- (a) If procured by Choice Supplier, the Call Option must enable Company to exercise the Call Option in the event of non-performance by the Choice Supplier without obtaining the prior consent of Choice Supplier;
- (b) If procured by Choice Supplier, the Call Option may be exercised by it for any reason, including economic reasons, on any day when Company and/or other Commission-approved supplier of last resort does not need to exercise it because of Choice Supplier's failure to perform its natural gas supply delivery service obligations hereunder;
- (c) Company shall specify the period over which the Call Option may be exercised;
- (d) The Call Option may be a direct NYMEX instrument or it may be obtained indirectly from a third party. If the Call Option is a direct NYMEX instrument, the Choice Supplier shall assign the applicable capacity to Company. If the Call Option is obtained indirectly from a third party, then the transaction point shall be at a Company-approved city gate receipt point; and
- (e) Choice Supplier shall be responsible for the cost of the Call Option.

8.5 Adjustments to Financial Security Level. From time to time, the Company shall review the financial security provided by a Choice Supplier and determine whether any adjustments are required consistent with the formula under Section 8.2 hereof. The Company shall use the following factors to determine whether any such adjustments are required: (C)

- (a) A change in the Choice Supplier's recent operating history on Company's system or on other NGDS systems has materially affected Company system operation or reliability. A change that could materially affect the Company system or reliability may occur when the Choice Supplier fails to deliver natural gas supply sufficient to meet its customers' needs on 5 separate occasions within a 30 day period, or fails to comply with Company Operational Flow Orders as defined at 52 Pa. Code § 69.11.

(C) Indicates Change

RULES AND REGULATIONS (Continued)

8. FINANCIAL SECURITY (Continued)

- (b) A significant change in the number of customers served, in the volume of gas delivered, or in the unit price of natural gas or a change in the class of customers being served by the Choice Supplier. A change over a consecutive 30 day period of 25% in the number of customer served, in the volume of gas delivered or in the average unit price of natural gas would represent a significant change.
- (c) A change in the Choice Supplier's credit reports that materially affects the Choice Supplier's creditworthiness. A Choice Supplier's creditworthiness could be materially affected when two of the following credit rating companies change the Choice Supplier's credit rating: Dun & Bradstreet, Standard & Poor's Rating Services, Inc., TransUnion LLC, EQUIFAX Inc., Experian Information Solutions, Inc.
- (d) A change in operational or financial circumstances that materially affects the Choice Suppliers' creditworthiness. A Choice Supplier's creditworthiness could be materially affected when two of the following investment rating companies change the Choice Supplier's rating of its issued securities from an investment grade or good rating to a speculative or moderate credit risk rating, and vice versa: Standard and Poor's Rating Services, Inc, Moody's Investment Services, Inc. , Fitch, Inc., A.M. Best Company, Inc. and DBRS, Inc.

8.6 Notice. If the Company determines, based on the criteria in Section 8.5 hereof, (C) that an adjustment in the amount or type of security that a Choice Supplier must provide is warranted, the Company shall provide notice of its determination to the Choice Supplier in writing. The Choice Supplier shall comply with the Company's determination no later than 5 business days after the date the Choice Supplier was served with notice of the Company's determination. If the Choice Supplier disagrees with the Company's determination, the Choice Supplier may file a dispute with the Company and the Company and the Choice Supplier must attempt to resolve the dispute within 30 days after the date that the Company was notified of the dispute.

(C) Indicates Change

Issued: January 31, 2011

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April 1, 2011

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Jennifer Stemer

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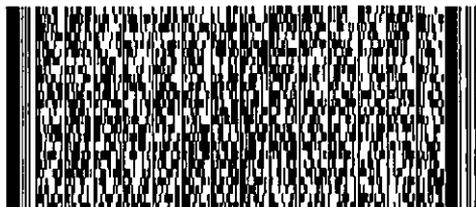


SHIP TO: (717) 783-1740 **BILL SENDER**
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HARRISBURG, PA 17120

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