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File #: 153583

April 10, 2014

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

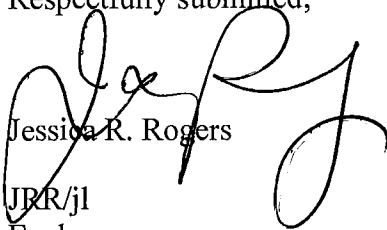
Re: Petition of UGI Utilities, Inc. for Approval of its Long-Term Infrastructure Improvement Plan - Docket No. P-2013-2398833

Dear Secretary Chiavetta:

Enclosed for filing is UGI Utilities, Inc. – Gas Division’s supplemental response to the Bureau of Technical Utility Services Set II Data Requests – Question No. 3, for the above-referenced proceeding.

Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Jessica R. Rogers

JRR/jl

Enclosures

cc: Certificate of Service
Yasmin Snowberger (*via email*)

CERTIFICATE OF SERVICE

**UGI Utilities, Inc. – Gas Division
(Docket No. P-2013-2398833)**

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

Johnnie Simms
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Vasiliki Karandrikas
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UGI Industrial Intervenors

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Brandon J. Pierce
Office of Consumer Advocate
555 Walnut Street
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Harrisburg, PA 17101-1923

Steven C. Gray
Office of Small Business, Advocate
300 North Second Street, Suite 1102
Harrisburg, PA 17101

VIA FIRST CLASS MAIL

Birch, Horton, Bittner and Cherot
Suite 1200
1155 Connecticut Avenue, NW
Washington, DC 20036
Alumax Mill Products, Inc.

Date: April 10, 2014



Jessica R. Rogers

UGI Utilities, Inc. - Gas Division
Docket No. P-2013-2398833
Long Term Infrastructure Improvement Plan
Responses to TUS Set II Data Requests
Delivered on March 31, 2014
Supplemented on April 9, 2014

Question 3

Request:

Please provide detailed information on the annual schedule, quantity of property to be removed and annual expenditures as illustrated by Table 2. Please feel free to edit Table 2 as appropriate. Please provide data for both the baseline program and the accelerated program. Figures 10 and 11 of the LTIP do not provide enough detail. See Table 2 format attached.

Response:

Please see Attachment TUS-II-3(a) for an annual schedule of the estimated property to be removed and estimated annual expenditures. Attachment TUS-II-3(a) also provides average baseline replacement rates related to the baseline period 2009-2011, as well as approximate estimates for acceleration above baseline levels. Of note, the current detail related to 2014 replacement activity is projecting a total main replacement quantity of 38 miles. While the 2014 main replacement rate is above the anticipated average 33 miles/year outlined in UGI's LTIP on page 19, the accelerated target of 33 miles/year will continue to be UGI's overall goal throughout the expected full replacement period for all cast iron and bare steel (i.e., all cast iron by February 2027 and all bare steel by September 2041). Service replacement units are expected, on average, to remain proportional to main replacement quantities. Annual variances related to explicit main and service replacement work completed, and the overall mix of all infrastructure improvement work, will continue to be seen throughout the entire LTIP period, driven by prioritization designations. Breakout quantities related to infrastructure items included in the "Other" category may be highly variable from year-to-year as a function of prioritization, as such, it is difficult to identify these items on an individual basis for both baseline and plan periods given the multitude of infrastructure components involved. Please see the response to TUS-I-3 for a detailed breakout of "Other" related to anticipated 2014 activities. Again, despite any single-year annual main replacement miles falling above or below the target level of 33 miles/year, UGI's plan commits \$51.2 million annually, or an investment acceleration of nearly 100%, in support of all infrastructure improvement activities.

In addition, consistent with the application of risk-based prioritization across all UGI companies as discussed in the UGI LTIP, Attachment TUS-II-3(b) provides the summary of all property to be removed and estimated annual expenditures for all

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Question 3 (Continued)

companies combined, demonstrating sustained acceleration during the 5-year LTIP period.

Prepared by or under the supervision of: Hans Bell

UGI Utilities Long Term Infrastructure Improvement Plan
Annual Schedule, Quantities, and Expenditures FY 2014-2018

Quantities

<u>Baseline Program</u>	<u>Avg. 2009-2011</u>				
Main Replacement - Cast Iron & Bare Steel (Miles)	25.3				
Service Replacement - Units	4,510				
<u>Accelerated Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Main Replacement - Cast Iron & Bare Steel	38.1	33	33	33	33
Service Replacements	5,830	5,050	5,050	5,050	5,050
<u>Net Accelerated Quantities</u>					
Main Replacement Increase Over Baseline (miles)	13	8	8	8	8
Main Replacement Increase Over Baseline (%)	50%	30%	30%	30%	30%
Service Replacement Increase Over Baseline (miles)	1,320	540	540	540	540
Service Replacement Increase Over Baseline (%)	29%	12%	12%	12%	12%

Expenditures (\$ Millions)

<u>Baseline Program</u>	<u>Avg. 2009-2011</u>				
Main Replacement - Cast Iron & Bare Steel	\$ 10.9				
Service Replacements	\$ 9.0				
Other	\$ 6.2				
Total	\$ 26.1				
<u>Accelerated Program¹</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Main Replacement - Bare Steel & Cast Iron	\$ 24.5	22.0	22.0	22.0	22.0
Service Replacements	\$ 12.1	14.2	14.2	14.2	14.2
Other	\$ 14.6	15.0	15.0	15.0	15.0
Total	\$ 51.2	\$ 51.2	\$ 51.2	\$ 51.2	\$ 51.2
<u>Net Accelerated Expenditures</u>					
Main Replacement Increase over baseline (\$MM)	\$ 13.6	11.1	11.1	11.1	11.1
Main Replacement Increase over baseline (%)	55%	45%	45%	45%	45%
Service Replacement Increase over baseline (\$MM)	\$ 3.1	5.2	5.2	5.2	5.2
Service Replacement Increase over baseline (%)	34%	58%	58%	58%	58%
Other Increase over baseline (\$MM)	\$ 8.4	8.8	8.8	8.8	8.8
Other Increase over baseline (%)	136%	142%	142%	142%	142%
Total Increase over baseline (\$MM)	\$ 25.1	25.1	25.1	25.1	25.1
Total Increase over baseline %	96%	96%	96%	96%	96%

Notes:

1. Future year budget allocations among project types will be determined based upon annual risk based prioritization pursuant to DIMP plan.

UGI Utilities, Consolidated - Long Term Infrastructure Improvement Plan
Annual Schedule, Quantities, and Expenditures FY 2014-2018

Quantities

	<u>Baseline Avg.</u>				
	<u>2009-2011</u>				
<u>Baseline Program</u>					
Main Replacement - Cast Iron & Bare Steel (Miles)	53.5				
Service Replacement - Units	6,500				
<u>Accelerated Program</u>					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Main Replacement - Cast Iron & Bare Steel	65.5	67.0	68.0	68.0	68.5
Service Replacements	7,880	7,595	7,640	7,640	7,660
<u>Net Accelerated Quantities</u>					
Main Replacement Increase Over Baseline (miles)	12.0	13.5	14.5	14.5	15.0
Main Replacement Increase Over Baseline (%)	22%	25%	27%	27%	28%
Service Replacement Increase Over Baseline (miles)	1,380	1,095	1,140	1,140	1,160
Service Replacement Increase Over Baseline (%)	21%	17%	18%	18%	18%

Expenditures (\$ Millions)

	<u>Avg. 2009-2011</u>				
<u>Baseline Program</u>					
Main Replacement - Cast Iron & Bare Steel	\$ 24.3				
Service Replacements	\$ 13.0				
Other	\$ 13.3				
Total	\$ 50.5				
<u>Accelerated Program¹</u>					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Main Replacement - Bare Steel & Cast Iron	\$ 35.1	\$ 40.5	\$ 41.2	\$ 41.2	\$ 41.6
Service Replacements	\$ 17.3	\$ 20.7	\$ 20.8	\$ 20.8	\$ 21.1
Other	\$ 32.7	\$ 26.4	\$ 26.1	\$ 26.1	\$ 26.4
Total	\$ 85.1	\$ 87.6	\$ 88.1	\$ 88.1	\$ 89.1
<u>Net Accelerated Expenditures</u>					
Main Replacement Increase over baseline (\$MM)	\$ 10.8	16.2	16.9	16.9	17.3
Main Replacement Increase over baseline (%)	44%	67%	69%	69%	71%
Service Replacement Increase over baseline (\$MM)	\$ 4.3	7.7	7.8	7.8	8.2
Service Replacement Increase over baseline (%)	34%	60%	60%	60%	63%
Other Increase over baseline (\$MM)	\$ 19.5	13.2	12.9	12.9	13.2
Other Increase over baseline (%)	147%	99%	97%	97%	99%
Total Increase over baseline (\$MM)	\$ 34.6	\$ 37.1	\$ 37.6	\$ 37.6	\$ 38.6
Total Increase over baseline %	68%	73%	74%	74%	76%

Notes:

1. Future year budget allocations among project types will be determined based upon annual risk based prioritization pursuant to DIMP plan.