**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

Public Meeting held July 9, 2014

Commissioners Present:

Robert F. Powelson, Chairman

John F. Coleman, Jr., Vice Chairman

James H. Cawley

Pamela A. Witmer

Gladys M. Brown

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| Petition of UGI Utilities, Inc. for Approval  of its Long-Term Infrastructure Improvement Plan | Docket Numbers:  P-2013-2398833 |

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Commission for consideration is the Petition for approval of the Long-Term Infrastructure Improvement Plan (LTIIP) of UGI Utilities, Inc. – Gas Division (UGI or the Company), Utility Code 123100. The Petition was filed on December 12, 2013.

UGI is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania and is a wholly owned subsidiary of UGI Utilities, Inc. (UGI Utilities), which is a wholly owned subsidiary of UGI Corporation. UGI Utilities operates UGI and an electric distribution operation, UGI Utilities – Electric Division. UGI Utilities also wholly owns two Commission-regulated natural gas distribution companies, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas which operate under the shared executive management of UGI.

As of September 30, 2012, UGI provides natural gas delivery service to approximately 356,075 customers in and around Eastern and Central Pennsylvania. UGI’s system contains approximately 5,423 miles of natural gas distribution mains and 117 miles of natural gas transmission mains as of December 31, 2012. UGI is a “public utility” within the meaning of Section 102 of the Public Utility Code, 66 Pa. C.S. §§ 102, and, with respect to its provision of gas service, a “natural gas distribution company,” as defined in 66 Pa. C.S. § 2201 and is subject to the regulatory jurisdiction of the Commission.

On February 19, 2013, the Commission entered an Order (February 19 Order) approving and modifying a Joint Settlement Petition (Settlement) that was entered into by the Commission’s Bureau of Investigation and Enforcement (I&E) and UGI Utilities, Inc. – Gas Division (UGI), UGI Penn Natural Gas, Inc. (UGI Penn Natural), and UGI Central Penn Gas, Inc. (UGI Central Penn) (collectively the ‘UGI Companies’) at Docket No. C-2012-2308997. The Settlement resolved all issues raised in the Formal Complaint, which concerned a fatal natural gas explosion that occurred on February 9, 2011, at 542 and 544 North 13th Street, Allentown, Pennsylvania.

The February 19 Order requires the UGI Companies to retire or replace all in-service cast iron mains in its three regulated service territories over the period of 14 years in each case beginning in March 2013. The February 19 Order permitted the UGI Companies to continue the pace of their on-going 30-year bare steel main replacement program. The February 19 Order prohibits the UGI Companies from seeking recovery of any costs that would otherwise be eligible for recovery through a distribution system improvement charge (DSIC) until April 2015.

The LTIIP Petition was filed on December 12, 2013. Copies of the LTIIP Petition were served on the Office of Consumer Advocate (OCA) and the Office of Small Business Advocate (OSBA).

The OCA filed comments on January 2, 2014. The OSBA filed a Notice of Intervention, Verification, Public Statement, and Notice of Appearance on January 2, 2014.

**HISTORY OF THE PROCEEDING**

On February 14, 2012,Governor Corbett signed into lawAct 11 of 2012, (Act 11),[[1]](#footnote-1) which amends Chapters 3, 13 and 33 of Title 66. Act 11, *inter alia*, provides utilities with the ability to implement a Distribution System Improvement Charge (DSIC) to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible distribution property that is part of the utility’s distribution system. The eligible property for the utilities is defined in 66 Pa. C.S. §1351. Act 11 states that as a precondition to the implementation of a DSIC, a utility must file a LTIIP with the Commission that is consistent with 66 Pa. C.S. §1352.

On April 5, 2012, the Commission held a working group meeting for discussion and feedback from stakeholders regarding its implementation of Act 11. On May 10, 2012, the Commission issued a Tentative Implementation Order addressing and incorporating input from the stakeholder meeting. On August 2, 2012, the Commission issued the Final Implementation Order, at Docket Number M-2012-2293611, establishing procedures and guidelines necessary to implement Act 11.

The Final Implementation Order adopts the requirements established in 66 Pa. C.S. § 1352, provides additional standards that each LTIIP must meet, and gives guidance to utilities for meeting the Commission’s standards. The Final Implementation Order of Act 11 requires the inclusion of seven elements in the LTIIP.

On March 14, 2013, the Commission issued a proposed rulemaking on LTIIP at L-2012-2317274. The proposed rulemaking acknowledged the Commission’s decision against establishing a separate Pipeline Replacement and Performance Plan filing process at Docket Number M-2011-2271982, because it would be duplicative of the Act 11 DSIC regulatory process, specifically, the filing of LTIIPs. The Commission, nevertheless, determined that it would rather order additional actions from NGDCs if necessary, in order to safeguard the public. The Commission also acknowledged that the implementation of a DSIC mechanism may lead to numerous construction projects by the utilities. The Commission is also aware that these construction projects could lead to significant disruptions as utilities perform work in the right of ways of the roadways and streets across the Commonwealth in order to repair or replace their infrastructure. Therefore, the Commission has directed, by way of the proposed rulemaking, that a utility, as part of its LTIIP, should provide a description of its outreach and coordination activities with other utilities, Pennsylvania Department of Transportation (PennDOT) and local governments regarding their planned maintenance/construction projects and roadways that may be impacted by the plan.

Therefore, the proposed rulemaking added an additional element, thereby increasing the seven elements in the LTIIP to eight as shown below:

1. Types and age of eligible property;
2. Schedule for its planned repair and replacement;
3. Location of the eligible property;
4. Reasonable estimates of the quantity of property to be improved;
5. Projected annual expenditures and measures to ensure that the plan is cost effective;
6. Manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable service; and
7. A workforce management and training program.
8. A description of a utility’s outreach and coordination activities with other utilities, PennDOT and local governments on planned maintenance/construction projects.

As stated in the Final Implementation Order, a Commission approved LTIIP is subject to periodic review, and the process for the periodic review of approved LTIIPs is addressed in a rulemaking at L-2012-2317274. The Commission has issued a final rulemaking to provide a comprehensive process for the ongoing review of approved LTIIPs and to ensure that all utilities remain in compliance with their respective LTIIPs.

**UGI’S LTIIP PETITION**

**UGI’s Petition**

UGI’s LTIIP is a five year plan. UGI plans to replace its cast iron mains within 14 years and its bare steel mains within thirty years. UGI expects to pay $51.2 million each year of the LTIIP from 2014 through 2018. This includes cast iron and bare steel main replacement and service replacements. [LTIIP at 19]

UGI states that it performs an annual review to identify the highest risk pipe segments and prioritizes those replacements each year. UGI utilizes commercial risk evaluation software along with a team of Subject Matter Experts to evaluate, prioritize, and bundle replacement projects. UGI avers that it targets the highest risk mains first while also balancing the need to maximize the efficient deployment of capital and resources. UGI states that its approach is consistent with the UGI Transmission Integrity Management Program (TIMP) and Distribution Integrity Management Program (DIMP). UGI provides that the purpose of the UGI TIMP and DIMP is to enhance public safety by identifying risks, assessing and prioritizing the risks, and implement additional and accelerated actions or preventative and mitigative measures to reduce risks. [LTIIP at 21]

UGI addressed the eight elements of an LTIIP: (1) types and age of eligible property, (2) schedule for planned repair and replacement of eligible property, (3) location of the eligible property, (4) reasonable estimates of the quantity of property to be improved, (5) projected annual expenditures and measures to ensure that the plan is cost effective, (6) manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable service, (7) a workforce management and training program, and (8) a description of a utility’s outreach and coordination activities with other utilities as required in the Final Implementation Order of Act 11 as discussed below.

**(1) TYPES AND AGE OF ELIGIBLE PROPERTY**

UGI proposes the following types of property as DSIC-eligible distribution infrastructure that will be replaced as part of its plan:

* Gas distribution & transmission mains, valves, fittings, couplings, and appurtenances
* Gas service lines including tees, excess flow valves, curb valves, first state regulators, tubing/piping, and risers
* Gas meter sets including regulators, meter bars, meter set piping, meters, and telemetry
* District regulator stations and city gate stations including telemetry
* Mandated facility relocations, as related to highway projects
* Related capitalized costs – equipment, tools, corrosion control equipment, vehicles, and supporting information technology [LTIIP at 7]

Distribution Mains

As of December 31, 2012, there were approximately 5,423 miles of distribution mains in UGI’s gas distribution system. Table 1 details the age and type of distribution mains present in the UGI system. UGI states that cast iron was used in the oldest portions of its distribution system. Cast iron is vulnerable to breakage from ground movement. Use of cast iron was replaced with wrought iron and bare steel. A significant portion of UGI’s system is composed of bare steel, which is subject to corrosion. UGI’s system also contains plastic piping which has shown a vulnerability to stress propagation cracking. Cast iron and bare steel make up approximately 13.6% of the UGI distribution systems while the remainder is plastic and coated steel. UGI’s plan includes the replacement and removal of all cast iron and bare steel/wrought iron pipelines by February 2027 and September 2041 respectively. UGI contends that in addition to replacement of first generation mains made out of cast iron, wrought iron and bare steel, UGI will be replacing associated distribution equipment and installing additional safety and monitoring equipment that is compatible with the upgrade design. [LTIIP at 8]

In response to Commission Staff data request TUS-II-1, requesting detail on the type and age of eligible property that will be the focus of the LTIIP, UGI provided the data in Table 1 below.

**Table 1 – Mileage by Age Range of Cast Iron and Bare Steel Mains to Be Replaced from 2014-2018 by Decade of Installation**

|  |  |  |
| --- | --- | --- |
| **Year Range** | **Cast Iron** | **Bare Steel** |
| 1980-Present | 0 | 0 |
| 1970-1979 | 0 | 0.5 |
| 1960-1969 | 0.1 | 1.8 |
| 1950-1959 | 16.9 | 10.8 |
| 1940-1949 | 7.6 | 5.2 |
| Pre-1940 | 101.5 | 25.4 |
| Unknown | 0.2 | 0.1 |
| **Total Miles** | 126.3 | 43.8 |

Gas Service Lines: UGI states that gas services are typically replaced on a planned basis in conjunction with the replacement of the main to which they are connected. At the time of service line replacement, inside meters will be replaced with outside meters wherever practical to better facilitate company access. [LTIIP at 10]

Excess Flow Valves: Excess flow valves are safety devices installed on gas service lines which interrupt the flow of gas in the event of a fully severed line. As service lines are replaced, excess flow valves are installed. [LTIIP at 12]

Mercury Regulators: Mercury regulators are a type of pressure reduction device which incorporate liquid mercury as over-pressure protection. These regulators were installed prior to the 1960s. UGI will continue to replace mercury regulators including the estimated 7,000 remaining regulators on the UGI system. [LTIIP at 12]

City Gate and District Regulator Stations: City Gate and District Regulator Stations are facilities which reduce system pressures as gas is distributed throughout the piping network. City Gate Stations are generally located at the point of custody transfer between the interstate pipelines and distribution system and District Regulator Stations are located within distribution systems. UGI states that regulator stations must be periodically updated or replaced as components such as piping and mechanical equipment age and wear or become obsolete. UGI has 41 City Gate Stations and 378 District Regulator Stations. [LTIIP at 13]

Vintage Plastic Pipe, Plastic Pipe Components, and Mechanical Fittings: UGI has identified two types of plastic fittings with a higher than average potential for failure: a tee which joins the service line to the main and the service line curb valve. There are approximately 19,800 tees and 2,900 valves that will be reviewed and addressed by UGI. Early vintage plastic pipes have been found to be subject to higher potential for brittle cracking type failures and are replaced on a risk prioritized basis. [LTIIP at 14]

Transmission Mains and Infrastructure: UGI maintains 117 miles of natural gas transmission pipelines which provide large volumes of gas at high pressures. Approximately 116 miles are protected coated steel, 19% of which is more than 50 years old. [LTIIP at 14-15]

System Reliability Improvements: UGI states that System Reliability Improvements tare those investments required to maintain ongoing system reliability. Typical projects include investments in distribution or transmission infrastructure needed to reinforce system pressures to ensure firm peak-day deliverability. [LTIIP at 17]

Meters: UGI replaces meters as may be necessary to maintain compliance with gas measurement accuracy standards. UGI uses a statistical sampling program to evaluate meter accuracy. If a grouping of meters fails to meet accuracy requirements, the meters are repaired or replaced. [LTIIP at 17]

Mandated Facility Relocations: UGI is periodically required to relocate gas facilities to accommodate highway improvement projects.

Related Capitalized Costs: UGI states that the replacement of DSIC eligible property may result in additional related costs including, but not limited to, tools, equipment, fleet, corrosion control, and information technology investments. [LTIIP at 18]

**Comments**

OCA recommends that the Company’s proposal to recover costs incurred for tools, equipment, fleet, corrosion control, and information technology investments through the DSIC be reviewed to determine whether it is consistent with statutory requirements. OCA states that the Company should address project costs associated with reliability improvements through its normal capital planning process and recover those costs through its base rates.

**Disposition**

In response to OCA’s concerns regarding capitalized costs for equipment and other expenses and reliability improvements, the Commission will address each of these concerns.

Related Capitalized Costs: While we acknowledge OCA’s concerns regarding capitalized costs for vehicles, tools, equipment and information technology, the Commission believes that these upgrades to existing infrastructure will improve the reliability of UGI’s service to customers. If the capital project requiring these costs is a DSIC-eligible project, then the costs of tools, equipment, fleet and information technology can be capitalized as overhead as part of the DSIC-eligible project. We note the use of the term “other related capitalized costs” in the definition of eligible propter in Act 11. See 66 Pa. C.S. § 1351. More importantly, we believe that the inclusion of these DSIC-eligible properties will encourage the acceleration of infrastructure upgrades by UGI. Therefore, we approve these DSIC-eligible properties in UGI’s LTIIP.

Reliability Improvements: UGI avers that reliability projects proposed by UGI Utilities are included in the LTIIP for the purposes of elevating system pressures or increasing diversity of system support for the benefit of improving service reliability to existing customers.

As we stated in our *Final Implementation Order,* “…the DSIC mechanism was granted to fixed utilities so that they could repair and replace their existing infrastructure...necessary upgrades to existing infrastructure serving existing customers…will be considered a DSIC-eligible project. *See Final Implementation Order* at 23-24. This is in line with the reasoning that this will potentially reduce outages on such systems and increase reliability of their infrastructure.

We believe that upgrading existing facilities such as UGI’s example of investments in distribution or transmission infrastructure needed to reinforce system pressures to ensure firm peak-day deliverability will decrease the likelihood of failure, thereby increasing reliability of their infrastructure. Accordingly, we believe that any reliability improvements performed by UGI as part of a *planned* repair and replacement project should be rightfully included in its LTIIP.

Upon review of UGI’s LTIIP and all supplemental information filed, we find that the types and ages of eligible property requirements of element one of the Final Implementation Order have been fulfilled. The Commission acknowledges the level of detail contained within the LTIIP for item one conforms to Commission requirements and is presented in a manner that allows for complete and efficient review of, and reference to, these materials.

**(2) SCHEDULE FOR PLANNED REPAIR AND REPLACEMENT OF ELIGIBLE PROPERTY**

The Schedule for Planned Replacements can be found in Table 3 below. UGI states that LTIIP projects performed by UGI will be adjusted or changed as required to align with changing circumstances such as transportation construction projects, or changes in state or federal pipe line safety codes. UGI avers that projects will be regularly reviewed and updated to ensure all projects are cost effective and provide the expected system integrity and reliability benefits.

**Comments**

No comments were received regarding the schedule for planned repair and replacement of eligible property.

**Disposition**

Upon review of UGI’s LTIIP and all supplemental information filed, the Commission finds that the schedule for planned repair and replacement of eligible property requirements of element two of the Final Implementation Order has been fulfilled. The Commission acknowledges the level of detail contained within the LTIIP for item two conforms to Commission requirements and is presented in a manner that allows for complete and efficient review of, and reference to, these materials.

**(3) LOCATION OF THE ELIGIBLE PROPERTY**

Eligible property (including property that is the focus of this LTIIP) is located throughout UGI’s territory. Mains by type, by county are as follows:

**Table 2 Location of Mains**

| County | Bare Steel (Feet) | Cast Iron (Feet) | Coated Steel (Feet) | Copper (Feet) | Plastic | Red Thread | Total Feet |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Berks | 367,283 | 109,366 | 1,810,687 | 120 | 2,749,973 | 610 | 5,038,039 |
| Bucks | 71,536 | 0 | 241,301 | 0 | 401,403 | 3,639 | 717,879 |
| Carbon | 0 | 0 | 55,739 | 0 | 11,522 | 0 | 67,261 |
| Chester | 0 | 0 | 57,724 | 0 | 5,601 | 0 | 63,325 |
| Cumberland | 8,815 | 18,168 | 1,221,639 | 16 | 2,007,334 | 0 | 3,255,972 |
| Dauphin | 73,209 | 320,872 | 1,731,719 | 527 | 1,948,162 | 0 | 4,074,489 |
| Lancaster | 190,927 | 231,407 | 1,947,229 | 50 | 2,794,968 | 9,958 | 5,174,539 |
| Lebanon | 65,409 | 55,770 | 535,628 | 75 | 1,060,246 | 0 | 1,717,128 |
| Lehigh | 136,149 | 548,977 | 1,265,692 | 0 | 2,061,564 | 1,544 | 4,013,926 |
| Luzerne | 128,605 | 13,901 | 439,189 | 0 | 341,064 | 0 | 922,759 |
| Monroe | 0 | 0 | 22,826 | 0 | 59,403 | 0 | 82,229 |
| Montgomery | 0 | 0 | 53,719 | 0 | 216,646 | 0 | 270,365 |
| Northampton | 245,870 | 378,447 | 1,085,646 | 0 | 1,977,091 | 133 | 3,687,187 |
| Schuylkill | 0 | 0 | 0 | 0 | 6,700 | 0 | 6,700 |
| York | 218 | 0 | 65,918 | 0 | 114,333 | 0 | 180,469 |
| Total Feet | 1,288,021 | 1,676,908 | 10,534,656 | 788 | 15,756,010 | 15,884 | 29,272,267 |
| Total Miles | 244 | 318 | 1995 | 0.1 | 2984 | 3.0 | 5544 |

**Comments**

No comments were received regarding the location of eligible property.

**Disposition**

Upon review of UGI’s LTIIP and all supplemental information filed, we find that the location of eligible property requirements of element three of the Final Implementation Order has been fulfilled. We acknowledge the level of detail contained within the LTIIP for item three conforms to Commission requirements and is presented in a manner that allows for complete and efficient review of, and reference to, these materials.

**(4) REASONABLE ESTIMATES OF THE QUANTITY OF PROPERTY TO BE IMPROVED and**

**(5) PROJECTED ANNUAL EXPENDITURES AND MEASURES TO ENSURE THAT THE PLAN IS COST EFFECTIVE**

UGI’s 2014 replacement plan includes replacement of approximately 33 miles of cast iron and bare steel mains. UGI avers that its annual asset optimization plan will provide updated yearly replacement plans, based on its latest risk assessment process. Total annual expenditures for the LTIIP period are provided below.

**Table 3 – Annual Schedule, Quantity of Property to Be Removed and Annual Expenditures**

UGI states it will use numerous oversight and control process to ensure cost effectiveness including, but not limited to, competitive bidding of multi-year contracts, aggregation of UGI Companies’ projects for bid purposes, recruitment of additional qualified contractors, evaluation and implementation of new or improved technologies, and periodic HR staffing allocation reviews.

UGI asserts it will monitor safety and reliability indicators to evaluate corrosion and leak resolution performance, track emergency response, pursue damage prevention, and reinforce employee safety and safety improvement. UGI sets forth it will increase construction efficiency by grouping planned replacement projects with others in a geographic region to reduce costs associated with mobilization and reduce the impact to the affected community.

**Comments**

OCA states that certain additional information may be needed to properly evaluate whether UGI’s LTIIP meets all the requirements of Act 11 and the Final Implementation Order. OCA submits that UGI should provide additional information on the results of risk assessments for mains and services.

**Disposition**

In response to Commission Staff data request TUS-I-5, requesting results of risk assessments for mains and services, UGI states that it utilizes a risk based prioritization as part of its DIMP. UGI provides that within the UGI DIMP program, cast iron, and bare steel have been identified as the primary distribution system threats and consequently the LTIIP reflects the accelerated replacement of these assets. UGI avers that as part of the DIMP, it uses commercial software to assess distribution integrity risks and to prioritize infrastructure projects.

Upon review of UGI’s LTIIP and all supplemental information filed, the Commission finds that the reasonable estimates of the quantity of property to be improved and the projected annual expenditures and measures to ensure that the plan is cost effective requirements of element four and five of the Final Implementation Order of Act 11 have been fulfilled. The Commission acknowledges the level of detail contained within the LTIIP for items four and five conforms to Commission requirements and is presented in a manner that allows for complete and efficient review of, and reference to, these materials.

**(6) ACCELERATED REPLACEMENT AND MAINTAINING SAFE AND RELIABLE SERVICE**

UGI plans to retire or replace all in-service cast iron mains over the period of 14 years and all bare steel mains over the period of 30 years beginning in March 2013.

UGI avers that the LTIIP will provide customers with significant improvements in safety and reliability such as reduced leakage rates, fewer main breaks, and fewer unplanned customer interruptions. UGI also expects the amount of lost and unaccounted for gas due to system leakage and measure inaccuracy will be reduced as leaks are eliminated and meters replaced. UGI indicates peak day reliability will improve as pressure improvement projects elevate system low points under peak day design conditions.

**Comments**

No comments were received regarding theaccelerated replacement and maintaining safe and reliable service.

**Disposition**

Upon review of the LTIIP and supplemental information, the Commission finds that the manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable service requirements of the Final Implementation Order, have been fulfilled. UGI is clearly planning to accelerate its infrastructure replacement over the timeframe of the LTIIP and has demonstrated that completion of the planned projects of the LTIIP will maintain safe and reliable service.

**(7) WORKFORCE MANAGEMENT AND TRAINING PROGRAM**

The Final Implementation Order requires utilities to include within its LTIIP a workforce management and training plan designed to ensure that the utility will have access to a qualified workforce to perform work in a cost-effective, safe and reliable manner.

UGI states that the UGI Companies conduct an Operator Qualification (OQ) Program to ensure that personnel performing critical tasks on all pipeline facilities have the necessary knowledge, skills and abilities. The OQ program includes more than 120 identified tasks, with many sub-parts within tasks, requiring extensive training, testing and qualification verification. Field technicians complete comprehensive safety courses including jobsite safety, driver safety, fire extinguisher use, pipefitting, hazardous materials recognition, abnormal operating condition recognition, emergency response, basic gas piping construction and maintenance, and leak detection.

UGI maintains that the UGI Companies utilize an internal compliance department to perform regular quality and safety inspections of construction activities, and verification of qualifications. Compliance inspectors perform unannounced job site inspections of both Company and contractor crews. Contractors working on the UGI system must pass a rigorous review and meet all Department of Transportation regulatory requirements.

UGI Companies will hire additional personnel and contractors in order to complete the LTIIP projects. UGI Companies have allied with university, post-secondary technical schools and veterans’ programs to identify additional personnel resources.

**Comments**

No comments were received regarding the workforce management and training program.

**Disposition**

Upon review of the LTIIP, the Commission finds that the workforce management and training program requirements of the Final Implementation Order have been fulfilled.

1. **A description of a utility’s outreach and coordination activities with other utilities, PennDOT and local governments on planned maintenance/construction projects**

UGI asserts that it has a long-standing and active outreach program with local municipalities in its service territories aimed at coordinating construction projects. LTIIP at 33.

**Comments**

OCA recommends that UGI submit a report on its plans to coordinate with other utilities, agencies and local municipalities that may be planning sewer, water, paving and other utility projects.

**Disposition**

In response to Commission Staff data requests TUS-I-2 and TUS-III-1, UGI provides that it performs significant efforts to coordinate operations and maintenance activities with other infrastructure owners including highway agencies, water/sewer authorities, and municipalities. As a registered infrastructure owner in the Pennsylvania One-Call System, UGI asserts it is notified of planned work which may impact utility facilities. As a part of the design and planning process, engineering consulting firms and infrastructure owners utilize Design Notices to provide UGI with advance pre-construction notification of projects which may impact utility infrastructure. In response to Design Notices, UGI conveys that it is alerted to project plans and provides detailed information to support infrastructure coordination efforts. UGI sets forth that Design Notices have proven useful in identifying and resolving potential utility conflicts in advance of field construction. Further, UGI asserts that Design Notices have alerted UGI to projects where accelerated replacement of gas infrastructure afforded the ability to minimize future restoration costs. UGI states that it recently coordinated infrastructure relocations with United American Water on a project along Second Street in Wormleysburg.

UGI indicates that it also coordinates operation and maintenance activity with water and sewer entities. UGI states that water and sewer issues may create the potential for subsidence or creation of sink-holes, which can remove the support for adjacent utilities. Whether identified through routine system surveillance, or in response to reports of subsidence received from municipal authorities or water/sewer utilities, UGI contends that it takes additional steps to ensure infrastructure integrity by performing additional leak surveys of affected facilities, providing inspection and monitoring during sink-hole repairs, temporarily de-pressurizing lines subjected to instability, and relocating lines away from areas of subsidence. UGI states that it has initiated a replacement project to eliminate a section of cast iron main along South 14th Street in Harrisburg that has been the site of a series of water main breaks. In addition to these efforts, UGI maintains that it records the presence of sink-holes or subsidence in a Geographic Information System to facilitate data integration for risk analysis.

UGI asserts that on an annual basis, UGI performs outreach to roadway authorities to identify planned roadway resurfacing and reconstruction projects. UGI issues template letter to highway stakeholders to gather information to better coordinate and align utility infrastructure replacement projects with transportation infrastructure plans. UGI offers that in addition to the written outreach, periodic meetings are held with governmental officials to identify changes in project plans and to coordinate the efforts on major projects. UGI Engineering Staff has held follow-up meetings or discussions with larger municipalities including Allentown, Bethlehem, Carlisle, Easton, Harrisburg Lancaster, Lebanon, and Reading among others. UGI holds that it coordinates with PennDOT in a similar manner and actively participates in the Utility Highway Liaison Committee (UHLC) meetings to enhance project communication and infrastructure planning. UHLC is comprised of representatives of all the utility companies in Pennsylvania, each of the eleven PennDOT Engineering Districts and the PennDOT Central Office. UGI submits that in the communities of Allentown and Bethlehem, UGI utilizes an internet based tool, Envista, to facilitate project coordination and planning.

Upon review of the LTIIP, and supplemental information, the Commission finds that the coordination activities requirements of the Final Implementation Order have been fulfilled.

**CONCLUSION**

The Commission has reviewed each of the eight required elements of UGI’s Petition for Approval of its LTIIP individually and has taken into account the Comments received on this Petition. Accordingly, UGI’s LTIIP is approved; **THEREFORE,**

**IT IS ORDERED:**

1. That the Petition for Approval of a Long-Term Infrastructure Improvement Plan (LTIIP) filed by UGI Utilities, Inc. – Gas Division is approved, consistent with this Order.
2. That a copy of this Order be served on the Office of Consumer Advocate and the Office of Small Business Advocate.
3. That the proceeding at Docket No. P-2013-2398833 be marked closed.

**BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: July 9, 2014

ORDER ENTERED: July 31, 2014

1. <http://www.legis.state.pa.us/WU01/LI/LI/US/HTM/2012/0/0011..HTM>. [↑](#footnote-ref-1)