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May 9, 2016

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**VIA ELECTRONIC FILING**

**RE: Petition of UGI Utilities, Inc. – Gas Division for Approval of a Distribution System Improvement Charge; Docket Nos. P-2013-2398833 and P-2016-2537501**

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Petition to Intervene and Answer on behalf of the UGI Industrial Intervenors in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By   
Vasiliki Karandrikas

Counsel to UGI Industrial Intervenors

VK/sar

Enclosures

c: Administrative Law Judge Charles E. Rainey, Jr. (via E-mail and First-Class Mail)  
Certificate of Service

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Vasiliki Karandrikas

Counsel to UGI Industrial Intervenors

Dated this 9<sup>th</sup> day of May, 2016, at Harrisburg, Pennsylvania.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of UGI Utilities, Inc. – Gas** :  
**Division for Approval of a Distribution** : **Docket Nos. P-2013-2398833 and**  
**System Improvement Charge** : **P-2016-2537501**  
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**PETITION TO INTERVENE AND ANSWER OF  
THE UGI INDUSTRIAL INTERVENORS**

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TO THE HONORABLE, THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to Sections 5.71 through 5.74 of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Regulations, 52 Pa. Code §§ 5.71 - 5.74, the UGI Industrial Intervenors ("UGIII") hereby file this Petition to Intervene and Answer in opposition to the above-captioned filing of UGI Utilities, Inc. ("UGI" or "Company").<sup>1</sup>

Act 11 of 2012 ("Act 11") provides utilities with the opportunity to implement a Distribution System Improvement Charge ("DSIC") to recover reasonable and prudent costs incurred to repair, improve, or replace eligible distribution system property as defined in 66 Pa. C.S. § 1351(1). In order to recover costs through a DSIC, the utility must first file a Long Term Infrastructure Improvement Plan ("LTIIP") and obtain the Commission's approval in accordance with 66 Pa. C.S. § 1352 and 52 Pa. Code §§ 121.7(a)-(d).

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<sup>1</sup> While UGI filed this Petition on March 31, 2016, it was never entered into the PUC's "New Case[s], Daily Actions, & Hearings" log, nor was it published in the *Pennsylvania Bulletin*. Furthermore, UGI did not serve UGIII with copies of this Petition despite the fact that UGI is aware of UGIII's interest in the Company's rates, terms, and conditions of service because UGIII is involved in the Company's ongoing base rate proceeding at Docket No. R-2015-2518438, *et al.* UGIII only discovered this Petition after the *Pennsylvania Bulletin* included notice of UGI's request to waive the 5% DISC cap and increase the DSIC cap to 10% of billed distribution revenues at Docket No. P-2016-2537586. Therefore, in connection with its Petition to Intervene, UGIII submits this Answer, or, in the alternative, a Motion for Leave to Answer and Answer to UGI's Petition pursuant to 52 Pa. Code. § 5.103.

On December 12, 2013, the Company filed with the Commission its Petition for approval of its LTIP.

On July 31, 2014, the Commission approved the Company's LTIP.

On January 29, 2016, UGI filed a subsequent request with the Commission to modify its LTIP. The Company justifies this request on grounds that it identified substantial additional opportunities for distribution system improvements. UGI avers that Section 121.5(a) of the Commission's regulations, 52 Pa. Code § 121.5(a), requires a utility to file for a modified LTIP if its anticipated spending increases by 20% or more over the period of the LTIP. UGI alleges that its additional infrastructure investments will result in a 44% increase in the total projected spend initially identified in its original LTIP.

On March 31, 2016, UGI filed with the Commission its Petition seeking approval of a DSIC, effective for bills rendered on and after January 1, 2017, pursuant to Section 1353 of the Public Utility Code. *See* 66 Pa. C.S. § 1353. The Commission has not yet approved UGI's modified LTIP. However, UGI avers that because a prior Commission-approved LTIP is currently effective, it is eligible to apply to the PUC for approval of a DSIC.

On March 31, 2016, UGI also filed with the Commission a Petition requesting: (i) waiver of the DSIC cap of 5% of billed distribution revenues; and (ii) approval to increase the maximum allowable DSIC from 5% to 10% of billed distribution revenues pursuant to Section 1358(a) of the Public Utility Code. *See* 66 Pa. C.S. § 1358(a).<sup>2</sup>

In response to the Company's filing, UGIII now submits this Petition to Intervene and Answer. In support of its Petition to Intervene and Answer, UGIII asserts the following:

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<sup>2</sup> UGIII is contemporaneously filing a Petition to Intervene and Answer in response to UGI's requests to waive the 5% DSIC cap and implement a 10% DSIC cap at Docket No. P-2016-2537586.

## I. PETITION TO INTERVENE

1. UGIII is an *ad hoc* association of energy-intensive industrial customers receiving gas service in UGI's service territory. UGIII members purchase service from the Company primarily under Rates LFD, XD, and IS, as well as available riders. UGIII members collectively consume around 6,613,245 Mcf of gas annually in manufacturing and other operational processes, and gas costs comprise a significant portion of their production expenditures. As UGI's largest retail customers, the Commission's disposition of the Company's request to implement a DSIC will affect the rates paid by UGIII members.

2. The names and address of UGIII's attorneys are:

Pamela C. Polacek (I.D. No. 78276)  
Vasiliki Karandrikas (I.D. No. 89711)  
Alessandra L. Hylander (I.D. No. 320967)  
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3. For purposes of this proceeding, UGIII includes the companies listed in Appendix A hereto. UGIII will update Appendix A during the course of this proceeding as needed to reflect changes in its membership.

4. As filed, UGI's Petition avers that the initial DSIC rate will be 0.0% to reflect the Company's ongoing base rate proceeding at Docket No. R-2015-2518438, *et al.* The Company proposes that this DSIC will become effective on January 1, 2017. UGI's Petition proposes to allocate the DSIC "equally to all customer classes, except that the Company may reduce or eliminate the Rider DSIC to any customer with competitive alternatives who are paying flexed or

discounted rates and customers having negotiated contracts with the Company, if it is reasonably necessary to do so." Petition, Exhibit No. 1 at Page 38(d).

5. Therefore, consistent with 52 Pa. Code § 5.72(a), the PUC's resolution of these issues may impact the rates, terms, and conditions under which UGIII members take service from UGI. Consequently, UGIII should be granted intervenor status in this proceeding.

## II. ANSWER

6. Although UGI filed this Petition on March 31, 2016, it was never entered into the PUC's "New Case[s], Daily Actions & Hearings" log and was never published in the *Pennsylvania Bulletin*. UGIII only discovered UGI's request to implement a DSIC when the *Pennsylvania Bulletin* included notice of UGI's request to waive the 5% DSIC cap and increase the DSIC cap to 10% of billed distribution revenues at Docket No. P-2016-2537586 on April 30, 2016. Furthermore, UGI never served copies of this Petition upon UGIII. Therefore, UGIII respectfully submits this Answer as quickly as possible after it became aware this Petition existed. UGIII submits this rationale as good cause for exempting UGIII from the statutory time limit associated with Answers to pleadings at 52 Pa. Code § 5.61(a). Furthermore, the Commission's rules of administrative practice and procedure should be "liberally construed to secure the just, speedy and inexpensive determination of every action or proceeding to which it is applicable." 52 Pa. Code § 1.2(a).

7. While UGIII appreciates UGI's contemplation of potentially eliminating flex customers from application of a DSIC, UGIII believes that the DSIC's language should specifically exclude customers who receive service from UGI through Rate Schedules XD, IS, and LFD. It is poor public policy to permit UGI to have sole discretion in determining whether a customer is DSIC-eligible.

8. Thus, for the reasons set forth above, UGIII submits this Answer in opposition to UGI's Petition to implement a DSIC.

### III. CONCLUSION

**WHEREFORE**, for the reasons stated above, the UGI Industrial Intervenors respectfully requests that the Pennsylvania Public Utility Commission (1) grant this Petition to Intervene and Answer; (2) provide the UGI Industrial Intervenors with intervenor status in this proceeding; and (3) initiate hearings to evaluate the issues discussed herein.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By Vasiliki Karandrikas  
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Counsel to the UGI Industrial Intervenors

Dated: May 9, 2016



**APPENDIX A**

**MEMBERSHIP OF THE  
UGI INDUSTRIAL INTERVENORS**

ArcelorMittal Steelton, LLC  
Carpenter Technology Corporation  
East Penn Manufacturing Company  
Lehigh Heavy Forge Corporation  
Lehigh University