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File #: 153583

June 22, 2016

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. - Gas Division for Approval of a Modification to its Long Term Infrastructure Improvement Plan - Docket No. P-2013-2398833

Petition of UGI Central Penn Gas, Inc. for Approval of a Modification to its Long Term Infrastructure Improvement Plan - Docket No. P-2013-2398835

Petition of UGI Penn Natural Gas, Inc. for Approval of a Modification to its Long Term Infrastructure Improvement Plan - Docket No. P-2013-2397056

Dear Secretary Chiavetta:

Enclosed for filing are the Responses of UGI Utilities, Inc. – Gas Division, UGI Central Penn Gas, Inc. and UGI Penn Natural Gas, Inc. to the Bureau of Technical Utility Services Data Requests – Set II, in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,


Jessica R. Rogers

JRR/jl

Enclosures

cc: Matthew Stewart
Certificate of Service

ALLENTOWN HARRISBURG LANCASTER PHILADELPHIA PITTSBURGH PRINCETON WASHINGTON, D.C.

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CERTIFICATE OF SERVICE

UGI Utilities, Inc. – Gas Division (Docket No. P-2013-2398833)
UGI Central Penn Gas (Docket No. P-2013-2398835)
UGI Penn Natural Gas, Inc. (Docket No. P-2013-2397056)

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 § 1.54 (relating to service by a participant).

VIA E-MAIL & FIRST CLASS MAIL

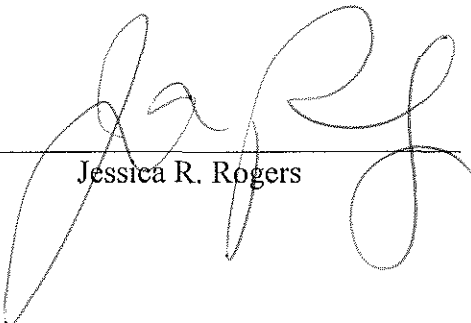
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Date: June 22, 2016



Jessica R. Rogers

UGI Utilities, Inc. – Gas Division, Docket No. P-2013-2398833
UGI Central Penn Gas, Inc., Docket No. P-2013-2398835
UGI Penn Natural Gas, Inc., Docket No. P-2013-2397056
Petitions for Approval of Modifications to its Long Term Infrastructure Improvement Plans
Response to TUS Set II
Response Served on: June 22, 2016

Request:

1. Please provide an analysis of “the manner in which the replacement of aging infrastructure will be accelerated and how the repair, improvement or replacement will ensure and maintain adequate, efficient, safe, reliable and reasonable service” for the existing distribution system? Specifically, are any of the investments contained in the proposed modification being used to improve the reliability/viability of future portions of the distribution system expanded for additional customers?

Response:

The UGI Distribution Companies addressed the manner in which infrastructure repair and replacement will be conducted on the existing distribution system in the original Long Term Infrastructure Improvement Plans (“LTIIIP”) filed with the Commission on December 12, 2013, and approved by Commission Orders entered on July 31, 2014 for UGI-GD, and on September 11, 2014 for UGI-PNG and UGI-CPG. The details of the programs the UGI Companies will be using to address the existing distribution system have not been altered in the *Petition for Modification of the Long Term Infrastructure Improvement Plan* (“Petition”), and the Modified LTIIIP included with that Petition, which were filed with the Commission on February 29, 2016.

The Petition and Modified LTIIIP identify that system reliability improvements, a category of projects identified in the original LTIIIP, must receive significant additional funding. The general basis for these system reliability improvements is described on page 16 of the Modified LTIIIP and these investments include those for distribution or transmission infrastructure needed to reinforce system pressures to ensure peak-day deliverability to existing firm customers. Operational challenges presented by the extreme weather conditions experienced on the coldest days during the winters of 2013-2014 and 2014-2015 provided a clear indicator for needed reliability improvements, and as a result, the UGI Companies have undertaken an increased focus on system reliability improvement identification and prioritization in order to address the risks associated with possible design cold peak day system reliability issues. The importance of these system reliability improvements is to ultimately safeguard firm service critical needs customers from service interruption risks during extreme cold periods; up to and including design cold weather conditions.

System reliability projects are implemented to reinforce system pressures to ensure safe and adequate service for existing firm customers. While the instant focus of system reliability improvements is for existing firm customers, the longer term system capacity needs are considered as part of cost-effective system planning and construction. To this end, while reliability projects and related equipment upgrades may incidentally result in some additional capability to serve future customers, these upgrades are DSIC eligible. The Commission specifically identified this issue and determined such projects to be DSIC eligible in the Act 11 Final Implementation Order, page 23, Docket M-2012-2293611.

Specific system reliability projects with accompanying descriptions have been itemized for review in the Annual Asset Optimization Plan.

Prepared by or under the supervision of: Hans G. Bell

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Request:

2. Given the significant increase in investments under the proposed modified LTIP, please explain why the petition does not include expedited removal of bare steel and cast iron beyond the level proposed in the original LTIP.

Response:

As identified in each Petition for Approval of a Modification to its Long Term Infrastructure Improvement Plan, the UGI Companies were required to file a petition to modify their LTIPs due to increased spending in three DSIC-eligible categories: system reliability improvements, mandated facility relocations, and service replacements. Increased spending in each of these categories is non-discretionary and necessary to address system reliability risks or to comply with external mandates. As a risk category itself, system reliability improvements are being balanced in the modified LTIP with those risk managed elements of the original LTIP. Specifically, the UGI Companies have already significantly increased spending associated with their replacement of cast iron and bare steel pipes, which was reflected in the original LTIP previously approved by the Commission. The Companies remain on schedule with the cast iron and bare steel replacement plans. Given the adherence to the approved replacement schedules, and the fact that the risk profile associated with these assets has lessened over time, UGI believes that the current rate of pipe replacement for the cast iron and bare steel assets is appropriate.

Prepared by or under the supervision of: Hans G. Bell

VERIFICATION

I, Hans G. Bell, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 22, 2016

Hans G. Bell
Hans G. Bell