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June 29, 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 Central Penn Gas, Inc. for Waiver of the Distribution System Improvement Charge Cap of 5% of Billed Distribution Revenues and Approval to Increase the Maximum Allowable Distribution System Improvement Charge to 10% of Billed Distribution Revenues; Docket No. P-2016-2537609

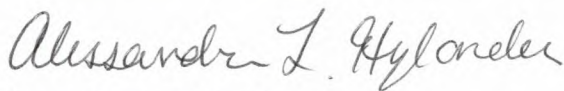
Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Petition to Intervene and Answer on behalf of the Central Penn Gas Large Users Group ("CPGLUG") 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 
Alessandra L. Hylander

Counsel to Central Penn Gas Large Users Group

ALH:mas

Enclosures

c: Administrative Law Judge Angela T. Jones (via email 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).

VIA FIRST CLASS MAIL AND E-MAIL

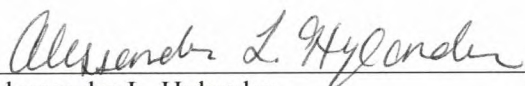
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Alessandra L. Hylander

Counsel to Central Penn Gas Large Users Group

Dated this 29th day of June, 2016, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of UGI Central Penn Gas, Inc. for : P-2016-2537609
Waiver of the Distribution System :
Improvement Charge Cap of 5% :
of Billed Distribution Revenues and :
Approval to Increase the Maximum :
Allowable Distribution System Improvement :
Charge to 10% of Billed Distribution Revenues :

**PETITION TO INTERVENE AND ANSWER OF
THE CENTRAL PENN GAS LARGE USERS GROUP**

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 Central Penn Gas Large Users Group ("CPGLUG") hereby files this Petition to Intervene and Answer in opposition to the above-captioned filing of UGI Central Penn Gas, Inc. ("UGI-CPG" or "Company").

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 ("LTIIIP") and obtain the Commission's approval in accordance with 66 Pa. C.S. § 1352 and 52 Pa. Code §§ 121.7(a)-(d).

On December 12, 2013, the Company filed with the Commission a petition for approval of its LTIIIP along with a separate petition for approval of its DSIC.

On September 11, 2014, the Commission approved the Company's proposed LTIIIP and DSIC, subject to refund, pending final resolution of various issues assigned to the Office of Administrative Law Judge. UGI-CPG settled those remaining issues with the other parties in that proceeding, and on July 8, 2015 the PUC approved the settlement.

On February 29, 2016, UGI-CPG filed a subsequent request with the Commission to modify its LTIIIP. The Company justifies this request on grounds that it identified substantial additional opportunities for distribution system improvements over the remaining period of the original LTIIIP that exceeded 20% of the cost of the LTIIIP. UGI-CPG 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 LTIIIP if its anticipated spending increases by 20% or more over the period of the LTIIIP.

On March 31, 2016, UGI-CPG filed with the Commission its 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)(1) of the Public Utility Code. *See* 66 Pa. C.S. § 1358(a)(1).

On June 17, 2016, Administrative Law Judge ("ALJ") Angela T. Jones held a Prehearing Conference. The Company, the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), and the Bureau of Investigation and Enforcement ("I&E") participated in that conference. CPGLUG also attended the Prehearing Conference solely to monitor the proceeding.

On June 21, 2016, ALJ Jones issued Prehearing Conference Order #2 which contained the litigation schedule and discovery rules for this proceeding.

CPGLUG acknowledges that the deadline for intervention in this proceeding was May 9, 2016. However extenuating circumstances prevented the CPGLUG members from intervening by

that deadline. After the *Pennsylvania Bulletin* published notice of UGI-CPG's request to increase its DSIC cap on April 30, 2016, it took substantial time for CPGLUG members to receive corporate approval to intervene in this case. At the Prehearing Conference, CPGLUG explained these circumstances and notified the ALJ and the parties that it would be intervening in this proceeding at a later time. CPGLUG's intervention will not modify the previously approved procedural schedule in Prehearing Conference Order #2. Thus, granting CPGLUG's intervention will not prejudice any party.

In support of its Petition to Intervene and Answer, CPGLUG asserts the following:

I. PETITION TO INTERVENE

1. CPGLUG is an *ad hoc* association of energy-intensive industrial customers receiving gas service in UGI-CPG's service territory. CPGLUG members purchase service from the Company primarily under Rates XD and IS, as well as available riders. CPGLUG members collectively consume over 840,000 Mcf of gas annually in manufacturing and other operational processes, and gas costs comprise a significant portion of their production expenditures. As some of UGI-CPG's largest retail customers, the Commission's disposition of the Company's request to waive the 5% DSIC cap and implement a 10% DSIC cap will affect the rates paid by CPGLUG members.

2. The names and address of CPGLUG'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, CPGLUG includes the companies listed in Appendix A hereto. CPGLUG will update Appendix A during the course of this proceeding as needed to reflect changes in its membership.

4. UGI-CPG proposes: (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. Therefore, the PUC's resolution of these issues may impact the rates, terms, and conditions under which CPGLUG members take service from UGI-CPG. Consequently, CPGLUG should be granted full-party status in this proceeding.

II. ANSWER

5. As filed, the Company's Petition proposes to increase revenues available to fund distribution system improvements by: (i) waiving the DSIC cap of 5% of billed distribution revenues; and (ii) increasing the maximum allowable DSIC from 5% to 10% of billed distribution revenues.

6. Act 11 permits, but does not require, the PUC to approve a waiver of the 5% DSIC cap "in order to ensure and maintain adequate, efficient, safe, reliable, and reasonable service." *See* 66 Pa. C.S. Section 1358(a)(1).

7. At this time, CPGLUG opposes UGI-CPG's request for a waiver of the 5% DSIC cap and an increase in the DSIC cap to 10%. In the alternative, the Company should revise its tariff to specifically exempt customers under Rates XD and IS from the DSIC.

AFFIDAVIT

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF DAUPHIN)

Alessandra L. Hylander, being duly sworn according to law, deposes and says that she is Counsel to the Central Penn Gas Large Users Group, and that in this capacity she is authorized to and does make this affidavit for them, and that the facts set forth in the foregoing Petition and Answer are true and correct to the best of her knowledge, information and belief.

Alessandra Hylander

Alessandra L. Hylander

SWORN TO and subscribed

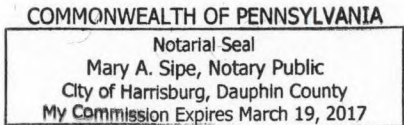
before me this 29th day

of June, 2016.

Mary A. Sipe

Notary Public

(SEAL)



APPENDIX A

**MEMBERSHIP OF THE
CENTRAL PENN GAS LARGE USERS GROUP**

Appvion, Inc.

Glen-Gery Corporation