

PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120

Pennsylvania Public Utility
Commission, *et al.* v. UGI Utilities,
Inc. – Electric Division

Public Meeting October 4, 2018
2640058-OSA
Docket No. R-2017-2640058, *et al.*

**POLLING SHEET NO. 22 – Fair Rate of Return: Cost of Common Equity – Management
Effectiveness Adjustment**

MOTION OF COMMISSIONER JOHN F. COLEMAN, JR.

Before the Commission for consideration are the exceptions and replies to the Recommended Decision of Administrative Law Judges (ALJ) Steven K. Haas and Andrew M. Calvelli regarding UGI Utilities, Inc. – Electric Division’s (UGI’s) request to increase its annual jurisdictional distribution operating revenues. The Recommended Decision included a twenty basis point adjustment to the cost of common equity based upon Management Effectiveness, which is permitted under the Public Utility Code¹ and has been utilized by the Commission in the past.²

In considering this issue, I note UGI’s demonstrated reliability metrics. UGI has consistently exceeded its benchmark reliability metrics for CAIDI³, SAIFI⁴, and SAIDI⁵. Record evidence⁶ shows that UGI exceeded its 2016 CAIDI, SAIFI, and SAIDI benchmark levels of reliability by 26.0%, 24.1%, and 44.3% respectively. Additionally, UGI has implemented a fully voluntary Energy Efficiency and Conservation plan, which is commendable.

In considering the record evidence and arguments before us, along with the exceptions and reply exceptions of the parties, I believe that a Management Effectiveness adjustment is warranted, but that a five-basis point adjustment better serves the public interest.

¹ 66 Pa.C.S. §523(a)

² Most recently 12 basis point adjustment was implemented at Docket R-2012-2290597

³ Customer Average Interruption Duration Index

⁴ System Average Interruption Frequency Index


⁵ System Average Interruption Duration Index

⁶ UGI Electric Statement No. 1, P. 11 & UGI Main Brief, P. 105

THEREFORE, I MOVE THAT:

1. Regarding Number 22 of the Polling Sheets, Fair Rate of Return: Cost of Common Equity – Management Effectiveness Adjustment, UGI Utilities, Inc. – Electric Division be awarded a Management Effectiveness adjustment of five (5) basis points.
2. The Office of Special Assistants include this directive in its Opinion and Order to be prepared for this docket.

Date: October 4, 2018



JOHN F. COLEMAN, JR.
COMMISSIONER