



UGI Utilities, Inc.
1 UGI Drive
Denver, PA 1717

Eric W. Sorber
Vice President & General Manager

November 27, 2019

VIA ELECTRONIC FILING

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re: UGI Utilities, Inc. – Electric Division
Docket No. R-2017-2640058
Opinion and Order Paragraph #12 – Annual Report**

Dear Secretary Chiavetta:

In accordance with Paragraph #12 of the Opinion and Order entered in *UGI Utilities, Inc. – Electric Division v. Pa. PUC*, at Docket No. R-2017-2640058 (“2018 Rate Case”) on October 25, 2018, UGI Utilities, Inc. – Electric Division (“UGI Electric” or “the Company”) is providing the following responses to the specific requirements of Paragraph #12. Paragraph #12 of the Commission’s Opinion and Order identifies the following reporting requirements:

12. *That UGI Utilities, Inc.- Electric Division is directed to file annual reports at this Docket with the Secretary’s Bureau and with the Commission’s Fixed Utility Financial Analyst Supervisor of the Bureau of Investigation and Enforcement by December 1 following the end of each fiscal year for the next five years, or until the implementation of new base rates in a subsequent rate case within this same time frame, for the following:*
 - a. *The annual vegetation management expenses and the status of hiring an additional crew pertaining to the increased costs as a consequence of the Emerald Ash Borer;*
 - b. *The actual Customer Owned Service program expenses and the number of facilities transitioned to customer ownership; and*
 - c. *The actual annual expenses associated with the hiring of three new employees as well as any reductions in expenses if any positions are eliminated.*

In accordance with Paragraph #12 of the Opinion and Order, UGI Electric is providing the following responses, as detailed below, for the fiscal year ended September 30, 2019.

(a) Vegetation Management Expenses. The total vegetation management expense for the fiscal year ended September 30, 2019 was \$2,192,864. Of this total expense amount, \$192,370 related to the additional crew hired to address increased work associated with danger tree removal as a consequence of the Emerald Ash Borer. As was noted in the Company's testimony, this crew was hired during fiscal year 2018. Thus the stated amount reflects a full year of associated expense.

(b) Company Owned Service Program. UGI Electric commenced its Company Owned Service Program subsequent to its receipt of the Opinion and Order on October 25, 2018. As a result, fiscal year 2019 included a focus on establishing the required internal administrative and outside services support for the Company Owned Service program. Key elements included the development of customer communications (in conjunction with the Commission's Bureau of Consumer Services and the Office of Consumer Advocate); hiring of required administrative staff; identification and selection of outside contractor resources; and, development of communication plans. While prerequisite ramp-up activities throughout fiscal year 2019 required significant time, UGI Electric mailed 892 initial letters to customers having company owned services during the year, and received 116 responses (representing an initial response rate of 13%). Each of the 116 respondents have been scheduled for work and, as of September 30, 2019, ownership for twenty-three units has been transferred. Invoiced costs for the Company Owned Service program as of September 30, 2019 were \$16,304, exclusive of administrative costs incurred by UGI Electric. By the end of fiscal year 2020, the Company plans to send out initial letters to all remaining customers subject to this program (approximately 4,100 letters). Targeted completions for fiscal year 2020 forward are projected to be 500 services per year, as forecasted in the 2018 Rate Case.

(c) Hiring Three New Employees. The General Manager position was filled as a Vice President & General Manager role effective October 1, 2019, as a result of an internal promotion. The Business Support Engineer position was filled effective August 19, 2019, as a result of an internal promotion, and the New Business Engineer position was filled effective March 18, 2019. The actual costs of these positions for fiscal year 2019 were \$19,663, which also reflects vacancy periods for these positions during the fiscal year. On a going forward basis the annualized cost associated with these three positions will be \$336,404 for fiscal year 2020. No positions have been eliminated, and the positions made vacant by internal promotion have already been or will be backfilled. Therefore there is no reduction in expenses to report.

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Should you have any questions related to these documents, please contact Stephen Anzaldo, Director-Rates & Regulatory Planning, via e-mail at sanzaldo@ugi.com or via phone at (610) 796-3528.

Sincerely,

A handwritten signature in blue ink that reads "Eric W. Sorber". The signature is written in a cursive style with a large initial "E".

Eric W. Sorber
Vice President & General Manager
UGI Utilities, Inc. - Electric Division

cc: Fixed Utility Financial Analyst Supervisor - Bureau of Investigation and Enforcement

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION** :

V. :

**UGI UTILITIES, INC. – ELECTRIC
DIVISION** :

DOCKET NO. R-2017-2640058

CERTIFICATE OF SERVICE

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 52 Pa. Code § 1.54 (relating to service by a participant).

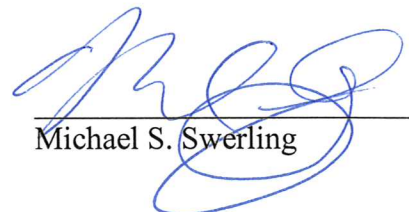
VIA FIRST CLASS MAIL

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Date: November 27, 2019



Michael S. Swerling