



March 8, 2010

VIA EXPRESS MAIL

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

UGI Utilities, Inc.
460 North Gulph Road
King of Prussia, PA 19406
Post Office Box 858
Valley Forge, PA 19482-0858
(610) 337-1000 Telephone
(610) 992-3258 Fax

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Policy Statement in Support of Pennsylvania Solar Projects,
Docket No. M-2009-2140263**

Dear Secretary McNulty:

Enclosed for filing, please find an original and fifteen copies of the comments of UGI Utilities, Inc. – Electric Division. Electronic copies of these comments have also been sent to Scott Gebhardt, Energy Program Specialist, Bureau of Conservation, Economics and Energy Planning, at sgebhardt@state.pa.us and Kriss Brown, Assistant Counsel, Law Bureau, at kribrown@state.pa.us.

Very truly yours,

Mark C. Morrow

Counsel for UGI Utilities, Inc. –
Electric Division

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Policy Statement in Support of :
Pennsylvania Solar Projects : Docket No. M-2009-2140263

COMMENTS OF
UGI UTILITIES, INC. – ELECTRIC DIVISION

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

UGI Utilities, Inc. – Electric Division (“UGI”) appreciates this opportunity to submit comments in response to the Commission’s above-captioned proposed policy statement. UGI has participated in the preparation of the comments to be filed by the Energy Association of Pennsylvania (“EAP”) at this docket, and intends these comments to supplement the EAP’s comments.

UGI fully supports the proposed policy statement’s goal of encouraging the construction of large scale solar projects in Pennsylvania, and believes that the proposed policy statement appropriately recognizes that long-term supply contracts may encourage the construction of such projects. Indeed, in certain instances, such long-term supply contracts may be necessary to obtain project financing.

As EAP’s comments recognize, however, the execution of long-term supply contracts for default service may create the possibility, if significant numbers of customers shop, of (1) stranded costs and (2) the creation of default service rates that do not reflect current wholesale market prices. This is because the provisions of the Electricity Generation Customer Choice and Competition Act

("Choice Act") and the Alternative Energy Portfolio Standards Act ("AEPS Act") do not explicitly provide for the direct assignment to Electric Generation Suppliers ("EGS") of long-term service contracts entered into by a default service provider.

To address this problem, UGI believes the cost-recovery provisions of Section 69.2903(c) of proposed policy statement should be modified to specify that if weather normalized actual default service loads are more than five percent less than projected default service loads for which a default service provider acquired Solar RECs, and the default service provider is unable to resell the Solar RECs in the secondary market at a cost equal to or greater than the long-term contract costs, then the default service provider should be able to recovery the associated shortfall on a timely basis through a surcharge applicable to all the distribution rates of all customers of the affected class or classes.

Very truly yours,



Mark C. Morrow

Counsel for UGI Utilities, Inc. –
Electric Division

From: Origin ID: KPDA (610) 337-1000
Susan Linkenhoker
UGI Corporation
460 North Gulph Road

King of Prussia, PA 19406



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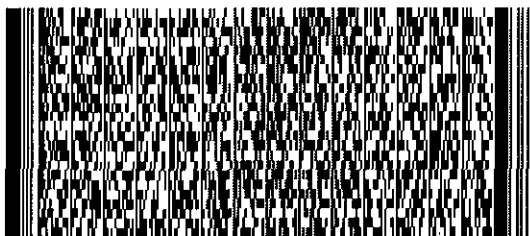
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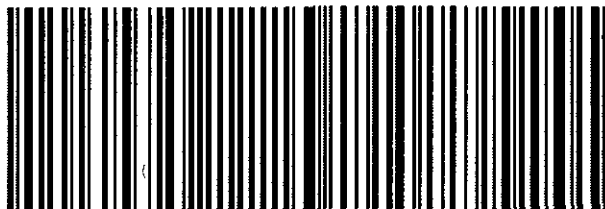


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