

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF SMALL BUSINESS ADVOCATE

Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101

William R. Lloyd, Jr.
Small Business Advocate

(717) 783-2525
(717) 783-2831 (FAX)

December 21, 2010

HAND DELIVERY

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

RECEIVED
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SECRETARY'S BUREAU

Re: In re: Application of UGI Penn Natural Gas, Inc. for Expedited Approval of the Transfer By Sale of a 9.0 Mile Natural Gas Pipeline, Appurtenant Facilities and Right of Way located in Mehoopany, Pennsylvania, to an Affiliate and for Approval of Related Affiliated Interest Agreement Docket Nos. A-2010-2213893 and G-2010-2213894

Dear Secretary Chiavetta:

I am delivering for filing today the original plus three copies of the Notice of Intervention and Protest, Verification, Public Statement, and Notice of Appearance on behalf of the Office of Small Business Advocate, in the above-captioned proceedings.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Sharon E. Webb".

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

Enclosures

cc: Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**In re: Application of UGI Penn Natural Gas, :
Inc. for Expedited Approval of the Transfer By :
Sale of a 9.0 Mile Natural Gas Pipeline, : Docket Nos. A-2010-2213893
Appurtenant Facilities and Right of Way : G-2010-2213894
located in Mehoopany, Pennsylvania to an :
Affiliate and for Approval of Related :
Affiliated Interest Agreement :**

**NOTICE OF INTERVENTION AND PROTEST
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

The Office of Small Business Advocate ("OSBA") files this Notice of Intervention and Protest with respect to the above-captioned application ("Application") that UGI Penn Natural Gas, Inc. ("PNG") filed with the Pennsylvania Public Utility Commission ("Commission") on December 1, 2010, seeking approval of the sale of pipeline facilities to UGI Energy Services, Inc. ("UGIES"). In support of this Notice of Intervention and Protest, the OSBA avers as follows:

1. The OSBA is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50) to represent the interest of small business consumers as a party in proceedings before the Commission.

2. Representing the OSBA in this proceeding is:

Sharon E. Webb, Esquire
Office of Small Business Advocate
300 North Second Street, Suite 1102
Harrisburg, Pennsylvania 17101
(717) 783-2525
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3. The subject of the proposed sale is a 9.0 mile natural gas pipeline, appurtenant facilities, and right-of-way located between Auburn and Mehoopany, Pennsylvania (“Auburn Line”); PNG’s interest in an interconnection agreement with PVR Marcellus Gas Gathering, LLC. (“PVR”), which is the owner of a gathering line between the Auburn Line and local gas wells; and the interconnection facilities associated with that interconnection agreement. Application at ¶9.

4. PNG currently uses the Auburn Line primarily to transport gas received from the Tennessee Gas Pipeline Company (“Tennessee”) and the PVR gathering line to a manufacturing plant owned by the Procter and Gamble Paper Products Company (“P&G”). PNG also uses the Auburn Line to provide gas service to numerous retail customers of PNG. Application, at ¶10.

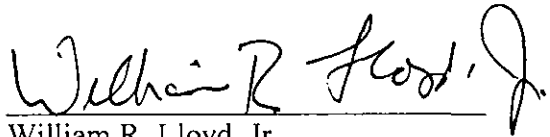
5. *The proposed sale was apparently prompted by a request from Citrus Energy Corporation (“Citrus”) to inject Marcellus Shale gas into the Auburn Line to serve P&G and to reverse the flow of the Auburn Line so that excess volumes of that gas can be delivered into the Tennessee pipeline. If the sale is approved, UGIES will upgrade the Auburn Line in order to facilitate the request from Citrus Energy.* Application at, ¶18.

6. PNG represents that the proposed sale would benefit P&G and the local economy, would improve distribution system reliability, and would make lower cost gas available to PNG’s retail customers. Application, at ¶¶19-21 and 24-29. However, the Application raises significant questions, including (but not limited to) the following, which must be answered adequately prior to Commission action on the Application:

- a. What is the economic value of the Auburn Line to UGIES? Is the economic value of the Auburn Line greater than the sale price proposed in this Application? If so, should PNG's ratepayers share in the net economic value that UGIES may be able to achieve from the Auburn Line, in that those ratepayers have presumably paid for PNG's capital investment in the Auburn Line, provided a return on PNG's capital investment in the Auburn Line, and paid for the ongoing operation and maintenance of the Auburn Line?
- b. How was the proposed sale price established? Was it an arms-length transaction? Would a sale of the Auburn Line to an entity other than an affiliated interest of PNG be more beneficial to ratepayers than a sale to UGIES?
- c. What impact would the proposed sale have on the gas currently injected into the Auburn Line from PVR's gathering system?
- d. Would the proposed sale of the Auburn Line increase, decrease, or have no effect on the purchased gas cost ("PGC") rates charged to PNG's retail customers?
- e. What, if any, impact would the proposed sale of the Auburn Line have on the costs imposed on PNG's retail customers related to lost-and-unaccounted-for-gas ("LUFG")?
- f. What impact would the proposed sale of the Auburn Line have on the ability of PNG's retail customers served by that line to shop for gas?
- g. Is the claimed improvement in the reliability of the distribution system a material public benefit?

WHEREFORE, the OSBA respectfully requests that the Application be referred to the Office of Administrative Law Judge ("OALJ") for hearings and the preparation of a Recommended Decision.

Respectfully submitted,



William R. Lloyd, Jr.
Small Business Advocate
Attorney I.D. No. 16452

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300 North Second Street, Suite 1102
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(717) 783-2525

Date: December 21, 2010

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VERIFICATION

I, William R. Lloyd, Jr., hereby state that the facts set forth herein above 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: December 21, 2010

William R. Lloyd, Jr.
(Signature)

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**In re: Application of UGI Penn Natural Gas, :
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**Docket Nos. A-2010-2213893
G-2010-2213894**

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**PUBLIC STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE**

The Small Business Advocate is authorized and directed to represent the interest of small business consumers of utility services in Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 (the "Act"). The Act further provides that the Small Business Advocate is to issue publicly a written statement stating concisely the specific interest of small business consumers to be protected by his initiation of or intervention in any proceeding involving those interests before the Pennsylvania Public Utility Commission ("Commission") or any other agency or court.

This public statement relates to the filing today by the Small Business Advocate of a Notice of Intervention and Protest in the above-captioned proceeding that was initiated by UGI Penn Natural Gas, Inc. ("PNG") on December 1, 2010. PNG is seeking approval of the sale of pipeline facilities to UGI Energy Services, Inc. ("UGIES"). The pipeline facilities are currently used to serve numerous retail customers.

The Small Business Advocate is filing a Notice of Intervention and Protest in order to assure that the Company's small commercial and industrial customers are not unfairly impacted by the proposed sale.

Dated: December 21, 2010