

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

**Re: Application of UGI Penn
Natural Gas, Inc. for approval
of the Transfer by Sale of a 9.0
Mile Natural Gas Pipeline,
Appurtenant Facilities
and Right of Way located in
Mehoopany, Pennsylvania**

**Public Meeting: July 14, 2011
2213893-OSA
Docket: A-2010-2213893 and G-2010-
2213894**

MOTION OF COMMISSIONER CAWLEY

Before us are the Exceptions of the Office of Small Business Advocate (OSBA) to the Recommended Decision of Administrative Law Judge Dennis J. Buckley, issued on May 12, 2011. The OSBA filed Exceptions to UGI Penn Natural Gas, Inc.'s (UGI PNG) Application for approval of the transfer by sale of a nine mile natural gas pipeline, appurtenant facilities, and right of way located in Mehoopany, Pennsylvania (the Auburn Line) to an affiliate, UGI Energy Services, Inc. (UGIES).

The Commission should approve this application, but several important aspects of this case have not been sufficiently described in testimony, which should be clarified so that the benefits of this application will accrue to rate payers and current and future customers of the Auburn Line. Some minor changes to the Application also are needed to ensure that the intent of the Application is carried out. These conditions are as follows:

1. UGI PNG distribution customers on the Auburn Line will continue to receive all consumer protections to which they are entitled, including, but not limited to, those under Chapter 14 of the Responsible Utility Customer Protection Act, 66 Pa.C.S. §§ 1401-1418; and 52 Pa. Code, Chapter 56 §§ 56.1-56.231 as applicable for residential customers.
2. Customers and their associated Natural Gas Suppliers participating in retail choice shall not be charged additional transportation fees under the backhaul (displacement of supply) arrangement.*
3. UGI PNG shall submit a revised Exhibit D reflecting more accurately the assets transferred to UGIES, including right of way, as well as the assets retained by UGI-PNG that are located on the Auburn Line, as reflected in its testimony and Interconnect, Operating and Emergency Service Agreement.
4. UGI PNG shall remove \$154,000 from base rates, as provided for in the Joint Stipulation in Settlement, to the benefit of all UGI-PNG customers.
5. The Interconnect, Operating, and Emergency Service Agreement, section V(E), shall be modified to establish a ceiling of 60 consecutive days or 60 days within a 12-month period, whichever condition applies first.

* UGI PNG Rebuttal Testimony at 17.

Finally, we note that the Commission need not address the nature of this Auburn Line, post-transaction (i.e., whether it is a gathering pipeline or a distribution pipeline) as part of this proceeding. We further note that UGIES has not filed an application requesting public utility status and that the record is devoid of evidence on whether UGIES is offering service "for the public." There is, therefore, no need to address our jurisdiction over UGIES' operation of this line.

THEREFORE, I move that:

1. The Office of Special Assistants shall prepare a tentative order consistent with this motion.
2. The Recommended Decision approving the Joint Stipulation in Settlement, Application, and Affiliate Interest Agreement be affirmed, as modified by this Motion.
3. UGI Penn Natural Gas, Inc shall file a revised Affiliate Interest Agreement and Exhibit D consistent with this Motion and Joint Stipulation in Settlement within 30 days of Entry of an Order.
4. Parties to the Joint Stipulation in Settlement be permitted to file comments in opposition to these modifications, and, if no adverse comments are received within 5 business days of entry of the Order, such Order shall become final.

July 14, 2011

Date


James H. Cawley, Commissioner