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June 19, 2012

**VIA FIRST CLASS MAIL**

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

**Re: Pennsylvania Public Utility Commission et al. v. UGI Central  
Penn Gas, Inc., Docket Nos. R-2012-2302219; C-2012-2304842;  
C-2012-2305780**

**Pennsylvania Public Utility Commission et al. v. UGI Utilities, Inc. –  
Gas Division, Docket Nos. R-2012-2302220; C-2012-2304841;  
C-2012-2305769**

**Pennsylvania Public Utility Commission et al. v. UGI Penn  
Natural Gas, Inc., Docket Nos. R-2012-2302221; C-2012-2304836;  
C-2012-2305783**

Dear Secretary Chiavetta:

Enclosed for filing, please find an en e-filing copy of the Supplemental Averments In Support of the Joint Petition of UGI Central Penn Gas, Inc., UGI Utilities, Inc. – Gas Division and UGI Penn Natural Gas, Inc. for a Protective Order.

Copies of this document have been served upon the persons noted on the attached Certificate of Service.

Should you have any questions concerning this filing, please feel free to contact me.

Very truly yours,

Mark C. Morrow

Counsel for:  
UGI Central Penn Gas, Inc.  
UGI Utilities, Inc. – Gas Division and  
UGI Penn Natural Gas, Inc.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION, et al.</b>	:	
	:	
<b>v.</b>	:	<b>Docket Nos. R-2012-2302219</b>
	:	<b>C-2012-2304842</b>
<b>UGI CENTRAL PENN GAS, INC</b>	:	<b>C-2012-2305780</b>
	:	
<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION, et al.</b>	:	<b>Docket Nos. R-2012-2302220</b>
	:	<b>C-2012-2304841</b>
<b>v.</b>	:	<b>C-2012-2305769</b>
	:	
<b>UGI UTILITIES, INC. - GAS DIVISION</b>	:	
	:	
<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION, et al.</b>	:	<b>Docket Nos. R-2012-2302221</b>
	:	<b>C-2012-2304836</b>
<b>v.</b>	:	<b>C-2012-2305783</b>
	:	
<b>UGI PENN NATURAL GAS, INC.</b>	:	

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**SUPPLEMENTARY AVERMENTS  
IN SUPPORT OF THE  
JOINT PETITION  
OF  
UGI CENTRAL PENN GAS, INC.  
UTILITIES, INC. – GAS DIVISION  
and  
UGI PENN NATURAL GAS, INC.  
FOR PROTECTIVE ORDER**

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UGI Central Penn Gas, Inc. (“CPG”), UGI Utilities, Inc. – Gas Division (“UGI”) and UGI Penn Natural Gas, Inc. (“PNG”) (collectively “UGI Distribution”), in accordance with the provisions of the June 15, 2012, Procedural Order entered in the above-captioned consolidated

proceedings, hereby submits the following supplementary averments in support of their June 13, 2012, Joint Petition for a Protective Order (“JPPO”):

1. The provisions of 52 Pa.Code §5.423(a) provide:

*(a) General rule for adversarial proceedings. A petition for protective order to limit the disclosure of a trade secret or other confidential information on the public record will be granted only when a party demonstrates that the potential harm to the party of providing the information would be substantial and that the harm to the party if the information is disclosed without restriction outweighs the public’s interest in free and open access to the administrative hearing process. A protective order to protect trade secrets or other confidential information will apply the least restrictive means of limitation which will provide the necessary protections from disclosure. In considering whether a protective order to limit the availability of proprietary information should issue, the Commission or the presiding officer should consider, along with other relevant factors, the following:*

*(1) The extent to which the disclosure would cause unfair economic or competitive damage.*

*(2) The extent to which the information is known by others and used in similar activities.*

*(3) The worth or value of the information to the party and to the party’s competitors.*

*(4) The degree of difficulty and cost of developing the information.*

*(5) Other statutes or regulations dealing specifically with disclosure of the information.*

2. In the above-captioned consolidated purchase gas cost (“PGC”) proceedings, the Commission is charged, amongst other things, with reviewing gas supply purchase decisions of UGI Distribution to determine if and the extent to which UGI Distribution pursued a least cost

procurement policy in acquiring gas supplies for its PGC customers. 66 Pa.C.S. §1307(f) and 1318.

3. To provide natural gas supply service to its PGC customers consistent with its statutory obligations, UGI Distribution generally acquires natural gas supply assets in competitive wholesale markets where, under current federal policies, prices are determined in whole or in part by competitive market forces.

4. Means used by UGI Distribution to acquire such gas supply assets may include, but are not limited to, the solicitation of bids through Requests for Proposals (“RFPs”) or bilateral or multi-party commercial contract negotiations.

5. In such wholesale acquisition processes, UGI Distribution’s actual or potential counterparties generally expect their bids to be kept confidential from other competitive wholesale suppliers, or other potential customers for their wholesale services, and if there is not a high degree of confidence in the preservation of confidentiality, such wholesale supplier counterparties may not submit bids to UGI Distribution, or may not submit their best bids, out of fear that their proprietary bid information may be used against them by other wholesale suppliers or other potential customers of their wholesale services.

6. Also, certain of UGI Distribution’s rates permit discounting to meet competitive threats from alternate sources of gas supply or alternate sources of energy, and in negotiating such discounts UGI and its customer counterparties may seek to keep the commercial terms of such arrangements confidential. In the case of UGI Distribution, the confidentiality of such negotiated rate agreements is important to minimize the level of discounting and to maximize the potential contribution towards the recovery of system costs while retaining competitive customers loads on the system, and in the case of UGI Distribution’s customer counterparties to such negotiated

rate agreements, the desire for confidentiality may be to shield vital input cost information from (a) their competitors in the markets for the products and services they produce or (b) gas marketers to improve their bargaining position in acquiring services from such marketers.

7. In the course of a PGC proceeding, UGI Distribution may also face discovery requests in other contexts that would require the disclosure of customer-specific gas usage or pricing information that UGI Distribution's customer counterparties expect UGI distribution to keep confidential from their competitors or their actual or potential competitive natural gas suppliers.

8. UGI Distribution's larger commercial and industrial ("C&I") customers, including all of those identified as constituent members of the UGI Central Penn Gas, Inc. Large Users Group ("CPGLUG") and the UGI Utilities, Inc. Industrial Intervenors ("UGIII"), acquire, or engage marketers to acquire, natural gas supply service in the same competitive wholesale markets that UGI Distribution utilizes to procure supplies for PGC customers.

9. Such C&I customers may also have negotiated rate agreements with UGI Distribution.

10. Marketers serving such C&I customers may be, or have affiliates that are, potential wholesale suppliers to UGI Distribution.

11. Marketers, consultants or experts serving C&I customers may be or provide services to other wholesale market participants or potential suppliers to UGI Distribution.

12. The averments above demonstrate the potential for improper access to non-public wholesale market bid or customer specific information for purposes unrelated to the conduct of the PGC review process, and demonstrate the potential for "substantial" harms within the intendment of 52 Pa.Code §5.423(a), including (a) the diminished ability of UGI Distribution to obtain the lowest cost bids for natural gas supply assets used to provide PGC service or, in certain instances where the natural gas supply assets may be direct assigned, Choice supplier

natural gas supply service offerings, (b) a diminished ability by UGI Distribution to negotiate the advantageous terms with customers with competitive supply options, (c) competitive harms to UGI Distribution customers vis a vis their competitors or in their negotiations with gas marketers and (d) perverse incentives for intervening in PGC proceedings for competitive purposes.

13. UGI Distribution's proposed protective order seeks to address this potential for harm by the "least restrictive means" within the intentment of 52 Pa.Code §5.423(a).

14. Specifically, the proposed protective order gives UGI Distribution the ability to designate certain discovery responses as being "Highly Confidential" if it involves sensitive information of the sort discussed above.

15. This designation would not limit the disclosure of the Highly Confidential information to public party attorneys or their experts who are not employed by competitors.

16. It would initially limit access to Highly Confidential information to attorneys for other parties. If, after their review, they believe there is a need to disclose this information to non-attorneys they may request permission to do so, and the parties will then attempt to reach an understanding regarding the disclosure. If such an agreement cannot be reached, then the matter will be brought before the presiding Administrative Law Judge for resolution. Proposed Order, par. 4b.

17. Thus, the proposed protective order is not overly restrictive, and instead simply creates a process whereby the potential for abuse of Highly Competitive information can be addressed in an efficient manner.

WHEREFORE, the UGI Distribution Companies respectfully request that their June 13, 2012, Joint Petition for a Protective Order be approved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark C. Morrow". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark C. Morrow

Counsel for:

UGI Central Penn Gas, Inc.  
UGI Penn Natural Gas, Inc. and  
UGI Utilities, Inc. – Gas Division

Dated: June 19, 2012

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION, et al.</b>	:	
	:	
v.	:	<b>Docket Nos. R-2012-2302219</b>
	:	<b>C-2012-2304842</b>
<b>UGI CENTRAL PENN GAS, INC</b>	:	<b>C-2012-2305780</b>
	:	
<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION, et al.</b>	:	<b>Docket Nos. R-2012-2302220</b>
	:	<b>C-2012-2304841</b>
v.	:	<b>C-2012-2305769</b>
	:	
<b>UGI UTILITIES, INC. - GAS DIVISION</b>	:	
	:	
<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION, et al.</b>	:	<b>Docket Nos. R-2012-2302221</b>
	:	<b>C-2012-2304836</b>
v.	:	<b>C-2012-2305783</b>
	:	
<b>UGI PENN NATURAL GAS, INC.</b>	:	

**CERTIFICATE OF SERVICE**

I hereby certify that I have served a true and correct copy of the foregoing document in the manner and upon the persons listed below in accordance with requirements of 52 Pa. Code §1.54 (relating to service by a participant):

**VIA ELECTRONIC AND FIRST CLASS MAIL:**

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Dated: June 19, 2012