



May 23, 2013

VIA FEDERAL EXPRESS

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Pennsylvania Public Utility Commission  
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P.O. Box 3265  
Harrisburg, PA 17105-3265

MAY 23 2013

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Subject: Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement ("I&E") v. UGI Utilities, Inc., Docket No. C-2012-2308997 (Leak Detection Pilot Program for the City of Allentown)

Dear Secretary Chiavetta:

UGI Utilities, Inc. ("UGI") offers this reply to comments filed by I&E in the above captioned matter on May 17, 2013, relative to UGI's Leak Detection Pilot Program for the City of Allentown filed April 12, 2013, in compliance with the Commission's February 19, 2013 order ("LDPP"). Although the Commission's notice in the Pennsylvania Bulletin does not provide for reply comments, UGI offers this reply in an effort to fully develop and correct the record, and to clarify the provisions of its proposal. To be clear, UGI believes that the LDPP, as proposed, is a reasonable program that complies with the requirements of the Commission's February 19, 2013 order.

1. ***I&E's concerns regarding UGI's proposed pilot leak detection program are unwarranted.***

UGI believes that its proposal is attractive for at least two reasons. First, the City of Allentown would benefit **immediately** from quarterly leak survey protection during the warmer, non-winter months that is incremental to its pre-existing leak survey program. Second, UGI's RFP process would enable it to select from a competitive response a new or novel means of performing enhanced winter-time surveys. Competitive RFPs have been encouraged by the Commission in various areas of utility procurement, and in fact approved in others (e.g., electric generation supply). By proposing to open the process to competitive bidding, UGI undertook a good faith effort to determine the best approach to satisfying the Commission's leak detection pilot requirement.

I&E claims “UGI’s filing does not include a pilot program” because UGI’s proposal cannot be implemented “now”. I&E Comments at 3. This is not the case. UGI proposed to enhance its Allentown leak detection program in two ways, first, by implementing “additional quarterly leak detection surveys on all cast iron mains in the City of Allentown from April 1, 2013 through November 30, 2013” (the non-winter, warmer months) and second, by proposing to solicit bids for an enhanced wintertime survey that would be implemented November 1, 2013 through March 31, 2014, through a request for proposal process. UGI LDPP at 1, 9-10. Through this filing, UGI clearly proposed a means to enhance its surveying in the Allentown area immediately over a full year cycle and complied with the pilot requirement of the Commission’s February 19<sup>th</sup> Order.

Contrary to I&E’s comments, the RFP is not intended to “solicit a consultant to assist it with developing additional natural gas detection measures.” The RFP process was designed, specifically, to “solicit alternative natural gas leak detection measures to be implemented in the City of Allentown during the 2013/2014 winter season. UGI LDPP at 1. As discussed in the filing, the RFP was intended to “seek proposals from interested parties for alternative natural gas leak detection measures designed to enhance or improve the existing natural gas leak detection surveys and patrols currently performed by the Company for its natural gas distribution and transmission facilities in the City of Allentown. “ Id. at 9-10. UGI’s proposal was designed to solicit a service provider to perform enhanced leak detection measures.

UGI submits that I&E’s substantive comments relative to the UGI LDPP are incorrect and unwarranted.

**2. I&E’s proposed program itself is overly broad and otherwise unnecessary.**

I&E proposes to remedy its perceived flaw in the UGI LDPP by proposing continuous monthly leak surveying that includes a plan and schedule to fix all Class B and Class C leaks discovered with the continuous leak survey. I&E Comments at 3. The Commission’s leak detection requirement does not include a leak repair component and need not have such a requirement since UGI already repairs all Class C leaks immediately upon discovery, with Class B (nonhazardous leaks) re-surveyed and repaired within a reasonable period of time, which averaged as of May 2013, 3.3 months after discovery. To require UGI to submit a leak repair plan in connection with a pilot leak detection program is unnecessary.

**3. Response to I&E’s several comments under the heading “II. UGI’s DIMP and Patrolling Procedures should Contain its Natural Gas Leakage detection Measures”.**

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Regarding I&E comments relative to UGI's DIMP and Patrolling procedures, UGI's responses are summarized briefly below.

- a. I&E's recommendation that UGI's DIMP and patrolling procedures include the enhanced leakage detection measures that will be developed after the pilot program fully materializes (I&E Comments at 4).

**UGI Reply:** UGI believes I&E's recommendation is premature. As noted in the UGI LDPP filing, UGI will provide a written report to the Commission on or before June 1, 2014, describing the results of the program. See UGI LDPP at 1. Therein, UGI intends to provide an analysis of the results of the program and indicate whether the program will be continued on a permanent basis. If the program becomes permanent, UGI's DIMP and patrolling procedures will be modified accordingly.

- b. I&E's general comment that UGI's leakage surveys should pay particular attention to areas where soil or pavement have been disturbed by excavation activities and such surveys should be included in UGI's DIMP (I&E Comments at 4).

**UGI Reply:** I&E's recommendations here are unnecessary. UGI's leak survey and damage prevention procedures already take into account soil and pavement disturbances by excavators. These procedures are also incorporated into UGI's DIMP.

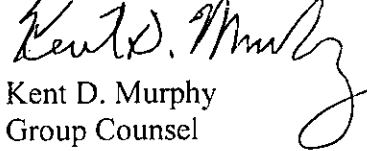
- c. I&E's comment that it does not "believe" that UGI coordinates with other entities, namely highway and water authorities, for areas where water leaks, sinkholes or instability in the roads exists (I&E Comments at 4).

**UGI Reply:** I&E's belief is incorrect. UGI already coordinates with such other entities when it has a reasonable belief that such phenomena could undermine or otherwise physically threaten its facilities. In Allentown, for example, UGI has had a program with the City's public works department to coordinate the replacement of main when the City is resurfacing or repairing its roads. The PA One Call system also enhances UGI's coordination with excavators such as water companies and highway departments that dig near our lines. When that work is done in proximity to cast iron mains, UGI procedures require it to evaluate whether the main should be replaced.

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For these reasons, UGI requests the Commission to deny the modifications to the UGI LDPP proposed in I&E's comments.

Respectfully submitted,



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Cc: Service List

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Re: Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement ("I&E") v. UGI Utilities, Inc., (Leak Detection Pilot Program for the City of Allentown)** : **Docket No. C-2012-2308997**  
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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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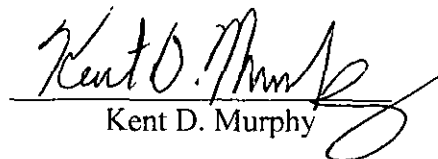
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May 23, 2013

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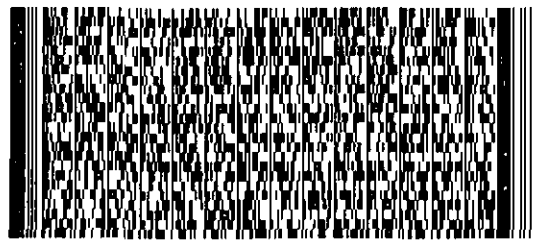


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