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February 27, 2015

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
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Harrisburg, PA 17105-3265

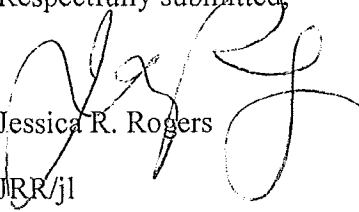
**Re: UGI Central Penn Gas, Inc.
Annual Asset Optimization Plan
Docket No. M-2015-**

Dear Secretary Chiavetta:

Enclosed for filing on behalf of UGI Central Penn Gas, Inc. is the Company's Annual Asset Optimization Plan.

Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,


Jessica R. Rogers

JRR/jl

Enclosures

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

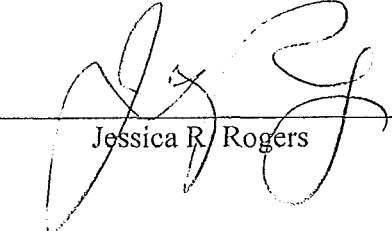
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Date: February 27, 2015



Jessica R. Rogers

UGI CENTRAL PENN GAS, INC.

2014-2015
Annual Asset Optimization Plan

Docket No. M-2015-

2/27/2015

UGI Central Penn Gas, Inc.
2014-2015 Annual Asset Optimization Plan
Submission Date: February 27, 2015

UGI Central Penn Gas, Inc. (“UGI CPG” or the “Company”) hereby submits for the Pennsylvania Public Utility Commission’s (“Commission’s”) review its 2014-2015 Annual Asset Optimization Plan (“2014-2015 AAOP”) in connection with the Company’s 2014-2019 Long-Term Infrastructure Improvement Plan approved by the Commission Opinion and Order entered September 11, 2014, at Docket No. P-2013-2398835 (“2014-2019 LTIIP”). This 2014-2015 AAOP provides a description of: (1) the eligible property repaired, improved and replaced in the Plan’s initial 12-month period, January 1, 2014 through December 31, 2014; and (2) the eligible property to be repaired, improved and replaced in the Plan’s upcoming 12-month period, January 1, 2015 thru December 31, 2015. As discussed in more detail below, this 2014-2015 AAOP demonstrates that the Company’s performance is consistent with the overall schedule of repairs, improvements or replacements of the specific eligible property in its approved Plan for the above-referenced 12-month timeframes.

I. Background

Act 11 of 2012 (“Act 11”) became effective on February 14, 2012, which, among other things, authorized the Commission to approve a distribution system improvement charge (“DSIC”) upon petition by a public utility to recover the utility’s reasonable and prudent costs incurred to repair, improve or replace certain eligible distribution property that is part of the utility’s distribution system. As a precondition to implementing a DSIC under Act 11, a utility is required to receive Commission approval of a LTIIP that is consistent with the provisions of Section 1352 and the Commission’s implementing orders.

On August 2, 2012, the Commission entered its Final Implementation Order at Docket No. M-2012-2293611 (“Final Implementation Order”), which established procedures and guidelines implementing Act 11. The Final Implementation Order adopted the requirements established in Section 1352 of the Public Utility Code while providing additional standards that LTIIPs must meet and guidance to utilities for meeting the Commission’s standards. In the Final Implementation Order, the Commission noted that a utility’s AAOP is intended to provide the Commission and the public an overall status report regarding a utility’s compliance and progress in making infrastructure improvements pursuant to its Commission-approved LTIIP. The Commission further stated in the Final Implementation Order that it expects a utility’s AAOP to identify a utility’s near-term construction projects that will be funded by the DSIC, consistent with the LTIIP.

On May 22, 2014, the Commission entered its Final Rulemaking Order at Docket No. L-2012-2317274 (“Final Rulemaking Order”), establishing procedures and criteria for the filing

and subsequent periodic review of LTIPs. Section 121.6 of the Final Rulemaking Order included required elements of and procedures for filing AAOPs, providing, in pertinent part:

- a utility with an approved DSIC must file with the Commission, for informational purposes, an AAOP on an annual basis with the Commission 60 days after the 12 months of the utility's LTIP has expired and pursuant to the timeframe for each successive year of the term of the LTIP;
- A utility's AAOP must include: (1) a description that specifies all the eligible property repaired, improved and replaced in the prior 12-month period under the utility's LTIP and prior year's AAOP, and (2) a description of the eligible property to be repaired, improved and replaced in the upcoming 12-month period;
- An AAOP will be reviewed by the Commission only to determine whether the utility is in substantial compliance with the repairs, improvements or replacements of the specific eligible property in its approved LTIP, for the corresponding 12-month timeframes; and
- An AAOP will be deemed approved within 60 days of its submission to the Commission, absent any major modifications to the utility's LTIP, Commission rejection of the AAOP or Commission extension of the consideration period.

Pursuant to Act 11 and the Final Implementation Order, UGI-CPG filed Petitions for approval of its 2014-2019 LTIP and DSIC on December 12, 2013, which were approved by the Commission by Opinion and Order entered September 11, 2014, at Docket No. P-2013-2398835. UGI CPG's initial DSIC subsequently took effect on October 1, 2014.

This 2014-2015 AAOP is the first annual update under UGI CPG's 2014-2019 LTIP, which addresses the required elements for the Plan's initial 12-month period, January 1, 2014 thru December 31, 2014, and the Plan's upcoming 12-month period, January 1, 2015 thru December 31, 2015, and demonstrates, in accordance with the Final Rulemaking Order, that the Company's performance is consistent with the overall schedule repairs, improvements or replacements of the specific eligible property in its approved Plan for the corresponding 12-month timeframes.

II. Description of all the Eligible Property Repaired, Improved and Replaced in the Initial 12-Month Period: January 1, 2014 thru December 31, 2014

As described in the Companies' 2014-2019 LTIPs, UGI-CPG, UGI Utilities, Inc. – Gas Division (“UGI-GD”)¹ and UGI Penn Natural Gas, Inc. (“UGI-PNG”)² (collectively, the “UGI Distribution Companies” or “Companies”) estimated the replacement of approximately 62 miles of cast iron and bare steel mains across the UGI Distribution Companies’ service territories in 2014. For UGI-GD specifically, the 2014 replacement plan included replacement of approximately 33 miles of combined cast iron and bare steel mains. For UGI-CPG and UGI-PNG specifically, the 2014 replacement plan included approximately 12 miles of combined cast iron and bare steel mains for each company.³ A specific list of planned DSIC-eligible main replacement projects for 2014 is found attached to UGI-CPG's 2014-2019 LTIP as Appendix B.

As stated in the 2014-2019 LTIP, the amount of the annual UGI Distribution Companies’ 62 mile main replacement plan allocated to each UGI Distribution Company will vary as risks are annually re-evaluated and re-prioritized across all UGI Distribution Companies. An annual review will be performed to identify the highest risk pipe segments and prioritize those replacements each year. Such approach is consistent with the UGI Distribution Companies’ Transmission Integrity Management Program (“TIMP”) and Distribution Integrity Management Program (“DIMP”) filed in accordance with Subpart P of 49 CFR Part 192.

In total, the UGI Distribution Companies exceeded LTIP plans by replacing 62.6 miles of cast iron, bare steel and wrought iron mains in the calendar year ended December 31, 2014. The tables below provide a summary of the mains replaced all UGI Distribution Companies and the detail of the mileage replaced at UGI-CPG.

UGI Distribution Companies Main Replacement Quantities		
	<u>LTIP 2014 Planned Cast Iron, Bare Steel & Wrought Iron Pipe Replacement Quantity (Miles)</u>	<u>Calendar Year 2014 Actual Cast Iron, Bare Steel & Wrought Iron Pipe Replacement Quantity (Miles)</u>
UGI-CPG	12.0 ⁴	13.0
UGI-GD	33.0	40.4
UGI-PNG	12.0	9.2
Total UGI Companies	<u>62.0</u> ⁵	<u>62.6</u>

¹ UGI-GD’s LTIP was approved in an Opinion and Order at Docket No. P-2013-2398833 entered on July 31, 2014.

² UGI-PNG’s LTIP was approved in an Opinion and Order at Docket No. P-2013-2397056 entered on September 11, 2014.

³ UGI-CPG’s 2014 replacement plan specifically included replacement of approximately 12 miles of cast iron and bare steel mains with anticipation that UGI-CPG will replace an average of 17 miles of combined cast iron and bare steel mains over the span of the LTIP.

⁴ See note 3 above.

⁵ The total 62 miles takes into account UGI-CPG’s replacement plan of an average of 17 miles of cast iron and bare steel over the span of the LTTIP.

UGI-CPG Pipe Replacement Detail	
<u>Material</u>	<u>Mileage Replaced</u>
Bare Steel & Wrought Iron	11.8
Cast Iron	1.2
<u>Total</u>	<u>13.0</u>

Attached hereto in Appendix A is a list of DSIC-eligible replacement projects that occurred during 2014 at UGI-CPG.

DSIC-eligible capital placed into service at UGI-CPG was \$8.4 million. The table below enumerates the capital spend by asset type. It should be noted that total LTIP expenditures exceeded the amounts reported below, however only those projects closed and placed into service for DSIC calculation purposes are shown below.

UGI Companies DSIC-Eligible Capital Placed in Service Calendar 2014		
	LTIP 2014 Planned Capital ⁶ (\$Millions)	Calendar Year 2014 Capital Placed in Service ⁷ (\$Millions)
UGI-CPG	\$11.0	\$ 8.4
UGI-GD	\$51.2	\$59.0
UGI-PNG	\$22.9	\$26.1
<u>Total UGI Companies</u>	<u>\$85.1</u>	<u>\$93.5</u>

UGI-CPG DSIC Eligible Capital Placed into Service Detail Calendar 2014		
Budget Group	Budget Group Description	Calendar Year 2014 Capital Placed in Service
41M	Replacement-Mains	3,199,952
58M	Maintenance-Services	1,838,009
45M	Replacement-Cast Iron	1,386,499
120	Distribution System Improvements	460,111
44M	Replacement-Other	412,267
51M	Maintenance-Meters	333,972
09O	M & R Station Equipment	267,217
01O	Misc-Plant Equipment	203,551
52M	Maintenance-Meter Installation	153,234
43M	Replacement-Ahead of Paving	137,457
11O	Corrosion Control	37,667
42M	Replacement-Pressure	7,499
	<u>Total</u>	<u>\$8,437,435</u>

⁶ At the time of submitting its LTIP Petition in December 2013, projected LTIP annual expenditures and related project list were provided based on the Company's fiscal year, October 1st through September 30th, due to the Company's use of its fiscal year for capital budgeting purposes.

⁷ Actual LTIP expenditures are shown based on the calendar year ended December 31, 2014 to be consistent with the Company's 2014 mileage replacement commitments as expressed on a calendar year basis.

III. Description of the Eligible Property To Be Repaired, Improved and Replaced in the Upcoming 12-Month Period: January 1, 2015 thru December 31, 2015

In calendar year ending December 31, 2015, approximately 62 miles or more of cast iron, bare steel and wrought iron main are planned to be replaced across all UGI Distribution Companies. For UGI-CPG, the 2015 replacement plan will include approximately 15⁸ miles of cast iron, bare steel and wrought iron mains. These estimates are subject to change based on the UGI Distribution Companies' process for the annual re-evaluation and re-prioritization of projects across all UGI Distribution Companies. The estimated DSIC-eligible capital spend at UGI-CPG in 2015 is \$20.4 million.

UGI Distribution Companies Main Replacement Quantities		
	<u>LTIP Plan Cast Iron, Bare Steel & Wrought Iron Pipe Replacement Quantity (Miles)</u>	<u>Calendar Year 2015 Cast Iron, Bare Steel & Wrought Iron Pipe Replacement Plan (Miles)</u>
UGI-CPG	17	15 ⁹
UGI-GD	33	33
UGI-PNG	12	14
Total UGI Companies	<u>62</u>	<u>62</u>

UGI Distribution Companies DSIC-Eligible Capital Planned Calendar 2015		
	<u>LTIP 2015 Plan Capital (\$Millions)</u>	<u>Calendar Year 2015 Plan Capital (\$Millions)</u>
UGI-CPG	\$11.0	\$20.4
UGI-GD	\$51.2	\$52.1
UGI-PNG	\$22.9	\$24.8
Total UGI Companies	<u>\$85.1</u>	<u>\$97.3</u>

Attached hereto in Appendix B is a list of DSIC-eligible replacement projects that are planned during 2015 at UGI-CPG. The increase in planned spend at UGI-CPG in 2015 is largely attributable to an increase in ahead of paving activity and system reinforcement activity. In particular, an increase in utility relocation projects for highway improvements is anticipated – several bridge replacement projects will likely require relocation of UGI-CPG infrastructure. Additionally, several system reinforcement projects are being designed to improve system reliability in response to lower than normal pressures experienced on the coldest days of winter of 2014-2015.

⁸ While UGI-CPG's LTIP anticipated replacing an average of 17 miles of combined cast iron and bare steel mains over the span of the LTIP, the Company's replacement plan for calendar year 2015 includes replacement of approximately 14 miles of cast iron, bare steel and wrought iron mains.

⁹ See Note 8 above.

Appendix A
Cast Iron, Bare Steel, Wrought Iron
Replacement Projects Placed in Service
Calendar Year Ended December 31, 2014

PROJECT ADDRESS	TOTAL PIPE (BS, CI OR WI) ABANDONED (FT.)	CAST IRON (FT)	BARE STEEL/ WROUGHT IRON (FT)	RETIRED PIPE SIZE(IN.)	INSTALLED PIPE SIZE(IN.)
Hickox Ulysses Road, 000	4,669	-	4,669	2.5	4
McElhatten Road, 000	3,405	-	3,405	2	0
Roseto Avenue, 500-600	3,124	-	3,124	2,3,4	1.25&2
Lake Road, 000	3,050	-	3,050	2	2
Johnson Brook Road, 0	2,500	-	2,500	2	2
Hunter Road, 000	2,400	-	2,400	2	0
Hilboldt Road, 000	2,290	-	2,290	2	2
W Branch Road, 000	2,255	-	2,255	2 & 3	4
Dresser Road, 0	2,165	-	2,165	1.25 & 2	2
W Main Street, 1700	2,135	-	2,135	2,3,4	2
W Main Street, 1700-1900	2,135	-	2,135	2,3,4	2
W Market Street, 1900-2100	2,100	-	2,100	4	2
Route 872, 000	1,857	-	1,857	2 & 3	4
Center Avenue, 600-800	1,853	-	1,853	4	2
Route 49, 000	1,768	-	1,768	1.25	2
Lackawanna Avenue, 100-300	1,552	1,260	292	4	2
Arch Street, 500	1,340	1,340	-	8	8
Stony Fork Road, 000	1,336	-	1,336	3	4
State Route 249, 000	1,136	-	1,136	2	2
Leona Road, 000	1,051	-	1,051	2	2
N Franklin Street, 800-1100	1,001	730	271	4&6	4
School Street, 000	960	-	960	2	4
Division Street, 000	941	-	941	3	2
Mathildaville Road, 000	880	-	880	2	0
Ought Street, 000	862	-	862	2	2
Independence Street, 100	862	862	-	6	4

Appendix A
Cast Iron, Bare Steel, Wrought Iron
Replacement Projects Placed in Service
Calendar Year Ended December 31, 2014

PROJECT ADDRESS	TOTAL PIPE (BS, CI OR WI) ABANDONED (FT.)	CAST IRON (FT)	BARE STEEL/ WROUGHT IRON (FT)	RETIRED PIPE SIZE(IN.)	INSTALLED PIPE SIZE(IN.)
W Union Street, 000	797	-	797	4	4
Passauer Road, 000	780	-	780	3	0
2nd Street, 200-400	740	600	140	4 & 10	4 & 8
Tippecanoe Road, 000	710	-	710	2	2
Cherry Flats Road, 000	618	-	618	2	2
E Independence Street A't Vine Street, 700	596	596	-	16	12
Laurel Lane, 000	593	-	593	2	2
Fishing Creek Road, 000	576	-	576	1.25	0
Mill Street, 0	575	-	575	4	4
River Street, 000	555	-	555	2,3,4	4
Colwell Hill Road, 000	550	-	550	1.25&2	2
Red Row Road, 0	540	-	540	6 & 8	6
E Washington Street, 100-300	537	-	537	4	4
Airport Road, 000	525	-	525	2	2
Westover Road, 400	500	-	500	4	2
Academy Street, 0	480	-	480	4	0
N 9th Street, 700	473	-	473	4	4
Bayer Creek Road, 000	460	-	460	2	4
Grass Alley, 1200	425	-	425	3	4
Susquehanna Avenue, 000	409	-	409	4	4
Oak Street, 100	383	383	-	6	8
2nd Avenue, 200	365	-	365	2	1.25
Buckhorn Road, 0	350	-	350	2	2
W Main Street, 1900	350	-	350	2	2
Franklin Street, 0	340	-	340	4	4
Prospect Street, 0	335	-	335	2	4

Appendix A
 Cast Iron, Bare Steel, Wrought Iron
 Replacement Projects Placed in Service
 Calendar Year Ended December 31, 2014

PROJECT ADDRESS	TOTAL PIPE (BS, CI OR WI) ABANDONED (FT.)	CAST IRON (FT)	BARE STEEL/ WROUGHT IRON (FT)	RETIRED PIPE SIZE(IN.)	INSTALLED PIPE SIZE(IN.)
Dante Street, 080	323	-	323	1.25&4	2
State Route 3013, 0	310	-	310	2	2
Plank Road, 0	310	-	310	8	8
Roseville Avenue, 0	300	-	300	2	2
Route 446, 000	290	-	290	2	4
Lackawanna Avenue, 300	280	280	-	3	4
Franklin Street, 100	268	268	-	6	6
Church Street, 0	260	-	260	2	0
Route 14, 0	250	-	250	3	4
13th Street, 100	230	-	230	4	4
Burnham Hill Road, 000	215	-	215	4	4
Sherman Street, 000	213	-	213	4	4
Knox Road, 0	212	-	212	2	2
Maple Street, 0	210	-	210	6	4
W Union Street, 000	172	-	172	2, 3, 4	2
Mack Road, 000	160	-	160	3	4
Park Avenue, 000	150	-	150	8	8
Alder Run Road, 0	150	-	150	2	2
Shamar Avenue, 100	145	-	145	2	0
W Union Street, 000	140	-	140	4	6
Austinburg Road, 0	136	-	136	2	2
Tennessee Road, 000	120	-	120	2	4
Blue Valley Drive, 1100	80	-	80	4	2
Chestnut Street, 0	76	-	76	1.25	2
Stoney Fork School Road, 0	70	-	70	2&4	4
State Route 49, 000	70	-	70	1	2

Appendix A
 Cast Iron, Bare Steel, Wrought Iron
 Replacement Projects Placed in Service
 Calendar Year Ended December 31, 2014

PROJECT ADDRESS	TOTAL PIPE (BS, CI OR WI) ABANDONED (FT.)	CAST IRON (FT)	BARE STEEL/ WROUGHT IRON (FT)	RETIRED PIPE SIZE(IN.)	INSTALLED PIPE SIZE(IN.)
Newell Road, 000	65	-	65	2	2
Route 414, 0	60	-	60	2	2
Church Street, 000	44	-	44	10	8
Cherry Flats Road, 0	40	-	40	2	2
E Lawrence Road, 000	40	-	40	2	2
Erie Street, 000	40	-	40	4	4
Meeker Road, 0	35	-	35	2	4
Gamelands 63, 0	23	-	23	4	4

Appendix B
Cast Iron, Bare Steel, Wrought Iron
2015 Replacement Projects

PROJECT DESCRIPTION	TOTAL PIPE (BS, CI, WI) ABANDONED (FT.)	CAST IRON (FT)	BARE STEEL / WROUGHT IRON (FT)	RETIRED PIPE SIZE(IN.)	INSTALLED PIPE SIZE(IN.)
W Norweigan Street, 000	4,000	4,000	-	4&8	2&4
State Route 3001, 000	3,600	-	3,600	2	2
S Courtland Street, 100	3,467	2,280	1,187	4	2
Acadamy Street, 000	3,335	-	3,335	4	4
Honeysuckle Lane, 000	3,291	-	3,291	4	2
Rt 512, 00	3,031	-	3,031	4	8
W 7th Street, 200-300	2,657	-	2,657	2,3,4	1.25 & 2
Balsam Road, 000	2,400	-	2,400	4	4
Vine Street, 000	2,228	-	2,228	1.25-4	2
W Arch St A'nd 100blk N 8th Street, 000-100	2,035	2,035	-	10	8
N 9th Street, 1000-1200	2,000	-	2,000	4	4
Lancaster Pike, 300	1,925	-	1,925	4	6
Union Avenue, 500-600	1,610	-	1,610	2	1.25
State Route 0006, 000	1,600	-	1,600	3&6	4&6
W Main Street, 000	1,460	-	1,460	2&4	2
N Prince Street, 100-200	1,320	-	1,320	4	2
Main Street, 000	1,215	-	1,215	2	2
W Arch St A'nd 000blk N 3rd Street, 300-500	1,035	1,035	-	10	8
Lancaster Pike, 100	1,000	-	1,000	4	6
Port Clinton Avenue, 000	990	990	-	4	4
Roseto Avenue, 500-600	954	-	954	2,3,4	2
State Route 120, 000	875	-	875	2&4	8
Susquehanna Avenue, 000	855	-	855	4	2&4
E Orange Street, 500	820	-	820	4	2&4
Valley Avenue, 200	575	-	575	4	2
STANCHION X-ING REPLACEMENTS - CPG NORTH	500	-	500	Various	Various
Lackawanna Avenue, 100-300	481	481	-	4	8
Webster Street, 000	425	-	425	3	4
Chestnut Street, 100	413	413	-	4	4
W Water Street, 900	410	-	410	3	4

Appendix B
 Cast Iron, Bare Steel, Wrought Iron
 2015 Replacement Projects

PROJECT DESCRIPTION	TOTAL PIPE (BS, CI, WI) ABANDONED (FT.)	CAST IRON (FT)	BARE STEEL / WROUGHT IRON (FT)	RETIRED PIPE SIZE(IN.)	INSTALLED PIPE SIZE(IN.)
Schwaben Creek Road	400	-	400	8	8
N 8th St Arch T'o Chestnut Street, 000	365	365	-	6	4
Coal Street, 000	350	350	-	12	12
Maple Street, 200	300	300	-	4	4
Arch Street, 400	234	234	-	10	8
Chestnut Street, 100	132	132	-	4	6
Buchanan Trail East, 11000	50	-	50	3	6
Buchanan Trail East, 1400-1600	50	-	50	0.75	2
Park Lane, 000	50	-	50	4	2