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February 27, 2015

VIA HAND DELIVERY

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

**Re: Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement
v. UGI Utilities, Inc.
Docket No. C-2012-2308997**

Dear Secretary Chiavetta:

Enclosed for filing is a settlement status report submitted by UGI Utilities Inc. – Gas Division, UGI Central Penn Gas, Inc. and UGI Penn Natural Gas, Inc. in compliance with the Opinion and Order entered by the Pennsylvania Public Utility Commission on February 19, 2013 at Docket No. C-2012-2308997.

Respectfully submitted,

David B. MacGregor

DBM/skr
Enclosure

cc: Paul Metro, Manager (*via hand delivery*)
Adam D. Young, Prosecutor (*via hand delivery*)
Stephanie M. Wimer, Prosecutor (*via hand delivery*)

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PA PUC
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UGI Utilities, Inc.
2525 N. 12th Street, Suite 360
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Reading, PA 19612-2677

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February 27, 2015

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

**Re: Docket No. C-2012-2308997
Settlement Compliance Status Report**

Dear Secretary Chiavetta:

The following settlement status report is submitted by UGI Utilities Inc. – Gas Division, UGI Central Penn Gas, Inc., and UGI Penn Natural Gas, Inc. (“UGI Companies”) in compliance with the Opinion and Order entered by the Pennsylvania Public Utility Commission (“Commission”) on February 19, 2013 (“Final Order”). As required by the order, UGI Companies must provide a progress update for the accelerated main replacement requirements as contemplated by the Joint Settlement Petition approved by the Commission in the Final Order.

As provided in the Joint Settlement Petition, UGI Companies will retire or replace cast iron mains over a fourteen year time period commencing with the first full calendar month after the date the Final Order was entered. Attached Figure (1): *Cast Iron Main Inventory Plan vs Actual Reductions* provides a chart showing progress vs. plan towards completing the replacement of all cast iron by the end of February 2027. On average, approximately 29 miles of mains must be replaced or retired each year to reach completion in the stipulated timeframe to adhere to the schedule. As of December 31, 2014, the remaining cast iron inventory has been reduced to 331.6 miles, slightly ahead of replacement plan schedule requirements.

Attached Figure (2): *Bare Steel / Wrought Iron Main Inventory Plan vs Actual Reductions*, provides a chart showing progress vs. plan towards completing the replacement of bare steel & wrought iron mains over the 30 year replacement time period which began October 2011. As of December 31, 2014, the remaining inventory of bare steel / wrought iron mains has been reduced to 1209 miles which is ahead of replacement plan schedule requirements.

In addition, the Joint Settlement Petition required the UGI Companies to make enhancements to odorant testing programs, install fixed odorant level monitoring equipment at all third party points of delivery into UGI pipeline systems, and install fixed odorizers at certain designated gate stations. Enhanced odorant testing programs were implemented in 2013 including the development of comprehensive procedures and the addition of supplemental testing points. Odorant monitoring devices have been installed at all 96 third party delivery points. Fixed odorizers have been installed at 26 of 27 required locations the exception of one location to be

completed in May 2015. Completion of the final remaining odorizer location is dependent upon a partial rebuild of a gate station which has been extended due to coordination complexities with the upstream pipeline and winter weather conditions. The Gas Safety Division of the PUC has been apprised of the Odorization status and will continue to be provided updates on progress towards completion of this final installation.

Subsequent to the results of the enhanced leak survey program completed over winter 2013-2014, the UGI Distribution Companies have engaged in a similar supplemental series of cast iron main leak surveys for winter 2014-2015. These incremental surveys conducted between January and March 2015 will result in additional surveillance of the cast iron system and increase the probability of early detection of leaks or breaks.

Ongoing interim progress updates on pipeline replacements will be provided to the PUC Gas Safety Division until the next status report in February of 2017.

Sincerely,

A handwritten signature in black ink that reads "Hans G. Bell". The signature is written in a cursive style with some loops and flourishes.

Hans G. Bell
Vice President, Engineering & Operations Services
UGI Utilities, Inc.

Figure (1)
Cast Iron Main Inventory
Plan vs Actual Reductions

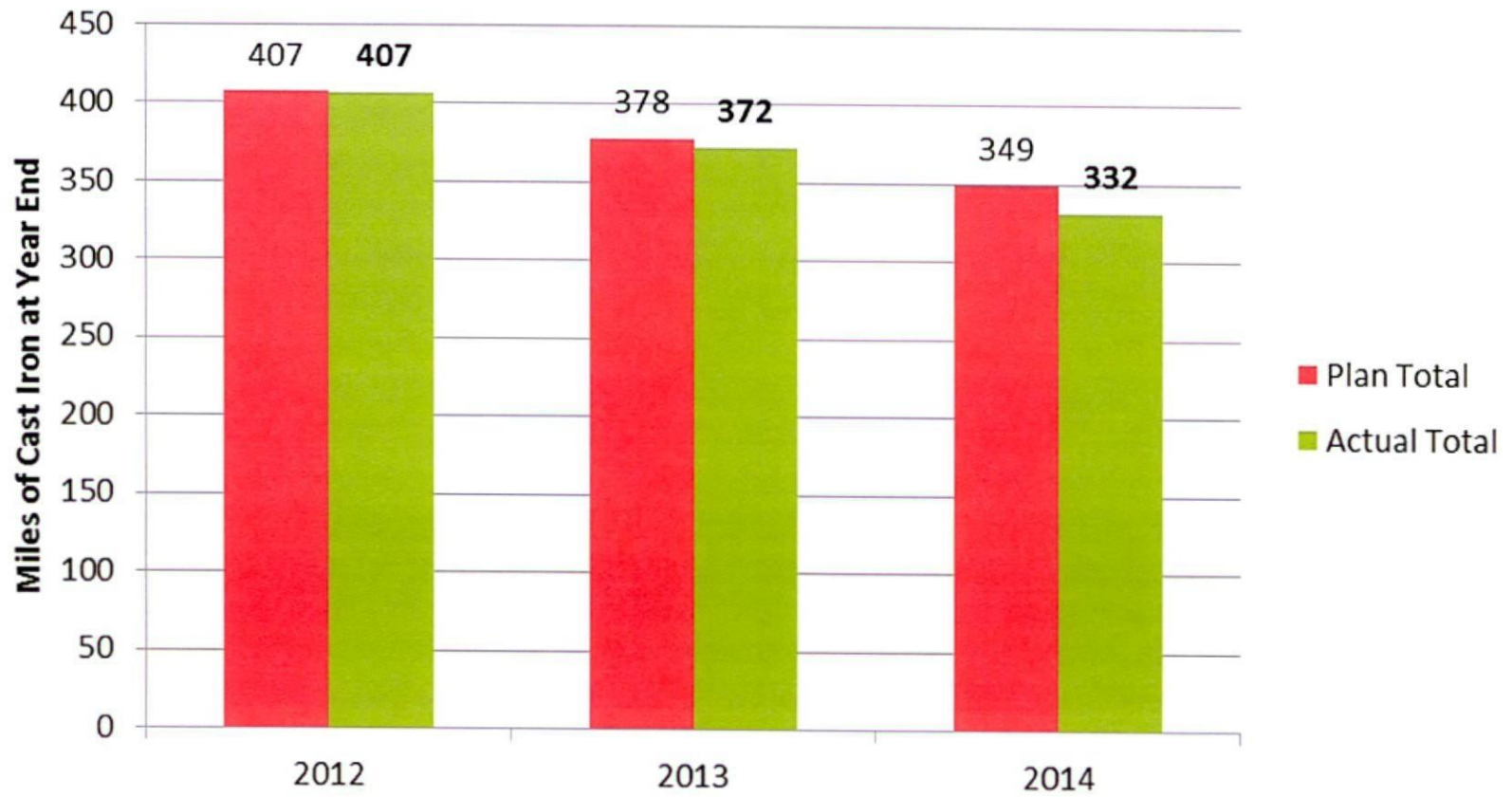
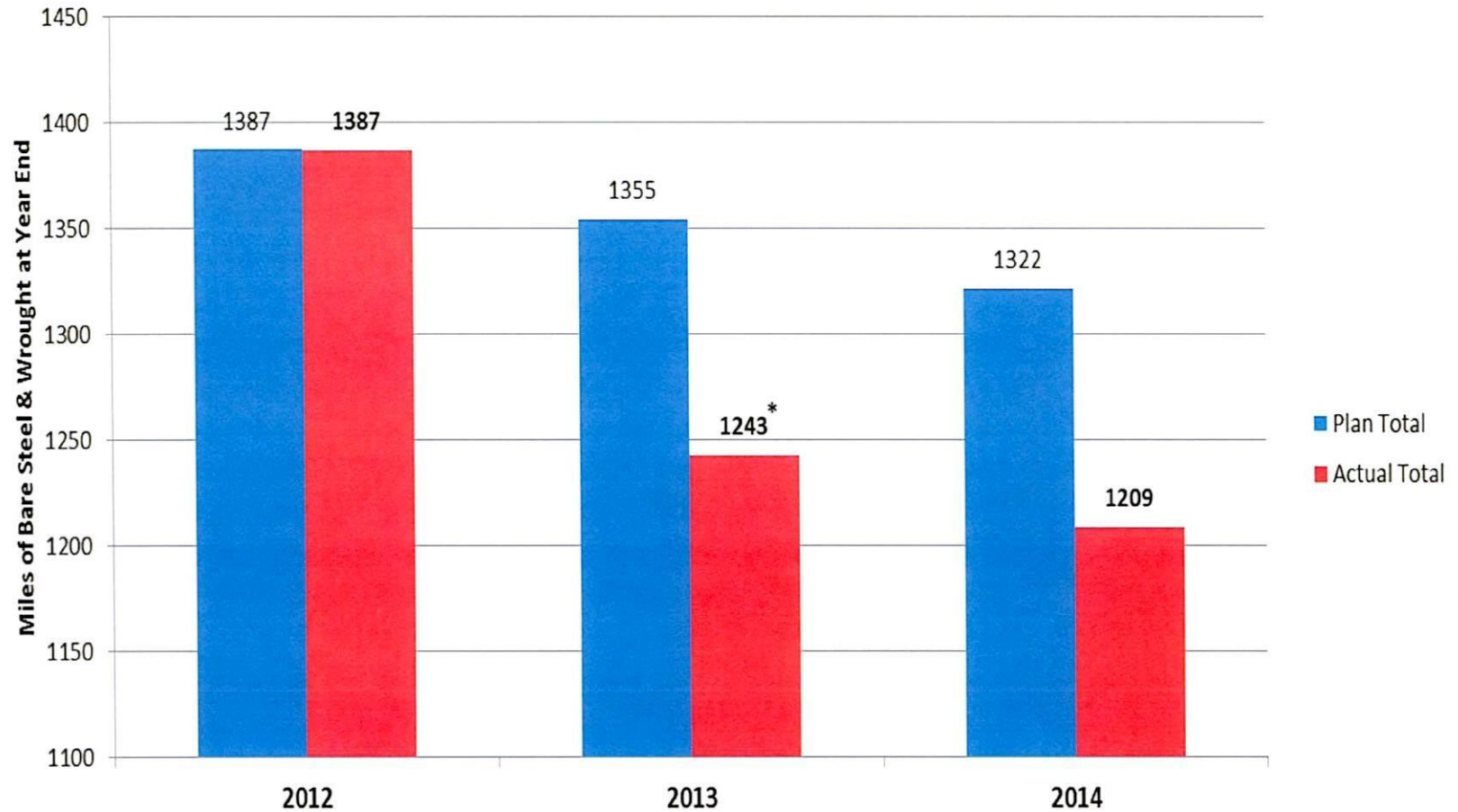


Figure (2)
Bare Steel / Wrought Iron Main Inventory
Plan vs Actual Reductions



*Calendar 2013 bare steel / wrought iron replaced was 24.8 miles. The balance of the bare steel inventory reduction is due to a re-classification from bare to coated based upon data review & field reconnaissance at UGI-PNG.