



UGI Utilities, Inc.  
2525 North 17th Street  
Suite 360  
Post Office Box 12677  
Reading, PA 19612-2677  
(610) 796-3400 Telephone

March 20, 2015

**VIA FEDERAL EXPRESS**

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

**RECEIVED**

MAR 20 2015

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**Re: UGI Penn Natural Gas, Inc.; Supplement No. 43 to PNG Gas – Pa. P.U.C. No. 8;  
Docket No. M-2015-\_\_\_\_\_;**

**April 1, 2015 Quarterly DSIC Filing**

Dear Secretary Chiavetta:

Enclosed for filing on behalf of UGI Penn Natural Gas, Inc. is its April 1, 2015, quarterly Distribution System Improvement Charge (“DSIC”) rate filing, consisting of the enclosed tariff Supplement No. 43 and supporting schedules. Supplement No. 43 provides for a quarterly DSIC rate of 1.68% effective for customer bills rendered on and after April 1, 2015.

Copies of this filing have been provided per the attached Certificate of Service. Should you have any questions related to this filing, please contact Melanie J. El Atieh, Manager, Rates & Regulatory Planning, via e-mail at [melatieh@ugi.com](mailto:melatieh@ugi.com) or via phone at (610) 796-3528.

Respectfully yours,

Paul J. Szykman  
Vice President – Rates & Government Relations

Enclosures: Supplement No. 43 to PNG Gas – Pa. P.U.C. No. 8  
Supporting Schedules

cc: Certificate of Service

**UGI PENN NATURAL GAS, INC.**  
**GAS TARIFF**  
**INCLUDING THE GAS SERVICE TARIFF**  
**AND**  
**THE CHOICE SUPPLIER TARIFF**

Rates and Rules  
Governing the  
Furnishing of  
Gas Service and Choice Aggregation Service  
in the  
Territory Described Herein

Issued: March 20, 2015

Effective for bills rendered on and  
after April 1, 2015, in accordance  
with the Pennsylvania Public  
Utility Commission's Order entered  
September 11, 2014, at Docket No.  
P-2013-2397056.

Issued By:

Paul J. Szykman  
Vice President - Rates and Government Relations  
2525 N. 12<sup>th</sup> Street, Suite 360  
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<http://www.ugi.com/png>

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**MAR 20 2015**

**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

**NOTICE**

This tariff makes increases to existing rates. (See Page 2.)

LIST OF CHANGES MADE BY THIS SUPPLEMENT  
(Page Numbers Refer to Official Tariff)

Rider G, Distribution System Improvement Charge, Page 35(b)

- The System Improvement Charge is increased.

UGI PENN NATURAL GAS, INC.

RULES AND REGULATIONS

**14.C Rider G - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)**

In addition to the net charges provided for in this Tariff, a charge of 1.68% will apply (I)  
consistent with the Commission Order dated September 11, 2014, at Docket No. P-2013-  
2397056, approving the DSIC.

14.C.1 Purpose. To recover the reasonable and prudent costs incurred to repair, improve,  
or replace eligible property which is completed and placed in service and recorded in the  
individual accounts, as noted below, between base rate cases and to provide the Company  
with the resources to accelerate the replacement of aging infrastructure, to comply with  
evolving regulatory requirements and to develop and implement solutions to regional  
supply problems.

The costs of extending facilities to serve new customers are not recoverable through the  
DSIC.

14.C.2 Eligible Property.

The DSIC-eligible property will consist of the following:

- Piping, Couplings, Valves, Excess Flow Valves, Risers - Distribution &  
Transmission. (374, 376, 365, 367)
- Measuring & Regulator Stations - Distribution & Transmission (375, 378, 379,  
366, 369, 370)
- Gas Service Lines and Insulated and Non-Insulated Fittings (378, 380)
- Meters, Meter Bars, Meter Installations (381, 382)
- House Regulators & Installations (383, 384)
- Industrial & Farm Tap Measuring & Regulator Station Equipment (385, 386)
- Miscellaneous Equipment and Material- Distribution & Transmission (387, 371)
- Equipment - Electronic Systems & Software (391)
- Vehicles, Power Equipment, Tools, Shop & Garage Equipment (392, 394, 396)
- Unreimbursed costs related to highway relocation projects where a natural gas  
distribution company or city natural gas distribution operation must relocate  
its facilities.
- Gathering lines (332)
- Storage lines (353)
- Other related capitalized costs.

14.C.3 Effective Date. The DSIC will become effective for bills rendered on and after  
October 1, 2014.

14.C.4 Computation of the DSIC. The initial DSIC, effective for bills rendered on and  
after October 1, 2014, shall be calculated to recover the fixed costs of eligible plant  
additions that have not previously been reflected in the rates or rate base and will have  
been placed in service between June 1, 2014 and August 31, 2014. Thereafter, the DSIC  
will be updated on a quarterly basis to reflect eligible plant additions placed in  
service during the three-month periods ending one month prior to the effective date of  
each DSIC update.

(I) Indicates Increase

Issued: March 20, 2015

Effective for Bills Rendered on and after  
April 1, 2015

# **Supporting Schedules**

UGI Penn Natural Gas, Inc.  
DSIC Computation  
DSIC Quarterly Update  
Effective April 1, 2015

DSIC =		$\frac{(DSI \times PTRR) + Dep + e}{PQR}$		
Line		Annual	Quarterly	Source
1	Distribution System Improvement Costs		\$ 14,491,899	Page 2
2	Less Accumulated Depreciation		\$ (180,987)	Page 2
3	DSI		\$ 14,310,912	Ln 1 + Ln 2
4	PTRR	Annual Pretax Rate of Return	12.06%	Page 3
5		Quarterly Pretax Rate of Return	3.02%	Ln 4 / 4
6	DSI x PTRR	Quarterly Capital Cost Recovery	\$ 431,495	Ln 3 * Ln 5
7		Annual Depreciation Expense	\$ 343,410	Page 2
8	Dep	Quarterly Depreciation Expense	\$ 85,853	Ln 7 / 4
9	(DSI x PTRR) + Dep	Current Period Recoverable Cost Amount	\$ 517,347	Ln 6 + Ln 8
10		Over/(Under) Collection	\$ -	
11		Audit Adjustment	\$ -	
12		Interest Refundable	\$ -	
13		Prior Period "E" Factor Residual	\$ -	
14		Misc. Adjustments Refund/(Recoup)	\$ -	
15		Net "E" Factor Amount	\$ -	
16	e	Quarterly "E" Factor Amount 1/	\$ -	Sum Lines 10 - 15
17	(DSI x PTRR)+Dep+e	Total DSIC Revenue Requirement	\$ 517,347	Ln 9 + Ln 16
18	PQR	Projected Quarterly Revenue	\$ 30,736,597	
19	DSIC	Distribution System Improvement Charge (DSIC)	1.68%	Ln 17 / Ln 18
20		<b>DSIC Effective April 1, 2015</b>	<b>1.68%</b>	

1/ The zero "E" Factor for the reconciliation period consisting of the twelve months ending December 31, 2014 is consistent with PNG's non-recovery period established in the Settlement Agreement at Docket No. C-2012-2308997 and the Commission's September 11, 2014 Order at Docket No. P-2013-2397056.

UGI Penn Natural Gas, Inc.  
 Depreciation on DSIC Eligible Property  
 DSIC Quarterly Update  
 Effective April 1, 2015

April 1, 2015 Quarterly DSIC  
 Page 2 of 4

**Annual Depreciation**

Description	Depreciation Rate 1/	Beginning Balance 2/ November 30, 2014	Additions			Total	Annual Depreciation
			Actual Dec-14	Actual Jan-15	Actual Feb-15		
Mains - Plastic	2.4%	\$ 3,955,252	\$ 973,833	\$ 5,826	\$ 38,892	\$ 4,973,803	\$ 116,884
Mains - Other	1.7%	\$ 4,824,667	\$ 101,443	\$ 10,907	\$ 39,307	\$ 4,976,324	\$ 84,100
Measuring & Regulating Equipment - General	3.0%	\$ 597,878	\$ 106,878	\$ 43	\$ 563,366	\$ 1,268,165	\$ 37,791
Measuring & Regulating Equipment - City Gate	3.4%	\$ 21,073	\$ 19,827	\$ 60,376	\$ 847	\$ 102,123	\$ 3,513
Services - Plastic	3.1%	\$ 1,940,469	\$ 530,956	\$ 92,734	\$ 234,762	\$ 2,798,921	\$ 87,046
Services - Other	1.9%	\$ 125,425	\$ 17,006	\$ 4,086	\$ 2,697	\$ 149,214	\$ 2,760
Meters	3.1%	\$ (1,087)	\$ 214	\$ 318	\$ 53	\$ (502)	\$ (16)
House Regulators	2.3%	\$ -	\$ 998	\$ -	\$ -	\$ 998	\$ 23
House Regulator Installations	1.8%	\$ 6,349	\$ -	\$ -	\$ -	\$ 6,349	\$ 114
Industrial Measuring & Regulating Equipment	2.0%	\$ 69,835	\$ -	\$ -	\$ -	\$ 69,835	\$ 1,425
Tools, Shop & Garage Equipment	7.6%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
System Development Costs	6.7%	\$ 146,669	\$ -	\$ -	\$ -	\$ 146,669	\$ 9,768
Storage & Gathering Lines	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ 11,686,530	\$ 1,751,155	\$ 174,290	\$ 879,924	\$ 14,491,899	\$ 343,410

**Accumulated Depreciation 3/**

Description	Depreciation Rate 1/	Beginning Balance 2/ November 30, 2014	Additions			Total
			Actual Dec-14	Actual Jan-15	Actual Feb-15	
Mains - Plastic	2.4%	\$ 23,237	\$ 5,721	\$ 23	\$ 76	\$ 29,057
Mains - Other	1.7%	\$ 20,384	\$ 429	\$ 31	\$ 55	\$ 20,899
Measuring & Regulating Equipment - General	3.0%	\$ 4,454	\$ 796	\$ 0	\$ 1,399	\$ 6,650
Measuring & Regulating Equipment - City Gate	3.4%	\$ 181	\$ 171	\$ 346	\$ 2	\$ 700
Services - Plastic	3.1%	\$ 15,087	\$ 4,128	\$ 481	\$ 608	\$ 20,304
Services - Other	1.9%	\$ 580	\$ 79	\$ 13	\$ 4	\$ 675
Meters	3.1%	\$ (8)	\$ 2	\$ 2	\$ 0	\$ (5)
House Regulators	2.3%	\$ -	\$ 6	\$ -	\$ -	\$ 6
House Regulator Installations	1.8%	\$ 29	\$ -	\$ -	\$ -	\$ 29
Industrial Measuring & Regulating Equipment	2.0%	\$ 356	\$ -	\$ -	\$ -	\$ 356
Tools, Shop & Garage Equipment	7.6%	\$ -	\$ -	\$ -	\$ -	\$ -
System Development Costs	6.7%	\$ 2,442	\$ -	\$ -	\$ -	\$ 2,442
Storage & Gathering Lines	-	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Accumulated Depreciation</b>		\$ 66,742	\$ 11,331	\$ 895	\$ 2,146	\$ 81,114

January 1, 2015 Quarterly DSIC Filing Accumulated Depreciation \$ 99,873

Total Accumulated Depreciation \$ 180,987

1/ See Docket No. R-2008-2079660.

2/ Reflects eligible plant placed into service between June 1, 2014 through November 30, 2014.

3/ The current quarter's calculated accumulated depreciation is equal to 3 months of depreciation of the beginning balance property, 3 months of depreciation of property placed into service in December, 2 months of depreciation of property placed into service in January, and 1 month of depreciation of property placed into service in February. Consistent with the Commission's Order at Docket No. P-2013-2397056, the current quarter's calculated accumulated depreciation is added to the prior quarters' calculated accumulated depreciation to determine the total accumulated depreciation amount.

UGI Penn Natural Gas, Inc.  
Weighted Cost of Capital  
DSIC Quarterly Update  
Effective April 1, 2015

	Capital Structure	Cost Rate	Weighted Average Cost Rates	Tax Multiplier	Pre-Tax Rate of Return
Long Term Debt 1/	43.53%	5.53%	2.41%	-	2.41%
Common Equity	56.47%	10.00%	5.65%	1.7092	9.65%
	100.00%				12.06%

Note: In compliance with the Commission's September 11, 2014 Order, at Docket No. P-2013-2397056, the cost rate of debt reflects the Company's actual cost of long term debt as of Mar. 1, 2015. The equity cost rate is from the Bureau of Technical Utility Services' Report on the Quarterly Earnings of Jurisdictional Utilities for the period ended September 30, 2014 (3rd Quarter Report), at Docket No. M-2014-2460381. The tax multiplier is calculated as follows:  $1/((1-PA\ Tax\ Rate) \times (1 - Fed.\ Tax\ Rate))$  where the PA Tax Rate is 9.99% and the Fed. Tax Rate is 35.00%.

1/ Refer to page 4 of 4 for details.



UGI Penn Natural Gas, Inc.  
 Capital Structure and Debt Components  
 DSIC Quarterly Update  
 Effective April 1, 2015

	Balance as of 03/01/15	% of Total Capitalization	Cost Rate	Weighted Average Cost Rates	Tax Multiplier	Pre-tax Return
Debt	700,205,000	43.53%	5.53%	2.41%		2.41%
Common Equity	908,393,000	56.47%	10.00%	5.65%	1.7092	9.65%
<b>Total Capitalization</b>	<b>\$ 1,608,598,000</b>	<b>100.00%</b>		<b>8.06%</b>		<b>12.06%</b>

	Effective Cost Rate	Balance as of 03/01/15	Cost of Debt as of 03/01/15
Long Term Note, Tranche 1	5.36%	20,000,000	1,072,000
Long Term Note, Tranche 2	7.43%	22,000,000	1,634,600
Long Term Note, Tranche 3	6.19%	50,000,000	3,095,000
Long Term Note, Tranche 4	5.89%	20,000,000	1,178,000
Long Term Note, Tranche 5	7.30%	20,000,000	1,460,000
Long Term Note, Tranche 6	5.73%	20,000,000	1,146,000
Long Term Note, Tranche 7	6.54%	20,000,000	1,308,000
Long Term Note, Tranche 8	6.18%	20,000,000	1,236,000
Long Term Note, Tranche 9	6.22%	175,000,000	10,885,000
Long Term Note, Tranche 10	6.26%	100,000,000	6,260,000
Long Term Note, Tranche 11	5.06%	175,000,000	8,855,000
Revolver Facility	1.06%	58,205,000	614,063
		<b>\$ 700,205,000</b>	<b>\$ 38,743,663</b>

Weighted Cost of L/T Debt

5.53%

**CERTIFICATE OF SERVICE**

**UGI Penn Natural Gas, Inc.**

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).

**VIA FIRST-CLASS MAIL**

Tanya J. McCloskey, Acting Consumer Advocate  
Erin L. Gannon  
Brandon J. Pierce  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923

John R. Evans, Small Business Advocate  
Steven C. Gray  
Office of Small Business Advocate  
Commerce Building  
300 North Second Street, Suite 202  
Harrisburg, PA 17101

Johnnie E. Simms, Director  
Bureau of Investigation & Enforcement  
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P.O. Box 3265  
Harrisburg, PA 17105-3265

Date: March 20, 2015

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**MAR 20 2015**

**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

  
\_\_\_\_\_  
Paul J. Szykman

From: (610) 796-3401  
Ronda Sakela  
UGI Utilities, Inc.  
2525 N. 12th Street  
Suite 300  
Reading, PA 19605

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PA PUBLIC UTILITY COMMISSION  
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Ms. Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
400 NORTH ST  
COMMONWEALTH KEYSTONE BUILDING  
HARRISBURG, PA 17120



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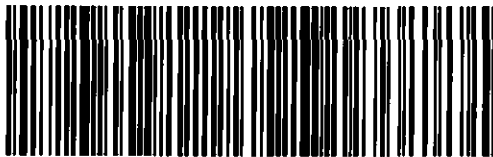
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