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February 9, 2016

VIA E-FILING

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

**Re: Peter M. Sutliff v. UGI Utilities, Inc. – Gas Division,
Docket No. C-2015-2513633;**

**Peter Hart v. UGI Utilities, Inc. – Gas Division,
Docket No. C-2015-2523640;**

**Javier Ortega-Benitez v. UGI Utilities, Inc. – Gas Division,
Docket No. C-2015-2513649;**

**Centre Park Historic District, Inc. v. UGI Utilities, Inc. – Gas Division,
Docket No. C-2015-2516051**

Dear Secretary Chiavetta:

The above-captioned matters have been scheduled for a common prehearing conference before Administrative Law Judge Mary D. Long on February 11, 2016. Enclosed for filing, in accordance with the provisions of 52 Pa. Code §5.222(d)(1), is a common Prehearing Memorandum of UGI Utilities, Inc. – Gas Division which is being filed at each individual docket.

Copies of this document have been served upon the persons indicated in the attached Certificate of Service.

Respectfully submitted,

Mark C. Morrow

Counsel for:
UGI Utilities, Inc. – Gas Division

cc: Service List

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETER M. SUTLIFF	:	
v.	:	
UGI UTILITIES, INC. - GAS DIVISION	:	Docket No. C-2015-2513633
	:	
PETER HART	:	
v.	:	
UGI UTILITIES, INC. - GAS DIVISION	:	Docket No. C-2015-2523640
	:	
JAVIER ORTEGA-BEITEZ	:	
v.	:	
UGI UTILITIES, INC. - GAS DIVISION	:	Docket No. C-2015-2513649
	:	
CENTRE PARK HISTORIC DISTRICT, INC.	:	
v.	:	
UGI UTILITIES, INC. - GAS DIVISION	:	Docket No. C-2015-2516051

PREHEARING MEMORANDUM OF
UGI UTILITIES, INC. - GAS DIVISION

BEFORE ADMINISTRATIVE LAW JUDGE MARY D. LONG:

I. BACKGROUND

UGI Utilities, Inc. - Gas Division (“UGI”) is a certificated natural gas distribution company (“NGDC”) providing natural gas distribution service to approximately 335,000 customer accounts in portions of 16 counties in Pennsylvania, including approximately 19,500 customer accounts located in the City of Reading.

As a result of recent federal and state initiatives, UGI and other Pennsylvania NGDCs have significantly accelerated their replacement of natural gas distribution facilities.

Specifically, in accordance with the provisions of Act 11,¹ which first became effective on April 16, 2012, UGI and other Pennsylvania NGDCs file for Commission approval periodic long-term infrastructure improvement plans (“LTIP”), with proposed schedules for the replacement and improvement of natural gas facilities. NGDCs with Commission-approved LTIPs also file asset optimization plans (“AAOP”) on an annual basis reporting on the past-year’s progress in meeting LTIP targets and targets for a future twelve month period.² UGI’s LTIP reflects a commitment it made in a Commission-approved settlement at Docket No. C-2012-2308997 (Order entered on February 13, 2013) to, along with its two affiliated NGDCs, replace all in-service cast iron mains over a fourteen-year period and all bare steel mains over a thirty-year period beginning in March of 2013.

Also, in a regulation which became effective on May 23, 2014,³ the Commission established new regulatory standards governing the placement of natural gas meters, regulators and service lines. This regulation provides, in pertinent part:

(a) *General requirements for meter and regulator location.*

(1) *Unless otherwise allowed or required in this section, meters and regulators must be located outside and aboveground.*

* * * *

(d) *Inside meter locations.*

(1) *Inside meter locations **shall be considered** only when:*

(i) *The service line pressure is less than 10 psig.*

(ii) *A meter is located in a building that meets one of the following*

criteria:

(A) *A building is listed in the National Register of Historic Places or the customer or building owner notifies the utility that the building is eligible to be listed in the National Register of Historic Places and the eligibility can be readily confirmed by the utility.*

¹ 66 Pa.C.S. §§1350-1360.

² UGI’s most recent LTIP was approved by the Commission in an Opinion and Order at Docket No. P-2013-2397056 entered on September 11, 2014, and its most recent AAOP filing was approved by letter on April 1, 2015.

³ 52 Pa. Code §59.18.

(B) A building is located within a historic district that is listed in the National Register of Historic Places or the customer or building owner notifies the utility that the historic district is eligible to be listed in the National Register of Historic Places and the eligibility can be readily confirmed by the utility.

(C) A building has been designated as historic under the act of June 13, 1961 (P. L. 282, No. 167) (53 P. S. §§ 8001—8006), known as the Pennsylvania Historic District Act, the Pennsylvania Municipalities Planning Code (53 P. S. §§ 10101—11202) or a municipal home rule charter.

(D) A building is located within a locally designated historic district or is eligible for the listing, or a building is individually designated under a local ordinance as a historic landmark or is eligible for the listing.

(iii) Protection from ambient temperatures is necessary to avoid meter freeze-ups.

(iv) A utility determines that a meter is subject to a high risk of vandalism based on the utility's prior experience.

(v) A utility determines that an outside meter location is neither feasible nor practical.

(2) Except for low pressure systems with service line pressure less than 10 psig, regulators must be located outside when a meter is located inside.

* * * *

(g) Application of regulation.

(1) Beginning September 13, 2014, utilities shall comply with this section for new meter, regulator and service line installations in new locations.

(2) Beginning September 13, 2014, utilities shall comply with this section when replacing existing meters, regulators and service line facilities.

(3) By September 13, 2034, utilities shall complete replacement of existing facilities in compliance with this section or incorporate the requirements of this section in a distribution integrity management plan, whichever occurs first.

52 Pa. Code §59.18 (Emphasis added.)

In comments filed at the Commission's associated rulemaking docket, some commentators argued all meters should be left inside in historic districts or that historical

commissions should have the authority to decide meter locations. These arguments were rejected and NGDC's were given authority to "consider" inside meter placement in historic districts. No specific standards were provided as to what factors should enter into such considerations, but the overall tone of the Commission's Order was to encourage the relocation of meters and regulators to outside locations for safety reasons. UGI and other Pennsylvania NGDCs also faced the problem that there appears to be no readily accessible and reliable compilation of local historic districts, let alone of areas that might "be eligible" for such a listing.

UGI subsequently conducted betterment projects in the City of Reading including a project on North 5th Street where Peter Hart resides. At the time this project was performed, UGI exercised its discretion to not place meters inside, and in the case of Mr. Hart found an inconspicuous location along a side alley where it could place its meters and regulator.

However, UGI's betterment projects and meter location decisions also raised concerns within the City of Reading and among certain residents. UGI intensified its community outreach efforts which included numerous meetings with City officials, historic district representatives, Commission personnel and others. Despite these efforts, the City of Reading responded by adopting ordinances imposing what UGI believes to be onerous permitting and pavement restoration requirements, as well as an ordinance requiring City of Reading permits for the location of meters in historic districts. These ordinances are now the subject of pending litigation before the Commonwealth Court of Pennsylvania of which the Commission is a party.

As a result of these meetings UGI has reconsidered its initial implementation approach for the provisions of 52 Pa. Code §59.18, and will consider the placement of meters inside in

both federal and well-defined local historic districts in accordance with standards which it is drafting.

In a meeting with, amongst others, the Center Park Historic District and UGI, the view was expressed by a Center Park Historic District official that given the lack of standards defining what should be considered in deciding the placement of meters in historic districts, formal complaints were needed to seek additional Commission guidance. Shortly thereafter, three formal complaints using virtually identical language were filed by the Center Park Historic District, Peter Sutliff and Javier Ortega-Benitez. A separate formal complaint was subsequently filed by Peter Hart.

UGI reached out to all of complainants, and in the case of the first three was directed to Michael Savona, an attorney representing the Center Park Historic District in its formal complaint and the City of Reading in the pending Commonwealth Court litigation. Mr. Savona indicated that he intended to file a new formal complaint addressing meter location issues on behalf of the City of Reading, would ask for a continuance of the Center Park Historic District complaint and its eventual consolidation with the future City of Reading complaint, and would advise Peter Sutliff and Javier Ortega-Benitez to withdraw their complaints. UGI received petitions to withdraw the Sutliff and Ortega-Benitez formal complaints on January 29, 2016. In notices dated February 2, 2016, the parties to the four formal complaints were informed that a combined prehearing conference would be conducted before presiding Administrative law Judge Mary D. Long on February 11, 2016.

II. PRESENTLY IDENTIFIED ISSUES

UGI believes the presently identified issues are:

- Should the petitions to withdraw of Sutliff and Ortega-Benitez be granted.
- Does the Center Park Historic District wish to continue or withdraw its compliant pending further action by the City of Reading.
- Is the City of Reading a necessary party given its attempted assertion of jurisdiction over meter placement decisions in Reading historic districts.
- In the case of Peter Hart, did UGI act reasonably in placing his meters and regulator and in restoring his sidewalk.

III. WITNESSES

UGI intends to call Christopher R. Brown, its Director of Operations for the Southern Region, as its primary witness to address the meter placement decision made at Peter Hart's service location and to address UGI's meter placement policies. UGI reserves the right to call such additional witnesses as may be necessary to respond to issues raised by the complainants.

IX. SETTLEMENT

UGI has reached out to all the complainants to try to resolve their complaints, but to date has not been able to reach any accommodation with Mr. Hart.

Respectfully submitted,



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Counsel for:
UGI Utilities, Inc. - Gas Division

Dated: February 9, 2016

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UGI UTILITIES, INC. - GAS DIVISION	:	Docket No. C-2015-2516051

CERTIFICATE OF SERVICE

I hereby certify that I have, on this 9th day of February, 2016 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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