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June 2, 2017

VIA E-FILING

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

Re: Petition of UGI Utilities, Inc. – Gas Division to Establish a Schedule for the Installation of Daily Metering Facilities on all Rate IS (Interruptible Service) and Rate DS (Delivery Service) Accounts; to thereafter Transfer all Rate IS and DS Customer Accounts from Intra-Month to Calendar Month Billing and Balancing Pools; and to Recover Associated Costs pursuant to 66 Pa.C.S. §2205(c)(7), Docket No. P-2017-2607269

Dear Secretary Chiavetta:

On May 31, 2017, the above-caption petition of UGI Utilities, Inc. – Gas Division (“UGI”) was e-filed and served. Upon further review, UGI has determined that certain amendments to the petition should be made, primarily to clarify which rate schedules the proposed cost recovery mechanism would apply to. Accordingly, in accordance with the provisions of 52 Pa. Code §5.91, enclosed please find an amended petition. Copies of this document have been served upon the persons indicated on the attached Certificate of Service.

Very truly yours,

Mark C. Morrow

Counsel for UGI Utilities, Inc. –
Gas Division

cc: Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of UGI Utilities, Inc. – Gas Division :
to Establish a Schedule for the Installation of :
Daily Metering Facilities on all Rate IS :
(Interruptible Service) and Rate DS :
(Delivery Service) Accounts; to thereafter :
Transfer all Rate IS and DS Customer :
Accounts from Intra-Month to Calendar :
Month Billing and Balancing Pools; and to :
Recover Associated Costs pursuant to 66 :
Pa.C.S. §2205(c)(7) : Docket No. P-2017-2607269
:

AMENDED PETITION OF
UGI UTILITIES, INC. – GAS DIVISION

UGI Utilities, Inc. – Gas Division (“UGI”), in accordance with the provisions of 52 Pa. Code §5.41, hereby requests approval of a schedule for the installation of daily metering facilities on all Rate IS (Interruptible Service) and DS (Delivery Service) accounts; to thereafter transfer all Rate IS and DS customer accounts from intra-month to calendar month billing and balancing pools, and to recover associated costs pursuant to 66 Pa.C.S. §2205(c)(7), and in support thereof state the following:

1. As of May 30, 2017, approximately 300 and 790 of UGI transportation customers receive service under the Rate IS (Interruptible Service) and DS (Delivery Service) provisions of UGI’s Tariff Gas – Pa. PUC No. 6 (“Tariff”) respectively.
2. Section 5.7 of UGI’s Tariff, which is applicable to, amongst others, Rate IS and DS customer accounts, provides:

5.7 Daily Metering. The Company reserves the right as a condition of service under non-residential Tariff rate schedules to install, at the Customer's expense, remote read devices for the purposes of monitoring and/or billing Customer volumes, at every single meter or multimeter location served under such rate schedules. The Customer shall at all times, at the discretion of the Company, maintain, at its expense, a suitable telecommunication and electric lines to the device which will allow the Company unlimited remote access to the remote read device. If the Customer fails to maintain a suitable telecommunication connection and electric lines to the device, the Company reserves the right to install and maintain telecommunication and, as applicable, electric lines to serve the remote read device and charge the Customer accordingly.

Standard access to daily usage information shall be provided by the Company to the Customer, or Customer's agent, at no additional charge in a form and manner as specified by the Company. Custom reports, access to historical data beyond one month and/or multiple user access may be provided on an as-available basis by the Company for an additional fee.

3. Section 20(h) of UGI's Tariff, also applicable to, amongst others, Rate IS and DS

customer accounts, provides:

(h) Billing Pools. One or more transportation Customers may join together in pooled transactions for the purchase and delivery of gas. The Company may allocate among all such customers the volumes of gas or imbalances for purposes of determining responsibility for charges, rates, penalties or other obligations imposed by the Company, or in connection with operation of the pool. A Supplier to a Billing Pool must notify the Company prior to initiating gas deliveries. A Customer is required to submit in writing a request for entry into a Billing Pool.

(1) Each Billing Pool shall appoint an Agent who will coordinate nomination, billing, reconciliation, allocation and any other necessary communication between the Billing Pool and the Company.

(2) All members of a Billing Pool shall be of like balancing service election. The Company may restrict formation or operation of any Billing Pool in order to meet like balancing service election or pipeline imposed eligibility requirements.

(3) Automated Meter Reading. The Company reserves the right as a condition of being a pool member, to install, at the Customer's expense, automated meter reading ("AMR") equipment for the purposes of daily collection or monitoring, and billing Customer volumes at each related service meter. Where AMR equipment is installed, the Customer shall

maintain, at its expense, unless otherwise directed by the Company, a dedicated phone connection and electric service to the AMR equipment which will allow the Company unlimited remote access to the AMR device at all times. Failure to maintain a required phone and/or electric service may result in Customer being removed from a Billing Pool and being placed on a rate schedule not requiring daily measurement capability.

(4) Service under Rate NNS is required by, and shall be individually billed to, any and all members of a Billing Pool except when all pool members are monitored on a daily basis through the use of Company owned AMR equipment at all meter locations. Additionally, service under Rate MBS is required by, and shall be individually billed to, any and all members of a Billing Pool when the billing month for each pool member does not end on the same calendar date; Billing Pools having all customers monitored and billed through the use of Company owned AMR equipment at all meter locations shall be exempt from this requirement.

4. Historically, at the outset of transportation service for smaller transportation customers approximately 30 years ago, daily metering facilities were not necessary as a condition of Rate IS and DS service.

5. Thus, as of May 30, 2017, UGI had 1,423 meters associated with Rate IS and DS customers without daily metering capabilities.

6. UGI reads groups of monthly metered customer accounts on various so-called “Work Days” throughout each month, and the meter read data is then used to generate customer account bills which are also issued throughout the month.

7. Customer accounts served by natural gas suppliers (“NGS”) are almost always, at the request of the NGS, grouped into customer billing pool(s) pursuant to Section 20(h) of UGI’s Tariff.

8. The use of billing pools enables the NGS to nominate gas supplies and to balance gas deliveries with consumption on a pool-wide, rather than an individual customer account, basis.

9. Since UGI only has monthly meter read data for Rate IS and DS customer accounts without daily metering, it only permits Rate IS and DS customer accounts having meters read on the same Work Day to be grouped together in billing pools under Section 20(h) of its Tariff.

10. Thus, NGSs serving groups of Rate IS and DS customer accounts not having daily metering facilities and which do not have their meters read on the same Work Day cycle, will often have to nominate and balance multiple billing pools.

11. In UGI's most recent base rate proceeding at Docket No. R-2015-2518438, the Retail Energy Supply Association ("RESA") submitted testimony expressing concern about the number of customer billing pools NGSs have to manage on UGI's system.

12. In a Commission-approved settlement of this base rate proceeding ("BRC Settlement"), the settling parties agreed, amongst other things, to the following settlement terms:

Monthly Balancing:

- a. *By November 1, 2016, UGI Gas shall transfer all XD, LFD and IL customers to calendar month billing and balancing whereby a Natural Gas Supplier ("NGS") may have one or more pools in the calendar month bill cycle based on "like services" of its customer contracts. For these pools, there will be four possible "like services" combinations: (i) No Notice Service; (ii) No Notice Service with Monthly Balancing Service; (iii) Basic Balancing; and (iv) Basic Balancing with Monthly Balancing Service.*
- b. *By no later than June 1, 2017, UGI Gas shall make a filing with the Commission that proposes a requirement for all transportation customers under Rates DS and IS to have installed operable AMR/Metretek equipment by a date certain. As part of that proposal, UGI Gas will include: (i) an estimate of the cost of such installed equipment; (ii) a proposed means of recovering the costs of such installations; and (iii) a provision to transfer all Rate DS and IS customers to calendar month billing and balancing pools when all such customers have installed operable AMR/Metretek equipment in a manner consistent with the transfer of Rate XD, LFD, and IL customers described in Paragraph 87(a) above. All Parties reserve the right to participate in and challenge the filing contemplated by this subparagraph. UGI Gas agrees to serve the Parties to this proceeding with a copy of the filing contemplated by this subparagraph.*

13. In accordance with these BRC Settlement terms, UGI proposes to install daily metering facilities on all Rate IS and DS customers on or before the date one year after the Commission's Final Order is received at this docket.

14. UGI currently estimates the total cost of this installation will be approximately \$2.65 million, and ongoing incremental operating costs will be approximately \$0.52 million per year.

15. 66 Pa.C.S. §2205(c)(7) provides:

Natural gas distribution companies shall have the right to recover on a full and current basis all prudent and reasonable costs incurred to implement customer choice from retail natural gas customers or other entities as determined by the commission. Recovery from retail natural gas customers shall be made pursuant to a reconcilable automatic adjustment clause under section 1307 (relating to sliding scale of rates; adjustments).

16. Since the purpose of the proposed installations is to facilitate retail choice by making it easier for NGSs to manage customer pools on UGI's system, and these often long-term Rate IS and DS customers made economic decisions concerning their service that did not include the costs of installing daily metering equipment, UGI proposes to recover the costs of installation, associated expenses, and a return on and of its capital investment through a proposed reconcilable Retail Markets Rider, subject to adjustment on a quarterly basis, that would be applied to all core market firm rate schedules (Rates R, RT, N, NT and DS).

17. With respect to capital investments in daily metering equipment, the depreciation expense shall be calculated by applying the annual accrual rates employed in the Company's most recent base rate case for the plant accounts.

18. The return on component shall be calculated using the statutory state and federal tax rates, UGI's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month before the quarterly Retail

Markets Rider adjustment date, and the cost of equity calculated by the Commission in the most recent Quarterly Report on the Earnings of Jurisdictional Natural Gas Distribution Companies.

19. At such time as daily metering facilities are installed on all Rate IS and DS customer accounts, UGI proposes to transfer all Rate DS and IS customers to one of four possible calendar month billing pools based on the nature of services elected by billing pool members.

20. Those four potential balancing pools will be composed of customer accounts receiving (a) no-notice service, (b) no-notice service with monthly balancing service, (c) basic balancing service and (d) basic balancing service with monthly balancing service.

21. UGI believes its current tariff language addressing customer pools gives it sufficient authority to implement the plan set forth in this petition, and is currently developing pro forma tariff language to address cost recovery which it plans file and serve at this docket on or before June 15, 2017.

WHEREFORE, UGI Utilities, Inc. – Gas Division respectfully requests that the Commission approve this application and authorize it to implement the proposed cost recovery tariff language it intends to file and serve on or before June 15, 2017 on one-day's advance notice.

Respectfully submitted,



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Counsel for UGI Utilities, Inc. – Gas Division

Dated: June 2, 2017

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PENNSYLVANIA PUBLIC UTILITY COMMISSION

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:

VERIFICATION

Paul J. Szykman, deposes and says that he is the Chief Regulatory Officer for UGI Utilities, Inc. - Gas Division, that he is duly authorized to and does make this Verification on its behalf; that the facts set forth in the foregoing petition of are true and correct to the best of his knowledge information and belief; and that this verification is made subject to the penalties of 18 Pa.C.S. §4904 (relating to unsworn falsification to authorities).



Paul J. Szykman

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:

CERTIFICATE OF SERVICE

I hereby certify that I have, on this 2nd day of June, 2017, 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):

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Mark C. Morrow