

PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120

Petition of UGI Utilities, Inc. –
Electric Division for Approval of its
Long-Term Infrastructure
Improvement Plan

Public Meeting: December 21, 2017
2619834-TUS

Docket No. P-2017-2619834

STATEMENT OF VICE CHAIRMAN ANDREW G. PLACE

Before the Commission for consideration is the Petition for approval of the Long-Term Infrastructure Improvement Plan (LTIIIP) of UGI Utilities Inc. – Electric Division (UGI or Company). Under their initial LTIIIP, UGI projects investments to increase from an average of \$3.528 million per year over the historic 4-year period [2012-2015] to \$7.967 million per year for the LTIIIP period 2018-2022 – a nominal increase of 125%.

Given such a substantial increase, it is vital that utilities provide more than *qualitative* assurances that the resultant increases in customer bills are utilized to efficiently enhance reliability and safety, as envisioned under Act 11 of 2011. Rather, utilities should endeavor to accurately *quantify* incremental improvements in reliability and safety, in addition to operational expense savings, to optimally prioritize these investments so that they are made prudently in accordance with utility ratemaking principles and law.

UGI has committed to conduct ongoing reviews to ensure that the programs in the LTIIIP are effective, and will utilize this information to determine the most cost-effective strategy for replacing its distribution infrastructure on a going forward basis. Specifically, on an annual basis, UGI will review the impact to reliability that LTIIIP programs have by measuring and comparing post-plan implementation reliability indices with historical reliability indices on a per feeder basis. Reliability metric performance may result in the redirection of spending to help ensure UGI meets its identified reliability targets in a cost-effective manner.

While this is a good start by UGI to quantify improvements in reliability, safety, and operational expense savings, I encourage UGI to expand these efforts, and provide a quantitative evaluation of its LTIIIP investments similar to that developed by PPL Electric Utilities Corporation in its Second LTIIIP. Also, I further encourage UGI to aggregate the reliability, safety and operational expense savings to an overall LTIIIP level and, to the extent possible, quantify the annual goals for these measures and include this information in its required annual reports regarding its reliability review of its feeders. This information would enable the overall LTIIIP to be objectively measured from year to year, or on average over the years, recognizing that variations in the number of non-excludable [storm] events can cause year to year variability in reliability metrics.

DATED: December 21, 2017



Andrew G. Place, Vice Chairman