

OTS Statement No. 1
Witness: Dorothy Morrissey

F/8/11
Dorothy
W/HA

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

UGI UTILITIES, INC. – GAS DIVISION

Docket No. R-2011-2238953

ORIGINAL

Direct Testimony

of

Dorothy Morrissey

Office of Trial Staff

RECEIVED
2011 AUG 12 PM 12:44
PAUC
SECRETARY'S OFFICE

Concerning:

E-FACTOR CALCULATION

1 **Q. STATE YOUR FULL NAME, EMPLOYER AND BUSINESS ADDRESS.**

2 A. My name is Dorothy Morrissey. I am employed by the Pennsylvania Public
3 Utility Commission, P.O. Box 3265, Harrisburg, PA 17105-3265.

4

5 **Q. WHAT IS YOUR POSITION WITH THE PENNSYLVANIA PUBLIC**
6 **UTILITY COMMISSION?**

7 A. I am a Fixed Utility Financial Analyst in the Office of Trial Staff (OTS).

8

9 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL**
10 **BACKGROUND?**

11 A. My educational and professional background is set forth in Appendix A, which is
12 attached to my testimony.

13

14 **Q. PLEASE DESCRIBE THE ROLE OF OTS IN RATE PROCEEDINGS.**

15 A. The OTS is responsible for protecting the public interest in rate proceedings. The
16 OTS analysis in this proceeding is based on its responsibility to represent the
17 public interest. This responsibility requires the balancing of the interests of the
18 ratepayers and the Company.

19

20 **Q. WHAT ARE YOUR DUTIES AS AN ANALYST IN OTS?**

21 A. My duties as an OTS analyst include participation in formal Section 1307(f) of the
22 Public Utility Code, 66 Pa. C.S. § 1307(f), purchased gas cost proceedings as an

1 expert witness, with responsibility for the preparation and presentation of OTS
2 exhibits, schedules and testimony.

3
4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 A. Based upon my review of UGI Utilities, Inc. – Gas Division (“UGI” or
6 “Company”) Section 1307(f) filing [also referred to as an annual purchased gas
7 cost (“PGC”) rate filing], I am recommending adjustments to the Company’s
8 proposed E-factor. The E-factor directly impacts the Gas Cost Adjustment rates
9 for retail service customers and the Migration Rider surcharges and/or refunds
10 applicable to certain transportation customers.

11
12

| |
|-------------------------------|
| BACKGROUND INFORMATION |
|-------------------------------|

13
14
15

16 **Q. WHAT IS AN E-FACTOR?**

17 A. The E-Factor (Experienced Cost Factor) is also referred to by the Company in its
18 tariff as the Gas Cost Adjustment and as the Migration Rider. The E-factor is
19 expressed as a dollar amount per Mcf. In general, the E-factor is a true-up of the
20 Company’s actual costs incurred for the natural gas sales volume with the actual
21 gas revenues billed to the customers.

1 **Q. THE VALUE FOR THE GAS COST ADJUSTMENT AND THE**
2 **MIGRATION RIDERS ARE THE SAME. EXPLAIN WHY BOTH**
3 **SURCHARGES EXIST IN THE TARIFF.**

4 A. The Gas Cost Adjustment rider is applied on an ongoing basis to the retail
5 customers (those who use the Company as their natural gas supplier) and is netted
6 against the retail natural gas supply charge rate (C-factor). Conversely, the
7 Migration Rider is a temporary surcharge (or credit) applied to certain customers'
8 bill. A migration rider provides a method under Section 1307(f) of the Public
9 Utility Code, 66 Pa. C.S. §1307(f), for recovery of the experienced net over (or
10 under) collection of purchased gas costs from customers who switch from supply
11 service to delivery service, or vice versa, the crediting of experienced net over (or
12 under) collection of purchased gas costs to customers who switch from delivery
13 service to supply service. Conceptually, these switching customers either
14 contributed (or did not contribute) to the experienced net over (or under)
15 collections being returned (or recovered). Customers who are subject to the
16 migration rider only receive the application of this rider (or the credit, thereof) for
17 the first twelve months after the switch to (or from) delivery service.

18
19 **Q. WHAT IS INCLUDED IN THE E-FACTOR DOLLARS?**

20 A. The E-factor includes four elements: (1) the residual unreturned (or unrecovered)
21 E-factor dollar balances from prior years; (2) the over (or under) collected gas
22 commodity dollars experienced in its current PGC year (i.e., December 1, 2010

1 through November 30, 2011); (3) the customers' share of the supplier refunds
2 experienced in its current PGC year; and (4) interest. These collective dollars are
3 to be refunded (or recovered) in the Company's future PGC year (i.e., December
4 1, 2011 through November 30, 2012).

5
6 **Q. THE ANNUAL SECTION 1307(f) FILING ESTABLISHES THE**
7 **FOUNDATION FOR THE CURRENT PGC YEAR E-FACTOR DOLLARS.**
8 **PLEASE PROVIDE SOME DETAIL ON THE ELEMENTS OF THE E-**
9 **FACTOR.**

10 A. The current PGC year's over (or under) collected gas commodity dollars is
11 comprised of the net dollar difference between the Company's current PGC year's
12 actual natural gas costs and sales volume, as compared to the gas revenues billed
13 for those sales volume during the current PGC year. Interest amounts on the over
14 (or under) collected current PGC year's commodity-based revenues are computed
15 and are another component included in the derivation of the E-factor. In addition
16 to the gas cost and revenue comparison, the E-factor also incorporates the
17 customer's share of the current PGC year's supplier refunds (with interest) that
18 were received by the Company. The netted collective "experience" dollars are to
19 be refunded (or recovered) over the future PGC year through the E-factor.

20
21 **Q. HOW IS THE VALUE OF THE E-FACTOR DERIVED?**

1 A. The netted collective current PGC year's "experience" dollars are combined with
2 any residual E-factor dollar balance from prior years to compute a Total E-Factor
3 dollar amount. The Total E-factor dollars are to be refunded (or recovered) over
4 the future PGC year through the Gas Cost Adjustment and the Migration Riders.
5 The Company is to project the total gas volumes that the Gas Cost Adjustment and
6 the Migration Riders will be applied to during its future PGC year (i.e., December
7 1, 2011 through November 30, 2012). The Total E-factor dollars is divided by the
8 future PGC year's applicable projected volumes to develop the E-factor rate per
9 Mcf. The E-factor rate per Mcf becomes the future PGC year's Gas Cost
10 Adjustment and the Migration Rider values.

11
12 **Q. DOES THE COMPANY HAVE MORE THAN ONE E-FACTOR?**

13 A. Yes. The Company has three E-factors.
14

15 **Q. PLEASE EXPLAIN THE PREMISE FOR HAVING THREE E-FACTORS.**

16 A. One of the reasons the Company has multiple E-factors is because the Company
17 has two purchased gas cost rates¹, PGC-1 and PGC-2. Therefore, E-factors (and
18 migration riders) specific to each of these two PGC rates are calculated
19 independently due to each PGC rates' experienced sales volumes and gas costs.
20 Moreover, the PGC-1 rate is applicable to both residential and non-residential

1 PGC-1 rate is applicable to Rate Schedules R – residential, GL – gas light and N – small commercial and industrial. PGC-2 rate is applicable to Rate Schedules BD – business development, CIAC –commercial and industrial air conditioning and total space conditioning (TSC) option of Rates R and N.

1 customers. In a prior case (Docket No. P-2009-2149107), a Tennessee Gas
2 Pipeline Company refund due to the customers was directed to be deposited into
3 the Company's Operation Share Energy Fund. Only residential customers benefit
4 from the Operation Share Energy Fund. Therefore, the pipeline refund attributed
5 to the non-residential PGC-1 rate customers was directed to be returned through
6 the E-factor specifically calculated for these non-residential rate classes.

7
8
9
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11

| |
|------------------------|
| E-FACTOR ISSUES |
|------------------------|

12 **Q. WHAT ARE THE COMPANY CLAIMED E-FACTORS?**

13 A. The Company claimed E-factor rate (i.e., the Gas Cost Adjustment and the
14 Migration Rider) is \$ 0.6212 per Mcf for its residential PGC-1 rate customers,
15 \$0.6169 per Mcf for its non-residential PGC-1 rate customers and \$(0.2346) per
16 Mcf for its PGC-2 rate (UGI Book 2, Sch. C, p. 1).

17
18 **Q. DO YOU AGREE WITH THE COMPANY'S CLAIM?**

19 A. No.

20
21 **Q. WHAT ISSUES DO YOU HAVE WITH THE COMPANY'S CLAIM?**

22 A. I have four issues with the Company's calculations of the E-factors. First, the
23 Company did not correct, as agreed, an overstated undercollection which was

1 identified in its 2009 annual PGC filing (Docket No. R-2009-2105911) (OTS Ex.
2 No. 1, Sch. 1). Second, the 2011 annual Section 1307(f) undercollection balance
3 reported is overstated (UGI Book 2, Sch. C, p. 4). Third, in its calculation of the
4 PGC-1 E-factors, the Company did not incorporate migrating customer gas
5 volumes into the computation to determine the appropriate E-factor value. Lastly,
6 in its calculation of the PGC-2 E-factor, the Company did not use the correct gas
7 volume representative of the PGC-2 customers' sales projections or migration
8 volumes.

9
10 **Issue 1: Unresolved 2009 Section 1307(f) Error**

11 **Q. PLEASE ADDRESS THE FIRST ISSUE IDENTIFIED AS THE 2009**
12 **SECTION 1307(f) ERROR.**

13 A. In the Company's June 1, 2009 annual Section 1307(f) filing, the reported "Prior
14 Year" undercollection balance was overstated by \$259,913 (\$251,124 + \$8,789
15 interest). This overstatement was reflected in its development of the December
16 2008 undercollection balance (Docket No. R-2009-2105911, UGI Book 2, Sch. C,
17 p. 4, included in part as OTS Ex. No. 1, Sch. 2). The overstatement resulted from
18 the Company's error in the calculated true-up for the month of November 2008
19 activity reported in its March 1, 2009 Quarterly PGC Notice (OTS Ex. No. 1, Sch.
20 3 and Sch. 4). In both a phone conversation and in a follow-up email, the
21 Company Witness William McAllister acknowledged this error and indicated that
22 the Company would correct this in its November 2009 PGC compliance filing

1 when computing its December 1, 2009 rates (OTS Ex. No. 1, Sch. 1). However,
2 this correction was not made as agreed and as a result the Company essentially has
3 over recovered from its customers (OTS Ex. No. 1, Sch. 5).

4
5 **Q. WHAT DO YOU RECOMMEND FOR THE RESOLUTION OF THIS**
6 **ISSUE?**

7 A. I recommend that the Company adjust and reduce the 2011 undercollection claim
8 by \$290,048 (\$251,124 + \$38,924), a sum derived from the originally identified
9 overstated amount with interest computed using a weighted interest dollar amount
10 equivalent to 31/12 (or 2.5833 years) to reflect the measured elapsed time from the
11 error's occurrence to the mid-point of the actual refund period employed.

12
13 **Issue 2: The 2011 Section 1307(f) Undercollection Balance is Overstated**

14 **Q. PLEASE ADDRESS THE SECOND ISSUE INDICATING THAT THE**
15 **COMPANY'S UNDERCOLLECTION BALANCE IN THIS FILING IS**
16 **OVERSTATED.**

17 A. The Company's reported prior PGC years' undercollection balance amount is
18 overstated by \$115,262. This balance is referred to as the Amortized Balance of
19 prior PGC years' as of November 30, 2011 in UGI Book 2, Schedule C, page 1,
20 and its development is shown in UGI Book 2, Schedule C, page 4. An overstated
21 undercollection will cause the Company to recover an excess amount from its
22 customers.

1 **Q. WHAT DOES THE PRIOR PGC YEARS' OVER (OR UNDER)**
2 **COLLECTION BALANCE REPRESENT?**

3 A. The prior PGC years' over (or under) collection balance consists of the residual E-
4 factor dollar amounts that were not yet fully refunded (or recovered). The balance
5 is carried forward and becomes one of the components to the development of the
6 future PGC year's total E-factor dollars.

7
8 **Q. EXPLAIN YOUR DERIVATION OF YOUR CLAIMED \$115,262**
9 **OVERSTATEMENT OF THE PRIOR PGC YEARS' UNDERCOLLECTION**
10 **BALANCE.**

11 A. The \$115,262 (\$64,661 + \$50,601) overstatement is the result of two identified
12 beginning monthly balance discrepancies reported by the Company for the months
13 of March 2010 and December 2010. The beginning accounting balances of these
14 two months are not projected (or estimated) amounts, therefore should reflect the
15 actual experienced balances.

16 In the Company's 2010 annual Section 1307(f) filing, the March 2010
17 beginning balance reported was \$18,794,840 (Docket No. R-2010-2172933 UGI
18 Book 2, Sch. C, p. 4, included as OTS Ex. No. 1, Sch. 6, p. 4). However, in this
19 2011 annual Section 1307(f) filing, the Company reports the March 2010
20 beginning balance as \$18,859,501 (2011 UGI Book 2, Sch. C, p. 4) which is a
21 \$64,661 (\$18,859,501 - \$18,794,840) overstatement of the undercollection
22 balance.

1 In this 2011 annual Section 1307(f) filing, the Company reports the
2 December 2010 beginning balance as \$32,252,552. The December 2010
3 beginning balance consists of three elements: (1) the November 2010 ending
4 under (or over) collection balance, adjusted by, (2) the current under (or over)
5 collection and interest amounts included in UGI's PGC December 1, 2010
6 compliance filing, and further adjusted by, (3) the incremental actual under (or
7 over) collection (and related interest) for November 2010 included in the March 1,
8 2011 PGC Quarterly Notice to the Commission. My computations for the
9 December 2010 beginning balance result in an undercollection balance of
10 \$32,201,951, which is a reduction of \$50,601 ($\$32,201,951 - \$32,252,552$) to the
11 Company's reported balance (OTS Ex. No. 1, Sch. 7).

12 Collectively, the March 2010 and December 2010 beginning balance
13 discrepancies result in a \$115,262 ($\$64,661 + \$50,601$) overstatement of the prior
14 PGC years' undercollection balance.

15
16 **Q. WHAT IS YOUR RECOMMENDATION?**

17 A. I recommend that the Company reduce the claimed prior PGC years'
18 undercollection balance by \$115,262 to resolve the March 2010 and December
19 2010 beginning balance discrepancies.

1 **Issue 3: PGC-1 E-factor Rate Computation**

2 **Q. PLEASE ADDRESS THE THIRD ISSUE RELATED TO THE**
3 **CALCULATION OF THE PGC-1 E-FACTORS.**

4 A. The Company did not recognize the associated Migration Rider gas volumes to
5 develop the E-factor rate.

6
7 **Q. WHAT IS YOUR RECOMMENDATION?**

8 A. I recommend the associated Migration Rider gas volumes be included to calculate
9 the E-factor rate.

10
11 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

12 A. The migrating customers contributed to the experienced net over (or under)
13 collection of the PGC and their gas volumes, for the first twelve months
14 subsequent to switching, should be included in the E-factor Total Sales in Mcfs
15 when determining the E-factor rate. Including the consumption volumes of these
16 customers will result in a more accurate calculation of the refund or recovery rate.
17 The impact of not including these consumption volumes is that, in an under
18 collection situation, the migrating customers would pay a larger portion of the
19 unrecovered gas costs than they had contributed to.

1 **Issue 4: PGC-2 E-factor Rate Computation**

2 **Q. PLEASE ADDRESS THE FOURTH ISSUE RELATED TO THE**
3 **CALCULATION OF THE PGC-2 E-FACTOR.**

4 A. The Company claimed that its PGC-2 customers' projected sales volume for its
5 future PGC year (effective December 1, 2011 through November 30, 2012) would
6 be 63,548 Mcf. However, the Company did not use those volumes when
7 computing the E-factor for its PGC-2 customers, but instead inadvertently used its
8 **2010** annual Section 1307(f) PGC volumes of 118,953 Mcf (Docket No. R-2010-
9 2172933 included in part as OTS Ex. No. 1, Sch. 6). As a result, the calculated E-
10 factor refund is understated.

11
12 **Q. WHAT IS YOUR RECOMMENDATION?**

13 A. The Company should use the 2011 projected sales volume for its PGC-2
14 customers in addition to the projected volumes of any former PGC-2 customers
15 who recently shifted to transportation only service (i.e., "migrating" or "shopping"
16 customers) when computing the E-factor. Use of the relevant projected gas
17 volumes will increase the likelihood that the appropriate customers that
18 contributed to the overcollection of gas costs will receive the refund due to them in
19 a timely manner.

20
21 **Q. DO YOU HAVE ANY OUTSTANDING INTERROGATORIES?**

1 A. Yes, interrogatories OTS-38 through OTS-54 are outstanding. These
2 interrogatories relate to both to the issues discussed earlier in my testimony as well
3 as the Company's PGC rate setting practices and reporting discrepancies.

4

5 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

6 A. Yes. However, I reserve the right to submit supplemental testimony as the
7 Company and other parties provide interrogatory responses during the course of
8 this proceeding that relate to issues in my areas of expertise.

Dorothy Morrissey

Professional Experience:

Commonwealth of Pennsylvania, Public Utility Commission
Fixed Utility Financial Analyst
August 2006 – Current

Commonwealth of Pennsylvania, Bureau of Commonwealth Payroll Operations
Fiscal Assistant
January 2006 – August 2006

H & R Block, Harrisburg Area Region
Tax Specialist
January 1998 – April 2006

Electronic Data Systems, Camp Hill, Pennsylvania
Systems Engineer
August 1986 – June 1994

Education:

University of Minnesota
School of Management
Bachelor of Science, Honors, Business Administration – Finance
June 1986

Testimony:

| | |
|---|---------------------|
| Columbia Gas of PA, Inc. | R-2008-2011621 |
| The York Water Company | R-2008-2023067 |
| The Columbia Water Company | R-2008-2045157 |
| UGI Penn Natural Gas, Inc. | R-2008-2079660 |
| Joint: Metropolitan Edison Company | M-2009-2092222, |
| Pennsylvania Electric Company | M-2009-2112952, and |
| Pennsylvania Power Company | M-2009-2112956 |
| Joint: Metropolitan Edison, Pennsylvania Electric and Pennsylvania Power Companies | M-2009-2123950 |
| Philadelphia Gas Works | R-2009-2139884 |
| UGI Utilities, Inc. | P-2009-2145498 |
| PECO Energy, Inc. – Electric Division | R-2010-2161575 |
| T. W. Phillips Gas and Oil Co. | R-2010-2167797 |
| Citizens' Electric Company of Lewisburg, PA | R-2010-2172665 |
| Wellsboro Electric Company | R-2010-2172662 |
| City of Lancaster – Bureau of Water | R-2010-2179103 |
| CMV Sewage Company, Inc. | R-2011-2218562 |

OTS Exhibit No. 1
Witness: Dorothy Morrissey

8/8/11
Harty

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

UGI UTILITIES, INC. – GAS DIVISION

Docket No. R-2011-2238953

ORIGINAL

Exhibit to Accompany

the

Direct Testimony

of

Dorothy Morrissey

Office of Trial Staff

SECRETARY'S BUREAU

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Concerning:

E-FACTOR CALCULATION

Morrissey, Dorothy

From: Morrissey, Dorothy
Sent: Monday, July 06, 2009 10:44 AM
To: 'William McAllister'
Cc: Weakley, Charles; Deardorff, Kevan
Subject: RE: UGI 2009 PGC filing

Follow Up Flag: Follow up
Due By: Friday, December 11, 2009 9:00 AM
Flag Status: Flagged

Bill,

I had a great 4th of July.

Thank you for the follow up email regarding the overstated December 2008 undercollection balance amount issue (Book 2, June 1, Schedule C, p.4) resulting from March 1, 2009 PGC quarterly Schedule B, November 2008 line entry. The excess monetary dollar amounts mentioned in your email below agree with my computations. I appreciate and accept UGI's corrective measures suggested to include these E-factor related adjustments in the compliance filing expected to be filed prior to the December 1, 2009 PGC effective date.

Dorothy Morrissey

-----Original Message-----

From: William McAllister [<mailto:WMcAllister@ugi.com>]
Sent: Monday, July 06, 2009 9:30 AM
To: Morrissey, Dorothy
Cc: Mark Morrow
Subject: UGI 2009 PGC filing

Dorothy...1st of all good morning and I hope you had a nice 4th of July weekend.

Last Thursday, you and I discussed the UGI projected prior PGC undercollection balance (E Factor data) as of Nov 2009. In particular, the starting balance for Dec 2008 should have reflected approx \$251,124 less of an undercollection plus a reduction in associated PGC interest of approx \$8,789. Please note UGI will reflect this revision when it makes its NOV 2009 PGC Compliance Filing that is scheduled to become effective Dec 1 2009.

I trust this resolves your concerns.....Please confirm... Should you have any other questions call me @ 610 796 3471.

THANKS Bill

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Book 2

UGI UTILITIES, INC.

GAS DIVISION

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCKET NO R-2009-2105911

**COMPUTATION OF ANNUAL PURCHASED GAS COST
FILING**

**SUBMITTED PURSUANT TO
52 PA. CODE §§ 53.61, ET SEQ.,
OF THE COMMISSION'S REGULATIONS
IN SUPPORT OF**

66 PA. C. S. SECTION 1307(f) PURCHASED GAS COSTS – 2009

FILED JUNE 1, 2009

PA PUC
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UGI Utilities, Inc. - GAS
Computation of the Experienced Cost Factors: E1 & E2
For the 2009 PGC Year

Effective December 1, 2009
Computation Year Ending November 30, 2010

| <u>REFUND CREDITS</u> | <u>PGC 1</u> | <u>PGC 2</u> |
|---|-------------------------|---------------------------|
| Prior (Amortized Balance as of November 30, 2009) | \$ 33,822 | \$ 977 |
| Current (Twelve Months Ended November 30, 2009) | \$ (323,118) | \$ (3,264) |
| Interest (Twelve Months Ended November 30, 2009) | \$ (30,343) | \$ (306) |
| | | |
| <u>OVER / (UNDER) COLLECTION</u> | | |
| Prior (Amortized Balance as of November 30, 2009) | \$ 5,604,004 | \$ 27,656 |
| Current (November 30, 2009) | \$ 12,752,516 | \$ (55,881) |
| Interest (November 30, 2009) | \$ 301,109 | \$ (952) |
| | | |
| TOTAL E | \$ 18,337,990 | \$ (31,770) |
| | | |
| TOTAL S (Mcf) ** | 33,030,607 | 164,294 |
| | | |
| <u>E / S Refund / (Collection) \$/Mcf:</u> | <u>\$ 0.5552</u> | <u>\$ (0.1934)</u> |

** Includes RT & NT volumes subject to the Migration Rider.

UGI Utilities Inc., - GAS
 Prior Under Collection Balance * :
 For The 2009 PGC Year:

| Month | Year | Beginning Balance | Refunded | Ending Balance | |
|---------------------------|-----------|-------------------|---------------|-------------------|---------------|
| March | 2008 | \$ 22,880,017 | \$ 5,928,034 | \$ 16,951,983 | |
| April | 2008 | \$ 16,951,983 | \$ 3,833,775 | \$ 13,118,208 | |
| May | 2008 | \$ 13,118,208 | \$ 1,806,607 | \$ 11,311,601 | |
| June | 2008 | \$ 11,311,601 | \$ 1,231,751 | \$ 10,079,850 | |
| July | 2008 | \$ 10,079,850 | \$ 892,201 | \$ 9,187,649 | |
| August | 2008 | \$ 9,187,649 | \$ 831,958 | \$ 8,355,691 | |
| September | 2008 | \$ 8,355,691 | \$ 918,113 | \$ 7,437,578 | |
| October | 2008 | \$ 7,437,578 | \$ 1,237,096 | \$ 6,200,482 | |
| November | 2008 | \$ 6,200,482 | \$ 2,945,841 | \$ 3,254,641 | |
| Overstated Balance | December | 2008 | \$ 28,349,527 | \$ 4,295,480 | \$ 24,054,047 |
| | January | 2009 | \$ 24,054,047 | \$ 3,480,433 | \$ 20,573,614 |
| | February | 2009 | \$ 20,573,614 | \$ 3,204,315 | \$ 17,369,299 |
| | March | 2009 | \$ 17,369,299 | \$ 3,204,684 | \$ 14,164,615 |
| | April | 2009 | \$ 14,164,615 | EST. \$ 2,228,683 | \$ 11,935,932 |
| | May | 2009 | \$ 11,935,932 | EST. \$ 1,158,837 | \$ 10,777,095 |
| | June | 2009 | \$ 10,777,095 | EST. \$ 687,353 | \$ 10,089,743 |
| | July | 2009 | \$ 10,089,743 | EST. \$ 635,197 | \$ 9,454,546 |
| | August | 2009 | \$ 9,454,546 | EST. \$ 459,350 | \$ 8,995,195 |
| | September | 2009 | \$ 8,995,195 | EST. \$ 559,474 | \$ 8,435,721 |
| | October | 2009 | \$ 8,435,721 | EST. \$ 962,930 | \$ 7,472,792 |
| | November | 2009 | \$ 7,472,792 | EST. \$ 1,841,132 | \$ 5,631,660 |

(*) Including Interest & Migration Rider Amounts.

December 2008 Balance should have been:

| | | |
|-----------------------------------|----------------------|--------------------------------|
| November 2008 Balance: | \$ 3,254,651 | |
| December 1, 2008 Quarterly | | |
| Schedule C, Page 1 Compliance | | |
| Current Over/(Under) Collection | 15,870,760 | |
| Interest on Over/(Under) | 197,768 | |
| March 1, 2009 Quarterly | | |
| November 2008 incremental | 8,470,024 | (\$17,547,140) - (\$9,077,116) |
| Interest on Nov. 2008 incremental | 296,451 | (6% X 7/12 X \$8,470,024) |
| Variance in OTS/UGI totals | (40) | |
| TOTAL | <u>\$ 28,089,624</u> | |



OTS Exhibit No. 1
Schedule 3
Page 1 of 2
(partial)

UGI Utilities, Inc.
100 Kachel Boulevard, Suite 400
Post Office Box 12677
Reading, PA 19612-2677
(610) 796-3400 Telephone

November 25, 2008

FEDERAL EXPRESS

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North St.
Harrisburg, PA 17120

Re: **Supplement No. 69 to Tariff Gas – Pa. PUC No. 5**

Dear Secretary McNulty:

In accordance with the Commission's Regulation at 52 Pa. Code 53.64(i)(5)(iii), and the Commission's Order at R-2008-2039417 entered November 7, 2008, UGI hereby files an original and eight copies of Supplement No. 69, including supporting schedules. Supplement No. 69 incorporates the tariff changes resulting from UGI's annual PGC proceeding docketed at R-2008-2039417, as well as a UGI PGC Quarterly rate change, resulting in a decrease of \$2.80 per Mcf, along with a decrease in the UGI LISHP Rider of \$0.06 per Mcf. These rate changes result in a total decrease of 16% for UGI's typical residential heating customer.

Copies of this document are being provided to those individuals indicated on the attached Certificate of Service.

Sincerely,

Paul J. Szykman
Vice President - Rates

RECEIVED

NOV 25 2008

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

PJS/WJM/smo

Enclosures: 8 copies of this Letter
8 copies of Supplement No. 69
8 copies of Supporting Documentation

UGI Utilities, Inc. - GAS
 Development of the Current (Under)/Overcollection
 For the 2008 PGC Year

| Month/YEAR | SALES -mcf | BASE RATE | REVENUE | COST | (UNDER) COLLECTION | <<<< RATE % | INTEREST WEIGHT | >>>> AMOUNT \$ | |
|-----------------------------|---------------|-----------|----------------|----------------|--------------------|-------------|-----------------|----------------|--|
| Apr-08 | 3,158,118 | | \$ 34,290,636 | \$ 23,804,142 | \$ 10,486,494 | | | | |
| SALES - PGC (1) | 3,144,813 | \$ 10.863 | \$ 34,161,447 | \$ 23,867,704 | \$ 10,493,743 | 6 | 14 | \$ 734,562 | |
| SALES - PGC (2) | 13,305 | \$ 9.710 | \$ 129,189 | \$ 138,438 | \$ (7,249) | 6 | 14 | \$ (507) | |
| PGC 2 Demand | 235 | | | | | | | | |
| May-08 | 1,471,051 | | \$ 15,969,511 | \$ 15,555,824 | \$ 413,687 | | | | |
| SALES - PGC (1) | 1,457,888 | \$ 10.866 | \$ 15,840,925 | \$ 15,418,049 | \$ 422,876 | 6 | 13 | \$ 27,487 | |
| SALES - PGC (2) | 13,163 | \$ 9.769 | \$ 128,586 | \$ 137,575 | \$ (8,989) | 6 | 13 | \$ (584) | |
| PGC 2 Demand | 235 | | | | | | | | |
| Jun-08 | 1,003,811 | | \$ 11,789,618 | \$ 12,009,618 | \$ (220,000) | | | | |
| SALES - PGC (1) | 989,159 | \$ 11.764 | \$ 11,636,501 | \$ 11,856,176 | \$ (219,675) | 6 | 12 | \$ (13,181) | |
| SALES - PGC (2) | 14,652 | \$ 10.450 | \$ 153,117 | \$ 153,442 | \$ (325) | 6 | 12 | \$ (19) | |
| PGC 2 Demand | 235 | | | | | | | | |
| Jul-08 | 733,477 | | \$ 9,304,591 | \$ 12,820,103 | \$ (3,515,512) | | | | |
| SALES - PGC (1) | 720,694 | \$ 12.703 | \$ 9,155,006 | \$ 12,686,784 | \$ (3,531,778) | 6 | 11 | \$ (194,248) | |
| SALES - PGC (2) | 12,783 | \$ 11.702 | \$ 149,585 | \$ 133,319 | \$ 16,266 | 6 | 11 | \$ 895 | |
| PGC 2 Demand | 235 | | | | | | | | |
| Aug-08 | 680,590 | | \$ 8,643,547 | \$ 12,428,927 | \$ (3,785,380) | | | | |
| SALES - PGC (1) | 664,188 | \$ 12.726 | \$ 8,452,164 | \$ 12,261,745 | \$ (3,809,581) | 6 | 10 | \$ (190,479) | |
| SALES - PGC (2) | 16,402 | \$ 11.668 | \$ 191,383 | \$ 167,182 | \$ 24,201 | 6 | 10 | \$ 1,210 | |
| PGC 2 Demand | 235 | | | | | | | | |
| Sep-08 | 751,674 | | \$ 9,523,250 | \$ 13,511,021 | \$ (3,987,771) | | | | |
| SALES - PGC (1) | 736,802 | \$ 12.690 | \$ 9,349,919 | \$ 13,359,985 | \$ (4,010,066) | 6 | 9 | \$ (180,453) | |
| SALES - PGC (2) | 14,872 | \$ 11.655 | \$ 173,331 | \$ 151,036 | \$ 22,295 | 6 | 9 | \$ 1,003 | |
| PGC 2 Demand | 235 | | | | | | | | |
| Oct-08 | 1,020,551 | | \$ 12,939,870 | \$ 21,884,862 | \$ (8,944,992) | | | | |
| SALES - PGC (1) | 1,006,790 | \$ 12.694 | \$ 12,779,959 | \$ 21,745,111 | \$ (8,965,152) | 6 | 8 | \$ (358,606) | |
| SALES - PGC (2) | 13,761 | \$ 11.621 | \$ 159,911 | \$ 139,751 | \$ 20,160 | 6 | 8 | \$ 806 | |
| PGC 2 Demand | 235 | | | | | | | | |
| Nov-08 | EST 2,879,119 | | \$ 36,539,015 | \$ 45,616,131 | \$ (9,077,116) | | | | |
| SALES - PGC (1) | 2,867,348 | \$ 12.696 | \$ 36,402,990 | \$ 45,495,051 | \$ (9,092,061) | 6 | 7 | \$ (318,222) | |
| SALES - PGC (2) | 11,771 | \$ 11.556 | \$ 138,024 | \$ 121,080 | \$ 14,944 | 6 | 7 | \$ 523 | |
| PGC 2 Demand | 300 | | | | | | | | |
| PGC Computation YEAR | | | | | | | | | |
| PGC TOTAL | 33,169,402 | | \$ 366,408,327 | \$ 376,114,922 | \$ (15,670,730) | | | | |
| PGC (1) TOTAL: | 32,996,810 | | \$ 364,604,970 | \$ 374,366,940 | \$ (15,932,171) | | | \$ (197,283) | |
| PGC (2) TOTAL: | 172,592 | | \$ 1,801,356 | \$ 1,747,981 | \$ 61,441 | | | \$ (485) | |

Projected Undercollection for November 2008

* NOTE - The Total Current Undercollection does not include the actual monthly over/(under) collections prior to November 2007 since these actual amounts are reflected in our present PGC Rate. Further, the Total Current Undercollection only reflects the incremental difference between the November 2007 projected amount contained in the present PGC Rate vs the Actual November 2007 undercollection.



OTS Exhibit No. 1
Schedule 4
Page 1 of 2
(partial)

UGI Utilities, Inc.
2525 North 12th Street
Suite 360
Post Office Box 12677
Reading, PA 19612-2677
(610) 796-3400 Telephone

February 27, 2009

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FEB 27 2009

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North St.
Harrisburg, PA 17120

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

Re: **UGI Utilities, Inc. – Gas Division March 1, 2009 PGC Quarterly Notice**

Dear Secretary McNulty:

In accordance with the Commission's Regulation at 52 Pa. Code 53.64(i)(5)(iii), UGI Utilities, Inc. – Gas Division ("UGI") hereby files an original and eight copies of Supplement No. 72, including supporting schedules. Supplement No. 72 incorporates the tariff changes resulting from UGI's quarterly PGC rate reduction of \$ 0.93 per MCF and a reduction in UGI's LISHP surcharge of \$0.04 per MCF. These decreases result in a reduction of 6.6% for UGI's typical residential heating customer.

Copies of this document are being provided to those individuals indicated on the attached Certificate of Service.

Sincerely,

Paul J. Szykman
Vice President - Rates

PJS/WJM/smo

Enclosures: 8 copies of this Letter
8 copies of Supplement No. 72
8 copies of Supporting Documentation

UGI GAS UTILITIES, INC.

Development of the March 1, 2009 PGC Quarterly Rate Change

This should have been the projected undercollection as reported in the December 1, 2008 Compliance filing. (\$9,077,116)

As a result, the computed incremental undercollection is overstated.

| | | | PGC Compliance Filing Over/ (Under) | | Actual Reforecast Over/ (Under) | | Incremental Over/ (Under) | PGC Compliance PGC Sales Annual | Mcf PGC Rate Change | Factor |
|--------------|------|----|-------------------------------------|---|---------------------------------|----|---------------------------|---------------------------------|---------------------|--------|
| November | 2008 | \$ | (8,825,992) | A | \$ (17,547,140) | \$ | (8,721,148) | 37,042,332 | \$ (0.2354) | E |
| December | 2008 | \$ | (2,326,702) | A | \$ (4,264,651) | \$ | (1,937,949) | 37,042,332 | \$0.0523 | C |
| January | 2009 | \$ | (8,184,920) | A | \$ (5,425,279) | \$ | 2,759,641 | 37,042,332 | (\$0.0745) | C |
| February | 2009 | \$ | 14,896,398 | | \$ 14,921,943 | \$ | 25,545 | 16,421,529 | (\$0.0016) | C |
| March | 2009 | \$ | 5,610,373 | | \$ 10,535,698 | \$ | 4,925,325 | 16,421,529 | (\$0.2999) | C |
| April | 2009 | \$ | 10,458,248 | | \$ 12,667,587 | \$ | 2,209,339 | 16,421,529 | (\$0.1345) | C |
| May | 2009 | \$ | 5,863,436 | | \$ 7,008,668 | \$ | 1,145,232 | 16,421,529 | (\$0.0697) | C |
| June | 2009 | \$ | 159,288 | | \$ 989,375 | \$ | 830,087 | 16,421,529 | (\$0.0505) | C |
| July | 2009 | \$ | (2,445,250) | | \$ (1,934,933) | \$ | 510,317 | 16,421,529 | (\$0.0311) | C |
| August | 2009 | \$ | (3,629,185) | | \$ (2,814,150) | \$ | 815,035 | 16,421,529 | (\$0.0496) | C |
| September | 2009 | \$ | (3,445,922) | | \$ (2,341,371) | \$ | 1,104,551 | 16,421,529 | (\$0.0673) | C |
| October | 2009 | \$ | (7,810,997) | | \$ (5,413,724) | \$ | 2,397,273 | 16,421,529 | (\$0.1460) | C |
| November | 2009 | \$ | (6,769,629) | | \$ (1,889,683) | \$ | 4,879,946 | 16,421,529 | (\$0.2972) | C |
| Total | | \$ | <u>(6,450,854)</u> | | \$ <u>4,492,340</u> | \$ | <u>10,943,194</u> | 37,042,332 | | |
| | | | | | | | | E/S Factor = | (\$0.2354) | |
| | | | | | | | | C/S Factor = | (\$1.1696) | |
| | | | | | | | | PGC Rate = | (\$0.9342) | |



November 30, 2009

FEDERAL EXPRESS

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North St.
Harrisburg, PA 17120

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

Re: **Supplement No. 75 to Tariff Gas – Pa. PUC No. 5**

Dear Secretary McNulty:

In accordance with the Commission's Regulation at 52 Pa. Code 53.64(i)(5)(i), and the Commission's Order at R-2009-2105911 entered November 6, 2009, UGI hereby files an original and eight copies of Supplement No. 75, including supporting schedules. Supplement No. 75 incorporates the tariff changes resulting from UGI's annual PGC proceeding docketed at R-2009-2105911, as well as a UGI PGC Quarterly rate change, resulting in a decrease of approximately \$0.42 per Mcf, along with a decrease in the UGI LISHP Rider of \$0.01 per Mcf. These rate changes result in a total decrease of 3% for UGI's typical residential heating customer.

Copies of this document are being provided to those individuals indicated on the attached Certificate of Service.

Sincerely,

Paul J. Szykman
Vice President - Rates

PJS/WJM/smo

Enclosures: 8 copies of this Letter
8 copies of Supplement No. 75
8 copies of Supporting Documentation

UGI Utilities, Inc. - GAS
Computation of the Experienced Cost Factors: E1 & E2
For the 2009 PGC Year

Effective December 1, 2009
 Computation Year Ending November 30, 2010

REFUND CREDITS

| | PGC 1 | PGC 2 |
|---|--------------|------------|
| Prior (Amortized Balance as of November 30, 2009) | \$ 33,822 | \$ (4,893) |
| Current (Twelve Months Ended November 30, 2009) | \$ (361,298) | \$ (3,649) |
| Interest (Twelve Months Ended November 30, 2009) | \$ (32,299) | \$ (326) |

OVER / (UNDER) COLLECTION

| | | |
|---|---------------|-----------|
| Prior (Amortized Balance as of November 30, 2009) | \$ 5,856,334 | \$ 27,656 |
| Current (November 30, 2009) | \$ 24,225,409 | \$ 10,407 |
| Interest (November 30, 2009) | \$ 930,220 | \$ 1,716 |

| | | |
|----------------|----------------------|------------------|
| TOTAL E | \$ 30,652,187 | \$ 30,909 |
|----------------|----------------------|------------------|

| | | |
|-------------------------|-------------------|----------------|
| TOTAL S (Mcf) ** | 33,030,607 | 164,294 |
|-------------------------|-------------------|----------------|

| | | |
|---|-------------------------|-------------------------|
| <u>E / S Refund / (Collection) \$/Mcf:</u> | <u>\$ 0.9280</u> | <u>\$ 0.1881</u> |
|---|-------------------------|-------------------------|

* * Includes RT & NT volumes subject to the Migration Rider.

Schedule C, Page 4
 Compliance Filing

UGI Utilities Inc., - GAS
 Prior Under Collection Balance * :
 For The 2009 PGC Year:

| | Month | Year | Beginning Balance | Refunded | Ending Balance |
|---------------------|-----------|------|----------------------|-------------------|-------------------|
| | March | 2008 | \$ 22,880,017 | \$ 5,928,034 | \$ 16,951,983 |
| | April | 2008 | \$ 16,951,983 | \$ 3,833,775 | \$ 13,118,208 |
| | May | 2008 | \$ 13,118,208 | \$ 1,806,607 | \$ 11,311,601 |
| | June | 2008 | \$ 11,311,601 | \$ 1,231,751 | \$ 10,079,850 |
| | July | 2008 | \$ 10,079,850 | \$ 892,201 | \$ 9,187,649 |
| | August | 2008 | \$ 9,187,649 | \$ 831,958 | \$ 8,355,691 |
| | September | 2008 | \$ 8,355,691 | \$ 918,113 | \$ 7,437,578 |
| UGI did not correct | October | 2008 | \$ 7,437,578 | \$ 1,237,096 | \$ 6,200,482 |
| December 2008 | November | 2008 | \$ 6,200,482 | \$ 2,945,841 | \$ 3,254,641 |
| Balance, as agreed. | December | 2008 | \$ 28,349,527 | \$ 4,295,480 | \$ 24,054,047 |
| | January | 2009 | \$ 24,054,047 | \$ 3,480,433 | \$ 20,573,614 |
| | February | 2009 | \$ 20,573,614 | \$ 3,204,315 | \$ 17,369,299 |
| | March | 2009 | \$ 17,369,299 | \$ 3,204,684 | \$ 14,164,615 |
| | April | 2009 | \$ 14,164,615 | \$ 2,199,335 | \$ 11,965,280 |
| | May | 2009 | \$ 11,965,280 | \$ 1,004,983 | \$ 10,960,297 |
| | June | 2009 | \$ 10,960,297 | \$ 690,057 | \$ 10,270,240 |
| | July | 2009 | \$ 10,270,240 | \$ 562,476 | \$ 9,707,764 |
| | August | 2009 | \$ 9,707,764 | \$ 505,807 | \$ 9,201,957 |
| | September | 2009 | \$ 9,201,957 | \$ 552,778 | \$ 8,649,179 |
| | October | 2009 | \$ 8,649,179 | \$ 924,057 | \$ 7,725,122 |
| | November | 2009 | \$ 7,725,122 | EST. \$ 1,841,132 | \$ 5,883,990 |

(*) Including Interest & Migration Rider Amounts.

Book 2

UGI UTILITIES, INC.

GAS DIVISION

BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCKET NO R-2010-2172933

COMPUTATION OF ANNUAL PURCHASED GAS COST

FILING

SUBMITTED PURSUANT TO

52 PA. CODE §§ 53.61, ET SEQ.,

OF THE COMMISSION'S REGULATIONS

IN SUPPORT OF

66 PA. C. S. SECTION 1307(f) PURCHASED GAS COSTS – 2010

FILED JUNE 1, 2010

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Schedule A
 June 1, 2010 Filing
 Page 2

UGI Utilities, Inc. - Gas Division
 Computation of the Cost of Gas
 Applicable to Rates: BD and CIAC.

Effective December 1, 2010
 Computation Year Ending November 30, 2011

| | | | |
|--|----|-----------------|---------------------|
| C2 - Projected Cost | \$ | 859,711 | |
| S2 - Projected Sales (Mcf) | | 118,953 | ← Prior PGC volumes |
| C2 / S2 Projected Cost per Mcf | \$ | 7.2270 | |
| IRC - Interruptible Revenue Credit | \$ | (0.2342) | |
| E2 - Experienced Cost Rate | \$ | 90.374 | |
| E2 / S2 Experienced Cost per Mcf (or Gas Cost Adjustment (GCA)) | \$ | (0.7597) | |
| PGC2 = (GSC2 + GCA2) @ 12.1.2010 | \$ | 6.2331 | |
| PGC2 = (GSC2 + GCA2) @ 6.1.2010 - Current: | \$ | 6.4125 | |
| <u>PGC2 Change</u> | \$ | <u>(0.1794)</u> | |

* Please see Schedule C, Page 1 for the development of this rate.

UGI Utilities, Inc. - Gas Division

Prior Overcollection Balances *
 To Be Included In the 2010 PGC Experienced Cost Factor

| Month | Year | | Beginning Balance | Recovered | Ending Balance |
|-----------|------|------|----------------------|--------------|-------------------|
| March | 2009 | | \$ 17,369,299 | \$ 3,204,684 | \$ 14,164,615 |
| April | 2009 | | \$ 14,164,615 | \$ 2,199,335 | \$ 11,965,280 |
| May | 2009 | | \$ 11,965,280 | \$ 1,004,983 | \$ 10,960,297 |
| June | 2009 | | \$ 10,960,297 | \$ 690,057 | \$ 10,270,240 |
| July | 2009 | | \$ 10,270,240 | \$ 562,476 | \$ 9,707,764 |
| August | 2009 | | \$ 9,707,764 | \$ 505,807 | \$ 9,201,957 |
| September | 2009 | | \$ 9,201,957 | \$ 552,778 | \$ 8,649,179 |
| October | 2009 | | \$ 8,649,179 | \$ 924,057 | \$ 7,725,122 |
| November | 2009 | | \$ 7,725,122 | \$ 1,660,653 | \$ 6,064,469 |
| December | 2009 | | \$ 34,167,559 | \$ 3,661,533 | \$ 30,506,026 |
| January | 2010 | | \$ 30,506,026 | \$ 6,324,762 | \$ 24,181,264 |
| February | 2010 | | \$ 24,181,264 | \$ 5,386,424 | \$ 18,794,840 |
| March | 2010 | | \$ 18,794,840 | \$ 4,621,169 | \$ 14,173,671 |
| April | 2010 | EST. | \$ 14,173,671 | \$ 3,322,214 | \$ 10,851,457 |
| May | 2010 | EST. | \$ 10,851,457 | \$ 1,554,960 | \$ 9,296,497 |
| June | 2010 | EST. | \$ 9,296,497 | \$ 840,719 | \$ 8,455,778 |
| July | 2010 | EST. | \$ 8,455,778 | \$ 596,328 | \$ 7,859,449 |
| August | 2010 | EST. | \$ 7,859,449 | \$ 553,876 | \$ 7,305,574 |
| September | 2010 | EST. | \$ 7,305,574 | \$ 700,650 | \$ 6,604,924 |
| October | 2010 | EST. | \$ 6,604,924 | \$ 1,417,715 | \$ 5,187,209 |
| November | 2010 | EST. | \$ 5,187,209 | \$ 2,839,556 | \$ 2,347,653 |

(*) Including interest and Migration Rider Amounts

OTS Exhibit No. 1
Schedule 7

The Office of Trial Staff
UGI Utilities, Inc. - Gas Division 1307(f)
Docket No. R-2011-2238953

| <u>Line #</u> | <u>Description</u> | <u>Over (Under) Collection</u> \$ | <u>Reference</u> |
|---------------|--|--------------------------------------|--------------------------|
| 1 | November 2010 Ending Balance: | (4,989,399) | UGI Book 2, Sch. C, P. 4 |
| | December 1, 2010 PGC Compliance | | |
| 2 | Current Over (Under) Collection: | (22,710,029) | OTS Ex. No. 1, Sch. 8 |
| 3 | Interest on Current Over (Under) Collection: | (1,070,231) | OTS Ex. No. 1, Sch. 8 |
| | March 1, 2010 PGC Quarterly Notice | | |
| 4 | Incremental Over (Under) Collection: | (3,316,224) | OTS Ex. No. 1, Sch. 9 |
| 5 | Interest on Incremental: | <u>(116,068)</u> | Line 4 * (6% * 7/12) |
| 6 | December 2011 Beginning Balance: | <u>(32,201,951)</u> | Sum of Lines 1 - 5 |
| 7 | Company Claimed December 2011 Balance: | (32,252,552) | UGI Book 2, Sch. C, P. 4 |
| 8 | Difference: | 50,601 | Line 6 - Line 7 |



OTS Exhibit No. 1
Schedule 8
Page 1 of 3
(partial)

UGI Utilities, Inc.
225 Morgantown Road
Post Office Box 13009
Reading, PA 19612-3009
(610) 375-4441 Telephone

FEDERAL EXPRESS

November 30, 2010

RECEIVED

NOV 30 2010

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

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

**Re: UGI Utilities, Inc. - Gas Division -
Supplement No. 80 to Tariff Gas Pa. P.U.C. No. 5
Supplement No. 2 to Tariff Gas Pa. P.U.C. No. 5S**

Dear Secretary Chiavetta:

In accordance with the Commission's Regulation at 52 Pa. Code 53.64(i)(5)(iii) and the Commission's Orders at R-2010-2172933, UGI Utilities, Inc. hereby files an original and eight (8) copies of the above-referenced tariff supplements, including supporting schedules. Supplement Nos. 2 and 80 incorporate the tariff and rate changes resulting from UGI Utilities' annual PGC proceeding docketed at R-2010-217933, as well as UGI Utilities' Quarterly PGC rate change, resulting in a total PGC rate decrease of \$1.15 per Mcf; an increase in the UGI Utilities LISHP Rider of \$0.07 per Mcf is also incorporated. These rate changes result in a total decrease of approximately 8.1% for UGI Utilities' typical residential heating customer.

Sincerely,


Paul J. Szykman
Vice President - Rates

Enclosures

cc: 8 copies of Supplement No. 80 (Tariff 5)
8 copies of Supplement No. 2 (Tariff 5S)
8 copies of this letter
8 copies of Supporting Documentation

UGI Utilities, Inc. - Gas Division
Computation of the Experienced Cost Factor: E1 and E2
For the 2010 PGC Year

Effective December 1, 2010
Computation Year Ending November 30, 2011

REFUND CREDITS

| | | | <u>PGC 1</u> | <u>PGC 2</u> |
|----------------------|---|--------------------|--------------|--------------|
| Prior Refund credits | (Amortized Balance as of November 30, 2010) | Schedule C, Page 3 | \$ 50,806 | \$ 133 |
| Current Rate | (Twelve Months Ended November 30, 2010) | Schedule C, Page 2 | \$ 57,270 | \$ 109 |
| Interest Rate | (Twelve Months Ended November 30, 2010) | Schedule C, Page 2 | \$ 3,723 | \$ 9 |

OVER / (UNDER) COLLECTION

| | | | | |
|---|---|--------------------|-------------------------------|-------------------------|
| Prior | (Amortized Balance as of November 30, 2010) | Schedule C, Page 4 | \$ (4,341,440) | \$ 17,098 |
| Current | (Twelve Months Ended November 30, 2010) | Schedule C, Page 7 | \$ (22,757,057) | \$ 47,028 |
| Interest | (Twelve Months Ended November 30, 2010) | Schedule C, Page 7 | \$ (1,073,804) | \$ 3,573 |
| TOTAL E | | | <u>\$ (28,060,502)</u> | <u>\$ 67,950</u> |
| TOTAL \$ (Mcf) | | | 33,366,209 | 118,953 |
| <u>E / S Refund / (Collection) \$/Mcf:</u> | | | <u>\$ (0.8410)</u> | <u>\$ 0.5712</u> |

TENN PCB REFUND *

| | | | | |
|---|---|--------------------|---------------------------|--|
| Current Rate | (Twelve Months Ended November 30, 2010) | Schedule C, Page 2 | \$ 51,044 | |
| Interest Rate | (Twelve Months Ended November 30, 2010) | Schedule C, Page 2 | \$ 3,709 | |
| TOTAL \$ (Mcf): | | | 12,481,285 | |
| <u>E / S Tenn PCB= Refund / (Collection) \$/Mcf:</u> | | | <u>\$ 0.0044</u> | |
| <u>E / S Refund / (Collection) \$/Mcf:</u> | | | <u>\$ (0.8366)</u> | |

Notes:

* The Tenn PCB Refund is only applicable to rate schedule N

Interest on Current (Under) Collection (PGC-1 + PGC-2)
 Current (Under) Collection Amount (PGC-1 + PGC-2)

UGI Utilities, Inc. - Gas Division
 DEVELOPMENT OF THE CURRENT OVER/(UNDER) COLLECTION
 FOR THE PERIOD ENDING: NOVEMBER 30, 2010

Schedule C
 Page 7
 Compliance Filing

| | SALES - Mcf | BASE RATE | REVENUE | COST | OVER/ (UNDER) COLLECTION | RATE % | INTEREST WEIGHT | INTEREST |
|--|-------------------|-----------|-----------------------|-----------------------|--------------------------------|--------|-----------------|-----------------------|
| Apr-10 | 1,912,011 | | \$ 16,855,427 | <u>13,654,008</u> | \$ 3,201,419 | | | \$ 224,099 |
| PGC1 | 1,906,408 | 8.8210 | \$ 16,816,515 | \$ 13,819,726 | \$ 3,196,789 | 6% | 14 | \$ 223,775 |
| PGC2 | 5,603 | 6.7342 | \$ 37,732 | \$ 34,282 | \$ 4,630 | 6% | 14 | \$ 324 |
| PGC2 Demand | 80 | 14.7500 | \$ 1,180 | | | | | |
| May-10 | 1,194,094 | | \$ 10,522,388 | \$ 11,620,053 | \$ (1,097,665) | | | \$ (1,348) |
| PGC1 | 1,190,026 | 8.8182 | \$ 10,493,862 | \$ 11,594,650 | \$ (1,100,788) | 6% | 13 | \$ (71,552) |
| PGC2 | 4,068 | 6.7247 | \$ 27,356 | \$ 25,403 | \$ 3,133 | 6% | 13 | \$ 204 |
| PGC2 Demand | 80 | 14.7500 | \$ 1,180 | | | | | |
| Jun-10 | 812,758 | | \$ 6,986,645 | \$ 9,742,737 | \$ (2,756,092) | | | \$ (165,366) |
| PGC1 | 808,361 | 8.6057 | \$ 6,956,530 | \$ 9,715,312 | \$ (2,758,782) | 6% | 12 | \$ (165,527) |
| PGC2 | 4,397 | 6.5806 | \$ 28,035 | \$ 27,425 | \$ 2,690 | 6% | 12 | \$ 161 |
| PGC2 Demand | 80 | 14.7500 | \$ 1,180 | | | | | |
| Jul-10 | 616,347 | | \$ 5,180,198 | \$ 9,569,991 | \$ (4,389,795) | | | \$ (241,439) |
| PGC1 | 611,874 | 8.4177 | \$ 5,150,567 | \$ 9,541,922 | \$ (4,391,355) | 6% | 11 | \$ (241,525) |
| PGC2 | 4,473 | 6.3602 | \$ 28,449 | \$ 28,069 | \$ 1,560 | 6% | 11 | \$ 86 |
| PGC2 Demand | 80 | 14.7500 | \$ 1,180 | | | | | |
| Aug-10 | 559,878 | | \$ 4,703,689 | \$ 9,803,965 | \$ (5,100,276) | | | \$ (255,014) |
| PGC1 | 555,507 | 8.4176 | \$ 4,676,050 | \$ 9,777,826 | \$ (5,101,776) | 6% | 10 | \$ (255,089) |
| PGC2 | 4,171 | 6.3436 | \$ 26,459 | \$ 26,139 | \$ 1,500 | 6% | 10 | \$ 75 |
| PGC2 Demand | 80 | 14.7500 | \$ 1,180 | | | | | |
| Sep-10 | 818,171 | | \$ 5,195,096 | \$ 8,629,730 | \$ (3,433,634) | | | \$ (154,514) |
| PGC1 | 813,855 | 8.4182 | \$ 5,187,538 | \$ 8,602,727 | \$ (3,435,189) | 6% | 9 | \$ (154,583) |
| PGC2 | 4,316 | 6.3434 | \$ 27,378 | \$ 27,003 | \$ 1,555 | 6% | 9 | \$ 70 |
| PGC2 Demand | 80 | 14.7500 | \$ 1,180 | | | | | |
| Oct-10 | 871,188 | | \$ 7,328,532 | \$ 12,332,266 | \$ (5,003,734) | | | \$ (200,149) |
| PGC1 | 867,261 | 8.4204 | \$ 7,302,879 | \$ 12,307,700 | \$ (5,005,021) | 6% | 8 | \$ (200,201) |
| PGC2 | 3,927 | 6.3151 | \$ 24,673 | \$ 24,566 | \$ 1,287 | 6% | 8 | \$ 51 |
| PGC2 Demand | 80 | 14.7500 | \$ 1,180 | | | | | |
| Nov-10 | EST. 2,831,459 | | \$ 23,827,222 | \$ 30,066,856 | \$ (6,239,644) | | | \$ (218,388) |
| PGC1 | 2,825,272 | 8.4200 | \$ 23,788,787 | \$ 30,027,782 | \$ (6,238,996) | 6% | 7 | \$ (218,365) |
| PGC2 | 6,187 | 6.0214 | \$ 37,256 | \$ 39,084 | \$ (648) | 6% | 7 | \$ (23) |
| PGC2 Demand | 80 | 14.7500 | \$ 1,180 | | | | | |
| PGC TOTAL | 29,834,041 | | \$ 261,411,997 | \$ 284,122,028 | \$ (22,710,029) | | | \$ (1,070,231) |
| PGC1 TOTAL | 29,768,448 | | \$ 260,964,171 | \$ 283,721,227 | \$ (22,757,057) | | | \$ (1,073,804) |
| PGC2 TOTAL | 65,593 | | \$ 433,667 | \$ 400,799 | \$ 47,028 | | | \$ 3,573 |
| (PGC YE November 2010) | | | | | | | | |
| PGC TOTAL | 30,861,598 | | \$ 278,041,543 | \$ 308,191,245 | \$ (30,149,702) | | | \$ (1,351,158) |
| PGC1 TOTAL | 30,759,987 | | \$ 277,218,988 | \$ 307,496,349 | \$ (30,277,351) | | | \$ (1,359,254) |
| PGC2 TOTAL | 101,611 | | \$ 822,545 | \$ 694,896 | \$ 127,649 | | | \$ 8,098 |
| (Historic Year 12 months end March 2010) | | | | | | | | |

Interest on Current (Under) Collection
 Current (Under) Collection

OTS Exhibit No. 1
 Schedule 8
 Page 3 of 3
 (partial)



OTS Exhibit No. 1

Schedule 9

Page 1 of 2

(partial)

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FEB 28 2011

UGI Utilities, Inc.
2525 North 12th Street
Suite 360
Post Office Box 12677
Reading, PA 19612-2677
(610) 796-3400 Telephone

February 28, 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

FEDERAL EXPRESS

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

Re: **UGI Utilities, Inc. – Gas Division, March 1, 2011 PGC Quarterly Notice**

Dear Secretary Chiavetta:

In accordance with the Commission's Regulation at 52 Pa. Code 53.64(i)(5)(iii), UGI hereby notifies the Commission that it will not be changing its PGC rate effective March 1, 2011. An original and eight copies of the supporting schedules are enclosed.

Copies of this document are being provided to those individuals indicated on the attached Certificate of Service.

Sincerely,

Paul J. Szykman
Vice President - Rates

Enclosures: 8 copies of this Letter
8 copies of Supporting Documentation

UGI UTILITIES INC. --GAS DIVISION
Development of the March 1, 2011 PGC Quarterly Rate Change

Schedule B

| Month (1) | November 2010 Compliance Filing Over/ (Under) Collection <u>1/</u> (2) | Actual and Revised Over/ (Under) Collection <u>2/</u> (3) | Incremental Over/ (Under) Collection (4) | November 2010 Compliance PGC Sales Annual (Mcf) (5) | PGC Rate Change (Mcf) (6) | PGC Factor (7) |
|------------------|--|---|---|---|------------------------------------|----------------------|
| <u>2010-2011</u> | | | | | | |
| November | \$ (6,239,644) | \$ (9,555,868) A | \$ (3,316,224) | 33,485,162 | \$0.0990 | E |
| December | \$ (2,775,463) | \$ (6,928,441) A | \$ (4,152,978) | 33,485,162 | \$0.1240 | C |
| January | \$ 50,494 | \$ 3,237,035 A | \$ 3,186,541 | 33,485,162 | (\$0.0952) | C |
| February | \$ 11,682,005 | \$ 15,896,317 | \$ 4,214,312 | 33,485,162 | (\$0.1259) | C |
| March | \$ 8,651,800 | \$ 10,213,392 | \$ 1,561,592 | 33,485,162 | (\$0.0466) | C |
| April | \$ 8,526,053 | \$ 5,366,052 | \$ (3,160,001) | 33,485,162 | \$0.0944 | C |
| May | \$ 1,904,911 | \$ 760,038 | \$ (1,144,873) | 33,485,162 | \$0.0342 | C |
| June | \$ (1,857,842) | \$ (2,509,520) | \$ (651,678) | 33,485,162 | \$0.0195 | C |
| July | \$ (3,841,976) | \$ (4,088,021) | \$ (246,045) | 33,485,162 | \$0.0073 | C |
| August | \$ (4,377,001) | \$ (4,527,806) | \$ (150,805) | 33,485,162 | \$0.0045 | C |
| September | \$ (4,406,041) | \$ (4,511,033) | \$ (104,992) | 33,485,162 | \$0.0031 | C |
| October | \$ (3,732,942) | \$ (4,739,973) | \$ (1,007,031) | 33,485,162 | \$0.0301 | C |
| November | \$ (7,601,013) | \$ (7,924,817) | \$ (323,804) | 33,485,162 | \$0.0097 | C |
| Total | <u>\$ (4,016,659)</u> | <u>\$ (9,312,645)</u> | <u>\$ (5,295,986)</u> | | <u>\$0.1581</u> <u>3/</u> | |

Incremental (Under) Collection for November 2010

E/S Factor = \$0.0990
C/S Factor = \$0.0591

A - Actual
1/ Schedule C, Page 2 of 2, Column (5).
2/ Schedule C, Page 1 of 2, Column (5).
3/ The calculated change of \$0.1581 is less than 2% of the current PGC rates of \$8.0108 and \$8.0065 therefore, UGI will not change its current PGC rates.

**Affirmation of Andrew O'Donnell, Supervisor
on behalf of
Dorothy Morrissey, Fixed Utility Financial Analyst
Office of Trial Staff
Pennsylvania Public Utility Commission**

ORIGINAL

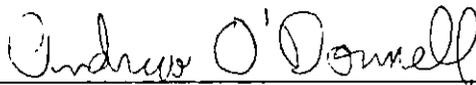
I hereby attest and affirm that the foregoing attached **OTS Statement No. 1** and **OTS Exhibit No. 1** were prepared by **Dorothy Morrissey** or under her supervision and previously distributed to the presiding Administrative Law Judge and parties in the Section 1307(f) case of **Pennsylvania Public Utility Commission v. UGI Utilities Inc. - Gas Division** at Docket No. **R-2011-2238953**.

On behalf of Ms. Morrissey, I can represent that she would affirm that the questions and answers and facts and figures provided in OTS Statement No. 1 and OTS Exhibit No. 1 are true and correct to the best of her knowledge, information and belief.

Said testimony and her exhibit were produced by Ms. Morrissey in the normal course of business while performing her duties as a Fixed Utility Financial Analyst assigned to this proceeding as an expert witness on behalf of the Pennsylvania Public Utility Commission's Office of Trial Staff.

By agreement of the parties, it is not necessary for Ms. Morrissey to appear on the scheduled hearing dates and this instant Affirmation is being signed by me as her OTS Supervisor on her behalf as she is currently personally unavailable for the period of time covering the hearings.

Signed in Harrisburg, Pennsylvania, this 3rd day of August, 2011.



**Andrew O'Donnell, Supervisor
on behalf of
Dorothy Morrissey, Fixed Utility Financial Analyst**

SECRETARY'S BUREAU

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R-2011-2238953