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**VIA ELECTRONIC FILING**

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

**Re: Replacement of Older Plastic Pipe in Natural Gas Distribution Systems;  
Docket No. M-2024-3050313**

Dear Secretary Chiavetta:

Please find UGI Utilities Inc. - Gas Division's Comments to the Tentative Order in the above-referenced docket. If you have any questions, please contact me directly at (610) 992-3763.

Very truly yours,

/s/ Michael S. Swerling  
Michael S. Swerling  
Counsel for UGI

Enclosure



On August 16, 2024, the Company filed its *Petition of UGI Utilities, Inc. – Gas Division for Approval of its Third Long Term Infrastructure Improvement Plan*, Docket No. P-2024-3050769 (“Third LTIIIP”) covering the period between 2025 and 2029. In its Third LTIIIP, UGI Gas set forth its plans associated with: (1) the complexity, location and size of remaining cast iron main replacement projects, which must be completed by 2027; and (2) the Company’s commitment to replace all bare steel and wrought iron mains by September 2041. (Third LTIIIP, Exhibit A at 26-27, 33-34 at footnote 15, and 37). In concert with the planning for these facilities and their asset risks, the Third LTIIIP also identified approximately 247 miles of Distribution System Improvement Charge (“DSIC”)-eligible known priority plastic pipe<sup>2</sup> for replacement, which was installed between 1965 and 1985. (Third LTIIIP Petition at 2). The formal inclusion of priority plastic pipe into the Third LTIIIP similarly will be managed in accordance with the risk prioritization process established in the Company’s DIMP.

The Third LTIIIP also explained UGI Gas’s intent to continue evaluating the plastic pipe on its system within its DIMP to identify priority vintages, which are made up of certain older plastic resin composites that are more susceptible to failure under certain conditions, as compared to more modern plastic resin composites. *Id.* at 6. As noted in the Third LTIIIP, UGI Gas has replaced approximately 47 miles of priority plastic pipe to-date.<sup>3</sup> Being that UGI Gas’s Third LTIIIP includes more specific plans related to the replacement of priority plastic pipe and the plan will be effective on January 1, 2025, pending Commission approval, the Company views its Third LTIIIP as compliant with the intent of the Tentative Order. To the extent

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<sup>2</sup> The Company’s historical records did not always document the pipe manufacturer or resin type.

<sup>3</sup> See Third LTIIIP, Exhibit A (UGI Utility Inc. – Gas Division Third LTIIIP (2025-2020)) at p. 14.

necessary and at the appropriate time, the Company will make any modifications to its Third LTIP related to a Commission final order at this docket.

**B. UGI Gas Requests Consideration of Capitalized Treatment for Material Verification Activities Related to Locating Priority Plastic Pipe.**

The replacement of vintage plastic pipe, including Delrin insert tap tees and Plexco service tee Celcon caps (hereinafter referred to as “priority plastic service tees”), qualifies as DSIC-eligible property as the Commission’s Tentative Order recognized. (Tentative Order at 6). As stated in its Third LTIP, UGI Gas has approximately 1,100 miles of identified plastic main installed between 1965 and 1985 of which 247 miles<sup>4</sup> are known to be priority plastic.<sup>5</sup> The resulting delta of identified 853 miles will require an investigation plan which, over time, will determine the extent to which such inventory is comprised of priority plastic pipe, including priority plastic service tees, to be targeted for replacement.<sup>6</sup>

Such an effort will require investigative excavations, which can confirm specific pipeline asset information like the manufacturer of the pipe material, plastic resins used, etc.<sup>7</sup> In supporting and facilitating these activities, the Commission should consider permitting NGDCs to elect to capitalize costs related to this investigative work to gather better pipeline asset data to support risk prioritization. In that each NGDC may have individual system factors which drive or do not drive such capitalization election, the selection should be afforded on a voluntary basis. Approval for capitalization accounting treatment by the Commission in this regard would serve to enhance related planning and execution. Accordingly, UGI Gas requests approval to treat the

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<sup>4</sup> The 247 miles of identified priority plastic main does not include priority plastic service tees.

<sup>5</sup> Third LTIP Petition at 14.

<sup>6</sup> UGI Gas may include additional vintage plastic, identified through its DIMP, as we move forward with replacements through the Third LTIP and to the extent it identifies additional priority plastic in the system.

<sup>7</sup> There will be an element of investigative digs that do not result in replacements of priority plastic pipe.

cost of investigative excavations and data gathering efforts to support risk prioritization through the Company's DIMP, as a capital expense that is recoverable through the DSIC.

**C. The Commission Should Consider Granting DSIC Waiver Petitions to Drive Plastic Pipe Replacements.**

Until recently, LTIIPs were mainly focused on cast iron and bare steel replacement. With a focused inclusion on plastic pipe replacement, the Commission should consider indicating support for DSIC-waiver petitions in accordance with 66 Pa. C.S. § 1358(a)(1) as a means to encourage the expanded or advanced incorporation of plastic pipe replacements into LTIIPs. Advanced manner can either be a specific layering above and beyond current cast iron and bare steel replacements or an encouraging advancement of cast iron and bare steel at a faster pace to allow plastic replacements to be realized sooner, with such advancement being pursuant to appropriate DIMP prioritization. Increasing the DSIC threshold above 5% will work in concert with otherwise applicable base rate recovery mechanisms in a form and manner such that accelerated replacement may be pursued, but regulatory and administrative efficiency can be recognized and incorporated by not otherwise forcing rate case recovery for very specific, known and trackable capital investments. Accordingly, UGI Gas requests assurance that DSIC waivers are a useful mechanism to expand or advance incorporation of priority plastic pipe replacements into LTIIPs.

**III. CONCLUSION**

The Company appreciates the opportunity to provide comments to the Tentative Order and asks that the Commission favorably consider its comments.

Respectfully submitted,

/s/ Michael S. Swerling

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