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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 Reply 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

The OCA urges the Commission to caution utilities against using a final order at this docket as sole justification for a petition to waive the statutory DSIC 5% cap. The OCA submits that use of an existing DSIC, alone or in conjunction with filing a base rate case is consistent with the Commission's guidance on using tools already available, while also guarding against rate increases without the benefit of reviewing all of a utility's profits and costs.

(OCA Comments at 3).

Petitions by NGDCs for a waiver of the 5% DSIC cap are permitted by 66 Pa. C.S. § 1358(a)(1). Such a waiver may be an important tool that may be needed to support advanced incorporation of priority plastic pipe into LTIIPs. The Commission's waiver determination in this docket will help inform NGDCs (1) considering a DSIC waiver petition as related to priority plastic inclusion; and (2) planning to address the specific risk identified in the Tentative Order - necessary to ensure and maintain adequate, efficient, safe, reliable and reasonable service.

The final order in this proceeding may or may not form the basis for legal support for a waiver petition, in whole or in part. However, a decision to rely on the final order, in whole or in part, should be left to the utility pursuant to its due process rights. Moreover, any waiver petition will provide a forum for OCA and other interested parties to review and assess the adequacy of such petition. Thus, the OCA's proposed caution against solely relying on a final order in this docket, when requesting a DSIC waiver, lacks support. Accordingly, the Commission should maintain its existing process that determines if a utility meets its burden in a waiver proceeding based on the evidence provided as applied to the relevant law, regulations and Commission orders.

B. THE ABILITY TO UTILIZE DSIC WAIVERS TO INCORPORATE PRIORITY PLASTIC PIPES INTO LTIIPS SHOULD NOT BE DIMINISHED

UGI Gas disagrees with OCA's position that the 5% DSIC cap and rate case filings are the only tools needed to expand LTIPs to include priority plastic pipe. (Id.) The OCA submits that use of an existing 5% DSIC cap, alone or in conjunction with base rate case filings, is consistent with the Commission's guidance on using tools already available to accelerate plastic pipe replacements. (Id.)

Here, OCA is attempting to diminish a utility's ability to use one available LTIP tool, *i.e.*, the opportunity to request a DSIC cap increase to ensure and maintain adequate, efficient, safe, reliable and reasonable service (66 Pa. C.S. § 1358). Due to current ongoing investments in DSIC-eligible plant (for cast iron and bare steel), the revenue from the current 5% DSIC cap may not be sufficient to maintain the existing level of replacements, or replacement commitments, once priority plastic is added to the LTIP. These determinations will be very fact specific related to each NGDC, including the ongoing needs to identify, assess and quantify various types of priority plastic pipe. DSIC waivers could provide NGDCs with the flexibility needed, in a timely fashion, to ensure and maintain safe and reliable service for all Distribution Integrity Management Plan ("DIMP")-identified risks, including, but not limited to, priority plastic. Without a full review of specifics surrounding any priority plastic pipe replacement plan, OCA's position is insufficient in approach.

It is important to note that the opportunity for a DSIC waiver is indeed a consumer protection in Section 1358. The opportunity for a DSIC waiver should not just be viewed in the context of a protection against higher costs. It must also be viewed as a protection of customer safety and reliability. Thus, on balance, the Commission reviews the costs and safety impacts when deciding if a DSIC waiver is prudently designed to serve the public interest.

Additionally, OCA claims that the 5% DSIC cap guards against rate increases occurring (related to a higher DSIC cap) without the benefit of reviewing all of a utility's profits and costs. (Id.) OCA's belief that a DSIC cap waiver will remove the ability to review a utility's total costs and revenues after plastic is incorporated in LTIPs is misplaced. The function of the DSIC is not to replace, but to supplement a utility's base rate case recovery of capital investments. It is also very asset-specific and governed by prescriptive rate guidelines which address costs and profits. Therefore, a DSIC cap increase, related to plastic pipe, may be an appropriate incremental supplement to base rate recovery of capital investments. Such waiver is in no way detrimental to the ongoing and periodic need for base rate cases, where the parties can more fully review the NGDC's costs and revenues.

III. CONCLUSION

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

Respectfully submitted,

/s/ Michael S. Swerling

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