

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17120**

Public Meeting held December 5, 2024

Commissioners Present:

Stephen M. DeFrank, Chairman  
Kimberly Barrow, Vice Chair  
Kathryn L. Zerfuss  
John F. Coleman, Jr.  
Ralph V. Yanora

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

Docket Number:  
P-2024-3050769

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Pennsylvania Public Utility Commission (Commission) for consideration is the Petition of UGI Utilities, Inc. – Gas Division (UGI) for approval of its Third Long-Term Infrastructure Improvement Plan (Third LTIIP). The Third LTIIP Petition was filed on August 16, 2024. Copies of the Third LTIIP Petition were served on the statutory advocates and the active parties in UGI’s last gas base rate case proceeding.<sup>1</sup>

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<sup>1</sup> See, Docket No. R-2021-3030218.

No comments were received. For the reasons expressed in this Opinion and Order we will approve UGI's Third LTIP.

## **BACKGROUND**

Effective April 16, 2012, Act 11 of 2012, (Act 11) provides jurisdictional water and wastewater utilities, electric distribution companies (EDCs), and natural gas distribution companies (NGDCs) or a city natural gas distribution operation with the ability to implement a Distribution System Improvement Charge (DSIC) to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible distribution property that is part of the utility's distribution system. The eligible property for the utilities is defined in 66 Pa.C.S. §1351. Act 11 states that as a precondition to the implementation of a DSIC, a utility must file an LTIP with the Commission consistent with 66 Pa.C.S. §1352.

The Commission promulgated regulations relating to LTIPs at 52 Pa. Code §§ 121.1 – 121.8 that became effective December 20, 2014. In accordance with the regulations, DSIC-eligible utilities must include the following elements in its LTIP:<sup>2</sup>

- (1) Types and age of eligible property;
- (2) Schedule for its planned repair and replacement;
- (3) Location of the eligible property;
- (4) Reasonable estimates of the quantity of property to be improved;
- (5) Projected annual expenditures and measures to ensure that the plan is cost effective;
- (6) Manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable

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<sup>2</sup> See, 52 Pa. Code § 121.3.

service;

- (7) A workforce management and training program; and
- (8) A description of a utility's outreach and coordination activities with other utilities, PennDOT and local governments on planned maintenance/construction projects.

### **UGI's FIRST AND SECOND LTIIIPs**

UGI had 3 separate LTIIIPs (First LTIIIPs) that each spanned 2014 through 2018, one for each of its then-operating NGDCs: UGI – Central Penn Gas; UGI Penn Natural Gas; and UGI Utilities, Inc. (collectively, the UGI Companies).<sup>3</sup> On September 20, 2018, the Commission entered an order approving the Joint Application of the UGI Companies requesting approval to consolidate into one company (Merger).<sup>4</sup> In order to give the Commission time to properly consider the Merger, the UGI Companies filed a petition for each of their respective LTIIIPs to extend the First LTIIIP periods through the end of 2019. The Commission approved the petitions of the UGI Companies in an order entered August 2, 2018.<sup>5</sup>

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<sup>3</sup> See, Docket Nos. P-2013-2398835, P-2013-2397056, and P-2013-2398833, respectively.

<sup>4</sup> See, *Joint Application of UGI Utilities, Inc., UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc. for All of the Necessary Authority, Approvals, and Certificates of Public Convenience for (1) an Agreement and Plan of Merger; (2) the Merger of UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. into UGI Utilities, Inc.; (3) the initiation by UGI Utilities, Inc. of natural gas service in all territory in this Commonwealth where UGI Penn Natural Gas, Inc. and UGI Central Penn Gas do or may provide natural gas service; (4) the abandonment by UGI Penn Natural Gas, Inc. of all natural gas service in this Commonwealth; (5) the abandonment by UGI Central Penn Gas, Inc. of all natural gas service in this Commonwealth; (6) the adoption by UGI Utilities, Inc. of UGI Penn Natural Gas, Inc.'s and UGI Central Penn Gas, Inc.'s Existing Tariffs and their Application within New Service and Rate Districts of UGI Utilities, Inc. Corresponding to their Existing Service Territories as UGI North and UGI Central, Respectively; (7) the adoption by UGI Utilities of its Existing Tariff to be applied to a new UGI South Service and Rate District; (8) Where Necessary, Associated Affiliated Interest Agreements; and (9) any Other Approvals Necessary to Complete the Contemplated Transaction*, at Docket No. A-2018-3000381.

<sup>5</sup> See, *Petition of UGI Utilities, Inc. – Gas Division, et al., for Approval of an Extension to its Long-Term Infrastructure Improvement Plan*, at Docket Nos. P-2013-2398833, et al.

Subsequent to the Merger approval, UGI filed a Petition for approval of its Second LTIP. UGI's Second LTIP was a five-year plan, spanning the years 2020 through 2024, during which UGI projected to invest \$1.265 billion to improve its infrastructure, including the replacement of 344 miles of cast iron, bare steel, and wrought iron mains.

On March 31, 2022, pursuant to 52 Pa. Code § 121.7, the Commission initiated a Periodic Review of UGI's Second LTIP. After performing its review, the Commission determined that UGI's Second LTIP was designed to adequately ensure and maintain safe, adequate and reliable service and that UGI had substantially adhered to its plan.<sup>6</sup>

UGI has managed to substantially meet the goals set forth in its First and Second LTIPs.

### **UGI's THIRD LTIP PETITION**

UGI is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. UGI is in the business of selling and distributing natural gas to retail customers within the Commonwealth and is therefore a "public utility" within the meaning of Section 102 of the Public Utility Code, 66 Pa.C.S. §§ 102, subject to the regulatory jurisdiction of the Commission. UGI, as an NGDC, provides natural gas service to approximately 700,000 residential, commercial, and industrial customers in portions of 45 counties throughout its Pennsylvania service territories. UGI provides service through approximately 12,400 miles of distribution mains and 260 miles of transmission mains, as well as approximately 620,000 services that it owns, operates and maintains.

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<sup>6</sup> See, *Periodic Review of UGI Utilities, Inc. – Gas Division's Long-Term Infrastructure Improvement Plan*, Order entered June 15, 2023.

UGI's Third LTIIP is a five-year plan spanning the years 2025 through 2029, during which UGI plans to invest \$1.7 billion to improve its infrastructure, including the replacement of 305-355 miles of cast iron, bare steel, wrought iron, vintage plastic mains, and associated appurtenances. UGI notes that its Third LTIIP continues its accelerated infrastructure improvements, strengthening and modernizing its distribution facilities serving its customers.

UGI's Third LTIIP addressed the eight LTIIP elements required by 52 Pa. Code § 121.3, as discussed below:

### **(1) TYPES AND AGE OF ELIGIBLE PROPERTY**

#### **UGI's Position**

UGI's Third LTIIP identifies the following types of property as DSIC-eligible that will be addressed as part of its plan:

- Gas distribution and transmission mains, valves, fittings, couplings, and appurtenances;
- Gas service lines including tees, excess flow valves, curb valves, first state regulators, tubing/piping, and risers;
- Gas meter sets including regulators, meter bars, meter set piping, meters, and telemetry equipment;
- City gate and district regulator stations including telemetry equipment;
- Mandated facility relocations, as related to highway projects;
- Overpressure protection for regulating equipment;
- Farm tap regulator replacements; and

- Other related capitalized costs – equipment, tools, corrosion control equipment, vehicles, and supporting information technology systems.

### Distribution Mains

As of December 31, 2023, there were approximately 12,405 miles of distribution mains in UGI’s gas distribution system. UGI explains the primary focus of its main replacement is on mains comprised of non-contemporary materials, predominantly cast iron, wrought iron, bare steel, and vintage plastic distribution mains. Non-contemporary mains make up approximately 8.7% of the UGI distribution system. Table 1, below, details UGI’s distribution mains by material type.

**Table 1: UGI’s Miles of Distribution Main by Material Type as of December 31, 2023**

<b>Material</b>	<b>Miles</b>	<b>Percent of Total</b>
Unprotected Bare Steel	515	4.2%
Unprotected Coated Steel	195	1.6%
Protected Bare Steel	232	1.9%
Protected Coated Steel	3,220	26.0%
Cast Iron	54	0.4%
Wrought Iron	36	0.3%
Priority Plastic	247	2.0%
Plastic	7,905	63.7%
Other	1	0.0%
<b>Total</b>	<b>12,405</b>	<b>100.0%</b>

The age of UGI’s distribution mains is provided in Table 2, below, listed by vintage of pipeline installation.

**Table 2: UGI’s Miles of Distribution Main, by Vintage (Age), as of December 31, 2023**

<b>Decade of Installation</b>	<b>Miles</b>	<b>Percent of Total</b>
Unknown	186	1.5%
Pre-1940	666	5.4%
1940s	61	0.5%
1950s	673	5.4%
1960s	1,684	13.6%
1970s	1,108	8.9%
1980s	1,622	13.1%
1990s	2,414	19.5%
2000s	1,904	15.3%
2010s	1,496	12.1%
2020s	591	4.8%
<b>Total</b>	<b>12,405</b>	<b>100.0%</b>

Gas Service Lines

UGI states that gas services are typically replaced in conjunction with the replacement of the main to which they are connected. Table 3 and 4, below, detail the number of service lines connected to UGI’s distribution system by material type and age, respectively.

**Table 3: UGI’s Service Lines by Material Type, as of December 31, 2023**

<b>Material</b>	<b>Number of Services</b>	<b>Percent of Total</b>
Unprotected Bare Steel	8,133	1.3%
Unprotected Coated Steel	7,292	1.2%
Protected Bare Steel	1,124	0.2%
Protected Coated Steel	35,247	5.7%
Copper	5,682	0.9%
Cast/Wrought Iron	0	0.0%
Plastic	561,027	90.4%
Other	2,012	0.3%
<b>Total</b>	<b>620,517</b>	<b>100.0%</b>

**Table 4: UGI’s Service Lines by Vintage (Age), as of December 31, 2023**

<b>Decade of Installation</b>	<b>Number of Services</b>	<b>Percent of Total</b>
Unknown	2,377	0.4%
Pre-1940	4,194	0.7%
1940s	1,377	0.2%
1950s	4,617	0.7%
1960s	22,540	3.6%
1970s	49,963	8.1%
1980s	83,578	13.5%
1990s	124,704	20.1%
2000s	117,171	18.9%
2010s	148,001	23.9%
2020s	61,995	10.0%
<b>Total</b>	<b>620,517</b>	<b>100.0%</b>

Excess Flow Valves

Excess flow valves are safety devices installed on gas service lines which interrupt the flow of gas in the event of a fully severed line. As service lines are replaced, excess flow valves are installed.

City Gate and District Regulator Stations

City Gate and District Regulator Stations are facilities which reduce system pressures as gas is distributed throughout the piping network. City Gate Stations are generally located at the point of custody transfer between the interstate pipelines and distribution system and District Regulator Stations are located within distribution systems. UGI states that regulator stations must be periodically updated or replaced as components such as piping and mechanical equipment age and wear or become obsolete. UGI has 94 City Gate Stations and 1,359 District Regulator Stations.

## Priority Plastic Pipe, Plastic Pipe Components, and Mechanical Fittings

UGI explains that priority plastic installed in its system was primarily the DuPont Aldyl A plastic pipe, which can be susceptible to failures over time dependent upon localized environmental conditions and installation practices. The total length of plastic mains installed on UGI's system between 1965 and 1985 is approximately 1,100 miles. Of these 1,100 miles, as of June 2024, UGI has identified approximately 247 miles of known priority plastic on its distribution system. UGI states its Third LTIP will target priority plastic replacements in conjunction with its continued focus on removing cast iron and unprotected bare steel mains.

UGI has identified two types of plastic fittings with a higher-than-average potential for failure: a tee which joins the service line to the main; and the service line curb valve. UGI states that it is engaged in ongoing surveillance to proactively identify, repair, and replace these fittings. Early vintage plastic pipes and components have been found to be subject to higher potential for brittle cracking type failures and are replaced on a risk prioritized basis.

## Transmission Mains and Infrastructure

UGI maintains 260 miles of natural gas transmission pipelines that provide large volumes of gas at high pressures. Approximately 222 miles are protected coated steel, and the remaining 41 miles are protected bare steel. The age profile of UGI's transmission mains is provided in Table 5, below.

**Table 5: UGI’s Miles of Transmission Main, by Vintage (Age), as of December 31, 2023**

<b>Decade of Installation</b>	<b>Miles</b>	<b>Percent of Total</b>
Pre-1940	13	4.9%
1940s	2	0.8%
1950s	44	16.7%
1960s	35	13.3%
1970s	35	13.3%
1980s	38	14.4%
1990s	43	16.3%
2000s	23	8.7%
2010s	30	11.4%
2020s	0.3	0.1%
<b>Total</b>	<b>263.3</b>	<b>100.0%</b>

System Reliability Improvements

UGI states that System Reliability Improvements are those investments required to maintain ongoing system reliability. Typical projects include investments in distribution or transmission infrastructure needed to reinforce system pressures to ensure firm peak-day deliverability.

Meters

UGI explains that replacing meters may be necessary to maintain compliance with gas measurement accuracy standards. UGI uses a statistical sampling program to evaluate meter accuracy. If a grouping of meters fails to meet accuracy requirements, the meters are repaired or replaced. UGI also mentions that it must relocate all medium-pressure, inside meters (those operating over 10 pounds per square inch gauge)

by September 13, 2034.<sup>7</sup> UGI states that the age profile of its meters generally corresponds to the age profile of its service lines, described in Table 4, above.

### Mandated Facility Relocations

UGI is periodically required to relocate gas facilities to accommodate highway improvement projects.

### Related Capitalized Costs

UGI states that the replacement of DSIC-eligible property may result in additional related costs including, but not limited to, tools, equipment, fleet, corrosion control, and information technology investments.

### Farm Taps

UGI explains that farm taps provide natural gas to rural homestead, industrial, production, or irrigation customer locations. UGI states that it is including farm tap projects in its Third LTIIP because replacement activity is required in order to reduce risks associated with service lines connected to farm taps. Additionally, UGI states that as an alternative to reinstalling new high pressure farm tap services, where it is cost effective to do so, UGI may use the option of installing Regulator Stations and running new medium pressure main to eliminate the need for the farm tap service. UGI explains that doing so will help to reduce the number of high-pressure services within UGI's distribution system while providing better system reliability and safety through the redundant regulation and overpressure protection that a district regulator station provides.

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<sup>7</sup> See, 52 Pa. Code § 59.18(g).

## **Comments**

No comments were received regarding the types and age of eligible property to be improved.

## **Resolution**

Upon review of UGI's Third LTIP, the Commission finds that UGI's Third LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(1) by identifying the types and ages of eligible property for which it seeks DSIC recovery.

### **(2) SCHEDULE FOR PLANNED REPAIR AND REPLACEMENT OF ELIGIBLE PROPERTY**

#### **UGI's Position**

UGI's Third LTIP continues its accelerated rate of infrastructure replacement and provides additional acceleration beyond its First and Second LTIPs. UGI states that the level of main replacement in the Third LTIP will allow it to replace all its cast iron mains before February 2027, and all its bare steel mains by September 2041, which are the deadlines UGI had provided in its Second LTIP. In fact, UGI's projections show that it is ahead of schedule on its replacement of bare steel mains and appears to be on track to replace them all by 2039. Table 6, below, shows the planned mileage of distribution main replacements in the Third LTIP. Over the course of the Third LTIP, UGI plans to replace between 305 to 355 miles of non-contemporary mains.

**Table 6: Planned Mileage of Distribution Main Replacements in the Third LTIP**

<b>Third LTIP</b>	
<b>Year</b>	<b>Cast Iron, Bare Steel, and Wrought Iron, Priority Plastic Pipe Replacement Plan (Miles)</b>
2025	50-60
2026	60-70
2027	75-85
2028	60-70
2029	60-70
<b>Total</b>	<b>310-340</b>

UGI states that it performs an annual review to identify the highest risk pipe segments and prioritize those replacements each year. Further, UGI notes that these risk evaluations are based on numerous factors, including the pipe condition, age, coating, type of ground cover, geographical proximity to structures, and prior leak and/or break history. Additionally, UGI explains that specific projects may be escalated to enable coordination of replacement efforts with other utility replacement projects or municipal or state roadway resurfacing projects. UGI maintains that its approach targets the highest risk mains first, while also balancing the need to maximize the efficient deployment of capital and resources.

### **Comments**

No comments were received regarding the schedule for planned repair and replacement of eligible property and reasonable estimates of the quantity of property to be improved.

## **Resolution**

Upon review of UGI's Third LTIIP, the Commission finds that UGI's Third LTIIP fulfills the requirements of 52 Pa. Code § 121.3(a)(2) by detailing the schedule for planned repair and replacement of eligible property for which it seeks DSIC recovery.

### **(3) LOCATION OF THE ELIGIBLE PROPERTY**

#### **UGI's Position**

UGI states that it will conduct its Third LTIIP projects throughout its entire service territory. UGI's service territory contains approximately 12,400 miles of distribution mains and 260 miles of transmission mains located throughout 46 counties in Pennsylvania, with eligible property located in all parts of UGI's service territory. The Commission notes that UGI provides substantial details on its main replacements by location in its required Annual Asset Optimization Plans and we expect UGI to continue this practice.<sup>8</sup>

#### **Comments**

No comments were received regarding the location of eligible property.

## **Resolution**

Upon review of UGI's Third LTIIP, the Commission finds that UGI's Third LTIIP fulfills the requirements of 52 Pa. Code § 121.3(a)(3) by providing a general description of the location of eligible property.

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<sup>8</sup> See, UGI's Annual Asset Optimization Plan filed on February 28, 2024, at Docket No. M-2024-3046954.

**(4) REASONABLE ESTIMATES OF THE QUANTITY OF  
PROPERTY TO BE IMPROVED**

**UGI's Position**

UGI's reasonable estimates of the quantity of property to be improved are provided in Table 6 in Element 2, above.

**Comments**

No comments were received regarding the reasonable estimates of the quantity of property to be improved.

**Resolution**

Upon review of UGI's Third LTIIP, the Commission finds that UGI's Third LTIIP fulfills the requirements of 52 Pa. Code § 121.3(a)(4) by detailing the reasonable estimates of the quantity of property to be improved for which it seeks DSIC recovery.

**(5) PROJECTED ANNUAL EXPENDITURES AND MEASURES TO  
ENSURE THAT THE PLAN IS COST EFFECTIVE and**

**(6) ACCELERATED REPLACEMENT AND MAINTAINING  
SAFE AND RELIABLE SERVICE**

**UGI's Position**

UGI proposes to increase its expenditures significantly above the spending levels in its Second LTIIP. Overall, UGI proposes an average annual increase in spending of

34% over the Second LTIP, resulting in average spending of \$338 million per year of the Third LTIP. Table 7, below, compares the projected annual spending in UGI’s Second LTIP and the Third LTIP.

**Table 7: UGI’s Projected Annual Expenditures for Its Second and Third LTIPs in \$ Millions**

<b>Second LTIP</b>	
<b>Year</b>	<b>LTIP Expenditures</b>
2020	\$215.0
2021	\$235.0
2022	\$260.0
2023	\$270.0
2024	\$285.0
<b>Total</b>	<b>\$1,265.0</b>
<b>Third LTIP</b>	
<b>Year</b>	<b>LTIP Expenditures</b>
2025	\$298.5
2026	\$330.5
2027	\$340.0
2028	\$353.6
2029	\$367.7
<b>Total</b>	<b>\$1,690.3</b>

Means to Finance the Expenditures

UGI explains that it finances its capital needs through a variety of sources. These include short-term and long-term debt approved by the Commission, as well as internally generated cash flows, including UGI’s current DSIC.

Cost-effectiveness

UGI points out that construction costs associated with its LTIP projects have increased significantly over a very short period of time. UGI says that it continues to experience increased costs from local governments in the form of restoration

requirements, including parking permits and other fees that local governments deem mandatory in order for it to complete its work on a timely basis. UGI explains that it employs numerous oversight and control processes to ensure the prudent spending of resources on LTIP projects. UGI lists several ways in which it maintains the cost-effectiveness of its expenditures, including:

- Competitive bidding of multi-year pipeline construction and restoration contracts;
- Utilization of unit-based pricing to limit change order impacts;
- Issuance of special bids for large or unconventional projects;
- Recruitment of additional qualified contractors to increase the competitive nature of the process;
- Evaluation and implementation of new or improved technologies to decrease costs, such as directional drilling and other trenchless technologies; and
- Performance of periodic staffing allocation reviews to assure optimal resource utilization and deployment.

### Enhancing Safe and Reliable Service

UGI claims that the investment targets in the Third LTIP will provide significant improvements in safety and reliability. UGI explains that the proposed investments are identified and prioritized based on its Distribution Integrity Management Plan (DIMP) and Transmission Integrity Management Plan (TIMP), which ensure that projects that deliver the greatest amount of risk reduction are prioritized first. Some of the improvements UGI expects over the course of the Third LTIP include reduced leakage, fewer main breaks, fewer unplanned customer interruptions, decreased unaccounted for gas, and increased peak day reliability.

UGI points out that it has had a reduction in all three classes of leaks on its system over the course of its previous LTIIPs. Over the course of its previous LTIIPs, UGI notes that it saw a reduction in Class C “Hazardous” leaks of 48%, an inventory reduction of 70% in Class B leaks, and an inventory reduction of 57% in Class A leaks, when compared to its baseline average from 2009 through 2011.

### **Comments**

No comments were received regarding the projected annual expenditures and measures to ensure the plan is cost effective, and a description of the manner in which infrastructure replacement will be accelerated and how repair, improvement, or replacement will ensure and maintain adequate, efficient, safe, reliable, and reasonable service to customers.

### **Resolution**

Upon review of UGI’s Third LTIIP, the Commission finds that UGI’s Third LTIIP fulfills the requirements of 52 Pa. Code §§ 121.3(a)(5)-(6) by providing the projected annual expenditures and measures to ensure the plan is cost effective, and a description of the manner in which infrastructure replacement will be accelerated and how repair, improvement, or replacement will ensure and maintain adequate, efficient, safe, reliable, and reasonable service to customers.

## **(7) WORKFORCE MANAGEMENT AND TRAINING PROGRAM**

### **UGI’s Position**

UGI explains that the programs included in the Third LTIIP are resource intensive and will require a significant number of trained and qualified employees and contractors

to accomplish. UGI highlights its recently built Training Center, which has been operational since September 2021. The Training Center includes an approximate 47,000-square-foot training center, a “safety town” for real-life outdoor training inclusive of leak pinpointing and investigation, and a separate welding and tapping center. Additionally, the interior of the Training Center includes meeting rooms, a safety lab, several lecture rooms, a service lab, a metering and regulation lab, and a computer lab. According to UGI, the classrooms and laboratories were designed to address the following four primary training deliverables:

- Safety;
- Construction and maintenance;
- Measurement and regulation; and
- Utility service.

UGI explains that the Training Center provides the facilities for delivery of technical training and operator qualification programs as required to support the programs identified in UGI’s Third LTIP, including construction training and qualification testing in plastic pipe fusion, steel pipe welding, and pipeline tapping and stopping, among other construction activities.

UGI also describes its Operator Qualification (OQ) Program, which includes over 120 identified tasks. This program ensures that all of UGI’s employees and contractors are qualified for any work task they are assigned on UGI’s system.

UGI states that it has an established, robust safety program in place that utilizes daily safety awareness messages, weekly incident reviews, safety message boards, monthly newsletters and monthly safety meetings. UGI highlights that in 2021 it implemented a new driver safety telematics system which includes forward and cab facing video cameras and Artificial Intelligence functionality to alert on distracted

driving and other bad driving habits. These technologies allow for supervisory coaching to help improve an employee's driving behavior. UGI claims it has experienced a 32% decrease in the number of coachable incidents since 2023, as employees' driving behaviors have improved.

UGI also explains that it conducts internal and external inspections to ensure compliance with quality and safety requirements. UGI's construction inspectors inspect natural gas facility projects performed by contractors. Additionally, UGI routinely inspects and reviews the quality and safety of construction activities and verifies the qualifications of individuals performing OQ tasks.

UGI discusses that to ensure that it has continued access to the workforce necessary to support its Third LTIP programs, UGI has allied with universities and post-secondary technical schools, such as Thaddeus Stevens College of Technology and the Pennsylvania College of Technology, as well as partnering with veteran groups, to provide a sufficient workforce of qualified employees.

## **Comments**

No comments were received regarding the workforce management and training program.

## **Resolution**

Upon review of the Third LTIP, the Commission finds that UGI's Third LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(7) by providing a workforce management and training program that is designed to ensure that UGI will have access to a qualified workforce to perform the work in a cost-effective, safe and reliable manner.

## **(8) DESCRIPTION OF OUTREACH AND COORDINATION ACTIVITIES WITH OTHER UTILITIES, PENNDOT AND LOCAL GOVERNMENTS ON PLANNED PROJECTS**

### **UGI's Position**

UGI states that it has had a long-standing and active outreach program with local municipalities in its service territory, with the intent of coordinating construction projects. UGI explains that such coordination minimizes disruptions to residents, enables efficient replacement of facilities, and promotes awareness of UGI's construction projects.

UGI also discusses its efforts to combat rising costs associated with restoration, as well as costs associated with mobilization, materials delivery, and stockpiling. For example, UGI explains that it utilizes geographic planning of projects, to limit the need to mobilize resources to the same area more than once, and to reduce the amount of restoration required. UGI also uses trenchless construction techniques and other technologies where possible to reduce the overall cost of restoration. UGI has also actively challenged certain municipal requirements which would otherwise increase restoration costs. Through those challenges, UGI hopes to reduce the total restoration costs passed along to UGI's ratepayers.

UGI states that it will continue an evaluation of industry best practices, collaboration with industry partners, and interaction with regulatory agencies.

### **Comments**

No comments were received regarding the description of outreach and coordination activities with other utilities, PennDOT and local governments on planned

projects.

## **Resolution**

Upon review of the Third LTIIIP, the Commission finds that UGI's Third LTIIIP fulfills the requirements of 52 Pa. Code § 121.3(a)(8) by providing a description of UGI's outreach and coordination activities with other utilities, PennDOT, and local governments on planned projects and roadways that may be impacted by the LTIIIP.

### **UGI'S THIRD LTIIIP SUMMARY**

The Commission's review of an LTIIIP must determine if the LTIIIP:<sup>9</sup>

- Contains measures to ensure that the projected annual expenditures are cost-effective.
- Specifies the manner in which it accelerates or maintains an accelerated rate of infrastructure repair, improvement or replacement.
- Is sufficient to ensure and maintain adequate, efficient, safe, reliable and reasonable service.
- Meets the requirements of 52 Pa. Code § 121.3(a).

The utility has the burden of proof to demonstrate that its proposed LTIIIP and associated expenditures are reasonable, cost effective and designed to ensure and maintain efficient, safe, adequate, reliable and reasonable service to consumers.<sup>10</sup>

The Commission has reviewed UGI's Third LTIIIP. The Commission finds that UGI has met its burden of proof by demonstrating that its Third LTIIIP contains measures

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<sup>9</sup> See 52 Pa. Code § 121.4(e).

<sup>10</sup> See 52 Pa. Code § 121.4(d).

to ensure that the projected annual expenditures are cost-effective, specifies the manner in which it accelerates or maintains an accelerated rate of infrastructure repair, improvement, or replacement, is sufficient to ensure and maintain adequate, efficient, safe, reliable, and reasonable service, and meets the requirements of 52 Pa.

Code § 121.3(a). Accordingly, UGI's Third LTIP is approved.

The Commission finds UGI's Third LTIP and the manner in which it was filed conforms to the requirements of Act 11 and our Regulations. The plan, as approved herein, is designed to maintain safe, adequate, reliable, and reasonable service and, as such, UGI shall be required to comply with the infrastructure replacement schedule and elements of that plan; **THEREFORE,**

**IT IS ORDERED:**

1. That the Petition of UGI Utilities, Inc. – Gas Division for Approval of its Third Long-Term Infrastructure Improvement Plan is approved, consistent with this Order.

2. That the proceeding at Docket No. P-2024-3050769 be closed.

**BY THE COMMISSION,**

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is fluid and cursive, with the first letter of each name being significantly larger and more decorative.

Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: December 5, 2024

ORDER ENTERED: December 5, 2024