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February 17, 2006

**VIA EXPRESS MAIL**

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

**Re: Natural Gas Stakeholders Working Group – Natural Gas Choice  
and Competition Act, Docket No. I-00040103F0002**

Dear Secretary McNulty:

Enclosed for filing please find an original and three copies of the comments of UGI Utilities, Inc. – Gas Division (“UGI”) and the notices to participate of UGI representatives. A copy of this document has also been provided via electronic mail to Assistant Counsel Patricia Krise Burket at [pburket@state.pa.us](mailto:pburket@state.pa.us).

If you have any questions concerning this filing, please feel free to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark C. Morrow". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark C. Morrow

Counsel for UGI Utilities, Inc. –  
Gas Division

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

NATURAL GAS STAKEHOLDERS :  
WORKING GROUP – NATURAL :  
GAS CHOICE AND COMPETITION : Docket No. I-00040103F0002  
ACT :

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**COMMENTS OF UGI UTILITIES, INC. –  
GAS DIVISION**

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UGI Utilities, Inc. – Gas Division (“UGI”) appreciates this opportunity to submit comments on the tentative subgroup assignments proposed in the Commission’s January 20, 2006 notice in the above-captioned matter.

**THE DECISION TO ESTABLISH  
SUBGROUPS SHOULD BE DEFERRED**

UGI believes the establishment of sub-groups should be deferred until the natural Gas Stakeholders Group has a chance to form, discuss pertinent issues, assess the need or desire of participants to form subgroups, and define subgroup roles and responsibilities. UGI believes the meaningful discussions associated with subgroup management can and will be helpful in establishing stakeholder ownership of the process and will set the tone for all stakeholder meetings thereafter.

Reasons for forming subgroups will vary and might include such activities as the gathering of pertinent information, drafting proposed language to reflect agreements reached by the larger group or the development of proposals on specific topics for the larger group to consider. Such needs may or may not develop as a result of stakeholder

discussions, and could reasonably be expected to change or evolve over time as discussions evolve.

UGI also believes that the Commission and the stakeholders group should, to the extent practicable, be mindful that the creation of subgroups for the purpose of discussing substantive issues independent of the larger stakeholder group could be counterproductive. This approach could result in separate subgroups take differing approaches to interrelated issues, thereby resulting in the need for the full stakeholders group to “take one step back” to revisit and resolve differences among subgroups. By involving the entire stakeholders group, pertinent matters can be addressed on a holistic rather than piecemeal basis, and consensus on any ultimate recommendations can be fostered.

In addition, the operation of multiple subgroups addressing substantive issues could cause scheduling, logistical and resource difficulties. UGI suspects that many stakeholders will not have the resources to participate in multiple subgroups at the same time. However, where subgroup meeting schedules are established by the full stakeholders group, coordination and resource limitation issues can be appropriately considered. Accordingly, the decision to form subgroups should be deferred at this time.

### **DISCUSSION TOPICS**

While UGI recognizes that wording for many of the topics listed for discussion originated in the Commission’s *Report to the General assembly on Competition in Pennsylvania’s Retail Natural gas Supply market, Investigation into the Natural gas Supply Market*, Docket No. I-00040113, October 6, 2005, some of the topics state conclusions rather than questions. UGI believes there should be a full airing of the topics

listed and believes that the stakeholders group should have the ability to consider all pertinent facts and suggestions.

The Commission should also be aware that many of the listed topics involve or impact the supplier of last resort obligations of natural gas distribution companies. UGI anticipates that such obligations will necessary be a significant focus of discussion.

UGI also believes that any reexamination of the Act should consider how the costs of regulating natural gas suppliers should be recovered. Currently, natural gas distribution companies are required to pay all Commission and public party assessments, even though the Commission and other public parties spend a portion of their time regulating natural gas suppliers and addressing natural gas supplier issues.

### CONCLUSION

UGI, which has more Customer Choice customers than all of the other natural gas distribution companies in the eastern part of Pennsylvania combined, and which operates a natural gas distribution system where well over fifty percent of throughput is transportation volumes, looks forward to working with the Commission and other stakeholders as the work of the Natural Gas Stakeholders Group progresses.

Respectfully submitted,



Mark C. Morrow

Counsel for UGI Utilities, Inc. –  
Gas Division

Dated: February 17, 2006

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PENNSYLVANIA PUBLIC UTILITY COMMISSION

NATURAL GAS STAKEHOLDERS :  
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**NOTICE TO PARTICIPATE**

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Please be advised that the following individuals are designated to participate on behalf of UGI Utilities, Inc. – Gas Division (“UGI”) in the Natural Gas Stakeholders Group and any subgroups established under this docket:

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Volunteer for main and all subgroups -  
UGI Utilities, Inc. – Gas Division

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UGI Utilities, Inc. – Gas Division

A list of pending Commission proceedings involving UGI, and any pending proceedings in any court or administrative agency in which both UGI and the

Commission are parties, is attached as Appendix A.

Respectfully submitted,

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Mark C. Morrow

Counsel for UGI Utilities, Inc. –  
Gas Division

Dated: February 17, 2006

**APPENDIX A**

**Pending UGI Commission Proceedings as of February 15, 2006**

Application of UGI Utilities, Inc. for approval to render natural gas distribution service to the public in portions of North Coventry and East Coventry Townships, Chester County, Pennsylvania, Docket No. A – 123100F0035

Petition for Expedited Relief and Notification of a Significant Change in Natural Gas Costs of UGI Utilities, Inc. – Gas Division, Docket No. P-00062201

Christian v. UGI Utilities, Inc., Docket No. F-02023791

Bishop v. UGI Utilities, Inc., Docket No. C-20065821

Horney v. UGI Utilities, Inc., Docket No. C-20065825

Mitchell v. UGI Utilities, Inc., Docket No. C-20065810

Watts v. UGI Utilities, Inc., Docket No. C-20065758

Schabikowski v. UGI Utilities, Inc., Docket No. F-02018101

Appiah v. UGI Utilities, Inc., Docket No. C-20055723

Backensto v. UGI Utilities, Inc., Docket No. Z-01790894

Nuding v. UGI Utilities, Inc., Docket No. C-20055670

Holmes v. UGI Utilities, Inc., Docket No. F-01892535

Alvarez v. UGI Utilities, Inc., F-01860485

Moore v. UGI Utilities, Inc., F-01947986

Vogelsang v. UGI Utilities, Inc., Z-20039206

**Pending Court or Administrative  
Proceedings where UGI and the Commission  
are Parties as of February 15, 2006**

None.