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April 5, 2010

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APR 5 2010

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

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

**Re: Proposed Policy Statement Regarding Utility Service Outage Public
Notification Guidelines, Docket No. M-2008-2065532**

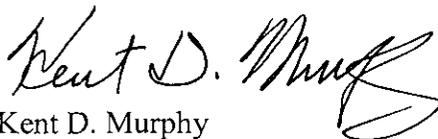
Dear Secretary McNulty:

Enclosed for filing please find an original and fifteen (15) copies of the Comments of UGI Utilities, Inc., UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc. in the above-captioned proceeding.

A copy of the enclosed Comments are being served by electronic mail to the individual Commission Staff member identified in paragraph 6 of the Commission order entered November 10, 2009.

If you need anything further, please do not hesitate to contact me.

Sincerely,


Kent D. Murphy

Enclosure
cc(email): Elizabeth Barnes, Law Bureau

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Proposed Policy Statement Regarding :
Utility Service Outage Public : **Docket No. M-2008-2065532**
Notification Guidelines :

**COMMENTS
OF
UGI UTILITIES, INC, UGI PENN NATURAL GAS, INC.
AND
UGI CENTRAL PENN GAS, INC.**

Pursuant to a notice published in the *Pennsylvania Bulletin*, 40 Pa. Bull. 1210 (March 6, 2010), and the Proposed Policy Statement of the Pennsylvania Public Utility Commission (“Commission”) entered November 10, 2009 (“Proposed Policy”), UGI Utilities, Inc., UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. (together, “UGI Distribution Companies”) hereby submit these comments on the proposed policy statement outline in the Proposed Policy.¹

I. INTRODUCTION

The matter was initiated by the Commission in September 2008, in the wake of the Hurricane Ike, as an inquiry into the “service and public notice practices” of electric distribution companies. The Commission elicited information from the electric distribution companies and held two public input meetings in Western Pennsylvania. In April 2009, the Commission’s Bureau of Conservation, Economics and Energy Planning

¹ As a member of the Energy Association of Pennsylvania (“EAPA”), UGI also joins in the Comments being filed by EAPA in this matter.

and Office of Communications submitted a report to the Commission, entitled *Electric Distribution Company Service Outage Response and Restoration Practices Report*, which the Commission adopted at Public meeting on April 30, 2009. Based on that report, Commissioner Tyrone Christy and Commissioner Kim Pizzingrilli issued a joint motion directing that a Policy Statement be issued.

The Policy Statement issued with the Proposed Policy provides for instructive recommendations for utilities to follow as part of their response to incidents involving widespread electric service outages. These recommendations include, among others:

- 1) EDCs should develop written crisis communication plans consistent with national NIMS standards;
- 2) EDCs should establish a Joint Information System/Joint information Center to coordinate responses when multiple utilities in the same region are affected by an incident;
- 3) EDCs should communicate with the news media and public in a consistent fashion;
- 4) during incident management, EDCs should establish a schedule for the regular release of information to the news media; and
- 5) EDCs should strive to use the best available technology to facilitate the sharing of information, including automated dialing systems, electronic mail and text messaging.

Proposed Policy at 2-6. Although the policy statement was written with EDCs in mind, the Commission invites comments on whether this policy statement should also apply to natural gas companies. *Id.* at 7.

II. UGI DISTRIBUTION COMPANIES

The interest of the UGI Distribution Companies in this matter is grounded in a long history of providing regulated natural gas and electric utility service throughout

large sections of the Commonwealth of Pennsylvania. In total, the UGI Distribution Companies provide service to more than 630,000 customers subject to the Commission's jurisdiction and have been providing service for more than 100 years.

UGI Utilities, Inc. is a natural gas distribution company providing regulated gas sales, transportation, and related services to approximately 337,000 customers in sixteen (16) counties in Central and Eastern Pennsylvania. UGI Utilities, Inc. also is an electric distribution company providing regulated electric sales, provider of last resort and related services to approximately 62,166 customers in Luzerne and Wyoming Counties in Northeastern Pennsylvania.

UGI Penn Natural Gas, Inc. is a natural gas distribution company providing regulated gas sales, transportation, and related services to approximately 160,336 customers in thirteen (13) counties in Central and Eastern Pennsylvania.

UGI Central Penn Gas, Inc. is a natural gas distribution company providing regulated gas sales, transportation, and related services to approximately 75,000 customers in thirty-five (35) counties in Central and Eastern Pennsylvania.

III. COMMENTS

A. Summary

The UGI Distribution Companies appreciate the interest that the Commission has expressed in utility outage response management in this matter, in particular, as to how the electric distribution companies communicate to their customers, the media, and interested governmental officials during the outage. We understand the benefits of consistent messaging, the use of modern communication technology, the staging of

messages, and how the public can become frustrated when their expectations of receiving accurate and timely outage restoration information are not met.

The UGI Distribution Companies, however, is concerned with the Commission's proposed policy statement in three respects.

First, we submit that the Commission's policy statement should be modified to recognize that uniform messaging is not possible in all instances, particularly as the questions move from messages communicated at the macro-system wide level to the micro-local or individual customer levels. Messages concerning a utility's efforts generally do not serve to appease the individual customer's interest in knowing when their service will be restored.

Second, we believe that the Commission should recognize that not every EDC is similarly situated, particularly as it comes to absorbing the cost of applying modern communication technology. Centralized communication software has significant costs which are not always scalable and therefore can have a larger impact on smaller utilities such as UGI's electric division, which serves 62,000 customers, as opposed to a large utility such as PECO Energy, which serves upwards of 1.7 million electric customers. Therefore, when assessing a utility's communication program against the recommendations of the policy statement, a smaller utility's interest in cost-effectiveness should be recognized.

Finally, the UGI Distribution Companies are concerned with how the Commission might apply the proposed policy statement to natural gas utilities. Natural gas distribution utilities are already subject to emergency plan requirements imposed by the United States Department of Transportation (US DOT). See 49 C.F.R. § 192.615.

These regulations already require natural gas distribution companies to have a communication plan in the event of an emergency, as well as a plan for communicating and coordinating its planned and actual responses with public officials during emergency events, including service restoration. The combination of the USDOT emergency plan requirement and the infrequent occurrence of significant natural gas outages should be taken into account when assessing how the elements of the proposed policy statement may be applied to natural gas distribution companies.

With these expressed concerns, however, we believe that it is prudent to explore, among other elements of the Proposed Policy, the concept of adopting NIMS standards relative to written crisis communication plans and the applicability of Joint Information System/Joint Information Center to coordinate outage response efforts among multiple utilities in the same region. We believe our existing crisis communication plan is not inconsistent with the NIMS standards but, also, we recognize the potential need to upgrade those plans based on developing best practices. Therefore, at this time, the referenced NIMS standards should only be a matter for study at this time rather than a requirement imposed on the utility industry.

Similarly, as UGI's gas businesses comprise only one part of a network of pipeline systems used for the purpose of delivering gas to our customers, we recognize the need to coordinate our emergency communications plans with interstate natural gas pipelines and potentially, other natural gas distribution companies, natural gas-powered electric generators, and electric distribution companies in the event of the rare occurrence of an incident affecting the natural gas industry on a widespread basis.

B. Uniformity of Messaging

The UGI Distribution Companies agree with the Commission that a utility should strive towards providing a uniform communication of its efforts to restore service after a weather-related or other event causes the utility to experience a substantial number of service outages. On a macro-scale, uniform messaging concerning the efforts and progress is more readily accomplished.

On a micro-scale, however, uniform messaging is difficult, if not unfeasible, at the field restoration level. Customers interested in learning when their service might be restored typically call into a utility's call center for this information or speak with field forces working to restore their service. While the customer may become frustrated when service is not restored at the estimated time, the public needs to be informed that during a significant outage event, there are a multitude of variables affecting the restoration time. These factors include the number of outages, the circuits affected, number of outages due to downed trees or flooding, the proximity to inoperable transformers, whether the outages are concentrated in one area or whether they are widespread, whether the affected facilities are readily accessible, and each individual customer's proximity to the damaged electric or gas facilities. Outages take time to restore and the speed of restoration is not always subject to accurate estimation because the utilities do not have perfect knowledge or control in any given outage effort. Customers' speaking with any utility personnel during the restoration efforts should therefore be well-informed by the utility that the estimated restoration time they are given is just that, an estimate.

Another concern with messaging is transitioning the broader picture message being given to the media and government officials down to the message needed at the local level in a way each message is not inconsistent with the other. UGI understands how larger picture messages about how many customers have been restored may frustrate customers whose service is still in an outage. Thus, broader picture messages still need to be drafted so that customers are not left with the impression that the utility is not working towards resolving their situation but rather should be left with the understanding that their circumstances may be among the most difficult or uneconomic to resolve.

Therefore, the Commission's policy statement should be revised to recognize that the uniformity of messaging becomes more difficult when the information sought is related to local restoration efforts as opposed to understanding the restoration effort on a macro-system wide basis.

C. The Commission Should Consider the Cost Impact of Sophisticated Communication Equipment on Smaller Electric Distribution Companies.

The UGI Distribution Companies believe that the Commission's recommendation that electric utilities utilize sophisticated communications equipment during an outage event should not outweigh the EDC's interest in providing service at a reasonable cost. Installing and maintaining information systems that enable the utility to collect and communicate that information on the number, location and estimated restoration times of all of its customers during a significant outage event, and then be able to communicate that information broadly or on an individualized basis would be quite expensive. UGI estimates that such a system would cost it between \$350,000 and \$400,000 to purchase and install for its 62,000 customers. This annual cost would include the cost of

purchasing and installing an automated dialer system, an integrated voice response system, and other communications equipment. The UGI Distribution Companies do not believe that such an investment at this time may be warranted unless it receives immediate rate relief for the cost of purchasing and installing the equipment.

This is not to say that the UGI Distribution Companies do not believe that timely and effective customer communications is not a reasonable goal for its customer service operations. UGI's customers are currently free to contact our call center operations when they experience an outage event. Our customer service representatives are able to take the information from the customer and rely on that information to dispatch a crew to the service location and remedy the outage. Use of a call center operation in this manner can be a cost effective means of communicating with its customers during an outage.

We believe that it is appropriate for all electric distribution companies to explore enhancements of their communication processes through adopt of modern communications technology. The Commission should understand however, that the interest of a small utility in providing cost-effective service may delay its purchase of the most up to date and sophisticated equipment.

D. Applying the Proposed Policy to Natural Gas Distribution Companies.

The Commission requests comments on whether the proposed policy statement should be applied to natural gas companies. Proposed Policy at 7. As discussed in the Summary section above, if the Proposed Policy is so applied, the Commission should recognize the value of existing communication plans built into the Emergency Plans developed under US DOT regulations.

Natural gas distribution companies already are required to have a written Emergency Plan that would apply during an outage, pursuant to US DOT regulations. 49 C.F.R. § 192.615. That plan must include a plan for communication with government, fire and safety officials during the event. 49 C.F.R. § 192.15(a)(2), (8). As part of its emergency plan, a natural gas utility also must establish and maintain liaison with those officials to (1) learn the responsibility and resources of each government organization that may respond to a gas pipeline emergency; (2) acquaint the officials with the operator's ability in responding to a gas pipeline emergency; (3) identify the types of gas pipeline emergencies of which the operator notifies the officials; and (4) plan how the operator and officials can engage in mutual assistance to minimize hazards to life or property.

The UGI Distribution Companies believe that the Emergency Plan requirements under the US DOT regulations satisfy many elements of the Proposed Policy. These requirements, and the plans developed thereunder, address the need for an effective communications plan, without the need to spell out every detail of how a utility should communicate with government officials, fire and safety officials, and its customers.

Application of all the elements of the Proposed Policy to natural gas utilities also may not be practical. Due to the underground nature of their facilities, natural gas companies are not subject to the same sort of widespread outages affecting electric distribution companies. Gas utilities are not exposed to natural calamities in the same way or frequency as electric distribution companies. Indeed, UGI cannot recall experiencing an outage event that has been reportable to the Commission under its existing Chapter 67 regulations because natural gas outages typically affect few

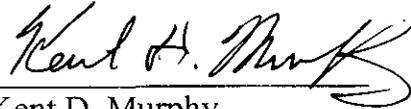
customers and take place on a localized basis; they are not widespread events potentially affecting tens of thousands of customers. As such, natural gas utility customers may effectively communicate with the utility's customer service operations and gain estimated restoration times. As the gas utility needs to gain access to the customer's premises during the relighting phase of any restoration, effective communications must take place locally.

Gas utilities should be prepared to communicate to the Commission, government officials, public safety officials, and its customers in the event of a more widespread outage incident. However, existing emergency plans would seem to satisfy the Commission's underlying interest in ensuring effective public notification of incident affecting the natural gas industry.

II. CONCLUSION

WHEREFORE, for the foregoing reasons, UGI Utilities, Inc., UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. request that the Commission issue a final policy statement that is consistent with these comments.

Respectfully submitted,



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