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February 1, 2012

VIA E-FILING AND FIRST CLASS MAIL

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

**Re: Act 127 of 2011 – The Gas and Hazardous Liquids Pipeline Act;
Assessment of Pipeline Operators, Docket No. M-2012-2282031**

Dear Secretary Chiavetta:

Enclosed, please find an e-filing copy of the comments of the UGI Distribution Companies, comprised for the purposes of this submission of UGI Utilities, Inc. – Gas Division, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc., to the Commission's Tentative Implementation Order at the above docket entered on January 12, 2012.

Should you have any questions about this filing, please feel free to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark C. Morrow", written in a cursive style.

Mark C. Morrow

Counsel for the UGI Distribution Companies

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Act 127 of 2011 – The Gas and Hazardous :
Liquids Pipeline Act; Assessment of :
Pipeline Operators : Docket No. M-2012-2282031

COMMENTS OF THE UGI DISTRIBUTION COMPANIES

I. INTRODUCTION

The UGI Distribution Companies, comprised for the purposes of this submission of UGI Utilities, Inc. – Gas Division (“UGI”), UGI Penn Natural Gas, Inc. (“PNG”) and UGI Central Penn Gas, Inc. (“CPG”), appreciate this opportunity to submit comments in response to the Commission’s above-captioned Tentative Implementation Order entered on January 12, 2012.

The UGI Distribution Companies collectively provide natural gas distribution service to approximately 574,000 customers in the Pennsylvania, and are public utilities subject to the Commission’s jurisdiction. In providing this service, the UGI Distribution Companies own, operate, and maintain over 11,000 miles of natural gas pipelines in the Commonwealth and, working with the Commission’s gas safety officials, engage in extensive and comprehensive inspection and maintenance efforts to promote the safe operation of these pipeline facilities that not only meet, but exceed, the applicable federal pipeline safety laws incorporated by reference into the Commission’s regulations at 52 Pa. Code § 59.33 and all other applicable Commission regulations.

UGI and PNG also have current operational responsibilities associated with certain natural, propane and landfill gas pipelines owned by others pursuant to contractual arrangements. UGI has traditionally included information about these facilities in its filings with the Pipeline

and Hazardous Materials Office of the United States Department of Transportation using its DOT Operator ID on such submissions.

II. COMMENTS

Section 102 of Act 127 defines the term “pipeline operator” as:

A person that owns or operates equipment or facilities in this Commonwealth for the transportation of gas or hazardous liquids by pipeline or pipeline facility regulated under Federal pipeline safety laws. The term does not include a public utility or an ultimate consumer who owns a service line on his real property.

The UGI Distribution Companies believe it is clear that the facilities subject to federal gas safety laws it owns and operates for the provision of regulated natural gas distribution service are exempted from the Tentative Implementation Order’s proposed registration and assessment rules. It is less clear, however, whether public utilities are exempt from such registration and assessment with respect to pipeline facilities subject to federal gas safety laws that such public utilities may operate under contractual arrangements with third parties when such facilities are not owned by public utilities and are not providing public utility service.

The UGI Distribution Companies believe that the Commission should clarify that non-public utility pipeline facilities subject to federal gas safety laws operated by public utilities are exempt from the Tentative Implementation Order’s registration, assessment and other requirements so long as the public utility includes all information about such non-public utility pipeline facilities in its submissions required under federal gas safety laws filed under its DOT Operator ID number.

Moreover, contractual arrangements between owners and third parties for the provision of pipeline operation and maintenance services may, in certain instances, split responsibilities for compliance with federal gas safety rules among one or more parties. In such instances, the UGI

Distribution Companies believe the Commission should clarify that one pipeline owner or operator should take responsibility for gas safety reporting requirements using its DOT Operator ID number to avoid the possibility of double counting of pipeline facilities and double assessments. If that lead entity is a public utility, then the public utility should provide the required information using its DOT Operator ID number and be exempt from the Tentative Implementation Order's registration, assessment and other requirements.

Finally, in the event the Commission concludes that public utilities are required to register non-public utility pipeline subject to federal pipeline safety laws, it should consider and address how classifications, as shown on its proposed form posted on the Commission's website, are to be made for non-utility distribution pipelines such as those that might serve a propane distribution system in a residential development. While distribution systems are subject to federal gas safety laws, the federal classification scheme is primarily geared towards establishing varying safety requirements for higher pressure lines, and currently the UGI Distribution Companies only have to submit DOT reports that identify the transmission lines by Class Location, and not distribution facilities. Attempting to classify distribution facilities by use of classifications designed for higher pressure transmission lines would be difficult, costly to implement and ultimately could be of little value. The UGI Distribution Companies accordingly recommend that the Commission permit the reporting of distribution facilities as a separate category without the need to sort such distribution facilities by Class Location.

III. CONCLUSION

The UGI Distribution Companies support the Pennsylvania Public Utility Commission's efforts to increase gas safety through expanded oversight throughout the Commonwealth and appreciate the opportunity to provide comments in response to the Commission's Tentative Implementation Order.

Respectfully submitted,



Mark C. Morrow

Counsel for the UGI Distribution
Companies

Dated: February 1, 2012