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April 30, 2013

APR 30 2013

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

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

SENT VIA FEDERAL EXPRESS

Dear Secretary Chiavetta:

RE: **Annual Electric System Reliability Report
3 Years Ending December 31, 2012**

Pursuant to the Commission's May 7, 2004 Final Rulemaking Order amending Electric Service Reliability Regulations (52 Pa. Code §§57.191 - 57.197) at Docket Nos. L-00030161 and M-00991220, UGI Utilities, Inc. - Electric Division ("UGI") hereby files an original and six copies of its Annual System Reliability Report. This report contains SAIDI, SAIFI, and CAIDI results on a 3-year rolling basis for the period ending December 31, 2012 along with the raw data from the same period. Also included are the Inspection & Maintenance Goals, Operations & Maintenance Expense, and Capital Budget data.

The Office of Consumer Advocate, the Office of Small Business Advocate, the Bureau of Audits, and the Bureau of Conservation, Economics and Energy Planning have each been served with copies of this filing.

Questions related to the attached report should be directed to Ms. Abigail J. Hemmerich at (610) 796-3431 or email ahemmerich@ugi.com.

Sincerely,

Richard E. Gill
Electric Division, Director – Engineering & Operations

Attachment

c: **FEDERAL EXPRESS**

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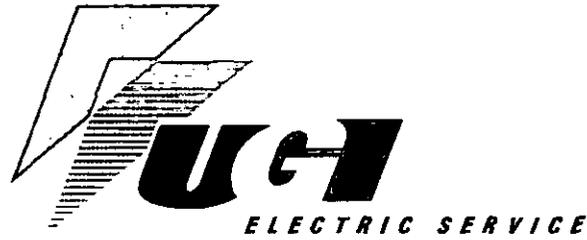
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UGI Utilities, Inc. – Electric Division
Annual System Reliability Report
2012

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SECRETARY'S BUREAU

April 30, 2013

**UGI Utilities, Inc. – Electric Division
2012 Electric Service Reliability Annual Report**

§ 57.195(b)(1) – An overall current assessment of the state of the system reliability in the EDC’s service territory including a discussion of the EDC’s current programs and procedures for providing reliable electric service.

For the twelve month period ending December 2012, UGI Utilities, Inc. – Electric Division’s (“UGI” or “Company”) SAIDI was 54 minutes. This is below both its 12 month benchmark of 140 minutes and standard of 256 minutes. UGI’s SAIFI for the 12 month period was .44 occurrences, also below the 12 month benchmark of .83 occurrences and significantly below its 2011 results of .95 occurrences. UGI’s CAIDI was 122 minutes for the most recent 12 month period. This is below its 12 month benchmark of 169 minutes and 12 month standard of 228 minutes.

UGI’s objective is to provide its customers with safe, reliable electric service. Providing reliable service is not a program unto itself, but rather it is an inherent part of every element of the service delivery process. Each segment of service delivery, including system design, construction, and operation and maintenance, has service reliability as its main objective.

System Design

System design is fundamental to providing reliable electric service. To that end, UGI has incorporated service reliability into all aspects of its system design. Planning standards, construction standards, component selection, engineering, engineering training, engineering instructions and System Control and Data Acquisition (“SCADA”) integration programs all have service reliability as a fundamental consideration.

Construction

No matter how well an electrical system is designed, the components making it up must be properly assembled in order for it to function as intended. UGI construction personnel possess the necessary knowledge and skills to effectively perform their duties. Post construction inspection programs assure that additions and improvements to the system are completed properly.

Operation

A continuously staffed operations center is in place to assure quick response to interruptions on the delivery system. The center is staffed by system operators who diagnose system problems and mount a rapid and appropriate response to trouble on the system.

There are service personnel on duty eight hours a day during weekdays and on Saturdays. An evening shift service person is scheduled during weekdays to provide quick response to service interruption calls. Call-out rosters are in place to mobilize staff when service personnel are not on duty or when additional resources are required.

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UGI has in place a trouble reporting system, which allows it to gather information on system interruptions. The information accumulated in this system is analyzed to spot equipment failure trends and outage clusters. This information is also used to spot weaknesses in the system and to make decisions on allocation of resources for maintenance and/or system upgrades.

Maintenance

UGI has inspection and maintenance programs in place to monitor all equipment on its system and to address any problems identified through these programs. UGI implemented the 2012 – 2013 Bi-annual I&M Plan filed with the Commission and has found no significant system equipment issues during performance of the I&M Plan initiatives in 2012.

UGI Utilities, Inc. – Electric Division
2012 Electric Service Reliability Annual Report

§ 57.195(b)(2) – A description of each major event that occurred during the year being reported on, including the time and duration of the event, the number of customers affected, the cause of the event and any modified procedures adopted to avoid or minimize the impact of similar events in the future.

- (i) Under Title 52, Pa. Code §57.192, a major event is defined as either:
 - a) An interruption of electric service resulting from conditions beyond the control of the electric distribution company which affects at least 10% of the customers in the EDC's service territory during the course of the event for a duration of 5 minutes each or greater. The event begins when notification of the first interruption is received and ends when service to all customers affected by the event is restored.
 - b) An unscheduled interruption of electric service resulting from an action taken by an electric distribution company to maintain the adequacy and security of the electrical system, including emergency load control, emergency switching and energy conservation procedures, as described in §57.52 (relating to emergency load control and energy conservation by electric utilities), which affects at least one customer.
- (ii) A major event does not include scheduled outages in the normal course of business or an electric distribution company's actions to interrupt customers served under interruptible rate tariffs.

Major Events

On August 24, 2012, UGI filed a Request for Exclusion of Major Outage for Reliability Reporting Purposes pursuant to the Amended Reliability Benchmarks and Standards for Electric Distribution Companies, Docket No. M-00991220 for service outages due to a lightning storm that occurred on August 9. A second request for outage exclusion arising from Hurricane Sandy was filed on November 19, 2012. All indices contained in this Annual System Reliability Report, and the raw data used to calculate them, exclude the outage numbers related to these major events.

Lightning Storm, August 9, 2012

This major event was caused by a thunderstorm cell that contained frequent and severe lightning, which affected the UGI service territory beginning at 1918 hours on August 9, 2012. The lightning strikes caused multiple lockouts of distribution feeders and one lockout of a sub-feeder. There were over 1,700 lightning strikes within a one-hour period. Sustained service interruptions were experienced by 7,498 customers, or approximately 12%, of UGI's 61,937 customers. There were thirty four trouble incidents throughout Luzerne County. The geographic areas affected were: Dallas and Forty Fort Boroughs; Nanticoke City; Dallas, Kingston, Franklin, Hanover, Newport, and Fairmount Townships. Service was fully restored to all customers by 0340 hours on August 10, 2012.

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Hurricane Sandy, October 29, 2012

Hurricane Sandy affected the UGI service territory beginning at 1300 hours on October 29, 2012. High winds and heavy rains caused numerous failures due to off right-of-way trees. This resulted in the loss of thirteen distribution feeders and three transmission lines, interrupting supply to four distribution substations. Over 17,000, or 28%, of UGI customers experienced sustained service interruptions in 382 trouble locations throughout Luzerne and Wyoming Counties. Service was fully restored to all customers by 1330 hours on November 1, 2012.

Modified Procedures

UGI is implementing an automated Outage Management System (OMS) that will aid in the assessment, prioritization, and communication of outages and outage-related information. After evaluating vendor proposals and product demonstrations, UGI has selected the Oracle Network Management System for its OMS. The OMS implementation team completed the system design and functional validation phase of the project in February. The project is on track to meet a projected in-service date in late 2013.

**UGI Utilities, Inc. – Electric Division
2012 Electric Service Reliability Annual Report**

§ 57.195(b)(3) – A table showing the actual values of each of the reliability indices (SAIFI, CAIDI, SAIDI, and if available, MAIFI) for the EDC’s service territory for each of the preceding 3 calendar years. The report shall include the data used in calculating the indices, namely the average number of customers served, the number of sustained customer minutes interruptions, the number of customers affected and the minutes of interruption.

The reliability results for UGI’s service area over the last three years are as follows:

2010 – 2012 Reliability Statistics

	SAIDI	SAIFI	CAIDI
3-Year Avg. Standard	170	0.91	186
UGI 3-Yr. Rolling Avg.	74	0.62	119

	SAIDI	SAIFI	CAIDI
12-Month Standard	256	1.12	228
12-Month Benchmark	140	0.83	169
2012 UGI Results	54	0.44	122
2011 UGI Results	121	0.95	128
2010 UGI Results	48	0.48	99

The 3-year rolling averages for SAIFI, SAIDI and CAIDI are performing within the standards established by Commission Order at Docket No. M-00991220 on May 7, 2004. It is important to note that with the exception of the two major events, the moderate weather during 2012 favorably impacted UGI’s reliability results.

Data necessary to calculate a Momentary Average Interruption Frequency Index (MAIFI) is not available for UGI’s service area. As previously discussed with the Commission, UGI currently has no plan to install the equipment required to track momentary interruptions on the hundreds of operating distribution devices located throughout its territory. The basis for this decision is the high cost associated with the purchase and installation of these devices with little commensurate benefit.

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	Raw Data				Reported Indices		
	SI	TCI	TCB	TMCI	SAIDI	SAIFI	CAIDI
January-2012	21	2,028	62,165	217,850	4	0.03	107
February-2012	13	491	62,250	69,350	1	0.01	141
March-2012	17	1,390	62,453	157,891	3	0.02	114
April-2012	21	391	62,137	82,741	1	0.01	212
May-2012	33	4,832	62,100	353,481	6	0.08	73
June-2012	35	2,988	62,027	317,213	5	0.05	106
July-2012	71	2,866	61,994	539,896	9	0.05	188
August-2012	36	1,341	62,044	119,814	2	0.02	89
September-2012	31	1,009	62,033	199,231	3	0.02	197
October-2012	32	4,368	62,013	649,659	10	0.07	149
November-2012	26	823	62,068	86,775	1	0.01	105
December-2012	18	4,890	62,118	540,319	9	0.08	110
<i>2012 Total</i>	<i>354</i>	<i>27,417</i>	<i>62,117</i>	<i>3,334,220</i>	<i>54</i>	<i>0.44</i>	<i>122</i>
January-2011	19	232	62,315	32,556	1	0.00	140
February-2011	27	1,852	62,344	259,124	4	0.03	140
March-2011	44	2,091	62,339	810,734	13	0.03	388
April-2011	54	9,026	62,219	1,398,878	22	0.15	155
May-2011	39	1,445	62,121	175,408	3	0.02	121
June-2011	49	14,923	62,095	1,527,657	25	0.24	102
July-2011	70	4,848	62,045	1,029,478	17	0.08	212
August-2011	34	6,011	62,033	698,334	11	0.10	116
September-2011	50	11,746	61,911	950,395	15	0.19	81
October-2011	28	2,278	61,870	142,418	2	0.04	63
November-2011	27	4,170	62,040	454,154	7	0.07	109
December-2011	16	199	62,103	23,329	0	0.00	117
<i>2011 Total</i>	<i>457</i>	<i>58,821</i>	<i>62,120</i>	<i>7,502,465</i>	<i>121</i>	<i>0.95</i>	<i>128</i>
January-2010	18	1,311	62,225	254,514	4	0.02	194
February-2010	8	26	62,234	4,583	0	0.00	176
March-2010	34	2,631	62,241	357,564	6	0.04	136
April-2010	31	1,058	62,016	187,824	3	0.02	178
May-2010	37	7,688	62,115	506,729	8	0.12	66
June-2010	34	2,282	62,035	255,094	4	0.04	112
July-2010	47	4,837	62,075	453,292	7	0.08	94
August-2010	38	1,919	62,076	168,907	3	0.03	88
September-2010	52	5,843	62,087	423,086	7	0.09	72
October-2010	30	1,347	62,095	112,884	2	0.02	84
November-2010	18	206	62,248	28,030	0	0.00	136
December-2010	22	874	62,271	210,550	3	0.01	241
<i>2010 Total</i>	<i>369</i>	<i>30,022</i>	<i>62,143</i>	<i>2,963,057</i>	<i>48</i>	<i>0.48</i>	<i>99</i>
3-YEAR AVERAGE	393	38,753	62,127 *	4,599,914	74	0.62	119

* annual arithmetic average

SI: System Interruptions
TCI: Total Customers Interrupted
TCB: Total Customer Base
TMCI: Total Minutes Customer Interrupted

**UGI Utilities, Inc. – Electric Division
2012 Electric Service Reliability Annual Report**

§ 57.195(b)(4) - A breakdown and analysis of outage causes during the year being reported on, including the number and percentage of service outages, the number of customers interrupted, and customer interruption minutes categorized by outage cause such as equipment failure, animal contact, tree related, and so forth. Proposed solutions to identified service problems shall be reported.

Outage by Cause - January 2012 through December 2012

OUTAGE CAUSE	% OF TOTAL INCIDENTS	NUMBER OF INTERRUPTIONS	CUSTOMERS INTERRUPTED	MINUTES INTERRUPTED
Animal	16.38%	58	957	64,445
Company Agent	0.85%	3	2,296	18,693
Construction Error	0.28%	1	375	32,625
Customer Problem	0.00%	0	0	0
Equipment Failure	29.66%	105	5,695	865,868
Lightning	7.91%	28	2,795	435,304
Motor Vehicle	6.50%	23	3,482	558,159
Other	0.28%	1	1	152
Public	3.11%	11	815	34,348
Structure Fire	0.28%	1	200	33,600
Trees	24.29%	86	5,201	749,854
Unknown	3.95%	14	4,626	339,727
Weather Related	0.56%	2	28	4,944
Weather/Snow	0.28%	1	5	2,270
Weather/Ice	0.56%	2	8	785
Weather/Wind	5.08%	18	933	193,446
TOTAL	100.00%	354	27,417	3,334,220

Proposed Solutions to Identified Problems:

UGI has not identified any particular source of outage as problematic. As a small system, UGI is subject to a high level of variability in system damage due to weather.

**UGI Utilities, Inc. – Electric Division
2012 Electric Service Reliability Annual Report**

§ 57.195(b)(12) – Significant changes, if any, to the transmission and distribution inspection and maintenance programs previously submitted to the Commission.

There have not been any significant changes during 2012 to the transmission and distribution inspection and maintenance programs outlined in previous reports submitted to the Commission. Starting January 1, 2011 all of the Electric Division's distribution system equipment is being inspected and maintained consistent with its Bi-Annual Inspection and Maintenance Plan as filed with the Commission. The Plan's requirements do not significantly alter UGI's prior inspection and maintenance programs.

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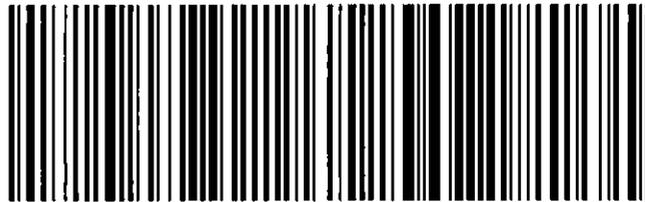
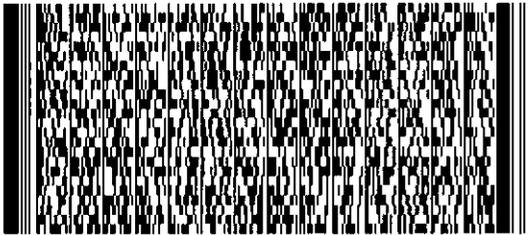
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