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June 8, 2015

VIA E-FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Investigation of Pennsylvania's Retail Natural Gas Market: Joint Natural Gas
Distribution Company – Natural Gas Supplier Bill,
Docket No. M-2015-2474802**

Dear Secretary Chiavetta:

Enclosed for filing please find the comments of the UGI Distribution Companies submitted in response to the Commission's Tentative Order entered on April 23, 2015 at the above docket. Please feel free to contact me with any questions concerning this filing.

Very truly yours,

Mark C. Morrow

Counsel for the UGI Distribution Companies

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Investigation of Pennsylvania’s Retail :
Natural Gas Market: Joint Natural Gas :
Distribution Company – Natural Gas : Docket No. M-2015-2474802
Supplier Bill :

COMMENTS OF THE
UGI DISTRIBUTION COMPANIES

The UGI Distribution Companies (“UGI”), comprised for the purpose of this submission of UGI Central Penn Gas, Inc. (“CPG”), UGI Penn Natural Gas, Inc. (“PNG”) and UGI Utilities, Inc. – Gas Division (“UGI-GD”), appreciate this opportunity to submit comments in response to the Commission’s Tentative Order entered on April 23, 2015 at the above docket. UGI’s comments are intended to supplement those filed by the Energy Association of Pennsylvania, which UGI supports, and are intended to provide the Commission with (a) UGI’s views on policy questions raised in the Tentative Order, (b) information about both the technical capabilities of UGI’s systems, and (c) information about and proposals for UGI’s implementation of the Tentative Order’s proposed changes.

I. Inclusion of NGS Logo

UGI is in the early stages of replacing its long-standing customer information system (“CIS”), a portion of which currently (a) receives electronic bill designs provided by an outside vendor, (b) processes this information through embedded bill formatting system logic, and (c) sends the final bills to printers in UGI’s print shop. It is anticipated that UGI’s new CIS will be ready by the summer of 2017, and extraordinary demands are and will be placed on UGI’s

internal and external information system (“IS”) personnel and contractors, as well as UGI’s management and operations personnel, as this major project is designed and implemented.

UGI’s current customer information system has the technical ability to handle the inclusion of natural gas supplier (“NGS”) logos printed in black and white by the June 2016 deadline proposed in the Tentative Order. Doing so will not place extraordinary demands on UGI’s IS personnel and contractors, and can be implemented at almost no incremental cost since this capability has already been developed for UGI Utilities, Inc. – Electric Division.

With certain relatively low-cost software upgrades, the installation of new printer cards at approximately \$1,000 per card and changes in certain internal operational protocols, UGI could also accommodate the inclusion of NGS logos printed in single colors other than black. This could also be done by the proposed June 2016 deadline, but doing so would place some moderate demands on the time of UGI’s IS personnel and contractors. It is unclear to UGI, however, whether NGSs would find the inclusion of logos in single colors other than black to be important or useful.

To accommodate multi-color NGS logos, UGI would have to reprogram the internal logic of its existing CIS to permit the installation of further software upgrades. This effort would require a substantial time commitment from UGI IS personnel and contractors during the critical developmental and implementation period for its new CIS, and it would only be useful for the relatively brief time period before the anticipated activation of its new customer information system in 2017.

Given the relative importance of the implementation of its new CIS, and the extraordinary demands this project is and will be placing on IS resources, UGI proposes to only implement the inclusion of black and white supplier logos on its bills by the Tentative Order’s

proposed June 2016 deadline. However, UGI will commit to provide enhanced multi-color capabilities at some incremental cost when its new CIS becomes operational in the summer of 2017.

II. Expansion of NGS Bill Messaging Space

The Tentative Order proposes that NGSs be given four lines of messaging space on customer bills, and asks for an explanation if this is not feasible.

UGI should be able to accommodate the four lines of messaging space by the proposed June 2016 deadline, although the total characters will not be able to exceed 1100 characters, less those characters needed for necessary NGDC messaging.

UGI also appreciates the Tentative Order's recognition that NGSs should work collaboratively with NGDSs to avoid or minimize the potential for requiring the addition of additional pages to customer bills.

III. Shopping Box Information – Dual Bills

UGI will be able to include shopping boxes on the bills of NGS customers by the Tentative Order's proposed June 2016 implementation date. UGI agrees with the Tentative Order's proposal to include the shopping box on the bills of NGS customers who are receiving a separate bill for the NGS for their natural gas supply services.

The Tentative Order requests comments on how shopping box information should be presented to customers with multiple account numbers.

UGI account numbers are tied to specific meter locations, and while a customer may have multiple meter locations and account numbers, UGI currently does not present consolidated bills and instead issues separate bills for each account number. Thus, UGI proposes to present shopping box information on each individual bill.

IV. Bill Inserts

The Tentative Order requests additional information concerning the practicality of including NGS bill inserts in NGDC bills.

As the Commission is aware from previously submitted comments, the inclusion of NGS inserts would necessarily lead to increased mailing costs and could dilute the effectiveness of other Commission-required inserts and NGDC inserts addressing important issues, such as gas safety information.

Currently UGI engages an outside supplier to help with both the design of bill inserts and with the process for inserting such inserts in customer bills. Current systems have been designed to accommodate a fairly limited number of inserts, and are only able to segment customer bill inserts down to the customer class level.

To accommodate NGS bill inserts, UGI or its contractors would have to design new systems which would be able to handle the design and coordination of the large number of potential bill insert designs that could be generated by the twenty-five active NGSs on UGI's systems (and perhaps larger numbers in the future), and the systems which would be required to segregate and place inserts in the bills of individual NGS customers, or subsets thereof, at the sub-customer class level. While UGI was not able to develop the parameters of such a system and obtain cost estimates as of the time of the submission of these comments, this obviously would be a substantial undertaking which would require a significant commitment of IS resources currently committed to design and implement UGI's new customer information system.

V. Standards of Conduct

The Commission's regulations at 52 Pa. Code §62.142 provide, in pertinent part:

(15) When an affiliated NGS markets or communicates to the public using the NGDC name or logo, it shall include a legible disclaimer that states that:

(i) The affiliated NGS is not the same company as the NGDC.

(ii) The prices of the affiliated NGS are not regulated by the Commission.

(iii) A customer does not have to buy natural gas or other products from the affiliated NGS to receive the same quality of service from the NGDC.

(17) An NGDC may not:

(i) Jointly market or jointly package its Commission-regulated services with the services of an affiliated NGS.

(ii) Offer or provide to its affiliated NGS products or services, including bill inserts in its NGDC bills promoting an affiliated NGS's services or a link from the NGDC's website, unless the NGDC offers or provides these products or services to nonaffiliated NGSs on the same terms and conditions.

(iii) The restrictions in subparagraphs (i) and (ii) do not apply to competitive bid situations.

Given the limited space available on customer bills, UGI believes it would not be practical to include the disclaimers specified in 52 Pa. Code §62.142(a)(15) if the logos of affiliated NGSs are included on customer bills, and that it would be unfair to such affiliated NGSs to effectively preclude them from including their logos and messages if such access is provided to competing NGSs. Thus, UGI believes it would be helpful for the Commission to grant a waiver in its final order at this docket, to the extent applicable, of the provisions of 52 Pa. Code §62.142(a)(15) for affiliated NGS logos and bill messages required by the Commission, and thereafter seek to amend its regulation to include a similar exemption.

UGI also thinks it would be helpful for the Commission to clarify that the inclusion of NGS logos and messages on customer bills on a non-discriminatory manner consistent with the Commission's final order at this docket does not constitute joint marketing or the joint

“packaging” of services within the meaning of 52 Pa. Code §62.142(a)(17)(i). To the extent the Commission thinks this is unclear, it should also grant a temporary waiver in its final order at this docket and seek to amend its regulation to remove any perceived ambiguity.

VI. Cost Recovery

UGI fully supports the Commission’s Tentative Order’s conclusion that NGDCs should be permitted to fully recover the costs of providing enhanced NGS access to NGDC customer bills by way of a non-bypassable charge. Should the Commission conclude, after reviewing further comment, that NGDCs should also provide the capability of accommodating NGS bill inserts, then UGI would suggest that the costs of developing system changes needed to implement this capability should also be recovered through the non-bypassable charge as well, but that the costs of designing and printing as well as the incremental costs of sending a particular bill insert should be charged to and recovered from the NGS sending the bill insert.

VII. Conclusion

UGI looks forward to working with the Commission to implement reasonable policies to provide enhanced NGS access to NGDC customer bills.

Respectfully submitted,



Mark C. Morrow

Counsel for the UGI Distribution Companies

Dated: June 8, 2015