

**I&E Exhibit No. 2-SR
Witness: Lisa A. Gumby**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

UGI UTILITIES INC. – GAS DIVISION

Docket No. R-2015-2518438

Exhibit to Accompany

the

Surrebuttal Testimony

of

Lisa A. Gumby

Bureau of Investigation & Enforcement

Concerning:

**ENERGY EFFICIENCY & CONSERVATION PLAN
OPERATING AND MAINTENANCE EXPENSES
RATE BASE
TAXES**

CONSENT ORDER AND AGREEMENT

BETWEEN

**PPL GAS UTILITIES CORPORATION, PPL ELECTRIC UTILITIES
CORPORATION
AND PPL GENERATION LLC,**

and

**COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

February 14, 2005

18. Re-prioritization Following Incomplete Remediation. If a remedy is not fully implemented at an MGP or Other Site or does not otherwise attain a LRERSA cleanup standard, the PPL Parties will re-prioritize the site based on the level of cleanup that has been achieved and identify the risks to human health and the environment that remain. The re-prioritization will be described in the next Annual Plan.

19. Accounting System.

a. General. In order to determine the progress of PPL Parties with respect to the assessment, characterization, and remediation of the Sites and the plugging of the Wells, the Department and the PPL Parties agree to the accounting system described in this paragraph.

b. Points. The points for particular activities conducted at Sites and Wells on the Master Plan are included in Exhibit D. The Exhibit provides separate points schedule for PPL Gas Utilities sites and PPL Electric Utilities and Generation sites. Activities conducted at a Compressor Station or Other Site will involve actions similar to those at an MGP Site, and the Department and PPL Parties agree to the same point structure for Compressor Station or Other sites as provided in Exhibit D for PPL Gas MGP Sites. PPL Parties will request points for specific actions at Compressor Stations or Other Sites and points will be assigned as agreed upon following review by the Department of the proposed Annual Plan describing such actions. The points for actions that will span more than one (1) year will be prorated as agreed upon following review by the Department of the proposed Annual Plan describing such action.

c. Minimum Required Points. Except as provided in subparagraph (d) below or Paragraph 36, for each calendar year, PPL Parties will prepare and/or implement a sufficient number of the Plans and activities described in Paragraphs 6 through 15 above and North Penn will plug a sufficient number of Wells described in Paragraph 25, to achieve a minimum of 3,000 points per year ("Minimum Required Points"). With respect to only the Non-Well Sites, PPL Parties will not be required to achieve the Minimum Required Points in any year in which Environmental Costs exceed \$1.75 million

("Environmental Cost Cap"). However, the Well Plugging schedule set forth at Paragraph 25 must be met regardless of reaching Minimum Required Points or the Environmental Cost Cap. With respect to only the Non-Well Sites, if achieving the Minimum Required Points would cause the combined expenses of PPL Parties to exceed the Environmental Cost Cap in any year, then PPL Parties will perform, at a minimum, as many Site activities under this COA for the year as they can without exceeding the Environmental Cost Cap.

d. Failure to Earn Minimum Required Points

(1) Stipulated Penalties

In any year in which PPL Parties fails to achieve the Minimum Required Points, and such failure was not the result of a Force Majeure event or the exceeding of the Environmental Cost Cap, PPL Parties will be liable to pay a stipulated penalty of \$25 per point for the difference between the number of points achieved and the Minimum Required Points.

(2) Make-up Requirements

If PPL Parties fails to earn the Minimum Required Points in any year for any reason other than a Force Majeure event or reaching the Environmental Cost Cap, the number of points representing the difference between the points earned and the Minimum Required Points will be added to the Minimum Required Points required for the following two (2) years. These points will be divided evenly between the two (2) years, unless the parties agree otherwise. Any surplus points carried over pursuant to subparagraph (g) below may offset the additional point requirement.

e. Accrual of Points

PPL Parties will be deemed to have earned points in the amount set forth in Exhibit D for any work plan or report submitted to the Department as follows: 75 percent of available points upon submittal, 25 percent of available points upon Department approval.

f. Carryover of Surplus Points

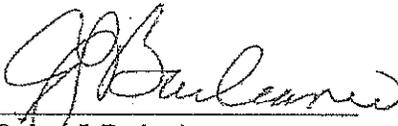
In the event that PPL Parties achieves in excess of 4,200 points during a

IN WITNESS WHEREOF, the parties hereto have caused this Consent Order and Agreement (COA) to be executed by their duly authorized representatives. The undersigned representatives of PPL Parties certify under penalty of law, as provided by 18 Pa.C.S. § 4904, that they are authorized to execute this COA on behalf of the PPL Parties ; that each PPL Party consents to the entry of this COA and the foregoing Findings as an ORDER of the Department; and that the PPL Parties hereby knowingly waive their right to appeal this COA and the foregoing Findings, which rights may be available under Section 4 of the Environmental Hearing Board Act, the Act of July 13, 1988, P.L. 530, No. 1988-94, 35 P.S. § 7514; the Administrative Agency Law, 2 Pa.C.S. § 103(a); and Chapters 5A and 7A, or any other provision of law.

For

PPL Generation LLC, PPL Electric Utilities
Corporation and PPL Gas Utilities Corporation

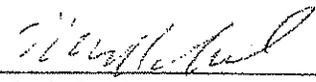

James H. Miller
Executive Vice-President and
Chief Operating Officer


Robert J. Barkanic
Director, Environmental Management

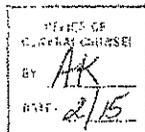
For

The Commonwealth of Pennsylvania
Department of Environmental Protection


Richard H. Struble
Director, Bureau of Waste Management


Martin R. Siegel
Assistant Counsel

Seal from PPL OGC:



CONSENT ORDER AND AGREEMENT

between

PG ENERGY (A DIVISION OF SOUTHERN UNION COMPANY)

and

**THE COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION**

15. Review of Submissions under this Agreement.

Either the Department or PG Energy may request additional time to respond to any submission other than those response deadlines specified under Act 2, and neither shall unreasonably withhold assent to such a request.

16. Re-prioritization Following Incomplete Remediation.

If a remedy is not fully implemented at a Property or does not otherwise attain an Act 2 cleanup standard, PG Energy shall re-prioritize the Property based on the level of cleanup that has been achieved and identify the risks to human health and the environment that remain. The re-prioritization shall be described in the next Annual Plan.

17. Accounting System; Stipulated Penalties

a. General. In order to determine the progress of PG Energy with respect to the investigation, characterization, and remediation of the Properties, the Department and PG Energy agree to the accounting system described in this paragraph.

b. Points. The points for particular activities conducted at Properties pursuant to the Master Plan are included in Exhibit C. The points for actions that shall span more than one (1) year shall be prorated as agreed upon following review by the Department of the proposed Annual Plan describing such action.

c. Minimum Required Points. Except as provided in Paragraph 32 (i.e., Force Majeure), for each calendar year, PG Energy shall prepare and/or implement a sufficient number of the Plans and activities described in Paragraphs 8 through 12 above, to achieve a minimum of 3,000 points per year ("Minimum Required Points"), except that in the first 2 years of implementation of this Agreement, there shall be no requirement to achieve the Minimum Required Points.

Except for the Scranton Bridge Street Property, points shall not be awarded for Initial Investigation activities conducted in accordance with Paragraph 8 for Properties listed in Exhibit A as of the effective date of this Agreement. However, points shall be awarded for Initial Investigation activities at Properties added to Exhibit A after the effective date of the Agreement. Furthermore, points earned for eligible activities (i.e. work performed at the Scranton Bridge Street property) in each of the first two (2) years may be carried forward to subsequent years when the Minimum Required Points requirement applies.

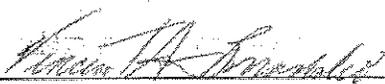
PG Energy shall not be required to achieve the Minimum Required Points in any year in which Environmental Costs exceed \$1.1 million ("Environmental Cost Cap") but shall perform an amount of work equal to 500 points. If achieving the Minimum Required Points would cause the combined expenses of PG Energy to exceed the Environmental Cost Cap in any year, and PG Energy elects not to exceed the Cost Cap, then PG Energy shall perform, at a minimum, as many activities under this Agreement for the year as they can without exceeding the Environmental Cost Cap. Work counting toward the cost cap or points totals must be performed at Properties listed in Exhibit A.

asserting any claim against any third party.

IN WITNESS WHEREOF, the parties hereto have caused this Consent Order and Agreement to be executed by their duly authorized representatives. The undersigned representatives of PG Energy certify under penalty of law, as provided by 18 Pa. C.S. § 4904, that they are authorized to execute this Consent Order and Agreement on behalf of PG Energy; that PG Energy consents to the entry of this Consent Order and Agreement as a final ORDER of the Department; and that PG Energy hereby knowingly waives its right to appeal this Consent Order and Agreement and to challenge its content or validity, which rights may be available under Section 4 of the Environmental Hearing Board Act, the Act of July 13, 1988, P.L. 530, No. 1988-94, 35 P.S. § 7514; the Administrative Agency Law, 2 Pa. C.S. § 103 (a) and Chapters 5A and 7A; or any other provision of law.

**FOR: PG ENERGY, A DIVISION OF
SOUTHERN UNION COMPANY**

**FOR: THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT
OF ENVIRONMENTAL PROTECTION**



Vincent A. Bonaddio
Executive Vice President – Operations and
Engineering Services, PG Energy



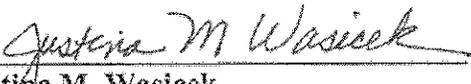
Nicholas A. DiPasquale
Deputy Secretary
Office of Air, Recycling and Radiation
Protection
Department of Environmental Protection



Donna M. Abdalla
Vice President – Administration and
Secretary, PG Energy



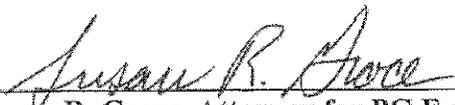
Dennis K. Morgan
Executive Vice President – Administration,
General Counsel and
Secretary,
Southern Union Company



Justina M. Wasicek
Counsel for DEP



Susan R. Groce
Vice President – Legal and Environmental,
Southern Union Company



Susan R. Groce, Attorney for PG Energy

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

UGI UTILITIES, INC. – GAS DIVISION

Docket No. R-2015-2518438

**Responses of the Bureau of Investigation and Enforcement
to UGI Utilities, Inc. – Gas Division Set V**

Witness: Lisa A. Gumby

UGI-I&E-V-4 Please reference the answer to UGI Gas to I&E-II-15(e). Is Ms. Gumby aware of any other public utilities that were required to prove that their EE&C Plans provided greater enhancements to reliability and safety than other potential investments? If so, please identify the relevant utilities and their EE&C Plans.

Response: **No. However, the proposed voluntary plan presents the possibility of enhancing UGI Corporation profits for no out-of-pocket costs, so expectation of a higher standard of analysis to insure best service to ratepayers is not unreasonable.**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

UGI UTILITIES, INC. – GAS DIVISION

Docket No. R-2015-2518438

**Responses of the Bureau of Investigation and Enforcement
to UGI Utilities, Inc. – Gas Division Set III**

Witness: Lisa A. Gumby

UGI-I&E-III- 1 To the extent not already provided elsewhere, please provide copies of all workpapers and documents relied upon by Ms.Gumby in support of her conclusion in I&E Statement No. 2, page 8, line 8 that “EE&C programs are not essential to the provision of safe and reliable service.”

Response: All workpapers and documents relating to I&E Statement No. 2 were previously provided.

In addition, UGI CPG witness Paul H. Raab did agree that “of course” EE&C plans were not necessary to the provision of safe and reliable service in his rebuttal testimony in the 2010 CPG case, R-2010-22214415 CPG Statement No. 9-R, p. 7, ln. 8-11. A copy of Mr. Raab’s testimony cover sheet and the referenced page 7 is attached to this response.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :
 :
 v. : Docket No. R-2010-2214415
 :
 UGI Central Penn Gas, Inc. :

**REBUTTAL TESTIMONY
OF
PAUL H. RAAB**

CPG Statement No. 9-R

Concerning:

Energy Efficiency and Conservation Plan

Commission Areas of Concern No. 5

May 19, 2011

1 LIURP (Low Income Usage Reduction Program). Direct Testimony of
2 Amanda Gordon, page 8, line 19 - page 9, line 17.

3 Company witness Fitzpatrick will address Ms. Gordon's opposition to the Plan
4 based on program eligibility guidelines (argument 5) and program redundancy
5 (argument 6). The remainder of my rebuttal testimony addresses Ms. Gordon's
6 other arguments.

7
8 Q. How do you respond to Ms. Gordon's concern that CPG's EE&C Plan is not
9 necessary for the provision of safe and reliable utility service?

10 A. Of course this is true, but the Company's Plan is not being offered for this
11 purpose. Rather, the Company's Plan is being offered for the purpose of
12 responding to a national and statewide call for improving the efficiency with
13 which consumers use energy. Specifically, the National Action Plan for Energy
14 Efficiency (NAPEE), published in 2006 by the U.S. Department of Energy (DOE)
15 and the U.S. Environmental Protection Agency (EPA), provides this statement
16 related to a national commitment to energy efficiency:

17 We currently face a set of serious challenges with regard to the U.S.
18 energy system. Energy demand continues to grow despite historically
19 high energy prices and mounting concerns over energy security and
20 independence as well as air pollution and global climate change. The
21 decisions we make now regarding our energy supply and demand can
22 either help us deal with these challenges more effectively or complicate
23 our ability to secure a more stable, economical energy future.

24 Improving the energy efficiency of our homes, businesses, schools,
25 governments, and industries—which consume more than 70 percent of the
26 natural gas and electricity used in the country—is one of the most
27 constructive, cost-effective ways to address these challenges. Increased
28 investment in energy efficiency in our homes, buildings, and industries
29 can lower energy bills, reduce demand for fossil fuels, help stabilize
30 energy prices, enhance electric and natural gas system reliability, and help
31 reduce air pollutants and greenhouse gases. NAPEE Report at ES-1.

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

UGI UTILITIES, INC. – GAS DIVISION

Docket No. R-2015-2518438

**Responses of the Bureau of Investigation and Enforcement
to UGI Utilities, Inc. – Gas Division Set V**

Witness: Lisa A. Gumby

UGI-I&E-V-3 Please reference the answer to UGI Gas to I&E-II-14(b). Does Ms. Gumby believe that the TRC cost-benefit analysis provided by the Company does not provide adequate evidence of cost-effectiveness? If so, please explain the reasons why in detail and provide all supporting documents relied upon by Ms. Gumby.

Response: **Yes. While the submitted TRC cost-benefit analysis does reflect cost-effectiveness, the TRC analysis result is a product of future conditions projected by UGI-Gas. Since UGI-Gas has not proposed any penalties or shifting of costs to the shareholders if the cost-benefit analysis and projections are inaccurate, UGI-Gas has no incentive not to make the projections necessary to yield the desired cost-benefit result.**