



UGI Utilities, Inc.  
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Paul J. Szykman  
Vice President - Rates & Government Relations  
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610-796-3400

November 8, 2016

**VIA E-FILING**

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

**Re: UGI Utilities, Inc. – Electric Division, Docket No. M-2015-2477174  
Replacement Pages 43Y and 43Z to Tariff Electric – Pa. PUC No. 5**

Dear Secretary Chiavetta:

On August 31, 2016 UGI Utilities, Inc. – Electric Division submitted Supplement No. 164 to Tariff Electric – Pa. PUC No. 5 implementing an increase to its Energy Efficiency and Conservation rate, effective September 1, 2016.

At the request of the Bureau of Audits, the Company is filing replacement pages 43Y and 43Z which contains clarifying language addressing the specific dates for the recovery period of the Phase II Energy Efficiency Conservation Plan and the date for filing its annual Reconciliation Statement.

Copies of this filing are being provided to those individuals indicated on the attached Certificate of Service. If you need any further information, please contact Stephen Anzaldo, Director, Rates and Regulatory Planning, either by phone at (610) 796-3528 or by email at sanzaldo@ugi.com.

Sincerely,

Paul J. Szykman

Enclosures: Replacement Pages 43Y and 43Z to Tariff Electric – Pa. PUC No. 5

cc: Service List (as indicated)

## CERTIFICATE OF SERVICE

I hereby certify that I have, this 8<sup>th</sup> day of November, 2016, served a true and correct copy of the foregoing document in the manner and upon the persons listed below in accordance with requirements of 52 Pa. Code §1.54 (relating to service by a participant):

### VIA FIRST CLASS MAIL:

Aron J. Beatty, Esquire  
David T. Evrard, Esquire  
Christy M. Appleby, Esquire  
Office Of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1921

Steven C. Gray, Esquire  
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Suite 202, Commerce Building  
300 North Second Street  
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Pennsylvania Public Utility Commission  
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Paul J. Szykman

**RULES AND REGULATIONS (continued)**

37A. PHASE II ENERGY EFFICIENCY AND CONSERVATION RIDER

37A-a General. The Company shall recover costs related to the Company’s Phase II Energy Efficiency and Conservation Plan (“Phase II EECR”) for the period June 1, 2015 through May 31, 2018 through a Phase II Energy Efficiency and Conservation Rider (“Phase II EEC Rider”). The rates under the Phase II EEC Rider shall be computed separately for each of the three customer classes listed below. The Phase II EEC Rider Rate for each class shall be as follows:

Customer Class	Rate Schedules	Phase II EEC Rider Rate (¢/kWh)
Class 1 – Residential	R, RWT, RTU, GS-5 and the residential portion of Rate Schedules CWH, OL, SOL, MHOL, or successor rate schedules	0.287
Class 2 – Non Residential	All Non-Residential Rate Schedules except for Rate Schedules LP and IH	0.249
Class 3 – Non Residential	LP and IH	0.335

The Phase II EEC Rider shall apply to all customers whether they are receiving generation service from the Company or not, and shall be subject to the State Tax Surcharge.

37A-b Calculation. The Phase II EEC Rider shall be determined as follows:

1. Costs to be recovered shall include Company incurred costs to implement its Commission approved Phase II EECR during each plan year, including all costs incurred to develop and administer the Company’s Phase II EECR, from June 1, 2015 until May 31, 2018. The costs of each Phase II EECR program shall be directly assigned to the applicable customer class. Costs which cannot be directly assigned to a particular residential or non-residential customer class shall be allocated based on sales. The Company will defer design and development costs associated with the Phase II EE&C Plan and amortize and recover those costs ratably over the term of the Phase II EE&C Plan.
2. The Residential Phase II EEC Rider rate shall be calculated in accordance with the formula below and shall be rounded to the third decimal:

$$\text{Residential Phase II EEC Rider Rate} = ((Cr / Sr) - (Er / Sr)) / (1-T) \text{ where}$$

Cr = Projected Annual Residential Phase II EECR Costs.

Sr = Projected Annual Residential Class Sales.

Er = Net over or under collection of the Residential Phase II EEC Rider resulting from the difference between the Phase II EEC Rider revenues received and the Phase II EECR costs incurred. The over or under collection shall be calculated annually and include the actual over or under collection where actual data is known for the reconciliation period and an estimate for those revenues and costs still unknown for the reconciliation period. The difference between the actual net over or under collection related to the estimate shall be included in the net over or under collection in the following year.

T = Total Pennsylvania gross receipts tax rate as reflected in the Company’s base rates, expressed in decimal form.

**RULES AND REGULATIONS (continued)**

37A. Phase II ENERGY EFFICIENCY AND CONSERVATION RIDER

3. The Non-Residential Phase II EEC Rider rates shall be calculated in accordance with the formula below and shall be rounded to the third decimal:

Non-Residential Phase II EEC Rider Rate =  $((C_n / S_n) - (E_n / S_n)) / (1-T)$  where

$C_n$  = Projected Annual Non-Residential Phase II EEC Costs.

$S_n$  = Projected Annual Non-Residential Class Sales.

$E_n$  = Net over or under collection of the Non-Residential Phase II EEC Rider resulting from the difference between the Phase II EEC Rider revenues received and the Phase II EEC costs incurred. The over or under collection shall be calculated annually and include the actual over or under collection where actual data is known for the reconciliation period and an estimate for those revenues and costs still unknown for the reconciliation period. The difference between the actual net over or under collection related to the estimate shall be included in the net over or under collection in the following year.

$T$  = Total Pennsylvania gross receipts tax rate as reflected in the Company's base rates, expressed in decimal form.

Class 2 and Class 3 Non-Residential Phase II EEC Rider rates shall be calculated and reconciled separately.

4. The Residential and Non-Residential rates under the Phase II EEC Rider shall become effective on September 1. The Residential and Non-Residential rates under the Phase II EEC Rider shall be updated and reconciled annually thereafter and filed with the Commission effective on thirty (30) day's notice. The Company reserves the right to make an interim filing to adjust the rates under the Phase II EEC Rider to be effective on sixty (60) days' notice.
5. On June 30 of each year, the Company will file with the Commission, its annual Reconciliation Statement for the reconciliation period ending May 31. Any over or under collection at the end of the third plan year shall be recovered or refunded during the following year. Any remaining over or under collection after the fourth year shall be recovered or refunded through the default service rate by class.